

Agency Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Agency Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|---------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 28,710,815 | 36,600,172 | 7,889,357 | 27.48 % |
| Operating Expenses | 10,418,254 | 13,273,871 | 2,855,617 | 27.41 % |
| Equipment & Intangible Assets | 1,654,196 | 3,324,270 | 1,670,074 | 100.96 % |
| Transfers | 633,702 | 415,600 | (218,102) | (34.42)% |
| Total Expenditures | \$41,416,967 | \$53,613,913 | \$12,196,946 | 29.45 % |
| General Fund | 35,999,014 | 48,959,778 | 12,960,764 | 36.00 % |
| State/Other Special Rev. Funds | 5,417,953 | 4,654,135 | (763,818) | (14.10)% |
| Total Funds | \$41,416,967 | \$53,613,913 | \$12,196,946 | 29.45 % |
| Total Ongoing | \$39,162,896 | \$51,327,575 | \$12,164,679 | 31.06 % |
| Total OTO | \$2,254,071 | \$2,286,338 | \$32,267 | 1.43 % |

Page Reference

LFD Budget Analysis, A-1

Agency Highlights

| Legislative Branch Major Budget Highlights | |
|--|--|
| <ul style="list-style-type: none"> The Legislative Branch's 2025 biennium appropriations are approximately \$12.2 million or 29.5% higher than the 2023 biennium. Significant biennial changes include: <ul style="list-style-type: none"> Increases in general fund appropriations of approximately \$3.3 million for 19.50 FTE in the Legislative Services Division. This includes information technology positions and professional and support staff to address increased workload Increases in general fund appropriations of \$3.8 million for information technology systems upgrades Increases in general fund appropriations of approximately \$924,000 for 5.50 FTE in the Legislative Fiscal Division. This includes professional and support staff to address increased workload and interim committee activities Decreases in state special revenue appropriations of \$372,000 and increases in general fund appropriations of approximately \$251,000 in the Legislative Audit Division in order to move toward a more risk-based audit approach Increases of \$1.1 million in general fund for base pay adjustments to stabilize legislative staff with competitive pay | |

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Agency Actuals and Budget Comparison | | | | | |
|--------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 146.39 | 146.39 | 172.34 | 172.34 |
| Personal Services | 13,032,658 | 14,173,391 | 14,537,424 | 18,071,436 | 18,528,736 |
| Operating Expenses | 4,685,257 | 5,584,706 | 4,833,548 | 7,132,150 | 6,141,721 |
| Equipment & Intangible Assets | 309,952 | 1,059,696 | 594,500 | 1,763,173 | 1,561,097 |
| Transfers | 439,371 | 489,702 | 144,000 | 220,560 | 195,040 |
| Total Expenditures | \$18,467,238 | \$21,307,495 | \$20,109,472 | \$27,187,319 | \$26,426,594 |
| General Fund | 15,880,270 | 18,347,071 | 17,651,943 | 24,759,954 | 24,199,824 |
| State/Other Special Rev. Funds | 2,586,968 | 2,960,424 | 2,457,529 | 2,427,365 | 2,226,770 |
| Total Funds | \$18,467,238 | \$21,307,495 | \$20,109,472 | \$27,187,319 | \$26,426,594 |
| Total Ongoing | \$17,689,342 | \$19,340,953 | \$19,821,943 | \$25,953,900 | \$25,373,675 |
| Total OTO | \$777,896 | \$1,966,542 | \$287,529 | \$1,233,419 | \$1,052,919 |

Page Reference

LFD Budget Analysis, A-2

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

| Executive Budget Comparison | | | | | | | | |
|--------------------------------|------------------------|------------------------------------|--------------------------------------|--|------------------------------------|--------------------------------------|--|--|
| Budget Item | Approp. Fiscal 2023 | Executive Budget Fiscal 2024 | Legislative Budget Fiscal 2024 | Leg — Exec. Difference Fiscal 2024 | Executive Budget Fiscal 2025 | Legislative Budget Fiscal 2025 | Leg — Exec. Difference Fiscal 2025 | Biennium Difference Fiscal 24-25 |
| FTE | 143.39 | 167.34 | 169.34 | 2.00 | 167.34 | 169.34 | 2.00 | 2.00 |
| Personal Services | 14,537,424 | 17,659,919 | 18,071,436 | 411,517 | 17,583,839 | 18,528,736 | 944,897 | 1,356,414 |
| Operating Expenses | 4,833,548 | 5,986,722 | 7,132,150 | 1,145,428 | 5,759,194 | 6,141,721 | 382,527 | 1,527,955 |
| Equipment & Intangible Assets | 594,500 | 2,784,823 | 1,763,173 | (1,021,650) | 2,008,947 | 1,561,097 | (447,850) | (1,469,500) |
| Transfers | 144,000 | 220,560 | 220,560 | 0 | 195,040 | 195,040 | 0 | 0 |
| Total Costs | \$20,109,472 | \$26,652,024 | \$27,187,319 | \$535,295 | \$25,547,020 | \$26,426,594 | \$879,574 | \$1,414,869 |
| General Fund | 17,651,943 | 24,178,379 | 24,759,954 | 581,575 | 23,273,645 | 24,199,824 | 926,179 | 1,507,754 |
| State/other Special Rev. Funds | 2,457,529 | 2,473,645 | 2,427,365 | (46,280) | 2,273,375 | 2,226,770 | (46,605) | (92,885) |
| Federal Spec. Rev. Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funds | \$20,109,472 | \$26,652,024 | \$27,187,319 | \$535,295 | \$25,547,020 | \$26,426,594 | \$879,574 | \$1,414,869 |
| Total Ongoing | \$19,821,943 | \$24,289,124 | \$25,953,900 | \$1,664,776 | \$23,963,420 | \$25,373,675 | \$1,410,255 | \$3,075,031 |
| Total OTO | \$287,529 | \$2,362,900 | \$1,233,419 | (\$1,129,481) | \$1,583,600 | \$1,052,919 | (\$530,681) | (\$1,660,162) |

The legislature adopted appropriations that are approximately \$1.4 million higher than the proposed appropriations for the 2025 biennium. The significant biennial differences in the legislative budget compared to the proposed budget include the legislature adopting:

- General fund appropriations for an additional 2.00 FTE than the FTE included in the proposed budget. The personal services appropriations were increased to include funding for these additional FTE and reduced to allow for staggered start dates for new FTE. The net impact was a reduction of \$246,000 when compared to the proposed budget

- Approximately \$1.1 million in general fund appropriations for base pay adjustments to stabilize legislative staff with competitive pay
- General fund appropriations of approximately \$473,000 to coordinate HB 2 with HB 110, HB 140, HB 260, SB 176, and SB 485
- A reduction of approximately \$142,000 in general fund appropriations for information technology projects. When compared to the proposed budget, there was a reduction of \$300,000 to the Access database conversion project and an increase of approximately \$158,000 for wireless mics for Capitol room 317. Additionally, the legislature designated the session financial automation project as one-time-only
- General fund appropriations of \$203,000 for additional legislative space
- General fund appropriations of \$200,000 for comp time payouts in the Legislative Services Division
- One-time-only general fund appropriations of \$115,000 for a pension actuarial analysis
- An adjustment to the fund switch in the Legislative Audit Division which reduced general fund by approximately \$31,000 and state special revenue by \$90,000 when compared to the proposed budget
- A reduction to the statewide present law adjustment for inflation

Funding

The following table shows adopted agency funding for all sources of authority.

| Total Legislative Branch Funding by Source of Authority 2025 Biennium Budget Request - Legislative Branch | | | | | | |
|--|---------------------|--------------------|-----------------------------|----------------------------|----------------------|----------------------|
| Funds | HB2 Ongoing | HB2 OTO | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds |
| General Fund | 46,673,440 | 2,286,338 | 0 | 0 | 48,959,778 | 91.32 % |
| State Special Total | 4,654,135 | 0 | 0 | 0 | 4,654,135 | 8.68 % |
| Federal Special Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Proprietary Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Other Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Total All Funds | \$51,327,575 | \$2,286,338 | \$0 | \$0 | \$53,613,913 | |
| Percent - Total All Sources | 95.74 % | 4.26 % | 0.00 % | 0.00 % | | |

The Legislative Branch is primarily funded with general fund. State special revenues support the costs associated with the state broadcasting service; the preparation, publication, and distribution of the Montana Code Annotated; and a portion of the activities of the Legislative Audit Division.

While not shown in the figure above, the Legislative Branch has statutory appropriation authority for three accounts:

- Legislative Branch reserve account
- Legislative audit specialist services reserve account
- Legislative Branch retirement termination reserve account

Typically, the Legislative Branch reserve account receives unexpended and unencumbered money including funding remaining at the end of the biennium from the “feed bill” (HB 1, the bill that funds the legislative session each biennium) and remaining carryforward appropriations from the various divisions within the branch. The legislative audit specialist services reserve account receives remaining carryforward appropriations from the Legislative Audit Division. The Legislative Branch retirement reserve account has been funded with general fund transfers provided by the legislature or through the deposit of carryforward appropriations.

The funds in the Legislative Branch reserve account may be used for major Legislative Branch information technology projects including hardware, software, consulting services for new initiatives, and replacement and upgrading of existing systems. All projects and funding from the Legislative Branch reserve account must be approved by the Legislative Council.

The funds in the legislative audit specialist services reserve account may be used for contracted services necessary to provide specialist expertise in support of audit activities. All allocations of funds must be approved by the Legislative Audit Committee.

The funds in the Legislative Branch retirement termination reserve account may be used for staff retirement termination pay in the Legislative Branch. The funds may only be expended with the approval of the appropriate branch division director.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|---------------------|-----------------------|-------------------|-----------------------|---------------------|-----------------------|-------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 17,414,639 | 17,414,639 | 34,829,278 | 71.14 % | 19,821,943 | 19,821,943 | 39,643,886 | 73.94 % |
| SWPL Adjustments | 466,413 | 1,285,257 | 1,751,670 | 3.58 % | 833,801 | 1,477,876 | 2,311,677 | 4.31 % |
| PL Adjustments | 1,207,785 | 488,788 | 1,696,573 | 3.47 % | 1,280,264 | 345,663 | 1,625,927 | 3.03 % |
| New Proposals | 5,671,117 | 5,011,140 | 10,682,257 | 21.82 % | 5,251,311 | 4,781,112 | 10,032,423 | 18.71 % |
| Total Budget | \$24,759,954 | \$24,199,824 | \$48,959,778 | | \$27,187,319 | \$26,426,594 | \$53,613,913 | |

Language and Statutory Authority

The legislature adopted the following language in HB 2:

"All appropriations for the Legislative Branch are biennial.

The Legislative Services Division includes a one-time-only reduction in FY 2024 and FY 2025 for a suspension of insurance premium payments to the Risk Management and Tort Defense Division's proprietary fund.

Unspent appropriations in HB 2 for the Session Financial Automation Project must be transferred into the Legislative Branch reserve account defined in 5-11-407 by June 30, 2025.

Audit and Examination includes general fund appropriations of \$125,396 in FY 2024 and \$125,396 in FY 2025 and state special revenue reductions of \$185,854 in FY 2024 and \$185,854 in FY 2025. The increase in general fund and reduction of state special revenue is contingent on the passage and approval of HB 132.

It is the intent of the Legislature that absent clear evidence that the Pension Actuarial Analysis contract has not been sufficiently utilized at the end of the 2025 biennium the same funding, adjusted for inflation, be included as one-time-only in the Legislative Fiscal Division's budget request for the 2027 biennium. It is the intent of the Legislature that the 2025 Legislature evaluate the results of the actuarial analyses utilized during the 2025 biennium.

It is the intent of the Legislature that the Legislative Services Division report to the General Government Interim Budget Committee at each quarterly meeting during the interim on its progress in hiring FTE that were requested as new proposals and that received personal services appropriations in the 2025 biennium. It is the intent of the legislature that the Legislative Services Division report to the General Government Interim Budget Committee at each quarterly meeting during the interim on its expenditures from its new Legal Services and information technology projects appropriations in the 2025 biennium.

If HB 260 is not passed and approved with at least one additional personal staff for the Speaker of the House of Representatives and at least one additional personal staff for the President of the Senate, Legislative Committees and Activities is reduced by \$226,592 general fund in FY 2024 and \$113,296 general fund in FY 2025."

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 13,883,477 | 18,760,218 | 4,876,741 | 35.13 % |
| Operating Expenses | 7,679,382 | 10,185,826 | 2,506,444 | 32.64 % |
| Equipment & Intangible Assets | 1,654,196 | 3,324,270 | 1,670,074 | 100.96 % |
| Transfers | 588,000 | 415,600 | (172,400) | (29.32)% |
| Total Expenditures | \$23,805,055 | \$32,685,914 | \$8,880,859 | 37.31 % |
| General Fund | 22,899,852 | 32,385,363 | 9,485,511 | 41.42 % |
| State/Other Special Rev. Funds | 905,203 | 300,551 | (604,652) | (66.80)% |
| Total Funds | \$23,805,055 | \$32,685,914 | \$8,880,859 | 37.31 % |
| Total Ongoing | \$22,162,930 | \$30,514,576 | \$8,351,646 | 37.68 % |
| Total OTO | \$1,642,125 | \$2,171,338 | \$529,213 | 32.23 % |

Page Reference

Legislative Budget Analysis, A-8

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 71.67 | 71.67 | 91.17 | 91.17 |
| Personal Services | 6,484,689 | 6,737,391 | 7,146,086 | 9,103,117 | 9,657,101 |
| Operating Expenses | 3,614,370 | 4,007,424 | 3,671,958 | 5,299,446 | 4,886,380 |
| Equipment & Intangible Assets | 309,952 | 1,059,696 | 594,500 | 1,763,173 | 1,561,097 |
| Transfers | 439,371 | 444,000 | 144,000 | 220,560 | 195,040 |
| Total Expenditures | \$10,848,382 | \$12,248,511 | \$11,556,544 | \$16,386,296 | \$16,299,618 |
| General Fund | 10,355,306 | 11,597,300 | 11,302,552 | 16,136,773 | 16,248,590 |
| State/Other Special Rev. Funds | 493,076 | 651,211 | 253,992 | 249,523 | 51,028 |
| Total Funds | \$10,848,382 | \$12,248,511 | \$11,556,544 | \$16,386,296 | \$16,299,618 |
| Total Ongoing | \$10,236,688 | \$10,843,690 | \$11,319,240 | \$15,217,877 | \$15,296,699 |
| Total OTO | \$611,694 | \$1,404,821 | \$237,304 | \$1,168,419 | \$1,002,919 |

Page Reference

Legislative Budget Analysis, A-9

Funding

The Legislative Services Division is primarily funded with general fund. The reimbursable activities state special revenue fund supports the preparation, publication, and distribution of the Montana Code Annotated.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|---------------------|-----------------------|-------------------|-----------------------|---------------------|-----------------------|-------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 11,065,248 | 11,065,248 | 22,130,496 | 68.33 % | 11,319,240 | 11,319,240 | 22,638,480 | 69.26 % |
| SWPL Adjustments | 1,378 | 810,585 | 811,963 | 2.51 % | 191,379 | 810,585 | 1,001,964 | 3.07 % |
| PL Adjustments | 528,369 | 531,000 | 1,059,369 | 3.27 % | 587,643 | 391,779 | 979,422 | 3.00 % |
| New Proposals | 4,541,778 | 3,841,757 | 8,383,535 | 25.89 % | 4,288,034 | 3,778,014 | 8,066,048 | 24.68 % |
| Total Budget | \$16,136,773 | \$16,248,590 | \$32,385,363 | | \$16,386,296 | \$16,299,618 | \$32,685,914 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|------------------|------------------|-----------------|------------------|-----------------------|--------------------|--------------------|-----------------|--------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | (94,601) | 190,001 | 0 | 95,400 | 0.00 | 175,105 | 0 | 0 | 175,105 |
| DP 2 - Fixed Costs | 0.00 | (71,547) | 0 | 0 | (71,547) | 0.00 | 435,874 | 0 | 0 | 435,874 |
| DP 3 - Inflation Deflation | 0.00 | 167,526 | 0 | 0 | 167,526 | 0.00 | 199,606 | 0 | 0 | 199,606 |
| DP 4 - Present Law Adjustments | 0.00 | 527,959 | 59,274 | 0 | 587,233 | 0.00 | 530,709 | (139,221) | 0 | 391,488 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 420 | 0 | 0 | 420 | 0.00 | 300 | 0 | 0 | 300 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (10) | 0 | 0 | (10) | 0.00 | (9) | 0 | 0 | (9) |
| DP 222 - RMTD Adjustment | 0.00 | 52,831 | 0 | 0 | 52,831 | 0.00 | 52,831 | 0 | 0 | 52,831 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (52,831) | 0 | 0 | (52,831) | 0.00 | (52,831) | 0 | 0 | (52,831) |
| Grand Total All Present Law Adjustments | 0.00 | \$529,747 | \$249,275 | \$0 | \$779,022 | 0.00 | \$1,341,585 | (\$139,221) | \$0 | \$1,202,364 |

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Present Law Adjustments -

The legislature adopted adjustments in general fund and state special revenue appropriations for increases related to information technology. The increases for the 2025 biennium include:

- Increases of approximately \$104,000 in hardware costs because of life cycle replacement
- Increases of approximately \$518,000 for software costs. This primarily includes Microsoft license costs because of the addition of legislators to the platform, help desk software, Power BI licenses, maintenance costs for chamber and committee applications, and records request software
- Increases of approximately \$359,000 for audio/video (A/V) costs, which mainly include costs for closed captioning for both online streaming and broadcasting of legislative meeting. A smaller portion of this increase is due to contract costs for production

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|---|--------------|--------------------|--------------------|-------------|--------------------|-----------------------|--------------------|-------------------|-----------------|--------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 5 - FTE Request- Cloud Administrators | 2.00 | 169,403 | 0 | 0 | 169,403 | 2.00 | 222,359 | 0 | 0 | 222,359 |
| DP 6 - FTE Request- Database Administrator | 1.00 | 106,015 | 0 | 0 | 106,015 | 1.00 | 104,768 | 0 | 0 | 104,768 |
| DP 7 - FTE Request- IT Security Engineer | 1.00 | 126,008 | 0 | 0 | 126,008 | 1.00 | 124,838 | 0 | 0 | 124,838 |
| DP 8 - FTE Request- IT Software Engineers | 2.00 | 198,842 | 0 | 0 | 198,842 | 2.00 | 261,762 | 0 | 0 | 261,762 |
| DP 9 - FTE Request- Business Analyst | 1.00 | 112,867 | 0 | 0 | 112,867 | 1.00 | 111,646 | 0 | 0 | 111,646 |
| DP 10 - FTE Request- Branch Professional/Support Staff | 4.00 | 232,466 | 0 | 0 | 232,466 | 4.00 | 375,180 | 0 | 0 | 375,180 |
| DP 11 - FTE Request- Modified to Permanent (PG 20) | 7.00 | 462,326 | 0 | 0 | 462,326 | 7.00 | 470,170 | 0 | 0 | 470,170 |
| DP 13 - Legal Services (BIEN/OTO) | 0.00 | 25,000 | 0 | 0 | 25,000 | 0.00 | 25,000 | 0 | 0 | 25,000 |
| DP 15 - Stabilize Leg Staff- Competitive Pay Plan | 0.00 | 380,020 | 0 | 0 | 380,020 | 0.00 | 380,020 | 0 | 0 | 380,020 |
| DP 17 - Funding Switch | 0.00 | 253,744 | (253,744) | 0 | 0 | 0.00 | 63,743 | (63,743) | 0 | 0 |
| DP 101 - Rent - Room 10 and Old Board of Health Building | 0.00 | 101,500 | 0 | 0 | 101,500 | 0.00 | 101,500 | 0 | 0 | 101,500 |
| DP 102 - Wireless Mics for Room 317 | 0.00 | 157,548 | 0 | 0 | 157,548 | 0.00 | 0 | 0 | 0 | 0 |
| DP 103 - Transfer 2.50 FTE to Legislative Fiscal Division | (2.50) | (140,203) | 0 | 0 | (140,203) | (2.50) | (172,935) | 0 | 0 | (172,935) |
| DP 104 - Comp Time Payouts | 0.00 | 200,000 | 0 | 0 | 200,000 | 0.00 | 0 | 0 | 0 | 0 |
| DP 105 - Additional FTE Request | 4.00 | 42,687 | 0 | 0 | 42,687 | 4.00 | 458,102 | 0 | 0 | 458,102 |
| DP 106 - Session Financial Automation Project (RST/OTO) | 0.00 | 1,196,250 | 0 | 0 | 1,196,250 | 0.00 | 1,030,750 | 0 | 0 | 1,030,750 |
| DP 107 - OLIS Projects | 0.00 | 991,650 | 0 | 0 | 991,650 | 0.00 | 377,850 | 0 | 0 | 377,850 |
| DP 333 - Adjustment to Inflation | 0.00 | (74,345) | 0 | 0 | (74,345) | 0.00 | (92,996) | 0 | 0 | (92,996) |
| Total | 19.50 | \$4,541,778 | (\$253,744) | \$0 | \$4,288,034 | 19.50 | \$3,841,757 | (\$63,743) | \$0 | \$3,778,014 |

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 5 - FTE Request- Cloud Administrators -

The legislature adopted general fund appropriations for 2.00 FTE for cloud administrators in the Office of Legislative Information Services with appropriations adjusted in FY 2024 to allow for staggered start dates. The Legislative Branch is taking on the administration of its own email system for both staff and legislators. The positions will:

- Ensure the continued operation of the branch's primary communications and general business processing applications in the Microsoft Office 365 tenant space
- Administer exchange online email, Teams, SharePoint, and other applications in the Microsoft Office suite
- Be primarily responsible for training, support, and security of the Legislative Branch's Microsoft cloud environment

DP 6 - FTE Request- Database Administrator -

The legislature adopted general fund appropriations for 1.00 FTE for a database administrator in the Office of Legislative Information Services. The Legislative Branch's database usage has grown considerably in the past several years. The growth in the branch's application and data storage needs have gone beyond what an ad hoc approach to database administration can properly support. The database administrator will help coordinate database systems in an organized and thoughtful manner, with the goals of maintainability, supportability, availability, and recoverability in mind.

DP 7 - FTE Request- IT Security Engineer -

The legislature adopted general fund appropriations for 1.00 FTE for a security engineer in the Office of Legislative Information Services. Currently, security responsibilities are distributed among existing FTE, but it is not their primary focus. The position will allow the branch to have a security expert that is focused solely on cybersecurity risk management, policy, training and awareness, and enforcement. The position will ensure the branch's network and systems are secure, protected, and prepared to respond to security threats.

DP 8 - FTE Request- IT Software Engineers -

The legislature adopted general fund appropriations for 2.00 FTE for software engineers in the Office of Legislative Information Services with appropriations adjusted in FY 2024 to allow for staggered start dates. Currently, the Legislative Branch relies on contractors for changes in the LAWS II applications. The FTE will be assigned to LAWS II and will allow the branch to fully take over the knowledge, day to day support, and upgrades. The intent is that within four years, the branch would no longer be dependent on the contractor.

DP 9 - FTE Request- Business Analyst -

The legislature adopted general fund appropriations for 1.00 FTE for a business analyst in the Office of Legislative Information Services. The LAWS II project continues to be the dominant priority for project manager/business analyst staff, which includes a focus on the full implementation of LAWS II applications and building a support model that includes backups. An additional business analyst/project manager is needed to serve the other areas of the branch, as well as increase support levels for LAWS II.

DP 10 - FTE Request- Branch Professional/Support Staff -

The legislature adopted general fund appropriations for 4.00 FTE in the Legislative Services Division with appropriations adjusted in FY 2024 to allow for staggered start dates. This includes:

- An interim committee secretary supervisor to supervise all interim committee secretaries for interim committees, Legislative Council, interim budget committees, Legislative Finance Committee, and the Modernization and Risk Analysis Committee
- An accounting technician because of increased legislative activity
- A research analyst and legislative attorney to address additional workload for legislative interim committees. From FY 2017 to FY 2022, interim committees increased from 12 to 16 (not including the interim budget committees that are supported by the Legislative Services Division). In addition, the number of regular interim committee meeting days from FY 2020 to FY 2022 has increased from 160 to 188

DP 11 - FTE Request- Modified to Permanent (PG 20) -

The legislature adopted general fund appropriations to change 7.00 FTE from modified to permanent with appropriations adjusted in FY 2024 to allow for staggered start dates. This includes funding for 3.00 FTE for audio visual technicians, 2.00 FTE for remote meeting coordinators (aggregate), and 2.00 FTE for interim committee secretaries (aggregate). Additional details on these positions include:

- 3.00 FTE - Conference Center Support: The 2021 Legislature allocated funding in HB 632 to provide conference center support for meetings within the Capitol. As meetings have moved toward a hybrid model, allowing increased legislator, agency, and public access to the legislative process, additional support has been needed to facilitate these meetings. The existing modified positions have been successful in supporting legislative meetings and other meetings held by outside agencies such as the Governor's Office, Fish, Wildlife and Parks Commission, and Office of Public Instruction. The permanent positions will allow the Legislative Services Division to maintain a consistent group of well trained and well qualified staff to continue this necessary service
- 2.00 Remote Meeting Coordinators (Aggregate): During the 2020 interim and 2021 session there was remote participation by legislators, public, and staff. Remote participation will continue, so the legislature adopted permanent FTE for remote meeting managers and coordinators
- 2.00 Interim Committee Secretary Pool (Aggregate): HB 497 established six new interim budget committees. The legislature adopted 2.00 FTE (aggregate) to provide secretarial support to these committees

DP 13 - Legal Services (BIEN/OTO) -

The legislature adopted one-time-only general fund appropriations to hire outside attorney and legal services.

DP 15 - Stabilize Leg Staff- Competitive Pay Plan -

The legislature adopted base pay adjustments to stabilize legislative staff with competitive pay. Growth in market pay rates for professional and business services occupations has exceeded inflation and statewide wage growth. The legislature adopted a base pay adjustment to accommodate this change in the economic environment and to stabilize legislative staff with competitive pay.

DP 17 - Funding Switch -

The legislature adopted an increase in general fund and a decrease in state special revenue funds for the personal services expenditures related to the update and production of the MCA. This shift in funding was adopted because it is a challenge to fund personal services from this state special revenue fund when revenues from the sale of printed copies of the MCA is declining and unpredictable.

DP 101 - Rent - Room 10 and Old Board of Health Building -

The legislature adopted general fund appropriations for additional legislative space.

DP 102 - Wireless Mics for Room 317 -

The legislature adopted general fund appropriations for converting the audio/video equipment to wireless in room 317 of the Capitol building. Room 317 is the most versatile hearing room in the Capitol, capable of being reconfigured into up to three separate hearing rooms and during session is often reconfigured multiple times during the day to accommodate the varying needs of morning and afternoon committee meetings. This conversion provides flexibility in setting up and cleaning up cabling, while reducing wear and tear on stationary mics.

DP 103 - Transfer 2.50 FTE to Legislative Fiscal Division -

The legislature adopted the transfer of general fund appropriations for 2.50 FTE from the Legislative Services Division to the Legislative Fiscal Division. This transfers 0.50 FTE for a secretary supervisor adopted in DP 10 and 2.00 FTE (aggregate) interim committee secretary positions adopted in DP 11 to the Legislative Fiscal Division with appropriations adjusted in FY 2024 to allow for staggered start dates.

DP 104 - Comp Time Payouts -

The legislature adopted general fund appropriations for comp time payouts for staff. Due to staffing shortages, the Legislative Services Division staff have accrued high levels of comp time. This payout allows the division to better align comp time balances with the levels established in its administrative manual.

DP 105 - Additional FTE Request -

The legislature adopted general fund appropriations for 4.00 FTE in the Legislative Services Division with appropriations adjusted in FY 2024 to allow for staggered start dates. This includes funding for 2.00 FTE for software engineers, 1.00 FTE for a business analyst, and 1.00 FTE for an editor. The software engineers and business analyst will allow the division to reduce its dependency on the vendor for LAWS II as well as continue with projects to replace aging technology. The additional editor will address additional workload due to increased bill and amendment drafting.

DP 106 - Session Financial Automation Project (RST/OTO) -

The legislature approved restricted one-time-only general fund appropriations for the session financial automation project. This project will replace the current WordPerfect Script solution that is currently in place with an automated HB 2 process that will work in tandem with the LAWS II application suite.

DP 107 - OLIS Projects -

The legislature adopted general fund appropriations for information technology projects. For the 2025 biennium, this includes:

- Audio/video upgrades - \$410,000
- Fiber integration upgrade - \$30,000
- Access database conversion - \$580,000
- Website upgrades - \$200,000
- Paperless signature validation - \$50,000
- LAWS II core upgrade - \$50,000
- Legislative Audit Division automation project (phase II) - \$50,000

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 534,839 | 963,012 | 428,173 | 80.06 % |
| Operating Expenses | 1,966,242 | 2,038,781 | 72,539 | 3.69 % |
| Transfers | 45,702 | 0 | (45,702) | (100.00)% |
| Total Expenditures | \$2,546,783 | \$3,001,793 | \$455,010 | 17.87 % |
| General Fund | 2,421,783 | 3,001,793 | 580,010 | 23.95 % |
| State/Other Special Rev. Funds | 125,000 | 0 | (125,000) | (100.00)% |
| Total Funds | \$2,546,783 | \$3,001,793 | \$455,010 | 17.87 % |
| Total Ongoing | \$2,035,287 | \$3,001,793 | \$966,506 | 47.49 % |
| Total OTO | \$511,496 | \$0 | (\$511,496) | (100.00)% |

Page Reference

Legislative Budget Analysis, A-18

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 0.97 | 0.97 | 1.92 | 1.92 |
| Personal Services | 254,954 | 402,178 | 132,661 | 614,451 | 348,561 |
| Operating Expenses | 809,677 | 1,175,968 | 790,274 | 1,253,741 | 785,040 |
| Transfers | 0 | 45,702 | 0 | 0 | 0 |
| Total Expenditures | \$1,064,631 | \$1,623,848 | \$922,935 | \$1,868,192 | \$1,133,601 |
| General Fund | 985,333 | 1,498,848 | 922,935 | 1,868,192 | 1,133,601 |
| State/Other Special Rev. Funds | 79,298 | 125,000 | 0 | 0 | 0 |
| Total Funds | \$1,064,631 | \$1,623,848 | \$922,935 | \$1,868,192 | \$1,133,601 |
| Total Ongoing | \$898,429 | \$1,112,352 | \$922,935 | \$1,868,192 | \$1,133,601 |
| Total OTO | \$166,202 | \$511,496 | \$0 | \$0 | \$0 |

Page Reference

Legislative Budget Analysis, A-19

Funding

Legislative Committees and Activities is funded entirely with general fund.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|--------------------|-----------------------|-------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 922,935 | 922,935 | 1,845,870 | 61.49 % | 922,935 | 922,935 | 1,845,870 | 61.49 % |
| SWPL Adjustments | 97,094 | 79,867 | 176,961 | 5.90 % | 97,094 | 79,867 | 176,961 | 5.90 % |
| PL Adjustments | 555,458 | (78,979) | 476,479 | 15.87 % | 555,458 | (78,979) | 476,479 | 15.87 % |
| New Proposals | 292,705 | 209,778 | 502,483 | 16.74 % | 292,705 | 209,778 | 502,483 | 16.74 % |
| Total Budget | \$1,868,192 | \$1,133,601 | \$3,001,793 | | \$1,868,192 | \$1,133,601 | \$3,001,793 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | | |
|---|------|--------------|---------------|-----------------|-------------|-----------------------|----------|--------------|---------------|-----------------|-------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 92,635 | 0 | 0 | 92,635 | 0.00 | 74,386 | 0 | 0 | 0 | 74,386 |
| DP 3 - Inflation Deflation | 0.00 | 4,459 | 0 | 0 | 4,459 | 0.00 | 5,481 | 0 | 0 | 0 | 5,481 |
| DP 4 - Present Law Adjustments | 0.00 | 555,458 | 0 | 0 | 555,458 | 0.00 | (78,979) | 0 | 0 | 0 | (78,979) |
| Grand Total All Present Law Adjustments | 0.00 | \$652,552 | \$0 | \$0 | \$652,552 | 0.00 | \$888 | \$0 | \$0 | \$0 | \$888 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Present Law Adjustments -

The legislature adopted an increase in general fund appropriations in FY 2024 and a decrease in general fund appropriations in FY 2025. The cyclical nature of legislative business in Legislative Committees and Activities results in uneven appropriations for each fiscal year. Appropriations in the first year of the biennium are higher because most of the interim committee work is completed during this time. The biennial increase is partially due to an increase in the allowed lodging and mileage rates, legislator activity dues, and increasing interim committee meetings by 16 meeting days.

Additionally, the present law decision package includes general fund appropriations for special counsel for legislative leadership and the Committee on Judicial Accountability.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|---|--------------|------------------|-----------------|-------------|------------------|-----------------------|------------------|---------------|-----------------|------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 12 - FTE Request- .05 to 1.0 (PG 21) | 0.95 | 67,228 | 0 | 0 | 67,228 | 0.95 | 67,439 | 0 | 0 | 67,439 |
| DP 110 - Coordination with Other Bills | 0.00 | 226,592 | 0 | 0 | 226,592 | 0.00 | 143,709 | 0 | 0 | 143,709 |
| DP 333 - Adjustment to Inflation | 0.00 | (1,115) | 0 | 0 | (1,115) | 0.00 | (1,370) | 0 | 0 | (1,370) |
| Total | 0.95 | \$292,705 | \$0 | \$0 | \$292,705 | 0.95 | \$209,778 | \$0 | \$0 | \$209,778 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 12 - FTE Request- .05 to 1.0 (PG 21) -

The legislature adopted general fund appropriations for 0.95 FTE for the environmental policy committee secretary. This changes a position that is currently 0.05 FTE to 1.00 FTE because of increased workload.

DP 110 - Coordination with Other Bills -

The legislature adopted an increase in general fund appropriations for the implementation of HB 485 and HB 260. The legislature also adopted coordinating language for HB 260 that states if HB 260 is not passed and approved with at least one additional personal staff for the speaker of the house of representatives and at least one additional personal staff for the president of the senate, the appropriations for Legislative Committees and Activities is reduced by \$226,592 general fund in FY 2024 and \$113,296 general fund in FY 2025.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 4,569,518 | 6,162,566 | 1,593,048 | 34.86 % |
| Operating Expenses | 239,586 | 524,069 | 284,483 | 118.74 % |
| Total Expenditures | \$4,809,104 | \$6,686,635 | \$1,877,531 | 39.04 % |
| General Fund | 4,809,104 | 6,686,635 | 1,877,531 | 39.04 % |
| Total Funds | \$4,809,104 | \$6,686,635 | \$1,877,531 | 39.04 % |
| Total Ongoing | \$4,809,104 | \$6,571,635 | \$1,762,531 | 36.65 % |
| Total OTO | \$0 | \$115,000 | \$115,000 | 100.00 % |

Page Reference

Legislative Budget Analysis, A-24

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 21.00 | 21.00 | 26.50 | 26.50 |
| Personal Services | 2,061,338 | 2,221,747 | 2,347,771 | 3,015,539 | 3,147,027 |
| Operating Expenses | 65,895 | 125,301 | 114,285 | 296,349 | 227,720 |
| Total Expenditures | \$2,127,233 | \$2,347,048 | \$2,462,056 | \$3,311,888 | \$3,374,747 |
| General Fund | 2,127,233 | 2,347,048 | 2,462,056 | 3,311,888 | 3,374,747 |
| Total Funds | \$2,127,233 | \$2,347,048 | \$2,462,056 | \$3,311,888 | \$3,374,747 |
| Total Ongoing | \$2,127,233 | \$2,347,048 | \$2,462,056 | \$3,246,888 | \$3,324,747 |
| Total OTO | \$0 | \$0 | \$0 | \$65,000 | \$50,000 |

Page Reference

Legislative Budget Analysis, A-25

Funding

The Legislative Fiscal Division is entirely funded with general fund.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|--------------------|-----------------------|-------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 2,462,056 | 2,462,056 | 4,924,112 | 73.64 % | 2,462,056 | 2,462,056 | 4,924,112 | 73.64 % |
| SWPL Adjustments | 121,746 | 127,575 | 249,321 | 3.73 % | 121,746 | 127,575 | 249,321 | 3.73 % |
| PL Adjustments | 105,723 | 42,159 | 147,882 | 2.21 % | 105,723 | 42,159 | 147,882 | 2.21 % |
| New Proposals | 622,363 | 742,957 | 1,365,320 | 20.42 % | 622,363 | 742,957 | 1,365,320 | 20.42 % |
| Total Budget | \$3,311,888 | \$3,374,747 | \$6,686,635 | | \$3,311,888 | \$3,374,747 | \$6,686,635 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | |
|--|-----------------------|------------------|---------------|-----------------|------------------|-----------------------|------------------|---------------|------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Total Funds |
| DP 1 - Personal Services | | | | | | | | | |
| 0.00 | 119,358 | 0 | 0 | 119,358 | 0.00 | 124,623 | 0 | 0 | 124,623 |
| DP 2 - Fixed Costs | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 |
| DP 3 - Inflation Deflation | | | | | | | | | |
| 0.00 | 2,388 | 0 | 0 | 2,388 | 0.00 | 2,952 | 0 | 0 | 2,952 |
| DP 4 - Present Law Adjustments | | | | | | | | | |
| 0.00 | 105,770 | 0 | 0 | 105,770 | 0.00 | 42,203 | 0 | 0 | 42,203 |
| DP 30 - Motor Pool Rate Adjustment | | | | | | | | | |
| 0.00 | (47) | 0 | 0 | (47) | 0.00 | (44) | 0 | 0 | (44) |
| Grand Total All Present Law Adjustments | 0.00 | \$227,469 | \$0 | \$0 | \$227,469 | 0.00 | \$169,734 | \$0 | \$169,734 |

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Present Law Adjustments -

The legislature adopted general fund appropriations for personal services and travel expenses for legislative participation in interim committee meetings. This includes funding for the six meetings for the Interim Budget Committees established in HB 497 (2021 Legislature) and the seven Legislative Finance Committee meetings. In the 2025 biennium, this includes:

- An increase of approximately \$85,000 in FY 2024 and \$30,000 in FY 2025 for legislator salaries and travel expenses for the Interim Budget Committees. The appropriation in HB 330 for the additional Legislative Finance Committee members and interim activities was not included in the FY 2023 base budget
- An increase of \$21,000 in FY 2024 and \$13,000 in FY 2025, primarily for legislator travel expenses for the Legislative Finance Committee

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|---|-------------|------------------|---------------|-----------------|------------------|-----------------------|------------------|---------------|-----------------|------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 10 - FTE Request- Branch Professional/Support Staff | 3.00 | 253,890 | 0 | 0 | 253,890 | 3.00 | 356,974 | 0 | 0 | 356,974 |
| DP 15 - Stabilize Leg Staff- Competitive Pay Plan | 0.00 | 114,112 | 0 | 0 | 114,112 | 0.00 | 114,112 | 0 | 0 | 114,112 |
| DP 103 - Transfer 2.50 FTE to Legislative Fiscal Division | 2.50 | 140,203 | 0 | 0 | 140,203 | 2.50 | 172,935 | 0 | 0 | 172,935 |
| DP 109 - Pension Actuarial Analysis (OTO) | 0.00 | 65,000 | 0 | 0 | 65,000 | 0.00 | 50,000 | 0 | 0 | 50,000 |
| DP 110 - Coordination with Other Bills | 0.00 | 50,000 | 0 | 0 | 50,000 | 0.00 | 50,000 | 0 | 0 | 50,000 |
| DP 333 - Adjustment to Inflation | 0.00 | (842) | 0 | 0 | (842) | 0.00 | (1,064) | 0 | 0 | (1,064) |
| Total | 5.50 | \$622,363 | \$0 | \$0 | \$622,363 | 5.50 | \$742,957 | \$0 | \$0 | \$742,957 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 10 - FTE Request- Branch Professional/Support Staff -

The legislature adopted general fund appropriations for personal services for 3.00 FTE with appropriations adjusted in FY 2024 to allow for staggered start dates. The additional staff will address workload in the following areas, largely with respect to interim committee work:

- Interim Budget Committee meeting administration, which includes agenda development, analysis, and communications support
- Data and fiscal analysis support and coordination with interim policy committees in areas related to public safety, health and human services, and local government
- Core data analysis work related to policy committees including outreach to policy experts

DP 15 - Stabilize Leg Staff- Competitive Pay Plan -

The legislature adopted base pay adjustments to stabilize legislative staff with competitive pay. Growth in market pay rates for professional and business services occupations has exceeded inflation and statewide wage growth. The legislature adopted a base pay adjustment to accommodate this change in the economic environment and to stabilize legislative staff with competitive pay.

DP 103 - Transfer 2.50 FTE to Legislative Fiscal Division -

The legislature adopted the transfer of general fund appropriations for 2.50 FTE from the Legislative Services Division to the Legislative Fiscal Division. This transfers 0.50 FTE for a secretary supervisor adopted in DP 10 and 2.00 FTE (aggregate) interim committee secretary positions adopted in DP 11 to the Legislative Fiscal Division with appropriations adjusted in FY 2024 to allow for staggered start dates.

DP 109 - Pension Actuarial Analysis (OTO) -

The legislature adopted one-time-only general fund appropriations for contracting an actuarial analysis on the pension system. This review will provide the legislature with information to fulfill its financial fiduciary responsibilities related to the pension system.

DP 110 - Coordination with Other Bills -

The legislature adopted an increase in general fund appropriations for the implementation of HB 110, HB 140, SB 176, and HB 485.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 9,722,981 | 10,714,376 | 991,395 | 10.20 % |
| Operating Expenses | 533,044 | 525,195 | (7,849) | (1.47)% |
| Total Expenditures | \$10,256,025 | \$11,239,571 | \$983,546 | 9.59 % |
| General Fund | 5,868,275 | 6,885,987 | 1,017,712 | 17.34 % |
| State/Other Special Rev. Funds | 4,387,750 | 4,353,584 | (34,166) | (0.78)% |
| Total Funds | \$10,256,025 | \$11,239,571 | \$983,546 | 9.59 % |
| Total Ongoing | \$10,155,575 | \$11,239,571 | \$1,083,996 | 10.67 % |
| Total OTO | \$100,450 | \$0 | (\$100,450) | (100.00)% |

Page Reference

Legislative Budget Analysis, A-30

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 52.75 | 52.75 | 52.75 | 52.75 |
| Personal Services | 4,231,677 | 4,812,075 | 4,910,906 | 5,338,329 | 5,376,047 |
| Operating Expenses | 195,315 | 276,013 | 257,031 | 282,614 | 242,581 |
| Total Expenditures | \$4,426,992 | \$5,088,088 | \$5,167,937 | \$5,620,943 | \$5,618,628 |
| General Fund | 2,412,398 | 2,903,875 | 2,964,400 | 3,443,101 | 3,442,886 |
| State/Other Special Rev. Funds | 2,014,594 | 2,184,213 | 2,203,537 | 2,177,842 | 2,175,742 |
| Total Funds | \$4,426,992 | \$5,088,088 | \$5,167,937 | \$5,620,943 | \$5,618,628 |
| Total Ongoing | \$4,426,992 | \$5,037,863 | \$5,117,712 | \$5,620,943 | \$5,618,628 |
| Total OTO | \$0 | \$50,225 | \$50,225 | \$0 | \$0 |

Page Reference

Legislative Budget Analysis, A-31

Funding

The Legislative Audit Division is funded with general fund and state special revenue. The state special revenue funds are generated through a charge to state agencies for legislative audit services. The charge is based on a billing rate for audit services and is calculated in accordance with federal regulations.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 2,964,400 | 2,964,400 | 5,928,800 | 86.10 % | 5,117,712 | 5,117,712 | 10,235,424 | 91.07 % |
| SWPL Adjustments | 246,195 | 267,230 | 513,425 | 7.46 % | 423,582 | 459,849 | 883,431 | 7.86 % |
| PL Adjustments | 18,235 | (5,392) | 12,843 | 0.19 % | 31,440 | (9,296) | 22,144 | 0.20 % |
| New Proposals | 214,271 | 216,648 | 430,919 | 6.26 % | 48,209 | 50,363 | 98,572 | 0.88 % |
| Total Budget | \$3,443,101 | \$3,442,886 | \$6,885,987 | | \$5,620,943 | \$5,618,628 | \$11,239,571 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | |
|--|-----------------------|------------------|------------------|--------------------|------------------|-----------------------|------------------|------------------|------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 241,271 | 174,714 | 0 | 415,985 | 0.00 | 261,591 | 189,428 | 451,019 |
| DP 2 - Fixed Costs | 0.00 | 0 | (893) | 0 | (893) | 0.00 | 0 | (893) | (893) |
| DP 3 - Inflation Deflation | 0.00 | 4,924 | 3,566 | 0 | 8,490 | 0.00 | 5,639 | 4,084 | 9,723 |
| DP 4 - Present Law Adjustments | 0.00 | 18,419 | 13,338 | 0 | 31,757 | 0.00 | (5,220) | (3,780) | (9,000) |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (184) | (133) | 0 | (317) | 0.00 | (172) | (124) | (296) |
| Grand Total All Present Law Adjustments | 0.00 | \$264,430 | \$190,592 | \$0 | \$455,022 | 0.00 | \$261,838 | \$188,715 | \$450,553 |

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Present Law Adjustments -

The legislature adopted general fund and state special revenue modifications for cyclical adjustments. In FY 2024, the increases include:

- Approximately \$21,000 for the Legislative Branch's contracted audit
- \$5,000 for professional certification support
- \$3,000 for a price increase related to actuarial services
- \$3,000 for software licensing increases

In FY 2025, this includes:

- A reduction of \$20,000 for the Governmental Accountability Office Peer Review. This review does not occur every fiscal year and can be removed from the budget in FY 2025
- An increase of \$5,000 for professional certification support
- An increase of \$3,000 for a price increase related to actuarial services
- An increase of \$3,000 for software licensing increases

Additionally, during the 2021 session, the Legislative Audit Division requested one-time-only funding of \$20,000 for training. This funding was approved by the 2021 Legislature but was inadvertently not included in HB 2 as a one-time-only line item. Therefore, this appropriation is included in the base budget. This funding is included in the budget for FY 2024 and FY 2025. Because this appropriation is included in the base, this results in a \$0 change.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|---|-----------------------|------------------|--------------------|-----------------|-----------------|-----------------------|------------------|--------------------|-----------------|-----------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 15 - Stabilize Leg Staff- Competitive Pay Plan | 0.00 | 61,543 | 0 | 0 | 61,543 | 0.00 | 61,543 | 0 | 0 | 61,543 |
| DP 16 - Position Reclassifications | 0.00 | 28,951 | 20,964 | 0 | 49,915 | 0.00 | 28,951 | 20,964 | 0 | 49,915 |
| DP 17 - Funding Switch | 0.00 | 125,396 | (185,854) | 0 | (60,458) | 0.00 | 125,396 | (185,854) | 0 | (60,458) |
| DP 110 - Coordination with Other Bills | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 2,684 | 0 | 0 | 2,684 |
| DP 333 - Adjustment to Inflation | 0.00 | (1,619) | (1,172) | 0 | (2,791) | 0.00 | (1,926) | (1,395) | 0 | (3,321) |
| Total | 0.00 | \$214,271 | (\$166,062) | \$0 | \$48,209 | 0.00 | \$216,648 | (\$166,285) | \$0 | \$50,363 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 15 - Stabilize Leg Staff- Competitive Pay Plan -

The legislature adopted base pay adjustments to stabilize legislative staff with competitive pay. Growth in market pay rates for professional and business services occupations has exceeded inflation and statewide wage growth. The legislature adopted a base pay adjustment to accommodate this change in the economic environment and to stabilize legislative staff with competitive pay.

DP 16 - Position Reclassifications -

The legislature adopted additional general fund and state special revenue appropriations to reclassify an existing associate auditor (entry level position) to a deputy legislative auditor for technology and data analytics. Deputy-level leadership for the information systems audit team was a recommendation identified in a consulting report provided to the Legislative Audit Committee and is a part of the broader effort of the division to move towards a more risk-based audit model.

DP 17 - Funding Switch -

The legislature adopted a decrease in state special revenue and an increase in general fund appropriations because the division is moving towards a risk-based model for conducting audit work. The division would discontinue regular financial compliance audits at seven small agencies and the Facility Finance Authority and outsource the annual financial audit of the Montana State Fund. The audit costs for these agencies would be eliminated from HB 2, which would reduce the state special revenues that the Legislative Audit Division receives. The shift to general fund appropriations would allow the division to begin conducting risk-based audits. This fund shift is contingent on the passage and approval of HB 132.

DP 110 - Coordination with Other Bills -

The legislature adopted an increase in general fund appropriations for the implementation of HB 485.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

Agency Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Agency Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 1,373,950 | 1,402,106 | 28,156 | 2.05 % |
| Operating Expenses | 1,935,174 | 1,983,660 | 48,486 | 2.51 % |
| Debt Service | 82,601 | 83,216 | 615 | 0.74 % |
| Total Expenditures | \$3,391,725 | \$3,468,982 | \$77,257 | 2.28 % |
| State/Other Special Rev. Funds | 3,391,725 | 3,468,982 | 77,257 | 2.28 % |
| Total Funds | \$3,391,725 | \$3,468,982 | \$77,257 | 2.28 % |
| Total Ongoing | \$3,391,725 | \$3,171,914 | (\$219,811) | (6.48)% |
| Total OTO | \$0 | \$297,068 | \$297,068 | 100.00 % |

Page Reference

LFD Budget Analysis, A- 36

Agency Highlights

| Consumer Counsel Major Budget Highlights |
|---|
| <ul style="list-style-type: none"> The Consumer Counsel's 2025 biennium budget is approximately \$77,000 or 2.3% higher than the 2023 biennium budget Changes adopted by the legislature include: <ul style="list-style-type: none"> Statewide present law adjustments for personal services and fixed costs A reduction to the statewide present law adjustment for inflation Moving the caseload contingency from the ongoing base budget to a restricted, biennial, and one-time-only appropriation Adjusting the Risk Management & Tort Defense (RMTD) premium allocation to align with the approved premium holiday |

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Agency Actuals and Budget Comparison | | | | | |
|--------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 5.54 | 5.54 | 5.54 | 5.54 |
| Personal Services | 483,609 | 682,407 | 691,543 | 698,549 | 703,557 |
| Operating Expenses | 328,814 | 967,838 | 967,336 | 986,212 | 997,448 |
| Debt Service | 40,992 | 40,993 | 41,608 | 41,608 | 41,608 |
| Total Expenditures | \$853,415 | \$1,691,238 | \$1,700,487 | \$1,726,369 | \$1,742,613 |
| State/Other Special Rev. Funds | 853,415 | 1,691,238 | 1,700,487 | 1,726,369 | 1,742,613 |
| Total Funds | \$853,415 | \$1,691,238 | \$1,700,487 | \$1,726,369 | \$1,742,613 |
| Total Ongoing | \$853,415 | \$1,691,238 | \$1,700,487 | \$1,577,835 | \$1,594,079 |
| Total OTO | \$0 | \$0 | \$0 | \$148,534 | \$148,534 |

Page Reference

LFD Budget Analysis, A- 37

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

| Executive Budget Comparison | | | | | | | | |
|--------------------------------|------------------------|------------------------------------|--------------------------------------|--|------------------------------------|--------------------------------------|--|--|
| Budget Item | Approp. Fiscal 2023 | Executive Budget Fiscal 2024 | Legislative Budget Fiscal 2024 | Leg — Exec. Difference Fiscal 2024 | Executive Budget Fiscal 2025 | Legislative Budget Fiscal 2025 | Leg — Exec. Difference Fiscal 2025 | Biennium Difference Fiscal 24-25 |
| FTE | 5.54 | 5.54 | 5.54 | 0.00 | 5.54 | 5.54 | 0.00 | 0.00 |
| Personal Services | 691,543 | 698,549 | 698,549 | 0 | 703,557 | 703,557 | 0 | 0 |
| Operating Expenses | 967,336 | 999,117 | 986,212 | (12,905) | 1,014,438 | 997,448 | (16,990) | (29,895) |
| Equipment & Intangible Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Service | 41,608 | 42,232 | 41,608 | (624) | 42,865 | 41,608 | (1,257) | (1,881) |
| Total Costs | \$1,700,487 | \$1,739,898 | \$1,726,369 | (\$13,529) | \$1,760,860 | \$1,742,613 | (\$18,247) | (\$31,776) |
| State/other Special Rev. Funds | 1,700,487 | 1,739,898 | 1,726,369 | (13,529) | 1,760,860 | 1,742,613 | (18,247) | (31,776) |
| Total Funds | \$1,700,487 | \$1,739,898 | \$1,726,369 | (\$13,529) | \$1,760,860 | \$1,742,613 | (\$18,247) | (\$31,776) |
| Total Ongoing | \$1,700,487 | \$1,739,898 | \$1,577,835 | (\$162,063) | \$1,760,860 | \$1,594,079 | (\$166,781) | (\$328,844) |
| Total OTO | \$0 | \$0 | \$148,534 | \$148,534 | \$0 | \$148,534 | \$148,534 | \$297,068 |

The legislature adopted appropriations that are approximately \$32,000 lower than the proposed appropriations for the 2025 biennium. Significant differences in the legislative budget compared to the proposed budget include:

- The legislature adopted a reduction to the statewide present law adjustment for inflation
- Reestablishing a restricted, biennial, one-time-only appropriation of \$300,000 for caseload contingencies. This funding was designated as ongoing in the proposed executive budget, and the net effect of this change on the budget amount is zero
- Reestablishing the RMTD insurance premium into agency budgets and establishing a one-time-only reduction for the RMTD premium rate, due to the adopted premium holiday. The net effect of this change on the overall budget amount is zero

Funding

The following table shows adopted agency funding for all sources of authority.

| Total Consumer Counsel Funding by Source of Authority 2025 Biennium Budget Request - Consumer Counsel | | | | | | |
|--|--------------------|------------------|-----------------------------|----------------------------|----------------------|----------------------|
| Funds | HB2 Ongoing | HB2 OTO | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds |
| General Fund | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| State Special Total | 3,171,914 | 297,068 | 0 | 0 | 3,468,982 | 100.00 % |
| Federal Special Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Proprietary Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Other Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Total All Funds | \$3,171,914 | \$297,068 | \$0 | \$0 | \$3,468,982 | |
| Percent - Total All Sources | 91.44 % | 8.56 % | 0.00 % | 0.00 % | | |

The Consumer Counsel is funded by state special revenue generated by fees imposed on all regulated entities under the jurisdiction of the Public Service Commission. The funding formula is specified in 69-1-223, MCA. Each year, the Department of Revenue determines the total gross operating revenue generated by all regulated activities within the state for the previous year. The Department of Revenue then computes the percentage tax necessary to yield an amount equal to the current appropriation, with no excess funds. If collection of excess revenue occurs, the amount charged to the regulated utilities for the following year is reduced.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 1,700,487 | 1,700,487 | 3,400,974 | 98.04 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 38,787 | 59,116 | 97,903 | 2.82 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 30 | 24 | 54 | 0.00 % |
| New Proposals | 0 | 0 | 0 | 0.00 % | (12,935) | (17,014) | (29,949) | (0.86)% |
| Total Budget | \$0 | \$0 | \$0 | | \$1,726,369 | \$1,742,613 | \$3,468,982 | |

Language and Statutory Authority

The legislature adopted the following language in HB 2:

"The Administration Program includes a one-time-only reduction in FY 2024 and FY 2025 for a suspension of insurance premium payments to the Risk Management and Tort Defense Division's proprietary fund."

Page Reference

Legislative Budget Analysis, A- 42

Page Reference

N/A

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|--------------|-----------------|-----------------|-----------------|-----------------------|--------------|-----------------|-----------------|-----------------|--|
| -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds | |
| DP 1 - Personal Services | | | | | | | | | | |
| 0.00 | 0 | 7,006 | 0 | 7,006 | 0.00 | 0 | 12,014 | 0 | 12,014 | |
| DP 2 - Fixed Costs | | | | | | | | | | |
| 0.00 | 0 | (16,129) | 0 | (16,129) | 0.00 | 0 | (15,977) | 0 | (15,977) | |
| DP 3 - Inflation Deflation | | | | | | | | | | |
| 0.00 | 0 | 47,910 | 0 | 47,910 | 0.00 | 0 | 63,079 | 0 | 63,079 | |
| DP 5 - Caseload Contingency | | | | | | | | | | |
| 0.00 | 0 | (150,000) | 0 | (150,000) | 0.00 | 0 | (150,000) | 0 | (150,000) | |
| DP 6 - Caseload Contingency (RST/BIEN/OTO) | | | | | | | | | | |
| 0.00 | 0 | 150,000 | 0 | 150,000 | 0.00 | 0 | 150,000 | 0 | 150,000 | |
| DP 20 - SABHRS Rate Adjustment | | | | | | | | | | |
| 0.00 | 0 | 30 | 0 | 30 | 0.00 | 0 | 24 | 0 | 24 | |
| DP 222 - RMTD Adjustment | | | | | | | | | | |
| 0.00 | 0 | 1,466 | 0 | 1,466 | 0.00 | 0 | 1,466 | 0 | 1,466 | |
| DP 223 - RMTD Adjustment (OTO) | | | | | | | | | | |
| 0.00 | 0 | (1,466) | 0 | (1,466) | 0.00 | 0 | (1,466) | 0 | (1,466) | |
| Grand Total All Present Law Adjustments | | | | | | | | | | |
| 0.00 | \$0 | \$38,817 | \$0 | \$38,817 | 0.00 | \$0 | \$59,140 | \$0 | \$59,140 | |

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 5 - Caseload Contingency -

The legislature adopted a reduction of the caseload contingency appropriation from the ongoing base budget.

DP 6 - Caseload Contingency (RST/BIEN/OTO) -

The legislature adopted to designate the caseload contingency appropriation biennial, restricted, and one-time-only.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|----------------------------------|-----------------------|--------------|-------------------|-----------------|-------------------|-----------------------|--------------|-------------------|-----------------|-------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | (12,935) | 0 | (12,935) | 0.00 | 0 | (17,014) | 0 | (17,014) |
| Total | 0.00 | \$0 | (\$12,935) | \$0 | (\$12,935) | 0.00 | \$0 | (\$17,014) | \$0 | (\$17,014) |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

Agency Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Agency Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|----------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 11,443,482 | 11,803,457 | 359,975 | 3.15 % |
| Operating Expenses | 3,175,852 | 3,198,196 | 22,344 | 0.70 % |
| Total Expenditures | \$14,619,334 | \$15,001,653 | \$382,319 | 2.62 % |
| General Fund | 14,519,334 | 14,901,653 | 382,319 | 2.63 % |
| State/Other Special Rev. Funds | 100,000 | 100,000 | 0 | 0.00 % |
| Total Funds | \$14,619,334 | \$15,001,653 | \$382,319 | 2.62 % |
| Total Ongoing | \$13,545,891 | \$15,137,543 | \$1,591,652 | 11.75 % |
| Total OTO | \$1,073,443 | (\$135,890) | (\$1,209,333) | (112.66)% |

Page Reference

LFD Budget Analysis, A-43

Agency Highlights

| Governor's Office Major Budget Highlights | |
|---|--|
| <ul style="list-style-type: none"> The Governor's Office 2025 biennium ongoing appropriations are approximately \$1.6 million or 11.8% higher than the 2023 biennium. Significant changes include: <ul style="list-style-type: none"> Increases in general fund appropriations of approximately \$459,000 each fiscal year for 4.00 FTE. This includes a position that will work on government efficiency initiatives, a policy position, an internal audit manager, and a budget analyst Increases in the statewide present law adjustment for fixed costs of approximately \$328,000 in FY 2024 and \$235,000 in FY 2025. This increase is primarily related to audit costs (FY 2024) and state information technology services costs (FY 2024 and FY 2025) | |

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Agency Actuals and Budget Comparison | | | | | |
|--------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 56.57 | 56.57 | 60.57 | 60.57 |
| Personal Services | 4,946,455 | 5,634,940 | 5,808,542 | 5,849,940 | 5,953,517 |
| Operating Expenses | 1,199,322 | 1,548,841 | 1,627,011 | 1,644,430 | 1,553,766 |
| Total Expenditures | \$6,145,777 | \$7,183,781 | \$7,435,553 | \$7,494,370 | \$7,507,283 |
| General Fund | 6,145,777 | 7,133,781 | 7,385,553 | 7,444,370 | 7,457,283 |
| State/Other Special Rev. Funds | 0 | 50,000 | 50,000 | 50,000 | 50,000 |
| Total Funds | \$6,145,777 | \$7,183,781 | \$7,435,553 | \$7,494,370 | \$7,507,283 |
| Total Ongoing | \$5,865,905 | \$6,736,283 | \$6,809,608 | \$7,602,942 | \$7,534,601 |
| Total OTO | \$279,872 | \$447,498 | \$625,945 | (\$108,572) | (\$27,318) |

Page Reference

LFD Budget Analysis, A-44

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

| Executive Budget Comparison | | | | | | | | |
|--------------------------------|------------------------|------------------------------------|--------------------------------------|--|------------------------------------|--------------------------------------|--|--|
| Budget Item | Approp. Fiscal 2023 | Executive Budget Fiscal 2024 | Legislative Budget Fiscal 2024 | Leg — Exec. Difference Fiscal 2024 | Executive Budget Fiscal 2025 | Legislative Budget Fiscal 2025 | Leg — Exec. Difference Fiscal 2025 | Biennium Difference Fiscal 24-25 |
| FTE | 56.57 | 60.57 | 60.57 | 0.00 | 60.57 | 60.57 | 0.00 | 0.00 |
| Personal Services | 5,808,542 | 5,907,194 | 5,849,940 | (57,254) | 6,011,857 | 5,953,517 | (58,340) | (115,594) |
| Operating Expenses | 1,627,011 | 1,668,854 | 1,644,430 | (24,424) | 1,583,891 | 1,553,766 | (30,125) | (54,549) |
| Grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Costs | \$7,435,553 | \$7,576,048 | \$7,494,370 | (\$81,678) | \$7,595,748 | \$7,507,283 | (\$88,465) | (\$170,143) |
| General Fund | 7,385,553 | 7,526,048 | 7,444,370 | (81,678) | 7,545,748 | 7,457,283 | (88,465) | (170,143) |
| State/other Special Rev. Funds | 50,000 | 50,000 | 50,000 | 0 | 50,000 | 50,000 | 0 | 0 |
| Federal Spec. Rev. Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funds | \$7,435,553 | \$7,576,048 | \$7,494,370 | (\$81,678) | \$7,595,748 | \$7,507,283 | (\$88,465) | (\$170,143) |
| Total Ongoing | \$6,809,608 | \$7,657,302 | \$7,602,942 | (\$54,360) | \$7,595,748 | \$7,534,601 | (\$61,147) | (\$115,507) |
| Total OTO | \$625,945 | (\$81,254) | (\$108,572) | (\$27,318) | \$0 | (\$27,318) | (\$27,318) | (\$54,636) |

The legislature adopted appropriations that are approximately \$170,000 lower than the proposed appropriations for the 2025 biennium. The significant difference in the legislative budget compared to the proposed budget is due to the legislature adopting an additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation.

Funding

The following table shows adopted agency funding for all sources of authority.

| Total Governor's Office Funding by Source of Authority 2025 Biennium Budget Request - Governor's Office | | | | | | |
|--|---------------------|--------------------|-----------------------------|----------------------------|----------------------|----------------------|
| Funds | HB2 Ongoing | HB2 OTO | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds |
| General Fund | 15,037,543 | (135,890) | 0 | 16,500,000 | 31,401,653 | 99.68 % |
| State Special Total | 100,000 | 0 | 0 | 0 | 100,000 | 0.32 % |
| Federal Special Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Proprietary Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Other Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Total All Funds | \$15,137,543 | (\$135,890) | \$0 | \$16,500,000 | \$31,501,653 | |
| Percent - Total All Sources | 48.05 % | (0.43)% | 0.00 % | 52.38 % | | |

The Governor's Office is primarily funded with general fund. State special revenue funding provides a portion of funding for the Office of Indian Affairs. This state special revenue fund receives revenues through a fee for tribal relations training provided by the Office of Indian Affairs.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Summary by Category | | | | | | | | |
|----------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| -----General Fund----- | | | | | -----Total Funds----- | | | |
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 6,759,608 | 6,759,608 | 13,519,216 | 90.72 % | 6,809,608 | 6,809,608 | 13,619,216 | 90.78 % |
| SWPL Adjustments | 381,878 | 319,390 | 701,268 | 4.71 % | 381,878 | 319,390 | 701,268 | 4.67 % |
| PL Adjustments | (1,008) | (958) | (1,966) | (0.01)% | (1,008) | (958) | (1,966) | (0.01)% |
| New Proposals | 303,892 | 379,243 | 683,135 | 4.58 % | 303,892 | 379,243 | 683,135 | 4.55 % |
| Total Budget | \$7,444,370 | \$7,457,283 | \$14,901,653 | | \$7,494,370 | \$7,507,283 | \$15,001,653 | |

Language and Statutory Authority

The legislature adopted the following language in HB 2:

"The Executive Office Program, Executive Residence Operations Program, Office of Budget and Program Planning, Office of Indian Affairs, and Mental Disabilities Board of Visitors include a one-time-only reduction in FY 2024 and FY 2025 for a suspension of insurance premium payments to the Risk Management and Tort Defense Division's proprietary fund."

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 5,418,817 | 5,647,757 | 228,940 | 4.22 % |
| Operating Expenses | 1,813,640 | 1,150,951 | (662,689) | (36.54)% |
| Total Expenditures | \$7,232,457 | \$6,798,708 | (\$433,749) | (6.00)% |
| General Fund | 7,232,457 | 6,798,708 | (433,749) | (6.00)% |
| Total Funds | \$7,232,457 | \$6,798,708 | (\$433,749) | (6.00)% |
| Total Ongoing | \$6,589,014 | \$6,837,766 | \$248,752 | 3.78 % |
| Total OTO | \$643,443 | (\$39,058) | (\$682,501) | (106.07)% |

Page Reference

LFD Budget Analysis, A-49

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 27.00 | 27.00 | 29.00 | 29.00 |
| Personal Services | 2,185,506 | 2,669,409 | 2,749,408 | 2,819,971 | 2,827,786 |
| Operating Expenses | 780,182 | 919,414 | 894,226 | 574,724 | 576,227 |
| Total Expenditures | \$2,965,688 | \$3,588,823 | \$3,643,634 | \$3,394,695 | \$3,404,013 |
| General Fund | 2,965,688 | 3,588,823 | 3,643,634 | 3,394,695 | 3,404,013 |
| Total Funds | \$2,965,688 | \$3,588,823 | \$3,643,634 | \$3,394,695 | \$3,404,013 |
| Total Ongoing | \$2,756,787 | \$3,266,325 | \$3,322,689 | \$3,414,224 | \$3,423,542 |
| Total OTO | \$208,901 | \$322,498 | \$320,945 | (\$19,529) | (\$19,529) |

Page Reference

Legislative Budget Analysis, A-50

Funding

The Executive Office is entirely funded with general fund.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|--------------------|-----------------------|-------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 3,322,689 | 3,322,689 | 6,645,378 | 97.74 % | 3,322,689 | 3,322,689 | 6,645,378 | 97.74 % |
| SWPL Adjustments | (136,578) | (123,957) | (260,535) | (3.83)% | (136,578) | (123,957) | (260,535) | (3.83)% |
| PL Adjustments | (361) | (342) | (703) | (0.01)% | (361) | (342) | (703) | (0.01)% |
| New Proposals | 208,945 | 205,623 | 414,568 | 6.10 % | 208,945 | 205,623 | 414,568 | 6.10 % |
| Total Budget | \$3,394,695 | \$3,404,013 | \$6,798,708 | | \$3,394,695 | \$3,404,013 | \$6,798,708 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|--------------------|---------------|-----------------|--------------------|-----------------------|--------------------|---------------|-----------------|--------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 7,004 | 0 | 0 | 7,004 | 0.00 | 14,740 | 0 | 0 | 14,740 |
| DP 2 - Fixed Costs | 0.00 | (170,505) | 0 | 0 | (170,505) | 0.00 | (170,506) | 0 | 0 | (170,506) |
| DP 3 - Inflation Deflation | 0.00 | 26,923 | 0 | 0 | 26,923 | 0.00 | 31,809 | 0 | 0 | 31,809 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 167 | 0 | 0 | 167 | 0.00 | 151 | 0 | 0 | 151 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (528) | 0 | 0 | (528) | 0.00 | (493) | 0 | 0 | (493) |
| DP 222 - RMTD Adjustment | 0.00 | 19,529 | 0 | 0 | 19,529 | 0.00 | 19,529 | 0 | 0 | 19,529 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (19,529) | 0 | 0 | (19,529) | 0.00 | (19,529) | 0 | 0 | (19,529) |
| Grand Total All Present Law Adjustments | 0.00 | (\$136,939) | \$0 | \$0 | (\$136,939) | 0.00 | (\$124,299) | \$0 | \$0 | (\$124,299) |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|---|-------------|------------------|---------------|-----------------|------------------|-----------------------|------------------|---------------|-----------------|------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 988 | 0 | 0 | 988 | 0.00 | 988 | 0 | 0 | 988 |
| DP 101 - Government Efficiency Initiative | 1.00 | 122,713 | 0 | 0 | 122,713 | 1.00 | 122,444 | 0 | 0 | 122,444 |
| DP 102 - Policy Staff | 1.00 | 123,990 | 0 | 0 | 123,990 | 1.00 | 124,415 | 0 | 0 | 124,415 |
| DP 333 - Adjustment to Inflation | 0.00 | (13,386) | 0 | 0 | (13,386) | 0.00 | (16,787) | 0 | 0 | (16,787) |
| DP 555 - Additional Vacancy Savings | 0.00 | (25,360) | 0 | 0 | (25,360) | 0.00 | (25,437) | 0 | 0 | (25,437) |
| Total | 2.00 | \$208,945 | \$0 | \$0 | \$208,945 | 2.00 | \$205,623 | \$0 | \$0 | \$205,623 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted general fund appropriations for the agency to provide funding for a new fixed cost for the State Management Training Center. The rates charged for this service are approved in the section of the budget that provides the services.

DP 101 - Government Efficiency Initiative -

The legislature adopted general fund appropriations for personal services for 1.00 FTE and operating expenses. The 2021 Legislature provided one-time-only funding for efficiency initiatives. This change package provides ongoing funding to continue work on these initiatives. The position assists the Lieutenant Governor in continuing the review and implementation of changes to administrative rules in cabinet agencies as well as assists with the directive for a top-down efficiency review of cabinet agencies.

DP 102 - Policy Staff -

The legislature adopted general fund appropriations for 1.00 exempt FTE and associated operating expenses for a policy staff position. The number of exempt staff will not exceed 15 per elected official per 2-18-104 (2), MCA.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 213,532 | 80,624 | (132,908) | (62.24)% |
| Operating Expenses | 111,810 | 98,209 | (13,601) | (12.16)% |
| Total Expenditures | \$325,342 | \$178,833 | (\$146,509) | (45.03)% |
| General Fund | 325,342 | 178,833 | (146,509) | (45.03)% |
| Total Funds | \$325,342 | \$178,833 | (\$146,509) | (45.03)% |
| Total Ongoing | \$325,342 | \$261,737 | (\$63,605) | (19.55)% |
| Total OTO | \$0 | (\$82,904) | (\$82,904) | 100.00 % |

Page Reference

LFD Budget Analysis, A-54

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 1.57 | 1.57 | 1.57 | 1.57 |
| Personal Services | 63,766 | 103,934 | 109,598 | 0 | 80,624 |
| Operating Expenses | 35,465 | 55,845 | 55,965 | 49,093 | 49,116 |
| Total Expenditures | \$99,231 | \$159,779 | \$165,563 | \$49,093 | \$129,740 |
| General Fund | 99,231 | 159,779 | 165,563 | 49,093 | 129,740 |
| Total Funds | \$99,231 | \$159,779 | \$165,563 | \$49,093 | \$129,740 |
| Total Ongoing | \$99,231 | \$159,779 | \$165,563 | \$131,172 | \$130,565 |
| Total OTO | \$0 | \$0 | \$0 | (\$82,079) | (\$825) |

Page Reference

Legislative Budget Analysis, A-55

Funding

The Executive Residence Operations Program is entirely funded with general fund.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 165,563 | 165,563 | 331,126 | 185.16 % | 165,563 | 165,563 | 331,126 | 185.16 % |
| SWPL Adjustments | (34,041) | (33,652) | (67,693) | (37.85)% | (34,041) | (33,652) | (67,693) | (37.85)% |
| PL Adjustments | (160) | (161) | (321) | (0.18)% | (160) | (161) | (321) | (0.18)% |
| New Proposals | (82,269) | (2,010) | (84,279) | (47.13)% | (82,269) | (2,010) | (84,279) | (47.13)% |
| Total Budget | \$49,093 | \$129,740 | \$178,833 | | \$49,093 | \$129,740 | \$178,833 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|-------------------|------------------|--------------------|-------------------|-----------------------|-------------------|------------------|--------------------|-------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | (28,344) | 0 | 0 | (28,344) | 0.00 | (28,125) | 0 | 0 | (28,125) |
| DP 2 - Fixed Costs | 0.00 | (8,269) | 0 | 0 | (8,269) | 0.00 | (8,272) | 0 | 0 | (8,272) |
| DP 3 - Inflation Deflation | 0.00 | 2,572 | 0 | 0 | 2,572 | 0.00 | 2,745 | 0 | 0 | 2,745 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | (160) | 0 | 0 | (160) | 0.00 | (161) | 0 | 0 | (161) |
| DP 222 - RMTD Adjustment | 0.00 | 825 | 0 | 0 | 825 | 0.00 | 825 | 0 | 0 | 825 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (825) | 0 | 0 | (825) | 0.00 | (825) | 0 | 0 | (825) |
| Grand Total All Present Law Adjustments | 0.00 | (\$34,201) | \$0 | \$0 | (\$34,201) | 0.00 | (\$33,813) | \$0 | \$0 | (\$33,813) |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|--|-----------------------|-------------------|---------------|-----------------|-------------------|-----------------------|------------------|---------------|-----------------|------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 201 - Personal Services Reduction (OTO) | 0.00 | (81,254) | 0 | 0 | (81,254) | 0.00 | 0 | 0 | 0 | 0 |
| DP 333 - Adjustment to Inflation | 0.00 | (1,015) | 0 | 0 | (1,015) | 0.00 | (1,161) | 0 | 0 | (1,161) |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | 0 | 0 | 0 | 0.00 | (849) | 0 | 0 | (849) |
| Total | 0.00 | (\$82,269) | \$0 | \$0 | (\$82,269) | 0.00 | (\$2,010) | \$0 | \$0 | (\$2,010) |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 201 - Personal Services Reduction (OTO) -

The legislature adopted a one-time-only reduction in general fund in FY 2024 for personal services. The executive residence is undergoing a renovation authorized by the 2019 Legislature. During the renovation, the residence is unoccupied, but occupation is anticipated in FY 2025.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 4,564,723 | 4,884,204 | 319,481 | 7.00 % |
| Operating Expenses | 914,269 | 1,672,258 | 757,989 | 82.91 % |
| Total Expenditures | \$5,478,992 | \$6,556,462 | \$1,077,470 | 19.67 % |
| General Fund | 5,478,992 | 6,556,462 | 1,077,470 | 19.67 % |
| Total Funds | \$5,478,992 | \$6,556,462 | \$1,077,470 | 19.67 % |
| Total Ongoing | \$5,048,992 | \$6,566,908 | \$1,517,916 | 30.06 % |
| Total OTO | \$430,000 | (\$10,446) | (\$440,446) | (102.43)% |

Page Reference

LFD Budget Analysis, A-59

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 21.00 | 21.00 | 23.00 | 23.00 |
| Personal Services | 2,173,006 | 2,248,571 | 2,316,152 | 2,435,492 | 2,448,712 |
| Operating Expenses | 292,725 | 407,050 | 507,219 | 882,607 | 789,651 |
| Total Expenditures | \$2,465,731 | \$2,655,621 | \$2,823,371 | \$3,318,099 | \$3,238,363 |
| General Fund | 2,465,731 | 2,655,621 | 2,823,371 | 3,318,099 | 3,238,363 |
| Total Funds | \$2,465,731 | \$2,655,621 | \$2,823,371 | \$3,318,099 | \$3,238,363 |
| Total Ongoing | \$2,394,760 | \$2,530,621 | \$2,518,371 | \$3,323,322 | \$3,243,586 |
| Total OTO | \$70,971 | \$125,000 | \$305,000 | (\$5,223) | (\$5,223) |

Page Reference

Legislative Budget Analysis, A-60

Funding

The Office of Budget and Program Planning is entirely funded with general fund.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 2,518,371 | 2,518,371 | 5,036,742 | 76.82 % | 2,518,371 | 2,518,371 | 5,036,742 | 76.82 % |
| SWPL Adjustments | 613,677 | 534,763 | 1,148,440 | 17.52 % | 613,677 | 534,763 | 1,148,440 | 17.52 % |
| PL Adjustments | 121 | 116 | 237 | 0.00 % | 121 | 116 | 237 | 0.00 % |
| New Proposals | 185,930 | 185,113 | 371,043 | 5.66 % | 185,930 | 185,113 | 371,043 | 5.66 % |
| Total Budget | \$3,318,099 | \$3,238,363 | \$6,556,462 | | \$3,318,099 | \$3,238,363 | \$6,556,462 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|------------------|------------------|--------------------|------------------|-----------------------|------------------|------------------|--------------------|------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 60,542 | 0 | 0 | 60,542 | 0.00 | 73,193 | 0 | 0 | 73,193 |
| DP 2 - Fixed Costs | 0.00 | 541,360 | 0 | 0 | 541,360 | 0.00 | 448,311 | 0 | 0 | 448,311 |
| DP 3 - Inflation Deflation | 0.00 | 11,775 | 0 | 0 | 11,775 | 0.00 | 13,259 | 0 | 0 | 13,259 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 133 | 0 | 0 | 133 | 0.00 | 127 | 0 | 0 | 127 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (12) | 0 | 0 | (12) | 0.00 | (11) | 0 | 0 | (11) |
| DP 222 - RMTD Adjustment | 0.00 | 5,223 | 0 | 0 | 5,223 | 0.00 | 5,223 | 0 | 0 | 5,223 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (5,223) | 0 | 0 | (5,223) | 0.00 | (5,223) | 0 | 0 | (5,223) |
| Grand Total All Present Law Adjustments | 0.00 | \$613,798 | \$0 | \$0 | \$613,798 | 0.00 | \$534,879 | \$0 | \$0 | \$534,879 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|-------------------------------------|-------------|------------------|---------------|-----------------|-----------------------|-------------|------------------|---------------|-----------------|------------------|
| -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 4,415 | 0 | 0 | 4,415 | 0.00 | 4,415 | 0 | 0 | 4,415 |
| DP 333 - Adjustment to Inflation | 0.00 | (6,303) | 0 | 0 | (6,303) | 0.00 | (7,759) | 0 | 0 | (7,759) |
| DP 401 - Internal Audit Management | 1.00 | 105,638 | 0 | 0 | 105,638 | 1.00 | 105,990 | 0 | 0 | 105,990 |
| DP 402 - Subscription Increase | 0.00 | 1,640 | 0 | 0 | 1,640 | 0.00 | 1,710 | 0 | 0 | 1,710 |
| DP 403 - Budget Analyst | 1.00 | 106,177 | 0 | 0 | 106,177 | 1.00 | 106,533 | 0 | 0 | 106,533 |
| DP 555 - Additional Vacancy Savings | 0.00 | (25,637) | 0 | 0 | (25,637) | 0.00 | (25,776) | 0 | 0 | (25,776) |
| Total | 2.00 | \$185,930 | \$0 | \$0 | \$185,930 | 2.00 | \$185,113 | \$0 | \$0 | \$185,113 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted general fund appropriations for the agency to provide funding for a new fixed cost for the Chief Data Officer and State Management Training Center. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 401 - Internal Audit Management -

The legislature adopted general fund appropriations for 1.00 FTE and associated operating expenses for an internal audit manager. The 2021 Legislature provided one-time-only general fund appropriations of \$125,000 per year for a position to oversee internal audit management and internal controls across state agencies. This decision package makes this position permanent.

DP 402 - Subscription Increase -

The legislature adopted general fund appropriations for subscription costs related to economic data. The Office of Budget and Program Planning maintains a contract for an economic data service on behalf of the OBPP, Department of Transportation and Legislative Fiscal Division. An annual increase of 4.0% is anticipated.

DP 403 - Budget Analyst -

The legislature adopted general fund appropriations for 1.00 FTE and associated operating expenses for a budget analyst. The Office of Budget and Program Planning is experiencing increased workloads associated with expanded legislative interim committees, legislative policies and agendas, and increased need and demand for data analytical work.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 359,878 | 330,256 | (29,622) | (8.23)% |
| Operating Expenses | 215,175 | 184,653 | (30,522) | (14.18)% |
| Total Expenditures | \$575,053 | \$514,909 | (\$60,144) | (10.46)% |
| General Fund | 475,053 | 414,909 | (60,144) | (12.66)% |
| State/Other Special Rev. Funds | 100,000 | 100,000 | 0 | 0.00 % |
| Total Funds | \$575,053 | \$514,909 | (\$60,144) | (10.46)% |
| Total Ongoing | \$575,053 | \$515,903 | (\$59,150) | (10.29)% |
| Total OTO | \$0 | (\$994) | (\$994) | 100.00 % |

Page Reference

LFD Budget Analysis, A-65

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Personal Services | 117,592 | 177,967 | 181,911 | 164,857 | 165,399 |
| Operating Expenses | 47,899 | 106,108 | 109,067 | 91,994 | 92,659 |
| Total Expenditures | \$165,491 | \$284,075 | \$290,978 | \$256,851 | \$258,058 |
| General Fund | 165,491 | 234,075 | 240,978 | 206,851 | 208,058 |
| State/Other Special Rev. Funds | 0 | 50,000 | 50,000 | 50,000 | 50,000 |
| Total Funds | \$165,491 | \$284,075 | \$290,978 | \$256,851 | \$258,058 |
| Total Ongoing | \$165,491 | \$284,075 | \$290,978 | \$257,348 | \$258,555 |
| Total OTO | \$0 | \$0 | \$0 | (\$497) | (\$497) |

Page Reference

Legislative Budget Analysis, A-66

Funding

The majority of the Office of Indian Affairs is funded with general fund. The remaining funding is comprised of state special revenue funds generated by fees associated with tribal relations training administered by the Office of Indian Affairs.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 240,978 | 240,978 | 481,956 | 116.16 % | 290,978 | 290,978 | 581,956 | 113.02 % |
| SWPL Adjustments | (30,438) | (28,826) | (59,264) | (14.28)% | (30,438) | (28,826) | (59,264) | (11.51)% |
| PL Adjustments | (662) | (620) | (1,282) | (0.31)% | (662) | (620) | (1,282) | (0.25)% |
| New Proposals | (3,027) | (3,474) | (6,501) | (1.57)% | (3,027) | (3,474) | (6,501) | (1.26)% |
| Total Budget | \$206,851 | \$208,058 | \$414,909 | | \$256,851 | \$258,058 | \$514,909 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|---|--------------|---------------|-----------------|-------------|--|-----------------------|--------------|---------------|-----------------|-------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | | | | | | | | | | |
| 0.00 | (15,319) | 0 | 0 | (15,319) | | 0.00 | (14,771) | 0 | 0 | (14,771) |
| DP 2 - Fixed Costs | | | | | | | | | | |
| 0.00 | (18,120) | 0 | 0 | (18,120) | | 0.00 | (18,127) | 0 | 0 | (18,127) |
| DP 3 - Inflation Deflation | | | | | | | | | | |
| 0.00 | 3,001 | 0 | 0 | 3,001 | | 0.00 | 4,072 | 0 | 0 | 4,072 |
| DP 20 - SABHRS Rate Adjustment | | | | | | | | | | |
| 0.00 | 43 | 0 | 0 | 43 | | 0.00 | 40 | 0 | 0 | 40 |
| DP 30 - Motor Pool Rate Adjustment | | | | | | | | | | |
| 0.00 | (705) | 0 | 0 | (705) | | 0.00 | (660) | 0 | 0 | (660) |
| DP 222 - RMTD Adjustment | | | | | | | | | | |
| 0.00 | 497 | 0 | 0 | 497 | | 0.00 | 497 | 0 | 0 | 497 |
| DP 223 - RMTD Adjustment (OTO) | | | | | | | | | | |
| 0.00 | (497) | 0 | 0 | (497) | | 0.00 | (497) | 0 | 0 | (497) |
| Grand Total All Present Law Adjustments | | | | | | | | | | |
| 0.00 | (\$31,100) | \$0 | \$0 | (\$31,100) | | 0.00 | (\$29,446) | \$0 | \$0 | (\$29,446) |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | Fiscal 2024 | | | | | Fiscal 2025 | | | | |
|-------------------------------------|-------------|------------------|---------------|-----------------|------------------|-------------|------------------|---------------|-----------------|------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 72 | 0 | 0 | 72 | 0.00 | 72 | 0 | 0 | 72 |
| DP 333 - Adjustment to Inflation | 0.00 | (1,364) | 0 | 0 | (1,364) | 0.00 | (1,805) | 0 | 0 | (1,805) |
| DP 555 - Additional Vacancy Savings | 0.00 | (1,735) | 0 | 0 | (1,735) | 0.00 | (1,741) | 0 | 0 | (1,741) |
| Total | 0.00 | (\$3,027) | \$0 | \$0 | (\$3,027) | 0.00 | (\$3,474) | \$0 | \$0 | (\$3,474) |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted general fund appropriations for the agency to provide funding for a new fixed cost for the State Management Training Center. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 886,532 | 860,616 | (25,916) | (2.92)% |
| Operating Expenses | 120,958 | 92,125 | (28,833) | (23.84)% |
| Total Expenditures | \$1,007,490 | \$952,741 | (\$54,749) | (5.43)% |
| General Fund | 1,007,490 | 952,741 | (54,749) | (5.43)% |
| Total Funds | \$1,007,490 | \$952,741 | (\$54,749) | (5.43)% |
| Total Ongoing | \$1,007,490 | \$955,229 | (\$52,261) | (5.19)% |
| Total OTO | \$0 | (\$2,488) | (\$2,488) | 100.00 % |

Page Reference

LFD Budget Analysis, A-70

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Personal Services | 406,585 | 435,059 | 451,473 | 429,620 | 430,996 |
| Operating Expenses | 43,051 | 60,424 | 60,534 | 46,012 | 46,113 |
| Total Expenditures | \$449,636 | \$495,483 | \$512,007 | \$475,632 | \$477,109 |
| General Fund | 449,636 | 495,483 | 512,007 | 475,632 | 477,109 |
| Total Funds | \$449,636 | \$495,483 | \$512,007 | \$475,632 | \$477,109 |
| Total Ongoing | \$449,636 | \$495,483 | \$512,007 | \$476,876 | \$478,353 |
| Total OTO | \$0 | \$0 | \$0 | (\$1,244) | (\$1,244) |

Page Reference

Legislative Budget Analysis, A-71

Funding

The Mental Disabilities Board of Visitors and Mental Health Ombudsman is entirely funded with general fund.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 512,007 | 512,007 | 1,024,014 | 107.48 % | 512,007 | 512,007 | 1,024,014 | 107.48 % |
| SWPL Adjustments | (30,742) | (28,938) | (59,680) | (6.26)% | (30,742) | (28,938) | (59,680) | (6.26)% |
| PL Adjustments | 54 | 49 | 103 | 0.01 % | 54 | 49 | 103 | 0.01 % |
| New Proposals | (5,687) | (6,009) | (11,696) | (1.23)% | (5,687) | (6,009) | (11,696) | (1.23)% |
| Total Budget | \$475,632 | \$477,109 | \$952,741 | | \$475,632 | \$477,109 | \$952,741 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|-------------------|------------------|--------------------|-------------------|-----------------------|-------------------|------------------|--------------------|-------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | (17,331) | 0 | 0 | (17,331) | 0.00 | (15,940) | 0 | 0 | (15,940) |
| DP 2 - Fixed Costs | 0.00 | (16,028) | 0 | 0 | (16,028) | 0.00 | (16,046) | 0 | 0 | (16,046) |
| DP 3 - Inflation Deflation | 0.00 | 2,617 | 0 | 0 | 2,617 | 0.00 | 3,048 | 0 | 0 | 3,048 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 66 | 0 | 0 | 66 | 0.00 | 60 | 0 | 0 | 60 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (12) | 0 | 0 | (12) | 0.00 | (11) | 0 | 0 | (11) |
| DP 222 - RMTD Adjustment | 0.00 | 1,244 | 0 | 0 | 1,244 | 0.00 | 1,244 | 0 | 0 | 1,244 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (1,244) | 0 | 0 | (1,244) | 0.00 | (1,244) | 0 | 0 | (1,244) |
| Grand Total All Present Law Adjustments | 0.00 | (\$30,688) | \$0 | \$0 | (\$30,688) | 0.00 | (\$28,889) | \$0 | \$0 | (\$28,889) |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | Fiscal 2024 | | | | | Fiscal 2025 | | | | |
|-------------------------------------|-------------|------------------|---------------|-----------------|------------------|-------------|------------------|---------------|-----------------|------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 183 | 0 | 0 | 183 | 0.00 | 183 | 0 | 0 | 183 |
| DP 333 - Adjustment to Inflation | 0.00 | (1,348) | 0 | 0 | (1,348) | 0.00 | (1,655) | 0 | 0 | (1,655) |
| DP 555 - Additional Vacancy Savings | 0.00 | (4,522) | 0 | 0 | (4,522) | 0.00 | (4,537) | 0 | 0 | (4,537) |
| Total | 0.00 | (\$5,687) | \$0 | \$0 | (\$5,687) | 0.00 | (\$6,009) | \$0 | \$0 | (\$6,009) |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted general fund appropriations for the agency to provide funding for a new fixed cost for the State Management Training Center. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Agency Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Agency Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 1,105,609 | 1,158,392 | 52,783 | 4.77 % |
| Operating Expenses | 513,680 | 609,737 | 96,057 | 18.70 % |
| Transfers | 6,000 | 0 | (6,000) | (100.00)% |
| Total Expenditures | \$1,625,289 | \$1,768,129 | \$142,840 | 8.79 % |
| General Fund | 1,625,289 | 1,768,129 | 142,840 | 8.79 % |
| Total Funds | \$1,625,289 | \$1,768,129 | \$142,840 | 8.79 % |
| Total Ongoing | \$1,387,700 | \$1,771,417 | \$383,717 | 27.65 % |
| Total OTO | \$237,589 | (\$3,288) | (\$240,877) | (101.38)% |

Page Reference

LFD Budget Analysis, A- 81

Agency Highlights

| Commissioner of Political Practices Major Budget Highlights |
|---|
| <ul style="list-style-type: none"> The Commissioner of Political Practices' (COPP) 2025 biennium budget is approximately \$143,000 or 8.8% higher than the 2023 biennium budget. Changes adopted by the legislature include: <ul style="list-style-type: none"> Increases in general fund for statewide present law adjustments in personal services and fixed costs An additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation The reestablishment of the COPP's 1.00 FTE legal position in the ongoing base budget |

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Agency Actuals and Budget Comparison | | | | | |
|--------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 6.00 | 6.00 | 7.00 | 7.00 |
| Personal Services | 496,459 | 541,375 | 564,234 | 578,311 | 580,081 |
| Operating Expenses | 193,644 | 262,185 | 251,495 | 314,507 | 295,230 |
| Transfers | 0 | 6,000 | 0 | 0 | 0 |
| Total Expenditures | \$690,103 | \$809,560 | \$815,729 | \$892,818 | \$875,311 |
| General Fund | 690,103 | 809,560 | 815,729 | 892,818 | 875,311 |
| Total Funds | \$690,103 | \$809,560 | \$815,729 | \$892,818 | \$875,311 |
| Total Ongoing | \$577,584 | \$690,811 | \$696,889 | \$894,462 | \$876,955 |
| Total OTO | \$112,519 | \$118,749 | \$118,840 | (\$1,644) | (\$1,644) |

Page Reference

LFD Budget Analysis, A- 82

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

| Executive Budget Comparison | | | | | | | | |
|-----------------------------|------------------------|------------------------------------|--------------------------------------|--|------------------------------------|--------------------------------------|--|--|
| Budget Item | Approp. Fiscal 2023 | Executive Budget Fiscal 2024 | Legislative Budget Fiscal 2024 | Leg — Exec. Difference Fiscal 2024 | Executive Budget Fiscal 2025 | Legislative Budget Fiscal 2025 | Leg — Exec. Difference Fiscal 2025 | Biennium Difference Fiscal 24-25 |
| FTE | 6.00 | 7.00 | 7.00 | 0.00 | 7.00 | 7.00 | 0.00 | 0.00 |
| Personal Services | 564,234 | 579,588 | 578,311 | (1,277) | 581,355 | 580,081 | (1,274) | (2,551) |
| Operating Expenses | 251,495 | 314,479 | 314,507 | 28 | 295,206 | 295,230 | 24 | 52 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Costs | \$815,729 | \$894,067 | \$892,818 | (\$1,249) | \$876,561 | \$875,311 | (\$1,250) | (\$2,499) |
| General Fund | 815,729 | 894,067 | 892,818 | (1,249) | 876,561 | 875,311 | (1,250) | (2,499) |
| Total Funds | \$815,729 | \$894,067 | \$892,818 | (\$1,249) | \$876,561 | \$875,311 | (\$1,250) | (\$2,499) |
| Total Ongoing | \$696,889 | \$771,461 | \$894,462 | \$123,001 | \$754,292 | \$876,955 | \$122,663 | \$245,664 |
| Total OTO | \$118,840 | \$122,606 | (\$1,644) | (\$124,250) | \$122,269 | (\$1,644) | (\$123,913) | (\$248,163) |

The legislature adopted appropriations that are approximately \$2,500 lower than proposed appropriations for the 2025 biennium. Significant differences in the legislative budget compared to the proposed budget include:

- The legislature adopted an additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation
- Reestablishing the Risk Management and Tort Defense Division (RMTD) premium rate in the agency budgets and establishing a one-time-only reduction for the RMTD premium rate, due to the adopted premium holiday. This change has no effect on the agency's overall budget
- The legislature adopted the inclusion of the 1.00 FTE legal position in the ongoing base budget and removed it as one-time-only

Funding

The following table shows adopted agency funding for all sources of authority.

| Total Commissioner of Political Practices Funding by Source of Authority 2025 Biennium Budget Request - Commissioner of Political Practices | | | | | | |
|--|--------------------|------------------|-----------------------------|----------------------------|----------------------|----------------------|
| Funds | HB2 Ongoing | HB2 OTO | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds |
| General Fund | 1,771,417 | (3,288) | 0 | 0 | 1,768,129 | 100.00 % |
| State Special Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Federal Special Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Proprietary Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Other Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Total All Funds | \$1,771,417 | (\$3,288) | \$0 | \$0 | \$1,768,129 | |
| Percent - Total All Sources | 100.19 % | (0.19)% | 0.00 % | 0.00 % | | |

The Commissioner of Political Practices is entirely funded with general fund.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 696,889 | 696,889 | 1,393,778 | 78.83 % | 696,889 | 696,889 | 1,393,778 | 78.83 % |
| SWPL Adjustments | 74,572 | 57,403 | 131,975 | 7.46 % | 74,572 | 57,403 | 131,975 | 7.46 % |
| PL Adjustments | 28 | 24 | 52 | 0.00 % | 28 | 24 | 52 | 0.00 % |
| New Proposals | 121,329 | 120,995 | 242,324 | 13.71 % | 121,329 | 120,995 | 242,324 | 13.71 % |
| Total Budget | \$892,818 | \$875,311 | \$1,768,129 | | \$892,818 | \$875,311 | \$1,768,129 | |

Language and Statutory Authority

The legislature adopted the following language in HB 2:

"The Commissioner of Political Practices includes a one-time-only reduction in FY 2024 and FY 2025 for a suspension of insurance premium payments to the Risk Management and Tort Defense Division's proprietary fund."

"If HB 132 is passed and approved by the Legislature, Legislative Audit is void."

"The Commissioner of Political Practices includes an increase in general fund of \$6,560 in FY 2024 and \$8,173 in FY 2025. The increase was provided to offset inflationary impacts."

"If HB 774 is passed and approved, the Commissioner of Political Practices is increased by \$90,170 general fund in FY 2024 and \$84,570 general fund in FY 2025, and the Commissioner of Political Practices may increase full-time equivalent positions authorized in HB 2 by 1.50 FTE in FY 2024 and 1.50 FTE in FY 2025."

Page Reference

Legislative Budget Analysis, A- 86

Page Reference

N/A

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-------------|-----------------|---------------|-----------------|-----------------------|-------------|-----------------|---------------|-----------------|-----------------|
| -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 11,588 | 0 | 0 | 11,588 | 0.00 | 13,692 | 0 | 0 | 13,692 |
| DP 2 - Fixed Costs | 0.00 | 48,361 | 0 | 0 | 48,361 | 0.00 | 26,372 | 0 | 0 | 26,372 |
| DP 3 - Inflation Deflation | 0.00 | 14,623 | 0 | 0 | 14,623 | 0.00 | 17,339 | 0 | 0 | 17,339 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 52 | 0 | 0 | 52 | 0.00 | 46 | 0 | 0 | 46 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (24) | 0 | 0 | (24) | 0.00 | (22) | 0 | 0 | (22) |
| DP 222 - RMTD Adjustment | 0.00 | 1,644 | 0 | 0 | 1,644 | 0.00 | 1,644 | 0 | 0 | 1,644 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (1,644) | 0 | 0 | (1,644) | 0.00 | (1,644) | 0 | 0 | (1,644) |
| Grand Total All Present Law Adjustments | 0.00 | \$74,600 | \$0 | \$0 | \$74,600 | 0.00 | \$57,427 | \$0 | \$0 | \$57,427 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|--|-------------|------------------|---------------|-----------------|------------------|-----------------------|------------------|---------------|-----------------|------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 333 - Adjustment to Inflation | 0.00 | (6,560) | 0 | 0 | (6,560) | 0.00 | (8,173) | 0 | 0 | (8,173) |
| DP 555 - Additional Vacancy Savings | 0.00 | (1,277) | 0 | 0 | (1,277) | 0.00 | (1,274) | 0 | 0 | (1,274) |
| DP 3201 - Reestablish Legal Position | 1.00 | 122,606 | 0 | 0 | 122,606 | 1.00 | 122,269 | 0 | 0 | 122,269 |
| DP 3333 - Additional Adjustment to Inflation | 0.00 | 6,560 | 0 | 0 | 6,560 | 0.00 | 8,173 | 0 | 0 | 8,173 |
| Total | 1.00 | \$121,329 | \$0 | \$0 | \$121,329 | 1.00 | \$120,995 | \$0 | \$0 | \$120,995 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 3201 - Reestablish Legal Position -

The legislature adopted reestablishing 1.00 FTE for a legal position for the Commissioner of Political Practices general fund appropriation.

DP 3333 - Additional Adjustment to Inflation -

The legislature adopted an additional adjustment to inflation included in DP 3.

Agency Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Agency Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 12,501,672 | 14,017,010 | 1,515,338 | 12.12 % |
| Operating Expenses | 4,245,482 | 6,512,899 | 2,267,417 | 53.41 % |
| Equipment & Intangible Assets | 15,988 | 115,988 | 100,000 | 625.47 % |
| Grants | 88,062,286 | 88,062,286 | 0 | 0.00 % |
| Benefits & Claims | 0 | 40,000 | 40,000 | 0.00 % |
| Debt Service | 528,480 | 1,045,480 | 517,000 | 97.83 % |
| Total Expenditures | \$105,353,908 | \$109,793,663 | \$4,439,755 | 4.21 % |
| General Fund | 0 | 40,000 | 40,000 | 0.00 % |
| State/Other Special Rev. Funds | 37,153,908 | 41,553,663 | 4,399,755 | 11.84 % |
| Federal Spec. Rev. Funds | 68,200,000 | 68,200,000 | 0 | 0.00 % |
| Total Funds | \$105,353,908 | \$109,793,663 | \$4,439,755 | 4.21 % |
| Total Ongoing | \$105,353,908 | \$107,002,021 | \$1,648,113 | 1.56 % |
| Total OTO | \$0 | \$2,791,642 | \$2,791,642 | 100.00 % |

Page Reference

LFD Budget Analysis, A- 88

Agency Highlights

| State Auditor's Office Major Budget Highlights |
|---|
| <ul style="list-style-type: none">• The State Auditor's Office 2025 biennium budget is approximately \$4.4 million or 4.2% higher than the 2023 biennium budget, with \$2.8 million of the increase adopted as one-time-only appropriations• Changes adopted by the legislature include:<ul style="list-style-type: none">◦ Changes in the statewide present law adjustments for personal services and fixed costs◦ An additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation◦ The addition of \$20,000 restricted general fund in both FY 2024 and FY 2025 for defrayal benefit claims costs mandated in HB 291 passed in the 2021 legislative session◦ An increase of \$50,000 in FY 2024 and \$150,000 in FY 2025 one-time-only funding for the captive regulatory fund due to the passage of SB 76 in the 2021 legislative session, which increased the amount retained from 5.0% of the premium tax collected to 20.0% of the premium tax◦ A one-time-only equipment budget of \$100,000 in the 2025 biennium for case management software to centralize, standardize, and efficiently track all the data captured◦ One-time-only funding of \$220,000 in FY 2024 and \$320,000 in FY 2025 for the Exams Bureau; these amounts are estimated based on the number of companies to be examined and the size and complexity of those companies◦ In FY 2024 and in FY 2025, one-time-only funding of \$1.0 million for contracting for market conduct exams of regulated insurance companies |

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Agency Actuals and Budget Comparison | | | | | |
|--------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 72.50 | 72.50 | 72.50 | 72.50 |
| Personal Services | 5,301,787 | 6,107,390 | 6,394,282 | 6,988,712 | 7,028,298 |
| Operating Expenses | 1,293,841 | 1,998,769 | 2,246,713 | 3,181,861 | 3,331,038 |
| Equipment & Intangible Assets | 0 | 7,994 | 7,994 | 107,994 | 7,994 |
| Grants | 13,473,919 | 44,031,143 | 44,031,143 | 44,031,143 | 44,031,143 |
| Benefits & Claims | 0 | 0 | 0 | 20,000 | 20,000 |
| Debt Service | 499,788 | 522,740 | 5,740 | 522,740 | 522,740 |
| Total Expenditures | \$20,569,335 | \$52,668,036 | \$52,685,872 | \$54,852,450 | \$54,941,213 |
| General Fund | 0 | 0 | 0 | 20,000 | 20,000 |
| State/Other Special Rev. Funds | 2,871,109 | 18,568,036 | 18,585,872 | 20,732,450 | 20,821,213 |
| Federal Spec. Rev. Funds | 17,698,226 | 34,100,000 | 34,100,000 | 34,100,000 | 34,100,000 |
| Total Funds | \$20,569,335 | \$52,668,036 | \$52,685,872 | \$54,852,450 | \$54,941,213 |
| Total Ongoing | \$20,569,335 | \$52,668,036 | \$52,685,872 | \$53,506,629 | \$53,495,392 |
| Total OTO | \$0 | \$0 | \$0 | \$1,345,821 | \$1,445,821 |

Page Reference

LFD Budget Analysis, A- 89

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

| Executive Budget Comparison | | | | | | | | |
|--------------------------------|------------------------|------------------------------------|--------------------------------------|--|------------------------------------|--------------------------------------|--|--|
| Budget Item | Approp. Fiscal 2023 | Executive Budget Fiscal 2024 | Legislative Budget Fiscal 2024 | Leg — Exec. Difference Fiscal 2024 | Executive Budget Fiscal 2025 | Legislative Budget Fiscal 2025 | Leg — Exec. Difference Fiscal 2025 | Biennium Difference Fiscal 24-25 |
| FTE | 72.50 | 72.50 | 72.50 | 0.00 | 72.50 | 72.50 | 0.00 | 0.00 |
| Personal Services | 6,394,282 | 7,060,861 | 6,988,712 | (72,149) | 7,100,864 | 7,028,298 | (72,566) | (144,715) |
| Operating Expenses | 2,246,713 | 3,212,627 | 3,201,861 | (10,766) | 3,369,952 | 3,351,038 | (18,914) | (29,680) |
| Equipment & Intangible Assets | 7,994 | 107,994 | 107,994 | 0 | 7,994 | 7,994 | 0 | 0 |
| Grants | 44,031,143 | 44,031,143 | 44,031,143 | 0 | 44,031,143 | 44,031,143 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Service | 5,740 | 522,740 | 522,740 | 0 | 522,740 | 522,740 | 0 | 0 |
| Total Costs | \$52,685,872 | \$54,935,365 | \$54,852,450 | (\$82,915) | \$55,032,693 | \$54,941,213 | (\$91,480) | (\$174,395) |
| General Fund | 0 | 0 | 20,000 | 20,000 | 0 | 20,000 | 20,000 | 40,000 |
| State/other Special Rev. Funds | 18,585,872 | 20,835,365 | 20,732,450 | (102,915) | 20,932,693 | 20,821,213 | (111,480) | (214,395) |
| Federal Spec. Rev. Funds | 34,100,000 | 34,100,000 | 34,100,000 | 0 | 34,100,000 | 34,100,000 | 0 | 0 |
| Total Funds | \$52,685,872 | \$54,935,365 | \$54,852,450 | (\$82,915) | \$55,032,693 | \$54,941,213 | (\$91,480) | (\$174,395) |
| Total Ongoing | \$52,685,872 | \$53,565,365 | \$53,506,629 | (\$58,736) | \$53,562,693 | \$53,495,392 | (\$67,301) | (\$126,037) |
| Total OTO | \$0 | \$1,370,000 | \$1,345,821 | (\$24,179) | \$1,470,000 | \$1,445,821 | (\$24,179) | (\$48,358) |

The legislature adopted appropriations that are approximately \$174,000 lower than the proposed appropriations for the 2025 biennium. Significant differences in the legislative budget compared to the proposed budget include:

- The legislature adopted an additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation
- The legislature adopted an additional \$20,000 restricted general fund in both FY 2024 and FY 2025 for defrayal benefit claims costs mandated by the passage of HB 291 in the 2021 legislative session

- Reestablishing the Risk Management and Tort Defense (RMTD) premium rate in the agency budgets and establishing a one-time-only reduction for the RMTD premium rate, due to the adopted premium holiday. The net effect of this change on the overall budget amount is zero

Funding

The following table shows adopted agency funding for all sources of authority.

| Total State Auditor's Office Funding by Source of Authority 2025 Biennium Budget Request - State Auditor's Office | | | | | | |
|--|----------------------|--------------------|-----------------------------|----------------------------|----------------------|----------------------|
| Funds | HB2 Ongoing | HB2 OTO | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds |
| General Fund | 40,000 | 0 | 0 | 88,907,324 | 88,947,324 | 44.70 % |
| State Special Total | 38,762,021 | 2,791,642 | 0 | 300,000 | 41,853,663 | 21.03 % |
| Federal Special Total | 68,200,000 | 0 | 0 | 0 | 68,200,000 | 34.27 % |
| Proprietary Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Other Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Total All Funds | \$107,002,021 | \$2,791,642 | \$0 | \$89,207,324 | \$199,000,987 | |
| Percent - Total All Sources | 53.77 % | 1.40 % | 0.00 % | 44.83 % | | |

HB 2 Funding

State Special Revenue

The operations of the State Auditor's Office are funded with state special revenue and federal special revenue. There are two state special revenue funds that account for the majority of the funding in the office: the insurance fee account and the securities fee account. The State Auditor's Office is responsible for passing through funding for local police and firefighter retirement programs. The premium taxes are deposited into the general fund and statutorily appropriated to the State Auditor's Office for distribution to local governments.

Federal Special Revenue

Federal special revenues are received for the Montana Reinsurance Program. Under the Affordable Care and Patient Protection Act (ACA), states can apply for a section 1332 waiver. The State Auditor's Office was granted this waiver in August 2019, allowing the state to utilize annual assessments on health insurance plan premiums to be used with federal funds to offset expenses of health insurers associated with high-cost individuals who generally incur higher medical claims.

Statutory Authority

The State Auditor's Office is responsible for passing through funding for local police and firefighter retirement programs. The retirement programs are funded from general insurance (33-2-705, MCA) and firefighter insurance premium taxes (50-3-109, MCA). The premium taxes are deposited into the general fund and then a portion is transferred to the State Auditor's Office for distribution to local governments. Because these funds are statutorily appropriated, the appropriations are not included in the general appropriations act (HB 2).

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 52,685,872 | 52,685,872 | 105,371,744 | 95.97 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 879,493 | 876,821 | 1,756,314 | 1.60 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 1,370,237 | 1,470,174 | 2,840,411 | 2.59 % |
| New Proposals | 20,000 | 20,000 | 40,000 | 100.00 % | (83,152) | (91,654) | (174,806) | (0.16)% |
| Total Budget | \$20,000 | \$20,000 | \$40,000 | | \$54,852,450 | \$54,941,213 | \$109,793,663 | |

Language and Statutory Authority

The legislature adopted the following language in HB 2:

"The Central Management Division, Insurance Division, and Securities Division include a one-time-only reduction in FY 2024 and FY 2025 for a suspension of insurance premium payments to the Risk Management and Tort Defense Division's proprietary fund."

"If HB 62 is passed and approved, the State Auditor's Office is increased by \$3,840 state special revenue in FY 2024 and \$3,840 state special revenue in FY 2025."

"If HB 758 is passed and approved, the State Auditor's Office is increased by \$4,852,080 general fund in FY 2024 and \$9,704,160 general fund in FY 2025. Appropriations are restricted to the purposes included in the bill."

"If HB 808 is passed and approved, the State Auditor's Office is increased by \$3,840 state special revenue in FY 2024 and \$3,840 state special revenue in FY 2025."

"If HB 836 is passed and approved, the State Auditor's Office is increased by \$5,020 state special revenue in FY 2024 and \$4,000 state special revenue in FY 2025."

"If SB 516 is passed and approved, the State Auditor's Office is increased by \$137,393 general fund in FY 2025."

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 2,709,693 | 3,132,792 | 423,099 | 15.61 % |
| Operating Expenses | 1,307,737 | 1,115,702 | (192,035) | (14.68)% |
| Equipment & Intangible Assets | 3,366 | 3,366 | 0 | 0.00 % |
| Debt Service | 128,600 | 253,600 | 125,000 | 97.20 % |
| Total Expenditures | \$4,149,396 | \$4,505,460 | \$356,064 | 8.58 % |
| State/Other Special Rev. Funds | 4,149,396 | 4,505,460 | 356,064 | 8.58 % |
| Total Funds | \$4,149,396 | \$4,505,460 | \$356,064 | 8.58 % |
| Total Ongoing | \$4,149,396 | \$4,515,266 | \$365,870 | 8.82 % |
| Total OTO | \$0 | (\$9,806) | (\$9,806) | 100.00 % |

Page Reference

Legislative Budget Analysis, A- 95

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 16.50 | 16.50 | 16.50 | 16.50 |
| Personal Services | 1,081,510 | 1,266,782 | 1,442,911 | 1,562,888 | 1,569,904 |
| Operating Expenses | 469,445 | 660,583 | 647,154 | 564,539 | 551,163 |
| Equipment & Intangible Assets | 0 | 1,683 | 1,683 | 1,683 | 1,683 |
| Debt Service | 110,248 | 126,800 | 1,800 | 126,800 | 126,800 |
| Total Expenditures | \$1,661,203 | \$2,055,848 | \$2,093,548 | \$2,255,910 | \$2,249,550 |
| State/Other Special Rev. Funds | 1,661,203 | 2,055,848 | 2,093,548 | 2,255,910 | 2,249,550 |
| Total Funds | \$1,661,203 | \$2,055,848 | \$2,093,548 | \$2,255,910 | \$2,249,550 |
| Total Ongoing | \$1,661,203 | \$2,055,848 | \$2,093,548 | \$2,260,813 | \$2,254,453 |
| Total OTO | \$0 | \$0 | \$0 | (\$4,903) | (\$4,903) |

Page Reference

Legislative Budget Analysis, A- 96

Funding

The Centralized Management Division is funded entirely with state special revenue. Insurance and securities fees are the two sources of funding, with the insurance fee account supporting the majority of the appropriations for the division.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | | |
|----------------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|--------------------|-----------------------|-------------------|-------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | | Percent of Budget |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 2,093,548 | 2,093,548 | 4,187,096 | 92.93 % | |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 191,421 | 188,083 | 379,504 | 8.42 % | |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 49 | 36 | 85 | 0.00 % | |
| New Proposals | 0 | 0 | 0 | 0.00 % | (29,108) | (32,117) | (61,225) | (1.36)% | |
| Total Budget | \$0 | \$0 | \$0 | | \$2,255,910 | \$2,249,550 | \$4,505,460 | | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|--------------|------------------|-----------------|------------------|-----------------------|--------------|------------------|-----------------|------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | | | | | | | | | | |
| 0.00 | 0 | 135,012 | 0 | 135,012 | 0.00 | 0 | 142,102 | 0 | 142,102 | |
| DP 2 - Fixed Costs | | | | | | | | | | |
| 0.00 | 0 | 25,819 | 0 | 25,819 | 0.00 | 0 | 12,140 | 0 | 12,140 | |
| DP 3 - Inflation Deflation | | | | | | | | | | |
| 0.00 | 0 | 30,590 | 0 | 30,590 | 0.00 | 0 | 33,841 | 0 | 33,841 | |
| DP 5 - Debt Service Reclassification | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | |
| DP 20 - SABHRS Rate Adjustment | | | | | | | | | | |
| 0.00 | 0 | 64 | 0 | 64 | 0.00 | 0 | 50 | 0 | 50 | |
| DP 30 - Motor Pool Rate Adjustment | | | | | | | | | | |
| 0.00 | 0 | (15) | 0 | (15) | 0.00 | 0 | (14) | 0 | (14) | |
| DP 222 - RMTD Adjustment | | | | | | | | | | |
| 0.00 | 0 | 4,903 | 0 | 4,903 | 0.00 | 0 | 4,903 | 0 | 4,903 | |
| DP 223 - RMTD Adjustment (OTO) | | | | | | | | | | |
| 0.00 | 0 | (4,903) | 0 | (4,903) | 0.00 | 0 | (4,903) | 0 | (4,903) | |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$191,470 | \$0 | \$191,470 | 0.00 | \$0 | \$188,119 | \$0 | \$188,119 |

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 5 - Debt Service Reclassification -

The legislature adopted to move \$125,000 in budget authority from operating to debt service in FY 2024 and FY 2025 to allow the division to record building rental payments in accordance with new accounting requirements.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|-------------------------------------|-----------------------|--------------|-------------------|-----------------|-------------------|-----------------------|--------------|-------------------|-----------------|-------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | (14,073) | 0 | (14,073) | 0.00 | 0 | (17,008) | 0 | (17,008) |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | (15,035) | 0 | (15,035) | 0.00 | 0 | (15,109) | 0 | (15,109) |
| Total | 0.00 | \$0 | (\$29,108) | \$0 | (\$29,108) | 0.00 | \$0 | (\$32,117) | \$0 | (\$32,117) |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 7,558,805 | 8,241,992 | 683,187 | 9.04 % |
| Operating Expenses | 2,608,219 | 5,206,238 | 2,598,019 | 99.61 % |
| Equipment & Intangible Assets | 10,218 | 10,218 | 0 | 0.00 % |
| Grants | 88,062,286 | 88,062,286 | 0 | 0.00 % |
| Benefits & Claims | 0 | 40,000 | 40,000 | 0.00 % |
| Debt Service | 316,180 | 626,180 | 310,000 | 98.05 % |
| Total Expenditures | \$98,555,708 | \$102,186,914 | \$3,631,206 | 3.68 % |
| General Fund | 0 | 40,000 | 40,000 | 0.00 % |
| State/Other Special Rev. Funds | 30,355,708 | 33,946,914 | 3,591,206 | 11.83 % |
| Federal Spec. Rev. Funds | 68,200,000 | 68,200,000 | 0 | 0.00 % |
| Total Funds | \$98,555,708 | \$102,186,914 | \$3,631,206 | 3.68 % |
| Total Ongoing | \$98,555,708 | \$99,478,416 | \$922,708 | 0.94 % |
| Total OTO | \$0 | \$2,708,498 | \$2,708,498 | 100.00 % |

Page Reference

Legislative Budget Analysis, A- 99

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 44.00 | 44.00 | 44.00 | 44.00 |
| Personal Services | 3,327,909 | 3,754,522 | 3,804,283 | 4,109,014 | 4,132,978 |
| Operating Expenses | 714,337 | 1,168,401 | 1,439,818 | 2,517,057 | 2,689,181 |
| Equipment & Intangible Assets | 0 | 5,109 | 5,109 | 5,109 | 5,109 |
| Grants | 13,473,919 | 44,031,143 | 44,031,143 | 44,031,143 | 44,031,143 |
| Benefits & Claims | 0 | 0 | 0 | 20,000 | 20,000 |
| Debt Service | 308,692 | 313,090 | 3,090 | 313,090 | 313,090 |
| Total Expenditures | \$17,824,857 | \$49,272,265 | \$49,283,443 | \$50,995,413 | \$51,191,501 |
| General Fund | 0 | 0 | 0 | 20,000 | 20,000 |
| State/Other Special Rev. Funds | 126,631 | 15,172,265 | 15,183,443 | 16,875,413 | 17,071,501 |
| Federal Spec. Rev. Funds | 17,698,226 | 34,100,000 | 34,100,000 | 34,100,000 | 34,100,000 |
| Total Funds | \$17,824,857 | \$49,272,265 | \$49,283,443 | \$50,995,413 | \$51,191,501 |
| Total Ongoing | \$17,824,857 | \$49,272,265 | \$49,283,443 | \$49,741,164 | \$49,737,252 |
| Total OTO | \$0 | \$0 | \$0 | \$1,254,249 | \$1,454,249 |

Page Reference

Legislative Budget Analysis, A- 100

Funding

The Insurance Division state authority is funded entirely with state special revenue. A portion of the funding is from the insurance fee account, which is supported by insurance licensure fees, examination fees, and penalties. The Insurance Division also has appropriated funds from the captive account which supports the administration of the Captive Insurance Program. Fees and assessments from captive insurance providers are deposited into the state special revenue fund, while fines and penalties are deposited into the general fund. At the end of the fiscal year, the balance of the captive account is transferred to the general fund.

The 2019 Legislature established the reinsurance program account within the state special revenue funds in SB 125. All assessments of 1.2% of total premium volume for members of the Montana Reinsurance Program, interest and income earned on the account, and any other funds accepted for the benefit of the account are deposited into the fund to provide support for the program.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 49,283,443 | 49,283,443 | 98,566,886 | 96.46 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 480,544 | 481,639 | 962,183 | 0.94 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 1,270,158 | 1,470,116 | 2,740,274 | 2.68 % |
| New Proposals | 20,000 | 20,000 | 40,000 | 100.00 % | (38,732) | (43,697) | (82,429) | (0.08)% |
| Total Budget | \$20,000 | \$20,000 | \$40,000 | | \$50,995,413 | \$51,191,501 | \$102,186,914 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|---|-----------------------|--------------|---------------|-----------------|-------------|-----------------------|--------------|---------------|-----------------|-------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 0 | 347,984 | 0 | 347,984 | 0.00 | 0 | 372,200 | 0 | 372,200 |
| DP 2 - Fixed Costs | 0.00 | 0 | 79,334 | 0 | 79,334 | 0.00 | 0 | 40,105 | 0 | 40,105 |
| DP 3 - Inflation Deflation | 0.00 | 0 | 53,226 | 0 | 53,226 | 0.00 | 0 | 69,334 | 0 | 69,334 |
| DP 4 - Captive Regulatory Fund (OTO) | 0.00 | 0 | 50,000 | 0 | 50,000 | 0.00 | 0 | 150,000 | 0 | 150,000 |
| DP 5 - Debt Service Reclassification | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 0 | 234 | 0 | 234 | 0.00 | 0 | 187 | 0 | 187 |
| DP 21 - Exams Bureau (OTO) | 0.00 | 0 | 220,000 | 0 | 220,000 | 0.00 | 0 | 320,000 | 0 | 320,000 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | 0 | (76) | 0 | (76) | 0.00 | 0 | (71) | 0 | (71) |
| DP 31 - Market Conduct Exams (OTO) | 0.00 | 0 | 1,000,000 | 0 | 1,000,000 | 0.00 | 0 | 1,000,000 | 0 | 1,000,000 |
| DP 222 - RMTD Adjustment | 0.00 | 0 | 15,751 | 0 | 15,751 | 0.00 | 0 | 15,751 | 0 | 15,751 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | 0 | (15,751) | 0 | (15,751) | 0.00 | 0 | (15,751) | 0 | (15,751) |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$1,750,702 | \$0 | \$1,750,702 | 0.00 | \$0 | \$1,951,755 | \$0 | \$1,951,755 |

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Captive Regulatory Fund (OTO) -

The legislature adopted a budget increase due to the passage of SB 76 in the 2021 Legislative Session. SB 76 increased the percentage of captive insurance company premium tax that is retained to regulate and promote captive insurance in Montana. SB 76 increased the amount retained by the State Auditor's Office from 5.0% of the premium tax collected to 20.0% of the premium tax.

DP 5 - Debt Service Reclassification -

The legislature adopted to move \$310,000 in budget authority from operating to debt service in FY 2024 and FY 2025 to allow the division to record building rental payments in accordance with new accounting requirements.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 21 - Exams Bureau (OTO) -

The legislature adopted additional funding for the Exams Bureau since the year-to-year funding requirement can fluctuate significantly based on the number of companies to be examined and the size and complexity of those companies. The contract payments will be from state special revenue and are reimbursed to the agency from the company being examined.

Per the direction of 33-1-401(1), MCA, the commissioner shall examine each authorized insurer not less frequently than every 5 years. Section 33-1-408(4), MCA, allows the commissioner to retain attorneys, appraisers, independent actuaries, independent certified public accountants, or other professionals and specialist as examiners. The amount of funding required per fiscal year to retain contracted services is a function of the examination schedule established by the commissioner.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 31 - Market Conduct Exams (OTO) -

The legislature adopted authority for the State Auditor's Office to contract and complete market conduct exams of regulated insurance companies. Section 33-1-408(4), MCA, allows that upon determining that an examination should be conducted, the commissioner may retain attorneys, appraisers, independent actuaries, independent certified public accountants, or other professionals and specialists as examiners. The cost of retaining the personnel must be paid by the company that is the subject of the examination.

The amount of funding required per fiscal year to retain contracted services is a function of the examination schedule established by the commissioner and planning for unforeseen examinations required to address emerging market conduct issues. The year-to-year funding requirement can fluctuate significantly based on the number of companies to be examined, the size and scope of the examinations, and complexity of the company being examined.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|--|-------------|-----------------|-------------------|-----------------|-------------------|-----------------------|-----------------|-------------------|-----------------|-------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 41 - HB 291 Defrayal Benefit Mandated Costs (RST) | 0.00 | 20,000 | 0 | 0 | 20,000 | 0.00 | 20,000 | 0 | 0 | 20,000 |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | (15,479) | 0 | (15,479) | 0.00 | 0 | (20,192) | 0 | (20,192) |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | (43,253) | 0 | (43,253) | 0.00 | 0 | (43,505) | 0 | (43,505) |
| Total | 0.00 | \$20,000 | (\$58,732) | \$0 | (\$38,732) | 0.00 | \$20,000 | (\$63,697) | \$0 | (\$43,697) |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 41 - HB 291 Defrayal Benefit Mandated Costs (RST) -

The legislature adopted to add \$20,000 in both FY 2024 and FY 2025 as restricted general fund for defrayal benefit costs mandated in the passage of HB 291 in the 2021 Legislative Session.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 2,233,174 | 2,642,226 | 409,052 | 18.32 % |
| Operating Expenses | 329,526 | 190,959 | (138,567) | (42.05)% |
| Equipment & Intangible Assets | 2,404 | 102,404 | 100,000 | 4,159.73 % |
| Debt Service | 83,700 | 165,700 | 82,000 | 97.97 % |
| Total Expenditures | \$2,648,804 | \$3,101,289 | \$452,485 | 17.08 % |
| State/Other Special Rev. Funds | 2,648,804 | 3,101,289 | 452,485 | 17.08 % |
| Total Funds | \$2,648,804 | \$3,101,289 | \$452,485 | 17.08 % |
| Total Ongoing | \$2,648,804 | \$3,008,339 | \$359,535 | 13.57 % |
| Total OTO | \$0 | \$92,950 | \$92,950 | 100.00 % |

Page Reference

Legislative Budget Analysis, A- 105

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| Personal Services | 892,368 | 1,086,086 | 1,147,088 | 1,316,810 | 1,325,416 |
| Operating Expenses | 110,059 | 169,785 | 159,741 | 100,265 | 90,694 |
| Equipment & Intangible Assets | 0 | 1,202 | 1,202 | 101,202 | 1,202 |
| Debt Service | 80,848 | 82,850 | 850 | 82,850 | 82,850 |
| Total Expenditures | \$1,083,275 | \$1,339,923 | \$1,308,881 | \$1,601,127 | \$1,500,162 |
| State/Other Special Rev. Funds | 1,083,275 | 1,339,923 | 1,308,881 | 1,601,127 | 1,500,162 |
| Total Funds | \$1,083,275 | \$1,339,923 | \$1,308,881 | \$1,601,127 | \$1,500,162 |
| Total Ongoing | \$1,083,275 | \$1,339,923 | \$1,308,881 | \$1,504,652 | \$1,503,687 |
| Total OTO | \$0 | \$0 | \$0 | \$96,475 | (\$3,525) |

Page Reference

Legislative Budget Analysis, A- 106

Funding*HB 2 Authority*

The Securities Division is funded entirely with state special revenue from the securities fee account, which is supported by portfolio notice filing fees and examination charges. The Securities Division pays for expenses associated with the regulation of portfolio activities.

Statutory Appropriations

4.5% of portfolio fees are transferred to the security restitution fund to reimburse victims of securities fraud.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | | |
|----------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|--|
| -----General Fund----- | | | | | -----Total Funds----- | | | | |
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 1,308,881 | 1,308,881 | 2,617,762 | 84.41 % | |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 207,528 | 207,099 | 414,627 | 13.37 % | |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 100,030 | 22 | 100,052 | 3.23 % | |
| New Proposals | 0 | 0 | 0 | 0.00 % | (15,312) | (15,840) | (31,152) | (1.00)% | |
| Total Budget | \$0 | \$0 | \$0 | | \$1,601,127 | \$1,500,162 | \$3,101,289 | | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|---|------|--------------|---------------|-----------------|-------------|-----------------------|--------------|---------------|-----------------|-------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 0 | 183,583 | 0 | 183,583 | 0.00 | 0 | 192,280 | 0 | 192,280 |
| DP 2 - Fixed Costs | 0.00 | 0 | 20,090 | 0 | 20,090 | 0.00 | 0 | 9,831 | 0 | 9,831 |
| DP 3 - Inflation Deflation | 0.00 | 0 | 3,855 | 0 | 3,855 | 0.00 | 0 | 4,988 | 0 | 4,988 |
| DP 5 - Debt Service Reclassification | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 |
| DP 11 - Case Management Software (BIEN/OTO) | 0.00 | 0 | 100,000 | 0 | 100,000 | 0.00 | 0 | 0 | 0 | 0 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 0 | 69 | 0 | 69 | 0.00 | 0 | 58 | 0 | 58 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | 0 | (39) | 0 | (39) | 0.00 | 0 | (36) | 0 | (36) |
| DP 222 - RMTD Adjustment | 0.00 | 0 | 3,525 | 0 | 3,525 | 0.00 | 0 | 3,525 | 0 | 3,525 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | 0 | (3,525) | 0 | (3,525) | 0.00 | 0 | (3,525) | 0 | (3,525) |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$307,558 | \$0 | \$307,558 | 0.00 | \$0 | \$207,121 | \$0 | \$207,121 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 5 - Debt Service Reclassification -

The legislature adopted to move \$82,000 in budget authority from operating to debt service in FY 2024 and FY 2025 to allow the division to record building rental payments in accordance with new accounting requirements.

DP 11 - Case Management Software (BIEN/OTO) -

The legislature adopted authority in FY 2024 for case management software. Currently, the Securities Department does not have access to case management software. Instead, the department utilizes the network shared drive to store files for all securities related inquiries, examinations, and investigations. Case management software would allow the department to centralize, standardize, and efficiently track all data captured within the department. Most importantly, a case management system would help the Department better serve more Montana consumers who may have been harmed by unscrupulous brokers. Costs for the system would be partially offset by increased revenue from anticipated increases in fee and fine revenue as a result of a more efficient system.

The Office of the Montana State Auditor, Commissioner of Securities & Insurance (CSI), is responsible for the oversight of approximately 1,300 broker/dealer firms, 1,000 investment advisor firms, 110,000 securities salespersons and investment adviser representatives, and 38,000 issuers.

The CSI plays a major role in maintaining the health and integrity of the securities industry and business environment in Montana through its administration and enforcement of the Montana Securities Act.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|-------------------------------------|-------------|--------------|-------------------|-----------------|-----------------------|-------------|--------------|-------------------|-----------------|-------------------|
| -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | (1,451) | 0 | (1,451) | 0.00 | 0 | (1,888) | 0 | (1,888) |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | (13,861) | 0 | (13,861) | 0.00 | 0 | (13,952) | 0 | (13,952) |
| Total | 0.00 | \$0 | (\$15,312) | \$0 | (\$15,312) | 0.00 | \$0 | (\$15,840) | \$0 | (\$15,840) |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Agency Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Agency Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 97,771,361 | 102,952,451 | 5,181,090 | 5.30 % |
| Operating Expenses | 32,292,172 | 37,113,074 | 4,820,902 | 14.93 % |
| Equipment & Intangible Assets | 3,178,711 | 61,108 | (3,117,603) | (98.08)% |
| Capital Outlay | 55,691 | 0 | (55,691) | (100.00)% |
| Transfers | 3,000 | 3,000 | 0 | 0.00 % |
| Debt Service | 2,292,756 | 2,325,272 | 32,516 | 1.42 % |
| Total Expenditures | \$135,593,691 | \$142,454,905 | \$6,861,214 | 5.06 % |
| General Fund | 114,525,454 | 120,383,569 | 5,858,115 | 5.12 % |
| State/Other Special Rev. Funds | 13,053,707 | 13,378,471 | 324,764 | 2.49 % |
| Federal Spec. Rev. Funds | 559,664 | 1,004,462 | 444,798 | 79.48 % |
| Proprietary Funds | 7,454,866 | 7,688,403 | 233,537 | 3.13 % |
| Total Funds | \$135,593,691 | \$142,454,905 | \$6,861,214 | 5.06 % |
| Total Ongoing | \$135,343,782 | \$142,587,967 | \$7,244,185 | 5.35 % |
| Total OTO | \$249,909 | (\$133,062) | (\$382,971) | (153.24)% |

Page Reference

LFD Budget Analysis, A-110

Agency Highlights

| Department of Revenue Major Budget Highlights | |
|---|--|
| <ul style="list-style-type: none"> The Department of Revenue's 2025 biennium HB 2 budget is approximately \$6.9 million or 5.1% higher than the 2023 biennium. The legislature adopted budget includes: <ul style="list-style-type: none"> A state special revenue increase of \$1.1 million in FY 2024 and \$1.6 million in FY 2025 for a Cannabis Control Division contract increase related to the seed-to-sale industry information technology regulatory system A one-time-only appropriation of \$135,000 each fiscal year for anticipated overtime and termination payouts in personal services in the Alcoholic Beverage Control Division 1.25 FTE increase in the Alcoholic Beverage Control Division due to the increased workload 1.00 FTE increase in the Director's Office for a tax policy specialist 1.00 FTE increase in the Property Assessment Division for a permanent county assessor A transfer of 1.50 FTE from the Department of Public Health and Human Services and establishment of 0.50 FTE in the Cannabis Control Division | |

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Agency Actuals and Budget Comparison | | | | | |
|--------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 661.17 | 661.17 | 666.42 | 666.42 |
| Personal Services | 47,205,094 | 47,307,960 | 50,463,401 | 51,378,724 | 51,573,727 |
| Operating Expenses | 16,091,622 | 16,602,252 | 15,689,920 | 18,322,993 | 18,790,081 |
| Equipment & Intangible Assets | 3,148,157 | 3,148,157 | 30,554 | 30,554 | 30,554 |
| Capital Outlay | 55,691 | 55,691 | 0 | 0 | 0 |
| Transfers | 0 | 1,500 | 1,500 | 1,500 | 1,500 |
| Debt Service | 1,129,809 | 1,130,120 | 1,162,636 | 1,162,636 | 1,162,636 |
| Total Expenditures | \$67,630,373 | \$68,245,680 | \$67,348,011 | \$70,896,407 | \$71,558,498 |
| General Fund | 55,845,978 | 56,332,879 | 58,192,575 | 60,127,674 | 60,255,895 |
| State/Other Special Rev. Funds | 7,920,025 | 7,924,070 | 5,129,637 | 6,428,273 | 6,950,198 |
| Federal Spec. Rev. Funds | 279,826 | 279,825 | 279,839 | 502,175 | 502,287 |
| Proprietary Funds | 3,584,544 | 3,708,906 | 3,745,960 | 3,838,285 | 3,850,118 |
| Total Funds | \$67,630,373 | \$68,245,680 | \$67,348,011 | \$70,896,407 | \$71,558,498 |
| Total Ongoing | \$67,580,815 | \$68,120,771 | \$67,223,011 | \$70,912,938 | \$71,675,029 |
| Total OTO | \$49,558 | \$124,909 | \$125,000 | (\$16,531) | (\$116,531) |

Page Reference

LFD Budget Analysis, A-112

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

| Executive Budget Comparison | | | | | | | | |
|-----------------------------------|------------------------|------------------------------------|--------------------------------------|--|------------------------------------|--------------------------------------|--|--|
| Budget Item | Approp. Fiscal 2023 | Executive Budget Fiscal 2024 | Legislative Budget Fiscal 2024 | Leg — Exec. Difference Fiscal 2024 | Executive Budget Fiscal 2025 | Legislative Budget Fiscal 2025 | Leg — Exec. Difference Fiscal 2025 | Biennium Difference Fiscal 24-25 |
| FTE | 661.17 | 669.72 | 666.42 | (3.30) | 669.72 | 666.42 | (3.30) | (3.30) |
| Personal Services | 50,463,401 | 52,146,896 | 51,378,724 | (768,172) | 52,345,125 | 51,573,727 | (771,398) | (1,539,570) |
| Operating Expenses | 15,689,920 | 18,654,599 | 18,322,993 | (331,606) | 19,205,123 | 18,790,081 | (415,042) | (746,648) |
| Equipment & Intangible Assets | 30,554 | 30,554 | 30,554 | 0 | 30,554 | 30,554 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Local Assistance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 1,500 | 1,500 | 1,500 | 0 | 1,500 | 1,500 | 0 | 0 |
| Debt Service | 1,162,636 | 1,162,636 | 1,162,636 | 0 | 1,162,636 | 1,162,636 | 0 | 0 |
| Total Costs | \$67,348,011 | \$71,996,185 | \$70,896,407 | (\$1,099,778) | \$72,744,938 | \$71,558,498 | (\$1,186,440) | (\$2,286,218) |
| General Fund | 58,192,575 | 61,017,761 | 60,127,674 | (890,087) | 61,234,930 | 60,255,895 | (979,035) | (1,869,122) |
| State/other Special Rev. Funds | 5,129,637 | 6,460,682 | 6,428,273 | (32,409) | 6,982,794 | 6,950,198 | (32,596) | (65,005) |
| Federal Spec. Rev. Funds | 279,839 | 501,688 | 502,175 | 487 | 501,848 | 502,287 | 439 | 926 |
| Other | 3,745,960 | 4,016,054 | 3,838,285 | (177,769) | 4,025,366 | 3,850,118 | (175,248) | (353,017) |
| Total Funds | \$67,348,011 | \$71,996,185 | \$70,896,407 | (\$1,099,778) | \$72,744,938 | \$71,558,498 | (\$1,186,440) | (\$2,286,218) |
| Total Ongoing | \$67,223,011 | \$71,761,185 | \$70,912,938 | (\$848,247) | \$72,609,938 | \$71,675,029 | (\$934,909) | (\$1,783,156) |
| Total OTO | \$125,000 | \$235,000 | (\$16,531) | (\$251,531) | \$135,000 | (\$116,531) | (\$251,531) | (\$503,062) |

The legislature adopted ongoing appropriations that are \$1.8 million less than the proposed appropriations for the 2025 biennium. Significant changes include:

- The legislature did not adopt DP 22, which would have established 1.30 FTE to fund information technology interns in the Technology Services Division
- Adoption of only 1.25 FTE out of the 2.25 FTE proposed for the Alcoholic Beverage Control Division
- The legislature did not adopt DP 18, which would have established 1.00 FTE and approximately \$90,000 in FY 2024 and \$87,000 in FY 2025 in the Business and Income Taxes Division
- The legislature adopted an additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation

Funding

The following table shows adopted agency funding for all sources of authority.

| Total Department of Revenue Funding by Source of Authority 2025 Biennium Budget Request - Department of Revenue | | | | | | |
|--|----------------------|--------------------|-----------------------------|----------------------------|----------------------|----------------------|
| Funds | HB2 Ongoing | HB2 OTO | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds |
| General Fund | 120,683,744 | (300,175) | 0 | 321,722,451 | 442,106,020 | 69.96 % |
| State Special Total | 13,378,860 | (389) | 0 | 167,187,332 | 180,565,803 | 28.57 % |
| Federal Special Total | 1,005,794 | (1,332) | 0 | 0 | 1,004,462 | 0.16 % |
| Proprietary Total | 7,519,569 | 168,834 | 591,786 | 0 | 8,280,189 | 1.31 % |
| Other Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Total All Funds | \$142,587,967 | (\$133,062) | \$591,786 | \$488,909,783 | \$631,956,474 | |
| Percent - Total All Sources | 22.56 % | (0.02)% | 0.09 % | 77.36 % | | |

*HB 2 Authority*General Fund

The Department of Revenue is primarily funded with general fund.

State Special Revenue

State special revenue HB 2 authority supports:

- Tobacco tax compliance activities under the Tobacco Master Settlement Agreement
- Appraisal, assessment, and taxation processes
- Administration of the unclaimed property program
- Administration of the medical and recreational marijuana tax and licensing

Federal Special Revenue

Federal special revenue accounts for less than 1.0% of total HB 2 funds and supports federal mineral royalty audits.

Proprietary

Proprietary funds are 1.3% of total appropriation authority and support the operation of the Alcoholic Beverage Control Division and other divisions that support alcoholic beverage control functions or the staff of the Alcoholic Beverage Control Division.

Non-Budgeted Proprietary Funding

The Department of Revenue has one non-budgeted proprietary fund for the collection of delinquent accounts. This fund will be discussed in more detail at the program level.

Statutory Authority

The agency also includes two large general fund statutory appropriations. The Director's Office manages a pass-through general fund appropriation for the state entitlement share and is responsible for the statutorily appropriated distributions of various tax revenues to local and tribal governments. These statutory appropriations are described in more detail at the program level.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| | -----General Fund----- | | | | -----Total Funds----- | | | |
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 58,192,575 | 58,192,575 | 116,385,150 | 96.68 % | 67,223,011 | 67,223,011 | 134,446,022 | 94.38 % |
| SWPL Adjustments | 2,459,942 | 2,741,095 | 5,201,037 | 4.32 % | 2,390,582 | 2,715,406 | 5,105,988 | 3.58 % |
| PL Adjustments | 142,582 | 173,994 | 316,576 | 0.26 % | 1,617,333 | 2,139,333 | 3,756,666 | 2.64 % |
| New Proposals | (667,425) | (851,769) | (1,519,194) | (1.26)% | (334,519) | (519,252) | (853,771) | (0.60)% |
| Total Budget | \$60,127,674 | \$60,255,895 | \$120,383,569 | | \$70,896,407 | \$71,558,498 | \$142,454,905 | |

Language and Statutory Authority

The legislature adopted the following language in HB 2:

"Alcoholic Beverage Control Division proprietary funds necessary to maintain adequate inventories, pay freight charges, and transfer profits and taxes to appropriate accounts are appropriated from the liquor enterprise fund to the department in the amounts not to exceed \$220 million in FY 2024 and \$220 million in FY 2025. These costs are used to maintain adequate inventories necessary to meet statutory requirements, pay freight charges, and transfer profits and taxes to appropriate accounts.

The department is appropriated \$2 million in the general fund each year of the 2025 biennium for payments to local governing bodies to 15-1-402(6)(d). Local governments may request partial reimbursement of protested taxes from the general fund if the final assessed value of a centrally assessed or industrial property is reduced less than 75% of the initial assessed value after resolution of an appeal.

The Director's Office, Technology Services Division, Alcoholic Beverage Control Division, Information Management and Collections Division, Business and Income Taxes Division, and Property Assessment Division include a one-time-only reduction in FY 2024 and FY 2025 for a suspension of insurance premium payments to the Risk Management and Tort Defense Division's proprietary fund."

Pursuant to 16-12-111, the Cannabis Control Division is appropriated an amount not to exceed \$81.0 million in FY 2024 and \$91.1 million in FY 2025 for transfers of cannabis revenue to other state special revenue funds and the general fund.

The Director's Office includes an increase in general fund of \$56,099 in FY 2024 and \$70,505 in FY 2025, state special revenue of \$7,726 in FY 2024 and \$8,633 in FY 2025, and proprietary funds of \$18,955 in FY 2024 and \$22,453 in FY 2025. The increase was provided to offset inflationary impacts. The agency may allocate this increase in funding among programs when developing 2025 biennium operating plans.

If both HB 2 and HB 128 are passed and approved, then [section 30] of HB 128 is void.

If HB 189 is passed and approved, the Department of Revenue is increased by \$77,132 general fund in FY 2024 and \$50,348 general fund in FY 2025, and the Department of Revenue may increase fulltime equivalent positions authorized in HB 2 by 1.00 FTE in FY 2024 and 0.50 FTE in FY 2025.

If HB 192 is passed and approved, the Department of Revenue is increased by \$692,617 state special revenue in FY 2025, and the Department of Revenue may increase full-time equivalent positions authorized in HB 2 by 6.00 FTE in FY 2025.

If HB 223 is passed and approved, the Department of Revenue is increased by \$75,354 general fund in FY 2024 and \$2,380 general fund in FY 2025, and the Department of Revenue may increase fulltime equivalent positions authorized in HB 2 by 1.00 FTE in FY 2024.

If HB 304 is passed and approved, the Department of Revenue may increase full-time equivalent positions authorized in HB 2 by 2.00 FTE in FY 2024 and 2.00 FTE in FY 2025.

If HB 828 is passed and approved, the Department of Revenue is increased by \$548,347 general fund in FY 2024 and \$96,793 general fund in FY 2025, and the Department of Revenue may increase fulltime equivalent positions authorized in HB 2 by 1.00 FTE in FY 2024 and 1.00 FTE in FY 2025.

If HB 906 is passed and approved, the Department of Revenue is increased by \$2,164,196 general fund in FY 2024 and \$153,915 general fund in FY 2025, and the Department of Revenue may increase full-time equivalent positions authorized in HB 2 by 27.00 FTE in FY 2024 and 2.00 FTE in FY 2025.

If HB 943 is passed and approved, the Department of Revenue is increased by \$67,384 general fund in FY 2024 and \$65,338 general fund in FY 2025.

If HB 948 is passed and approved, the Department of Revenue is increased by \$213,139 state special revenue in FY 2024 and \$210,231 state special revenue in FY 2025, and the Department of Revenue may increase full-time equivalent positions authorized in HB 2 by 2.00 FTE in FY 2024 and 2.00 FTE in FY 2025.

If SB 14 is passed and approved, the Department of Revenue is increased by \$405,328 general fund in FY 2024 and \$196,460 general fund in FY 2025, and the Department of Revenue may increase full-time equivalent positions authorized in HB 2 by 2.00 FTE in FY 2024 and 2.00 FTE in FY 2025.

If SB 529 is passed and approved, the Department of Revenue is increased by \$93,347 general fund in FY 2024 and \$91,793 general fund in FY 2025, and the Department of Revenue may increase fulltime equivalent positions authorized in HB 2 by 1.00 FTE in FY 2024 and 1.00 FTE in FY 2025.

If SB 555 is passed and approved, the Department of Revenue is increased by \$94,651 general fund in FY 2025, and the Department of Revenue may increase full-time equivalent positions authorized in HB 2 by 1.00 FTE in FY 2025."

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 11,304,776 | 12,044,353 | 739,577 | 6.54 % |
| Operating Expenses | 4,055,132 | 4,671,238 | 616,106 | 15.19 % |
| Transfers | 3,000 | 3,000 | 0 | 0.00 % |
| Debt Service | 10,413 | 20,826 | 10,413 | 100.00 % |
| Total Expenditures | \$15,373,321 | \$16,739,417 | \$1,366,096 | 8.89 % |
| General Fund | 14,353,432 | 15,645,353 | 1,291,921 | 9.00 % |
| State/Other Special Rev. Funds | 708,985 | 741,147 | 32,162 | 4.54 % |
| Proprietary Funds | 310,904 | 352,917 | 42,013 | 13.51 % |
| Total Funds | \$15,373,321 | \$16,739,417 | \$1,366,096 | 8.89 % |
| Total Ongoing | \$15,373,321 | \$16,779,885 | \$1,406,564 | 9.15 % |
| Total OTO | \$0 | (\$40,468) | (\$40,468) | 100.00 % |

Page Reference

LFD Budget Analysis, A-119

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 64.19 | 64.19 | 65.19 | 65.19 |
| Personal Services | 5,519,786 | 5,527,637 | 5,777,139 | 6,005,090 | 6,039,263 |
| Operating Expenses | 1,487,317 | 1,802,546 | 2,252,586 | 2,426,632 | 2,244,606 |
| Transfers | 0 | 1,500 | 1,500 | 1,500 | 1,500 |
| Debt Service | 0 | 0 | 10,413 | 10,413 | 10,413 |
| Total Expenditures | \$7,007,103 | \$7,331,683 | \$8,041,638 | \$8,443,635 | \$8,295,782 |
| General Fund | 6,499,077 | 6,823,607 | 7,529,825 | 7,899,177 | 7,746,176 |
| State/Other Special Rev. Funds | 352,574 | 352,624 | 356,361 | 369,744 | 371,403 |
| Proprietary Funds | 155,452 | 155,452 | 155,452 | 174,714 | 178,203 |
| Total Funds | \$7,007,103 | \$7,331,683 | \$8,041,638 | \$8,443,635 | \$8,295,782 |
| Total Ongoing | \$7,007,103 | \$7,331,683 | \$8,041,638 | \$8,463,869 | \$8,316,016 |
| Total OTO | \$0 | \$0 | \$0 | (\$20,234) | (\$20,234) |

Page Reference

LFD Budget Analysis, A-120

Funding*HB 2 Authority*General Fund

The majority of the Director's Office HB 2 authority comes from general fund. General fund supports staff salary and benefit expenditures as well as operational expenses.

State Special Revenue

State special revenue funds the unclaimed property fund, administrative funds, statewide tobacco settlement fund, and the cannabis fund. The unclaimed property fund supports the Department of Revenue's operations around unclaimed property, which the agency holds indefinitely for owners to claim. Further explanation for the unclaimed property fund is done in the Business and Income Taxes Division section of this document. The tobacco settlement fund supports the dedicated attorney who supports tobacco tax compliance activities. The cannabis fund was established during the 2021 Legislative Session and is used for attorney costs in the Director's Office.

Proprietary Funding

Proprietary funding results from a direct appropriation of the Alcoholic Beverage Control Division proprietary fund and is for the Alcoholic Beverage Control Division share of Director's Office support costs. The allocation is calculated as a percentage of the program's budget. Alcoholic Beverage Control Division proprietary funds are an indirect use of general fund since net liquor revenues are deposited in the general fund after operating costs are deducted.

*Statutory Funding*General Fund

Funding for the Director's Office also includes two general fund statutory appropriations. The largest of the statutory appropriations is a pass-through general fund appropriation for the state entitlement shares, as provided in 15-1-121, MCA. This distribution resulted from HB 124 in the 2001 Legislative Session, which reallocated revenue received by local governments, school districts, and some state special revenue accounts (from alcohol, vehicle, and gambling taxes as well as district court fees for local governments) to the general fund and replaced foregone revenue with permanent state entitlement grants to counties and cities. A second general fund statutory appropriation included in the Director's Office is a direct use by the department for out of state debt collection services as provided for in 15-1-218, MCA.

State Special Revenue

The Director's Office is responsible for the statutorily appropriated distributions of various tax revenues to local and tribal governments, including the following:

- Tribal alcohol and cigarette cooperative agreement (18-11-101 through 18-11-121, MCA) - The State of Montana has taxation agreements with tribal nations for alcohol and cigarette sales to prevent possibilities of dual taxation while promoting state, local and tribal economic development
- Oil and natural gas production tax (15-36-331 through 15-36-332, MCA) - All oil and natural gas producers are required to file an oil and natural gas production tax quarterly return where they will be taxed on the gross value of oil or natural gas sold. Local governments receive a portion of this revenue. Additionally, local governments distribute the revenue to various school retirement funds, countywide transportation funds, school districts, and community colleges
- Metal mines distribution (15-37-117, MCA) - Individuals who operate any mine or mining property are required to pay a license tax which is based on the gross value of production. A portion of this revenue is distributed semi-annually to local governments where the mine is located or a county that is experiencing fiscal impacts from the mine
- Bentonite production tax distribution (15-39-110, MCA) - All bentonite producers must file a bentonite production tax return every six months. Revenue is distributed semi-annually to local governments where the production occurred: Carter County and Carbon County

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|--------------------|-----------------------|-------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 7,529,825 | 7,529,825 | 15,059,650 | 96.26 % | 8,041,638 | 8,041,638 | 16,083,276 | 96.08 % |
| SWPL Adjustments | 392,628 | 231,996 | 624,624 | 3.99 % | 401,559 | 241,754 | 643,313 | 3.84 % |
| PL Adjustments | 10,961 | 10,335 | 21,296 | 0.14 % | 10,961 | 10,335 | 21,296 | 0.13 % |
| New Proposals | (34,237) | (25,980) | (60,217) | (0.38)% | (10,523) | 2,055 | (8,468) | (0.05)% |
| Total Budget | \$7,899,177 | \$7,746,176 | \$15,645,353 | | \$8,443,635 | \$8,295,782 | \$16,739,417 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | |
|---|-----------------------|------------------|----------------|-----------------|------------------|-----------------------|------------------|----------------|------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 191,704 | 4,714 | 0 | 196,418 | 0.00 | 225,339 | 5,541 | 230,880 |
| DP 2 - Fixed Costs | 0.00 | 109,514 | 27 | 0 | 109,541 | 0.00 | (96,107) | 27 | (96,080) |
| DP 3 - Inflation Deflation | 0.00 | 91,410 | 3,721 | 0 | 95,600 | 0.00 | 102,764 | 3,721 | 106,954 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | (1,020) | 0 | 0 | (1,020) | 0.00 | (1,680) | 0 | (1,680) |
| DP 26 - SB212 Funding Reappraisal Information to Taxpayers (BIEN) | 0.00 | 12,500 | 0 | 0 | 12,500 | 0.00 | 12,500 | 0 | 12,500 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (519) | 0 | 0 | (519) | 0.00 | (485) | 0 | (485) |
| DP 222 - RMTD Adjustment | 0.00 | 20,229 | 5 | 0 | 20,234 | 0.00 | 20,240 | (6) | 20,234 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (20,229) | (5) | 0 | (20,234) | 0.00 | (20,240) | 6 | (20,234) |
| Grand Total All Present Law Adjustments | 0.00 | \$403,589 | \$8,462 | \$0 | \$412,520 | 0.00 | \$242,331 | \$9,289 | \$252,089 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 26 - SB212 Funding Reappraisal Information to Taxpayers (BIEN) -

The legislature approved to re-establish biennial general fund appropriation authority of \$25,000 for the 2025 biennium for the passage of SB 212 in the 2021 Legislative Session. SB 212 requires the department to publish reappraisal information to taxpayers. This funding will allow the agency to continue to meet this requirement.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|--|-----------------------|-------------------|----------------|-----------------|-------------------|-----------------------|-------------------|----------------|-----------------|----------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 14 - Tax Policy Implementation FTE for DO | 1.00 | 0 | 0 | 0 | 0 | 1.00 | 0 | 0 | 0 | 0 |
| DP 99 - New Fixed Costs | 0.00 | 2,971 | 0 | 0 | 2,971 | 0.00 | 2,971 | 0 | 0 | 2,971 |
| DP 333 - Adjustment to Inflation | 0.00 | (31,632) | (1,288) | 0 | (33,082) | 0.00 | (37,430) | (1,355) | 0 | (38,956) |
| DP 555 - Additional Vacancy Savings | 0.00 | (61,675) | (1,517) | 0 | (63,192) | 0.00 | (62,026) | (1,525) | 0 | (63,551) |
| DP 3333 - Additional Adjustment to Inflation | 0.00 | 56,099 | 7,726 | 0 | 82,780 | 0.00 | 70,505 | 8,633 | 0 | 101,591 |
| Total | 1.00 | (\$34,237) | \$4,921 | \$0 | (\$10,523) | 1.00 | (\$25,980) | \$5,753 | \$0 | \$2,055 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 14 - Tax Policy Implementation FTE for DO -

The legislature adopted 1.00 FTE in the 2025 biennium to carry out tax policy legislation implementation. This change package was adopted during the 2021 Legislative Session but was adopted as operating expenses. This change package transfers \$95,000 from operating expenses to personal services and establishes 1.00 permanent HB 2 FTE. The net effect of this change on the overall budget amount is zero.

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$2,193 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 3333 - Additional Adjustment to Inflation -

The legislature adopted an additional adjustment to inflation included in DP 3.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|----------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 7,975,869 | 8,129,650 | 153,781 | 1.93 % |
| Operating Expenses | 11,152,485 | 12,006,619 | 854,134 | 7.66 % |
| Equipment & Intangible Assets | 3,005,270 | 0 | (3,005,270) | (100.00)% |
| Total Expenditures | \$22,133,624 | \$20,136,269 | (\$1,997,355) | (9.02)% |
| General Fund | 18,294,030 | 19,274,045 | 980,015 | 5.36 % |
| State/Other Special Rev. Funds | 3,327,710 | 333,295 | (2,994,415) | (89.98)% |
| Proprietary Funds | 511,884 | 528,929 | 17,045 | 3.33 % |
| Total Funds | \$22,133,624 | \$20,136,269 | (\$1,997,355) | (9.02)% |
| Total Ongoing | \$22,133,624 | \$20,054,321 | (\$2,079,303) | (9.39)% |
| Total OTO | \$0 | \$81,948 | \$81,948 | 100.00 % |

Page Reference

LFD Budget Analysis, A-125

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 42.00 | 42.00 | 42.00 | 42.00 |
| Personal Services | 3,877,041 | 3,878,332 | 4,097,537 | 4,100,415 | 4,029,235 |
| Operating Expenses | 5,753,985 | 5,754,986 | 5,397,499 | 5,951,171 | 6,055,448 |
| Equipment & Intangible Assets | 3,005,270 | 3,005,270 | 0 | 0 | 0 |
| Total Expenditures | \$12,636,296 | \$12,638,588 | \$9,495,036 | \$10,051,586 | \$10,084,683 |
| General Fund | 9,216,499 | 9,218,791 | 9,075,239 | 9,620,440 | 9,653,605 |
| State/Other Special Rev. Funds | 3,163,855 | 3,163,855 | 163,855 | 166,656 | 166,639 |
| Proprietary Funds | 255,942 | 255,942 | 255,942 | 264,490 | 264,439 |
| Total Funds | \$12,636,296 | \$12,638,588 | \$9,495,036 | \$10,051,586 | \$10,084,683 |
| Total Ongoing | \$12,636,296 | \$12,638,588 | \$9,495,036 | \$9,960,612 | \$10,093,709 |
| Total OTO | \$0 | \$0 | \$0 | \$90,974 | (\$9,026) |

Page Reference

LFD Budget Analysis, A-126

Funding*HB 2 Authority*General Fund

The Technology Services Division is primarily funded from the general fund, which is used to support technology requirements and business operations.

State Special Revenue

The Technology Services Division receives state special revenue appropriations from the tobacco settlement and cannabis funds for technology support provided to the Business Income Taxes Division.

Proprietary Funding

Appropriations from the liquor enterprise fund supports technology services for the Alcoholic Beverage Control Division.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| | -----General Fund----- | | | | -----Total Funds----- | | | |
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 9,075,239 | 9,075,239 | 18,150,478 | 94.17 % | 9,495,036 | 9,495,036 | 18,990,072 | 94.31 % |
| SWPL Adjustments | 661,015 | 842,815 | 1,503,830 | 7.80 % | 677,540 | 859,340 | 1,536,880 | 7.63 % |
| PL Adjustments | (25) | (26) | (51) | (0.00)% | (25) | (26) | (51) | (0.00)% |
| New Proposals | (115,789) | (264,423) | (380,212) | (1.97)% | (120,965) | (269,667) | (390,632) | (1.94)% |
| Total Budget | \$9,620,440 | \$9,653,605 | \$19,274,045 | | \$10,051,586 | \$10,084,683 | \$20,136,269 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|---|------|--------------|---------------|-----------------|-------------|-----------------------|--------------|---------------|-----------------|-------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | | | | | | | | | | |
| | 0.00 | (55,012) | 0 | 0 | (55,012) | 0.00 | (25,889) | 0 | 0 | (25,889) |
| DP 2 - Fixed Costs | | | | | | | | | | |
| | 0.00 | 155,496 | 0 | 0 | 155,496 | 0.00 | 163,047 | 0 | 0 | 163,047 |
| DP 3 - Inflation Deflation | | | | | | | | | | |
| | 0.00 | 560,531 | 4,078 | 0 | 577,056 | 0.00 | 705,657 | 4,078 | 0 | 722,182 |
| DP 20 - SABHRS Rate Adjustment | | | | | | | | | | |
| | 0.00 | (7) | 0 | 0 | (7) | 0.00 | (8) | 0 | 0 | (8) |
| DP 30 - Motor Pool Rate Adjustment | | | | | | | | | | |
| | 0.00 | (18) | 0 | 0 | (18) | 0.00 | (18) | 0 | 0 | (18) |
| DP 222 - RMTD Adjustment | | | | | | | | | | |
| | 0.00 | 9,026 | 0 | 0 | 9,026 | 0.00 | 9,026 | 0 | 0 | 9,026 |
| DP 223 - RMTD Adjustment (OTO) | | | | | | | | | | |
| | 0.00 | (9,026) | 0 | 0 | (9,026) | 0.00 | (9,026) | 0 | 0 | (9,026) |
| Grand Total All Present Law Adjustments | | | | | | | | | | |
| | 0.00 | \$660,990 | \$4,078 | \$0 | \$677,515 | 0.00 | \$842,789 | \$4,078 | \$0 | \$859,314 |

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|--|-------------|--------------------|------------------|-----------------|--------------------|-----------------------|--------------------|------------------|---------------|--------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Total Funds |
| DP 13 - TSD Staff Overtime for GenTax upgrade (RST/BIEN/OTO) | 0.00 | 100,000 | 0 | 0 | 100,000 | 0.00 | 0 | 0 | 0 | 0 |
| DP 99 - New Fixed Costs | 0.00 | 1,914 | 0 | 0 | 1,914 | 0.00 | 1,914 | 0 | 0 | 1,914 |
| DP 333 - Adjustment to Inflation | 0.00 | (175,593) | (1,277) | 0 | (180,769) | 0.00 | (223,924) | (1,294) | 0 | (229,168) |
| DP 555 - Additional Vacancy Savings | 0.00 | (42,110) | 0 | 0 | (42,110) | 0.00 | (42,413) | 0 | 0 | (42,413) |
| Total | 0.00 | (\$115,789) | (\$1,277) | \$0 | (\$120,965) | 0.00 | (\$264,423) | (\$1,294) | \$0 | (\$269,667) |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 13 - TSD Staff Overtime for GenTax upgrade (RST/BIEN/OTO) -

The legislature adopted a restricted, biennial, one-time-only general fund appropriation for the 2025 biennium for overtime payments related to the GenTax upgrade. FAST Enterprises, the state's tax processing software (GenTax) vendor, requires the department to upgrade to the newest version of GenTax every other biennium. Typically, the department's information technology staff work overtime hours in order to move this upgrade to production. Also, FAST Enterprises create periodic service packs that require the department's information technology staff to work overtime hours.

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$1,413 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|-------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 5,246,075 | 5,430,088 | 184,013 | 3.51 % |
| Operating Expenses | 1,163,327 | 1,211,025 | 47,698 | 4.10 % |
| Equipment & Intangible Assets | 122,676 | 61,108 | (61,568) | (50.19)% |
| Debt Service | 66,754 | 70,550 | 3,796 | 5.69 % |
| Total Expenditures | \$6,598,832 | \$6,772,771 | \$173,939 | 2.64 % |
| Proprietary Funds | 6,598,832 | 6,772,771 | 173,939 | 2.64 % |
| Total Funds | \$6,598,832 | \$6,772,771 | \$173,939 | 2.64 % |
| Total Ongoing | \$6,348,923 | \$6,603,937 | \$255,014 | 4.02 % |
| Total OTO | \$249,909 | \$168,834 | (\$81,075) | (32.44)% |

Page Reference

LFD Budget Analysis, A-130

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 31.75 | 31.75 | 33.00 | 33.00 |
| Personal Services | 2,488,244 | 2,573,355 | 2,672,720 | 2,707,775 | 2,722,313 |
| Operating Expenses | 544,993 | 583,933 | 579,394 | 608,581 | 602,444 |
| Equipment & Intangible Assets | 92,122 | 92,122 | 30,554 | 30,554 | 30,554 |
| Debt Service | 31,168 | 31,479 | 35,275 | 35,275 | 35,275 |
| Total Expenditures | \$3,156,527 | \$3,280,889 | \$3,317,943 | \$3,382,185 | \$3,390,586 |
| Proprietary Funds | 3,156,527 | 3,280,889 | 3,317,943 | 3,382,185 | 3,390,586 |
| Total Funds | \$3,156,527 | \$3,280,889 | \$3,317,943 | \$3,382,185 | \$3,390,586 |
| Total Ongoing | \$3,106,969 | \$3,155,980 | \$3,192,943 | \$3,297,768 | \$3,306,169 |
| Total OTO | \$49,558 | \$124,909 | \$125,000 | \$84,417 | \$84,417 |

Page Reference

LFD Budget Analysis, A-131

Funding

HB 2 Authority

Proprietary Funding

The division is funded with a direct appropriation of Alcoholic Beverage Control Division proprietary funds. Net revenues from liquor sales are transferred to the general fund after operating costs are deducted from gross revenues. Consequently, any proposals funded through this program are an indirect use of state general fund.

Program Budget Summary by Category

| -----General Fund----- | | | | | -----Total Funds----- | | | |
|------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 3,192,943 | 3,192,943 | 6,385,886 | 94.29 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | (35,673) | (14,274) | (49,947) | (0.74)% |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 130,302 | 120,889 | 251,191 | 3.71 % |
| New Proposals | 0 | 0 | 0 | 0.00 % | 94,613 | 91,028 | 185,641 | 2.74 % |
| Total Budget | \$0 | \$0 | \$0 | | \$3,382,185 | \$3,390,586 | \$6,772,771 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|--|-----------------|------------------|--------------------|-----------------|-----------------------|-----------------|------------------|--------------------|------------------|
| FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 0 | 0 | (38,794) | 0.00 | 0 | 0 | 0 | (24,187) |
| DP 2 - Fixed Costs | 0.00 | 0 | 0 | (33,406) | 0.00 | 0 | 0 | 0 | (32,904) |
| DP 3 - Inflation Deflation | 0.00 | 0 | 0 | 36,527 | 0.00 | 0 | 0 | 0 | 42,817 |
| DP 7 - ABCD Liquor Warehouse Operating Cost Adjustment | 0.00 | 0 | 0 | 17,507 | 0.00 | 0 | 0 | 0 | 13,824 |
| DP 19 - Liquor FTE for increased workload | 1.25 | 0 | 0 | 113,255 | 1.25 | 0 | 0 | 0 | 107,643 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 0 | 0 | (356) | 0.00 | 0 | 0 | 0 | (481) |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | 0 | 0 | (104) | 0.00 | 0 | 0 | 0 | (97) |
| DP 222 - RMTD Adjustment | 0.00 | 0 | 0 | 50,583 | 0.00 | 0 | 0 | 0 | 50,583 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | 0 | 0 | (50,583) | 0.00 | 0 | 0 | 0 | (50,583) |
| Grand Total All Present Law Adjustments | 1.25 | \$0 | \$0 | \$94,629 | 1.25 | \$0 | \$0 | \$0 | \$106,615 |

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 7 - ABCD Liquor Warehouse Operating Cost Adjustment -

The legislature adopted additional authority to cover operating costs resulting from increased workload due to an increase in sales and increased cost of contracted janitorial services.

DP 19 - Liquor FTE for increased workload -

The legislature adopted a proprietary fund appropriation in the 2025 biennium for additional staffing needs in the Alcoholic Beverage Control Division (ABCD). Increased alcohol sales have resulted in an increase in the workload for the liquor warehouse and a corresponding increase in tax administration functions related to increased liquor sales.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|--|-------------|--------------|---------------|-----------------|-----------------|-----------------------|--------------|---------------|-----------------|-----------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 15 - ABCD Overtime (RST/BIEN/OTO) | 0.00 | 0 | 0 | 0 | 75,000 | 0.00 | 0 | 0 | 0 | 75,000 |
| DP 16 - ABCD Termination Payout (RST/BIEN/OTO) | 0.00 | 0 | 0 | 0 | 60,000 | 0.00 | 0 | 0 | 0 | 60,000 |
| DP 99 - New Fixed Costs | 0.00 | 0 | 0 | 0 | 1,446 | 0.00 | 0 | 0 | 0 | 1,446 |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | 0 | 0 | (14,751) | 0.00 | 0 | 0 | 0 | (18,183) |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | 0 | 0 | (27,082) | 0.00 | 0 | 0 | 0 | (27,235) |
| Total | 0.00 | \$0 | \$0 | \$0 | \$94,613 | 0.00 | \$0 | \$0 | \$0 | \$91,028 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 15 - ABCD Overtime (RST/BIEN/OTO) -

The legislature adopted a restricted, biennial, one-time-only increase in proprietary fund authority for the 2025 biennium. These funds will pay for overtime and temporary staff to meet the increase in demand for liquor products especially during peak periods, holiday weeks, and to back-fill personnel while out on vacation or sick leave.

DP 16 - ABCD Termination Payout (RST/BIEN/OTO) -

The legislature adopted a restricted, biennial, one-time-only proprietary fund appropriation for the 2025 biennium. This request is to provide funds to payout accrued leave balances for employees retiring and/or leaving the department. This request allows the department to efficiently distribute alcoholic beverages to the agency liquor stores and comply with the statutory requirement of 16-2-101(12), MCA, requiring the department to maintain a 97.0% monthly service level to the agency stores. If the department is required to use additional vacancy savings to pay for the termination payouts, the department will not be able to meet this statutory requirement.

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$1,068 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 5,062,235 | 5,700,984 | 638,749 | 12.62 % |
| Operating Expenses | 2,229,874 | 4,745,536 | 2,515,662 | 112.82 % |
| Total Expenditures | \$7,292,109 | \$10,446,520 | \$3,154,411 | 43.26 % |
| State/Other Special Rev. Funds | 7,292,109 | 10,446,520 | 3,154,411 | 43.26 % |
| Total Funds | \$7,292,109 | \$10,446,520 | \$3,154,411 | 43.26 % |
| Total Ongoing | \$7,292,109 | \$10,446,520 | \$3,154,411 | 43.26 % |
| Total OTO | \$0 | \$0 | \$0 | 0.00 % |

Page Reference

LFD Budget Analysis, A-136

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 32.00 | 32.00 | 34.00 | 34.00 |
| Personal Services | 2,133,227 | 2,134,050 | 2,928,185 | 2,839,747 | 2,861,237 |
| Operating Expenses | 1,424,091 | 1,424,230 | 805,644 | 2,121,780 | 2,623,756 |
| Total Expenditures | \$3,557,318 | \$3,558,280 | \$3,733,829 | \$4,961,527 | \$5,484,993 |
| State/Other Special Rev. Funds | 3,557,318 | 3,558,280 | 3,733,829 | 4,961,527 | 5,484,993 |
| Total Funds | \$3,557,318 | \$3,558,280 | \$3,733,829 | \$4,961,527 | \$5,484,993 |
| Total Ongoing | \$3,557,318 | \$3,558,280 | \$3,733,829 | \$4,961,527 | \$5,484,993 |
| Total OTO | \$0 | \$0 | \$0 | \$0 | \$0 |

Page Reference

LFD Budget Analysis, A-137

Funding

HB 2 Authority

State Special Revenue

The Cannabis Control Division is entirely funded with state special revenue generated from taxes collected on cannabis purchases as well as from fees for licensing and cardholder registration.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 3,733,829 | 3,733,829 | 7,467,658 | 71.48 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | (71,093) | (47,001) | (118,094) | (1.13)% |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 1,123,625 | 1,623,746 | 2,747,371 | 26.30 % |
| New Proposals | 0 | 0 | 0 | 0.00 % | 175,166 | 174,419 | 349,585 | 3.35 % |
| Total Budget | \$0 | \$0 | \$0 | | \$4,961,527 | \$5,484,993 | \$10,446,520 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | |
|--|-----------------------|-----------------|--------------------|--------------------|--------------------|-----------------------|-----------------|--------------------|--------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special |
| DP 1 - Personal Services | 0.00 | 0 | (220,728) | 0 | (220,728) | 0.00 | 0 | (199,495) | 0 |
| DP 2 - Fixed Costs | 0.00 | 0 | 145,702 | 0 | 145,702 | 0.00 | 0 | 146,459 | 0 |
| DP 3 - Inflation Deflation | 0.00 | 0 | 3,933 | 0 | 3,933 | 0.00 | 0 | 6,035 | 0 |
| DP 5 - CCD Contract Increase (RST) | 0.00 | 0 | 1,125,400 | 0 | 1,125,400 | 0.00 | 0 | 1,625,400 | 0 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 0 | 360 | 0 | 360 | 0.00 | 0 | 343 | 0 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | 0 | (2,135) | 0 | (2,135) | 0.00 | 0 | (1,997) | 0 |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$1,052,532 | \$0 | \$1,052,532 | 0.00 | \$0 | \$1,576,745 | \$0 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 5 - CCD Contract Increase (RST) -

The legislature adopted an increase in state special revenue for the 2025 biennium to pay for the seed-to-sale industry IT regulatory system. The department is responsible for paying a variety of fees including program and support fees and

annual cloud hosting fees. Some fees are based on the number of cannabis licensees, and it is unknown how many licensees will enter the recreational cannabis market beginning July 1, 2023. The legislature adopted this appropriation as restricted so the department can only spend the appropriation on costs related to the system.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|--|-------------|--------------|------------------|-----------------|------------------|-------------|--------------|------------------|-----------------|------------------|
| | Fiscal 2024 | | | | | Fiscal 2025 | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 27 - CCD Cannabis Transfer from DPHHS | 2.00 | 0 | 202,894 | 0 | 202,894 | 2.00 | 0 | 202,894 | 0 | 202,894 |
| DP 99 - New Fixed Costs | 0.00 | 0 | 1,458 | 0 | 1,458 | 0.00 | 0 | 1,458 | 0 | 1,458 |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | (983) | 0 | (983) | 0.00 | 0 | (1,509) | 0 | (1,509) |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | (28,203) | 0 | (28,203) | 0.00 | 0 | (28,424) | 0 | (28,424) |
| Total | 2.00 | \$0 | \$175,166 | \$0 | \$175,166 | 2.00 | \$0 | \$174,419 | \$0 | \$174,419 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 27 - CCD Cannabis Transfer from DPHHS -

The legislature adopted a transfer of 1.50 FTE and an additional 0.50 FTE and associated personal service and operating costs from the Department of Public Health and Human Services that was established as part of the implementation of HB 598 from the 2019 Session. This change package increases state special marijuana funds each fiscal year of the biennium.

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$1,077 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 8,809,011 | 9,350,688 | 541,677 | 6.15 % |
| Operating Expenses | 3,341,812 | 3,942,402 | 600,590 | 17.97 % |
| Equipment & Intangible Assets | 20,874 | 0 | (20,874) | (100.00)% |
| Capital Outlay | 27,000 | 0 | (27,000) | (100.00)% |
| Debt Service | 507,485 | 512,510 | 5,025 | 0.99 % |
| Total Expenditures | \$12,706,182 | \$13,805,600 | \$1,099,418 | 8.65 % |
| General Fund | 12,506,262 | 13,478,607 | 972,345 | 7.77 % |
| State/Other Special Rev. Funds | 166,674 | 293,207 | 126,533 | 75.92 % |
| Proprietary Funds | 33,246 | 33,786 | 540 | 1.62 % |
| Total Funds | \$12,706,182 | \$13,805,600 | \$1,099,418 | 8.65 % |
| Total Ongoing | \$12,706,182 | \$13,847,904 | \$1,141,722 | 8.99 % |
| Total OTO | \$0 | (\$42,304) | (\$42,304) | 100.00 % |

Page Reference

LFD Budget Analysis, A-142

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 71.95 | 71.95 | 71.95 | 71.95 |
| Personal Services | 4,144,368 | 4,145,378 | 4,663,633 | 4,660,268 | 4,690,420 |
| Operating Expenses | 1,505,149 | 1,529,661 | 1,812,151 | 1,961,641 | 1,980,761 |
| Equipment & Intangible Assets | 20,874 | 20,874 | 0 | 0 | 0 |
| Capital Outlay | 27,000 | 27,000 | 0 | 0 | 0 |
| Debt Service | 251,230 | 251,230 | 256,255 | 256,255 | 256,255 |
| Total Expenditures | \$5,948,621 | \$5,974,143 | \$6,732,039 | \$6,878,164 | \$6,927,436 |
| General Fund | 5,861,390 | 5,886,913 | 6,619,349 | 6,714,658 | 6,763,949 |
| State/Other Special Rev. Funds | 70,608 | 70,607 | 96,067 | 146,610 | 146,597 |
| Proprietary Funds | 16,623 | 16,623 | 16,623 | 16,896 | 16,890 |
| Total Funds | \$5,948,621 | \$5,974,143 | \$6,732,039 | \$6,878,164 | \$6,927,436 |
| Total Ongoing | \$5,948,621 | \$5,974,143 | \$6,732,039 | \$6,899,316 | \$6,948,588 |
| Total OTO | \$0 | \$0 | \$0 | (\$21,152) | (\$21,152) |

Page Reference

LFD Budget Analysis, A-143

Funding

HB 2 Authority

General Fund

The majority of the Information Management and Collections Divisions total appropriation authority comes from general fund and supports personal service and operational expenditures of the division.

State Special Revenue

State special revenue funds the division's administration of the livestock per capita fee, medical marijuana tax, recreational marijuana tax, and unclaimed property program. Further explanation for the unclaimed property fund is done in the Business and Income Taxes Division.

Proprietary

Appropriations from the liquor enterprise fund supports tax and revenue data collections for the Information Management and Collections Divisions.

Non-Budgeted Proprietary

The finances of the bad debt collection services are funded with non-budgeted proprietary funds which will be discussed in the Proprietary Rates Section of this narrative.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 6,619,349 | 6,619,349 | 13,238,698 | 98.22 % | 6,732,039 | 6,732,039 | 13,464,078 | 97.53 % |
| SWPL Adjustments | 167,045 | 213,389 | 380,434 | 2.82 % | 168,287 | 214,631 | 382,918 | 2.77 % |
| PL Adjustments | 9,865 | 19,918 | 29,783 | 0.22 % | 9,865 | 19,918 | 29,783 | 0.22 % |
| New Proposals | (81,601) | (88,707) | (170,308) | (1.26)% | (32,027) | (39,152) | (71,179) | (0.52)% |
| Total Budget | \$6,714,658 | \$6,763,949 | \$13,478,607 | | \$6,878,164 | \$6,927,436 | \$13,805,600 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|------------------|------------------|--------------------|------------------|-----------------------|------------------|------------------|--------------------|------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 45,690 | 0 | 0 | 45,690 | 0.00 | 76,160 | 0 | 0 | 76,160 |
| DP 2 - Fixed Costs | 0.00 | 16,390 | 0 | 0 | 16,390 | 0.00 | 18,071 | 0 | 0 | 18,071 |
| DP 3 - Inflation Deflation | 0.00 | 104,965 | 826 | 0 | 106,207 | 0.00 | 119,158 | 826 | 0 | 120,400 |
| DP 11 - IMCD Administrative Costs Adjustment | 0.00 | 9,980 | 0 | 0 | 9,980 | 0.00 | 20,034 | 0 | 0 | 20,034 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | (115) | 0 | 0 | (115) | 0.00 | (116) | 0 | 0 | (116) |
| DP 222 - RMTD Adjustment | 0.00 | 21,152 | 0 | 0 | 21,152 | 0.00 | 21,152 | 0 | 0 | 21,152 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (21,152) | 0 | 0 | (21,152) | 0.00 | (21,152) | 0 | 0 | (21,152) |
| Grand Total All Present Law Adjustments | 0.00 | \$176,910 | \$826 | \$0 | \$178,152 | 0.00 | \$233,307 | \$826 | \$0 | \$234,549 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 11 - IMCD Administrative Costs Adjustment -

The legislature adopted an increase in general fund appropriations in FY 2024 and FY 2025 to pay for non-state contractual rent increases and associated parking costs for space currently occupied by Information Management and Collections Division staff.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|---|--------------|-------------------|-----------------|-------------|-------------------|-----------------------|-------------------|-----------------|-----------------|-------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 29 - IMCD Printing Costs for Cannabis Program Administration | | | | | | | | | | |
| 0.00 | 0 | 50,000 | 0 | 50,000 | | 0.00 | 0 | 50,000 | 0 | 50,000 |
| DP 99 - New Fixed Costs | | | | | | | | | | |
| 0.00 | 3,438 | 0 | 0 | 3,438 | | 0.00 | 3,438 | 0 | 0 | 3,438 |
| DP 333 - Adjustment to Inflation | | | | | | | | | | |
| 0.00 | (35,984) | (283) | 0 | (36,410) | | 0.00 | (42,772) | (296) | 0 | (43,217) |
| DP 555 - Additional Vacancy Savings | | | | | | | | | | |
| 0.00 | (49,055) | 0 | 0 | (49,055) | | 0.00 | (49,373) | 0 | 0 | (49,373) |
| Total | 0.00 | (\$81,601) | \$49,717 | \$0 | (\$32,027) | 0.00 | (\$88,707) | \$49,704 | \$0 | (\$39,152) |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 29 - IMCD Printing Costs for Cannabis Program Administration -

The legislature adopted a state special revenue appropriation increase for the 2025 biennium for postage and printing costs related to the Cannabis Control Division. All the department's postage and printing costs are charged to the Information Management and Collections Division. The department did not take postage and printing costs into consideration when the cannabis budget was built in the 2021 Legislative Session. The department is required to print and mail various types of cannabis licenses. Additionally, the department is responsible for printing cardholder and worker permits. When applicable, the department utilizes emails for license renewals.

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$2,539 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Other Issues -

Proprietary Rates

Collections Services Program – Fund 06554

Proprietary Program Description

Montana law authorizes the Department of Revenue to assist other agencies in the collection of delinquent accounts. The department retains a percentage of these collections for the costs of assistance in conjunction with 17-4-103 (3)(a), MCA. The department established the Collections Services Program, 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.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

| Fund | Fund Name | Agency # | Agency Name | Program Name |
|-------|--------------------------|----------|-----------------------|---|
| 06554 | IMCD Collection Services | 58010 | Department of Revenue | Information Management and Collections Division - Other Agency Debt |

| | Actual FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 |
|---------------------------------|-----------------|--------------------|-------------------|-------------------|
| Operating Revenues | | | | |
| Fees and Charges | | | | |
| Fee Revenue | 203,061 | 265,541 | 312,402 | 296,781 |
| Total Operating Revenues | 203,061 | 265,541 | 312,402 | 296,781 |
| Expenses | | | | |
| Personal Services | 189,070 | 210,142 | 229,459 | 230,672 |
| Other Operating Expense | 63,640 | 67,575 | 68,120 | 67,865 |
| Total Operating Expense | 252,710 | 277,717 | 297,579 | 298,537 |
| Operating Income (Loss) | (49,649) | (12,176) | 14,823 | (1,756) |
| Change in Net Position | (49,649) | (12,176) | 14,823 | (1,756) |
| Beginning Net Position - July 1 | 239,829 | 190,180 | 178,004 | 192,826 |
| Prior Period Adjustments | | | | |
| Change in Net Position | (49,649) | (12,176) | 14,823 | (1,756) |
| Ending Net Position - June 30 | 190,180 | 178,004 | 192,826 | 191,071 |

Expenditures

The Department of Revenue is currently authorized to charge a commission rate 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. On average, approximately 74.0% of the expenditures are paid in salaries and benefits with the remaining expenditures representing operating expenses of the program.

Revenues

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.

Proprietary Rates

| Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information | | | | |
|--|-----------------|--------------------|------------------|------------------|
| | Actual FY 22 | Estimated FY 23 | Adopted FY 24 | Adopted FY 25 |
| Fee Description: | 3.25% | 4.25% | 5.00% | 4.75% |

The legislature approved a commission rate of 5.0% in FY 2024 and 4.75% in FY 2025. 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 most of commission revenue is not collected until the income tax filing season each year, 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 to maintain the working capital balance at the appropriate level.

Exemptions from this rate includes collection of overpaid child support payments made to custodial parents or collection of delinquent child support payments from noncustodial parents. Commissions associated with child support payments are charged against a separate general fund appropriation designated by the legislature in a prior legislative session.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 20,006,838 | 21,106,523 | 1,099,685 | 5.50 % |
| Operating Expenses | 3,514,645 | 4,090,297 | 575,652 | 16.38 % |
| Capital Outlay | 28,691 | 0 | (28,691) | (100.00)% |
| Debt Service | 7,558 | 15,116 | 7,558 | 100.00 % |
| Total Expenditures | \$23,557,732 | \$25,211,936 | \$1,654,204 | 7.02 % |
| General Fund | 21,474,391 | 22,677,724 | 1,203,333 | 5.60 % |
| State/Other Special Rev. Funds | 1,523,677 | 1,529,750 | 6,073 | 0.40 % |
| Federal Spec. Rev. Funds | 559,664 | 1,004,462 | 444,798 | 79.48 % |
| Total Funds | \$23,557,732 | \$25,211,936 | \$1,654,204 | 7.02 % |
| Total Ongoing | \$23,557,732 | \$25,291,738 | \$1,734,006 | 7.36 % |
| Total OTO | \$0 | (\$79,802) | (\$79,802) | 100.00 % |

Page Reference

LFD Budget Analysis, A-149

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 133.36 | 133.36 | 133.36 | 133.36 |
| Personal Services | 9,798,204 | 9,801,750 | 10,205,088 | 10,524,581 | 10,581,942 |
| Operating Expenses | 1,686,174 | 1,721,798 | 1,792,847 | 2,055,717 | 2,034,580 |
| Capital Outlay | 28,691 | 28,691 | 0 | 0 | 0 |
| Debt Service | 0 | 0 | 7,558 | 7,558 | 7,558 |
| Total Expenditures | \$11,513,069 | \$11,552,239 | \$12,005,493 | \$12,587,856 | \$12,624,080 |
| General Fund | 10,471,863 | 10,510,986 | 10,963,405 | 11,319,221 | 11,358,503 |
| State/Other Special Rev. Funds | 761,380 | 761,428 | 762,249 | 766,460 | 763,290 |
| Federal Spec. Rev. Funds | 279,826 | 279,825 | 279,839 | 502,175 | 502,287 |
| Total Funds | \$11,513,069 | \$11,552,239 | \$12,005,493 | \$12,587,856 | \$12,624,080 |
| Total Ongoing | \$11,513,069 | \$11,552,239 | \$12,005,493 | \$12,627,757 | \$12,663,981 |
| Total OTO | \$0 | \$0 | \$0 | (\$39,901) | (\$39,901) |

Page Reference

LFD Budget Analysis, A-150

Funding*HB 2 Authority*General Fund

The Business and Income Taxes Division is primarily funded with general fund authority. General fund supports most of the division's personal services and operating expenses.

State Special Revenue

State special revenue comes from the unclaimed property fund for program support, tobacco tax compliance activities, cannabis tax compliance activities, and accommodations tax which funds expenses related to administering the tax.

Federal Special Revenue

Federal special revenue comes from reimbursements for performing mineral royalty audits.

Proprietary Funding

The Business and Income Taxes Division receives a small portion from the liquor enterprise fund to support liquor tax compliance activities.

Statutory Funding

The Business and Income Taxes Division has statutory authority for the Montana Economic Development Industry Advancement (MEDIA) Act film tax credit fee and the cigarette tax stamps. The Montana Legislature established the MEDIA Act (2019 Legislative Session) which provides a transferable income tax credit to eligible film production companies. To determine a company's eligibility, they must apply with both the Department of Commerce and the Department of Revenue. Statutory authority for the cigarette tax stamps results from the State of Montana charging a tax on cigarettes sold by selling tax decals to wholesalers who then attach the decal to each pack of cigarettes sold in Montana.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 10,963,405 | 10,963,405 | 21,926,810 | 96.69 % | 12,005,493 | 12,005,493 | 24,010,986 | 95.24 % |
| SWPL Adjustments | 446,398 | 509,867 | 956,265 | 4.22 % | 457,106 | 517,928 | 975,034 | 3.87 % |
| PL Adjustments | 61,820 | 53,208 | 115,028 | 0.51 % | 282,644 | 273,912 | 556,556 | 2.21 % |
| New Proposals | (152,402) | (167,977) | (320,379) | (1.41)% | (157,387) | (173,253) | (330,640) | (1.31)% |
| Total Budget | \$11,319,221 | \$11,358,503 | \$22,677,724 | | \$12,587,856 | \$12,624,080 | \$25,211,936 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|---|-------------|------------------|----------------|------------------|------------------|-----------------------|------------------|----------------|------------------|------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 260,784 | 2,634 | 0 | 263,418 | 0.00 | 321,384 | 0 | 0 | 321,384 |
| DP 2 - Fixed Costs | 0.00 | 110,635 | 610 | 1,688 | 112,933 | 0.00 | 97,884 | 437 | 1,848 | 100,169 |
| DP 3 - Inflation Deflation | 0.00 | 74,979 | 5,776 | 0 | 80,755 | 0.00 | 90,599 | 5,776 | 0 | 96,375 |
| DP 6 - BIT Contract for UCP Stocks | 0.00 | 30,000 | 0 | 0 | 30,000 | 0.00 | 30,000 | 0 | 0 | 30,000 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 31,891 | 176 | 487 | 32,554 | 0.00 | 23,275 | 104 | 439 | 23,818 |
| DP 25 - Federal Royalty Audit Program Increased Authority | 0.00 | 0 | 0 | 220,161 | 220,161 | 0.00 | 0 | 0 | 220,161 | 220,161 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (71) | 0 | 0 | (71) | 0.00 | (67) | 0 | 0 | (67) |
| DP 222 - RMTD Adjustment | 0.00 | 39,089 | 216 | 596 | 39,901 | 0.00 | 38,991 | 174 | 736 | 39,901 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (39,089) | (216) | (596) | (39,901) | 0.00 | (38,991) | (174) | (736) | (39,901) |
| Grand Total All Present Law Adjustments | 0.00 | \$508,218 | \$9,196 | \$222,336 | \$739,750 | 0.00 | \$563,075 | \$6,317 | \$222,448 | \$791,840 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 6 - BIT Contract for UCP Stocks -

The legislature adopted additional general fund appropriation authority in the 2025 biennium to pay its contracted financial manager of unclaimed property securities. The contractor is responsible for maintaining the state's current securities assets and facilitates the delivery, collection, and sales of reported unclaimed securities. The state's contract spans several years, and the contractor retains all the department's historical data regarding unclaimed property securities. Multiple transaction fee amounts are set forth in the initial contract and are charged to the state on a "per transaction" basis. Due to an expected increase in the number of transactions during the 2025 biennium, the legislature adopted additional appropriation authority.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 25 - Federal Royalty Audit Program Increased Authority -

The legislature adopted an additional federal fund appropriation for the 2025 biennium. Since the Federal Royalty Audit Program's spending has stabilized, the legislature adopted additional appropriation authority to ensure the funding and spending of this program coincides with the federal grant. The Federal Royalty Audit Program conducts auditing and compliance services for the federal government on producers extracting minerals from federal lands within the state.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|-------------------------------------|-----------------------|--------------------|------------------|-----------------|--------------------|-----------------------|--------------------|------------------|-----------------|--------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 6,121 | 0 | 0 | 6,121 | 0.00 | 6,121 | 0 | 0 | 6,121 |
| DP 333 - Adjustment to Inflation | 0.00 | (50,567) | (3,895) | 0 | (54,462) | 0.00 | (65,544) | (4,179) | 0 | (69,723) |
| DP 555 - Additional Vacancy Savings | 0.00 | (107,956) | (1,090) | 0 | (109,046) | 0.00 | (108,554) | (1,097) | 0 | (109,651) |
| Total | 0.00 | (\$152,402) | (\$4,985) | \$0 | (\$157,387) | 0.00 | (\$167,977) | (\$5,276) | \$0 | (\$173,253) |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$4,521 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 39,366,557 | 41,190,165 | 1,823,608 | 4.63 % |
| Operating Expenses | 6,834,897 | 6,445,957 | (388,940) | (5.69)% |
| Equipment & Intangible Assets | 29,891 | 0 | (29,891) | (100.00)% |
| Debt Service | 1,700,546 | 1,706,270 | 5,724 | 0.34 % |
| Total Expenditures | \$47,931,891 | \$49,342,392 | \$1,410,501 | 2.94 % |
| General Fund | 47,897,339 | 49,307,840 | 1,410,501 | 2.94 % |
| State/Other Special Rev. Funds | 34,552 | 34,552 | 0 | 0.00 % |
| Total Funds | \$47,931,891 | \$49,342,392 | \$1,410,501 | 2.94 % |
| Total Ongoing | \$47,931,891 | \$49,563,662 | \$1,631,771 | 3.40 % |
| Total OTO | \$0 | (\$221,270) | (\$221,270) | 100.00 % |

Page Reference

LFD Budget Analysis, A-156

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 285.92 | 285.92 | 286.92 | 286.92 |
| Personal Services | 19,244,224 | 19,247,458 | 20,119,099 | 20,540,848 | 20,649,317 |
| Operating Expenses | 3,689,913 | 3,785,098 | 3,049,799 | 3,197,471 | 3,248,486 |
| Equipment & Intangible Assets | 29,891 | 29,891 | 0 | 0 | 0 |
| Debt Service | 847,411 | 847,411 | 853,135 | 853,135 | 853,135 |
| Total Expenditures | \$23,811,439 | \$23,909,858 | \$24,022,033 | \$24,591,454 | \$24,750,938 |
| General Fund | 23,797,149 | 23,892,582 | 24,004,757 | 24,574,178 | 24,733,662 |
| State/Other Special Rev. Funds | 14,290 | 17,276 | 17,276 | 17,276 | 17,276 |
| Total Funds | \$23,811,439 | \$23,909,858 | \$24,022,033 | \$24,591,454 | \$24,750,938 |
| Total Ongoing | \$23,811,439 | \$23,909,858 | \$24,022,033 | \$24,702,089 | \$24,861,573 |
| Total OTO | \$0 | \$0 | \$0 | (\$110,635) | (\$110,635) |

Page Reference

LFD Budget Analysis, A-157

Funding*HB 2 Authority*

The Property Assessment Division is almost entirely funded with general fund. There is a small portion from state special revenue for the livestock per capita fee and the property valuation improvement fund. The property valuation improvement fund charges a photocopy fee in the county offices throughout the state. This fee is used to reimburse the cost of developing and maintaining the property valuation database.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| | -----General Fund----- | | | | -----Total Funds----- | | | |
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 24,004,757 | 24,004,757 | 48,009,514 | 97.37 % | 24,022,033 | 24,022,033 | 48,044,066 | 97.37 % |
| SWPL Adjustments | 792,856 | 943,028 | 1,735,884 | 3.52 % | 792,856 | 943,028 | 1,735,884 | 3.52 % |
| PL Adjustments | 59,961 | 90,559 | 150,520 | 0.31 % | 59,961 | 90,559 | 150,520 | 0.31 % |
| New Proposals | (283,396) | (304,682) | (588,078) | (1.19)% | (283,396) | (304,682) | (588,078) | (1.19)% |
| Total Budget | \$24,574,178 | \$24,733,662 | \$49,307,840 | | \$24,591,454 | \$24,750,938 | \$49,342,392 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | |
|--|-----------------------|------------------|------------------|--------------------|------------------|-----------------------|--------------------|------------------|--------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 570,151 | 0 | 0 | 570,151 | 0.00 | 679,715 | 0 | 679,715 |
| DP 2 - Fixed Costs | 0.00 | 43,667 | 0 | 0 | 43,667 | 0.00 | 50,591 | 0 | 50,591 |
| DP 3 - Inflation Deflation | 0.00 | 179,038 | 0 | 0 | 179,038 | 0.00 | 212,722 | 0 | 212,722 |
| DP 4 - PAD FTE 1.0 for loss of County Assessor | 1.00 | 24,164 | 0 | 0 | 24,164 | 1.00 | 21,364 | 0 | 21,364 |
| DP 12 - PAD Administrative Cost Adjustment | 0.00 | 52,405 | 0 | 0 | 52,405 | 0.00 | 84,800 | 0 | 84,800 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | (326) | 0 | 0 | (326) | 0.00 | (369) | 0 | (369) |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (16,282) | 0 | 0 | (16,282) | 0.00 | (15,236) | 0 | (15,236) |
| DP 222 - RMTD Adjustment | 0.00 | 110,635 | 0 | 0 | 110,635 | 0.00 | 110,635 | 0 | 110,635 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (110,635) | 0 | 0 | (110,635) | 0.00 | (110,635) | 0 | (110,635) |
| Grand Total All Present Law Adjustments | 1.00 | \$852,817 | \$0 | \$0 | \$852,817 | 1.00 | \$1,033,587 | \$0 | \$1,033,587 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - PAD FTE 1.0 for loss of County Assessor -

The legislature adopted 1.00 FTE and an increase in general fund in the 2025 biennium to complete the Silver Bow County Assessor's workload. In FY 2022, the Department of Revenue terminated its existing contract with Silver Bow County. The laws regarding elected assessors were changed in 1993 (HB 50) to phase-out elected assessors and move their duties under the Department of Revenue's Property Assessment Division. The bill allowed current assessors to remain in their positions until they chose to step down, retire, or voluntarily become a department employee. The Silver Bow County assessor is the last remaining elected assessor in the state that was performing duties under a contract. Per HB 50, the department had a contract with the assessor that described the duties that would need to be performed in order to receive the compensation. The department was paying Silver Bow County approximately \$54,000 each fiscal year to perform the county assessor's job duties. Because of the termination of the Silver Bow County Assessor contract and the state's responsibility to administer Montana's property tax laws, the department requires an FTE to perform the assessor's job duties. This position will be in the department's Butte field office.

DP 12 - PAD Administrative Cost Adjustment -

The legislature adopted an increase in general fund appropriation for the 2025 biennium to pay for contractual rent increases, associated parking, and technology costs for space currently occupied by Property Assessment Division staff throughout the state. Many county leases follow the Department of Administration rent rate increase.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|-------------------------------------|-------------|--------------------|---------------|-----------------|--------------------|-----------------------|--------------------|---------------|-----------------|--------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 13,027 | 0 | 0 | 13,027 | 0.00 | 13,027 | 0 | 0 | 13,027 |
| DP 333 - Adjustment to Inflation | 0.00 | (80,218) | 0 | 0 | (80,218) | 0.00 | (100,362) | 0 | 0 | (100,362) |
| DP 555 - Additional Vacancy Savings | 0.00 | (216,205) | 0 | 0 | (216,205) | 0.00 | (217,347) | 0 | 0 | (217,347) |
| Total | 0.00 | (\$283,396) | \$0 | \$0 | (\$283,396) | 0.00 | (\$304,682) | \$0 | \$0 | (\$304,682) |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$9,620 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Agency Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Agency Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|---------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 25,047,054 | 26,568,219 | 1,521,165 | 6.07 % |
| Operating Expenses | 12,367,182 | 13,805,542 | 1,438,360 | 11.63 % |
| Equipment & Intangible Assets | 106,605 | 135,000 | 28,395 | 26.64 % |
| Local Assistance | 57,958 | 57,958 | 0 | 0.00 % |
| Transfers | 25,739,511 | 65,276,814 | 39,537,303 | 153.61 % |
| Debt Service | 839,750 | 839,750 | 0 | 0.00 % |
| Total Expenditures | \$64,158,060 | \$106,683,283 | \$42,525,223 | 66.28 % |
| General Fund | 37,718,724 | 78,386,230 | 40,667,506 | 107.82 % |
| State/Other Special Rev. Funds | 14,024,858 | 15,267,477 | 1,242,619 | 8.86 % |
| Federal Spec. Rev. Funds | 37,065 | 37,070 | 5 | 0.01 % |
| Proprietary Funds | 12,377,413 | 12,992,506 | 615,093 | 4.97 % |
| Total Funds | \$64,158,060 | \$106,683,283 | \$42,525,223 | 66.28 % |
| Total Ongoing | \$64,158,060 | \$106,516,376 | \$42,358,316 | 66.02 % |
| Total OTO | \$0 | \$166,907 | \$166,907 | 100.00 % |

Page Reference

LFD Budget Analysis, A- 161

Agency Highlights

| Department of Administration Major Budget Highlights |
|---|
| <ul style="list-style-type: none">• The Department of Administration’s 2025 biennium HB 2 budget is approximately \$42.5 million or 66.3% higher than the 2023 biennium• Only 8.1% of the department’s budget is appropriated through HB 2, with the remainder consisting of non-budgeted proprietary and statutory appropriations. The significant changes in HB 2 general fund appropriations adopted by the legislature include:<ul style="list-style-type: none">◦ Present law increases in general fund of approximately \$14.9 million in FY 2024 and \$15.9 million in FY 2025 for the statutorily required transfer to the capital development account◦ The addition of \$202,319 one-time-only general fund in FY 2024 to establish the Office of Public Information Requests◦ An increase in state special revenue funding of \$195,000 in each fiscal year for 2.00 FTE for information technology examiners in the Division of Banking and Financial Institutions◦ An additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation• Approximately 57.5% of the department’s appropriations are non-budgeted proprietary funds. Significant changes to the DOA non-budgeted proprietary funds include:<ul style="list-style-type: none">◦ Transfer of the State Continuity and Emergency Management Office (SCEMO) to the Department of Military Affairs Disaster and Emergency Services (DES) program. The transfer reduces DOA’s non-budgeted proprietary appropriation by approximately \$354,000 in each fiscal year◦ Elimination of the Professional Development Center (PDC) program and establishment of the State Management Training Center. The result is a net increase of \$24,000 in FY 2024 and \$21,000 in FY 2025 or total funding of \$400,000 each fiscal year for the State Management Training Center◦ The one-time-only reduction of the insurance premiums paid by state agencies to Risk Management and Tort Defense (RMTD) in the 2025 biennium◦ Increased information technology costs paid by state agencies by \$11.6 million in FY 2024 and \$12.0 million in FY 2025 |

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Agency Actuals and Budget Comparison | | | | | |
|--------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 140.67 | 140.67 | 143.92 | 143.92 |
| Personal Services | 11,944,380 | 12,241,395 | 12,805,659 | 13,247,329 | 13,320,890 |
| Operating Expenses | 6,341,615 | 6,357,234 | 6,009,948 | 7,008,967 | 6,796,575 |
| Equipment & Intangible Assets | (6,604) | 56,605 | 50,000 | 85,000 | 50,000 |
| Local Assistance | 11,896 | 28,979 | 28,979 | 28,979 | 28,979 |
| Transfers | 8,589,879 | 8,589,879 | 17,149,632 | 31,834,925 | 33,441,889 |
| Debt Service | 419,873 | 419,875 | 419,875 | 419,875 | 419,875 |
| Total Expenditures | \$27,301,039 | \$27,693,967 | \$36,464,093 | \$52,625,075 | \$54,058,208 |
| General Fund | 14,336,458 | 14,470,427 | 23,248,297 | 38,389,422 | 39,996,808 |
| State/Other Special Rev. Funds | 6,884,636 | 6,966,724 | 7,058,134 | 7,639,924 | 7,627,553 |
| Federal Spec. Rev. Funds | 11,307 | 18,530 | 18,535 | 18,535 | 18,535 |
| Proprietary Funds | 6,068,638 | 6,238,286 | 6,139,127 | 6,577,194 | 6,415,312 |
| Total Funds | \$27,301,039 | \$27,693,967 | \$36,464,093 | \$52,625,075 | \$54,058,208 |
| Total Ongoing | \$27,301,039 | \$27,693,967 | \$36,464,093 | \$52,477,962 | \$54,038,414 |
| Total OTO | \$0 | \$0 | \$0 | \$147,113 | \$19,794 |

Page Reference

LFD Budget Analysis, A- 163

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

| Executive Budget Comparison | | | | | | | | |
|--------------------------------|------------------------|------------------------------------|--------------------------------------|--|------------------------------------|--------------------------------------|--|--|
| Budget Item | Approp. Fiscal 2023 | Executive Budget Fiscal 2024 | Legislative Budget Fiscal 2024 | Leg — Exec. Difference Fiscal 2024 | Executive Budget Fiscal 2025 | Legislative Budget Fiscal 2025 | Leg — Exec. Difference Fiscal 2025 | Biennium Difference Fiscal 24-25 |
| FTE | 140.67 | 144.42 | 143.92 | (0.50) | 144.42 | 143.92 | (0.50) | (0.50) |
| Personal Services | 12,805,659 | 13,414,639 | 13,247,329 | (167,310) | 13,489,782 | 13,320,890 | (168,892) | (336,202) |
| Operating Expenses | 6,009,948 | 7,011,964 | 7,008,967 | (2,997) | 6,799,647 | 6,796,575 | (3,072) | (6,069) |
| Equipment & Intangible Assets | 50,000 | 85,000 | 85,000 | 0 | 50,000 | 50,000 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Local Assistance | 28,979 | 28,979 | 28,979 | 0 | 28,979 | 28,979 | 0 | 0 |
| Grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 17,149,632 | 8,697,468 | 31,834,925 | 23,137,457 | 9,254,790 | 33,441,889 | 24,187,099 | 47,324,556 |
| Debt Service | 419,875 | 419,875 | 419,875 | 0 | 419,875 | 419,875 | 0 | 0 |
| Total Costs | \$36,464,093 | \$29,657,925 | \$52,625,075 | \$22,967,150 | \$30,043,073 | \$54,058,208 | \$24,015,135 | \$46,982,285 |
| General Fund | 23,248,297 | 15,301,220 | 38,389,422 | 23,088,202 | 15,859,335 | 39,996,808 | 24,137,473 | 47,225,675 |
| State/other Special Rev. Funds | 7,058,134 | 7,701,807 | 7,639,924 | (61,883) | 7,689,670 | 7,627,553 | (62,117) | (124,000) |
| Federal Spec. Rev. Funds | 18,535 | 18,535 | 18,535 | 0 | 18,535 | 18,535 | 0 | 0 |
| Other | 6,139,127 | 6,636,363 | 6,577,194 | (59,169) | 6,475,533 | 6,415,312 | (60,221) | (119,390) |
| Total Funds | \$36,464,093 | \$29,657,925 | \$52,625,075 | \$22,967,150 | \$30,043,073 | \$54,058,208 | \$24,015,135 | \$46,982,285 |
| Total Ongoing | \$36,464,093 | \$29,657,925 | \$52,477,962 | \$22,820,037 | \$29,968,073 | \$54,038,414 | \$24,070,341 | \$46,890,378 |
| Total OTO | \$0 | \$0 | \$147,113 | \$147,113 | \$75,000 | \$19,794 | (\$55,206) | \$91,907 |

The legislature adopted appropriations that are approximately \$47.0 million higher than the proposed appropriations for the 2025 biennium. Significant differences in the legislative budget compared to the proposed budget include:

- The legislature adopted an additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation
- The legislature did not adopt DP 109, which would have eliminated the capital development fund statutory transfer (17-7-208(1) MCA), totaling \$23.1 million in FY 2024 and \$24.1 million in FY 2025. This action restored the general fund transfers to the capital development account, which was established in HB 553 (2019 Legislature)
- The legislature reestablished the RMTD insurance premium rate in the agency budgets and established a one-time-only reduction for the RMTD premium rate, due to the adopted premium holiday. The net effect of this change on the overall budget amount is zero

In addition to changes adopted in the HB 2 budget, the legislature also adopted a change to the proposed SABHRS proprietary rate to increase overall revenues by approximately \$407,000 over the biennium.

Funding

The following table shows adopted agency funding for all sources of authority.

| Total Department of Administration Funding by Source of Authority 2025 Biennium Budget Request - Department of Administration | | | | | | |
|--|----------------------|------------------|-----------------------------|----------------------------|------------------------|----------------------|
| Funds | HB2 Ongoing | HB2 OTO | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds |
| General Fund | 78,142,076 | 244,154 | 0 | 212,324,675 | 290,710,905 | 22.05 % |
| State Special Total | 15,306,158 | (38,681) | 0 | 14,926,000 | 30,193,477 | 2.29 % |
| Federal Special Total | 37,070 | 0 | 0 | 24,763,900 | 24,800,970 | 1.88 % |
| Proprietary Total | 13,031,072 | (38,566) | 758,163,848 | 201,828,700 | 972,985,054 | 73.78 % |
| Other Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Total All Funds | \$106,516,376 | \$166,907 | \$758,163,848 | \$453,843,275 | \$1,318,690,406 | |
| Percent - Total All Sources | 8.08 % | 0.01 % | 57.49 % | 34.42 % | | |

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 23,248,297 | 23,248,297 | 46,496,594 | 59.32 % | 36,464,093 | 36,464,093 | 72,928,186 | 68.36 % |
| SWPL Adjustments | 474,385 | 400,178 | 874,563 | 1.12 % | 1,164,932 | 951,200 | 2,116,132 | 1.98 % |
| PL Adjustments | 14,512,109 | 16,396,277 | 30,908,386 | 39.43 % | 14,599,418 | 16,483,626 | 31,083,044 | 29.14 % |
| New Proposals | 154,631 | (47,944) | 106,687 | 0.14 % | 396,632 | 159,289 | 555,921 | 0.52 % |
| Total Budget | \$38,389,422 | \$39,996,808 | \$78,386,230 | | \$52,625,075 | \$54,058,208 | \$106,683,283 | |

Language and Statutory Authority

The legislature adopted the following language in HB 2:

"The Director's Office, State Financial Services Division, Architecture and Engineering Division, Banking and Financial Institutions Division, Montana State Lottery, State Human Resources Division, and Montana Tax Appeal Board include a one-time-only reduction in FY 2024 and FY 2025 for a suspension of insurance premium payments to the Risk Management and Tort Defense Division's proprietary fund."

"The State Financial Services Division includes an increase in general fund of \$41,499 in FY 2024 and \$51,589 in FY 2025 and state special revenue of \$26,270 in FY 2024 and \$32,615 in FY 2025. The Montana State Lottery includes an increase in proprietary funds of \$34,205 in FY 2024 and \$39,562 in FY 2025. The increases were provided to offset inflationary impacts. The Department of Administration may allocate these increases in funding among programs when developing 2025 biennium plans."

"If HB 314 is passed and approved, the Department of Administration is increased by \$1,000 proprietary funds in FY 2024 and \$1,000 proprietary funds in FY 2025."

"If SB 11 is passed and approved, the Department of Administration is increased by \$1,207,600 general fund in FY 2024 and \$62,000 general fund in FY 2025."

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|---------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 395,344 | 535,328 | 139,984 | 35.41 % |
| Operating Expenses | 178,445 | 182,452 | 4,007 | 2.25 % |
| Local Assistance | 28,592 | 28,592 | 0 | 0.00 % |
| Transfers | 25,739,511 | 65,276,814 | 39,537,303 | 153.61 % |
| Total Expenditures | \$26,341,892 | \$66,023,186 | \$39,681,294 | 150.64 % |
| General Fund | 26,316,478 | 65,997,772 | 39,681,294 | 150.78 % |
| Federal Spec. Rev. Funds | 25,414 | 25,414 | 0 | 0.00 % |
| Total Funds | \$26,341,892 | \$66,023,186 | \$39,681,294 | 150.64 % |
| Total Ongoing | \$26,341,892 | \$65,821,663 | \$39,479,771 | 149.87 % |
| Total OTO | \$0 | \$201,523 | \$201,523 | 100.00 % |

Page Reference

Legislative Budget Analysis, A- 169

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 2.50 | 2.50 | 2.50 | 2.50 |
| Personal Services | 94,134 | 96,888 | 298,456 | 267,490 | 267,838 |
| Operating Expenses | 57,373 | 121,831 | 56,614 | 146,989 | 35,463 |
| Local Assistance | 11,307 | 14,296 | 14,296 | 14,296 | 14,296 |
| Transfers | 8,589,879 | 8,589,879 | 17,149,632 | 31,834,925 | 33,441,889 |
| Total Expenditures | \$8,752,693 | \$8,822,894 | \$17,518,998 | \$32,263,700 | \$33,759,486 |
| General Fund | 8,741,386 | 8,810,187 | 17,506,291 | 32,250,993 | 33,746,779 |
| Federal Spec. Rev. Funds | 11,307 | 12,707 | 12,707 | 12,707 | 12,707 |
| Total Funds | \$8,752,693 | \$8,822,894 | \$17,518,998 | \$32,263,700 | \$33,759,486 |
| Total Ongoing | \$8,752,693 | \$8,822,894 | \$17,518,998 | \$32,061,779 | \$33,759,884 |
| Total OTO | \$0 | \$0 | \$0 | \$201,921 | (\$398) |

Page Reference

Legislative Budget Analysis, A- 171

Funding*HB 2 Appropriations*

The general fund provides 99.9% of the ongoing funding for the Director's Office in HB 2. This is primarily comprised of the transfers to the long-range building program's capital development and major repairs accounts. General fund also supports the Burial Preservation Board.

Federal special revenue provides 0.1% of funding in HB 2 and supports the allocation of federal flood control payments. These funds are received by the department from the U.S. Army Corp. of Engineers. Funds are directed to specific counties for reimbursement for 75.0% of receipts from the leasing of lands acquired for flood control, navigation, and allied purposes pursuant to 33 U.S.C. .701c-3.

Non-Budgeted Proprietary Appropriations

A portion of the Director's Office functions are supported by non-budgeted proprietary funds. These funds are discussed in the Proprietary Rates section of the narrative.

Statutory Appropriations

In the Director's Office, statutory appropriations account for 90.7% of appropriations from all sources of authority. The statutory appropriation authority is approximately \$131.5 million in FY 2024 and \$115.8 million in FY 2025. The figure below provides FY 2022 actual expenditures, FY 2023 appropriations, and the adopted HJ 2 estimates for FY 2024 and FY 2025 appropriations.

| Department of Administration | | | | |
|---------------------------------------|-----------------------|-------------------------|-----------------------|-----------------------|
| Director's Office | | | | |
| Statutory Appropriations | | | | |
| | FY 2022 Actual | FY 2023 Appropriated | FY 2024 Estimated | FY 2025 Estimated |
| General Fund | | | | |
| Debt Service | \$ 14,427,918 | \$ 15,132,470 | \$ 15,655,673 | \$ 14,963,535 |
| Local Government PERD Contribution | 570,047 | 583,057 | 1,307,255 | 1,343,615 |
| School District PERS Contribution | 669,881 | 686,289 | 718,305 | 743,445 |
| TRS GABA Contribution | 1,037,375 | 1,030,000 | 1,106,000 | 1,142,000 |
| TRS Supplemental Contribution | 46,962,150 | 46,950,000 | 48,859,000 | 49,837,000 |
| State Fund Division | 294,022 | 255,026 | 539,000 | 539,000 |
| Public Employees Retirement Transfer | 34,633,570 | 34,979,900 | 35,329,705 | 35,683,002 |
| Total General Fund | 98,594,963 | 99,616,742 | 103,514,938 | 104,251,597 |
| State Special Revenue | | | | |
| Mineral Impact Fees | 3,824,075 | 6,486,000 | 8,071,000 | 6,764,000 |
| Debt Service | - | - | - | - |
| Total State Special Revenue | 3,824,075 | 6,486,000 | 8,071,000 | 6,764,000 |
| Federal Special Revenue | | | | |
| Taylor Grazing Fees | 119,454 | - | 125,000 | 125,000 |
| Forest Reserve Funds | 14,382,681 | 3,917,450 | 19,831,450 | 4,682,450 |
| Total Federal Special Revenue | 14,502,135 | 3,917,450 | 19,956,450 | 4,807,450 |
| Total Statutory Appropriations | \$ 116,921,174 | \$ 110,020,192 | \$ 131,542,388 | \$ 115,823,047 |

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|---------------------|-----------------------|-------------------|-----------------------|---------------------|-----------------------|-------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 17,506,291 | 17,506,291 | 35,012,582 | 53.05 % | 17,518,998 | 17,518,998 | 35,037,996 | 53.07 % |
| SWPL Adjustments | 64,822 | (45,640) | 19,182 | 0.03 % | 64,822 | (45,640) | 19,182 | 0.03 % |
| PL Adjustments | 14,483,787 | 16,293,067 | 30,776,854 | 46.63 % | 14,483,787 | 16,293,067 | 30,776,854 | 46.62 % |
| New Proposals | 196,093 | (6,939) | 189,154 | 0.29 % | 196,093 | (6,939) | 189,154 | 0.29 % |
| Total Budget | \$32,250,993 | \$33,746,779 | \$65,997,772 | | \$32,263,700 | \$33,759,486 | \$66,023,186 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | |
|---|-----------------------|---------------------|---------------|-----------------|---------------------|-----------------------|---------------------|---------------|---------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Total Funds |
| DP 1 - Personal Services | 0.00 | (28,171) | 0 | 0 | (28,171) | 0.00 | (27,820) | 0 | (27,820) |
| DP 2 - Fixed Costs | 0.00 | 88,692 | 0 | 0 | 88,692 | 0.00 | (22,162) | 0 | (22,162) |
| DP 3 - Inflation Deflation | 0.00 | 4,301 | 0 | 0 | 4,301 | 0.00 | 4,342 | 0 | 4,342 |
| DP 4 - Allocate Department Indirect/Administrative Costs | 0.00 | 809 | 0 | 0 | 809 | 0.00 | 809 | 0 | 809 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 4 | 0 | 0 | 4 | 0.00 | 1 | 0 | 1 |
| DP 104 - Establish Minimum Funding for Major Repair | 0.00 | (446,432) | 0 | 0 | (446,432) | 0.00 | 313,209 | 0 | 313,209 |
| DP 105 - GF Transfer to LRBP Capital Development -Statutory | 0.00 | 14,929,406 | 0 | 0 | 14,929,406 | 0.00 | 15,979,048 | 0 | 15,979,048 |
| DP 222 - RMTD Adjustment | 0.00 | 398 | 0 | 0 | 398 | 0.00 | 398 | 0 | 398 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (398) | 0 | 0 | (398) | 0.00 | (398) | 0 | (398) |
| Grand Total All Present Law Adjustments | 0.00 | \$14,548,609 | \$0 | \$0 | \$14,548,609 | 0.00 | \$16,247,427 | \$0 | \$16,247,427 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature adopted adjustments in FY 2024 and FY 2025 to provide 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.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 104 - Establish Minimum Funding for Major Repair -

The legislature adopted a transfer from the general fund to the Major Repair Long-Range Building Program account, as required by 17-7-222, MCA.

DP 105 - GF Transfer to LRBP Capital Development -Statutory -

The legislature adopted a transfer from the general fund to the Capital Developments Long-Range Building Program account, as required by 17-7-208, MCA.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|---|-------------|------------------|---------------|-----------------|------------------|-----------------------|------------------|---------------|-----------------|------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 111 - Establish Office of Public Information Requests-General Fund | 0.00 | 202,319 | 0 | 0 | 202,319 | 0.00 | 0 | 0 | 0 | 0 |
| DP 333 - Adjustment to Inflation | 0.00 | (3,431) | 0 | 0 | (3,431) | 0.00 | (4,141) | 0 | 0 | (4,141) |
| DP 555 - Additional Vacancy Savings | 0.00 | (2,795) | 0 | 0 | (2,795) | 0.00 | (2,798) | 0 | 0 | (2,798) |
| Total | 0.00 | \$196,093 | \$0 | \$0 | \$196,093 | 0.00 | (\$6,939) | \$0 | \$0 | (\$6,939) |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 111 - Establish Office of Public Information Requests-General Fund -

The legislature adopted one-time-only general fund of \$202,319 in FY 2024 to establish the Office of Public Information Requests.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Other Issues -**Proprietary Rates**

There are two proprietary funds in the Director's Office, which include:

- Management Services Fund – the Director's Office provides management services to other divisions within the agency
- The Chief Data Office - the Director's Office provides expertise to collaborate with state agencies to enable and lead the digital transformation and data modernization efforts within state government

These programs are funded with proprietary type funds. As such, the legislature approves the maximum rates that the programs can charge during the biennium.

Management Services – 06534*Proprietary Program Description*

The Director's Office provides the following functions with the management services fund:

- Office of Human Resources
 - Processes payroll
 - Assists with recruitment, selection, and orientation of new employees
 - Classifies positions
 - Develops policies for the department
- Office of Legal Services
 - Advises on legal matters
- Office of Finance and Budget
 - Prepares and presents the biennial budget
 - Processes budget change documents
 - Monitors budgets for compliance with state law and legislative intent
 - Provides accounting assistance

The management services fund supports 21.51 FTE.

Proprietary Program Revenues and Expenses

The following table shows the actual and reviewed expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

| Fund | Fund Name | Agency # | Agency Name | Program Name |
|-------|---------------------|----------|------------------------------|-------------------|
| 06534 | Management Services | 61010 | Department of Administration | Director's Office |

| | Actual FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 |
|---|-----------------|--------------------|-------------------|-------------------|
| Operating Revenues | | | | |
| Fees and Charges | | | | |
| Fee Revenue A | 1,498,456 | 1,498,456 | 1,723,224 | 1,723,224 |
| Fee Revenue B | 634,538 | 671,821 | 772,594 | 772,594 |
| Fee Revenue C | 1,313 | 12 | 12 | 12 |
| Other Operating Revenues | | | | |
| Total Operating Revenues | 2,134,307 | 2,170,289 | 2,495,830 | 2,495,830 |
| Expenses | | | | |
| Personal Services | 1,781,222 | 1,840,869 | 2,163,806 | 2,174,379 |
| Operating Expense | 277,402 | 277,447 | 353,699 | 350,208 |
| Total Operating Expense | 2,058,624 | 2,118,316 | 2,517,505 | 2,524,587 |
| Operating Income (Loss) | 75,683 | 51,973 | (21,675) | (28,757) |
| Nonoperating Revenues | | | | |
| Nonoperating Expenses | | | | |
| Total Nonoperating Revenues (Expenses) | - | - | - | - |
| Income (Loss) Before Contributions and Transfers | 75,683 | 51,973 | (21,675) | (28,757) |
| Capital Contributions | | | | |
| Transfers In | | | | |
| Transfers Out | | | | |
| Loans and Lease Payments | | | | |
| Change in Net Position | 75,683 | 51,973 | (21,675) | (28,757) |
| Beginning Net Position - July 1 | 106,362 | 184,226 | 236,199 | 214,524 |
| Prior Period Adjustments | 2,181 | | | |
| Change in Net Position | 75,683 | 51,973 | (21,675) | (28,757) |
| Ending Net Position - June 30 | 184,226 | 236,199 | 214,524 | 185,767 |

The legislature reviewed an increase in expenses in the management services fund by approximately \$399,000 in FY 2024 and approximately \$406,000 in FY 2025 when compared to the FY 2023 base budget.

The increase is primarily due to the statewide present law adjustments for personal services, increasing appropriations by approximately \$323,000 in FY 2024 and \$334,000 in FY 2025 in the management services fund. Operating expenses increased approximately \$76,000 in FY 2024 and approximately \$73,000 in FY 2025.

Revenues

All divisions of the agency and some administratively attached boards and agencies use the services provided by the Director's Office. Administratively attached agencies or boards are not charged a fee if they do not use some of the services because they have staff to perform these functions. The revenues for this program are allocated in three ways:

- A percentage of base year expenses by the division
- The number of FTE within a program
- The Office of Legal Services costs are allocated to divisions based on a time use study

Proprietary Rates

The figure below shows the rates adopted by the legislature for the 2025 biennium. There is a 13.0% increase to the total allocation of costs and a 13.0% increase to the FTE component when compared to the FY 2023 base rates.

| Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information | | | | |
|--|-----------------|--------------------|------------------|------------------|
| Fee Description: | Actual FY 22 | Estimated FY 23 | Adopted FY 24 | Adopted FY 25 |
| Management Srvc | 1,498,456 | 1,498,456 | 1,723,224 | 1,723,224 |
| Human Resources | <u>634,538</u> | <u>671,821</u> | <u>772,594</u> | <u>772,594</u> |
| | \$ 2,132,994 | \$ 2,170,277 | \$ 2,495,818 | \$ 2,495,818 |

This program is funded with an internal service fund, which is a type of a proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Chief Data Office – 06504

Proprietary Program Description

The Chief Data Office will provide expertise to collaborate with state agencies to enable and lead the digital transformation and data modernization efforts within state government. The office will work in close partnership with agency leaders to drive the development and deployment of the enterprise data vision and strategies, oversee data management, data analysis, data governance, ensure data quality, and recommend best practices in establishing agency performance measures.

The Chief Data Office fund will support 3.00 FTE.

Proprietary Program Revenues and Expenses

The following table shows the actual and reviewed expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

| Fund | Fund Name | Agency # | Agency Name | Program Name |
|-------|-------------------|----------|---------------|-------------------|
| 06504 | Chief Data Office | 61010 | Dept of Admin | Chief Data Office |

| | Estimated FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 |
|---|--------------------|--------------------|-------------------|-------------------|
| Operating Revenues | | | | |
| Fees and Charges | | | | |
| Fee Revenue | - | 450,000 | 500,000 | 500,000 |
| Other Operating Revenues | | | | |
| Revenue | | | | |
| Total Operating Revenues | - | 450,000 | 500,000 | 500,000 |
| Expenses | | | | |
| Personal Services | - | 375,000 | 392,937 | 392,513 |
| Operating Expense | - | 75,000 | 80,000 | 72,000 |
| Total Operating Expense | - | 450,000 | 472,937 | 464,513 |
| Operating Income (Loss) | - | - | 27,063 | 35,487 |
| Nonoperating Revenues | | | | |
| Nonoperating Expenses | | | | |
| Total Nonoperating Revenues (Expenses) | - | - | - | - |
| Income (Loss) Before Contributions and Transfers | - | - | 27,063 | 35,487 |
| Capital Contributions | | | | |
| Transfers In | | | | |
| Transfers Out | | | | |
| Loans and Lease Payments | | | | |
| Change in Net Position | - | - | 27,063 | 35,487 |
| Beginning Net Position - July 1 | - | - | - | 27,063 |
| Prior Period Adjustments | | | | |
| Change in Net Position | - | - | 27,063 | 35,487 |
| Ending Net Position - June 30 | - | - | 27,063 | 62,550 |

Expenses

The majority of the program expenditures will be to fund the 3.00 FTE positions: the chief data officer, a database administrator, and an IT systems architect. There is a small amount of operating expenses to support the positions.

Revenues

Revenues will be collected through a fixed cost allocation in state agency budgets.

Proprietary Rates

The Director's Office covered the first fiscal year (FY 2023) of personal services and operating expenditures for the program. The legislature adopted the allocation per agency that was determined by each agency's total tech budget with the State Information Technology Services Division (SITSD) to cover projected biennium expenditures.

**Rates for Internal Service or Enterprise Funds
Fee/Rate Information**

| Estimated FY 22 | Estimated FY 23 | Adopted FY 24 | Adopted FY 25 |
|--------------------|--------------------|------------------|------------------|
|--------------------|--------------------|------------------|------------------|

Fee Description:

The Chief Data Office rate is based on a percentage of the following agency's FY 2023 tech budget with SITSD.

Agency:

| | | |
|--|------------|------------|
| Dept of Administration | \$ 31,375 | \$ 31,375 |
| Dept of Agriculture | \$ 4,998 | \$ 4,998 |
| Dept of Commerce | \$ 7,885 | \$ 7,885 |
| Dept of Corrections | \$ 43,481 | \$ 43,481 |
| Dept of Environmental Quality | \$ 18,992 | \$ 18,992 |
| Dept of Fish, Wildlife & Parks | \$ 27,044 | \$ 27,044 |
| Governor's Office | \$ 3,610 | \$ 3,610 |
| Dept of Justice | \$ 44,869 | \$ 44,869 |
| Dept of Labor & Industry | \$ 40,315 | \$ 40,315 |
| Dept of Livestock | \$ 3,721 | \$ 3,721 |
| Montana Lottery | \$ 1,388 | \$ 1,388 |
| Dept of Military Affairs | \$ 2,110 | \$ 2,110 |
| Dept of Natural Resources & Conservation | \$ 34,040 | \$ 34,040 |
| Dept of Public Health & Human Services | \$ 135,829 | \$ 135,829 |
| Dept of Revenue | \$ 30,375 | \$ 30,375 |
| Dept of Transportation | \$ 69,969 | \$ 69,969 |
| | \$ 500,000 | \$ 500,000 |

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Operating Expenses | 0 | 75,000 | 75,000 | 0.00 % |
| Total Expenditures | \$0 | \$75,000 | \$75,000 | 0.00 % |
| General Fund | 0 | 75,000 | 75,000 | 0.00 % |
| Total Funds | \$0 | \$75,000 | \$75,000 | 0.00 % |
| Total Ongoing | \$0 | \$0 | \$0 | 100.00 % |
| Total OTO | \$0 | \$75,000 | \$75,000 | 100.00 % |

Page Reference

Legislative Budget Analysis, A- 182

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| Operating Expenses | 0 | 0 | 0 | 0 | 75,000 |
| Total Expenditures | \$0 | \$0 | \$0 | \$0 | \$75,000 |
| General Fund | 0 | 0 | 0 | 0 | 75,000 |
| Total Funds | \$0 | \$0 | \$0 | \$0 | \$75,000 |
| Total Ongoing | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total OTO | \$0 | \$0 | \$0 | \$0 | \$75,000 |

Page Reference

Legislative Budget Analysis, A- 183

Funding

The funding requested is all general fund in the event that the person elected at the general election in FY 2024 to the Office of Governor who is not the incumbent governor.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 0 | 0 | 0 | 0.00 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 0 | 0 | 0 | 0.00 % |
| PL Adjustments | 0 | 75,000 | 75,000 | 100.00 % | 0 | 75,000 | 75,000 | 100.00 % |
| New Proposals | 0 | 0 | 0 | 0.00 % | 0 | 0 | 0 | 0.00 % |
| Total Budget | \$0 | \$75,000 | \$75,000 | | \$0 | \$75,000 | \$75,000 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | |
|--|-----------------------|-----------------|------------------|--------------------|----------------|-----------------------|-----------------|------------------|--------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special |
| DP 201 - Governor-Elect Appropriation (OTO) | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 75,000 | 0 | 0 |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$0 | \$0 | \$0 | 0.00 | \$75,000 | \$0 | \$0 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 201 - Governor-Elect Appropriation (OTO) -

Montana statute (2-15-221, MCA) requires the department to provide funding to a governor-elect, and his or her staff, for the period between the general election and the inauguration in the event of a change in office as a result of the 2024 general election. The legislature adopted \$75,000 in FY 2025 as a one-time-only general fund appropriation.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 4,991,601 | 5,120,487 | 128,886 | 2.58 % |
| Operating Expenses | 1,587,551 | 2,065,804 | 478,253 | 30.13 % |
| Total Expenditures | \$6,579,152 | \$7,186,291 | \$607,139 | 9.23 % |
| General Fund | 5,950,840 | 6,556,695 | 605,855 | 10.18 % |
| State/Other Special Rev. Funds | 455,488 | 457,196 | 1,708 | 0.37 % |
| Federal Spec. Rev. Funds | 11,651 | 11,656 | 5 | 0.04 % |
| Proprietary Funds | 161,173 | 160,744 | (429) | (0.27)% |
| Total Funds | \$6,579,152 | \$7,186,291 | \$607,139 | 9.23 % |
| Total Ongoing | \$6,579,152 | \$7,205,077 | \$625,925 | 9.51 % |
| Total OTO | \$0 | (\$18,786) | (\$18,786) | 100.00 % |

Page Reference

Legislative Budget Analysis, A- 185

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 28.92 | 28.92 | 28.92 | 28.92 |
| Personal Services | 2,358,029 | 2,438,483 | 2,553,118 | 2,552,268 | 2,568,219 |
| Operating Expenses | 870,049 | 795,731 | 791,820 | 1,026,135 | 1,039,669 |
| Total Expenditures | \$3,228,078 | \$3,234,214 | \$3,344,938 | \$3,578,403 | \$3,607,888 |
| General Fund | 2,892,029 | 2,892,064 | 3,058,776 | 3,267,250 | 3,289,445 |
| State/Other Special Rev. Funds | 255,978 | 256,244 | 199,244 | 224,951 | 232,245 |
| Federal Spec. Rev. Funds | 0 | 5,823 | 5,828 | 5,828 | 5,828 |
| Proprietary Funds | 80,071 | 80,083 | 81,090 | 80,374 | 80,370 |
| Total Funds | \$3,228,078 | \$3,234,214 | \$3,344,938 | \$3,578,403 | \$3,607,888 |
| Total Ongoing | \$3,228,078 | \$3,234,214 | \$3,344,938 | \$3,587,796 | \$3,617,281 |
| Total OTO | \$0 | \$0 | \$0 | (\$9,393) | (\$9,393) |

Page Reference

Legislative Budget Analysis, A- 186

Funding

HB 2 Appropriations

HB 2 general fund appropriations support 91.7% of the costs in the State Financial Services Division. General fund is the primary source for the functions approved in HB 2. General fund supports the development of statewide accounting standards, treasury functions, procurement functions, accounting assistance for local governments, and the State Social Security Administrator function.

The procurement state special revenue fund receives revenue from all rebates credited to the department from using state procurement cards and term contracts. The revenue must be used to administer the state's procurement card programs, administer term contracts established by the department, and reimburse applicable funds to the federal government. The unreserved, unexpended balance of the funds collected must be deposited in the general fund by the end of the fiscal year.

Federal special revenues provide for cash management services related to the federal Cash Management Improvement Act (CMIA). These funds are deposited into the general fund.

Proprietary funding in HB 2 is a direct appropriation from the Board of Investments (BOI) proprietary fund for services the Treasury Unit provides to the BOI.

Nonbudgeted Proprietary Appropriations

Non-budgeted proprietary funds support approximately 54.8% of the State Financial Services Division functions. These funds are discussed in the Proprietary Rates section of the narrative.

Statutory Appropriations

Approximately 17.9% of the funding State Financial Services Division receives is statutorily appropriated. The state treasurer may contract with a financial institution to provide general depository banking services. The cost of contracting for banking services is statutorily appropriated from the general fund (17-6-101, MCA). In addition, the state treasurer has statutory authority to return any federal funds and the interest earned on the funds that may not be retained by the state according to federal law or the terms of the federal grant (17-3-106, MCA).

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| | -----General Fund----- | | | | -----Total Funds----- | | | |
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 3,058,776 | 3,058,776 | 6,117,552 | 93.30 % | 3,344,938 | 3,344,938 | 6,689,876 | 93.09 % |
| SWPL Adjustments | 196,280 | 214,183 | 410,463 | 6.26 % | 197,971 | 216,893 | 414,864 | 5.77 % |
| PL Adjustments | 17,246 | 17,189 | 34,435 | 0.53 % | 17,073 | 17,011 | 34,084 | 0.47 % |
| New Proposals | (5,052) | (703) | (5,755) | (0.09)% | 18,421 | 29,046 | 47,467 | 0.66 % |
| Total Budget | \$3,267,250 | \$3,289,445 | \$6,556,695 | | \$3,578,403 | \$3,607,888 | \$7,186,291 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-------------|------------------|----------------|-----------------|------------------|-----------------------|------------------|----------------|-----------------|------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 29,088 | (3,073) | 0 | 26,015 | 0.00 | 43,977 | (1,842) | 0 | 42,135 |
| DP 2 - Fixed Costs | 0.00 | 102,892 | 3,881 | 0 | 106,773 | 0.00 | 92,361 | 3,549 | 0 | 95,910 |
| DP 3 - Inflation Deflation | 0.00 | 64,300 | 883 | 0 | 65,183 | 0.00 | 77,845 | 1,003 | 0 | 78,848 |
| DP 4 - Allocate Department Indirect/Administrative Costs | 0.00 | 17,286 | (222) | 0 | 17,064 | 0.00 | 17,286 | (222) | 0 | 17,064 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | (26) | 49 | 0 | 23 | 0.00 | (84) | 44 | 0 | (40) |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (14) | 0 | 0 | (14) | 0.00 | (13) | 0 | 0 | (13) |
| DP 222 - RMTD Adjustment | 0.00 | 9,052 | 341 | 0 | 9,393 | 0.00 | 9,045 | 348 | 0 | 9,393 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (9,052) | (341) | 0 | (9,393) | 0.00 | (9,045) | (348) | 0 | (9,393) |
| Grand Total All Present Law Adjustments | 0.00 | \$213,526 | \$1,518 | \$0 | \$215,044 | 0.00 | \$231,372 | \$2,532 | \$0 | \$233,904 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature adopted adjustments in FY 2024 and FY 2025 to provide 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.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|--|-----------------------|------------------|-----------------|-----------------|-----------------|-----------------------|----------------|-----------------|-----------------|-----------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 920 | 0 | 0 | 920 | 0.00 | 920 | 0 | 0 | 920 |
| DP 333 - Adjustment to Inflation | 0.00 | (23,086) | (317) | 0 | (23,403) | 0.00 | (28,675) | (369) | 0 | (29,044) |
| DP 555 - Additional Vacancy Savings | 0.00 | (24,385) | (1,764) | 0 | (26,865) | 0.00 | (24,537) | (1,777) | 0 | (27,034) |
| DP 3333 - Additional Adjustment to Inflation | 0.00 | 41,499 | 26,270 | 0 | 67,769 | 0.00 | 51,589 | 32,615 | 0 | 84,204 |
| Total | 0.00 | (\$5,052) | \$24,189 | \$0 | \$18,421 | 0.00 | (\$703) | \$30,469 | \$0 | \$29,046 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted general fund appropriation in FY 2024 and FY 2025 for the agency to pay for new fixed cost allocations related to the Chief Data Office and the State Management Training Center. Rates for the fixed costs are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 3333 - Additional Adjustment to Inflation -

The legislature adopted an additional adjustment to inflation included in DP 3.

Other Issues -

Proprietary Rates

The State Financial Services Division provides the following functions with proprietary funds:

- Statewide Accounting, Budgeting, and Human Resources System (SABHRS)
- Warrant Writer

SABHRS – 06511

Proprietary Program Description

The Financial Services Technology Bureau (FSTB) is responsible for the operational support and maintenance of the enterprise financial (SABHRS Financials) and budget development (IBARS) information systems and for supporting the enterprise acquisition and contracting system (eMACS). 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.

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

Proprietary Program Revenues and Expenses

The following table shows the actual and reviewed expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

| Fund | Fund Name | Agency # | Agency Name | Program Name |
|-------|-----------|----------|-------------------------|--------------------------|
| 06511 | SABHRS | 61010 | Dept. of Administration | State Financial Services |

| | Actual FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 |
|---|-----------------|--------------------|-------------------|-------------------|
| Operating Revenues | | | | |
| Fees and Charges | | | | |
| SABHRS Services | 4,168,576 | 3,974,661 | 4,793,865 | 4,570,860 |
| Other Operating Revenues | 209,072 | 210,580 | 212,686 | 214,813 |
| Total Operating Revenues | 4,377,648 | 4,185,241 | 5,006,551 | 4,785,673 |
| Expenses | | | | |
| Personal Services | 2,079,408 | 2,041,663 | 2,128,037 | 2,140,579 |
| Other Operating Expense | 2,969,539 | 2,407,355 | 2,948,200 | 2,923,442 |
| Total Operating Expense | 5,048,947 | 4,449,018 | 5,076,237 | 5,064,021 |
| Operating Income (Loss) | (671,299) | (263,777) | (69,686) | (278,348) |
| Nonoperating Revenues | | | | |
| Nonoperating Expenses | | | | |
| Total Nonoperating Revenues (Expenses) | - | - | - | - |
| Income (Loss) Before Contributions and Transfers | (671,299) | (263,777) | (69,686) | (278,348) |
| Capital Contributions | | | | |
| Transfers In | | | | |
| Transfers Out | | | | |
| Loans and Lease Payments | | | | |
| Change in Net Position | (671,299) | (263,777) | (69,686) | (278,348) |
| Beginning Net Position - July 1 | 1,256,623 | 586,501 | 322,724 | 253,038 |
| Prior Period Adjustments | 1,177 | | | |
| Change in Net Position | (671,299) | (263,777) | (69,686) | (278,348) |
| Ending Net Position - June 30 | 586,501 | 322,724 | 253,038 | (25,310) |

Expenses

The legislature reviewed an increase in expenses in the SABHRS fund by approximately \$627,000 in FY 2024 and approximately \$615,000 in FY 2025 when compared to the FY 2023 base budget. The increase is primarily due to statewide present law adjustment for personal services and increasing software licensing costs.

Revenues

All state agencies are required to use the SABHRS program to ensure consistent, accurate, and transparent financial and budgeting information. Revenues are based on the costs to operate.

Proprietary Rates

The figure below shows the rates the legislature adopted for the 2025 biennium. The rates charged in the base year are shown for comparison purposes. When comparing the 2023 biennium to the 2025 biennium, the rate increases revenues by approximately \$819,000 in FY 2024 and \$596,000 in FY 2025. This increase in rate is required to address the cost of software licensing increases of approximately \$1.0 million incurred over the last couple of years.

| Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information | | | | |
|--|-----------------|--------------------|------------------|------------------|
| | Actual FY 22 | Estimated FY 23 | Adopted FY 24 | Adopted FY 25 |
| Fee Description: | | | | |
| Revenue Needed | 4,168,579 | 3,974,661 | 4,793,865 | 4,570,860 |

This program is funded with an internal service fund, which is a type of a proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Warrant Writer – 06564

Proprietary 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 offers 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.

Proprietary Program Revenues and Expenses

The following table shows the actual and reviewed expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

| Fund | Fund Name | Agency # | Agency Name | Program Name |
|-------|-----------------|----------|------------------------|--------------------------|
| 06564 | Warrant Writing | 61010 | Dept of Administration | State Financial Services |

| | Actual FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 |
|---|-----------------|--------------------|-------------------|-------------------|
| Operating Revenues | | | | |
| Fees and Charges | | | | |
| Warrant Writing Revenue | 798,071 | 810,005 | 865,806 | 872,812 |
| Other Operating Revenues | - | - | - | - |
| Total Operating Revenues | 798,071 | 810,005 | 865,806 | 872,812 |
| Expenses | | | | |
| Personal Services | 212,675 | 289,192 | 269,678 | 271,038 |
| Other Operating Expense | 591,634 | 542,234 | 587,972 | 597,530 |
| Equipment | - | 6,604 | 6,604 | 6,604 |
| Total Operating Expense | 804,309 | 838,030 | 864,254 | 875,172 |
| Operating Income (Loss) | (6,238) | (28,025) | 1,552 | (2,360) |
| Nonoperating Revenues | | | | |
| Other Revenue A | | | | |
| Other Revenue B | | | | |
| Nonoperating Expenses | | | | |
| Debt Service | - | - | - | - |
| Other Expense B | | | | |
| Total Nonoperating Revenues (Expenses) | - | - | - | - |
| Income (Loss) Before Contributions/Transfers | (6,238) | (28,025) | 1,552 | (2,360) |
| Capital Contributions | | | | |
| Transfers In | | | | |
| Transfers Out | | | | |
| Change in Net Position | (6,238) | (28,025) | 1,552 | (2,360) |
| Beginning Net Position - July 1 | 233,818 | 240,095 | 212,070 | 213,622 |
| Prior Period Adjustments | 661 | | | |
| Change in Net Position | (6,238) | (28,025) | 1,552 | (2,360) |
| Ending Net Position - June 30 | 240,095 | 212,070 | 213,622 | 211,262 |

Expenses

The legislature reviewed an overall increase in expenses in the warrant writer fund by approximately \$26,000 in FY 2024 and approximately \$37,000 in FY 2025 when compared to the FY 2023 base budget. The increase is primarily due to increases in operating expenses and is partially offset by a decrease in the statewide present law adjustment for personal

services. The legislature reviewed an additional \$46,000 in FY 2024 and \$55,000 in FY 2025 for operating costs due to increases in postage and printing costs.

Revenues

Revenues are derived from monthly billing based on the number of actual warrants issued. Budget authority for the expense is a fixed cost item in state agency budgets.

Proprietary Rates

The figure below shows the rates the legislature adopted for the 2025 biennium. The rates charged in the base year are shown for comparison purposes. When comparing the 2023 biennium to the 2025 biennium, the rate results in an overall increase in revenues of approximately \$280,000.

| Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information | | | | |
|--|-----------------|--------------------|------------------|------------------|
| | Actual FY 22 | Estimated FY 23 | Adopted FY 24 | Adopted FY 25 |
| Fee Description: | | | | |
| Mailers | \$0.83386 | \$0.83386 | \$0.88432 | \$0.88432 |
| Non-Mailers | \$0.36059 | \$0.36059 | \$0.38241 | \$0.38241 |
| Emergencies | \$13.52212 | \$13.52212 | \$14.34045 | \$14.34045 |
| Duplicates | \$9.01475 | \$9.01475 | \$9.56030 | \$9.56030 |
| External - Payroll | \$0.15206 | \$0.15206 | \$0.16126 | \$0.16126 |
| External - University System | \$0.12170 | \$0.12170 | \$0.12907 | \$0.12907 |
| Direct Deposit - Mailer | \$0.99162 | \$0.99162 | \$1.05163 | \$1.05163 |
| Direct Deposit - No Advice | \$0.13522 | \$0.13522 | \$0.14340 | \$0.14340 |
| UI Mailer - Print Only | \$0.11847 | \$0.11847 | \$0.12564 | \$0.12564 |
| UI Direct Deposit - No Advice | \$0.02982 | \$0.02982 | \$0.03162 | \$0.03162 |

This program is funded with an internal service fund, which is a type of a proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 3,476,794 | 3,768,426 | 291,632 | 8.39 % |
| Operating Expenses | 1,320,079 | 1,605,332 | 285,253 | 21.61 % |
| Equipment & Intangible Assets | 6,605 | 0 | (6,605) | (100.00)% |
| Total Expenditures | \$4,803,478 | \$5,373,758 | \$570,280 | 11.87 % |
| State/Other Special Rev. Funds | 4,803,478 | 5,373,758 | 570,280 | 11.87 % |
| Total Funds | \$4,803,478 | \$5,373,758 | \$570,280 | 11.87 % |
| Total Ongoing | \$4,803,478 | \$5,384,832 | \$581,354 | 12.10 % |
| Total OTO | \$0 | (\$11,074) | (\$11,074) | 100.00 % |

Page Reference

Legislative Budget Analysis, A- 199

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 17.50 | 17.50 | 18.00 | 18.00 |
| Personal Services | 1,707,858 | 1,725,868 | 1,750,926 | 1,878,668 | 1,889,758 |
| Operating Expenses | 607,643 | 653,242 | 666,837 | 826,303 | 779,029 |
| Equipment & Intangible Assets | (6,604) | 6,605 | 0 | 0 | 0 |
| Total Expenditures | \$2,308,897 | \$2,385,715 | \$2,417,763 | \$2,704,971 | \$2,668,787 |
| State/Other Special Rev. Funds | 2,308,897 | 2,385,715 | 2,417,763 | 2,704,971 | 2,668,787 |
| Total Funds | \$2,308,897 | \$2,385,715 | \$2,417,763 | \$2,704,971 | \$2,668,787 |
| Total Ongoing | \$2,308,897 | \$2,385,715 | \$2,417,763 | \$2,710,508 | \$2,674,324 |
| Total OTO | \$0 | \$0 | \$0 | (\$5,537) | (\$5,537) |

Page Reference

Legislative Budget Analysis, A- 200

Funding

The Architecture & Engineering Division is funded entirely with state special revenue funds. Funds are transferred from the long-range building major repairs fund to the state special revenue fund, which was established for administrative expenses related to the support of the state Long-Range Building Program.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 2,417,763 | 2,417,763 | 4,835,526 | 89.98 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 267,804 | 234,462 | 502,266 | 9.35 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 7,867 | 7,909 | 15,776 | 0.29 % |
| New Proposals | 0 | 0 | 0 | 0.00 % | 11,537 | 8,653 | 20,190 | 0.38 % |
| Total Budget | \$0 | \$0 | \$0 | | \$2,704,971 | \$2,668,787 | \$5,373,758 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|--------------|---------------|-----------------|-------------|------|-----------------------|---------------|-----------------|-------------|--|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds | |
| DP 1 - Personal Services | | | | | | | | | | |
| 0.00 | 0 | 110,907 | 0 | 110,907 | 0.00 | 0 | 122,020 | 0 | 122,020 | |
| DP 2 - Fixed Costs | | | | | | | | | | |
| 0.00 | 0 | 133,975 | 0 | 133,975 | 0.00 | 0 | 82,959 | 0 | 82,959 | |
| DP 3 - Inflation Deflation | | | | | | | | | | |
| 0.00 | 0 | 22,922 | 0 | 22,922 | 0.00 | 0 | 29,483 | 0 | 29,483 | |
| DP 4 - Allocate Department Indirect/Administrative Costs | | | | | | | | | | |
| 0.00 | 0 | 9,002 | 0 | 9,002 | 0.00 | 0 | 9,002 | 0 | 9,002 | |
| DP 20 - SABHRS Rate Adjustment | | | | | | | | | | |
| 0.00 | 0 | 201 | 0 | 201 | 0.00 | 0 | 158 | 0 | 158 | |
| DP 30 - Motor Pool Rate Adjustment | | | | | | | | | | |
| 0.00 | 0 | (1,336) | 0 | (1,336) | 0.00 | 0 | (1,251) | 0 | (1,251) | |
| DP 222 - RMTD Adjustment | | | | | | | | | | |
| 0.00 | 0 | 5,537 | 0 | 5,537 | 0.00 | 0 | 5,537 | 0 | 5,537 | |
| DP 223 - RMTD Adjustment (OTO) | | | | | | | | | | |
| 0.00 | 0 | (5,537) | 0 | (5,537) | 0.00 | 0 | (5,537) | 0 | (5,537) | |
| Grand Total All Present Law Adjustments | | | | | | | | | | |
| 0.00 | \$0 | \$275,671 | \$0 | \$275,671 | 0.00 | \$0 | \$242,371 | \$0 | \$242,371 | |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature adopted adjustments in FY 2024 and FY 2025 to provide 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.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|---|-----------------------|--------------|-----------------|-----------------|-----------------|-----------------------|--------------|----------------|-----------------|----------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 4,200 | 0 | 4,200 | 0.00 | 0 | 4,200 | 0 | 4,200 |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | (9,498) | 0 | (9,498) | 0.00 | 0 | (12,359) | 0 | (12,359) |
| DP 401 - Increase FTE to Provide Administrative Support for A&E | 0.50 | 0 | 36,229 | 0 | 36,229 | 0.50 | 0 | 36,322 | 0 | 36,322 |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | (19,394) | 0 | (19,394) | 0.00 | 0 | (19,510) | 0 | (19,510) |
| Total | 0.50 | \$0 | \$11,537 | \$0 | \$11,537 | 0.50 | \$0 | \$8,653 | \$0 | \$8,653 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted state special revenue appropriation in FY 2024 and FY 2025 for the agency to pay for new fixed cost allocations related to the Chief Data Office and the State Management Training Center. Rates for the fixed costs are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 401 - Increase FTE to Provide Administrative Support for A&E -

The legislature adopted the conversion of an existing part-time position to a full-time administrative support position for the entire division. In addition to providing direct support for the contracting officer, this position provides division-wide file and document management, forms processing, website maintenance and adjustments, advertising, procurement, and bidding assistance for the division administrator, design project management, construction management, contracting, and accounting. The broadband program is also established within A&E, and this position has been performing additional tasks to provide much needed assistance.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|-------------------------------|------------------------------|-----------------------------|----------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 10,593,364 | 10,185,227 | (408,137) | (3.85)% |
| Operating Expenses | 34,217,355 | 36,181,385 | 1,964,030 | 5.74 % |
| Equipment & Intangible Assets | 916,430 | 1,143,542 | 227,112 | 24.78 % |
| Capital Outlay | 46,372 | 0 | (46,372) | (100.00)% |
| Transfers | 557,000 | 360,000 | (197,000) | (35.37)% |
| Debt Service | 365,345 | 365,708 | 363 | 0.10 % |
| Total Expenditures | \$46,695,866 | \$48,235,862 | \$1,539,996 | 3.30 % |
| Proprietary Funds | 46,695,866 | 48,235,862 | 1,539,996 | 3.30 % |
| Total Funds | \$46,695,866 | \$48,235,862 | \$1,539,996 | 3.30 % |
| Total Ongoing | \$46,695,866 | \$49,799,756 | \$3,103,890 | 6.65 % |
| Total OTO | \$0 | (\$1,563,894) | (\$1,563,894) | 100.00 % |

Page Reference

Legislative Budget Analysis, A- 204

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 72.35 | 72.35 | 72.35 | 72.35 |
| Personal Services | 5,387,077 | 5,474,358 | 5,119,006 | 5,077,379 | 5,107,848 |
| Operating Expenses | 16,114,743 | 16,774,100 | 17,443,255 | 18,024,358 | 18,157,027 |
| Equipment & Intangible Assets | 576,573 | 503,265 | 413,165 | 571,771 | 571,771 |
| Capital Outlay | 46,372 | 46,372 | 0 | 0 | 0 |
| Transfers | 366,795 | 356,000 | 201,000 | 201,000 | 159,000 |
| Debt Service | 180,901 | 182,491 | 182,854 | 182,854 | 182,854 |
| Total Expenditures | \$22,672,461 | \$23,336,586 | \$23,359,280 | \$24,057,362 | \$24,178,500 |
| Proprietary Funds | 22,672,461 | 23,336,586 | 23,359,280 | 24,057,362 | 24,178,500 |
| Total Funds | \$22,672,461 | \$23,336,586 | \$23,359,280 | \$24,057,362 | \$24,178,500 |
| Total Ongoing | \$22,672,461 | \$23,336,586 | \$23,359,280 | \$24,839,309 | \$24,960,447 |
| Total OTO | \$0 | \$0 | \$0 | (\$781,947) | (\$781,947) |

Page Reference

Legislative Budget Analysis, A- 205

Funding

The General Services Division is entirely supported through proprietary funds. These funds are discussed in the Proprietary Rates section of the narrative.

Program Budget Summary by Category

| -----General Fund----- | | | | | -----Total Funds----- | | | |
|------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 23,359,280 | 23,359,280 | 46,718,560 | 96.85 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 58,826 | 160,363 | 219,189 | 0.45 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 636,556 | 656,157 | 1,292,713 | 2.68 % |
| New Proposals | 0 | 0 | 0 | 0.00 % | 2,700 | 2,700 | 5,400 | 0.01 % |
| Total Budget | \$0 | \$0 | \$0 | | \$24,057,362 | \$24,178,500 | \$48,235,862 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|--|-----------------|------------------|--------------------|------------------|-----------------------|-----------------|------------------|--------------------|------------------|
| FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 0 | 0 | (41,627) | 0.00 | 0 | 0 | 0 | (11,158) |
| DP 2 - Fixed Costs | 0.00 | 0 | 0 | (689,128) | 0.00 | 0 | 0 | 0 | (765,772) |
| DP 3 - Inflation Deflation | 0.00 | 0 | 0 | 789,581 | 0.00 | 0 | 0 | 0 | 937,293 |
| DP 4 - Allocate Department Indirect/Administrative Costs | 0.00 | 0 | 0 | 71,730 | 0.00 | 0 | 0 | 0 | 71,730 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 0 | 0 | 1,524 | 0.00 | 0 | 0 | 0 | 1,325 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | 0 | 0 | (4) | 0.00 | 0 | 0 | 0 | (4) |
| DP 222 - RMTD Adjustment | 0.00 | 0 | 0 | 781,947 | 0.00 | 0 | 0 | 0 | 781,947 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | 0 | 0 | (781,947) | 0.00 | 0 | 0 | 0 | (781,947) |
| DP 601 - Increase Operating Expense for new MHS building | 0.00 | 0 | 0 | 404,700 | 0.00 | 0 | 0 | 0 | 424,500 |
| DP 602 - Increase in Equipment Budget | 0.00 | 0 | 0 | 158,606 | 0.00 | 0 | 0 | 0 | 158,606 |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$0 | \$695,382 | 0.00 | \$0 | \$0 | \$0 | \$816,520 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature reviewed adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature reviewed the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature reviewed the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature reviewed adjustments in FY 2024 and FY 2025 to provide 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.

DP 20 - SABHRS Rate Adjustment -

The legislature reviewed an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature reviewed a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 601 - Increase Operating Expense for new MHS building -

The legislature reviewed an increase in operating expenses in the 2025 biennium for the General Services Division for the addition of the new Montana Historical Society (MHS) building, which is estimated to have occupancy by the fall of 2023. As the custodian of all state property on the capitol complex, the General Services Division will need to increase operating expenses in order to accommodate the additional costs anticipated from the addition of the new building. These expenses will include utilities, janitorial, elevator, security, city assessments, and miscellaneous building and landscaping items.

DP 602 - Increase in Equipment Budget -

The legislature reviewed an increase of \$158,606 in fiscal years 2024 and 2025 for equipment replacement for the General Services Division.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|-------------------------|------|--------------|---------------|-----------------|-------------|-----------------------|--------------|---------------|-----------------|-------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 0 | 0 | 2,700 | 0.00 | 0 | 0 | 0 | 2,700 |
| Total | 0.00 | \$0 | \$0 | \$0 | \$2,700 | 0.00 | \$0 | \$0 | \$0 | \$2,700 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature reviewed in FY 2024 and FY 2025 funding for the agency to pay for new fixed cost allocations related to the Chief Data Office and the State Management Training Center. Rates for the fixed costs are approved in the section of the budget that provides the services.

Other Issues -

Proprietary Rates

The General Services Division provides the following functions supported by proprietary rates:

- Capitol Facilities Management (rent and maintenance)
- Print and mail services
- Surplus property and recycling

Capitol Facilities Management - Rent and Maintenance 06528

Proprietary Program Description

The 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.

Operational authority for the bureau is provided by Title 2, Chapter 17, Part 8, Section 811, MCA. The bureau currently has 34.15 FTE.

Proprietary Program Revenues and Expenses

The following table shows the actual and reviewed expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

| Fund | Fund Name | Agency # | Agency Name | Program Name |
|-------|----------------------|----------|----------------|---------------------------|
| 06528 | Rent and Maintenance | 61010 | Administration | General Services Division |

| | Actual FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 |
|--|-----------------|--------------------|-------------------|-------------------|
| Operating Revenues | | | | |
| Fees and Charges | | | | |
| Facilities Management Rate | 10,143,763 | 10,071,285 | 10,784,952 | 10,977,835 |
| Non-Office Rental Rate | 784,518 | 752,925 | 788,620 | 789,204 |
| Maintenance Charges | 186,490 | 169,415 | 169,415 | 169,415 |
| Project Work | 501,951 | 522,725 | 522,725 | 522,725 |
| Construction Supervisory Fees | 71,401 | 70,768 | 70,768 | 70,768 |
| Access and ID Card | 22,120 | 22,120 | 22,120 | 22,120 |
| Other Operating Revenues | 49,119 | 46,609 | 46,609 | 46,609 |
| Total Operating Revenues | 11,759,362 | 11,655,847 | 12,405,209 | 12,598,676 |
| Expenses | | | | |
| Personal Services | 3,038,186 | 2,645,628 | 2,610,587 | 2,624,131 |
| Operating Expense | 7,379,764 | 8,367,910 | 8,487,304 | 8,586,134 |
| Equipment | - | 141,394 | 300,000 | 300,000 |
| Total Operating Expense | 10,417,950 | 11,154,932 | 11,397,891 | 11,510,265 |
| Operating Income (Loss) | 1,341,412 | 500,915 | 1,007,318 | 1,088,411 |
| Nonoperating Revenues | 211 | | | |
| Gain on the sale of Fixed Asset | 4,210 | | | |
| Nonoperating Expenses | | | | |
| Total Nonoperating Revenues (Expenses) | 4,421 | - | - | - |
| Income (Loss) Before Contributions/Transfers | 1,345,833 | 500,915 | 1,007,318 | 1,088,411 |
| Capital Contributions | | | | |
| Transfers In | | | | |
| Transfers Out | (366,795) | (201,000) | (201,000) | (159,000) |
| Loans and Lease Payments | (29,128) | (151,938) | (151,938) | (151,938) |
| Change in Net Position | 949,910 | 147,977 | 654,380 | 777,473 |
| Beginning Net Position - July 1 | 1,768,005 | 2,723,601 | 2,871,578 | 3,525,958 |
| Prior Period Adjustments | 5,686 | | | |
| Change in Net Position | 949,910 | 147,977 | 654,380 | 777,473 |
| Ending Net Position - June 30 | 2,723,601 | 2,871,578 | 3,525,958 | 4,303,431 |

The legislature reviewed an overall increase in expenses of approximately \$243,000 in FY 2024 and \$355,000 in FY 2025, when compared to the FY 2023 base budget. The present law adjustments to increase expenses are offset by decreases in the statewide present law adjustments. Present law increases include approximately \$405,000 in FY 2024 and \$425,000

in FY 2025 for maintaining the additional space added in the 2025 biennium, an increase for current equipment replacement of approximately \$159,000 in each fiscal year, and the increase in the allocation of the department's indirect/administrative costs of approximately \$2,600 in FY 2024 and \$2,500 in FY 2025. The increase is offset by the reduction of approximately \$370,000 in FY 2024 and approximately \$278,000 in FY 2025 for statewide present law adjustments for personal services, and fixed costs.

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. The overall square footage space is increasing with the addition of the new Montana Historical Society building.

Proprietary Rates

The figure below shows the rates adopted by the legislature for the 2025 biennium. The rates charged in the 2023 biennium are shown for comparison purposes. The legislature adopted the rate increases of approximately 0.5% for office rent and 8.6% for non-office rent when compared to the base year of FY 2023.

| Requested Rates for Internal Service Funds Fee/Rate Information | | | | |
|--|----------------|-------------------|-----------------|-----------------|
| | Actual FY22 | Estimated FY23 | Adopted FY24 | Adopted FY25 |
| Fee Description: | | | | |
| Office Rent (per sq. ft.) | 11.357 | 11.369 | 11.415 | 11.421 |
| Non-office Rent (per sq. ft.) | 7.000 | 7.000 | 7.599 | 7.605 |
| Grounds Maintenance (per sq. ft.) | 0.615 | 0.615 | 0.615 | 0.615 |
| Project Mgmt. (In-house) | 15% | 15% | 15% | 15% |
| Project Mgmt. (Consultation) | Actual Cost | Actual Cost | Actual Cost | Actual Cost |
| State Employee Access ID Card | Actual Cost | Actual Cost | Actual Cost | Actual Cost |

This program is funded with an internal service fund, which is a type of a proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Rent is based on the number of square feet occupied and is assessed to each agency in the buildings controlled by the Department of Administration. The rates are established to cover the cost of personal services, operating expenses, maintenance, and equipment. Ground's maintenance is included in the rate, with one exception for the Department of Revenue's liquor warehouse.

Print and Mail Bureau - 06530

Proprietary Program Description

The State Print and 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 and mail services, which determines the most cost-effective method of project completion. Approximately 47.7% 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. The State Print and Mail Bureau has authority for 32.50 FTE.

Proprietary Program Revenues and Expenses

The following table shows the actual and reviewed expenditures and related revenues associated with this fund.

| 2025 Biennium Report on Internal Service and Enterprise Funds | | | | | | |
|---|-----------------------|----------|-----------------|---------------------------|-------------------|-------------------|
| Fund | Fund Name | Agency # | Agency Name | Program Name | | |
| 06530 | Print & Mail Services | 61010 | Administration | General Services Division | | |
| | | | Actual FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 |
| Operating Revenues | | | | | | |
| Fees and Charges | | | | | | |
| Charges for Services | | | 11,123,886 | 10,950,000 | 11,500,012 | 11,500,012 |
| Other Operating Revenues | | | | | | |
| Total Operating Revenues | | | 11,123,886 | 10,950,000 | 11,500,012 | 11,500,012 |
| Expenses | | | | | | |
| Personal Services | | | 1,892,824 | 1,997,999 | 2,048,548 | 2,063,248 |
| Other Operating Expense | | | 8,758,036 | 9,015,660 | 9,189,384 | 9,223,281 |
| Equipment | | | - | 260,621 | 260,621 | 260,621 |
| Total Operating Expense | | | 10,650,860 | 11,274,280 | 11,498,553 | 11,547,150 |
| Operating Income (Loss) | | | 473,026 | (324,280) | 1,459 | (47,138) |
| Nonoperating Revenues | | | | | | |
| Other Revenue A | | | - | 12 | 12 | 12 |
| Nonoperating Expenses | | | | | | |
| Other Expense A | | | | | | |
| Other Expense B | | | | | | |
| Total Nonoperating Revenues (Expenses) | | | - | 12 | 12 | 12 |
| Income (Loss) Before Contributions/Transfers | | | 473,026 | (324,268) | 1,471 | (47,126) |
| Capital Contributions | | | | | | |
| Transfers In | | | 22,954 | | | |
| Transfers Out | | | | | | |
| Loans and Lease Payments | | | (1,512) | (30,916) | (30,916) | (30,916) |
| Change in Net Position | | | 494,468 | (355,184) | (29,445) | (78,042) |
| Beginning Net Position - July 1 | | | 3,152,879 | 3,651,666 | 3,296,482 | 3,267,037 |
| Prior Period Adjustments | | | 4,319 | | | |
| Change in Net Position | | | 494,468 | (355,184) | (29,445) | (78,042) |
| Ending Net Position - June 30 | | | 3,651,666 | 3,296,482 | 3,267,037 | 3,188,995 |

The legislature reviewed an increase in expenditures of approximately \$224,000 in FY 2024 and \$273,000 in FY 2025, when compared to the FY 2023 base budget. Increases are primarily due to statewide present law increases for personal services and fixed costs.

All state agencies in Helena use the services of the State Print and Mail Bureau depending on their printing and mail needs. Printing revenue is based on the actual type and volume of printing provided and mail services is based on agency service frequency.

Proprietary Rates

All print and mail service projects are unique, and the State Print and Mail Bureau 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.

The figure below shows the rates for the 2025 biennium. The rates charged in the 2023 biennium are shown for comparison purposes. The legislature adopted the proposed rates, of which the majority of the rates remain unchanged. The only rates that will increase are \$0.05 for warrant printing and \$0.25 for the flat sorter rate. Warrant stock has gone up \$0.04 a sheet and costs continue to rise with each order placed, and envelopes have gone up approximately \$0.01 each. The increase to the flat sorter rate is due to increased costs of equipment and overhead costs since 2018, when the current rate was established. There is a decrease of approximately \$10,000 or 2.8% each year for inter-agency mail when compared to the base year of FY 2023. The decrease is due to a decrease in agency needs.

**Requested Rates for Internal Service or Enterprise Funds
Fee/Rate Information**

| Actual FY 22 | Actual FY 23 | Adopted FY 24 | Adopted FY 25 |
|-------------------------|-------------------------|--------------------------|--------------------------|
|-------------------------|-------------------------|--------------------------|--------------------------|

Fee Description:

Fee Group

Internal Printing

Impressions Cost + 25% Cost + 25% Cost + 25% Cost + 25%

Ink Cost + 25% Cost + 25% Cost + 25% Cost + 25%

Bindery work Cost + 25% Cost + 25% Cost + 25% Cost + 25%

Pre-Press work Cost + 25% Cost + 25% Cost + 25% Cost + 25%

CD/DVD duplicating Cost + 25% Cost + 25% Cost + 25% Cost + 25%

Variable data printing Cost + 25% Cost + 25% Cost + 25% Cost + 25%

Large Format Color per ft. Cost + 25% Cost + 25% Cost + 25% Cost + 25%

Scan Cost + 25% Cost + 25% Cost + 25% Cost + 25%

Pick and Pack Fulfillment 1.00 1.00 1.00 1.00

Overtime 30.00 30.00 30.00 30.00

Desktop 75.00 75.00 75.00 75.00

IT Programming 95.00 95.00 95.00 95.00

File Transfer 25.00 25.00 25.00 25.00

Mainframe Print 0.071 0.071 0.071 0.071

Warrant Printing 0.250 0.250 0.300 0.300

Inventory Mark Up 20.0% 20.0% 20.0% 20.0%

Fee Group

External Printing

Percent of Invoice 8.8% 8.8% 8.8% 8.8%

Mark-up

Fee Group

Managed Print

Percent of Invoice 15.9% 15.9% 15.9% 15.9%

Mark-up

| | | | | |
|----------------------------|---------|---------|---------|---------|
| Fee Group | | | | |
| Mail Preparation | | | | |
| Tabbing | 0.023 | 0.023 | 0.023 | 0.023 |
| Labeling | 0.023 | 0.023 | 0.023 | 0.023 |
| Ink Jet | 0.036 | 0.036 | 0.036 | 0.036 |
| Inserting | 0.045 | 0.045 | 0.045 | 0.045 |
| Waymark | 0.069 | 0.069 | 0.069 | 0.069 |
| Permit mailings | 0.069 | 0.069 | 0.069 | 0.069 |
| Fee Group | | | | |
| Mail Operations | | | | |
| Service Type (each) | | | | |
| Machinable | 0.043 | 0.043 | 0.043 | 0.043 |
| Non-Machinable | 0.11 | 0.11 | 0.11 | 0.11 |
| Seal Only | 0.020 | 0.020 | 0.020 | 0.020 |
| Post cards | 0.07 | 0.07 | 0.07 | 0.07 |
| Certified Mail | 0.62 | 0.62 | 0.62 | 0.62 |
| Registered Mail | 0.614 | 0.614 | 0.614 | 0.614 |
| Internatl Mail | 0.51 | 0.51 | 0.51 | 0.51 |
| Flats | 0.15 | 0.15 | 0.15 | 0.15 |
| Priority | 0.614 | 0.614 | 0.614 | 0.614 |
| Express Mail | 0.614 | 0.614 | 0.614 | 0.614 |
| USPS Parcels | 0.51 | 0.51 | 0.51 | 0.51 |
| Insured mail | 0.614 | 0.614 | 0.614 | 0.614 |
| Media Mail | 0.32 | 0.32 | 0.32 | 0.32 |
| Standard Mail | 0.200 | 0.200 | 0.200 | 0.200 |
| Postage Due | 0.061 | 0.061 | 0.061 | 0.061 |
| Fee Due | 0.061 | 0.061 | 0.061 | 0.061 |
| Tapes | 0.245 | 0.245 | 0.245 | 0.245 |
| Express Services | 0.500 | 0.500 | 0.500 | 0.500 |
| Mail tracking | 0.250 | 0.250 | 0.250 | 0.250 |
| Cass letters/postcards | 0.047 | 0.047 | 0.047 | 0.047 |
| Cass flats | 0.100 | 0.100 | 0.100 | 0.100 |
| Flat sorter | 0.250 | 0.250 | 0.500 | 0.500 |
| Fee Group | | | | |
| Inter-agency | | | | |
| Mail | | | | |
| Dollars-yearly | 376,025 | 376,025 | 365,550 | 365,550 |
| Fee Group | | | | |
| Postal Contract | | | | |
| (Capitol) | | | | |
| Dollars-yearly | 38,976 | 38,976 | 38,976 | 38,976 |

This program is funded with an internal service fund, which is a type of a proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|-------------------------------|------------------------------|-----------------------------|---------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 36,916,595 | 41,327,436 | 4,410,841 | 11.95 % |
| Operating Expenses | 76,546,571 | 94,790,299 | 18,243,728 | 23.83 % |
| Equipment & Intangible Assets | 1,200,861 | 741,722 | (459,139) | (38.23)% |
| Debt Service | 3,937,000 | 2,340,000 | (1,597,000) | (40.56)% |
| Total Expenditures | \$118,601,027 | \$139,199,457 | \$20,598,430 | 17.37 % |
| Proprietary Funds | 118,601,027 | 139,199,457 | 20,598,430 | 17.37 % |
| Total Funds | \$118,601,027 | \$139,199,457 | \$20,598,430 | 17.37 % |
| Total Ongoing | \$118,601,027 | \$139,322,337 | \$20,721,310 | 17.47 % |
| Total OTO | \$0 | (\$122,880) | (\$122,880) | 100.00 % |

Page Reference

Legislative Budget Analysis, A- 220

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 199.00 | 199.00 | 213.00 | 213.00 |
| Personal Services | 18,268,686 | 18,200,000 | 18,716,595 | 20,607,646 | 20,719,790 |
| Operating Expenses | 36,709,187 | 41,036,958 | 35,509,613 | 47,447,144 | 47,343,155 |
| Equipment & Intangible Assets | 1,303,910 | 830,000 | 370,861 | 370,861 | 370,861 |
| Debt Service | 2,573,651 | 2,767,000 | 1,170,000 | 1,170,000 | 1,170,000 |
| Total Expenditures | \$58,855,434 | \$62,833,958 | \$55,767,069 | \$69,595,651 | \$69,603,806 |
| Proprietary Funds | 58,855,434 | 62,833,958 | 55,767,069 | 69,595,651 | 69,603,806 |
| Total Funds | \$58,855,434 | \$62,833,958 | \$55,767,069 | \$69,595,651 | \$69,603,806 |
| Total Ongoing | \$58,855,434 | \$62,833,958 | \$55,767,069 | \$69,657,091 | \$69,665,246 |
| Total OTO | \$0 | \$0 | \$0 | (\$61,440) | (\$61,440) |

Page Reference

Legislative Budget Analysis, A- 221

Funding

The functions within the State Information Technology Services Division are funded with nonbudgeted proprietary funds. The executive has an internal services fund that receives revenues from information technology costs charged to state agencies. Additionally, SITSD has an enterprise fund for eGovernment services.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|---------------------|-----------------------|-------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 55,767,069 | 55,767,069 | 111,534,138 | 80.13 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 4,193,118 | 4,988,772 | 9,181,890 | 6.60 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 8,067,742 | 7,347,037 | 15,414,779 | 11.07 % |
| New Proposals | 0 | 0 | 0 | 0.00 % | 1,567,722 | 1,500,928 | 3,068,650 | 2.20 % |
| Total Budget | \$0 | \$0 | \$0 | | \$69,595,651 | \$69,603,806 | \$139,199,457 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|--------------|---------------|-----------------|---------------------|-----------------------|--------------|---------------|-----------------|---------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 0 | 0 | 0 | 571,504 | 0.00 | 0 | 0 | 0 | 683,242 |
| DP 2 - Fixed Costs | 0.00 | 0 | 0 | 0 | 4,410 | 0.00 | 0 | 0 | 0 | (71,301) |
| DP 3 - Inflation Deflation | 0.00 | 0 | 0 | 0 | 3,617,204 | 0.00 | 0 | 0 | 0 | 4,376,831 |
| DP 4 - Allocate Department Indirect/Administrative Costs | 0.00 | 0 | 0 | 0 | 156,056 | 0.00 | 0 | 0 | 0 | 156,056 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 0 | 0 | 0 | 1,867 | 0.00 | 0 | 0 | 0 | 1,408 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | 0 | 0 | 0 | (747) | 0.00 | 0 | 0 | 0 | (700) |
| DP 222 - RMTD Adjustment | 0.00 | 0 | 0 | 0 | 61,440 | 0.00 | 0 | 0 | 0 | 61,440 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | 0 | 0 | 0 | (61,440) | 0.00 | 0 | 0 | 0 | (61,440) |
| DP 701 - Increase for ITSD Operations | 0.00 | 0 | 0 | 0 | 7,300,000 | 0.00 | 0 | 0 | 0 | 6,600,000 |
| DP 703 - Increase eGov Operating Expenses | 0.00 | 0 | 0 | 0 | 610,566 | 0.00 | 0 | 0 | 0 | 590,273 |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$0 | \$0 | \$12,260,860 | 0.00 | \$0 | \$0 | \$0 | \$12,335,809 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature reviewed adjustments to the present law personal services budget for items such as the annualization of the FY 2023 pay plan, benefit rate adjustments, vacancy savings, longevity, and pay rate changes approved by management.

DP 2 - Fixed Costs -

The legislature reviewed the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature reviewed the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature reviewed an increase in proprietary funds to pay the Department of Administration's indirect costs. These costs are charged to the department's programs for services provided by department employees, including accounting, human resources, and legal support.

DP 20 - SABHRS Rate Adjustment -

The legislature reviewed an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature reviewed a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 701 - Increase for ITSD Operations -

The legislature reviewed an increase in proprietary funds to align with the established rates and budgetary needs for the SITSD proprietary fund. This includes increases to the state's cybersecurity enterprise services, network security, and Microsoft and ServiceNow enterprise agreements.

DP 703 - Increase eGov Operating Expenses -

The legislature reviewed an increase in proprietary funds for anticipated increases in the state's electronic government services program.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|-----------------|--------------------|--------------|--------------|---------------|-----------------|--------------------|
| | Fiscal 2024 | | | | | Fiscal 2025 | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 0 | 0 | 10,975 | 0.00 | 0 | 0 | 0 | 10,975 |
| DP 702 - Centralize IT Security | 14.00 | 0 | 0 | 0 | 1,556,747 | 14.00 | 0 | 0 | 0 | 1,489,953 |
| Total | 14.00 | \$0 | \$0 | \$0 | \$1,567,722 | 14.00 | \$0 | \$0 | \$0 | \$1,500,928 |

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature reviewed appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature reviewed appropriations of approximately \$7,000 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 702 - Centralize IT Security -

The legislature reviewed an increase in proprietary funds for the centralization of IT security. Part of the current statewide strategic IT plan is to ensure that citizens' data is protected along with the state's information assets. This includes the goal of consolidating state security operations under the state chief information security officer (CISO). The primary objective on centralizing cybersecurity is to enhance the state government's overall cybersecurity posture by unifying the state's cybersecurity resources under a single strategy and governance structure.

Other Issues -**Proprietary Rates**

The State Information Technology Services Division provides the following functions with proprietary funds:

- State Information Technology Services
- eGovernment Services

SITSD Proprietary Fund - 06522*Proprietary Program Description*

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) services to all branches of state government, the Office of Public Instruction, and various city and county governments.

Under the direction of the state chief information officer, the division supports and manages the following 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 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
 - Assists customers with designing and deploying customized applications and online services, including eGovernment applications
- 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
- Contract, procurement, and vendor management services
- 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

Proprietary Program Narrative

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

| Fund | Fund Name | Agency Name | Program Name | |
|--|-----------------|---|--|-------------------|
| 06522 | SITSD | Department of Proprietary Administration | State Information Technology Services | |
| | Actual FY 22 | Estimated FY 23 | Proposed FY 24 | Proposed FY 25 |
| Operating Revenues | | | | |
| Fees and Charges | | | | |
| Charges for Services - Agency | 58,314,078 | 42,214,963 | 52,020,873 | 52,480,468 |
| Security Consolidation | | | 1,594,005 | 1,528,032 |
| ServiceNow - Agency Offset | | 2,405,133 | - | - |
| Cybersecurity | | 8,155,640 | 10,300,097 | 10,300,097 |
| Charges for Services - Outside Revenues | | | | |
| Other Operating Revenues | | | | |
| Revenue A - External Users | 632,291 | 619,470 | 619,470 | 619,470 |
| Revenue B - eGOV Receipts | | | 2,463,176 | 2,463,289 |
| Revenue C - Projected Growth | | | 728,450 | 726,583 |
| Total Operating Revenues | 58,946,369 | 53,395,206 | 67,726,071 | 68,117,939 |
| Expenses | | | | |
| Personal Services | 18,120,570 | 20,775,890 | 20,607,646 | 20,719,790 |
| Operating Expense | 37,840,103 | 34,356,579 | 45,622,433 | 45,518,444 |
| Equipment | - | 370,861 | 370,861 | 370,861 |
| Total Operating Expense | 55,960,673 | 55,503,330 | 66,600,940 | 66,609,095 |
| Operating Income (Loss) | 2,985,696 | (2,108,124) | 1,125,131 | 1,508,844 |
| Nonoperating Revenues | | | | |
| Total Nonoperating Revenues (Expenses) | 77,887 | - | - | - |
| Income (Loss) Before Contributions/Transfers | 3,063,583 | (2,108,124) | 1,125,131 | 1,508,844 |
| Capital Contributions | | | | |
| Transfers In | | 1,020,000 | 1,020,000 | 1,020,000 |
| Transfers Out | | | | |
| Loans and Lease Payments | (132,154) | (1,170,000) | (1,170,000) | (1,170,000) |
| Change in Net Position | 2,931,429 | (2,258,124) | 975,131 | 1,358,844 |
| Beginning Net Position - July 1 | 724,199 | 3,654,302 | 1,396,178 | 2,371,309 |
| Prior Period Adjustments | (1,326) | | | |
| Change in Net Position | 2,931,429 | (2,258,124) | 975,131 | 1,358,844 |
| Ending Net Position - June 30 | 3,654,302 | 1,396,178 | 2,371,309 | 3,730,153 |

The State Information Technology Services Division has revised the rate structure for the 2025 biennium. In the 2023 biennium, there were five established rates, which include:

- Enterprise service allocation
- Microsoft enterprise agreement
- Cybersecurity enterprise rate
- ServiceNow enterprise agreement
- Rated Services

In the 2025 biennium, there are nine rates, which include

- Enterprise service allocation (ESA)
- Microsoft enterprise agreement
- Cybersecurity enterprise rate
- ServiceNow enterprise agreement
- Rated Services
- IT security consolidation
- Snowflake pass thru
- Esper pass thru
- General pass thru

The table below shows the FY 2023 base year information technology rates to the FY 2024 and FY 2025 rates. There is an increase of revenues of \$23.6 million or 22.6% when comparing the FY 2023 base year to the 2025 biennium.

| Department of Administration | | | | | | |
|--|----------------------|----------------------|----------------------|---------------------------------|--------------|--|
| State Information Technology Services Division | | | | | | |
| State Agency Fixed Costs for Information Technology by Service | | | | | | |
| | FY 2023 | FY 2024 | FY 2025 | FY 2023 to 2025 Biennium Change | | |
| | | | | Amount | Percent | |
| Enterprise Services Allocation | \$ 5,772,668 | \$ 5,964,003 | \$ 5,964,003 | \$ 382,669 | 3.3% | |
| Microsoft Enterprise Agreement | 4,117,785 | 4,813,632 | 4,813,944 | 1,392,006 | 16.9% | |
| Cybersecurity Enterprise Rate | 8,155,640 | 10,300,097 | 10,300,097 | 4,288,914 | 26.3% | |
| ServiceNow Enterprise Agreement | 2,405,133 | 3,573,587 | 3,573,587 | 2,336,907 | 48.6% | |
| Rated Services | 27,573,986 | 32,459,934 | 32,916,519 | 10,228,481 | 18.5% | |
| IT Security Consolidation | | 1,594,005 | 1,528,032 | 3,122,037 | 100.0% | |
| Snowflake Pass Thru | | 610,500 | 610,500 | 1,221,000 | 100.0% | |
| Esper Pass Thru | | 530,500 | 530,500 | 1,061,000 | 100.0% | |
| General Pass Thru | <u>4,270,524</u> | <u>4,068,717</u> | <u>4,071,415</u> | <u>(400,916)</u> | <u>-4.7%</u> | |
| Grand Total | <u>\$ 52,295,736</u> | <u>\$ 63,914,975</u> | <u>\$ 64,308,597</u> | <u>\$ 23,632,100</u> | <u>22.6%</u> | |

Proprietary Rates

For the 2025 biennium the following rates were adopted by the legislature. The rates charged in the base year are shown for comparison purposes. 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.

| Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information | | | |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| | Actual FY 2022 | Budgeted FY 2023 | Adopted FY 2025 |
| Fee Description: | | | |
| | 30-day working capital reserve | 30-day working capital reserve | 30-day working capital reserve |

Additionally, the legislature adopted the following language related to the SITSD rates:

"The office of budget and program planning shall establish a separate appropriation on the statewide accounting, budgeting, and human resource system for the funding included in each executive branch agency's budget to pay fixed cost allocations for the state information technology services division of the department of administration. The appropriations must be designated as restricted.

The 30-day working capital reserve used to establish State Information Technology Services Division rates for state agencies included in HB 2 must be based on personal services of \$20,607,646 in FY 2024 and \$20,719,790 in FY 2025, operating expenses of \$45,622,433 in FY 2024 and \$45,518,444 in FY 2025, equipment and intangible assets of \$370,861 in FY 2024 and \$370,861 in FY 2025, and debt service of \$1,170,000 in FY 2024 and \$1,170,000 in FY 2025. The State Information Technology Services Division shall report to the Legislative Finance Committee at its June 2023 meeting on how it implemented the state agency rates for information technology services. The State Information Technology Services Division shall also report any adjustments to state agency rates for information technology or changes in appropriations of 5.0% or greater to each expenditure category at each subsequent meeting of the Legislative Finance Committee.

It is the intent of the Legislature that the State Information Technology Services Division work with the Office of Budget and Program Planning to identify and reduce 8.00 FTE across all state agencies in the 2025 biennium as part of the information technology security consolidation project. The executive budget for the 2027 biennium must include decision packages to remove these FTE from the applicable state agency. The State Information Technology Services Division shall report on FTE reduced and the agency in which reductions were made to the Legislative Finance Committee and the General Government Interim Budget Committee at each meeting during the interim."

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 6,762,567 | 7,180,160 | 417,593 | 6.18 % |
| Operating Expenses | 1,678,735 | 1,931,773 | 253,038 | 15.07 % |
| Debt Service | 324,590 | 324,590 | 0 | 0.00 % |
| Total Expenditures | \$8,765,892 | \$9,436,523 | \$670,631 | 7.65 % |
| State/Other Special Rev. Funds | 8,765,892 | 9,436,523 | 670,631 | 7.65 % |
| Total Funds | \$8,765,892 | \$9,436,523 | \$670,631 | 7.65 % |
| Total Ongoing | \$8,765,892 | \$9,463,441 | \$697,549 | 7.96 % |
| Total OTO | \$0 | (\$26,918) | (\$26,918) | 100.00 % |

Page Reference

Legislative Budget Analysis, A- 242

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 34.00 | 34.00 | 36.00 | 36.00 |
| Personal Services | 3,215,276 | 3,321,764 | 3,440,803 | 3,579,449 | 3,600,711 |
| Operating Expenses | 942,192 | 840,706 | 838,029 | 968,258 | 963,515 |
| Debt Service | 162,293 | 162,295 | 162,295 | 162,295 | 162,295 |
| Total Expenditures | \$4,319,761 | \$4,324,765 | \$4,441,127 | \$4,710,002 | \$4,726,521 |
| State/Other Special Rev. Funds | 4,319,761 | 4,324,765 | 4,441,127 | 4,710,002 | 4,726,521 |
| Total Funds | \$4,319,761 | \$4,324,765 | \$4,441,127 | \$4,710,002 | \$4,726,521 |
| Total Ongoing | \$4,319,761 | \$4,324,765 | \$4,441,127 | \$4,723,461 | \$4,739,980 |
| Total OTO | \$0 | \$0 | \$0 | (\$13,459) | (\$13,459) |

Page Reference

Legislative Budget Analysis, A- 243

Funding

The Division of Banking and Financial Institutions is funded entirely with state special revenues generated from assessments, application fees, and examination fees paid by the regulated financial institutions.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | | |
|----------------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|--------------------|-----------------------|-------------------|-------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | | Percent of Budget |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 4,441,127 | 4,441,127 | 8,882,254 | 94.13 % | |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 74,719 | 95,015 | 169,734 | 1.80 % | |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 50,516 | 50,598 | 101,114 | 1.07 % | |
| New Proposals | 0 | 0 | 0 | 0.00 % | 143,640 | 139,781 | 283,421 | 3.00 % | |
| Total Budget | \$0 | \$0 | \$0 | | \$4,710,002 | \$4,726,521 | \$9,436,523 | | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|--------------|------------------|-----------------|------------------|-----------------------|--------------|------------------|-----------------|------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 0 | (48,749) | 0 | (48,749) | 0.00 | 0 | (27,060) | 0 | (27,060) |
| DP 2 - Fixed Costs | 0.00 | 0 | 80,382 | 0 | 80,382 | 0.00 | 0 | 72,688 | 0 | 72,688 |
| DP 3 - Inflation Deflation | 0.00 | 0 | 43,086 | 0 | 43,086 | 0.00 | 0 | 49,387 | 0 | 49,387 |
| DP 4 - Allocate Department Indirect/Administrative Costs | 0.00 | 0 | 22,795 | 0 | 22,795 | 0.00 | 0 | 22,795 | 0 | 22,795 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 0 | 140 | 0 | 140 | 0.00 | 0 | 66 | 0 | 66 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | 0 | (2,419) | 0 | (2,419) | 0.00 | 0 | (2,263) | 0 | (2,263) |
| DP 222 - RMTD Adjustment | 0.00 | 0 | 13,459 | 0 | 13,459 | 0.00 | 0 | 13,459 | 0 | 13,459 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | 0 | (13,459) | 0 | (13,459) | 0.00 | 0 | (13,459) | 0 | (13,459) |
| DP 1401 - DBFI Differential Pay | 0.00 | 0 | 30,000 | 0 | 30,000 | 0.00 | 0 | 30,000 | 0 | 30,000 |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$125,235 | \$0 | \$125,235 | 0.00 | \$0 | \$145,613 | \$0 | \$145,613 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature adopted adjustments in FY 2024 and FY 2025 to provide 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.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 1401 - DBFI Differential Pay -

The legislature adopted \$30,000 in FY 2024 and FY 2025 for differential pay in personal services. The goal is to reduce the amount of time an examiner is in travel status and reduce examiner turnover. The division has developed a system to provide situational pay for its examiners who spend a significant amount of time in a travel status. Eligible travel includes financial institution examinations, in-state meetings and conferences, and out-of-state trainings if approved by the commissioner or deputy commissioner. This situational pay is reviewed and certified by the division's senior management, paid as a one-time, lump-sum payment the following calendar year, and does not affect base pay.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|-------------------------------------|-------------|--------------|------------------|-----------------|------------------|-----------------------|--------------|------------------|-----------------|------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 2,700 | 0 | 2,700 | 0.00 | 0 | 2,700 | 0 | 2,700 |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | (16,455) | 0 | (16,455) | 0.00 | 0 | (19,887) | 0 | (19,887) |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | (37,360) | 0 | (37,360) | 0.00 | 0 | (37,584) | 0 | (37,584) |
| DP 1402 - IT Examination | 2.00 | 0 | 194,755 | 0 | 194,755 | 2.00 | 0 | 194,552 | 0 | 194,552 |
| Total | 2.00 | \$0 | \$143,640 | \$0 | \$143,640 | 2.00 | \$0 | \$139,781 | \$0 | \$139,781 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted state special revenue appropriation in FY 2024 and FY 2025 for the agency to pay for new fixed cost allocations related to the Chief Data Office and the State Management Training Center. Rates for the fixed costs are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 1402 - IT Examination -

The legislature adopted state special revenue appropriation for 2.00 FTE IT examiners. The division currently regulates 38 state-chartered banks and 10 state-chartered credit unions which maintain total assets in excess of \$66.0 billion. Additionally, the division licenses mortgage loan servicers that hold a total portfolio of 85,000 residential mortgage loans with a total unpaid principal balance of almost \$19.0 billion.

The division has only one IT examiner and is seeking an appropriation for the salary and benefits of 2.00 FTE IT examiners. The state special revenues are generated from assessments, application fees, and examination fees paid by regulated financial institutions. IT examiners are in very high demand by the federal regulatory agencies and private institutions due to increasing cybersecurity risks.

Cyber incidents can include financial, operational, legal, compliance, strategic, and reputation risks resulting from fraud, data loss, or disruption of service. The increasing number and sophistication of cyber incidents affect financial institutions of all sizes, and remediation of cyber incidents can be costly.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|-------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 5,375,076 | 5,666,485 | 291,409 | 5.42 % |
| Operating Expenses | 6,307,532 | 6,596,645 | 289,113 | 4.58 % |
| Equipment & Intangible Assets | 100,000 | 135,000 | 35,000 | 35.00 % |
| Debt Service | 433,632 | 433,632 | 0 | 0.00 % |
| Total Expenditures | \$12,216,240 | \$12,831,762 | \$615,522 | 5.04 % |
| Proprietary Funds | 12,216,240 | 12,831,762 | 615,522 | 5.04 % |
| Total Funds | \$12,216,240 | \$12,831,762 | \$615,522 | 5.04 % |
| Total Ongoing | \$12,216,240 | \$12,870,328 | \$654,088 | 5.35 % |
| Total OTO | \$0 | (\$38,566) | (\$38,566) | 100.00 % |

Page Reference

Legislative Budget Analysis, A- 247

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 36.00 | 36.00 | 36.75 | 36.75 |
| Personal Services | 2,624,358 | 2,667,021 | 2,708,055 | 2,825,603 | 2,840,882 |
| Operating Expenses | 3,147,393 | 3,224,366 | 3,083,166 | 3,369,401 | 3,227,244 |
| Equipment & Intangible Assets | 0 | 50,000 | 50,000 | 85,000 | 50,000 |
| Debt Service | 216,816 | 216,816 | 216,816 | 216,816 | 216,816 |
| Total Expenditures | \$5,988,567 | \$6,158,203 | \$6,058,037 | \$6,496,820 | \$6,334,942 |
| Proprietary Funds | 5,988,567 | 6,158,203 | 6,058,037 | 6,496,820 | 6,334,942 |
| Total Funds | \$5,988,567 | \$6,158,203 | \$6,058,037 | \$6,496,820 | \$6,334,942 |
| Total Ongoing | \$5,988,567 | \$6,158,203 | \$6,058,037 | \$6,516,103 | \$6,354,225 |
| Total OTO | \$0 | \$0 | \$0 | (\$19,283) | (\$19,283) |

Page Reference

Legislative Budget Analysis, A- 248

Funding*HB 2 Appropriations*

The Montana Lottery is funded entirely with an enterprise proprietary fund derived from lottery game revenues. Net revenue is transferred quarterly to the general fund.

Statutory Appropriations

The Montana Lottery has statutory appropriations for expenditures in three main areas:

- Lottery prizes
- Commissions paid to lottery ticket or chance sales agents
- Lottery contractor fees

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | | |
|----------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|--|
| -----General Fund----- | | | | | -----Total Funds----- | | | | |
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 6,058,037 | 6,058,037 | 12,116,074 | 94.42 % | |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 346,333 | 218,835 | 565,168 | 4.40 % | |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 29,099 | 29,020 | 58,119 | 0.45 % | |
| New Proposals | 0 | 0 | 0 | 0.00 % | 63,351 | 29,050 | 92,401 | 0.72 % | |
| Total Budget | \$0 | \$0 | \$0 | | \$6,496,820 | \$6,334,942 | \$12,831,762 | | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-------------|-----------------|------------------|--------------------|-----------------------|-------------|-----------------|------------------|--------------------|------------------|
| -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 0 | 0 | 0 | 82,360 | 0.00 | 0 | 0 | 0 | 96,940 |
| DP 2 - Fixed Costs | 0.00 | 0 | 0 | 0 | 149,269 | 0.00 | 0 | 0 | 0 | (7,014) |
| DP 3 - Inflation Deflation | 0.00 | 0 | 0 | 0 | 114,704 | 0.00 | 0 | 0 | 0 | 128,909 |
| DP 4 - Allocate Department Indirect/Administrative Costs | 0.00 | 0 | 0 | 0 | 16,759 | 0.00 | 0 | 0 | 0 | 16,759 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 0 | 0 | 0 | 119 | 0.00 | 0 | 0 | 0 | 40 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | 0 | 0 | 0 | (4) | 0.00 | 0 | 0 | 0 | (4) |
| DP 222 - RMTD Adjustment | 0.00 | 0 | 0 | 0 | 19,283 | 0.00 | 0 | 0 | 0 | 19,283 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | 0 | 0 | 0 | (19,283) | 0.00 | 0 | 0 | 0 | (19,283) |
| DP 1501 - Additional Overtime for Lottery Staff | 0.00 | 0 | 0 | 0 | 12,225 | 0.00 | 0 | 0 | 0 | 12,225 |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$0 | \$0 | \$375,432 | 0.00 | \$0 | \$0 | \$0 | \$247,855 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature adopted adjustments in FY 2024 and FY 2025 to provide 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.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 1501 - Additional Overtime for Lottery Staff -

The legislature adopted an additional proprietary fund appropriation of \$12,225 in FY 2024 and FY 2025 to pay for Montana Lottery staff overtime. The Montana Lottery lost its part-time workers that previously supervised the nightly drawing process, so the agency is currently relying on existing employees to fulfill these duties.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|---|--------------|---------------|-----------------|-------------|-----------------|-----------------------|--------------|---------------|-----------------|-----------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 0 | 0 | 1,388 | 0.00 | 0 | 0 | 0 | 1,388 |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | 0 | 0 | (34,205) | 0.00 | 0 | 0 | 0 | (39,562) |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | 0 | 0 | (29,061) | 0.00 | 0 | 0 | 0 | (29,212) |
| DP 1502 - Change .25 Modified position to Permanent | 0.25 | 0 | 0 | 0 | 11,234 | 0.25 | 0 | 0 | 0 | 11,228 |
| DP 1530 - Additional 0.50 FTE Sales Representative | 0.50 | 0 | 0 | 0 | 79,790 | 0.50 | 0 | 0 | 0 | 45,646 |
| DP 3333 - Additional Adjustment to Inflation | 0.00 | 0 | 0 | 0 | 34,205 | 0.00 | 0 | 0 | 0 | 39,562 |
| Total | 0.75 | \$0 | \$0 | \$0 | \$63,351 | 0.75 | \$0 | \$0 | \$0 | \$29,050 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted in FY 2024 and FY 2025 funding for the agency to pay for new fixed cost allocations related to the Chief Data Office and the State Management Training Center. Rates for the fixed costs are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 1502 - Change .25 Modified position to Permanent -

The legislature adopted proprietary fund appropriation and 0.25 FTE to make permanent the position of the sports betting coordinator to support the increased retailer population and product growth experienced by the agency. In just two years since its start, the sports wagering product now makes up on average 38.0% of the agency's total sales. With total revenue in fiscal year 2021 equaling \$41.5 million, and this year's revenue increasing beyond \$43.0 million, the product growth requires full-time staff support. This position's current part-time status is not able to keep up with the demanding day-to-day requirements, which include addressing retailer issues, player inquiries, and coordinating daily sports bet product advertising.

DP 1530 - Additional 0.50 FTE Sales Representative -

The legislature approved an additional 0.50 FTE for a lottery sales representative to support the increased retailer population and product growth experienced by the agency. Montana Lottery is increasing the number of sales representatives in order to address the agency's day to day sales strategies with current retailers and recruit new retailers.

DP 3333 - Additional Adjustment to Inflation -

The legislature adopted an additional adjustment to inflation included in DP 3.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|----------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 3,804,564 | 3,813,836 | 9,272 | 0.24 % |
| Operating Expenses | 33,248,630 | 32,132,704 | (1,115,926) | (3.36)% |
| Benefits & Claims | 432,058,808 | 429,621,104 | (2,437,704) | (0.56)% |
| Total Expenditures | \$469,112,002 | \$465,567,644 | (\$3,544,358) | (0.76)% |
| Proprietary Funds | 469,112,002 | 465,567,644 | (3,544,358) | (0.76)% |
| Total Funds | \$469,112,002 | \$465,567,644 | (\$3,544,358) | (0.76)% |

Page Reference

Legislative Budget Analysis, A- 253

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 21.87 | 21.87 | 21.87 | 21.87 |
| Personal Services | 1,323,249 | 1,887,968 | 1,916,596 | 1,903,445 | 1,910,391 |
| Operating Expenses | 17,680,740 | 18,145,142 | 15,103,488 | 15,951,688 | 16,181,016 |
| Benefits & Claims | 210,867,116 | 217,248,256 | 214,810,552 | 214,810,552 | 214,810,552 |
| Total Expenditures | \$229,871,105 | \$237,281,366 | \$231,830,636 | \$232,665,685 | \$232,901,959 |
| Proprietary Funds | 229,871,105 | 237,281,366 | 231,830,636 | 232,665,685 | 232,901,959 |
| Total Funds | \$229,871,105 | \$237,281,366 | \$231,830,636 | \$232,665,685 | \$232,901,959 |

Page Reference

Legislative Budget Analysis, A- 254

Funding

The Health Care and Benefits Division is funded entirely with proprietary funds which are not appropriated in HB 2. The three funds provide funding for two programs and a third function within the HCBF:

- Employee Benefits Program – provides oversight and administrative functions for the state employee group health plan including administration of the health, dental, vision, and life insurance. It is funded from the group benefits claims proprietary fund, which is an account used for the administrative costs of the program as well as benefits and claims costs
- Workers' Compensation Management Bureau – is the central resource for state agencies in working to enhance worker safety, provide loss preventions, develop, and provide return-to-work programs, and coordinate workers' compensation coverage and policy management issues. It is funded from workers' compensation management program fees which are fixed costs allocated to each state agency

- Flexible spending funds – accounts for employee contributions to a flexible spending account, including medical and childcare

These funds are discussed in the Proprietary Rates section of the narrative.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | | |
|----------------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|----------------------|-----------------------|-------------------|-------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | | Percent of Budget |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 231,830,636 | 231,830,636 | 463,661,272 | 99.59 % | |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 819,078 | 1,055,393 | 1,874,471 | 0.40 % | |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 13,271 | 13,230 | 26,501 | 0.01 % | |
| New Proposals | 0 | 0 | 0 | 0.00 % | 2,700 | 2,700 | 5,400 | 0.00 % | |
| Total Budget | \$0 | \$0 | \$0 | | \$232,665,685 | \$232,901,959 | \$465,567,644 | | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|--------------|---------------|-----------------|------------------|-----------------------|--------------|---------------|-----------------|--------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 0 | 0 | 0 | (13,151) | 0.00 | 0 | 0 | 0 | (6,205) |
| DP 2 - Fixed Costs | 0.00 | 0 | 0 | 0 | 59,077 | 0.00 | 0 | 0 | 0 | 36,798 |
| DP 3 - Inflation Deflation | 0.00 | 0 | 0 | 0 | 773,152 | 0.00 | 0 | 0 | 0 | 1,024,800 |
| DP 4 - Allocate Department Indirect/Administrative Costs | 0.00 | 0 | 0 | 0 | 13,290 | 0.00 | 0 | 0 | 0 | 13,290 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 0 | 0 | 0 | 118 | 0.00 | 0 | 0 | 0 | 68 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | 0 | 0 | 0 | (137) | 0.00 | 0 | 0 | 0 | (128) |
| DP 222 - RMTD Adjustment | 0.00 | 0 | 0 | 0 | 7,411 | 0.00 | 0 | 0 | 0 | 7,411 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | 0 | 0 | 0 | (7,411) | 0.00 | 0 | 0 | 0 | (7,411) |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$0 | \$0 | \$832,349 | 0.00 | \$0 | \$0 | \$0 | \$1,068,623 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature reviewed the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature reviewed the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature reviewed adjustments in FY 2024 and FY 2025 to provide 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.

DP 20 - SABHRS Rate Adjustment -

The legislature reviewed an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature reviewed a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|-------------------------|------|--------------|---------------|-----------------|-------------|-----------------------|--------------|---------------|-----------------|-------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 0 | 0 | 2,700 | 0.00 | 0 | 0 | 0 | 2,700 |
| Total | 0.00 | \$0 | \$0 | \$0 | \$2,700 | 0.00 | \$0 | \$0 | \$0 | \$2,700 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature reviewed in FY 2024 and FY 2025 funding for the agency to pay for new fixed cost allocations related to the Chief Data Office and the State Management Training Center. Rates for the fixed costs are approved in the section of the budget that provides the services.

Other Issues -**Proprietary Rates**

The Health Care and Benefits Division manages three proprietary programs:

- Employee benefits, which includes
 - State's health and other benefit plans
 - Contract administration of the flexible spending account
- Management of the state agency workers' compensation insurance

Employee Benefits Program – Group Benefits and Claims – 06559*Proprietary Program Description*

The employee benefits program 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 benefit provided by the program is a medical plan, which includes medical, prescription drug, vision exam coverage, and basic life insurance benefits. The medical plan is administered by Blue Cross Blue Shield of Montana; 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 Blue Cross Blue Shield of Montana.

The division has developed on-site employee health centers in Helena, Billings, Missoula, Butte, and Anaconda. The division has contracted with Premise Health 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 18.64 FTE.

Proprietary Program Revenues and Expenses

The following table shows the actual and reviewed expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

| Fund | Fund Name | Agency # | Agency Name | Program Name | | |
|---|---------------------------|----------|------------------------------|-------------------------------|-------------------|-------------------|
| 06559 | Group Benefits Claims A/C | 61010 | Department of Administration | Health Care Benefits Division | | |
| | | | | | | |
| | | | Actual FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 |
| Operating Revenues | | | | | | |
| Fees and Charges | | | | | | |
| Fee Revenue A | | | | | | |
| Other Operating Revenues | | | | | | |
| Investment Earnings | | | | | | |
| (958,851) 650,000 650,000 650,000 | | | | | | |
| Group Benefit Plan Contributions | | | | | | |
| 190,995,534 214,000,000 218,000,000 218,000,000 | | | | | | |
| Other Operating Revenues | | | | | | |
| 4,658,636 5,300,000 4,500,000 4,500,000 | | | | | | |
| Total Operating Revenues | | | | | | |
| 194,695,319 219,950,000 223,150,000 223,150,000 | | | | | | |
| Expenses | | | | | | |
| Personal Services | | | | | | |
| 1,252,079 1,610,797 1,626,594 1,632,625 | | | | | | |
| Other Operating Expense | | | | | | |
| Operating | | | | | | |
| 17,557,120 14,885,519 15,736,819 15,963,506 | | | | | | |
| Claims | | | | | | |
| 210,484,070 207,103,322 207,103,322 207,103,322 | | | | | | |
| Total Operating Expense | | | | | | |
| 229,293,269 223,599,638 224,466,735 224,699,453 | | | | | | |
| Operating Income (Loss) | | | | | | |
| (34,597,950) (3,649,638) (1,316,735) (1,549,453) | | | | | | |
| | | | | | | |
| Nonoperating Revenues | | | | | | |
| 172,938 - - - | | | | | | |
| Nonoperating Expenses | | | | | | |
| Total Nonoperating Revenues (Expenses) | | | | | | |
| 172,938 - - - | | | | | | |
| Income (Loss) Before Contributions/Transfers | | | | | | |
| (34,425,012) (3,649,638) (1,316,735) (1,549,453) | | | | | | |
| | | | | | | |
| Capital Contributions | | | | | | |
| Transfers In | | | | | | |
| Transfers Out | | | | | | |
| Loans and Lease Payments | | | | | | |
| - - - - | | | | | | |
| Change in Net Position | | | | | | |
| (34,425,012) (3,649,638) (1,316,735) (1,549,453) | | | | | | |
| Beginning Net Position - July 1 | | | | | | |
| 161,536,358 128,218,647 124,569,009 123,252,274 | | | | | | |
| Prior Period Adjustments | | | | | | |
| 1,107,302 | | | | | | |
| Change in Net Position | | | | | | |
| (34,425,012) (3,649,638) (1,316,735) (1,549,453) | | | | | | |
| Ending Net Position - June 30 | | | | | | |
| 128,218,647 124,569,009 123,252,274 121,702,821 | | | | | | |

Expenses

COVID-19 affected claims in a delayed fashion. With the shutdown of businesses, including medical providers, benefit

members had to forego or delay care during 2020 and early 2021, which resulted in a decrease in claims expense for the plan. As things started to open back up and go back to normal, members started seeking the care that was put off during the pandemic. However, the later diagnoses of conditions that were present in 2020 but not detected or addressed, are now in more advanced stages. In turn, the care for more advanced illnesses greatly increased claims dollars. Going forward, HCBD expects to see expenses start to normalize back to projected levels.

HCBD is continuing to see increases in medical, dental and pharmacy trends. Specialty medications continue to have a large impact, since they are more cost consuming to the plan. During COVID-19, a large number of members moved to 90-day prescription fills.

The Health Care and Benefits Division receives an actuarial analysis from Actuaries Northwest, LLC that analyzes both medical and prescription drug claims. The table below shows two trend scenarios that were included in the June 2022 actuarial report. One scenario calculates projections based on an increase in medical costs of 6.0% and prescription costs of 9.0%. A second scenario calculates projections based on an increase in medical costs of 9.0% and prescription costs of 12.0%.

| Health Care and Benefits Division Group Benefits Claims 6.0% Medical Trend and 9.0% Prescription Trend Trend Assumptions by Actuaries Northwest, LLC | | | | | | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------|-----------------------|
| | Projected Plan Year 2022 | Projected Plan Year 2023 | Projected Plan Year 2024 | Projected Plan Year 2025 | \$ Change 23B - 25B | % Change 23B - 25B |
| Medical Claims | \$ 158,795,472 | \$ 168,019,599 | \$ 178,100,775 | \$ 188,786,822 | \$ 40,072,525 | 12.3% |
| Rx Claims | 44,993,124 | 48,954,048 | 53,359,912 | 58,162,305 | 17,575,045 | 18.7% |
| Part D | (20,849,943) | (22,685,447) | (24,727,137) | (26,952,579) | (8,144,326) | 18.7% |
| Dental Claims | 7,133,403 | 7,405,358 | 7,701,572 | 8,009,635 | 1,172,447 | 8.1% |
| Change in IBNR | 4,972,923 | 622,774 | 1,634,008 | 1,731,865 | (2,229,825) | -39.8% |
| Total Claims | <u>\$ 195,044,980</u> | <u>\$ 202,316,333</u> | <u>\$ 216,069,131</u> | <u>\$ 229,738,047</u> | <u>\$ 48,445,866</u> | <u>12.2%</u> |

| Health Care and Benefits Division Group Benefits Claims 9.0% Medical Trend and 12.0% Prescription Trend Trend Assumptions by Actuaries Northwest, LLC | | | | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------|-----------------------|
| | Projected Plan Year 2022 | Projected Plan Year 2023 | Projected Plan Year 2024 | Projected Plan Year 2025 | \$ Change 23B - 25B | % Change 23B - 25B |
| Medical Claims | \$ 159,644,921 | \$ 173,699,100 | \$ 189,332,019 | \$ 206,371,900 | \$ 62,359,899 | 18.7% |
| Rx Claims | 45,239,051 | 50,576,348 | 56,645,510 | 63,442,971 | 24,273,082 | 25.3% |
| Part D | (20,958,712) | (23,431,418) | (26,243,188) | (29,392,371) | (11,245,429) | 25.3% |
| Dental Claims | 7,159,022 | 7,574,876 | 8,029,368 | 8,511,130 | 1,806,601 | 12.3% |
| Change in IBNR | 4,972,923 | 980,550 | 2,532,779 | 2,760,175 | (660,520) | -11.1% |
| Total Claims | <u>\$ 196,057,205</u> | <u>\$ 209,399,456</u> | <u>\$ 230,296,488</u> | <u>\$ 251,693,806</u> | <u>\$ 76,533,633</u> | <u>18.9%</u> |

Revenues

The state employee group benefit plan (SEGBP) is self-funded, and as such is responsible for medical costs incurred by its members. SEGBP is funded through a combination of state share paid by the State of Montana as an employer and member (employee and retiree) contribution payments. The state share is \$1,054 per month and is established in 2-18-703(2), MCA. As a component of employee compensation, the state share contribution amount is a subject of collective bargaining and is negotiated as part of the overall pay package for state employees.

Plan revenues are estimated at approximately \$223.2 million each fiscal year of the 2025 biennium.

Proprietary Rates

The following are the rates adopted by the legislature for the 2025 biennium. The rates charged in the base year are shown for comparison purposes.

| Rates for Internal Service or Enterprise Funds Fee/Rate Information | | | | |
|---|-----------------|-------------------|------------------|------------------|
| | Actual FY 22 | Budgeted FY 23 | Adopted FY 24 | Adopted FY 25 |
| Fee Description: | | | | |
| State Share Contribution | \$1,054 | \$1,054 | \$1,054 | \$1,054 |
| Rates are established to maintain adequate reserves. Actual state share rates are set for each calendar year as opposed to a fiscal year. This table shows the average month state share rate for each fiscal year. | | | | |

The program is funded with an internal service fund, which is a type of a proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

The amounts shown as rates above are the state share contribution for each state employee each month. The state share contribution amounts are contained in statute. For the 2025 biennium the legislature reviewed the funding for the state share contribution in the pay plan. The various contribution costs for the program are not limited through the legislative process but are determined by the division based on actuarial estimates of the claim costs for each insurance type. Any difference between the state share contribution and actual costs are made up by employee and retiree contributions and investment income. As the plan year for the state employee health insurance is a calendar year, the revenues for the plans are a combination of contributions for two years.

Workers' Compensation Management Program – 06575

Proprietary Program Description

The Health Care and Benefits Division manages the Workers' Compensation Management Program. The program 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 3.23 FTE.

Proprietary Program Revenues and Expenses

The following table shows the actual and reviewed expenditures and related revenues associated with this fund.

| 2025 Biennium Report on Internal Service and Enterprise Funds | | | | | | |
|---|--------------------------|----------|------------------------------|-----------------------|-------------------|-------------------|
| Fund | Fund Name | Agency # | Agency Name | Program Name | | |
| 06575 | Worker's Comp Management | 61010 | Department of Administration | Worker's Compensation | | |
| | | | Actual FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 |
| Operating Revenues | | | | | | |
| Fees and Charges | | | | | | |
| Fee Revenue A | | | 141,312 | 349,312 | 349,312 | 349,312 |
| Total Operating Revenues | | | 141,312 | 349,312 | 349,312 | 349,312 |
| Expenses | | | | | | |
| Personal Services | | | 140,033 | 305,799 | 276,851 | 277,766 |
| Operating Expense | | | 40,533 | 46,106 | 53,045 | 52,570 |
| Total Operating Expense | | | 180,566 | 351,905 | 329,896 | 330,336 |
| Operating Income (Loss) | | | (39,254) | (2,593) | 19,416 | 18,976 |
| Nonoperating Revenues | | | | | | |
| Nonoperating Expenses | | | | | | |
| Total Nonoperating Revenues (Expenses) | | | - | - | - | - |
| Income (Loss) Before Contributions/Transfers | | | (39,254) | (2,593) | 19,416 | 18,976 |
| Capital Contributions | | | | | | |
| Transfers In | | | | | | |
| Transfers Out | | | | | | |
| Loans and Lease Payments | | | | | | |
| Change in Net Position | | | (39,254) | (2,593) | 19,416 | 18,976 |
| Beginning Net Position - July 1 | | | 36,445 | (2,809) | (5,402) | 14,014 |
| Prior Period Adjustments | | | | | | |
| Change in Net Position | | | (39,254) | (2,593) | 19,416 | 18,976 |
| Ending Net Position - June 30 | | | (2,809) | (5,402) | 14,014 | 32,990 |

Expenses

The legislature reviewed the decrease in expenses of approximately \$22,000 in each FY 2024 and FY 2025 when compared to the FY 2023 base appropriations. The reduction is due to a decrease in personal services in the statewide present law adjustment.

Revenues

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. The largest expense for the Workers' Compensation Management Program is personal services. In FY 2022, 2.00 of the 3.00 FTE positions were vacant; as a result, expenses were well below the budgeted appropriation. In the last quarter of FY 2022, 60.0% of the fees collected were refunded to the respective paying agencies.

Proprietary Rates

The figure below shows the rates adopted by the legislature for the 2025 biennium. The rates charged in the base year are shown for comparison purposes. The rate is not changing in the 2025 biennium.

| Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information | | | | |
|--|-----------------|-------------------|------------------|------------------|
| | Actual FY 22 | Budgeted FY 23 | Adopted FY 24 | Adopted FY 25 |
| Fee Description: | | | | |
| Workers' Compensation Management | \$0.97 | \$0.97 | \$0.97 | \$0.97 |

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approved the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 3,052,630 | 3,294,788 | 242,158 | 7.93 % |
| Operating Expenses | 1,047,187 | 1,032,298 | (14,889) | (1.42)% |
| Total Expenditures | \$4,099,817 | \$4,327,086 | \$227,269 | 5.54 % |
| General Fund | 4,099,817 | 4,327,086 | 227,269 | 5.54 % |
| Total Funds | \$4,099,817 | \$4,327,086 | \$227,269 | 5.54 % |
| Total Ongoing | \$4,099,817 | \$4,337,520 | \$237,703 | 5.80 % |
| Total OTO | \$0 | (\$10,434) | (\$10,434) | 100.00 % |

Page Reference

Legislative Budget Analysis, A- 266

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 16.25 | 16.25 | 16.25 | 16.25 |
| Personal Services | 1,453,033 | 1,503,589 | 1,549,041 | 1,643,382 | 1,651,406 |
| Operating Expenses | 635,151 | 597,711 | 449,476 | 513,893 | 518,405 |
| Total Expenditures | \$2,088,184 | \$2,101,300 | \$1,998,517 | \$2,157,275 | \$2,169,811 |
| General Fund | 2,088,184 | 2,101,300 | 1,998,517 | 2,157,275 | 2,169,811 |
| Total Funds | \$2,088,184 | \$2,101,300 | \$1,998,517 | \$2,157,275 | \$2,169,811 |
| Total Ongoing | \$2,088,184 | \$2,101,300 | \$1,998,517 | \$2,162,492 | \$2,175,028 |
| Total OTO | \$0 | \$0 | \$0 | (\$5,217) | (\$5,217) |

Page Reference

Legislative Budget Analysis, A- 267

Funding*HB 2 Appropriations*

The State Human Resources Division receives general fund appropriations in HB 2 for support of the Human Resources Policy and Programs Bureau. This bureau establishes the human resource rules, policies, and standards for Montana's executive branch.

Non-Budgeted Proprietary Appropriations

The majority of the State Human Resources Division's operations are supported by proprietary funds. The Human Resource Information Services Bureau (HRIS) is funded through a fee charged to state agencies for each employee payroll processed in a pay period. This fund is considered and approved as rates charged to other state agencies and is discussed in the Proprietary Rates section of the narrative. The legislature adopted to eliminate the Professional Development Center (PDC) Program, reducing their budget by \$376,000 in FY 2024 and \$379,000 in FY 2025. The legislature adopted to add the State Management Training Center to the State Human Resources Division. The revenues are for \$400,000 in FY 2024 and FY 2025.

Program Budget Summary by Category

| -----General Fund----- | | | | | -----Total Funds----- | | | |
|------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 1,998,517 | 1,998,517 | 3,997,034 | 92.37 % | 1,998,517 | 1,998,517 | 3,997,034 | 92.37 % |
| SWPL Adjustments | 178,482 | 194,146 | 372,628 | 8.61 % | 178,482 | 194,146 | 372,628 | 8.61 % |
| PL Adjustments | 8,667 | 8,624 | 17,291 | 0.40 % | 8,667 | 8,624 | 17,291 | 0.40 % |
| New Proposals | (28,391) | (31,476) | (59,867) | (1.38)% | (28,391) | (31,476) | (59,867) | (1.38)% |
| Total Budget | \$2,157,275 | \$2,169,811 | \$4,327,086 | | \$2,157,275 | \$2,169,811 | \$4,327,086 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|------|--------------|---------------|-----------------|-------------|-----------------------|--------------|---------------|-----------------|-------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 111,640 | 0 | 0 | 111,640 | 0.00 | 119,748 | 0 | 0 | 119,748 |
| DP 2 - Fixed Costs | 0.00 | 32,371 | 0 | 0 | 32,371 | 0.00 | 32,194 | 0 | 0 | 32,194 |
| DP 3 - Inflation Deflation | 0.00 | 34,471 | 0 | 0 | 34,471 | 0.00 | 42,204 | 0 | 0 | 42,204 |
| DP 4 - Allocate Department Indirect/Administrative Costs | 0.00 | 8,390 | 0 | 0 | 8,390 | 0.00 | 8,390 | 0 | 0 | 8,390 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 295 | 0 | 0 | 295 | 0.00 | 251 | 0 | 0 | 251 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (18) | 0 | 0 | (18) | 0.00 | (17) | 0 | 0 | (17) |
| DP 222 - RMTD Adjustment | 0.00 | 5,217 | 0 | 0 | 5,217 | 0.00 | 5,217 | 0 | 0 | 5,217 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (5,217) | 0 | 0 | (5,217) | 0.00 | (5,217) | 0 | 0 | (5,217) |
| Grand Total All Present Law Adjustments | 0.00 | \$187,149 | \$0 | \$0 | \$187,149 | 0.00 | \$202,770 | \$0 | \$0 | \$202,770 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature adopted adjustments in FY 2024 and FY 2025 to provide 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.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|-------------------------------------|-----------------------|-------------------|---------------|-----------------|-------------------|-----------------------|-------------------|---------------|-----------------|-------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 900 | 0 | 0 | 900 | 0.00 | 900 | 0 | 0 | 900 |
| DP 333 - Adjustment to Inflation | 0.00 | (11,992) | 0 | 0 | (11,992) | 0.00 | (14,993) | 0 | 0 | (14,993) |
| DP 555 - Additional Vacancy Savings | 0.00 | (17,299) | 0 | 0 | (17,299) | 0.00 | (17,383) | 0 | 0 | (17,383) |
| Total | 0.00 | (\$28,391) | \$0 | \$0 | (\$28,391) | 0.00 | (\$31,476) | \$0 | \$0 | (\$31,476) |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted in FY 2024 and FY 2025 funding for the agency to pay for new fixed cost allocations related to the Chief Data Office and the State Management Training Center. Rates for the fixed costs are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Other Issues -**Proprietary Rates**

The State Human Resources Division provides the following functions supported by proprietary rates for the Human Resources Information Services Bureau (HRIS) and the State Management Training Center (SMTC).

Human Resources Information System Bureau (HRIS) - 06563*Proprietary 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 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, flexible spending accounts, Affordable Care Act compliance, deferred compensation, and pension), classification, pay, labor relations, policy, and training.

The program staff consists of 21.75 FTE. Statutory authority is 2-18-401, MCA, and 2-18-403, MCA.

Proprietary Program Revenues and Expenses

The following table shows the actual and reviewed expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

| Fund | Fund Name | Agency # | Agency Name | Program Name | | | | | | |
|---|--------------------------------------|----------|------------------------|-------------------------------|-------------------|-------------------|-----------|-----------|-----------|-----------|
| 06563 | Human Resources Information Services | 61010 | Dept of Administration | State Human Resource Division | | | | | | |
| | | | Actual FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 | | | | |
| Operating Revenues | | | | | | | | | | |
| Fees and Charges | | | | | | | | | | |
| HRIS Fees | | | | | | | 3,597,100 | 3,607,489 | 3,849,451 | 3,849,451 |
| Other Operating Revenues | | | | | | | | | | |
| Revenue A | | | | | | | 172 | 600 | 600 | 600 |
| Total Operating Revenues | | | | | | | 3,597,272 | 3,608,089 | 3,850,051 | 3,850,051 |
| Expenses | | | | | | | | | | |
| Personal Services | | | | | | | 1,862,936 | 2,103,223 | 2,109,942 | 2,125,475 |
| Operating Expense | | | | | | | 1,506,360 | 1,314,467 | 1,792,063 | 1,728,581 |
| Total Operating Expense | | | | | | | 3,369,296 | 3,417,690 | 3,902,005 | 3,854,056 |
| Operating Income (Loss) | | | | | | | 227,976 | 190,399 | (51,954) | (4,005) |
| Nonoperating Revenues | | | | | | | | | | |
| Other Revenue | | | | | | | | | | |
| Nonoperating Expenses | | | | | | | | | | |
| Other Expense | | | | | | | | | | |
| Total Nonoperating Revenues (Expenses) | | | | | | | - | - | - | - |
| Income (Loss) Before Contributions/Transfers | | | | | | | 227,976 | 190,399 | (51,954) | (4,005) |
| Capital Contributions | | | | | | | | | | |
| Transfers In | | | | | | | | | | |
| Transfers Out | | | | | | | | | | |
| Loans and Lease Payments | | | | | | | | | | |
| Change in Net Position | | | | | | | 227,976 | 190,399 | (51,954) | (4,005) |
| Beginning Net Position - July 1 | | | | | | | 250,662 | 479,643 | 670,042 | 618,088 |
| Prior Period Adjustments | | | | | | | 1,005 | | | |
| Change in Net Position | | | | | | | 227,976 | 190,399 | (51,954) | (4,005) |
| Ending Net Position - June 30 | | | | | | | 479,643 | 670,042 | 618,088 | 614,083 |

Expenses

The legislature reviewed the increase of approximately \$484,000 in FY 2024 and \$436,000 in FY 2025 when compared to the FY 2023 base budget. The increases are due to the statewide present law adjustments and the increase of \$250,000 in FY 2024 and FY 2025 for the new online learning subscription. The learning content will be housed in the state's learning management system (LMS), which is administered by the State Human Resource Information Services bureau (HRIS). Employees will access the online trainings through the LMS.

Revenues

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.

Proprietary Rates

The figure below shows the rates adopted by the legislature for the 2025 biennium. The rates charged in the base year are shown for comparison purposes. When comparing the 2023 biennium to the 2025 biennium, the rate increases by approximately \$242,000 in FY 2024 and FY 2025.

| Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information | | | | |
|--|-----------------|--------------------|------------------|------------------|
| | Actual FY 22 | Estimated FY 23 | Adopted FY 24 | Adopted FY 25 |
| Fee Description: | 9.99 | 9.99 | 10.12 | 10.10 |

This program is funded with an internal service fund, which is a type of a proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

State Management Training Center Program (SMTC) - 06525

Proprietary Program Description

The Department of Administration is implementing a centralized training model to ensure employees are offered similar opportunities while providing a reduced cost to state government. The department will resource the new model and provide state-specific administrative functions such as contract management, content/website updates, and to develop in-house programs unique to the government (i.e., procurement, state budgeting, ethics, etc.).

It is expected that current spending levels for similar type training by agencies will be reduced, or eliminated, as this new model is implemented resulting in cost savings. The department will continue to gather information from Cabinet agencies to better understand the current spending levels. There is already an expected savings associated with the planned purchase of an enterprise subscription for online learning – eliminating the need for individual agency subscriptions.

The State Management Training Center fund will support 2.00 FTE and contract with a training provider that will create and deliver management and leadership training to management-level employees.

The 2.00 FTE will provide the following functions:

- Administer LinkedIn Learning for state employees to access through State HR’s learning management system
- Resolve issues with LinkedIn Learning (vendor)
- Interview agency senior management to identify management training needs
- Investigate training vendors and identify vendors whose training meets the agencies’ management training needs
- Complete contract arrangements with training vendors
- Coordinate management training schedules with agencies and vendors
- Identify participants to attend management training offerings with various vendors

- Monitor progress of training completion and satisfaction
- Evaluate vendors' success with meeting overall management training outcomes
- Schedule management training logistics, including location, vendors, travel arrangements, accommodation needs, etc.
- Plan, design, develop, implement, and coordinate management training initiatives to support strategic business goals and targeted programs to meet agencies' identified management training outcomes
- Develop and maintain an effective working partnership with agency senior management and human resources staff to promote and support effective management training outcomes and goal achievement
- Serve as liaison between all agencies and the management training vendors/contractors
- Coordinate agency-specific management training services with vendors
- Evaluate effectiveness of specialized management services received from vendor
- Assess and measure management training program effectiveness through appropriate feedback channels; provide recommendations and improvements to DOA director and agency senior management

The SMTC will utilize LinkedIn Learning to provide learning content to state employees. All state employees will have access to all LinkedIn Learning content, which is approximately 17,000 courses.

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

Proprietary Program Revenues and Expenses

The following table shows the actual and reviewed expenditures and related revenues associated with this fund.

| Fund | Fund Name | Agency # | Agency Name | Program Name | | |
|---|----------------------------|----------|------------------------|-------------------------------|-------------------|-------------------|
| 06525 | Intergovernmental Training | 61010 | Dept of Administration | State Human Resource Division | | |
| | | | Actual FY 22 | Budgeted FY 23 | Reviewed FY 24 | Reviewed FY 25 |
| Operating Revenues | | | | | | |
| Fees and Charges | | | | | | |
| Charges for Services | | | 381,296 | 415,000 | 400,000 | 400,000 |
| Fee Revenue B | | | 740 | 2,500 | | |
| Other Operating Revenues | | | | | | |
| Total Operating Revenues | | | 382,036 | 417,500 | 400,000 | 400,000 |
| Expenses | | | | | | |
| Personal Services | | | 205,581 | 303,160 | 180,028 | 180,030 |
| Other Operating Expense | | | 136,990 | 153,642 | 207,941 | 206,901 |
| Total Operating Expense | | | 342,571 | 456,802 | 387,969 | 386,931 |
| Operating Income (Loss) | | | 39,465 | (39,302) | 12,031 | 13,069 |
| Nonoperating Revenues | | | | | | |
| Nonoperating Expenses | | | | | | |
| Total Nonoperating Revenues (Expenses) | | | - | - | - | - |
| Income (Loss) Before Contributions/Transfers | | | 39,465 | (39,302) | 12,031 | 13,069 |
| Capital Contributions | | | | | | |
| Transfers In | | | 39,900 | 62,400 | | |
| Transfers Out | | | | | | |
| Loans and Lease Payments | | | | (366) | | |
| Change in Net Position | | | 79,365 | 22,732 | 12,031 | 13,069 |
| Beginning Net Position - July 1 | | | 60,837 | 140,202 | 162,934 | 174,965 |
| Prior Period Adjustments | | | | | | |
| Change in Net Position | | | 79,365 | 22,732 | 12,031 | 13,069 |
| Ending Net Position - June 30 | | | 140,202 | 162,934 | 174,965 | 188,034 |

Revenues

HB2 Narrative

Proprietary Rates

The legislature reviewed the proposal of the elimination of the PDC in the 2025 biennium.

The following table shows the rates adopted by the legislature for the new State Management Training Center.

| The Department of Administration State Human Resources Division Rates for the State Management Training Center | | | | |
|--|-----------------|---------------|---------------|---------------|
| Agency | FTE | Percent | FY 2024 | FY 2025 |
| Governor's Office | 61.52 | 0.51% | 2,048 | 2,048 |
| School for Deaf & Blind | 83.67 | 0.70% | 2,786 | 2,786 |
| Montana Arts Council | 7.00 | 0.06% | 233 | 233 |
| Montana State Library | 51.73 | 0.43% | 1,722 | 1,722 |
| Historical Society | 63.88 | 0.53% | 2,127 | 2,127 |
| Department of Fish, Wildlife and Parks | 905.67 | 7.54% | 30,156 | 30,156 |
| Department of Environmental Quality | 446.79 | 3.72% | 14,877 | 14,877 |
| Department of Transportation | 2,165.27 | 18.02% | 72,096 | 72,096 |
| Department of Livestock | 138.29 | 1.15% | 4,605 | 4,605 |
| Department of Natural Resources & Conservation | 638.41 | 5.31% | 21,257 | 21,257 |
| Department of Revenue | 673.67 | 5.61% | 22,431 | 22,431 |
| Department of Administration | 568.54 | 4.73% | 18,930 | 18,930 |
| Montana Public Employee Retirement Administration | 56.00 | 0.47% | 1,865 | 1,865 |
| Teachers Retirement System | 22.00 | 0.18% | 733 | 733 |
| Office of Public Defender | 308.44 | 2.57% | 10,270 | 10,270 |
| Department of Agriculture | 132.44 | 1.10% | 4,410 | 4,410 |
| Department of Corrections | 1,366.18 | 11.37% | 45,489 | 45,489 |
| Department of Commerce | 264.29 | 2.20% | 8,800 | 8,800 |
| Department of Labor and Industry | 825.68 | 6.87% | 27,492 | 27,492 |
| Department of Military Affairs | 246.69 | 2.05% | 8,214 | 8,214 |
| Department of Public Health & Human Services | <u>2,987.12</u> | <u>24.87%</u> | <u>99,461</u> | <u>99,461</u> |
| Total | 12,013.28 | 100.00% | \$400,000 | \$400,000 |

This program is funded with an internal service fund, which is a type of a proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 3,538,796 | 3,430,705 | (108,091) | (3.05)% |
| Operating Expenses | 31,990,183 | 40,409,901 | 8,419,718 | 26.32 % |
| Grants | 1,040,226 | 1,040,226 | 0 | 0.00 % |
| Benefits & Claims | 32,970,174 | 30,470,174 | (2,500,000) | (7.58)% |
| Debt Service | 155,144 | 155,144 | 0 | 0.00 % |
| Total Expenditures | \$69,694,523 | \$75,506,150 | \$5,811,627 | 8.34 % |
| Proprietary Funds | 69,694,523 | 75,506,150 | 5,811,627 | 8.34 % |
| Total Funds | \$69,694,523 | \$75,506,150 | \$5,811,627 | 8.34 % |

Page Reference

Legislative Budget Analysis, A- 276

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 17.00 | 17.00 | 17.00 | 17.00 |
| Personal Services | 1,656,468 | 1,758,640 | 1,780,156 | 1,709,571 | 1,721,134 |
| Operating Expenses | 12,768,002 | 15,000,443 | 16,989,740 | 20,071,932 | 20,337,969 |
| Grants | 140,279 | 520,113 | 520,113 | 520,113 | 520,113 |
| Benefits & Claims | 16,710,872 | 17,735,087 | 15,235,087 | 15,235,087 | 15,235,087 |
| Debt Service | 77,572 | 77,572 | 77,572 | 77,572 | 77,572 |
| Total Expenditures | \$31,353,193 | \$35,091,855 | \$34,602,668 | \$37,614,275 | \$37,891,875 |
| Proprietary Funds | 31,353,193 | 35,091,855 | 34,602,668 | 37,614,275 | 37,891,875 |
| Total Funds | \$31,353,193 | \$35,091,855 | \$34,602,668 | \$37,614,275 | \$37,891,875 |

Page Reference

Legislative Budget Analysis A -277

Funding*Non-Budgeted Proprietary Appropriations*

The majority of the Risk Management and Tort Defense Division's (RMTD) budget is comprised of proprietary funds that are derived from premium assessments on insurance risks paid by state agencies and the Montana University System. These funds are considered and approved as rates charged to other state agencies and are discussed in the Proprietary Rates section of the narrative.

Statutory Appropriations

Statutory appropriations comprise less than 1.0% of total appropriations for RMTD. The statutory appropriation is for the receipt of insurance proceeds for claims that fall above the amount that the state self-insures.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|--|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 34,602,668 | 34,602,668 | 69,205,336 | 91.66 % | |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 987,581 | 1,265,191 | 2,252,772 | 2.98 % | |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 2,021,326 | 2,021,316 | 4,042,642 | 5.35 % | |
| New Proposals | 0 | 0 | 0 | 0.00 % | 2,700 | 2,700 | 5,400 | 0.01 % | |
| Total Budget | \$0 | \$0 | \$0 | | \$37,614,275 | \$37,891,875 | \$75,506,150 | | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|-----------------|------------------|--------------------|--------------------|-----------------------|-----------------|------------------|--------------------|--------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 0 | 0 | 0 | (70,585) | 0.00 | 0 | 0 | 0 | (59,022) |
| DP 2 - Fixed Costs | 0.00 | 0 | 0 | 0 | 94,760 | 0.00 | 0 | 0 | 0 | 80,109 |
| DP 3 - Inflation Deflation | 0.00 | 0 | 0 | 0 | 963,406 | 0.00 | 0 | 0 | 0 | 1,244,104 |
| DP 4 - Allocate Department Indirect/Administrative Costs | 0.00 | 0 | 0 | 0 | 21,733 | 0.00 | 0 | 0 | 0 | 21,733 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 0 | 0 | 0 | 78 | 0.00 | 0 | 0 | 0 | 37 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | 0 | 0 | 0 | (485) | 0.00 | 0 | 0 | 0 | (454) |
| DP 222 - RMTD Adjustment | 0.00 | 0 | 0 | 0 | 5,865 | 0.00 | 0 | 0 | 0 | 5,865 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | 0 | 0 | 0 | (5,865) | 0.00 | 0 | 0 | 0 | (5,865) |
| DP 2401 - Commercial Property | 0.00 | 0 | 0 | 0 | 2,000,000 | 0.00 | 0 | 0 | 0 | 2,000,000 |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$0 | \$0 | \$3,008,907 | 0.00 | \$0 | \$0 | \$0 | \$3,286,507 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature reviewed the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature reviewed the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature reviewed adjustments in FY 2024 and FY 2025 to provide 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.

DP 20 - SABHRS Rate Adjustment -

The legislature reviewed an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature reviewed a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 2401 - Commercial Property -

The legislature reviewed additional appropriation for commercial insurance premiums for fiscal years 2024 and 2025. The state's commercial excess insurance premiums are projected to increase due to 'historic worst' unfavorable market conditions caused by recent worldwide catastrophes and construction cost inflation. In addition, state government and the university system have experienced historically significant events such as the 2019 MSU Bozeman roof collapse. This claim caused the state's commercial excess property premium to increase 27.0% in FY 2021, an additional 52.0% in FY 2022, and is projected to increase another 18.0% in FY 2023, FY 2024, and FY 2025 from the FY 2022 actual premium paid.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|-------------------------|-------------|--------------|---------------|-----------------|----------------|-----------------------|--------------|---------------|-----------------|----------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 0 | 0 | 2,700 | 0.00 | 0 | 0 | 0 | 2,700 |
| Total | 0.00 | \$0 | \$0 | \$0 | \$2,700 | 0.00 | \$0 | \$0 | \$0 | \$2,700 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature reviewed in FY 2024 and FY 2025 funding for the agency to pay for new fixed cost allocations related to the Chief Data Office and the State Management Training Center. Rates for the fixed costs are approved in the section of the budget that provides the services.

Other Issues -

Proprietary Rates

Agency Insurance Fund - 06532

Proprietary Program Description

The Risk Management and Tort Defense Division administers a comprehensive plan of property/casualty insurance protection on behalf of the 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 \$2.0 million 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.

The division currently has 17.00 FTE.

Proprietary Program Revenues and Expenses

The following table shows the actual and reviewed expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

| Fund | Fund Name | Agency # | Agency Name | Program Name |
|-------|------------------|----------|-------------------------|--------------|
| 06532 | Agency Insurance | 61010 | Dept. of Administration | RMTD |

| | Actual FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 |
|---|-----------------|--------------------|-------------------|-------------------|
| Operating Revenues | | | | |
| Fees and Charges | | | | |
| Premium | 24,132,760 | 25,612,318 | - | - |
| Other Operating Revenues - Motorcycle Training | 10,639 | 6,000 | 6,000 | 6,000 |
| Investment Earnings | 50,055 | 140,000 | 200,000 | 200,000 |
| Other Operating Revenue | | | | |
| Total Operating Revenues | 24,193,454 | 25,758,318 | 206,000 | 206,000 |
| Expenses | | | | |
| Personal Services | 1,574,767 | 1,780,156 | 1,709,571 | 1,721,134 |
| Other Operating Expense | 3,176,980 | 5,485,379 | 5,410,161 | 5,464,567 |
| Insurance Premiums | 9,960,943 | 12,024,474 | 14,661,771 | 14,873,402 |
| Claims | 3,318,608 | 15,235,087 | 15,235,087 | 15,235,087 |
| Claims - Estimated | - | | | |
| Total Operating Expense | 18,031,298 | 34,525,096 | 37,016,590 | 37,294,190 |
| Operating Income (Loss) | 6,162,156 | (8,766,778) | (36,810,590) | (37,088,190) |
| Nonoperating Revenues | | | | |
| Other Revenue A - Subrogation Proceeds | 643,515 | 100,000 | 100,000 | 100,000 |
| Other Revenue B -Misc. Settlements | 141,137,493 | | | |
| Nonoperating Expenses | | | | |
| Other Expense | | | | |
| Total Nonoperating Revenues (Expenses) | 141,781,008 | 100,000 | 100,000 | 100,000 |
| Income (Loss) Before Contributions/Transfers | 147,943,164 | (8,666,778) | (36,710,590) | (36,988,190) |
| Capital Contributions | | | | |
| Transfers In | 54,878 | 45,000 | 45,000 | 45,000 |
| Transfers Out | (20,829,224) | - | - | - |
| Loans and Lease Payments | (5,986) | (77,572) | (77,572) | (77,572) |
| Change in Net Position | 127,162,832 | (8,699,350) | (36,743,162) | (37,020,762) |
| Beginning Net Position - July 1 | 5,611,066 | 118,270,609 | 109,571,259 | 72,828,097 |
| Prior Period Adjustments | (14,503,289) | - | - | - |
| Change in Net Position | 127,162,832 | (8,699,350) | (36,743,162) | (37,020,762) |
| Ending Net Position - June 30 | 118,270,609 | 109,571,259 | 72,828,097 | 35,807,335 |

Expenses

The legislature reviewed the increase of \$2.5 million in FY 2024 and \$2.8 million in FY 2025 when compared to the FY 2023 base budget. The increase is primarily needed for the commercial property insurance premium that continues to go up due to “historic worst” unfavorable market conditions caused by recent worldwide catastrophes and construction cost inflation. In addition, the state has experienced historically significant events in the last few years. The state's commercial excess property premium increased 52.0% in FY 2022 and is projected to increase by another 18.0% in FY 2023, FY 2024, and FY 2025 from the FY 2022 actual premium paid.

Revenues

Montana self-insures its insurance risks for automobile, aviation, general liability and property via the Risk Management and Tort Defense Division (RMTD). All agencies pay insurance premiums to the division.

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.

Premiums for the 2025 biennium are apportioned based upon exposure and loss experience as follows:

- Automobile – comprised of two separate components:
 - comprehensive and collision based upon total value of reported vehicles
 - auto liability premium based on agency losses over the past four years and number of vehicles reported
- Aviation – allocated to those agencies that have aircraft based on charges on commercial insurance carriers for each aircraft, depending on the year, make, model, and value of the aircraft. Airport premium is apportioned to those agencies that have airports based upon the number of airports
- General Liability – comprised of commercial coverage negotiated with commercial insurance carriers and self-insurance for those risks that are not insurable through commercial coverage based on number of exposures
- Property – allocated to each agency based on its percentage of reported exposures (e.g., building replacement cost values, boilers, and machinery, etc.)

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.

Proprietary Rates

The figure below shows the rates adopted by the legislature for the 2025 biennium. The rates charged in the base year are shown for comparison purposes. When comparing the 2023 biennium to the 2025 biennium, the rate is decreased by \$1.5 million in FY 2024 and FY 2025.

| Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information | | | | |
|--|------------------|--------------------|------------------|------------------|
| | Actuals FY 22 | Estimated FY 23 | Adopted FY 24 | Adopted FY 25 |
| Fee Description: | | | | |
| Auto - Comprehensive/Collision | 1,820,313 | 1,820,313 | 1,820,313 | 1,820,313 |
| Aviation | 169,961 | 169,961 | 169,961 | 169,961 |
| General Liability | 14,613,042 | 14,613,042 | 13,151,738 | 13,151,738 |
| Property/Miscellaneous | <u>9,009,000</u> | <u>9,009,000</u> | <u>9,009,000</u> | <u>9,009,000</u> |
| | \$ 25,612,316 | \$ 25,612,316 | \$ 24,151,012 | \$ 24,151,012 |

This program is funded with an internal service fund, which is a type of a proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

In FY 2022, the amount of the reserves in the RMTD fund increased significantly. The Risk Management and Tort Defense Division won a judgement of approximately \$78.6 million against the state's former insurance carrier for recovery of expenses incurred in defense and settlement of Libby asbestos claims. Additionally, in the same fiscal year, the former insurance carrier agreed to pay the state \$62.5 million in another settlement involving Libby asbestos claims.

The legislature adopted a "premium holiday" for the 2025 biennium in order to reduce the level of reserves in the state insurance fund to fall within an acceptable range of target funding ratios that are commonly used by public entities and higher education. The results of the premium holiday are that the excess reserves are reduced over time and those agencies that are federally funded are beneficiaries of lower costs over time as opposed to transferring the excess to the general fund, which would necessitate a payment to the federal government.

State agencies and universities that do not continue to participate in risk management, mitigation initiatives, and insurance premium discount programs may be billed an insurance premium during the 2025 biennium.

Additionally, the legislature adopted the following language related to the RMTD rates:

"State agencies and universities will not be billed an insurance premium in the 2025 biennium by the Risk Management and Tort Defense Division due to an overage in the state insurance fund's reserves. Any insurance premium discounts that would have been realized in the 2025 biennium through participation in the Risk Management and Tort Defense Division's risk management/loss mitigation programs must be applied from each state agency's or university's insurance premium holiday savings in a reasonable manner to avoid programmatic and funding shortfalls. The Risk Management and Tort Defense Division has the authority to bill state agencies and universities an insurance premium if the agency or university does not participate in risk management/loss mitigation activities during the 2025 biennium.

It is the intent of the Legislature that the settlements deposited in the Risk Management and Tort Defense Division's proprietary fund are not transferred for any purpose other than as directed in Title 2, chapter 9, parts 1 through 3."

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 993,042 | 1,002,545 | 9,503 | 0.96 % |
| Operating Expenses | 247,653 | 316,238 | 68,585 | 27.69 % |
| Local Assistance | 29,366 | 29,366 | 0 | 0.00 % |
| Debt Service | 81,528 | 81,528 | 0 | 0.00 % |
| Total Expenditures | \$1,351,589 | \$1,429,677 | \$78,088 | 5.78 % |
| General Fund | 1,351,589 | 1,429,677 | 78,088 | 5.78 % |
| Total Funds | \$1,351,589 | \$1,429,677 | \$78,088 | 5.78 % |
| Total Ongoing | \$1,351,589 | \$1,433,515 | \$81,926 | 6.06 % |
| Total OTO | \$0 | (\$3,838) | (\$3,838) | 100.00 % |

Page Reference

Legislative Budget Analysis, A- 285

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 5.50 | 5.50 | 5.50 | 5.50 |
| Personal Services | 491,692 | 487,782 | 505,260 | 500,469 | 502,076 |
| Operating Expenses | 81,814 | 123,647 | 124,006 | 157,988 | 158,250 |
| Local Assistance | 589 | 14,683 | 14,683 | 14,683 | 14,683 |
| Debt Service | 40,764 | 40,764 | 40,764 | 40,764 | 40,764 |
| Total Expenditures | \$614,859 | \$666,876 | \$684,713 | \$713,904 | \$715,773 |
| General Fund | 614,859 | 666,876 | 684,713 | 713,904 | 715,773 |
| Total Funds | \$614,859 | \$666,876 | \$684,713 | \$713,904 | \$715,773 |
| Total Ongoing | \$614,859 | \$666,876 | \$684,713 | \$715,823 | \$717,692 |
| Total OTO | \$0 | \$0 | \$0 | (\$1,919) | (\$1,919) |

Page Reference

Legislative Budget Analysis, A- 286

Funding

The Montana Tax Appeal Board is fully funded with general fund. General fund provides support for travel expenses, compensation, and all other incidental expenses of the county tax boards. Office space and equipment for the county tax appeal boards must be furnished by the county.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 684,713 | 684,713 | 1,369,426 | 95.79 % | 684,713 | 684,713 | 1,369,426 | 95.79 % |
| SWPL Adjustments | 34,801 | 37,489 | 72,290 | 5.06 % | 34,801 | 37,489 | 72,290 | 5.06 % |
| PL Adjustments | 2,409 | 2,397 | 4,806 | 0.34 % | 2,409 | 2,397 | 4,806 | 0.34 % |
| New Proposals | (8,019) | (8,826) | (16,845) | (1.18)% | (8,019) | (8,826) | (16,845) | (1.18)% |
| Total Budget | \$713,904 | \$715,773 | \$1,429,677 | | \$713,904 | \$715,773 | \$1,429,677 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|-----------------|------------------|--------------------|-----------------|-----------------------|-----------------|------------------|--------------------|-----------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 238 | 0 | 0 | 238 | 0.00 | 1,862 | 0 | 0 | 1,862 |
| DP 2 - Fixed Costs | 0.00 | 28,972 | 0 | 0 | 28,972 | 0.00 | 28,908 | 0 | 0 | 28,908 |
| DP 3 - Inflation Deflation | 0.00 | 5,591 | 0 | 0 | 5,591 | 0.00 | 6,719 | 0 | 0 | 6,719 |
| DP 4 - Allocate Department Indirect/Administrative Costs | 0.00 | 2,397 | 0 | 0 | 2,397 | 0.00 | 2,397 | 0 | 0 | 2,397 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 23 | 0 | 0 | 23 | 0.00 | 11 | 0 | 0 | 11 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (11) | 0 | 0 | (11) | 0.00 | (11) | 0 | 0 | (11) |
| DP 222 - RMTD Adjustment | 0.00 | 1,919 | 0 | 0 | 1,919 | 0.00 | 1,919 | 0 | 0 | 1,919 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (1,919) | 0 | 0 | (1,919) | 0.00 | (1,919) | 0 | 0 | (1,919) |
| Grand Total All Present Law Adjustments | 0.00 | \$37,210 | \$0 | \$0 | \$37,210 | 0.00 | \$39,886 | \$0 | \$0 | \$39,886 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted the adjustment for the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted the adjustment for the budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature adopted adjustments in FY 2024 and FY 2025 to provide 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.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|-------------------------------------|------|--------------|---------------|-----------------|-------------|-----------------------|--------------|---------------|-----------------|-------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 333 - Adjustment to Inflation | 0.00 | (2,990) | 0 | 0 | (2,990) | 0.00 | (3,780) | 0 | 0 | (3,780) |
| DP 555 - Additional Vacancy Savings | 0.00 | (5,029) | 0 | 0 | (5,029) | 0.00 | (5,046) | 0 | 0 | (5,046) |
| Total | 0.00 | (\$8,019) | \$0 | \$0 | (\$8,019) | 0.00 | (\$8,826) | \$0 | \$0 | (\$8,826) |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Agency Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Agency Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|----------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 9,832,575 | 9,541,323 | (291,252) | (2.96)% |
| Operating Expenses | 13,080,905 | 15,876,413 | 2,795,508 | 21.37 % |
| Equipment & Intangible Assets | 400,000 | 300,000 | (100,000) | (25.00)% |
| Capital Outlay | 500,000 | 600,000 | 100,000 | 20.00 % |
| Local Assistance | 92,000 | 92,000 | 0 | 0.00 % |
| Grants | 46,437,080 | 43,834,008 | (2,603,072) | (5.61)% |
| Transfers | 482,248 | 2,248 | (480,000) | (99.53)% |
| Debt Service | 618,264 | 587,064 | (31,200) | (5.05)% |
| Total Expenditures | \$71,443,072 | \$70,833,056 | (\$610,016) | (0.85)% |
| General Fund | 9,227,017 | 10,805,135 | 1,578,118 | 17.10 % |
| State/Other Special Rev. Funds | 20,323,670 | 20,523,689 | 200,019 | 0.98 % |
| Federal Spec. Rev. Funds | 41,892,385 | 39,504,232 | (2,388,153) | (5.70)% |
| Total Funds | \$71,443,072 | \$70,833,056 | (\$610,016) | (0.85)% |
| Total Ongoing | \$68,563,989 | \$71,043,446 | \$2,479,457 | 3.62 % |
| Total OTO | \$2,879,083 | (\$210,390) | (\$3,089,473) | (107.31)% |

Page Reference

LFD Budget Analysis, A-289

Agency Highlights

Department of Commerce Major Budget Highlights

- The Department of Commerce's ongoing 2025 biennium HB 2 budget is approximately \$2.5 million or 3.6% greater than the ongoing 2023 biennium budget. The legislatively adopted budget includes:
 - A \$1.8 million biennial general fund increase and 1.00 FTE for the Indian Country Economic Development Program
 - A \$500,000 biennial general fund increase for the Montana Manufacturing Extension Center
 - A \$500,000 biennial general fund increase for the Board of Horse Racing
 - 1.00 FTE added in the Community MT Division for the Montana Heritage Preservation Program
 - 1.00 FTE and authority for increased consulting services added in the Community Technical Assistance Program
 - A \$2.6 million biennial federal special revenue reduction to align with lower funding anticipated for housing grants

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Agency Actuals and Budget Comparison | | | | | |
|--------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 54.05 | 54.05 | 56.55 | 56.55 |
| Personal Services | 4,120,282 | 4,861,675 | 4,970,900 | 4,757,116 | 4,784,207 |
| Operating Expenses | 4,596,640 | 6,623,850 | 6,457,055 | 7,971,299 | 7,905,114 |
| Equipment & Intangible Assets | 130,000 | 250,000 | 150,000 | 150,000 | 150,000 |
| Capital Outlay | 69,500 | 200,000 | 300,000 | 300,000 | 300,000 |
| Local Assistance | 0 | 46,000 | 46,000 | 46,000 | 46,000 |
| Grants | 18,190,210 | 23,219,503 | 23,217,577 | 21,917,004 | 21,917,004 |
| Transfers | 240,000 | 241,124 | 241,124 | 1,124 | 1,124 |
| Debt Service | 275,468 | 309,132 | 309,132 | 293,532 | 293,532 |
| Total Expenditures | \$27,622,100 | \$35,751,284 | \$35,691,788 | \$35,436,075 | \$35,396,981 |
| General Fund | 4,517,730 | 4,586,857 | 4,640,160 | 5,400,365 | 5,404,770 |
| State/Other Special Rev. Funds | 7,105,587 | 10,216,599 | 10,107,071 | 10,280,141 | 10,243,548 |
| Federal Spec. Rev. Funds | 15,998,783 | 20,947,828 | 20,944,557 | 19,755,569 | 19,748,663 |
| Total Funds | \$27,622,100 | \$35,751,284 | \$35,691,788 | \$35,436,075 | \$35,396,981 |
| Total Ongoing | \$26,239,016 | \$34,312,415 | \$34,251,574 | \$35,541,270 | \$35,502,176 |
| Total OTO | \$1,383,084 | \$1,438,869 | \$1,440,214 | (\$105,195) | (\$105,195) |

Page Reference

LFD Budget Analysis, A-291

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

| Executive Budget Comparison | | | | | | | | |
|--------------------------------|------------------------|------------------------------------|--------------------------------------|--|------------------------------------|--------------------------------------|--|--|
| Budget Item | Approp. Fiscal 2023 | Executive Budget Fiscal 2024 | Legislative Budget Fiscal 2024 | Leg — Exec. Difference Fiscal 2024 | Executive Budget Fiscal 2025 | Legislative Budget Fiscal 2025 | Leg — Exec. Difference Fiscal 2025 | Biennium Difference Fiscal 24-25 |
| FTE | 54.05 | 58.05 | 56.55 | (1.50) | 58.05 | 56.55 | (1.50) | (1.50) |
| Personal Services | 4,970,900 | 4,928,961 | 4,757,116 | (171,845) | 4,956,569 | 4,784,207 | (172,362) | (344,207) |
| Operating Expenses | 6,457,055 | 7,838,246 | 7,971,299 | 133,053 | 7,776,713 | 7,905,114 | 128,401 | 261,454 |
| Equipment & Intangible Assets | 150,000 | 150,000 | 150,000 | 0 | 150,000 | 150,000 | 0 | 0 |
| Capital Outlay | 300,000 | 300,000 | 300,000 | 0 | 300,000 | 300,000 | 0 | 0 |
| Local Assistance | 46,000 | 46,000 | 46,000 | 0 | 46,000 | 46,000 | 0 | 0 |
| Grants | 23,217,577 | 21,917,004 | 21,917,004 | 0 | 21,917,004 | 21,917,004 | 0 | 0 |
| Benefits & Claims | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 241,124 | 1,124 | 1,124 | 0 | 1,124 | 1,124 | 0 | 0 |
| Debt Service | 309,132 | 293,532 | 293,532 | 0 | 293,532 | 293,532 | 0 | 0 |
| Total Costs | \$35,691,788 | \$35,474,867 | \$35,436,075 | (\$38,792) | \$35,440,942 | \$35,396,981 | (\$43,961) | (\$82,753) |
| General Fund | 4,640,160 | 5,298,450 | 5,400,365 | 101,915 | 5,303,959 | 5,404,770 | 100,811 | 202,726 |
| State/other Special Rev. Funds | 10,107,071 | 10,406,953 | 10,280,141 | (126,812) | 10,373,801 | 10,243,548 | (130,253) | (257,065) |
| Federal Spec. Rev. Funds | 20,944,557 | 19,769,464 | 19,755,569 | (13,895) | 19,763,182 | 19,748,663 | (14,519) | (28,414) |
| Total Funds | \$35,691,788 | \$35,474,867 | \$35,436,075 | (\$38,792) | \$35,440,942 | \$35,396,981 | (\$43,961) | (\$82,753) |
| Total Ongoing | \$34,251,574 | \$35,474,867 | \$35,541,270 | \$66,403 | \$35,440,942 | \$35,502,176 | \$61,234 | \$127,637 |
| Total OTO | \$1,440,214 | \$0 | (\$105,195) | (\$105,195) | \$0 | (\$105,195) | (\$105,195) | (\$210,390) |

The legislature adopted ongoing appropriations that are \$128,000 greater than the proposed appropriations for the 2025 biennium. Significant changes include:

- The legislature did not adopt DP 5110, which would have reestablished \$200,000 in state special revenue for the 2025 biennium for the Made-in-Montana Program, as passed in HB 660 during the 2021 Legislative Session
- The legislature only adopted 1.00 FTE out of the 2.00 FTE proposed in DP 6002 for the Community Technical Assistance Program
- The legislature adopted DP 7802, which added \$500,000 biennial general fund to the Board of Horse Racing
- The legislature adopted DP 8107, which reduced FTE in the Director's Office by 0.50 FTE
- The legislature adopted an additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation

Funding

The following table shows adopted agency funding for all sources of authority.

| Total Department of Commerce Funding by Source of Authority 2025 Biennium Budget Request - Department of Commerce | | | | | | |
|--|---------------------|--------------------|-----------------------------|----------------------------|----------------------|----------------------|
| Funds | HB2 Ongoing | HB2 OTO | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds |
| General Fund | 10,849,741 | (44,606) | 0 | 3,600,000 | 14,405,135 | 4.28 % |
| State Special Total | 20,669,268 | (145,579) | 0 | 105,062,896 | 125,586,585 | 37.29 % |
| Federal Special Total | 39,524,437 | (20,205) | 0 | 2,097,785 | 41,602,017 | 12.35 % |
| Proprietary Total | 0 | 0 | 154,014,665 | 1,200,000 | 155,214,665 | 46.08 % |
| Other Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Total All Funds | \$71,043,446 | (\$210,390) | \$154,014,665 | \$111,960,681 | \$336,808,402 | |
| Percent - Total All Sources | 21.09 % | (0.06)% | 45.73 % | 33.24 % | | |

Over 75.0% of the overall funding in the Department of Commerce is not budgeted through HB 2, but provided as either non-budgeted proprietary funding or as statutory appropriations. HB 2 appropriations of general fund, state special revenue, and federal special revenue comprise the remaining funding for the Department of Commerce and will be discussed in further detail at the program level.

Statutory appropriations are explained in further detail within each program receiving and spending those funds.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 3,477,125 | 3,477,125 | 6,954,250 | 64.36 % | 34,251,574 | 34,251,574 | 68,503,148 | 96.71 % |
| SWPL Adjustments | 197,387 | 208,370 | 405,757 | 3.76 % | 313,178 | 287,297 | 600,475 | 0.85 % |
| PL Adjustments | 115,949 | 117,583 | 233,532 | 2.16 % | (807,234) | (805,197) | (1,612,431) | (2.28)% |
| New Proposals | 1,609,904 | 1,601,692 | 3,211,596 | 29.72 % | 1,678,557 | 1,663,307 | 3,341,864 | 4.72 % |
| Total Budget | \$5,400,365 | \$5,404,770 | \$10,805,135 | | \$35,436,075 | \$35,396,981 | \$70,833,056 | |

Language and Statutory Authority

The legislature adopted the following language in HB 2:

"The Director's Office, Business Montana Division, Community Montana Division, Housing Montana Division, and Montana Heritage Commission include a one-time-only reduction in FY 2024 and FY 2025 for a suspension of insurance premium payments to the Risk Management and Tort Defense Division's proprietary fund.

The Director's Office includes an increase in general fund of \$19,831 in FY 2024 and \$23,207 in FY 2025, state special revenue of \$22,103 in FY 2024 and \$27,407 in FY 2025, and federal special revenue of \$8,508 in FY 2024 and \$10,854 in FY 2025. The increase was provided to offset inflationary impacts. The agency may allocate this increase in funding among programs when developing 2025 biennium operating plans.

If HB 19 is passed and approved, the Department of Commerce is increased by \$59,661 general fund in FY 2024 and \$56,361 general fund in FY 2025.

If HB 355 is passed and approved, the Department of Commerce is increased by \$473,370 general fund in FY 2024 and \$457,695 general fund in FY 2025, and the Department of Commerce may increase full-time equivalent positions authorized in HB 2 by 4.75 FTE in FY 2024 and 4.75 FTE in FY 2025.

If HB 819 is passed and approved, the Department of Commerce is increased by \$56,235 one-time-only general fund in FY 2024 and \$53,950 one-time-only general fund in FY 2025, and the Department of Commerce may increase full-time equivalent positions authorized in HB 2 by 0.50 FTE in FY 2024 and 0.50 FTE in FY 2025.

If SB 522 is passed and approved, the Department of Commerce is decreased by \$75,505 state special revenue in FY 2024 and \$81,258 state special revenue in FY 2025."

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|----------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 3,443,414 | 2,663,445 | (779,969) | (22.65)% |
| Operating Expenses | 4,942,409 | 6,196,869 | 1,254,460 | 25.38 % |
| Local Assistance | 92,000 | 92,000 | 0 | 0.00 % |
| Grants | 3,421,576 | 3,429,650 | 8,074 | 0.24 % |
| Transfers | 482,248 | 2,248 | (480,000) | (99.53)% |
| Debt Service | 246,378 | 226,978 | (19,400) | (7.87)% |
| Total Expenditures | \$12,628,025 | \$12,611,190 | (\$16,835) | (0.13)% |
| General Fund | 5,845,747 | 6,032,510 | 186,763 | 3.19 % |
| State/Other Special Rev. Funds | 5,063,878 | 4,862,093 | (201,785) | (3.98)% |
| Federal Spec. Rev. Funds | 1,718,400 | 1,716,587 | (1,813) | (0.11)% |
| Total Funds | \$12,628,025 | \$12,611,190 | (\$16,835) | (0.13)% |
| Total Ongoing | \$10,138,306 | \$12,639,420 | \$2,501,114 | 24.67 % |
| Total OTO | \$2,489,719 | (\$28,230) | (\$2,517,949) | (101.13)% |

Page Reference

LFD Budget Analysis, A-296

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 14.50 | 14.50 | 15.50 | 15.50 |
| Personal Services | 1,314,329 | 1,691,488 | 1,751,926 | 1,327,696 | 1,335,749 |
| Operating Expenses | 2,060,016 | 2,498,251 | 2,444,158 | 3,100,807 | 3,096,062 |
| Local Assistance | 0 | 46,000 | 46,000 | 46,000 | 46,000 |
| Grants | 1,023,625 | 1,711,751 | 1,709,825 | 1,714,825 | 1,714,825 |
| Transfers | 240,000 | 241,124 | 241,124 | 1,124 | 1,124 |
| Debt Service | 98,633 | 123,189 | 123,189 | 113,489 | 113,489 |
| Total Expenditures | \$4,736,603 | \$6,311,803 | \$6,316,222 | \$6,303,941 | \$6,307,249 |
| General Fund | 2,886,651 | 2,898,203 | 2,947,544 | 3,014,289 | 3,018,221 |
| State/Other Special Rev. Funds | 1,112,472 | 2,553,155 | 2,510,723 | 2,430,961 | 2,431,132 |
| Federal Spec. Rev. Funds | 737,480 | 860,445 | 857,955 | 858,691 | 857,896 |
| Total Funds | \$4,736,603 | \$6,311,803 | \$6,316,222 | \$6,303,941 | \$6,307,249 |
| Total Ongoing | \$3,510,304 | \$5,067,412 | \$5,070,894 | \$6,318,056 | \$6,321,364 |
| Total OTO | \$1,226,299 | \$1,244,391 | \$1,245,328 | (\$14,115) | (\$14,115) |

Page Reference

LFD Budget Analysis, A-297

Funding*HB 2 Authority*General Fund

HB 2 general fund authority includes funding for the Certified Regional Development Corporations, Office of Trade and International Relations, Made in Montana Program, Small Business Development Centers (SBDC), and Small Business Innovation Research/Small Business Technology Transfer, Indian Country Economic Development, and Export Trade Promotion Programs. The legislature adopted HB 2 funding for the Montana Manufacturing Extension Center, which currently only receives statutory authority.

State Special Revenue

State special revenue appropriations include authority for microbusiness loans, primary business sector training, the Big Sky Economic Development Program, and the State-Tribal Economic Development Program.

Federal Special Revenue

HB 2 federal special revenue is for small business development centers.

Statutory Appropriations

There are three statutorily appropriated funds in the Business MT Division. The Big Sky Economic Development Trust Fund Program is the largest statutory fund and is funded from interest earned on the coal severance tax trust fund to provide state funds to local communities to promote economic development and sustainability.

General fund statutory authority is from the coal severance tax distributions codified in 15-35-108, MCA. Authority is distributed each fiscal year as follows:

- \$325,000 for the Small Business Development Center
- \$50,000 for the Small Business Innovative Research Program
- \$625,000 for Certified Regional Development Corporations
- \$500,000 for the Montana Manufacturing Extension Center at Montana State University Bozeman
- \$300,000 for export trade enhancement

The Distressed Wood Products Industry Revolving Loan Program (90-1-504, MCA) was created in 2009 by the Montana Legislature in response to the low demand for wood products. This program is a state and federally funded revolving loan program that provides financial assistance to create or retain jobs for wood products industry businesses.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 1,784,509 | 1,784,509 | 3,569,018 | 59.16 % | 5,070,894 | 5,070,894 | 10,141,788 | 80.42 % |
| SWPL Adjustments | 86,269 | 91,362 | 177,631 | 2.94 % | (261,679) | (256,390) | (518,069) | (4.11)% |
| PL Adjustments | 42,239 | 43,029 | 85,268 | 1.41 % | 396,602 | 396,995 | 793,597 | 6.29 % |
| New Proposals | 1,101,272 | 1,099,321 | 2,200,593 | 36.48 % | 1,098,124 | 1,095,750 | 2,193,874 | 17.40 % |
| Total Budget | \$3,014,289 | \$3,018,221 | \$6,032,510 | | \$6,303,941 | \$6,307,249 | \$12,611,190 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|---|-------------|------------------|----------------|-----------------|------------------|-----------------------|------------------|----------------|-----------------|------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 30,490 | (353,167) | (4,566) | (327,243) | 0.00 | 36,934 | (352,501) | (3,605) | (319,172) |
| DP 2 - Fixed Costs | 0.00 | 16,782 | 1,276 | 5,055 | 23,113 | 0.00 | 11,693 | 799 | 3,078 | 15,570 |
| DP 3 - Inflation Deflation | 0.00 | 38,997 | 2,772 | 682 | 42,451 | 0.00 | 42,735 | 3,599 | 878 | 47,212 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 193 | 8 | 29 | 230 | 0.00 | 115 | 5 | 15 | 135 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (814) | (57) | (49) | (920) | 0.00 | (761) | (53) | (46) | (860) |
| DP 222 - RMTD Adjustment | 0.00 | 10,249 | 779 | 3,087 | 14,115 | 0.00 | 10,600 | 725 | 2,790 | 14,115 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (10,249) | (779) | (3,087) | (14,115) | 0.00 | (10,600) | (725) | (2,790) | (14,115) |
| DP 5109 - BUSMT ADMINISTRATIVE COSTS ADJUSTMENT | 0.00 | 42,860 | 353,085 | 1,347 | 397,292 | 0.00 | 43,675 | 352,573 | 1,472 | 397,720 |
| Grand Total All Present Law Adjustments | 0.00 | \$128,508 | \$3,917 | \$2,498 | \$134,923 | 0.00 | \$134,391 | \$4,422 | \$1,792 | \$140,605 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 5109 - BUSMT ADMINISTRATIVE COSTS ADJUSTMENT -

The legislature adopted administrative adjustments for non-state rent increases per the terms of the negotiated lease; travel costs due to the increased costs of fuel, lodging, etc.; anticipated private funds to be received as a result of more public/private partnerships; and indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | Fiscal 2024 | | | | | Fiscal 2025 | | | | |
|---|-------------|--------------------|------------------|------------------|--------------------|-------------|--------------------|------------------|------------------|--------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 473 | 552 | 0 | 1,025 | 0.00 | 473 | 552 | 0 | 1,025 |
| DP 333 - Adjustment to Inflation | 0.00 | (12,847) | (913) | (225) | (13,985) | 0.00 | (14,730) | (1,240) | (303) | (16,273) |
| DP 555 - Additional Vacancy Savings | 0.00 | (11,354) | (1,025) | (1,537) | (13,916) | 0.00 | (11,422) | (1,032) | (1,548) | (14,002) |
| DP 5104 - BUSMT INDIAN COUNTRY ECONOMIC DEVELOPMENT HB2 | 1.00 | 875,000 | 0 | 0 | 875,000 | 1.00 | 875,000 | 0 | 0 | 875,000 |
| DP 5107 - BUSMT INCREASE MMEC FUNDING HB2 | 0.00 | 250,000 | 0 | 0 | 250,000 | 0.00 | 250,000 | 0 | 0 | 250,000 |
| Total | 1.00 | \$1,101,272 | (\$1,386) | (\$1,762) | \$1,098,124 | 1.00 | \$1,099,321 | (\$1,720) | (\$1,851) | \$1,095,750 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$1,496 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 5104 - BUSMT INDIAN COUNTRY ECONOMIC DEVELOPMENT HB2 -

The legislature adopted general fund appropriations for the Indian Country Economic Development (ICED) program at the same level of one-time-only funding that was approved for the prior biennium. The ICED program provides resources and technical assistance to tribal governments, tribal economic development organizations, and Indian entrepreneurs to accelerate economic development in Indian communities. ICED provides small equity grants, business advisory host funds, and tribal government business planning resources. Funding is distributed to the eight tribal nations, tribal economic development organizations, and tribal member businesses.

DP 5107 - BUSMT INCREASE MMEC FUNDING HB2 -

The legislature adopted a general fund appropriation of \$250,000 in each fiscal year of the biennium for the Montana Manufacturing Extension Center (MMEC). This will augment the current statutory funding level of \$500,000 per fiscal year provided in 15-35-108, MCA. The National Institute of Standards and Technology, Manufacturing Extension Partnership (NIST-MEP) partially funds a Manufacturing Extension Partnership in each state and Puerto Rico. MMEC, located in MSU's College of Engineering, has been providing technical hands-on assistance to Montana's small and medium manufacturers in the areas of growth, innovation, efficiency, and resiliency since 1996. Funding for the MMEC is provided using the following model, the federal government provides 1/3 of the MMEC budget, the state government provides 1/3 of the budget, and MMEC's clients provide the remaining 1/3. MMEC currently has six field engineers/business advisors that provide technical assistance to Montana's small to medium manufacturers throughout the state. MMEC's Field Engineers complete approximately 60 projects per year with small to medium manufacturers in Montana. With the additional state funding, two additional field engineers will be hired and the agency estimates the MMEC would be able to complete approximately 90 projects per year with small to medium manufacturers in Montana.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Operating Expenses | 643,486 | 635,462 | (8,024) | (1.25)% |
| Total Expenditures | \$643,486 | \$635,462 | (\$8,024) | (1.25)% |
| State/Other Special Rev. Funds | 643,486 | 635,462 | (8,024) | (1.25)% |
| Total Funds | \$643,486 | \$635,462 | (\$8,024) | (1.25)% |
| Total Ongoing | \$643,486 | \$635,462 | (\$8,024) | (1.25)% |
| Total OTO | \$0 | \$0 | \$0 | 0.00 % |

Page Reference

LFD Budget Analysis, A-305

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| Operating Expenses | 90,839 | 358,486 | 285,000 | 344,047 | 291,415 |
| Total Expenditures | \$90,839 | \$358,486 | \$285,000 | \$344,047 | \$291,415 |
| State/Other Special Rev. Funds | 90,839 | 358,486 | 285,000 | 344,047 | 291,415 |
| Total Funds | \$90,839 | \$358,486 | \$285,000 | \$344,047 | \$291,415 |
| Total Ongoing | \$90,839 | \$358,486 | \$285,000 | \$344,047 | \$291,415 |
| Total OTO | \$0 | \$0 | \$0 | \$0 | \$0 |

Page Reference

LFD Budget Analysis, A-306

Funding*HB 2 Authority*State Special Revenue

Brand MT's HB 2 authority is funded by state special revenue from the accommodations tax account and primarily from proceeds from the Governor's Tourism Conference. This funding accounts for less than 1.0% of the Brand MT's total appropriation authority.

Statutory Appropriations

The majority of Brand MT's funding comes from statutory appropriation authority. Statutory authority in this program includes funding from the lodging and facilities taxes used to support regional and state tourism and film promotion. Brand

MT also includes funding for the Montana Economic Development Industry Advancement (MEDIA) Act and the Lewis and Clark bicentennial license plates.

The lodging facility use tax provides funds to the Department of Commerce through a 4.0% tax imposed on guests of hotels, motels, bed and breakfasts, resorts, campgrounds, and any other lodging sites. A portion of the tax proceeds go to the Department of Commerce for tourism and film production promotion as well as for regional tourism promotion.

The MEDIA Act film fee is a fee paid by production and post-production companies when they apply for certification with the Department of Commerce to claim the MEDIA Act transferable income tax credit. Therefore, expenditures are dependent on the revenue received from the total number of applications submitted. The use of these funds is to help pay for the implementation of the provisions of this act, including the presentation of a report on the economic impact of the tax credits created by an outside research organization called for by HB 293, enacted by the 2019 Legislature.

The Department of Commerce receives fees from Lewis & Clark bicentennial license plates sold through the Motor Vehicles Division at the Department of Justice. Three-fourths of the revenue from this source is placed in a state special revenue fund for the Department of Commerce for projects related to Lewis and Clark. The remaining one-fourth of revenue is placed in a state special revenue account for the Montana Historical Society.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 285,000 | 285,000 | 570,000 | 89.70 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 63,530 | 12,355 | 75,885 | 11.94 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 0 | 0 | 0 | 0.00 % |
| New Proposals | 0 | 0 | 0 | 0.00 % | (4,483) | (5,940) | (10,423) | (1.64)% |
| Total Budget | \$0 | \$0 | \$0 | | \$344,047 | \$291,415 | \$635,462 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|-----------------|------------------|--------------------|-----------------|-----------------------|-----------------|------------------|--------------------|-----------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 2 - Fixed Costs | 0.00 | 0 | 54,255 | 0 | 54,255 | 0.00 | 0 | 0 | 0 | 0 |
| DP 3 - Inflation Deflation | 0.00 | 0 | 9,275 | 0 | 9,275 | 0.00 | 0 | 12,355 | 0 | 12,355 |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$63,530 | \$0 | \$63,530 | 0.00 | \$0 | \$12,355 | \$0 | \$12,355 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

New Proposals -

The “New Proposals” table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|----------------------------------|-----------------------|--------------|---------------|-----------------|-------------|-----------------------|--------------|---------------|-----------------|-------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | (4,483) | 0 | (4,483) | 0.00 | 0 | (5,940) | 0 | (5,940) |
| Total | 0.00 | \$0 | (\$4,483) | \$0 | (\$4,483) | 0.00 | \$0 | (\$5,940) | \$0 | (\$5,940) |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 3,572,748 | 3,800,386 | 227,638 | 6.37 % |
| Operating Expenses | 3,479,246 | 4,265,634 | 786,388 | 22.60 % |
| Grants | 20,604,358 | 20,604,358 | 0 | 0.00 % |
| Debt Service | 196,526 | 184,726 | (11,800) | (6.00)% |
| Total Expenditures | \$27,852,878 | \$28,855,104 | \$1,002,226 | 3.60 % |
| General Fund | 1,892,566 | 2,822,882 | 930,316 | 49.16 % |
| State/Other Special Rev. Funds | 9,655,954 | 9,647,752 | (8,202) | (0.08)% |
| Federal Spec. Rev. Funds | 16,304,358 | 16,384,470 | 80,112 | 0.49 % |
| Total Funds | \$27,852,878 | \$28,855,104 | \$1,002,226 | 3.60 % |
| Total Ongoing | \$27,463,514 | \$28,893,234 | \$1,429,720 | 5.21 % |
| Total OTO | \$389,364 | (\$38,130) | (\$427,494) | (109.79)% |

Page Reference

LFD Budget Analysis, A-310

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 19.45 | 19.45 | 21.45 | 21.45 |
| Personal Services | 1,460,190 | 1,766,217 | 1,806,531 | 1,894,702 | 1,905,684 |
| Operating Expenses | 610,035 | 1,747,133 | 1,732,113 | 2,142,036 | 2,123,598 |
| Grants | 9,503,324 | 10,302,179 | 10,302,179 | 10,302,179 | 10,302,179 |
| Debt Service | 90,928 | 98,263 | 98,263 | 92,363 | 92,363 |
| Total Expenditures | \$11,664,477 | \$13,913,792 | \$13,939,086 | \$14,431,280 | \$14,423,824 |
| General Fund | 908,465 | 937,117 | 955,449 | 1,414,306 | 1,408,576 |
| State/Other Special Rev. Funds | 3,587,217 | 4,825,309 | 4,830,645 | 4,823,763 | 4,823,989 |
| Federal Spec. Rev. Funds | 7,168,795 | 8,151,366 | 8,152,992 | 8,193,211 | 8,191,259 |
| Total Funds | \$11,664,477 | \$13,913,792 | \$13,939,086 | \$14,431,280 | \$14,423,824 |
| Total Ongoing | \$11,507,692 | \$13,719,314 | \$13,744,200 | \$14,450,345 | \$14,442,889 |
| Total OTO | \$156,785 | \$194,478 | \$194,886 | (\$19,065) | (\$19,065) |

Page Reference

LFD Budget Analysis, A-311

HB2 Narrative

Funding*HB 2 Authority*General Fund

General fund is used to provide matching funds for the Community Development Block Grant Program and support the Community Technical Assistance Program.

State Special Revenue

State special revenues are primarily comprised of funding for the Coal Board, Montana Coal Endowment Program (MCEP), and the Hard Rock Mining Impact Board. The Coal Board provides grants to governmental units to assist them in providing governmental services or facilities that are needed as a direct consequence of an increase or decrease in coal development or in the consumption of coal by the coal-using energy complex. MCEP is a local government infrastructure-financing program funded by investment earnings on the coal severance tax funds. Revenue from the coal tax trust is transferred to the state special revenue fund for administrative costs (appropriated in HB 2) and grants (typically appropriated in HB 11). The Hard Rock Mining Impact Board provides technical assistance to local governments to mitigate local government services, facility, and fiscal impacts related to new large-scale hard rock mining developments. The Board is funded with metal mines license tax distributions for administrative costs (appropriated in HB 2) and community distributions (statutorily appropriated).

Federal Special Revenue

Federal special revenue is primarily for Community Development Block grants with the remaining portion being for the U.S. Economic Development Administration (EDA) Revolving Loan fund. The Community Development Block Grant Program provides funds to cities, towns, and counties with fewer than 50,000 residents. The purpose of these funds is to develop and preserve affordable housing, provide community services, and create and retain jobs.

Statutory Appropriations

Community MT has one statutory appropriation for the Hard Rock Mining Impact Board. As previously mentioned, the Hard Rock Mining Impact Board is administratively funded from HB 2 state special revenue while community distributions are statutorily appropriated.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 955,449 | 955,449 | 1,910,898 | 67.69 % | 13,744,200 | 13,744,200 | 27,488,400 | 95.26 % |
| SWPL Adjustments | 110,425 | 112,797 | 223,222 | 7.91 % | 166,880 | 171,482 | 338,362 | 1.17 % |
| PL Adjustments | 66,263 | 66,655 | 132,918 | 4.71 % | 148,846 | 150,155 | 299,001 | 1.04 % |
| New Proposals | 282,169 | 273,675 | 555,844 | 19.69 % | 371,354 | 357,987 | 729,341 | 2.53 % |
| Total Budget | \$1,414,306 | \$1,408,576 | \$2,822,882 | | \$14,431,280 | \$14,423,824 | \$28,855,104 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|--------------|------------------|-----------------|-----------------|------------------|-----------------------|------------------|-----------------|-----------------|------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 72,629 | 1,331 | 4,710 | 78,670 | 0.00 | 75,958 | 7,796 | 6,239 | 89,993 |
| DP 2 - Fixed Costs | 0.00 | 15,563 | 15,084 | 9,755 | 40,402 | 0.00 | 10,507 | 8,938 | 5,529 | 24,974 |
| DP 3 - Inflation Deflation | 0.00 | 22,233 | 13,752 | 11,823 | 47,808 | 0.00 | 26,332 | 17,248 | 12,935 | 56,515 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 238 | 232 | 80 | 550 | 0.00 | 168 | 164 | 56 | 388 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (102) | (246) | (15) | (363) | 0.00 | (96) | (230) | (14) | (340) |
| DP 222 - RMTD Adjustment | 0.00 | 7,344 | 7,118 | 4,603 | 19,065 | 0.00 | 8,021 | 6,823 | 4,221 | 19,065 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (7,344) | (7,118) | (4,603) | (19,065) | 0.00 | (8,021) | (6,823) | (4,221) | (19,065) |
| DP 6003 - CMT ADMINISTRATIVE COSTS ADJUSTMENTS | 0.00 | 66,127 | 61,488 | 21,044 | 148,659 | 0.00 | 66,583 | 62,358 | 21,166 | 150,107 |
| Grand Total All Present Law Adjustments | 0.00 | \$176,688 | \$91,641 | \$47,397 | \$315,726 | 0.00 | \$179,452 | \$96,274 | \$45,911 | \$321,637 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 6003 - CMT ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature adopted administrative adjustments for non-state rent increases per the terms of the negotiated lease, and indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs. Additional adjustments are for computer replacement costs, printing and publication costs, consulting services for planning and reporting required by the U.S. Department of Housing and Urban Development, consulting and professional services to contract engineering services due to high turnover and difficulty hiring staff engineers, and additional educational and training costs made necessary by higher-than-average turnover.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | Fiscal 2024 | | | | | Fiscal 2025 | | | | |
|---|-------------|------------------|-----------------|------------------|------------------|-------------|------------------|-----------------|------------------|------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 158 | 79 | 158 | 395 | 0.00 | 158 | 79 | 158 | 395 |
| DP 333 - Adjustment to Inflation | 0.00 | (6,984) | (4,320) | (3,714) | (15,018) | 0.00 | (8,477) | (5,553) | (4,164) | (18,194) |
| DP 555 - Additional Vacancy Savings | 0.00 | (6,604) | (7,842) | (3,622) | (18,068) | 0.00 | (6,639) | (7,909) | (3,638) | (18,186) |
| DP 6001 - CMT MONTANA HERITAGE PRESERVATION FTE HB2 | 1.00 | 0 | 108,446 | 0 | 108,446 | 1.00 | 0 | 105,339 | 0 | 105,339 |
| DP 6002 - CMT EXPAND COMMUNITY TECHNICAL ASSISTANCE HB2 | 1.00 | 295,599 | 0 | 0 | 295,599 | 1.00 | 288,633 | 0 | 0 | 288,633 |
| Total | 2.00 | \$282,169 | \$96,363 | (\$7,178) | \$371,354 | 2.00 | \$273,675 | \$91,956 | (\$7,644) | \$357,987 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$440 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 6001 - CMT MONTANA HERITAGE PRESERVATION FTE HB2 -

The legislature adopted 1.00 FTE to manage the Montana Historic Preservation Grant (MHPG) Program, established in 22-3-1307, MCA. Since the 2019 Legislature passed SB 338, there has been high demand for program services. The FTE will deliver technical assistance to help applicants develop and implement successful projects and provide staff support to the legislature as they make decisions. Funding for this program was approved during the 2021 Legislative Session as one-time-only operating expenses to fund a modified FTE position. This change package makes the modified FTE become permanent along with the associated state special revenue funding. Personal service funding accounts for approximately \$85,000 in FY 2024 with the remainder being operating expenses.

DP 6002 - CMT EXPAND COMMUNITY TECHNICAL ASSISTANCE HB2 -

The legislature adopted 1.00 FTE and operating funds for consulting professional services for the Community Technical Assistance (CTAP) program. The program is charged with helping local governments plan for “orderly, productive, and coordinated development” with “particular attention to the planning and financing of public facilities and to the problems of metropolitan, suburban, and other areas in which economic and population factors are rapidly changing” (90-1-103, MCA). The staffing and funding would assist Montana communities with housing and infrastructure needs.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 677,240 | 712,677 | 35,437 | 5.23 % |
| Operating Expenses | 452,513 | 509,508 | 56,995 | 12.60 % |
| Grants | 300,000 | 300,000 | 0 | 0.00 % |
| Transfers | 70,000 | 70,000 | 0 | 0.00 % |
| Debt Service | 57,612 | 58,112 | 500 | 0.87 % |
| Total Expenditures | \$1,557,365 | \$1,650,297 | \$92,932 | 5.97 % |
| Proprietary Funds | 1,557,365 | 1,650,297 | 92,932 | 5.97 % |
| Total Funds | \$1,557,365 | \$1,650,297 | \$92,932 | 5.97 % |

Page Reference

LFD Budget Analysis, A-316

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Personal Services | 364,723 | 336,220 | 341,020 | 355,251 | 357,426 |
| Operating Expenses | 197,563 | 249,872 | 202,641 | 265,718 | 243,790 |
| Grants | 25,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| Transfers | 0 | 35,000 | 35,000 | 35,000 | 35,000 |
| Debt Service | 28,101 | 28,556 | 29,056 | 29,056 | 29,056 |
| Total Expenditures | \$615,387 | \$799,648 | \$757,717 | \$835,025 | \$815,272 |
| Proprietary Funds | 615,387 | 799,648 | 757,717 | 835,025 | 815,272 |
| Total Funds | \$615,387 | \$799,648 | \$757,717 | \$835,025 | \$815,272 |

Page Reference

LFD Budget Analysis, A-317

Funding*Non-Budgeted Proprietary Appropriations*

The Montana Facility Finance Authority is entirely supported through non-budgeted proprietary funds.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|--|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 757,717 | 757,717 | 1,515,434 | 91.83 % | |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 48,587 | 28,952 | 77,539 | 4.70 % | |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 28,406 | 28,288 | 56,694 | 3.44 % | |
| New Proposals | 0 | 0 | 0 | 0.00 % | 315 | 315 | 630 | 0.04 % | |
| Total Budget | \$0 | \$0 | \$0 | | \$835,025 | \$815,272 | \$1,650,297 | | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|-----------------|------------------|--------------------|-----------------|-----------------------|-----------------|------------------|--------------------|-----------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | 14,231 | 0.00 | 0 | 0 | 0 | 16,406 | |
| DP 2 - Fixed Costs | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | 27,622 | 0.00 | 0 | 0 | 0 | 4,404 | |
| DP 3 - Inflation Deflation | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | 6,734 | 0.00 | 0 | 0 | 0 | 8,142 | |
| DP 20 - SABHRS Rate Adjustment | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | 82 | 0.00 | 0 | 0 | 0 | 58 | |
| DP 222 - RMTD Adjustment | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | 2,513 | 0.00 | 0 | 0 | 0 | 2,513 | |
| DP 223 - RMTD Adjustment (OTO) | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | (2,513) | 0.00 | 0 | 0 | 0 | (2,513) | |
| DP 7101 - FFA ADMINISTRATIVE COSTS ADJUSTMENTS | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | 28,344 | 0.00 | 0 | 0 | 0 | 28,249 | |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$0 | \$0 | \$77,013 | 0.00 | \$0 | \$0 | \$0 | \$57,259 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature reviewed adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature reviewed adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature reviewed an increase to proposed SABHRS rates.

DP 222 - RMTD Adjustment -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 7101 - FFA ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature reviewed administrative adjustments for annual rent increases, additional software licenses, computer replacement, and increased costs for travel, as well as indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs. There are reductions in contracted services as initial estimated consulting services will not be needed.

New Proposals -

The “New Proposals” table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|-------------------------|-------------|--------------|---------------|-----------------|-------------|-------------|--------------|---------------|-----------------|-------------|
| | Fiscal 2024 | | | | | Fiscal 2025 | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 0 | 0 | 315 | 0.00 | 0 | 0 | 0 | 315 |
| Total | 0.00 | \$0 | \$0 | \$0 | \$315 | 0.00 | \$0 | \$0 | \$0 | \$315 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature reviewed appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature reviewed appropriations of \$352 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|----------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 871,167 | 926,858 | 55,691 | 6.39 % |
| Operating Expenses | 541,988 | 611,629 | 69,641 | 12.85 % |
| Grants | 21,211,146 | 18,600,000 | (2,611,146) | (12.31)% |
| Debt Service | 45,326 | 45,326 | 0 | 0.00 % |
| Total Expenditures | \$22,669,627 | \$20,183,813 | (\$2,485,814) | (10.97)% |
| Federal Spec. Rev. Funds | 22,669,627 | 20,183,813 | (2,485,814) | (10.97)% |
| Total Funds | \$22,669,627 | \$20,183,813 | (\$2,485,814) | (10.97)% |
| Total Ongoing | \$22,669,627 | \$20,189,317 | (\$2,480,310) | (10.94)% |
| Total OTO | \$0 | (\$5,504) | (\$5,504) | 100.00 % |

Page Reference

LFD Budget Analysis, A-323

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Personal Services | 309,108 | 432,188 | 438,979 | 462,678 | 464,180 |
| Operating Expenses | 98,265 | 275,593 | 266,395 | 309,818 | 301,811 |
| Grants | 7,150,684 | 10,605,573 | 10,605,573 | 9,300,000 | 9,300,000 |
| Debt Service | 21,874 | 22,663 | 22,663 | 22,663 | 22,663 |
| Total Expenditures | \$7,579,931 | \$11,336,017 | \$11,333,610 | \$10,095,159 | \$10,088,654 |
| Federal Spec. Rev. Funds | 7,579,931 | 11,336,017 | 11,333,610 | 10,095,159 | 10,088,654 |
| Total Funds | \$7,579,931 | \$11,336,017 | \$11,333,610 | \$10,095,159 | \$10,088,654 |
| Total Ongoing | \$7,579,931 | \$11,336,017 | \$11,333,610 | \$10,097,911 | \$10,091,406 |
| Total OTO | \$0 | \$0 | \$0 | (\$2,752) | (\$2,752) |

Page Reference

LFD Budget Analysis, A-324

Funding

HB 2 Authority

Federal Special Revenue

Federal funds are for the HOME Investment Partnerships (HOME) and Housing Trust Fund (HTF) programs. The HOME program is a federal block grant for the construction and creation of affordable housing for low-income households. The

HOME Program is administered by the Housing MT Division, who also administers funds to local governments and non-profits throughout the state. The HTF is an affordable housing production program. The Housing MT Division administers the HTF program and helps qualified recipients' direct funds for construction, rehabilitation, and preservation of affordable rental housing.

Non-Budgeted Proprietary

The majority of the Housing MT Division's funding is from proprietary funds.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| | -----General Fund----- | | | | -----Total Funds----- | | | |
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 11,333,610 | 11,333,610 | 22,667,220 | 112.30 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 63,848 | 59,518 | 123,366 | 0.61 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | (1,289,080) | (1,288,893) | (2,577,973) | (12.77)% |
| New Proposals | 0 | 0 | 0 | 0.00 % | (13,219) | (15,581) | (28,800) | (0.14)% |
| Total Budget | \$0 | \$0 | \$0 | | \$10,095,159 | \$10,088,654 | \$20,183,813 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|-----------------|------------------|----------------------|----------------------|-----------------------|-----------------|------------------|----------------------|----------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | | | | | | | | | | |
| 0.00 | 0.00 | 0 | 0 | 28,568 | 28,568 | 0.00 | 0 | 0 | 30,086 | 30,086 |
| DP 2 - Fixed Costs | | | | | | | | | | |
| 0.00 | 0.00 | 0 | 0 | 22,392 | 22,392 | 0.00 | 0 | 0 | 13,703 | 13,703 |
| DP 3 - Inflation Deflation | | | | | | | | | | |
| 0.00 | 0.00 | 0 | 0 | 12,888 | 12,888 | 0.00 | 0 | 0 | 15,729 | 15,729 |
| DP 20 - SABHRS Rate Adjustment | | | | | | | | | | |
| 0.00 | 0.00 | 0 | 0 | 75 | 75 | 0.00 | 0 | 0 | 53 | 53 |
| DP 30 - Motor Pool Rate Adjustment | | | | | | | | | | |
| 0.00 | 0.00 | 0 | 0 | (48) | (48) | 0.00 | 0 | 0 | (45) | (45) |
| DP 222 - RMTD Adjustment | | | | | | | | | | |
| 0.00 | 0.00 | 0 | 0 | 2,752 | 2,752 | 0.00 | 0 | 0 | 2,752 | 2,752 |
| DP 223 - RMTD Adjustment (OTO) | | | | | | | | | | |
| 0.00 | 0.00 | 0 | 0 | (2,752) | (2,752) | 0.00 | 0 | 0 | (2,752) | (2,752) |
| DP 7402 - HMT ADMINISTRATIVE COSTS ADJUSTMENTS | | | | | | | | | | |
| 0.00 | 0.00 | 0 | 0 | (1,289,107) | (1,289,107) | 0.00 | 0 | 0 | (1,288,901) | (1,288,901) |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$0 | (\$1,225,232) | (\$1,225,232) | 0.00 | \$0 | \$0 | (\$1,229,375) | (\$1,229,375) |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 7402 - HMT ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature adopted adjustments for non-state rent increases per the terms of the negotiated lease, and indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs. Additional adjustments are for increases in field agent contracts, additional training, access to online resources due to higher than anticipated staff turnover, and projected increases in housing assistance payments based on HUD's fair market rents which historically increase each year. The decision package also decreases appropriations for grants in the HOME and HTF programs equal to the amount of federal funds anticipated to be available in the 2025 biennium.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|-------------------------------------|-------------|--------------|---------------|-------------------|-------------------|-----------------------|--------------|---------------|-------------------|-------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 0 | 158 | 158 | 0.00 | 0 | 0 | 158 | 158 |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | 0 | (8,508) | (8,508) | 0.00 | 0 | 0 | (10,854) | (10,854) |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | 0 | (4,869) | (4,869) | 0.00 | 0 | 0 | (4,885) | (4,885) |
| Total | 0.00 | \$0 | \$0 | (\$13,219) | (\$13,219) | 0.00 | \$0 | \$0 | (\$15,581) | (\$15,581) |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$3,168 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 9,698,118 | 9,555,426 | (142,692) | (1.47)% |
| Operating Expenses | 7,512,580 | 6,853,734 | (658,846) | (8.77)% |
| Debt Service | 3,706 | 1,112 | (2,594) | (69.99)% |
| Total Expenditures | \$17,214,404 | \$16,410,272 | (\$804,132) | (4.67)% |
| Proprietary Funds | 17,214,404 | 16,410,272 | (804,132) | (4.67)% |
| Total Funds | \$17,214,404 | \$16,410,272 | (\$804,132) | (4.67)% |

Page Reference

LFD Budget Analysis, A-337

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 33.00 | 33.00 | 33.00 | 33.00 |
| Personal Services | 4,477,772 | 4,646,804 | 5,051,314 | 4,766,023 | 4,789,403 |
| Operating Expenses | 4,201,627 | 4,306,622 | 3,205,958 | 3,470,143 | 3,383,591 |
| Debt Service | 0 | 3,150 | 556 | 556 | 556 |
| Total Expenditures | \$8,679,399 | \$8,956,576 | \$8,257,828 | \$8,236,722 | \$8,173,550 |
| Proprietary Funds | 8,679,399 | 8,956,576 | 8,257,828 | 8,236,722 | 8,173,550 |
| Total Funds | \$8,679,399 | \$8,956,576 | \$8,257,828 | \$8,236,722 | \$8,173,550 |

Page Reference

LFD Budget Analysis, A-338

Funding*Statutory Authority*

Section 17-7-502, MCA provides funding to the Board of Investments related to the debt services for the INTERCAP Program. Statutory authority provides funding for legal and marketing fees related to these debt services.

Non-Budgeted Proprietary Fund

The majority of the Board of Investments funding comes from non-budgeted proprietary funding. These funds are discussed in the Proprietary Rates section of this narrative.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | | |
|----------------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|--------------------|-----------------------|-------------------|-------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | | Percent of Budget |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 8,257,828 | 8,257,828 | 16,515,656 | 100.64 % | |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | (52,043) | (125,561) | (177,604) | (1.08)% | |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 30,306 | 40,652 | 70,958 | 0.43 % | |
| New Proposals | 0 | 0 | 0 | 0.00 % | 631 | 631 | 1,262 | 0.01 % | |
| Total Budget | \$0 | \$0 | \$0 | | \$8,236,722 | \$8,173,550 | \$16,410,272 | | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|--------------|---------------|-----------------|-------------------|-----------------------|--------------|---------------|-----------------|-------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | (285,291) | 0.00 | 0 | 0 | 0 | 0 | (261,911) |
| DP 2 - Fixed Costs | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | 119,376 | 0.00 | 0 | 0 | 0 | 0 | (12,214) |
| DP 3 - Inflation Deflation | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | 113,872 | 0.00 | 0 | 0 | 0 | 0 | 148,564 |
| DP 20 - SABHRS Rate Adjustment | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | 1,274 | 0.00 | 0 | 0 | 0 | 0 | 901 |
| DP 30 - Motor Pool Rate Adjustment | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | (62) | 0.00 | 0 | 0 | 0 | 0 | (58) |
| DP 222 - RMTD Adjustment | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | 77,419 | 0.00 | 0 | 0 | 0 | 0 | 77,419 |
| DP 223 - RMTD Adjustment (OTO) | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | (77,419) | 0.00 | 0 | 0 | 0 | 0 | (77,419) |
| DP 7502 - BOI ADMINISTRATIVE COSTS ADJUSTMENTS | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | 29,094 | 0.00 | 0 | 0 | 0 | 0 | 39,809 |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$0 | \$0 | (\$21,737) | 0.00 | \$0 | \$0 | \$0 | (\$84,909) |

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature reviewed adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature reviewed adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature reviewed an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature reviewed a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 7502 - BOI ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature reviewed adjustments to ongoing appropriations for increases in non-state building rent per the terms of the lease agreement, as well as a decrease in the indirect costs paid to Director's Office for support services provided to supported divisions, bureaus, and programs.

New Proposals -

The “New Proposals” table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|-------------------------|-----------------------|--------------|---------------|-----------------|-------------|-----------------------|--------------|---------------|-----------------|-------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 0 | 0 | 631 | 0.00 | 0 | 0 | 0 | 631 |
| Total | 0.00 | \$0 | \$0 | \$0 | \$631 | 0.00 | \$0 | \$0 | \$0 | \$631 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature reviewed appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature reviewed appropriations of \$704 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

Other Issues -

Proprietary Rates

Investment Division – 06527

Proprietary Program Description

The Investment Division proprietary fund is an internal service fund that funds the Investment Program. The Board of

Investment's customers include state agencies, the university system, local governments, financial institutions, and local economic development organizations.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

| 2025 Biennium Report on Internal Service and Enterprise Funds | | | | | | |
|---|---------------------|----------|------------------|----------------------|-------------------|-------------------|
| Fund | Fund Name | Agency # | Agency Name | Program Name | | |
| 06527 | Investment Division | 65010 | Dept of Commerce | Board of Investments | | |
| | | | Actual FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 |
| Operating Revenues | | | | | | |
| Fees and Charges | | | | | | |
| Charges For Services | | | 7,471,210 | 7,695,543 | 7,826,543 | 7,826,543 |
| Total Operating Revenues | | | 7,471,210 | 7,695,543 | 7,826,543 | 7,826,543 |
| Expenses | | | | | | |
| Personal Services | | | 4,234,775 | 4,691,689 | 4,334,164 | 4,354,900 |
| Operating Expense | | | 4,113,300 | 3,003,854 | 3,240,229 | 3,175,852 |
| Debt Service | | | | | | |
| Total Operating Expense | | | 8,348,075 | 7,695,543 | 7,574,393 | 7,530,752 |
| Operating Income (Loss) | | | (876,865) | - | 252,150 | 295,791 |
| Change in Net Position | | | (876,865) | - | 252,150 | 295,791 |
| Beginning Net Position - July 1 | | | 1,245,259 | 368,828 | 368,828 | 620,978 |
| Prior Period Adjustments | | | 434 | | | |
| Change in Net Position | | | (876,865) | - | 252,150 | 295,791 |
| Ending Net Position - June 30 | | | 368,828 | 368,828 | 620,978 | 916,769 |

Expenses

The legislature reviewed a decrease in statewide present law adjustments for personal services due to employee turnover and hiring new positions at lower wage rates. Increases in operating expenses are due to statewide present law adjustments for fixed costs and inflation, as well as increased administrative costs for non-state building rent.

Revenues

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 60-day working capital reserve.

Proprietary Rates

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 and setting the fee at that level.

| Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information | | | | |
|--|-------------------------|----------------------------|---------------------------|---------------------------|
| | Actual FY 22 | Estimated FY 23 | Approved FY 24 | Approved FY 25 |
| BOI Administrative Fee Rate | \$7,471,401 | \$7,695,543 | \$7,826,543 | \$7,826,543 |

This program is funded with an internal service fund, which is a type proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 39,265 | 36,967 | (2,298) | (5.85)% |
| Operating Expenses | 363,196 | 870,791 | 507,595 | 139.76 % |
| Total Expenditures | \$402,461 | \$907,758 | \$505,297 | 125.55 % |
| General Fund | 0 | 500,000 | 500,000 | 0.00 % |
| State/Other Special Rev. Funds | 402,461 | 407,758 | 5,297 | 1.32 % |
| Total Funds | \$402,461 | \$907,758 | \$505,297 | 125.55 % |
| Total Ongoing | \$402,461 | \$907,758 | \$505,297 | 125.55 % |
| Total OTO | \$0 | \$0 | \$0 | 0.00 % |

Page Reference

LFD Budget Analysis, A-346

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 1.25 | 1.25 | 1.25 | 1.25 |
| Personal Services | 22,293 | 19,131 | 20,134 | 18,449 | 18,518 |
| Operating Expenses | 118,786 | 181,602 | 181,594 | 435,320 | 435,471 |
| Total Expenditures | \$141,079 | \$200,733 | \$201,728 | \$453,769 | \$453,989 |
| General Fund | 0 | 0 | 0 | 250,000 | 250,000 |
| State/Other Special Rev. Funds | 141,079 | 200,733 | 201,728 | 203,769 | 203,989 |
| Total Funds | \$141,079 | \$200,733 | \$201,728 | \$453,769 | \$453,989 |
| Total Ongoing | \$141,079 | \$200,733 | \$201,728 | \$453,769 | \$453,989 |
| Total OTO | \$0 | \$0 | \$0 | \$0 | \$0 |

Page Reference

LFD Budget Analysis, A-347

Funding

The Board of Horse Racing is responsible for regulating, ensuring compliance, licensing, and auditing all horse racing in the State of Montana. The board is funded with state special revenue from a 1.0% tax on gross receipts from pari-mutuel betting (for simulcast facilities, the tax is greater than 1.0%). Statutory authority is for live race purses. The legislature also adopted \$500,000 general fund for the 2025 biennium.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 201,728 | 201,728 | 403,456 | 44.45 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 90,157 | 90,885 | 181,042 | 19.94 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | (86,300) | (86,574) | (172,874) | (19.04)% |
| New Proposals | 250,000 | 250,000 | 500,000 | 100.00 % | 248,184 | 247,950 | 496,134 | 54.65 % |
| Total Budget | \$250,000 | \$250,000 | \$500,000 | | \$453,769 | \$453,989 | \$907,758 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|---|------|--------------|---------------|-----------------|-------------|-----------------------|--------------|---------------|-----------------|-------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 0 | 85,363 | 0 | 85,363 | 0.00 | 0 | 85,720 | 0 | 85,720 |
| DP 2 - Fixed Costs | 0.00 | 0 | 1,940 | 0 | 1,940 | 0.00 | 0 | 1,408 | 0 | 1,408 |
| DP 3 - Inflation Deflation | 0.00 | 0 | 2,854 | 0 | 2,854 | 0.00 | 0 | 3,757 | 0 | 3,757 |
| DP 7801 - BOHR ADMINISTRATIVE COSTS ADJUSTMENTS | 0.00 | 0 | (86,300) | 0 | (86,300) | 0.00 | 0 | (86,574) | 0 | (86,574) |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$3,857 | \$0 | \$3,857 | 0.00 | \$0 | \$4,311 | \$0 | \$4,311 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 7801 - BOHR ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature adopted a reduction for the Board of Horse Racing's 2025 biennium personal services budget to current estimates for the 2025 biennium. The Board of Horse Racing currently is contracting for its executive secretary, which is funded through an operating expense category. This change package removes the 2025 biennium personal services funding for the position without removing the board's executive secretary position.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|---|-------------|------------------|------------------|-----------------|------------------|-----------------------|------------------|------------------|-----------------|------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | (724) | 0 | (724) | 0.00 | 0 | (954) | 0 | (954) |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | (1,092) | 0 | (1,092) | 0.00 | 0 | (1,096) | 0 | (1,096) |
| DP 7802 - Board of Horseracing Funding (BIEN) | 0.00 | 250,000 | 0 | 0 | 250,000 | 0.00 | 250,000 | 0 | 0 | 250,000 |
| Total | 0.00 | \$250,000 | (\$1,816) | \$0 | \$248,184 | 0.00 | \$250,000 | (\$2,050) | \$0 | \$247,950 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 7802 - Board of Horseracing Funding (BIEN) -

The legislature adopted a biennial general fund increase for the Board of Horse Racing.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 939,941 | 1,246,780 | 306,839 | 32.64 % |
| Operating Expenses | 2,700,000 | 2,756,384 | 56,384 | 2.09 % |
| Equipment & Intangible Assets | 400,000 | 300,000 | (100,000) | (25.00)% |
| Capital Outlay | 500,000 | 600,000 | 100,000 | 20.00 % |
| Total Expenditures | \$4,539,941 | \$4,903,164 | \$363,223 | 8.00 % |
| State/Other Special Rev. Funds | 4,539,941 | 4,903,164 | 363,223 | 8.00 % |
| Total Funds | \$4,539,941 | \$4,903,164 | \$363,223 | 8.00 % |
| Total Ongoing | \$4,539,941 | \$5,033,298 | \$493,357 | 10.87 % |
| Total OTO | \$0 | (\$130,134) | (\$130,134) | 100.00 % |

Page Reference

LFD Budget Analysis, A-350

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| Personal Services | 530,078 | 469,941 | 470,000 | 621,717 | 625,063 |
| Operating Expenses | 1,444,402 | 1,350,000 | 1,350,000 | 1,374,806 | 1,381,578 |
| Equipment & Intangible Assets | 130,000 | 250,000 | 150,000 | 150,000 | 150,000 |
| Capital Outlay | 69,500 | 200,000 | 300,000 | 300,000 | 300,000 |
| Total Expenditures | \$2,173,980 | \$2,269,941 | \$2,270,000 | \$2,446,523 | \$2,456,641 |
| State/Other Special Rev. Funds | 2,173,980 | 2,269,941 | 2,270,000 | 2,446,523 | 2,456,641 |
| Total Funds | \$2,173,980 | \$2,269,941 | \$2,270,000 | \$2,446,523 | \$2,456,641 |
| Total Ongoing | \$2,173,980 | \$2,269,941 | \$2,270,000 | \$2,511,590 | \$2,521,708 |
| Total OTO | \$0 | \$0 | \$0 | (\$65,067) | (\$65,067) |

Page Reference

LFD Budget Analysis, A-351

Funding

HB 2 Authority

State Special Revenue

The Montana Heritage Commission has been entirely funded with HB 2 state special revenue since the 2021 Legislative Session. Funding comes from revenues from Virginia City, Nevada City, and Reeder's Alley, as well as light vehicle registrations. The Commission also receives \$1.0 million each fiscal year from the lodging facility use tax.

Program Budget Summary by Category

| -----General Fund----- | | | | | -----Total Funds----- | | | |
|------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 2,270,000 | 2,270,000 | 4,540,000 | 92.59 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 189,749 | 205,236 | 394,985 | 8.06 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 15,251 | 15,221 | 30,472 | 0.62 % |
| New Proposals | 0 | 0 | 0 | 0.00 % | (28,477) | (33,816) | (62,293) | (1.27)% |
| Total Budget | \$0 | \$0 | \$0 | | \$2,446,523 | \$2,456,641 | \$4,903,164 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
|--|-----------------|------------------|--------------------|------------------|-----------------------|-----------------|------------------|--------------------|------------------|
| FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | | | | | | | | | |
| 0.00 | 0 | 158,170 | 0 | 158,170 | 0.00 | 0 | 161,551 | 0 | 161,551 |
| DP 2 - Fixed Costs | | | | | | | | | |
| 0.00 | 0 | (41,883) | 0 | (41,883) | 0.00 | 0 | (46,027) | 0 | (46,027) |
| DP 3 - Inflation Deflation | | | | | | | | | |
| 0.00 | 0 | 73,462 | 0 | 73,462 | 0.00 | 0 | 89,712 | 0 | 89,712 |
| DP 20 - SABHRS Rate Adjustment | | | | | | | | | |
| 0.00 | 0 | 103 | 0 | 103 | 0.00 | 0 | 73 | 0 | 73 |
| DP 222 - RMTD Adjustment | | | | | | | | | |
| 0.00 | 0 | 65,067 | 0 | 65,067 | 0.00 | 0 | 65,067 | 0 | 65,067 |
| DP 223 - RMTD Adjustment (OTO) | | | | | | | | | |
| 0.00 | 0 | (65,067) | 0 | (65,067) | 0.00 | 0 | (65,067) | 0 | (65,067) |
| DP 8003 - MHC ADMINISTRATIVE COSTS ADJUSTMENTS | | | | | | | | | |
| 0.00 | 0 | 15,148 | 0 | 15,148 | 0.00 | 0 | 15,148 | 0 | 15,148 |
| Grand Total All Present Law Adjustments | | | | | | | | | |
| 0.00 | \$0 | \$205,000 | \$0 | \$205,000 | 0.00 | \$0 | \$220,457 | \$0 | \$220,457 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 8003 - MHC ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature adopted administrative adjustments for indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|-------------------------------------|-------------|--------------|-------------------|-----------------|-----------------------|-------------|--------------|-------------------|-----------------|-------------------|
| -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 79 | 0 | 79 | 0.00 | 0 | 79 | 0 | 79 |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | (22,103) | 0 | (22,103) | 0.00 | 0 | (27,407) | 0 | (27,407) |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | (6,453) | 0 | (6,453) | 0.00 | 0 | (6,488) | 0 | (6,488) |
| Total | 0.00 | \$0 | (\$28,477) | \$0 | (\$28,477) | 0.00 | \$0 | (\$33,816) | \$0 | (\$33,816) |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$88 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 966,040 | 866,887 | (99,153) | (10.26)% |
| Operating Expenses | 410,580 | 539,644 | 129,064 | 31.43 % |
| Grants | 1,200,000 | 1,200,000 | 0 | 0.00 % |
| Debt Service | 130,034 | 130,034 | 0 | 0.00 % |
| Total Expenditures | \$2,706,654 | \$2,736,565 | \$29,911 | 1.11 % |
| General Fund | 1,488,704 | 1,449,743 | (38,961) | (2.62)% |
| State/Other Special Rev. Funds | 17,950 | 67,460 | 49,510 | 275.82 % |
| Federal Spec. Rev. Funds | 1,200,000 | 1,219,362 | 19,362 | 1.61 % |
| Total Funds | \$2,706,654 | \$2,736,565 | \$29,911 | 1.11 % |
| Total Ongoing | \$2,706,654 | \$2,744,957 | \$38,303 | 1.42 % |
| Total OTO | \$0 | (\$8,392) | (\$8,392) | 100.00 % |

Page Reference

LFD Budget Analysis, A-355

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 4.85 | 4.85 | 4.35 | 4.35 |
| Personal Services | 484,284 | 482,710 | 483,330 | 431,874 | 435,013 |
| Operating Expenses | 174,297 | 212,785 | 197,795 | 264,465 | 275,179 |
| Grants | 512,577 | 600,000 | 600,000 | 600,000 | 600,000 |
| Debt Service | 64,033 | 65,017 | 65,017 | 65,017 | 65,017 |
| Total Expenditures | \$1,235,191 | \$1,360,512 | \$1,346,142 | \$1,361,356 | \$1,375,209 |
| General Fund | 722,614 | 751,537 | 737,167 | 721,770 | 727,973 |
| State/Other Special Rev. Funds | 0 | 8,975 | 8,975 | 31,078 | 36,382 |
| Federal Spec. Rev. Funds | 512,577 | 600,000 | 600,000 | 608,508 | 610,854 |
| Total Funds | \$1,235,191 | \$1,360,512 | \$1,346,142 | \$1,361,356 | \$1,375,209 |
| Total Ongoing | \$1,235,191 | \$1,360,512 | \$1,346,142 | \$1,365,552 | \$1,379,405 |
| Total OTO | \$0 | \$0 | \$0 | (\$4,196) | (\$4,196) |

Page Reference

LFD Budget Analysis, A-356

FundingGeneral Fund

During the 2023 biennium, the Department of Commerce underwent a reorganization which transferred the Bureau of Research and Information to the Director's Office. This transferred 4.85 FTE and associated general fund authority.

State Special Revenue

The reorganization also transferred authority for the census voting district project state special fund to the Director's Office. This is a small amount of state special authority used as a holdover account for the state library grant.

Federal Special Revenue

The Montana Council on Developmental Disabilities is funded entirely with federal special revenues that pay for the contract for the nonprofit that carries out the responsibilities of the Developmental Disabilities Planning and Advisory Council.

Non-Budgeted Proprietary Funding

The Director's Office is funded by an internal service type proprietary fund from indirect costs charged to programs in the Department of Commerce. This fund will be discussed in further detail in the Proprietary Rates section below.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 737,167 | 737,167 | 1,474,334 | 101.70 % | 1,346,142 | 1,346,142 | 2,692,284 | 98.38 % |
| SWPL Adjustments | 693 | 4,211 | 4,904 | 0.34 % | 693 | 4,211 | 4,904 | 0.18 % |
| PL Adjustments | 7,447 | 7,899 | 15,346 | 1.06 % | 7,447 | 7,899 | 15,346 | 0.56 % |
| New Proposals | (23,537) | (21,304) | (44,841) | (3.09)% | 7,074 | 16,957 | 24,031 | 0.88 % |
| Total Budget | \$721,770 | \$727,973 | \$1,449,743 | | \$1,361,356 | \$1,375,209 | \$2,736,565 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|-----------------|------------------|--------------------|----------------|-----------------------|-----------------|------------------|--------------------|-----------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | (10,145) | 0 | 0 | (10,145) | 0.00 | (6,465) | 0 | 0 | (6,465) |
| DP 2 - Fixed Costs | 0.00 | 7,164 | 0 | 0 | 7,164 | 0.00 | 6,399 | 0 | 0 | 6,399 |
| DP 3 - Inflation Deflation | 0.00 | 3,674 | 0 | 0 | 3,674 | 0.00 | 4,277 | 0 | 0 | 4,277 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 132 | 0 | 0 | 132 | 0.00 | 78 | 0 | 0 | 78 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (33) | 0 | 0 | (33) | 0.00 | (31) | 0 | 0 | (31) |
| DP 222 - RMTD Adjustment | 0.00 | 4,196 | 0 | 0 | 4,196 | 0.00 | 4,196 | 0 | 0 | 4,196 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (4,196) | 0 | 0 | (4,196) | 0.00 | (4,196) | 0 | 0 | (4,196) |
| DP 8106 - DO ADMINISTRATIVE COSTS ADJUSTMENTS | 0.00 | 7,348 | 0 | 0 | 7,348 | 0.00 | 7,852 | 0 | 0 | 7,852 |
| Grand Total All Present Law Adjustments | 0.00 | \$8,140 | \$0 | \$0 | \$8,140 | 0.00 | \$12,110 | \$0 | \$0 | \$12,110 |

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 8106 - DO ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature adopted adjustments for increased non-state building rent per the terms of the lease agreement, and indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs. Additional adjustments are included for software licenses, and vehicle maintenance. This change package reflects a 0.26% change to the internal service rate.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|--|---------------|-------------------|-----------------|----------------|----------------|-----------------------|-------------------|-----------------|-----------------|-----------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | | | | | | | | | | |
| 0.00 | 237 | 0 | 0 | 237 | | 0.00 | 237 | 0 | 0 | 237 |
| DP 333 - Adjustment to Inflation | | | | | | | | | | |
| 0.00 | (2,294) | 0 | 0 | (2,294) | | 0.00 | (2,896) | 0 | 0 | (2,896) |
| DP 555 - Additional Vacancy Savings | | | | | | | | | | |
| 0.00 | (4,539) | 0 | 0 | (4,539) | | 0.00 | (4,445) | 0 | 0 | (4,445) |
| DP 3333 - Additional Adjustment to Inflation | | | | | | | | | | |
| 0.00 | 19,831 | 22,103 | 8,508 | 50,442 | | 0.00 | 23,207 | 27,407 | 10,854 | 61,468 |
| DP 8107 - DO FTE Reduction | | | | | | | | | | |
| (0.50) | (36,772) | 0 | 0 | (36,772) | | (0.50) | (37,407) | 0 | 0 | (37,407) |
| Total | (0.50) | (\$23,537) | \$22,103 | \$8,508 | \$7,074 | (0.50) | (\$21,304) | \$27,407 | \$10,854 | \$16,957 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$616 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 3333 - Additional Adjustment to Inflation -

The legislature adopted an additional adjustment to inflation included in DP 3.

DP 8107 - DO FTE Reduction -

The legislature adopted an FTE reduction.

Other Issues -

Proprietary Rates

Commerce Centralized Services – Fund 06542

Proprietary 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. 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.

Services are provided by the Offices of Accounting and Budget, Legal Affairs, Human Resources, Information Technology, and Public Information.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

| 2025 Biennium Report on Internal Service and Enterprise Funds | | | | | |
|---|-------------------------------------|-----------------|--------------------|-------------------|-------------------|
| Fund | Fund Name | Agency # | Agency Name | Program Name | |
| 06542 | Commerce Centralized Services | 65010 | Dept. of Commerce | Director's Office | |
| | | Actual FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 |
| Operating Revenues | | | | | |
| Fees and Charges | | | | | |
| Charges For Services | | 1,981,566 | 2,234,291 | 2,160,978 | 2,172,476 |
| Grants/Transfers/Misc. | | 656,314 | 388,076 | 372,131 | 373,729 |
| Total Operating Revenues | | 2,637,880 | 2,622,367 | 2,533,109 | 2,546,205 |
| Expenses | | | | | |
| Personal Services | | 1,971,828 | 2,152,831 | 2,230,389 | 2,240,174 |
| Operating Expense | | 382,169 | 185,895 | 298,333 | 295,908 |
| Debt Service | | 32,174 | 139,728 | 139,728 | 139,728 |
| Total Operating Expenses | | 2,386,171 | 2,478,454 | 2,668,450 | 2,675,810 |
| Operating Income (Loss) | | 251,709 | 143,913 | (135,341) | (129,605) |
| Change in Net Position | | 251,709 | 143,913 | (135,341) | (129,605) |
| Beginning Net Position - July 1 | | 199,240 | 451,032 | 594,945 | 459,604 |
| Prior Period Adjustments | | 83 | | | |
| Change in Net Position | | 251,709 | 143,913 | (135,341) | (129,605) |
| Ending Net Position - June 30 | | 451,032 | 594,945 | 459,604 | 329,999 |

Expenses

Overall, the legislature reviewed a slight increase in personal services and operating expenses. These increases are primarily due to statewide present law adjustments for personal services and operating expenses.

Revenues

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.

Proprietary Rates

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.

The Director’s Office calculates a federal indirect cost rate on an annual basis. This rate is a fixed rate for federally funded programs, which is 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.

| Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information | | | | |
|--|-----------------|--------------------|------------------|------------------|
| | Actual FY 22 | Estimated FY 23 | Adopted FY 24 | Adopted FY 25 |
| Fee Description: | 14.78% | 14.78% | 13.47% | 13.47% |

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Due to the legislatively adopted rate change, the following table shows the change in cost to each division using the Department of Commerce's centralized services.

| Director's Office | | |
|--|-----------------|----------------|
| Estimated Change in Cost for Commerce Centralized Services for All Funding Levels | | |
| | FY 2024 | FY 2025 |
| 51 Business MT | 10,985 | 12,721 |
| 52 Brand MT | (13,290) | (11,095) |
| 60 Community MT | 35,469 | 36,984 |
| 71 Facility Finance Authority | 11,266 | 11,531 |
| 74 Housing MT | (11,342) | (7,613) |
| 75 Board of Investments | (78,922) | (75,646) |
| 78 Board of Horse Racing | (239) | (228) |
| 80 Montana Heritage Commission | 18,533 | 19,007 |
| 81 Director's Office Research Information Services | 6,145 | 6,669 |
| Total | (21,395) | (7,670) |

The Director's Office calculates total centralized service costs by applying the rate to the divisions total personal services budget. Division's that show an increase in centralized service costs are due to greater personal service costs.

Agency Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Agency Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 100,479,860 | 98,811,740 | (1,668,120) | (1.66)% |
| Operating Expenses | 57,089,962 | 61,222,942 | 4,132,980 | 7.24 % |
| Equipment & Intangible Assets | 1,261,968 | 3,267,698 | 2,005,730 | 158.94 % |
| Grants | 18,658,653 | 18,831,584 | 172,931 | 0.93 % |
| Benefits & Claims | 130,778 | 200,778 | 70,000 | 53.53 % |
| Transfers | 809,062 | 836,066 | 27,004 | 3.34 % |
| Debt Service | 1,438,298 | 484,793 | (953,505) | (66.29)% |
| Total Expenditures | \$179,868,581 | \$183,655,601 | \$3,787,020 | 2.11 % |
| General Fund | 4,584,458 | 5,108,856 | 524,398 | 11.44 % |
| State/Other Special Rev. Funds | 106,725,437 | 111,642,178 | 4,916,741 | 4.61 % |
| Federal Spec. Rev. Funds | 68,558,686 | 66,904,567 | (1,654,119) | (2.41)% |
| Total Funds | \$179,868,581 | \$183,655,601 | \$3,787,020 | 2.11 % |
| Total Ongoing | \$179,868,581 | \$181,317,260 | \$1,448,679 | 0.81 % |
| Total OTO | \$0 | \$2,338,341 | \$2,338,341 | 100.00 % |

Page Reference

LFD Budget Analysis, A-363

Agency Highlights

| Department of Labor and Industry Major Budget Highlights | |
|--|--|
| <ul style="list-style-type: none"> The Department of Labor and Industry's 2025 biennium HB 2 budget is approximately \$3.8 million or 2.1% higher than the 2023 biennium. The legislatively adopted budget includes: <ul style="list-style-type: none"> Increases for present law personal services, fixed cost, and inflation adjustments of \$6.4 million in the 2025 biennium A one-time-only state special revenue increase of \$2.3 million for equipment and vehicles purchases in the Weights and Measures Program in the Employment Standards Division An increase across all funds totaling \$676,000 for increased centralized services costs A \$1.7 million decrease for technology costs that have been transferred to the Department of Administration A \$4.4 million and 40.00 FTE reduction over the biennium in the Workforce Services Division due to increased efficiencies A state special revenue reduction of \$540,000 for the HELP Link program | |

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Agency Actuals and Budget Comparison | | | | | |
|--------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 668.48 | 668.48 | 630.99 | 630.98 |
| Personal Services | 46,476,574 | 49,528,819 | 50,951,041 | 49,240,510 | 49,571,230 |
| Operating Expenses | 23,785,553 | 28,255,250 | 28,834,712 | 30,531,815 | 30,691,127 |
| Equipment & Intangible Assets | 753,395 | 778,119 | 483,849 | 2,783,849 | 483,849 |
| Grants | 7,541,056 | 9,242,861 | 9,415,792 | 9,415,792 | 9,415,792 |
| Benefits & Claims | 18,550 | 30,389 | 100,389 | 100,389 | 100,389 |
| Transfers | 351,101 | 391,729 | 417,333 | 417,933 | 418,133 |
| Debt Service | 945,204 | 1,197,124 | 241,174 | 242,222 | 242,571 |
| Total Expenditures | \$79,871,433 | \$89,424,291 | \$90,444,290 | \$92,732,510 | \$90,923,091 |
| General Fund | 2,034,408 | 2,129,026 | 2,455,432 | 2,566,723 | 2,542,133 |
| State/Other Special Rev. Funds | 50,392,050 | 53,173,241 | 53,552,196 | 56,637,999 | 55,004,179 |
| Federal Spec. Rev. Funds | 27,444,975 | 34,122,024 | 34,436,662 | 33,527,788 | 33,376,779 |
| Total Funds | \$79,871,433 | \$89,424,291 | \$90,444,290 | \$92,732,510 | \$90,923,091 |
| Total Ongoing | \$79,871,433 | \$89,424,291 | \$90,444,290 | \$90,390,791 | \$90,926,469 |
| Total OTO | \$0 | \$0 | \$0 | \$2,341,719 | (\$3,378) |

Page Reference

LFD Budget Analysis, A-364

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

| Executive Budget Comparison | | | | | | | | |
|--------------------------------|------------------------|------------------------------------|--------------------------------------|--|------------------------------------|--------------------------------------|--|--|
| Budget Item | Approp. Fiscal 2023 | Executive Budget Fiscal 2024 | Legislative Budget Fiscal 2024 | Leg — Exec. Difference Fiscal 2024 | Executive Budget Fiscal 2025 | Legislative Budget Fiscal 2025 | Leg — Exec. Difference Fiscal 2025 | Biennium Difference Fiscal 24-25 |
| FTE | 668.48 | 628.99 | 630.99 | 2.00 | 628.98 | 630.98 | 2.00 | 2.00 |
| Personal Services | 50,951,041 | 49,758,587 | 49,240,510 | (518,077) | 50,092,749 | 49,571,230 | (521,519) | (1,039,596) |
| Operating Expenses | 28,834,712 | 30,603,853 | 30,531,815 | (72,038) | 30,786,925 | 30,691,127 | (95,798) | (167,836) |
| Equipment & Intangible Assets | 483,849 | 2,783,849 | 2,783,849 | 0 | 483,849 | 483,849 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants | 9,415,792 | 9,415,792 | 9,415,792 | 0 | 9,415,792 | 9,415,792 | 0 | 0 |
| Benefits & Claims | 100,389 | 100,389 | 100,389 | 0 | 100,389 | 100,389 | 0 | 0 |
| Transfers | 417,333 | 417,933 | 417,933 | 0 | 418,133 | 418,133 | 0 | 0 |
| Debt Service | 241,174 | 242,222 | 242,222 | 0 | 242,571 | 242,571 | 0 | 0 |
| Total Costs | \$90,444,290 | \$93,322,625 | \$92,732,510 | (\$590,115) | \$91,540,408 | \$90,923,091 | (\$617,317) | (\$1,207,432) |
| General Fund | 2,455,432 | 2,585,698 | 2,566,723 | (18,975) | 2,561,158 | 2,542,133 | (19,025) | (38,000) |
| State/other Special Rev. Funds | 53,552,196 | 57,017,838 | 56,637,999 | (379,839) | 55,393,033 | 55,004,179 | (388,854) | (768,693) |
| Federal Spec. Rev. Funds | 34,436,662 | 33,719,089 | 33,527,788 | (191,301) | 33,586,217 | 33,376,779 | (209,438) | (400,739) |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funds | \$90,444,290 | \$93,322,625 | \$92,732,510 | (\$590,115) | \$91,540,408 | \$90,923,091 | (\$617,317) | (\$1,207,432) |
| Total Ongoing | \$90,444,290 | \$90,919,977 | \$90,390,791 | (\$529,186) | \$91,482,857 | \$90,926,469 | (\$556,388) | (\$1,085,574) |
| Total OTO | \$0 | \$2,402,648 | \$2,341,719 | (\$60,929) | \$57,551 | (\$3,378) | (\$60,929) | (\$121,858) |

The legislature adopted ongoing appropriations that are \$1.1 million less than the proposed appropriations for the 2025 biennium. This decrease is primarily due to the legislature adopting an additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation.

Funding

The following table shows adopted agency funding for all sources of authority.

| Total Department of Labor and Industry Funding by Source of Authority 2025 Biennium Budget Request - Department of Labor and Industry | | | | | | |
|--|----------------------|--------------------|-----------------------------|----------------------------|----------------------|----------------------|
| Funds | HB2 Ongoing | HB2 OTO | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds |
| General Fund | 4,950,923 | 157,933 | 0 | 0 | 5,108,856 | 1.07 % |
| State Special Total | 109,428,552 | 2,213,626 | 0 | 1,397,854 | 113,040,032 | 23.60 % |
| Federal Special Total | 66,937,785 | (33,218) | 0 | 0 | 66,904,567 | 13.97 % |
| Proprietary Total | 0 | 0 | 293,932,081 | 92,647 | 294,024,728 | 61.37 % |
| Other Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Total All Funds | \$181,317,260 | \$2,338,341 | \$293,932,081 | \$1,490,501 | \$479,078,183 | |
| Percent - Total All Sources | 37.85 % | 0.49 % | 61.35 % | 0.31 % | | |

HB 2 Authority

General Fund

General fund supports activities in the Workforce Services Division, Commissioner's Office and Centralized Services Division, Employment Standards Division, and the Office of Community Services.

State Special Revenue

State special revenue funding sources include the employment security account, accounts for professional licensing boards or programs, and the uninsured employer's fund. The majority of state special revenue comes from the employment security account, which generates revenue from an administrative assessment against the payrolls of Montana employers.

Federal Special Revenue

Federal special revenue makes up less than half the HB 2 authority. The uses and requirements for these funds are determined by the federal agencies granting the funding.

Non-Budgeted Proprietary Funding

The majority of the Department of Labor and Industry's funding comes from non-budgeted proprietary funding, primarily for unemployment benefits.

Statutory Funding

The department has a small portion of statutory authority for the uninsured employer fund, Board of Public Accountants, Underground Facility Protection Program, and the Board of Real Estate Appraisers.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 2,455,432 | 2,455,432 | 4,910,864 | 96.12 % | 90,444,290 | 90,444,290 | 180,888,580 | 98.49 % |
| SWPL Adjustments | 39,704 | 60,204 | 99,908 | 1.96 % | 3,170,790 | 3,628,490 | 6,799,280 | 3.70 % |
| PL Adjustments | (260) | (265) | (525) | (0.01)% | 2,310,736 | 113,536 | 2,424,272 | 1.32 % |
| New Proposals | 71,847 | 26,762 | 98,609 | 1.93 % | (3,193,306) | (3,263,225) | (6,456,531) | (3.52)% |
| Total Budget | \$2,566,723 | \$2,542,133 | \$5,108,856 | | \$92,732,510 | \$90,923,091 | \$183,655,601 | |

Language and Statutory Authority

The legislature adopted the following language in HB 2:

"The Workforce Services Division, Unemployment Insurance Division, Employment Standards Division, and Workers' Compensation Court include a one-time-only reduction in FY 2024 and FY 2025 for a suspension of insurance premium payments to the Risk Management and Tort Defense Division's proprietary fund.

If HB 292 is passed and approved state special revenue appropriation in the Employment Standards Division is reduced by \$277,942 in FY 2024 and \$387,833 in FY 2025.

If SB 53 is not passed and approved the Weights and Measures Equipment Request is void.

The Commissioner's Office/Centralized Services Division includes an increase in general fund of \$2,685 in FY 2024 and \$3,367 in FY 2025, state special revenue of \$108,901 in FY 2024 and \$133,042 in FY 2025, and federal special revenue of \$2,115 in FY 2024 and \$3,068 in FY 2025. The increase was provided to offset inflationary impacts. The agency may allocate this increase in funding among programs when developing 2025 biennium operating plans.

If HB 87 is passed and approved, the Department of Labor and Industry is increased by \$21,400 state special revenue in FY 2024 and \$21,400 state special revenue in FY 2025.

If SB 450 is passed and approved, the Department of Labor and Industry is increased by \$212,499 general fund in FY 2024 and \$207,576 general fund in FY 2025, and the Department of Labor and Industry may increase full-time equivalent positions authorized in HB 2 by 2.00 FTE in FY 2024 and 2.00 FTE in FY 2025.

If SB 284 is passed and approved, the Department of Labor and Industry is increased by \$20,220 state special revenue in FY 2024.

If SB 454 is passed and approved, the Department of Labor and Industry is decreased by \$3,025 state special revenue in FY 2024 and \$3,025 state special revenue in FY 2025."

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|----------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 33,972,005 | 30,540,342 | (3,431,663) | (10.10)% |
| Operating Expenses | 13,488,525 | 14,591,050 | 1,102,525 | 8.17 % |
| Equipment & Intangible Assets | 25,816 | 25,816 | 0 | 0.00 % |
| Grants | 12,472,240 | 12,632,140 | 159,900 | 1.28 % |
| Transfers | 131,628 | 203,628 | 72,000 | 54.70 % |
| Debt Service | 468,294 | 248,774 | (219,520) | (46.88)% |
| Total Expenditures | \$60,558,508 | \$58,241,750 | (\$2,316,758) | (3.83)% |
| General Fund | 271,895 | 543,790 | 271,895 | 100.00 % |
| State/Other Special Rev. Funds | 26,345,867 | 26,079,245 | (266,622) | (1.01)% |
| Federal Spec. Rev. Funds | 33,940,746 | 31,618,715 | (2,322,031) | (6.84)% |
| Total Funds | \$60,558,508 | \$58,241,750 | (\$2,316,758) | (3.83)% |
| Total Ongoing | \$60,558,508 | \$58,301,858 | (\$2,256,650) | (3.73)% |
| Total OTO | \$0 | (\$60,108) | (\$60,108) | 100.00 % |

Page Reference

LFD Budget Analysis, A-372

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 243.50 | 243.50 | 203.50 | 203.50 |
| Personal Services | 15,409,835 | 16,501,027 | 17,470,978 | 15,217,739 | 15,322,603 |
| Operating Expenses | 5,132,481 | 6,315,323 | 7,173,202 | 7,283,364 | 7,307,686 |
| Equipment & Intangible Assets | 0 | 12,908 | 12,908 | 12,908 | 12,908 |
| Grants | 5,071,274 | 6,156,170 | 6,316,070 | 6,316,070 | 6,316,070 |
| Transfers | 0 | 29,814 | 101,814 | 101,814 | 101,814 |
| Debt Service | 343,760 | 343,907 | 124,387 | 124,387 | 124,387 |
| Total Expenditures | \$25,957,350 | \$29,359,149 | \$31,199,359 | \$29,056,282 | \$29,185,468 |
| General Fund | 0 | 0 | 271,895 | 271,895 | 271,895 |
| State/Other Special Rev. Funds | 11,816,322 | 12,468,249 | 13,877,618 | 13,000,331 | 13,078,914 |
| Federal Spec. Rev. Funds | 14,141,028 | 16,890,900 | 17,049,846 | 15,784,056 | 15,834,659 |
| Total Funds | \$25,957,350 | \$29,359,149 | \$31,199,359 | \$29,056,282 | \$29,185,468 |
| Total Ongoing | \$25,957,350 | \$29,359,149 | \$31,199,359 | \$29,086,336 | \$29,215,522 |
| Total OTO | \$0 | \$0 | \$0 | (\$30,054) | (\$30,054) |

Page Reference

LFD Budget Analysis, A-373

Funding*HB 2 Authority*General Fund

During the 2021 Legislative Session, HB 629 was passed creating an income tax credit to incentivize Montana job growth. The entire general fund appropriation in the Workforce Services Division supports the administration of this program.

State Special Revenue

The majority of state special revenue comes from the Employment Security Account, which is generated from an administrative assessment against the payrolls of Montana employers. Statute enumerates the use of the fund, including the operating expenses of the job services offices. The remaining state special revenue comes from the Montana Health and Economic Livelihood Partnership (HELP) Act account. Through collaboration with the Department of Public Health and Human Services, the Department of Labor and Industry is responsible for assisting qualifying Medicare and Medicaid participants with workforce resources and opportunities.

Federal Special Revenue

The majority of federal funds come from the Wagner-Peyser Act and the Workforce Innovation and Opportunity Act (WIOA) employment training grants. The Wagner-Peyser Act was established in 1933 to provide a one-stop-shop for employment services by providing a national employment system with the cooperation of state governments. The WIOA provides funding for administration of employment services to adults, youth, and dislocated workers.

Non-Budgeted Proprietary Funding

Proprietary funding is received from the Montana Career Information System. This fund will be discussed in the Proprietary Rates section of the narrative.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 271,895 | 271,895 | 543,790 | 100.00 % | 31,199,359 | 31,199,359 | 62,398,718 | 107.14 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 758,058 | 906,644 | 1,664,702 | 2.86 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | (275,740) | (276,871) | (552,611) | (0.95)% |
| New Proposals | 0 | 0 | 0 | 0.00 % | (2,625,395) | (2,643,664) | (5,269,059) | (9.05)% |
| Total Budget | \$271,895 | \$271,895 | \$543,790 | | \$29,056,282 | \$29,185,468 | \$58,241,750 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|--------------|---------------|-----------------|------------------|------------------|-----------------------|--------------|-----------------|------------------|------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 0 | (45,003) | 277,581 | 232,578 | 0.00 | 0 | 11,975 | 333,294 | 345,269 |
| DP 2 - Fixed Costs | 0.00 | 0 | 182,439 | 202,456 | 384,895 | 0.00 | 0 | 183,701 | 203,140 | 386,841 |
| DP 3 - Inflation Deflation | 0.00 | 0 | 140,585 | 0 | 140,585 | 0.00 | 0 | 174,534 | 0 | 174,534 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 0 | 2,611 | 2,247 | 4,858 | 0.00 | 0 | 1,832 | 1,290 | 3,122 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | 0 | (10,520) | 0 | (10,520) | 0.00 | 0 | (9,842) | 0 | (9,842) |
| DP 101 - HELP Link Funding Reduction | 0.00 | 0 | (270,078) | 0 | (270,078) | 0.00 | 0 | (270,151) | 0 | (270,151) |
| DP 222 - RMTD Adjustment | 0.00 | 0 | 14,245 | 15,809 | 30,054 | 0.00 | 0 | 14,272 | 15,782 | 30,054 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | 0 | (14,245) | (15,809) | (30,054) | 0.00 | 0 | (14,272) | (15,782) | (30,054) |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$34 | \$482,284 | \$482,318 | 0.00 | \$0 | \$92,049 | \$537,724 | \$629,773 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 101 - HELP Link Funding Reduction -

The legislature adopted a reduction in state special revenue authority for the 2025 biennium. In the 2021 Legislative Session, HB 614 directed that only private entities could provide workforce development services under the HELP Link program. The Montana Department of Labor & Industry (DOLI) will continue to administer the program and operate the Employer Grant component of the HELP Link program. The original funding provided to DOLI included employment

specialists in the Job Service Offices to provide services to individuals who needed assistance in getting back to work. As the legislation passed in 2021 does not allow the Job Service Offices to provide the workforce development services, the full amount of funding originally received will not be required. The total savings over the 2025 biennium adopted by the legislature are approximately \$540,000 with a reduction of 2.00 FTE in each fiscal year of the biennium.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|--|----------------|--------------|--------------------|----------------------|----------------------|----------------|--------------|--------------------|----------------------|----------------------|
| | Fiscal 2024 | | | | | Fiscal 2025 | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 12,764 | 0 | 12,764 | 0.00 | 0 | 12,764 | 0 | 12,764 |
| DP 102 - FTE Reduction | (40.00) | 0 | (664,325) | (1,550,093) | (2,214,418) | (40.00) | 0 | (666,320) | (1,554,748) | (2,221,068) |
| DP 301 - Cost Allocation Plan Adjustment | 0.00 | 0 | 57,931 | 56,427 | 114,358 | 0.00 | 0 | 58,302 | 56,788 | 115,090 |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | (43,521) | 0 | (43,521) | 0.00 | 0 | (54,768) | 0 | (54,768) |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | (81,969) | (79,352) | (161,321) | 0.00 | 0 | (82,530) | (79,895) | (162,425) |
| DP 602 - TSD Technology Services Reduction | 0.00 | 0 | (158,201) | (175,056) | (333,257) | 0.00 | 0 | (158,201) | (175,056) | (333,257) |
| Total | (40.00) | \$0 | (\$877,321) | (\$1,748,074) | (\$2,625,395) | (40.00) | \$0 | (\$890,753) | (\$1,752,911) | (\$2,643,664) |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$8,704 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 102 - FTE Reduction -

The legislature adopted a 40.00 FTE reduction in the Workforce Services Division. This reduces both state special and federal special revenue appropriations associated with these positions. The agency has gone through an extensive organizational review including staffing analysis and efficiency review. The result of this analysis concludes these FTE are no longer needed.

DP 301 - Cost Allocation Plan Adjustment -

The legislature adopted an increase in state special revenues and federal special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees and the statewide indirect cost fees from the Department of Administration.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 602 - TSD Technology Services Reduction -

The legislature adopted a decrease in state special revenue and federal special revenue in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. However, funding for this service was still included in the statewide present law adjustment for fixed costs. To offset this increase, the legislature adopted decreasing, already established, appropriations in each division based on an internal allocation of FTE.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 21,073,976 | 21,624,898 | 550,922 | 2.61 % |
| Operating Expenses | 16,037,497 | 15,459,022 | (578,475) | (3.61)% |
| Debt Service | 73,010 | 73,010 | 0 | 0.00 % |
| Total Expenditures | \$37,184,483 | \$37,156,930 | (\$27,553) | (0.07)% |
| State/Other Special Rev. Funds | 14,235,641 | 13,539,389 | (696,252) | (4.89)% |
| Federal Spec. Rev. Funds | 22,948,842 | 23,617,541 | 668,699 | 2.91 % |
| Total Funds | \$37,184,483 | \$37,156,930 | (\$27,553) | (0.07)% |
| Total Ongoing | \$37,184,483 | \$37,166,042 | (\$18,441) | (0.05)% |
| Total OTO | \$0 | (\$9,112) | (\$9,112) | 100.00 % |

Page Reference

LFD Budget Analysis, A-381

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 149.11 | 149.11 | 149.11 | 149.11 |
| Personal Services | 9,913,053 | 10,594,823 | 10,479,153 | 10,779,310 | 10,845,588 |
| Operating Expenses | 6,777,044 | 8,886,721 | 7,150,776 | 7,724,840 | 7,734,182 |
| Debt Service | 17,381 | 36,505 | 36,505 | 36,505 | 36,505 |
| Total Expenditures | \$16,707,478 | \$19,518,049 | \$17,666,434 | \$18,540,655 | \$18,616,275 |
| State/Other Special Rev. Funds | 8,083,357 | 8,175,162 | 6,060,479 | 6,615,975 | 6,923,414 |
| Federal Spec. Rev. Funds | 8,624,121 | 11,342,887 | 11,605,955 | 11,924,680 | 11,692,861 |
| Total Funds | \$16,707,478 | \$19,518,049 | \$17,666,434 | \$18,540,655 | \$18,616,275 |
| Total Ongoing | \$16,707,478 | \$19,518,049 | \$17,666,434 | \$18,545,211 | \$18,620,831 |
| Total OTO | \$0 | \$0 | \$0 | (\$4,556) | (\$4,556) |

Page Reference

LFD Budget Analysis, A-382

Funding

HB 2 Authority

State Special Revenue

State special revenue is primarily derived from the employment security account through an assessment charged to employers as a percentage of their payroll. The division may use these funds for payments of unemployment insurance benefits and administration of the UI program.

Federal Special Revenue

The majority of HB 2 funding comes from federal special revenue. Unemployment insurance administrative grants are federal funds that Montana receives for the administration of the Unemployment Insurance Division. Montana businesses pay a federal unemployment tax that is partially used to fund these grants.

Non-Budgeted Proprietary Funding

State unemployment taxes (SUTA) are paid into a proprietary account to fund unemployment benefits for claimants. The tax amount depends on the ratio of the unemployment insurance trust fund balance to the total covered wages in Montana and the employer's experience. Montana uses 11 schedules with 10 contribution rates in each schedule to assess SUTA. These funds will be discussed in the Proprietary Rates section of the narrative.

Program Budget Summary by Category

| -----General Fund----- | | | | | -----Total Funds----- | | | |
|------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 17,666,434 | 17,666,434 | 35,332,868 | 95.09 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 1,136,283 | 1,232,018 | 2,368,301 | 6.37 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 20,352 | 14,767 | 35,119 | 0.09 % |
| New Proposals | 0 | 0 | 0 | 0.00 % | (282,414) | (296,944) | (579,358) | (1.56)% |
| Total Budget | \$0 | \$0 | \$0 | | \$18,540,655 | \$18,616,275 | \$37,156,930 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|---|--------------|---------------|-----------------|-------------|--|-----------------------|--------------|---------------|-----------------|-------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | | | | | | | | | | |
| 0.00 | 0 | 134,660 | 278,928 | 413,588 | | 0.00 | 0 | 156,092 | 324,471 | 480,563 |
| DP 2 - Fixed Costs | | | | | | | | | | |
| 0.00 | 0 | 367,475 | 199,388 | 566,863 | | 0.00 | 0 | 637,445 | (77,932) | 559,513 |
| DP 3 - Inflation Deflation | | | | | | | | | | |
| 0.00 | 0 | 86,234 | 69,598 | 155,832 | | 0.00 | 0 | 106,381 | 85,561 | 191,942 |
| DP 20 - SABHRS Rate Adjustment | | | | | | | | | | |
| 0.00 | 0 | 13,618 | 7,390 | 21,008 | | 0.00 | 0 | 17,524 | (2,143) | 15,381 |
| DP 30 - Motor Pool Rate Adjustment | | | | | | | | | | |
| 0.00 | 0 | (363) | (293) | (656) | | 0.00 | 0 | (340) | (274) | (614) |
| DP 222 - RMTD Adjustment | | | | | | | | | | |
| 0.00 | 0 | 2,953 | 1,603 | 4,556 | | 0.00 | 0 | 5,191 | (635) | 4,556 |
| DP 223 - RMTD Adjustment (OTO) | | | | | | | | | | |
| 0.00 | 0 | (2,953) | (1,603) | (4,556) | | 0.00 | 0 | (5,191) | 635 | (4,556) |
| Grand Total All Present Law Adjustments | | | | | | | | | | |
| 0.00 | \$0 | \$601,624 | \$555,011 | \$1,156,635 | | 0.00 | \$0 | \$917,102 | \$329,683 | \$1,246,785 |

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|--|-------------|--------------|-------------------|--------------------|--------------------|-----------------------|--------------|-------------------|--------------------|--------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 7,880 | 0 | 7,880 | 0.00 | 0 | 7,880 | 0 | 7,880 |
| DP 301 - Cost Allocation Plan Adjustment | 0.00 | 0 | 22,657 | 48,146 | 70,803 | 0.00 | 0 | 22,796 | 48,442 | 71,238 |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | (30,317) | (24,468) | (54,785) | 0.00 | 0 | (38,272) | (30,781) | (69,053) |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | (36,298) | (77,133) | (113,431) | 0.00 | 0 | (36,521) | (77,607) | (114,128) |
| DP 602 - TSD Technology Services Reduction | 0.00 | 0 | (10,050) | (182,831) | (192,881) | 0.00 | 0 | (10,050) | (182,831) | (192,881) |
| Total | 0.00 | \$0 | (\$46,128) | (\$236,286) | (\$282,414) | 0.00 | \$0 | (\$54,167) | (\$242,777) | (\$296,944) |

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$5,374 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The legislature adopted an increase in state special revenues and federal special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees and the statewide indirect cost fees from the Department of Administration.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 602 - TSD Technology Services Reduction -

The legislature adopted a decrease in state special revenue and federal special revenue in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. However, funding for this service was still included in the statewide present law adjustment for fixed costs. To offset this increase, the legislature adopted decreasing, already established, appropriations in each division based on an internal allocation of FTE.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 1,942,882 | 1,794,484 | (148,398) | (7.64)% |
| Operating Expenses | 1,190,193 | 1,535,268 | 345,075 | 28.99 % |
| Transfers | 20,000 | 40,000 | 20,000 | 100.00 % |
| Debt Service | 6,218 | 6,718 | 500 | 8.04 % |
| Total Expenditures | \$3,159,293 | \$3,376,470 | \$217,177 | 6.87 % |
| General Fund | 571,022 | 640,871 | 69,849 | 12.23 % |
| State/Other Special Rev. Funds | 1,316,210 | 1,589,000 | 272,790 | 20.73 % |
| Federal Spec. Rev. Funds | 1,272,061 | 1,146,599 | (125,462) | (9.86)% |
| Total Funds | \$3,159,293 | \$3,376,470 | \$217,177 | 6.87 % |
| Total Ongoing | \$3,159,293 | \$3,376,470 | \$217,177 | 6.87 % |
| Total OTO | \$0 | \$0 | \$0 | 0.00 % |

Page Reference

LFD Budget Analysis, A-388

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Personal Services | 851,499 | 969,628 | 973,254 | 894,720 | 899,764 |
| Operating Expenses | 550,282 | 582,201 | 607,992 | 741,901 | 793,367 |
| Transfers | 0 | 0 | 20,000 | 20,000 | 20,000 |
| Debt Service | 1,653 | 2,859 | 3,359 | 3,359 | 3,359 |
| Total Expenditures | \$1,403,434 | \$1,554,688 | \$1,604,605 | \$1,659,980 | \$1,716,490 |
| General Fund | 241,568 | 244,364 | 326,658 | 316,850 | 324,021 |
| State/Other Special Rev. Funds | 556,528 | 612,903 | 703,307 | 780,255 | 808,745 |
| Federal Spec. Rev. Funds | 605,338 | 697,421 | 574,640 | 562,875 | 583,724 |
| Total Funds | \$1,403,434 | \$1,554,688 | \$1,604,605 | \$1,659,980 | \$1,716,490 |
| Total Ongoing | \$1,403,434 | \$1,554,688 | \$1,604,605 | \$1,659,980 | \$1,716,490 |
| Total OTO | \$0 | \$0 | \$0 | \$0 | \$0 |

Page Reference

LFD Budget Analysis, A-389

Funding*HB 2 Authority*General Fund

General fund authority is for the Office of Administrative Hearing's program for human rights cases.

State Special Revenue

The majority of state special revenue funding comes from the employment security account through an assessment charged to employers as a percentage of their payroll. The Business Standards Division (BSD) hearing's fund makes up the majority of the remaining state special revenue authority. This fund is used by the Office of Administrative Hearings when hearing cases are from the Employment Standards Division (formerly Business Standards Division).

Federal Special Revenue

The majority of federal funding comes from UI administrative grants with the remainder coming from the Equal Employment Opportunity Commission (EEOC).

Non-Budgeted Proprietary Funding

The Commissioner's Office and Centralized Services Division have two different proprietary funding sources for the operations of the various functions within the office. A discussion of the proposed uses and funding for each of the functions is included in the Proprietary Rates section of the narrative. These funds are considered and approved as rates charged to other divisions within the agency.

Program Budget Summary by Category

| -----General Fund----- | | | | | -----Total Funds----- | | | |
|------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 326,658 | 326,658 | 653,316 | 101.94 % | 1,604,605 | 1,604,605 | 3,209,210 | 95.05 % |
| SWPL Adjustments | (9,058) | (2,441) | (11,499) | (1.79)% | (32,583) | (945) | (33,528) | (0.99)% |
| PL Adjustments | 10 | 5 | 15 | 0.00 % | (1) | (12) | (13) | (0.00)% |
| New Proposals | (760) | (201) | (961) | (0.15)% | 87,959 | 112,842 | 200,801 | 5.95 % |
| Total Budget | \$316,850 | \$324,021 | \$640,871 | | \$1,659,980 | \$1,716,490 | \$3,376,470 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|---|------|--------------|---------------|-----------------|-------------|-----------------------|--------------|---------------|-----------------|-------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | (15,130) | (33,102) | (20,885) | (69,117) | 0.00 | (13,471) | (31,954) | (18,595) | (64,020) |
| DP 2 - Fixed Costs | 0.00 | 5,700 | 2,741 | 16,378 | 24,819 | 0.00 | 10,542 | 5,940 | 34,004 | 50,486 |
| DP 3 - Inflation Deflation | 0.00 | 372 | 11,343 | 0 | 11,715 | 0.00 | 488 | 12,101 | 0 | 12,589 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 17 | 8 | 50 | 75 | 0.00 | 12 | 7 | 40 | 59 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (7) | (69) | 0 | (76) | 0.00 | (7) | (64) | 0 | (71) |
| Grand Total All Present Law Adjustments | 0.00 | (\$9,048) | (\$19,079) | (\$4,457) | (\$32,584) | 0.00 | (\$2,436) | (\$13,970) | \$15,449 | (\$957) |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|--|--------------|----------------|-----------------|------------------|-----------------------|--------------|----------------|------------------|------------------|------------------|
| -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds | |
| DP 99 - New Fixed Costs | 0.00 | 0 | 528 | 0 | 528 | 0.00 | 0 | 528 | 0 | 528 |
| DP 301 - Cost Allocation Plan Adjustment | 0.00 | 1,830 | 1,521 | 2,526 | 5,877 | 0.00 | 1,840 | 1,531 | 2,540 | 5,911 |
| DP 333 - Adjustment to Inflation | 0.00 | (372) | (11,343) | 0 | (11,715) | 0.00 | (488) | (12,101) | 0 | (12,589) |
| DP 555 - Additional Vacancy Savings | 0.00 | (2,932) | (2,438) | (4,047) | (9,417) | 0.00 | (2,949) | (2,450) | (4,071) | (9,470) |
| DP 602 - TSD Technology Services Reduction | 0.00 | (1,971) | (1,142) | (7,902) | (11,015) | 0.00 | (1,971) | (1,142) | (7,902) | (11,015) |
| DP 3333 - Additional Adjustment to Inflation | 0.00 | 2,685 | 108,901 | 2,115 | 113,701 | 0.00 | 3,367 | 133,042 | 3,068 | 139,477 |
| Total | 0.00 | (\$760) | \$96,027 | (\$7,308) | \$87,959 | 0.00 | (\$201) | \$119,408 | (\$6,365) | \$112,842 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$361 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The legislature adopted an increase in general fund, state special revenue, and federal special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees and the statewide indirect cost fees from the Department of Administration.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 602 - TSD Technology Services Reduction -

The legislature adopted a decrease in general fund, state special revenue, and federal special revenue appropriations in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. However, funding for this service was still included in the statewide present law adjustment for fixed costs. To offset this increase, the legislature adopted decreasing, already established, appropriations in each division based on an internal allocation of FTE.

DP 3333 - Additional Adjustment to Inflation -

The legislature adopted an additional adjustment to inflation included in DP 3.

Other Issues -**Proprietary Rates**

The Commissioner's Office and Centralized Services Division provides two functions funded with non-budgeted proprietary funds. These programs are described separately along with a discussion of the program expenses, revenues, and rates being requested to finance the program.

Commissioner's Office/CSD – Fund 06546*Proprietary Program Description*

Supportive services provided by the Commissioner's Office and the 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 service costs.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

| Fund | Fund Name | Agency # | Agency Name | Program Name | | | | |
|---|-----------|----------|----------------------------------|--------------------|-----------------|--------------------|-------------------|-------------------|
| 06546 | CAP | 66020 | Department of Labor and Industry | CSD - CAP - NAPROP | | | | |
| | | | | | Actual FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 |
| Operating Revenues | | | | | | | | |
| Fees and Charges | | | | | | | | |
| Non-Federal Ind Cost Recovery | | | | | 3,524,356 | 3,034,215 | 3,475,100 | 3,509,851 |
| CSD Draws - CAP | | | | | 860,909 | 1,862,785 | 2,129,900 | 2,151,199 |
| Total Operating Revenues | | | | | 4,385,265 | 4,897,000 | 5,605,000 | 5,661,050 |
| Expenses | | | | | | | | |
| Personal Services | | | | | 2,729,709 | 3,214,328 | 3,315,905 | 3,335,557 |
| Other Operating Expense | | | | | 1,773,396 | 1,890,000 | 1,885,532 | 1,711,508 |
| Total Operating Expense | | | | | 4,503,105 | 5,104,328 | 5,201,437 | 5,047,065 |
| Operating Income (Loss) | | | | | (117,840) | (207,328) | 403,563 | 613,985 |
| Income (Loss) Before Contributions and Transfers | | | | | (117,840) | (207,328) | 403,563 | 613,985 |
| Capital Contributions | | | | | | | | |
| Transfers In | | | | | | | | |
| Transfers Out | | | | | | | | |
| Loans and Lease Payments | | | | | | (12,094) | (12,094) | (12,094) |
| Change in Net Position | | | | | (117,840) | (219,422) | 391,469 | 601,891 |
| Beginning Net Position - July 1 | | | | | 227,732 | 115,718 | (103,704) | 287,765 |
| Prior Period Adjustments | | | | | 5,826 | | | |
| Change in Net Position | | | | | (117,840) | (219,422) | 391,469 | 601,891 |
| Ending Net Position - June 30 | | | | | 115,718 | (103,704) | 287,765 | 889,656 |

Expenses

Major expenses for this program consist of the personal services costs for the Commissioner's Office and CSD. Significant costs for the program are for:

- Personal service costs for 34.00 FTE, including \$3.2 million or 63.0% of the total costs for FY 2023
- Other operating costs, including:
 - Department-wide fixed costs such as the statewide cost allocation plan (SWCAP), legislative audit fees, and the Human Resources Information System (HRIS) service fees
 - Charges for legal services that benefit the entire department
 - Charges for IT applications that benefit the entire department

Revenues

The Commissioner’s Office and Centralized Services Division is funded by revenues from charges allocated to all divisions, bureaus, and programs supported by the division’s indirect cost plan. 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
- Other department-wide management and administration

All programs that utilize these services have a present law adjustment in the budget to account for the adjustment in the rate.

Proprietary Rates

| Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information | | | | |
|--|-----------------|--------------------|------------------|------------------|
| | Actual FY 22 | Estimated FY 23 | Adopted FY 24 | Adopted FY 25 |
| Fee Description: | 7.90% | 8.85% | 9.50% | 9.50% |

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

The legislature approved a rate of 9.5% for FY 2024 and FY 2025. The cost allocation plan (CAP) must be approved by the U.S. Department of Labor. The rate, which is assessed to personal services expenditures, is determined by calculating the total costs of providing the services divided by the projected department personal services expenditures.

Administrative Services – Fund 06552

Proprietary Program Description

The Office of Legal Services provides legal assistance to the department’s five programs and two administratively attached entities, whereby an hourly rate for attorney fees is established.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

| Fund | Fund Name | Agency # | Agency Name | Program Name |
|-------|--------------------------|----------|--------------------------------|----------------------|
| 06552 | Office of Legal Services | 66020 | Department of Labor & Industry | Centralized Services |

| | Actuals FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 |
|---|------------------|--------------------|-------------------|-------------------|
| Operating Revenues | | | | |
| Fee Revenue | 2,812,236 | 2,955,472 | 3,341,465 | 3,341,465 |
| Total Operating Revenues | 2,812,236 | 2,955,472 | 3,341,465 | 3,341,465 |
| Expenses | | | | |
| Personal Services | 2,279,936 | 2,477,727 | 2,560,703 | 2,575,629 |
| Other Operating Expense | 474,670 | 484,315 | 695,736 | 690,000 |
| Total Operating Expense | 2,754,606 | 2,962,042 | 3,256,439 | 3,265,629 |
| Operating Income (Loss) | 57,630 | (6,570) | 85,026 | 75,836 |
| Income (Loss) Before Contributions and Transfers | 57,630 | (6,570) | 85,026 | 75,836 |
| Capital Contributions | | | | |
| Transfers In | | | | |
| Transfers Out | | | | |
| Loans and Lease Payments | | (10,281) | (10,281) | (10,281) |
| Change in Net Position | 57,630 | (16,851) | 74,745 | 65,555 |
| Beginning Net Position - July 1 | 130,523 | 185,233 | 168,382 | 243,127 |
| Prior Period Adjustments | (2,920) | | | |
| Change in Net Position | 57,630 | (16,851) | 74,745 | 65,555 |
| Ending Net Position - June 30 | 185,233 | 168,382 | 243,127 | 308,682 |

Expenses

Major expenses for this program are comprised of salaries and overhead costs of agency legal staff. Significant costs for the program are for:

- Personal services cost for 20.75 FTE, including \$2.5 million or 83.6% of the total costs for FY 2023
- Other operating costs

Revenues

Revenues for the Office of Legal Services are derived from charges for attorney time incurred by Department of Labor and Industry divisions. The rate is a direct hourly rate, charged to each division based on number of hours of legal service they receive. The rate per hour is calculated on actual costs of services divided by actual direct hours of service provided in FY 2022.

Proprietary Rates

| Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information | | | | |
|--|-----------------|--------------------|------------------|------------------|
| | Actual FY 22 | Estimated FY 23 | Adopted FY 24 | Adopted FY 25 |
| Fee Description: All | 102 | 102 | | |
| Lawyers | | | 132 | 132 |
| Paralegals & Other | | | 97 | 97 |

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 41,461,069 | 42,607,009 | 1,145,940 | 2.76 % |
| Operating Expenses | 25,316,350 | 28,415,573 | 3,099,223 | 12.24 % |
| Equipment & Intangible Assets | 1,236,152 | 3,241,882 | 2,005,730 | 162.26 % |
| Grants | 10,000 | 10,000 | 0 | 0.00 % |
| Benefits & Claims | 130,778 | 200,778 | 70,000 | 53.53 % |
| Transfers | 99,103 | 91,138 | (7,965) | (8.04)% |
| Debt Service | 882,002 | 148,017 | (733,985) | (83.22)% |
| Total Expenditures | \$69,135,454 | \$74,714,397 | \$5,578,943 | 8.07 % |
| General Fund | 3,455,911 | 3,458,102 | 2,191 | 0.06 % |
| State/Other Special Rev. Funds | 63,217,702 | 68,746,079 | 5,528,377 | 8.74 % |
| Federal Spec. Rev. Funds | 2,461,841 | 2,510,216 | 48,375 | 1.96 % |
| Total Funds | \$69,135,454 | \$74,714,397 | \$5,578,943 | 8.07 % |
| Total Ongoing | \$69,135,454 | \$72,466,737 | \$3,331,283 | 4.82 % |
| Total OTO | \$0 | \$2,247,660 | \$2,247,660 | 100.00 % |

Page Reference

LFD Budget Analysis, A-397

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 253.87 | 253.87 | 255.38 | 255.87 |
| Personal Services | 19,419,840 | 20,456,435 | 21,004,634 | 21,211,906 | 21,395,103 |
| Operating Expenses | 10,935,874 | 11,964,614 | 13,351,736 | 14,166,283 | 14,249,290 |
| Equipment & Intangible Assets | 753,395 | 765,211 | 470,941 | 2,770,941 | 470,941 |
| Grants | 0 | 5,000 | 5,000 | 5,000 | 5,000 |
| Benefits & Claims | 18,550 | 30,389 | 100,389 | 100,389 | 100,389 |
| Transfers | 43,945 | 54,234 | 44,869 | 45,469 | 45,669 |
| Debt Service | 580,026 | 809,216 | 72,786 | 73,834 | 74,183 |
| Total Expenditures | \$31,751,630 | \$34,085,099 | \$35,050,355 | \$38,373,822 | \$36,340,575 |
| General Fund | 1,652,510 | 1,744,333 | 1,711,578 | 1,723,143 | 1,734,959 |
| State/Other Special Rev. Funds | 29,275,655 | 31,115,937 | 32,101,765 | 35,398,913 | 33,347,166 |
| Federal Spec. Rev. Funds | 823,465 | 1,224,829 | 1,237,012 | 1,251,766 | 1,258,450 |
| Total Funds | \$31,751,630 | \$34,085,099 | \$35,050,355 | \$38,373,822 | \$36,340,575 |
| Total Ongoing | \$31,751,630 | \$34,085,099 | \$35,050,355 | \$36,099,992 | \$36,366,745 |
| Total OTO | \$0 | \$0 | \$0 | \$2,273,830 | (\$26,170) |

Page Reference

LFD Budget Analysis, A-398

Funding*HB 2 Authority*General Fund

General fund supports the personal services and general operating costs of the Human Rights Bureau and a small percentage of the overall administration of the Employment Standards Division.

State Special Revenue

State special revenue makes up the majority of the total appropriation authority for the 2025 biennium.

A state special revenue account is maintained for each type of license and professional board. Charges and fees paid by licensees are deposited to the accounts, and administrative and operational expenses for the division are charged directly to these funds. One of the largest professional board funds is the building codes account, which accounts for 14.9% of state special revenue authority.

Worker compensation regulation funds make up 14.9% of state special revenue. These funds are generated by an annual administrative assessment of up to 4.0% on all compensation and medical benefits (excluding costs above \$200,000 per claim) paid during the previous calendar year.

Other state funding sources include the employment security fund which is generated through an assessment charged to employers as a percentage of their payroll. Contractor registration funds are generated from registration fees for independent contractor exemptions and construction contractor application fees. These funds support the Worker's Compensation Regulations Bureau and a portion of the division's administration. The uninsured employer fund is used to provide benefits to employees injured on the job while working for an employer that does not carry workers' compensation insurance as required by law. Lastly, the safety administration fund is generated primarily from an annual administrative assessment of up to 2.0% on all compensation and medical benefits (excluding costs above \$200,000 per claim) paid during the previous calendar year. Penalties assessed on inspection violations, recovery costs for onsite safety and industrial health consultation services to mine and any grants or funds from private entities or the federal government for use by the department in defraying occupational safety and health costs may also be deposited into this fund.

Federal Special Revenue

Federal special revenue makes up a small portion of the division's total appropriation authority for the 2025 biennium. The largest federal fund is the on-site consultation account, which provides funding for on-site safety and health checks of workplaces and job sites.

Non-Budgeted Proprietary Funding

The division oversees the subsequent injury fund, a proprietary account that assists disabled persons in becoming employed by offering a financial incentive to employers who hire them. The fund rate is based on the total amount of paid losses reimbursed by the fund in the preceding calendar year.

The division also oversees the Board of Public Accountants enterprise fund. The Board receives licensing fees, money collected by the department on behalf of the board and interest or earnings on money deposited. This fund was originally a state special revenue account, but it was established as a proprietary fund by the 2015 Legislature. The current Montana Code Annotated (MCA) for the Board of Public Accountants will be sunseting on September 30, 2023, at which time this fund will revert to a state special revenue fund under HB 2.

Statutory Funding

The Employment Standards Division has three statutory funds.

- The uninsured employer fund is a state special revenue fund that ensures employees who are injured on the job while working for an uninsured employer receive full benefits. This fund receives revenues from the department's collection of penalties from uninsured employers as well as collecting reimbursement of paid benefits

- The Underground Facility Protection Program was created in 2017 when HB 365 became law. The statute requires the Department of Labor and Industry to have a program that monitors, maintains records, and issues civil penalties for incidents where underground facilities are damaged during excavations
- The Board of Real Estate Appraisers was established due to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, which requires every state to establish an agency for the licensure, certification, and regulation of real estate appraisers. The MCA for the Board of Real Estate Appraisers will sunset on June 30, 2023. The agency proposed legislation to re-establish this statutory appropriation moving forward

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|---------------------|-----------------------|-------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 1,711,578 | 1,711,578 | 3,423,156 | 98.99 % | 35,050,355 | 35,050,355 | 70,100,710 | 93.82 % |
| SWPL Adjustments | 37,331 | 49,735 | 87,066 | 2.52 % | 1,207,995 | 1,381,795 | 2,589,790 | 3.47 % |
| PL Adjustments | (266) | (260) | (526) | (0.02)% | 2,566,286 | 375,821 | 2,942,107 | 3.94 % |
| New Proposals | (25,500) | (26,094) | (51,594) | (1.49)% | (450,814) | (467,396) | (918,210) | (1.23)% |
| Total Budget | \$1,723,143 | \$1,734,959 | \$3,458,102 | | \$38,373,822 | \$36,340,575 | \$74,714,397 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|---|--------------|---------------|-----------------|-------------|-----------|-----------------------|--------------|---------------|-----------------|-------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 2,577 | 299,530 | 8,409 | 310,516 | 0.00 | 13,030 | 406,529 | 12,505 | 432,064 |
| DP 2 - Fixed Costs | 0.00 | 27,719 | 605,991 | 7,868 | 641,578 | 0.00 | 27,923 | 607,717 | 8,322 | 643,962 |
| DP 3 - Inflation Deflation | 0.00 | 7,035 | 241,495 | 7,371 | 255,901 | 0.00 | 8,782 | 286,436 | 10,551 | 305,769 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 15 | 787 | 9 | 811 | 0.00 | 4 | (348) | (4) | (348) |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (281) | (11,830) | (356) | (12,467) | 0.00 | (264) | (11,001) | (399) | (11,664) |
| DP 222 - RMTD Adjustment | 0.00 | 1,131 | 24,718 | 321 | 26,170 | 0.00 | 1,135 | 24,697 | 338 | 26,170 |
| DP 223 - RMTD Adjustment (OTO) | 0.00 | (1,131) | (24,718) | (321) | (26,170) | 0.00 | (1,135) | (24,697) | (338) | (26,170) |
| DP 501 - Board of Public Accountants | 1.51 | 0 | 277,942 | 0 | 277,942 | 2.00 | 0 | 387,833 | 0 | 387,833 |
| DP 504 - Weights and Measures Equipment Request (OTO) | 0.00 | 0 | 2,300,000 | 0 | 2,300,000 | 0.00 | 0 | 0 | 0 | 0 |
| Grand Total All Present Law Adjustments | | | | | | | | | | |
| 1.51 | \$37,065 | \$3,713,915 | \$23,301 | \$3,774,281 | | 2.00 | \$49,475 | \$1,677,166 | \$30,975 | \$1,757,616 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 501 - Board of Public Accountants -

The legislature adopted enterprise appropriations for the Board of Public Accountants to revert to state special revenue HB 2 authority due to the sunset of 37-50-209, MCA, on September 30, 2023. This decision package re-establishes the appropriation and 1.51 FTE in FY 2024 and 2.00 FTE in FY 2025 and state special revenue authority.

DP 504 - Weights and Measures Equipment Request (OTO) -

The legislature adopted a one-time-only (OTO) biennial appropriation of state special revenue to purchase new equipment and vehicles for field inspectors to carry out job duties in the Weights and Measures Program. Current equipment is outdated and poses a safety hazard for DOLI employees and the public. DOLI is requesting legislation to allow a one-time transfer of funds to pay for this equipment but will need an appropriation to spend those funds if the transfer is approved. This OTO appropriation is contingent on the passage and approval of SB 53.

The specific equipment needed for this program includes (with estimated current pricing included):

- Three hybrid proving trucks - \$575,000
- Two 100-gallon propane proving trailers - \$150,000
- One airport proving trailer - \$100,000
- Four electric vehicle charge test meters - \$300,000
- One large capacity truck box - \$100,000
- Seven small capacity truck boxes - \$700,000
- Six weight carts - \$300,000
- 56,000 test weights - \$75,000

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|--|-------------|-------------------|--------------------|------------------|-----------------------|-------------|-------------------|--------------------|------------------|--------------------|
| -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 849 | 12,653 | 0 | 13,502 | 0.00 | 849 | 12,653 | 0 | 13,502 |
| DP 301 - Cost Allocation Plan Adjustment | 0.00 | 9,332 | 125,066 | 4,668 | 139,066 | 0.00 | 9,379 | 125,784 | 4,694 | 139,857 |
| DP 333 - Adjustment to Inflation | 0.00 | (2,018) | (69,277) | (2,115) | (73,410) | 0.00 | (2,553) | (83,280) | (3,068) | (88,901) |
| DP 555 - Additional Vacancy Savings | 0.00 | (14,543) | (200,012) | (7,404) | (221,959) | 0.00 | (14,649) | (201,725) | (7,467) | (223,841) |
| DP 602 - TSD Technology Services Reduction | 0.00 | (19,120) | (285,197) | (3,696) | (308,013) | 0.00 | (19,120) | (285,197) | (3,696) | (308,013) |
| Total | 0.00 | (\$25,500) | (\$416,767) | (\$8,547) | (\$450,814) | 0.00 | (\$26,094) | (\$431,765) | (\$9,537) | (\$467,396) |

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$9,207 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The legislature adopted an increase in general fund, state special revenue, and federal special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees and the statewide indirect cost fees from the Department of Administration.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 602 - TSD Technology Services Reduction -

The legislature adopted a decrease in general fund, state special revenue, and federal special revenue appropriations in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. However, funding for this service was still included in the statewide present law adjustment for fixed costs. To offset this increase, the legislature adopted decreasing, already established, appropriations in each division based on an internal allocation of FTE.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 9,378,730 | 6,769,541 | (2,609,189) | (27.82)% |
| Operating Expenses | 14,252,174 | 17,233,152 | 2,980,978 | 20.92 % |
| Debt Service | 41,096 | 41,096 | 0 | 0.00 % |
| Total Expenditures | \$23,672,000 | \$24,043,789 | \$371,789 | 1.57 % |
| Proprietary Funds | 23,672,000 | 24,043,789 | 371,789 | 1.57 % |
| Total Funds | \$23,672,000 | \$24,043,789 | \$371,789 | 1.57 % |

Page Reference

LFD Budget Analysis, A-409

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 34.00 | 34.00 | 34.00 | 34.00 |
| Personal Services | 3,443,823 | 4,660,757 | 4,717,973 | 3,375,326 | 3,394,215 |
| Operating Expenses | 7,580,144 | 7,549,388 | 6,702,786 | 8,571,600 | 8,661,552 |
| Debt Service | 177,716 | 20,548 | 20,548 | 20,548 | 20,548 |
| Total Expenditures | \$11,201,683 | \$12,230,693 | \$11,441,307 | \$11,967,474 | \$12,076,315 |
| Proprietary Funds | 11,201,683 | 12,230,693 | 11,441,307 | 11,967,474 | 12,076,315 |
| Total Funds | \$11,201,683 | \$12,230,693 | \$11,441,307 | \$11,967,474 | \$12,076,315 |

Page Reference

LFD Budget Analysis, A-409

Funding*Non-Budgeted Proprietary Funding*

The Technology Services Division is funded entirely with proprietary rates. The two proprietary funds utilized by the division are the technical services account and the technical services direct account. These funds will be discussed in further detail in the proprietary rates section below.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | | |
|----------------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | | Percent of Budget |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 11,441,307 | 11,441,307 | 22,882,614 | 95.17 % | |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | (1,046,445) | (945,300) | (1,991,745) | (8.28)% | |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 64 | 13 | 77 | 0.00 % | |
| New Proposals | 0 | 0 | 0 | 0.00 % | 1,572,548 | 1,580,295 | 3,152,843 | 13.11 % | |
| Total Budget | \$0 | \$0 | \$0 | | \$11,967,474 | \$12,076,315 | \$24,043,789 | | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|--------------|---------------|--------------------------|-------------|-----------------------|--------------|---------------|------------------------|-------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | (1,342,647) | 0.00 | 0 | 0 | 0 | (1,323,758) | |
| DP 2 - Fixed Costs | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | (135,484) | 0.00 | 0 | 0 | 0 | (135,878) | |
| DP 3 - Inflation Deflation | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | 431,686 | 0.00 | 0 | 0 | 0 | 514,336 | |
| DP 20 - SABHRS Rate Adjustment | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | 64 | 0.00 | 0 | 0 | 0 | 13 | |
| DP 222 - RMTD Adjustment | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | 832 | 0.00 | 0 | 0 | 0 | 832 | |
| DP 223 - RMTD Adjustment (OTO) | | | | | | | | | | |
| 0.00 | 0 | 0 | 0 | (832) | 0.00 | 0 | 0 | 0 | (832) | |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$0 | \$0 (\$1,046,381) | 0.00 | \$0 | \$0 | \$0 | \$0 (\$945,287) | |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature reviewed adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature reviewed adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature reviewed an increase to proposed SABHRS rates.

DP 222 - RMTD Adjustment -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature reviewed an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|---|-------------|--------------|---------------|-----------------|--------------------|-----------------------|--------------|---------------|-----------------|--------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 0 | 0 | 1,797 | 0.00 | 0 | 0 | 0 | 1,797 |
| DP 301 - Cost Allocation Plan Adjustment | 0.00 | 0 | 0 | 0 | 21,940 | 0.00 | 0 | 0 | 0 | 22,062 |
| DP 601 - TSD Proprietary Enterprise Rate Change | 0.00 | 0 | 0 | 0 | 1,548,811 | 0.00 | 0 | 0 | 0 | 1,556,436 |
| Total | 0.00 | \$0 | \$0 | \$0 | \$1,572,548 | 0.00 | \$0 | \$0 | \$0 | \$1,580,295 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature reviewed appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$1,225 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The legislature reviewed an increase in state special revenue and federal special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees and the statewide indirect cost fees from the Department of Administration.

DP 601 - TSD Proprietary Enterprise Rate Change -

The legislature reviewed an increase in proprietary funding for State Information Technology Services Division (SITSD) costs. The Department of Labor & Industry (DOLI) Technology Services Division's proprietary fund is a pass-through fund for tracking information technology (IT) expenditures charged from SITSD. This fund pays the department's IT expenditures to SITSD and then collects revenue from all divisions to reimburse the fund. This fund's expenditures and revenue collected net to zero.

In FY 2022, DOLI's IT Help-Desk staff were transferred from DOLI to SITSD in the Department of Administration. SITSD will bill DOLI back for these services through SITSD's enterprise rate. DOLI will be billed for the current rate of these services each fiscal year plus an increase due to additional costs. This increase in service costs is due to Cybersecurity and ServiceNow costs, as well as increases in other costs of services provided by SITSD.

Other Issues -**Proprietary Rates**

The Technology Services Division (TSD) provides information technology services and support for the department including project management and application services including computer programming and database management. There are two funds, the technical and application services fund and the technical services direct fund. These funds are discussed in further detail below.

Technical and Application Services – Fund 06568*Proprietary Program Description*

The Application Section provides services related to staff who program, test, and analyze the department's applications.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2025 Biennium Report on Internal Service and Enterprise Funds

| Fund | Fund Name | Agency # | Agency Name | Program Name | | |
|---|--------------------|----------|--------------------------------|---------------------|-----------|-----------|
| 06568 | Technical Services | 66020 | Department of Labor & Industry | Technology Services | | |
| | | | Actual | Estimated | Reviewed | Reviewed |
| | | | FY 22 | FY 23 | FY 24 | FY 25 |
| Operating Revenues | | | | | | |
| Fees and Charges | | | | | | |
| Non-Federal Ind Cost Recovery | | | 3,926,576 | 3,482,622 | 3,256,479 | 3,253,756 |
| Federal Indirect Cost Recoveries | | | 698,714 | 614,580 | 574,673 | 574,192 |
| Total Operating Revenues | | | 4,625,290 | 4,097,202 | 3,831,152 | 3,827,948 |
| Expenses | | | | | | |
| Personal Services | | | 3,207,658 | 2,674,039 | 3,140,200 | 3,210,956 |
| Other Operating Expense | | | 1,317,486 | 1,791,709 | 576,035 | 582,506 |
| Total Operating Expense | | | 4,525,144 | 4,465,748 | 3,716,235 | 3,793,462 |
| Operating Income (Loss) | | | 100,146 | (368,546) | 114,917 | 34,486 |
| Income (Loss) Before Contributions and Transfers | | | 100,146 | (368,546) | 114,917 | 34,486 |
| Capital Contributions | | | | | | |
| Transfers In | | | | | | |
| Transfers Out | | | | | | |
| Loans and Lease Payments | | | - | (11,000) | (11,000) | (11,000) |
| Change in Net Position | | | 100,146 | (379,546) | 103,917 | 23,486 |
| Beginning Net Position - July 1 | | | 544,213 | 643,371 | 263,825 | 367,742 |
| Prior Period Adjustments | | | (988) | | | |
| Change in Net Position | | | 100,146 | (379,546) | 103,917 | 23,486 |
| Ending Net Position - June 30 | | | 643,371 | 263,825 | 367,742 | 391,228 |

Expenses

The major expenses for this fund consist of the personal services for 34.00 FTE, which accounted for \$2.7 million or 59.9% of the total costs in FY 2023. The remaining expenses are for operating expenses.

Revenues

The rate for application services is assessed based on a direct hourly charge to the benefiting division. Revenues for the Application Section are billed to divisions also approved by the legislature and the U.S. Department of Labor. All programs which utilize these services have a present law adjustment in the budget to account for the rate.

Proprietary Rates

| Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information | | | | |
|--|-----------------|--------------------|------------------|------------------|
| | Actual FY 22 | Estimated FY 23 | Adopted FY 24 | Adopted FY 25 |
| Fee Description: | | | | |
| Application Rate | 84 | 84 | 104 | 104 |
| Technical Services Rate | 266 | 266 | 0 | 0 |

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

The Technical Services Component was transferred to the Department of Administration during the 2023 biennium leading to the elimination of the rates in the 2025 biennium. However, the legislature adopted rate increases for Application Services in the 2025 biennium due to increased enterprise costs.

Technical Services Direct – Fund 06578*Proprietary Program Description*

The Technical Services Direct 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.

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

| Fund | Fund Name | Agency # | Agency Name | Program Name |
|-------|--------------------|----------|-------------------------------------|---------------------|
| 06578 | Technical Services | 66020 | Department of Labor and Industry | Technology Services |

| | Actual FY 22 | Estimated FY 23 | Reviewed FY 24 | Reviewed FY 25 |
|--|-----------------|--------------------|-------------------|-------------------|
| Operating Revenues | | | | |
| Fees and Charges | | | | |
| Non-Federal Ind Cost Recovery | 5,651,385 | 3,859,421 | 4,956,862 | 4,960,925 |
| Federal Indirect Cost Recovery | 1,258,752 | 1,900,909 | 2,441,440 | 2,443,440 |
| Other Operating Revenues | | | | |
| Total Operating Revenues | 6,910,137 | 5,760,330 | 7,398,302 | 7,404,365 |
| Expenses | | | | |
| Personal Services | | | | |
| Other Operating Expense | 6,910,137 | 5,760,330 | 7,398,302 | 7,404,365 |
| Total Operating Expense | 6,910,137 | 5,760,330 | 7,398,302 | 7,404,365 |
| Operating Income (Loss) | - | - | - | - |
| Change in Net Position | - | - | - | - |
| Beginning Net Position - July 1 | - | - | - | - |
| Prior Period Adjustments | | | | |
| Change in Net Position | - | - | - | - |
| Ending Net Position - June 30 | - | - | - | - |

Expenses

The Technical Services Direct fund includes expenses for pass through information technology expenditures that could be directly related to a division. These include SITSD charges, software purchases, and contract payments.

Revenues

The Enterprise Services rate is all SITSD charges that directly benefit the department. 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 specific SITSD services.

All programs that utilize these services have a present law adjustment in the budget to account for the rate.

Proprietary Rates

| Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information | | | | |
|--|-----------------|--------------------|------------------|------------------|
| | Actual FY 22 | Estimated FY 23 | Adopted FY 24 | Adopted FY 25 |
| Fee Description: | | | | |
| Enterprise | 1,452,055 | 1,460,791 | 3,098,763 | 3,104,826 |
| Direct Services | Actual Cost | Actual Cost | Actual Cost | Actual Cost |

The Enterprise Services Rate is calculated on specific SITSD services that benefit the department. 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. 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.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 770,697 | 953,147 | 182,450 | 23.67 % |
| Operating Expenses | 737,317 | 856,130 | 118,813 | 16.11 % |
| Grants | 6,176,413 | 6,189,444 | 13,031 | 0.21 % |
| Transfers | 558,331 | 501,300 | (57,031) | (10.21)% |
| Debt Service | 2,844 | 2,344 | (500) | (17.58)% |
| Total Expenditures | \$8,245,602 | \$8,502,365 | \$256,763 | 3.11 % |
| General Fund | 285,630 | 466,093 | 180,463 | 63.18 % |
| State/Other Special Rev. Funds | 24,776 | 24,776 | 0 | 0.00 % |
| Federal Spec. Rev. Funds | 7,935,196 | 8,011,496 | 76,300 | 0.96 % |
| Total Funds | \$8,245,602 | \$8,502,365 | \$256,763 | 3.11 % |
| Total Ongoing | \$8,245,602 | \$8,342,166 | \$96,564 | 1.17 % |
| Total OTO | \$0 | \$160,199 | \$160,199 | 100.00 % |

Page Reference

LFD Budget Analysis, A-417

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 5.00 | 5.00 | 6.00 | 5.50 |
| Personal Services | 379,278 | 381,243 | 389,454 | 492,459 | 460,688 |
| Operating Expenses | 233,672 | 346,417 | 390,900 | 432,631 | 423,499 |
| Grants | 2,469,782 | 3,081,691 | 3,094,722 | 3,094,722 | 3,094,722 |
| Transfers | 307,156 | 307,681 | 250,650 | 250,650 | 250,650 |
| Debt Service | 1,465 | 1,672 | 1,172 | 1,172 | 1,172 |
| Total Expenditures | \$3,391,353 | \$4,118,704 | \$4,126,898 | \$4,271,634 | \$4,230,731 |
| General Fund | 140,330 | 140,329 | 145,301 | 254,835 | 211,258 |
| State/Other Special Rev. Funds | 0 | 12,388 | 12,388 | 12,388 | 12,388 |
| Federal Spec. Rev. Funds | 3,251,023 | 3,965,987 | 3,969,209 | 4,004,411 | 4,007,085 |
| Total Funds | \$3,391,353 | \$4,118,704 | \$4,126,898 | \$4,271,634 | \$4,230,731 |
| Total Ongoing | \$3,391,353 | \$4,118,704 | \$4,126,898 | \$4,168,986 | \$4,173,180 |
| Total OTO | \$0 | \$0 | \$0 | \$102,648 | \$57,551 |

Page Reference

LFD Budget Analysis, A-418

Funding

HB 2 Authority

General Fund

The division has a small general fund appropriation, used as a state match portion for federal grants. General fund primarily provides funding for the program's administrative expenses.

State Special Revenue

The Office of Community Services has one state special revenue account for community services related trainings.

Federal Special Revenue

The majority of the Office of Community Services appropriation authority comes from federal special revenue provided through AmeriCorps grants. Federal funds provide funding for administrative expenses as well as funding for grant and special projects administered by the program.

Program Budget Summary by Category

| -----General Fund----- | | | | | -----Total Funds----- | | | |
|------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 145,301 | 145,301 | 290,602 | 62.35 % | 4,126,898 | 4,126,898 | 8,253,796 | 97.08 % |
| SWPL Adjustments | 11,431 | 12,910 | 24,341 | 5.22 % | 55,929 | 60,265 | 116,194 | 1.37 % |
| PL Adjustments | (4) | (10) | (14) | (0.00)% | (68) | (78) | (146) | (0.00)% |
| New Proposals | 98,107 | 53,057 | 151,164 | 32.43 % | 88,875 | 43,646 | 132,521 | 1.56 % |
| Total Budget | \$254,835 | \$211,258 | \$466,093 | | \$4,271,634 | \$4,230,731 | \$8,502,365 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|---|--------------|---------------|-----------------|-------------|--|-----------------------|--------------|---------------|-----------------|-------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | | | | | | | | | | |
| 0.00 | 6,280 | 0 | 19,877 | 26,157 | | 0.00 | 6,924 | 0 | 21,915 | 28,839 |
| DP 2 - Fixed Costs | | | | | | | | | | |
| 0.00 | 4,014 | 0 | 9,383 | 13,397 | | 0.00 | 4,739 | 0 | 8,681 | 13,420 |
| DP 3 - Inflation Deflation | | | | | | | | | | |
| 0.00 | 1,137 | 0 | 15,238 | 16,375 | | 0.00 | 1,247 | 0 | 16,759 | 18,006 |
| DP 20 - SABHRS Rate Adjustment | | | | | | | | | | |
| 0.00 | 1 | 0 | 1 | 2 | | 0.00 | (5) | 0 | (8) | (13) |
| DP 30 - Motor Pool Rate Adjustment | | | | | | | | | | |
| 0.00 | (5) | 0 | (65) | (70) | | 0.00 | (5) | 0 | (60) | (65) |
| Grand Total All Present Law Adjustments | | | | | | | | | | |
| 0.00 | \$11,427 | \$0 | \$44,434 | \$55,861 | | 0.00 | \$12,900 | \$0 | \$47,287 | \$60,187 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed

by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|--|-------------|-----------------|---------------|------------------|-----------------|-------------|-----------------|---------------|------------------|-----------------|
| Fiscal 2024 | | | | | | Fiscal 2025 | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 317 | 0 | 0 | 317 | 0.00 | 317 | 0 | 0 | 317 |
| DP 301 - Cost Allocation Plan Adjustment | 0.00 | 608 | 0 | 1,923 | 2,531 | 0.00 | 608 | 0 | 1,923 | 2,531 |
| DP 333 - Adjustment to Inflation | 0.00 | (295) | 0 | (3,954) | (4,249) | 0.00 | (326) | 0 | (4,382) | (4,708) |
| DP 555 - Additional Vacancy Savings | 0.00 | (1,240) | 0 | (3,926) | (5,166) | 0.00 | (1,162) | 0 | (3,677) | (4,839) |
| DP 602 - TSD Technology Services Reduction | 0.00 | (3,931) | 0 | (3,275) | (7,206) | 0.00 | (3,931) | 0 | (3,275) | (7,206) |
| DP 701 - OCS General Fund Match (OTO) | 1.00 | 102,648 | 0 | 0 | 102,648 | 0.50 | 57,551 | 0 | 0 | 57,551 |
| Total | 1.00 | \$98,107 | \$0 | (\$9,232) | \$88,875 | 0.50 | \$53,057 | \$0 | (\$9,411) | \$43,646 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$216 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The legislature adopted an increase in general fund and federal special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs,

human resources internal service fees, workers' compensation program management fees, audit fees and the statewide indirect cost fees from the Department of Administration.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 602 - TSD Technology Services Reduction -

The legislature adopted a decrease in general fund and federal special revenue appropriations in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. However, funding for this service was still included in the statewide present law adjustment for fixed costs. To offset this increase, the legislature adopted decreasing, already established, appropriations in each division based on an internal allocation of FTE.

DP 701 - OCS General Fund Match (OTO) -

The legislature adopted one-time-only general fund appropriations to provide a match for American Rescue Plan Act (ARPA) funds. The Office of Community Services received ARPA funds granted from the federal government to engage more Montanans into AmeriCorps. The total general fund needed for this match is approximately \$160,000 over the 2025 biennium and would not continue into the future. This change package includes 1.00 FTE in FY 2024 and 0.50 FTE in FY 2025.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 1,259,231 | 1,291,860 | 32,629 | 2.59 % |
| Operating Expenses | 320,080 | 365,899 | 45,819 | 14.31 % |
| Debt Service | 5,930 | 5,930 | 0 | 0.00 % |
| Total Expenditures | \$1,585,241 | \$1,663,689 | \$78,448 | 4.95 % |
| State/Other Special Rev. Funds | 1,585,241 | 1,663,689 | 78,448 | 4.95 % |
| Total Funds | \$1,585,241 | \$1,663,689 | \$78,448 | 4.95 % |
| Total Ongoing | \$1,585,241 | \$1,663,987 | \$78,746 | 4.97 % |
| Total OTO | \$0 | (\$298) | (\$298) | 100.00 % |

Page Reference

LFD Budget Analysis, A-422

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Personal Services | 503,069 | 625,663 | 633,568 | 644,376 | 647,484 |
| Operating Expenses | 156,200 | 159,974 | 160,106 | 182,796 | 183,103 |
| Debt Service | 919 | 2,965 | 2,965 | 2,965 | 2,965 |
| Total Expenditures | \$660,188 | \$788,602 | \$796,639 | \$830,137 | \$833,552 |
| State/Other Special Rev. Funds | 660,188 | 788,602 | 796,639 | 830,137 | 833,552 |
| Total Funds | \$660,188 | \$788,602 | \$796,639 | \$830,137 | \$833,552 |
| Total Ongoing | \$660,188 | \$788,602 | \$796,639 | \$830,286 | \$833,701 |
| Total OTO | \$0 | \$0 | \$0 | (\$149) | (\$149) |

Page Reference

LFD Budget Analysis, A-423

Funding

HB 2 Authority

State Special Revenue

The Workers Compensation Court is entirely funded with state special revenue derived from an assessment charged to the workers' compensation carriers in Montana. The fee is passed on to Montana businesses when their workers' compensation premiums are determined by the carriers.

Program Budget Summary by Category

| -----General Fund----- | | | | | -----Total Funds----- | | | |
|------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 796,639 | 796,639 | 1,593,278 | 95.77 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 45,108 | 48,713 | 93,821 | 5.64 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | (93) | (91) | (184) | (0.01)% |
| New Proposals | 0 | 0 | 0 | 0.00 % | (11,517) | (11,709) | (23,226) | (1.40)% |
| Total Budget | \$0 | \$0 | \$0 | | \$830,137 | \$833,552 | \$1,663,689 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|---|--------------|---------------|-----------------|-------------|--|-----------------------|--------------|---------------|-----------------|-------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | | | | | | | | | | |
| 0.00 | 0 | 17,591 | 0 | 17,591 | | 0.00 | 0 | 20,732 | 0 | 20,732 |
| DP 2 - Fixed Costs | | | | | | | | | | |
| 0.00 | 0 | 24,709 | 0 | 24,709 | | 0.00 | 0 | 24,758 | 0 | 24,758 |
| DP 3 - Inflation Deflation | | | | | | | | | | |
| 0.00 | 0 | 2,808 | 0 | 2,808 | | 0.00 | 0 | 3,223 | 0 | 3,223 |
| DP 20 - SABHRS Rate Adjustment | | | | | | | | | | |
| 0.00 | 0 | 11 | 0 | 11 | | 0.00 | 0 | 7 | 0 | 7 |
| DP 30 - Motor Pool Rate Adjustment | | | | | | | | | | |
| 0.00 | 0 | (104) | 0 | (104) | | 0.00 | 0 | (98) | 0 | (98) |
| DP 222 - RMTD Adjustment | | | | | | | | | | |
| 0.00 | 0 | 149 | 0 | 149 | | 0.00 | 0 | 149 | 0 | 149 |
| DP 223 - RMTD Adjustment (OTO) | | | | | | | | | | |
| 0.00 | 0 | (149) | 0 | (149) | | 0.00 | 0 | (149) | 0 | (149) |
| Grand Total All Present Law Adjustments | | | | | | | | | | |
| 0.00 | \$0 | \$45,015 | \$0 | \$45,015 | | 0.00 | \$0 | \$48,622 | \$0 | \$48,622 |

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|--|-------------|--------------|-------------------|-----------------|-------------------|-------------|--------------|-------------------|-----------------|-------------------|
| Fiscal 2024 | | | | | | Fiscal 2025 | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 370 | 0 | 370 | 0.00 | 0 | 370 | 0 | 370 |
| DP 301 - Cost Allocation Plan Adjustment | 0.00 | 0 | 4,233 | 0 | 4,233 | 0.00 | 0 | 4,253 | 0 | 4,253 |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | (931) | 0 | (931) | 0.00 | 0 | (1,110) | 0 | (1,110) |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | (6,783) | 0 | (6,783) | 0.00 | 0 | (6,816) | 0 | (6,816) |
| DP 602 - TSD Technology Services Reduction | 0.00 | 0 | (8,406) | 0 | (8,406) | 0.00 | 0 | (8,406) | 0 | (8,406) |
| Total | 0.00 | \$0 | (\$11,517) | \$0 | (\$11,517) | 0.00 | \$0 | (\$11,709) | \$0 | (\$11,709) |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$252 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The legislature adopted an increase in state special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees and the statewide indirect cost fees from the Department of Administration.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 602 - TSD Technology Services Reduction -

The legislature adopted a decrease in state special revenue appropriations in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. However, funding for this service was still included in the statewide present law adjustment for fixed costs. To offset this increase, the legislature adopted decreasing, already established, appropriations in each division based on an internal allocation of FTE.

Agency Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Agency Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 35,256,026 | 38,812,704 | 3,556,678 | 10.09 % |
| Operating Expenses | 40,876,397 | 45,348,661 | 4,472,264 | 10.94 % |
| Equipment & Intangible Assets | 301,072 | 1,061,072 | 760,000 | 252.43 % |
| Grants | 26,385,072 | 26,481,362 | 96,290 | 0.36 % |
| Benefits & Claims | 1,251 | 0 | (1,251) | (100.00)% |
| Transfers | 2,923,344 | 3,234,520 | 311,176 | 10.64 % |
| Debt Service | 796,000 | 828,000 | 32,000 | 4.02 % |
| Total Expenditures | \$106,539,162 | \$115,766,319 | \$9,227,157 | 8.66 % |
| General Fund | 14,702,544 | 13,973,740 | (728,804) | (4.96)% |
| State/Other Special Rev. Funds | 2,220,958 | 7,427,251 | 5,206,293 | 234.42 % |
| Federal Spec. Rev. Funds | 89,615,660 | 94,365,328 | 4,749,668 | 5.30 % |
| Total Funds | \$106,539,162 | \$115,766,319 | \$9,227,157 | 8.66 % |
| Total Ongoing | \$106,539,162 | \$116,394,795 | \$9,855,633 | 9.25 % |
| Total OTO | \$0 | (\$628,476) | (\$628,476) | 100.00 % |

Page Reference

LFD Budget Analysis, A-427

Agency Highlights

**Department of Military Affairs
Major Budget Highlights**

- The Department of Military Affairs' 2025 biennium HB 2 budget is approximately \$9.2 million or 8.7% greater than the 2023 biennium. The legislatively adopted budget includes:
 - A transfer of all general fund authority to state special revenue in the Veterans Affairs Division
 - Increased state special revenue in the Veterans Affairs Division for operating and personal services costs in the Veteran's Cemetery and Veteran's Services Programs
 - Federal authority increases for overtime costs for firefighters and oversight costs for remediation work in the Air National Guard Program
 - 4.00 new FTE for the new STARBASE Program in Malta
 - 5.00 new permanent FTE in the Disaster and Emergency Services Division due to increased workload and 2.00 additional FTE transferred from the Department of Administration for the State Continuity and Emergency Management Office
 - 2.00 FTE in the Director's Office for a financial position and an information technology position
 - 1.00 FTE in the Army National Guard Program for a Computer Aided Design and Drafting (CADD) position

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Agency Actuals and Budget Comparison | | | | | |
|--------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 220.66 | 220.66 | 234.66 | 234.66 |
| Personal Services | 16,648,979 | 17,403,022 | 17,853,004 | 19,236,223 | 19,576,481 |
| Operating Expenses | 20,184,483 | 20,883,128 | 19,993,269 | 22,464,528 | 22,884,133 |
| Equipment & Intangible Assets | 310,266 | 150,536 | 150,536 | 650,536 | 410,536 |
| Grants | 11,058,318 | 13,024,467 | 13,360,605 | 13,240,681 | 13,240,681 |
| Benefits & Claims | 1,001 | 1,251 | 0 | 0 | 0 |
| Transfers | 696,675 | 1,306,084 | 1,617,260 | 1,617,260 | 1,617,260 |
| Debt Service | 374,987 | 382,000 | 414,000 | 414,000 | 414,000 |
| Total Expenditures | \$49,274,709 | \$53,150,488 | \$53,388,674 | \$57,623,228 | \$58,143,091 |
| General Fund | 7,228,357 | 7,314,937 | 7,387,607 | 6,967,836 | 7,005,904 |
| State/Other Special Rev. Funds | 865,827 | 1,104,271 | 1,116,687 | 3,698,446 | 3,728,805 |
| Federal Spec. Rev. Funds | 41,180,525 | 44,731,280 | 44,884,380 | 46,956,946 | 47,408,382 |
| Total Funds | \$49,274,709 | \$53,150,488 | \$53,388,674 | \$57,623,228 | \$58,143,091 |
| Total Ongoing | \$49,274,709 | \$53,150,488 | \$53,388,674 | \$57,924,966 | \$58,469,829 |
| Total OTO | \$0 | \$0 | \$0 | (\$301,738) | (\$326,738) |

Page Reference

LFD Budget Analysis, A-428

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

| Executive Budget Comparison | | | | | | | | |
|-----------------------------------|------------------------|------------------------------------|--------------------------------------|--|------------------------------------|--------------------------------------|--|--|
| Budget Item | Approp. Fiscal 2023 | Executive Budget Fiscal 2024 | Legislative Budget Fiscal 2024 | Leg — Exec. Difference Fiscal 2024 | Executive Budget Fiscal 2025 | Legislative Budget Fiscal 2025 | Leg — Exec. Difference Fiscal 2025 | Biennium Difference Fiscal 24-25 |
| FTE | 220.66 | 234.66 | 234.66 | 0.00 | 234.66 | 234.66 | 0.00 | 0.00 |
| Personal Services | 17,853,004 | 19,430,513 | 19,236,223 | (194,290) | 19,772,574 | 19,576,481 | (196,093) | (390,383) |
| Operating Expenses | 19,993,269 | 22,730,222 | 22,464,528 | (265,694) | 23,149,744 | 22,884,133 | (265,611) | (531,305) |
| Equipment & Intangible Assets | 150,536 | 650,536 | 650,536 | 0 | 410,536 | 410,536 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants | 13,360,605 | 13,240,681 | 13,240,681 | 0 | 13,240,681 | 13,240,681 | 0 | 0 |
| Benefits & Claims | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 1,617,260 | 1,617,260 | 1,617,260 | 0 | 1,617,260 | 1,617,260 | 0 | 0 |
| Debt Service | 414,000 | 414,000 | 414,000 | 0 | 414,000 | 414,000 | 0 | 0 |
| Total Costs | \$53,388,674 | \$58,083,212 | \$57,623,228 | (\$459,984) | \$58,604,795 | \$58,143,091 | (\$461,704) | (\$921,688) |
| General Fund | 7,387,607 | 7,133,235 | 6,967,836 | (165,399) | 7,168,398 | 7,005,904 | (162,494) | (327,893) |
| State/other Special Rev. Funds | 1,116,687 | 3,736,512 | 3,698,446 | (38,066) | 3,770,692 | 3,728,805 | (41,887) | (79,953) |
| Federal Spec. Rev. Funds | 44,884,380 | 47,213,465 | 46,956,946 | (256,519) | 47,665,705 | 47,408,382 | (257,323) | (513,842) |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funds | \$53,388,674 | \$58,083,212 | \$57,623,228 | (\$459,984) | \$58,604,795 | \$58,143,091 | (\$461,704) | (\$921,688) |
| Total Ongoing | \$53,388,674 | \$58,058,212 | \$57,924,966 | (\$133,246) | \$58,604,795 | \$58,469,829 | (\$134,966) | (\$268,212) |
| Total OTO | \$0 | \$25,000 | (\$301,738) | (\$326,738) | \$0 | (\$326,738) | (\$326,738) | (\$653,476) |

The legislature adopted ongoing appropriations that are \$268,000 less than the proposed appropriations for the 2025 biennium. Significant changes include:

- The legislature adopted \$270,000 each fiscal year for DP 1202 for service contracts in the Army National Guard Program. This is a reduction from the executively proposed \$570,000 each fiscal year
- The legislature adopted an additional 1.0% vacancy savings

Funding

The following table shows adopted agency funding for all sources of authority.

| Total Department of Military Affairs Funding by Source of Authority 2025 Biennium Budget Request - Department of Military Affairs | | | | | | |
|--|----------------------|--------------------|-----------------------------|----------------------------|----------------------|----------------------|
| Funds | HB2 Ongoing | HB2 OTO | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds |
| General Fund | 14,008,824 | (35,084) | 0 | 0 | 13,973,740 | 11.89 % |
| State Special Total | 7,431,884 | (4,633) | 0 | 1,722,195 | 9,149,446 | 7.79 % |
| Federal Special Total | 94,954,087 | (588,759) | 0 | 0 | 94,365,328 | 80.32 % |
| Proprietary Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Other Total | 0 | 0 | 0 | 0 | 0 | 0.00 % |
| Total All Funds | \$116,394,795 | (\$628,476) | \$0 | \$1,722,195 | \$117,488,514 | |
| Percent - Total All Sources | 99.07 % | (0.53)% | 0.00 % | 1.47 % | | |

HB 2 Authority

General fund supports a portion of most programs in the Department of Military Affairs and the entire cost of the National Guard Scholarship Program.

State special revenue is primarily in the Disaster and Emergency Services Division and the Veteran's Affairs Division.

The largest appropriation authority for the Department of Military Affairs is federal special revenue for federal government initiatives, programs and objectives guide the funding requirements for the agency.

Statutory Appropriations

Governor's Emergency Fund (10-3-312, MCA)

Statute provides the Governor with \$16.0 million general fund over the biennium to address unanticipated costs associated with disasters and emergencies. Natural disasters include costs associated with flooding, windstorms, winter storms, and tornados.

Wildfire Funding (76-13-150, MCA)

Statute provides for a state special revenue fire suppression account. Governor Gianforte declared a statewide wildland fire emergency in Montana in July 2021 and activated the Montana National Guard.

Federal Emergency Management Agency (FEMA) Funding (10-3-311, MCA)

The Department of Military Affairs is granted statutory authority to spend federal funds received for federally declared disasters including pandemic relief.

Veterans Cemetery (10-2-601, MCA)

The Veteran's Affairs Division has a statutory appropriation for the operation of the Montana Veteran's Cemetery Program. The Veteran's Cemetery Program operates:

- Montana State Veteran's Cemetery – Fort Harrison, Helena
- Eastern Montana State Veteran's Cemetery – Miles City
- Western Montana State Veteran's Cemetery – Missoula

Funding for the program is provided through a portion of motor vehicle registration fees, cemetery plot allowances, and donations.

Montana Military Family Relief Fund (MMFRF; 10-1-1303, MCA)

The Montana military family relief fund receives statutory appropriations to provide monetary grants to families of Montana National Guard and Reserve Component members who on or after April 28, 2007, are on active duty for federal service in a contingency operation. MMFRF grants are intended to help Montana families defray the costs of food, housing, utilities, medical services, and other expenses that become difficult to afford when the wage earner has temporarily left civilian employment to be placed on active military duty. Funding for the program is provided through legislative transfers, monetary contributions, gifts, and grants donated to the fund.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 7,387,607 | 7,387,607 | 14,775,214 | 105.74 % | 53,388,674 | 53,388,674 | 106,777,348 | 92.24 % |
| SWPL Adjustments | 358,912 | 500,120 | 859,032 | 6.15 % | 1,147,586 | 1,506,069 | 2,653,655 | 2.29 % |
| PL Adjustments | 92,097 | 92,136 | 184,233 | 1.32 % | 638,214 | 646,598 | 1,284,812 | 1.11 % |
| New Proposals | (870,780) | (973,959) | (1,844,739) | (13.20)% | 2,448,754 | 2,601,750 | 5,050,504 | 4.36 % |
| Total Budget | \$6,967,836 | \$7,005,904 | \$13,973,740 | | \$57,623,228 | \$58,143,091 | \$115,766,319 | |

Language and Statutory Authority

The legislature adopted the following language in HB 2:

"The Director's Office, Montana Youth Challenge Program, STARBASE Program, Army National Guard Program, Air National Guard Program, Disaster and Emergency Services Division, and Veterans' Affairs Program include a one-time-only reduction in FY 2024 and FY 2025 for a suspension of insurance premium payments to the Risk Management and Tort Defense Division's proprietary fund.

It is the intent of the Legislature that the National Guard Scholarship Program does not expend more than its 2025 biennial appropriation.

If SB 442 is not passed and approved, state special revenue appropriation in the Veterans' Affairs Program is reduced by \$2,716,991 in FY 2024 and \$2,607,815 in FY 2025 and general fund is increased by \$1,504,891 in FY 2024 and \$1,631,015 in FY 2025.

If HB 81 is not passed and approved, VA Columbia Falls Cemetery Operations is void.

The Director's Office includes an increase in general fund of \$55,816 in FY 2024 and \$63,246 in FY 2025 and federal special revenue of \$236,014 in FY 2024 and \$294,034 in FY 2025. The increase was provided to offset inflationary impacts. The agency may allocate this increase in funding among programs when developing 2025 biennium operating plans.

If HB 669 is passed and approved and provides for an appropriation to the Veterans' Affairs Program of at least \$5 million from the general fund in the 2025 biennium, then all HB 2 general fund appropriation authority is void and HB 2 state special revenue authority will be reduced to \$844,279 in FY 2024 and \$983,814 in FY 2025 in the Veterans' Affairs Program.

If HB 298 is passed and approved, the Department of Military Affairs is decreased by \$1,544 state special revenue in FY 2024 and \$1,544 state special revenue in FY 2025.

If HB 839 is passed and approved, the Department of Military Affairs may increase full-time equivalent positions authorized in HB 2 by 1.00 FTE in FY 2025."

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 2,264,233 | 2,791,988 | 527,755 | 23.31 % |
| Operating Expenses | 323,344 | 1,182,278 | 858,934 | 265.64 % |
| Transfers | 101,310 | 101,310 | 0 | 0.00 % |
| Total Expenditures | \$2,688,887 | \$4,075,576 | \$1,386,689 | 51.57 % |
| General Fund | 1,607,790 | 2,273,211 | 665,421 | 41.39 % |
| Federal Spec. Rev. Funds | 1,081,097 | 1,802,365 | 721,268 | 66.72 % |
| Total Funds | \$2,688,887 | \$4,075,576 | \$1,386,689 | 51.57 % |
| Total Ongoing | \$2,688,887 | \$4,062,402 | \$1,373,515 | 51.08 % |
| Total OTO | \$0 | \$13,174 | \$13,174 | 100.00 % |

Page Reference

LFD Budget Analysis, A-435

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 12.21 | 12.21 | 14.21 | 14.21 |
| Personal Services | 1,111,643 | 1,151,790 | 1,112,443 | 1,393,725 | 1,398,263 |
| Operating Expenses | 128,265 | 165,638 | 157,706 | 575,979 | 606,299 |
| Transfers | 39,900 | 50,655 | 50,655 | 50,655 | 50,655 |
| Total Expenditures | \$1,279,808 | \$1,368,083 | \$1,320,804 | \$2,020,359 | \$2,055,217 |
| General Fund | 825,335 | 830,011 | 777,779 | 1,148,556 | 1,124,655 |
| Federal Spec. Rev. Funds | 454,473 | 538,072 | 543,025 | 871,803 | 930,562 |
| Total Funds | \$1,279,808 | \$1,368,083 | \$1,320,804 | \$2,020,359 | \$2,055,217 |
| Total Ongoing | \$1,279,808 | \$1,368,083 | \$1,320,804 | \$2,001,272 | \$2,061,130 |
| Total OTO | \$0 | \$0 | \$0 | \$19,087 | (\$5,913) |

Page Reference

LFD Budget Analysis, A-436

Funding*HB 2 Authority*General Fund

General fund accounts for approximately two-thirds of the Director's Office total appropriation authority. General fund provides funding for federal-state matching requirements. General fund also provides funding for the General, Deputy Director, and IT staff positions in the Director's Office and all operating costs.

Federal Special Revenue

Federal special revenue accounts for the remaining one-third of the total appropriation authority. Federal funds are used for the National Guard Bureau Cooperative Agreement Centralized Personnel Plan (CPP). The CPP provides human resources and financial staff payroll in the Director's Office to support the federal cooperative agreements.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 777,779 | 777,779 | 1,555,558 | 68.43 % | 1,320,804 | 1,320,804 | 2,641,608 | 64.82 % |
| SWPL Adjustments | 92,140 | 85,483 | 177,623 | 7.81 % | 125,183 | 120,295 | 245,478 | 6.02 % |
| PL Adjustments | (277) | (302) | (579) | (0.03)% | (277) | (302) | (579) | (0.01)% |
| New Proposals | 278,914 | 261,695 | 540,609 | 23.78 % | 574,649 | 614,420 | 1,189,069 | 29.18 % |
| Total Budget | \$1,148,556 | \$1,124,655 | \$2,273,211 | | \$2,020,359 | \$2,055,217 | \$4,075,576 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | |
|--|-----------------------|-----------------|------------------|--------------------|------------------|-----------------------|-----------------|------------------|------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 51,683 | 0 | 33,043 | 84,726 | 0.00 | 54,449 | 0 | 89,261 |
| DP 2 - Fixed Costs | 0.00 | 31,237 | 0 | 0 | 31,237 | 0.00 | 20,669 | 0 | 20,669 |
| DP 3 - Inflation Deflation | 0.00 | 9,220 | 0 | 0 | 9,220 | 0.00 | 10,365 | 0 | 10,365 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | (266) | 0 | 0 | (266) | 0.00 | (291) | 0 | (291) |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (11) | 0 | 0 | (11) | 0.00 | (11) | 0 | (11) |
| Grand Total All Present Law Adjustments | 0.00 | \$91,863 | \$0 | \$33,043 | \$124,906 | 0.00 | \$85,181 | \$0 | \$119,993 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|--|--------------|------------------|-----------------|------------------|------------------|-----------------------|------------------|---------------|------------------|------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 200 | 0 | 0 | 200 | 0.00 | 200 | 0 | 0 | 200 |
| DP 101 - DO Restore Operating Funds | 0.00 | 49,582 | 0 | 0 | 49,582 | 0.00 | 49,582 | 0 | 0 | 49,582 |
| DP 102 - DO IT Staffing | 1.00 | 135,112 | 0 | 0 | 135,112 | 1.00 | 136,560 | 0 | 0 | 136,560 |
| DP 104 - DO Server Replacements (RST/OTO) | 0.00 | 25,000 | 0 | 0 | 25,000 | 0.00 | 0 | 0 | 0 | 0 |
| DP 105 - DO Finance FTE | 1.00 | 25,377 | 0 | 65,254 | 90,631 | 1.00 | 24,981 | 0 | 64,236 | 89,217 |
| DP 333 - Adjustment to Inflation | 0.00 | (3,519) | 0 | 0 | (3,519) | 0.00 | (4,201) | 0 | 0 | (4,201) |
| DP 555 - Additional Vacancy Savings | 0.00 | (8,654) | 0 | (5,533) | (14,187) | 0.00 | (8,673) | 0 | (5,545) | (14,218) |
| DP 3333 - Additional Adjustment to Inflation | 0.00 | 55,816 | 0 | 236,014 | 291,830 | 0.00 | 63,246 | 0 | 294,034 | 357,280 |
| Total | 2.00 | \$278,914 | \$0 | \$295,735 | \$574,649 | 2.00 | \$261,695 | \$0 | \$352,725 | \$614,420 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted general fund appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$500 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 101 - DO Restore Operating Funds -

The legislature adopted general fund appropriations to re-establish Director's Office operating funds that were designated as one-time-only (OTO) funding in the 2021 Legislative Session. Agency costs were reduced during the pandemic but have returned to normal operations.

DP 102 - DO IT Staffing -

The legislature adopted general fund appropriations for 1.00 FTE for an information technology (IT) staff and a funding switch for an existing 0.50 FTE. The current IT staff has 2.00 permanent FTE and 1.00 modified FTE. This change package

makes the modified FTE permanent. Additionally, this will provide a funding switch for 0.50 FTE. Half of this position was previously funded by federal Disaster and Emergency Services (DES) funds that are no longer available. This change includes 100.0% of the funding for this 0.50 FTE in the Director's Office. IT positions in DMA are necessary as the agency manages several of its own networks and servers that cannot be managed by the State Information Technology Services Division (SITSD) due to the federal requirements for security of federal information.

DP 104 - DO Server Replacements (RST/OTO) -

The legislature adopted a one-time-only restricted general fund appropriation for the purchase of two servers to replace aging and legacy equipment. These servers are not hosted on the state network.

DP 105 - DO Finance FTE -

The legislature adopted general fund and federal special revenue appropriations for an additional 1.00 FTE financial staff in the Director's Office. The agency has received recommendations from Legislative Audit Division, as well as recommendations from the United States Property and Fiscal Officer (USPFO) for additional internal controls regarding the tracking and usage of federal funding received by the agency. The legislature adopted additional staff and associated operating costs to implement these recommendations. This position will be funded with approximately 70.0% with federal special revenue and the balance with general fund.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 3333 - Additional Adjustment to Inflation -

The legislature adopted an additional adjustment to inflation included in DP 3.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 6,948,753 | 7,284,787 | 336,034 | 4.84 % |
| Operating Expenses | 3,464,872 | 3,540,335 | 75,463 | 2.18 % |
| Total Expenditures | \$10,413,625 | \$10,825,122 | \$411,497 | 3.95 % |
| General Fund | 2,415,777 | 2,621,459 | 205,682 | 8.51 % |
| Federal Spec. Rev. Funds | 7,997,848 | 8,203,663 | 205,815 | 2.57 % |
| Total Funds | \$10,413,625 | \$10,825,122 | \$411,497 | 3.95 % |
| Total Ongoing | \$10,413,625 | \$10,890,634 | \$477,009 | 4.58 % |
| Total OTO | \$0 | (\$65,512) | (\$65,512) | 100.00 % |

Page Reference

LFD Budget Analysis, A-440

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 54.15 | 54.15 | 54.15 | 54.15 |
| Personal Services | 3,381,221 | 3,508,276 | 3,440,477 | 3,633,847 | 3,650,940 |
| Operating Expenses | 1,528,879 | 1,832,064 | 1,632,808 | 1,764,062 | 1,776,273 |
| Total Expenditures | \$4,910,100 | \$5,340,340 | \$5,073,285 | \$5,397,909 | \$5,427,213 |
| General Fund | 1,163,931 | 1,189,867 | 1,225,910 | 1,307,067 | 1,314,392 |
| Federal Spec. Rev. Funds | 3,746,169 | 4,150,473 | 3,847,375 | 4,090,842 | 4,112,821 |
| Total Funds | \$4,910,100 | \$5,340,340 | \$5,073,285 | \$5,397,909 | \$5,427,213 |
| Total Ongoing | \$4,910,100 | \$5,340,340 | \$5,073,285 | \$5,430,665 | \$5,459,969 |
| Total OTO | \$0 | \$0 | \$0 | (\$32,756) | (\$32,756) |

Page Reference

LFD Budget Analysis, A-441

Funding

HB 2 Authority

General Fund

Funding for the Youth ChalleNGe Program comes from federal/state cooperative agreements which requires a 25.0% state match. General fund is used to meet that state match requirement.

Federal Special Revenue

The remaining funding comes from federal special revenue sources. Some travel and special projects required from the federal/state cooperative agreements are funded entirely with federal funds.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 1,225,910 | 1,225,910 | 2,451,820 | 93.53 % | 5,073,285 | 5,073,285 | 10,146,570 | 93.73 % |
| SWPL Adjustments | 81,414 | 88,734 | 170,148 | 6.49 % | 325,651 | 354,937 | 680,588 | 6.29 % |
| PL Adjustments | (257) | (252) | (509) | (0.02)% | (1,027) | (1,009) | (2,036) | (0.02)% |
| New Proposals | 0 | 0 | 0 | 0.00 % | 0 | 0 | 0 | 0.00 % |
| Total Budget | \$1,307,067 | \$1,314,392 | \$2,621,459 | | \$5,397,909 | \$5,427,213 | \$10,825,122 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|---|-----------------------|--------------|---------------|-----------------|-------------|-----------------------|--------------|---------------|-----------------|-------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 57,768 | 0 | 173,302 | 231,070 | 0.00 | 62,086 | 0 | 186,257 | 248,343 |
| DP 2 - Fixed Costs | 0.00 | (3,226) | 0 | (9,680) | (12,906) | 0.00 | (5,602) | 0 | (16,805) | (22,407) |
| DP 3 - Inflation Deflation | 0.00 | 26,872 | 0 | 80,615 | 107,487 | 0.00 | 32,250 | 0 | 96,751 | 129,001 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 62 | 0 | 185 | 247 | 0.00 | 46 | 0 | 136 | 182 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (319) | 0 | (955) | (1,274) | 0.00 | (298) | 0 | (893) | (1,191) |
| Grand Total All Present Law Adjustments | 0.00 | \$81,157 | \$0 | \$243,467 | \$324,624 | 0.00 | \$88,482 | \$0 | \$265,446 | \$353,928 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|---|-------------|--------------|---------------|-----------------|-------------|-----------------------|--------------|---------------|-----------------|-------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 201 - Youth Challenge Trainings and Supplies | 0.00 | 16,805 | 0 | 50,415 | 67,220 | 0.00 | 18,415 | 0 | 55,244 | 73,659 |
| DP 333 - Adjustment to Inflation | 0.00 | (7,380) | 0 | (22,140) | (29,520) | 0.00 | (8,945) | 0 | (26,834) | (35,779) |
| DP 555 - Additional Vacancy Savings | 0.00 | (9,425) | 0 | (28,275) | (37,700) | 0.00 | (9,470) | 0 | (28,410) | (37,880) |
| Total | 0.00 | \$0 | \$0 | \$0 | \$0 | 0.00 | \$0 | \$0 | \$0 | \$0 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 201 - Youth Challenge Trainings and Supplies -

The legislature adopted an increase in general fund and federal special revenue for trainings and supplies.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Operating Expenses | 452,333 | 500,000 | 47,667 | 10.54 % |
| Total Expenditures | \$452,333 | \$500,000 | \$47,667 | 10.54 % |
| General Fund | 452,333 | 500,000 | 47,667 | 10.54 % |
| Total Funds | \$452,333 | \$500,000 | \$47,667 | 10.54 % |
| Total Ongoing | \$452,333 | \$500,000 | \$47,667 | 10.54 % |
| Total OTO | \$0 | \$0 | \$0 | 0.00 % |

Page Reference

LFD Budget Analysis, A-444

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| Operating Expenses | 244,971 | 244,971 | 207,362 | 250,000 | 250,000 |
| Total Expenditures | \$244,971 | \$244,971 | \$207,362 | \$250,000 | \$250,000 |
| General Fund | 244,971 | 244,971 | 207,362 | 250,000 | 250,000 |
| Total Funds | \$244,971 | \$244,971 | \$207,362 | \$250,000 | \$250,000 |
| Total Ongoing | \$244,971 | \$244,971 | \$207,362 | \$250,000 | \$250,000 |
| Total OTO | \$0 | \$0 | \$0 | \$0 | \$0 |

Page Reference

LFD Budget Analysis, A-445

Funding

HB 2 Authority

General Fund

The National Guard Scholarship Program is entirely funded with general fund.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 207,362 | 207,362 | 414,724 | 82.94 % | 207,362 | 207,362 | 414,724 | 82.94 % |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 0 | 0 | 0 | 0.00 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | 0 | 0 | 0 | 0.00 % |
| New Proposals | 42,638 | 42,638 | 85,276 | 17.06 % | 42,638 | 42,638 | 85,276 | 17.06 % |
| Total Budget | \$250,000 | \$250,000 | \$500,000 | | \$250,000 | \$250,000 | \$500,000 | |

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|--|-----------------------|-----------------|------------------|--------------------|-----------------|-----------------------|-----------------|------------------|--------------------|-----------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 301 - National Guard Scholarships Increase (BIEN) | 0.00 | 42,638 | 0 | 0 | 42,638 | 0.00 | 42,638 | 0 | 0 | 42,638 |
| Total | 0.00 | \$42,638 | \$0 | \$0 | \$42,638 | 0.00 | \$42,638 | \$0 | \$0 | \$42,638 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 301 - National Guard Scholarships Increase (BIEN) -

The legislature adopted a biennial increase in general fund for the National Guard Scholarship Program. The program provides tuition assistance to Montana college students that join the Montana National Guard. This increase is due to an increased usage of this recruitment incentive over the past biennium.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 446,589 | 1,102,263 | 655,674 | 146.82 % |
| Operating Expenses | 977,829 | 1,210,664 | 232,835 | 23.81 % |
| Total Expenditures | \$1,424,418 | \$2,312,927 | \$888,509 | 62.38 % |
| Federal Spec. Rev. Funds | 1,424,418 | 2,312,927 | 888,509 | 62.38 % |
| Total Funds | \$1,424,418 | \$2,312,927 | \$888,509 | 62.38 % |
| Total Ongoing | \$1,424,418 | \$2,315,883 | \$891,465 | 62.58 % |
| Total OTO | \$0 | (\$2,956) | (\$2,956) | 100.00 % |

Page Reference

LFD Budget Analysis, A-447

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 3.00 | 3.00 | 7.00 | 7.00 |
| Personal Services | 255,847 | 257,016 | 189,573 | 548,063 | 554,200 |
| Operating Expenses | 511,366 | 513,541 | 464,288 | 604,132 | 606,532 |
| Total Expenditures | \$767,213 | \$770,557 | \$653,861 | \$1,152,195 | \$1,160,732 |
| Federal Spec. Rev. Funds | 767,213 | 770,557 | 653,861 | 1,152,195 | 1,160,732 |
| Total Funds | \$767,213 | \$770,557 | \$653,861 | \$1,152,195 | \$1,160,732 |
| Total Ongoing | \$767,213 | \$770,557 | \$653,861 | \$1,153,673 | \$1,162,210 |
| Total OTO | \$0 | \$0 | \$0 | (\$1,478) | (\$1,478) |

Page Reference

LFD Budget Analysis, A-448

Funding

HB 2 Authority

Federal Special Revenue

The STARBASE Program is entirely funded with federal special revenue from the Air National Guard.

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | | |
|----------------------------|------------------------|--------------------|-----------------------|-------------------|-----------------------|--------------------|-----------------------|-------------------|-------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | | Percent of Budget |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | |
| 2023 Base Budget | 0 | 0 | 0 | 0.00 % | 653,861 | 653,861 | 1,307,722 | 56.54 % | |
| SWPL Adjustments | 0 | 0 | 0 | 0.00 % | 115,784 | 121,619 | 237,403 | 10.26 % | |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | (89) | (97) | (186) | (0.01) % | |
| New Proposals | 0 | 0 | 0 | 0.00 % | 382,639 | 385,349 | 767,988 | 33.20 % | |
| Total Budget | \$0 | \$0 | \$0 | | \$1,152,195 | \$1,160,732 | \$2,312,927 | | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-----------------------|--------------|---------------|------------------|------------------|-----------------------|--------------|---------------|------------------|------------------|
| | -----Fiscal 2024----- | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | | | | | | | | | | |
| 0.00 | 0 | 0 | 78,239 | 78,239 | 0.00 | 0 | 0 | 80,124 | 80,124 | |
| DP 2 - Fixed Costs | | | | | | | | | | |
| 0.00 | 0 | 0 | 3,894 | 3,894 | 0.00 | 0 | 0 | 1,943 | 1,943 | |
| DP 3 - Inflation Deflation | | | | | | | | | | |
| 0.00 | 0 | 0 | 33,651 | 33,651 | 0.00 | 0 | 0 | 39,552 | 39,552 | |
| DP 20 - SABHRS Rate Adjustment | | | | | | | | | | |
| 0.00 | 0 | 0 | (89) | (89) | 0.00 | 0 | 0 | (97) | (97) | |
| Grand Total All Present Law Adjustments | 0.00 | \$0 | \$0 | \$115,695 | \$115,695 | 0.00 | \$0 | \$0 | \$121,522 | \$121,522 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|---|-------------|--------------|---------------|------------------|------------------|-----------------------|--------------|---------------|------------------|------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 333 - Adjustment to Inflation | 0.00 | 0 | 0 | (8,612) | (8,612) | 0.00 | 0 | 0 | (10,154) | (10,154) |
| DP 401 - STARBASE Malta Staff and Program Authority | 4.00 | 0 | 0 | 397,020 | 397,020 | 4.00 | 0 | 0 | 401,322 | 401,322 |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | 0 | (5,769) | (5,769) | 0.00 | 0 | 0 | (5,819) | (5,819) |
| Total | 4.00 | \$0 | \$0 | \$382,639 | \$382,639 | 4.00 | \$0 | \$0 | \$385,349 | \$385,349 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 401 - STARBASE Malta Staff and Program Authority -

The legislature adopted an increase in federal special revenue for 4.00 FTE to create a STARBASE program in Malta, Montana to be located at the new Malta Readiness Center. STARBASE is a 100.0% federally funded program with classrooms at Fort Harrison in Helena and the 120th Air Wing in Great Falls. STARBASE locations are limited to existing military installations, allowing students the opportunity to interact with military personnel, exploring careers and real-world science, technology, engineering, and math (STEM) applications. Each STARBASE classroom provides 25 hours of free STEM instruction to all fifth-grade classes within the Helena and Great Falls school districts, as well as afterschool programs and summer camps. This program will serve rural communities across the Hi-Line specifically targeting students who are historically under-represented in STEM, socio-economically disadvantaged groups, Title 1 schools, low academic performance, and students with disabilities. The federal funding will be used to create the new program in Malta and add staff which includes one program director, one office manager, and two instructors.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 8,907,102 | 9,867,356 | 960,254 | 10.78 % |
| Operating Expenses | 28,989,055 | 31,088,905 | 2,099,850 | 7.24 % |
| Equipment & Intangible Assets | 301,072 | 301,072 | 0 | 0.00 % |
| Benefits & Claims | 251 | 0 | (251) | (100.00)% |
| Transfers | 53,400 | 50,000 | (3,400) | (6.37)% |
| Debt Service | 770,000 | 780,000 | 10,000 | 1.30 % |
| Total Expenditures | \$39,020,880 | \$42,087,333 | \$3,066,453 | 7.86 % |
| General Fund | 3,501,222 | 4,055,753 | 554,531 | 15.84 % |
| State/Other Special Rev. Funds | 1,990 | 840 | (1,150) | (57.79)% |
| Federal Spec. Rev. Funds | 35,517,668 | 38,030,740 | 2,513,072 | 7.08 % |
| Total Funds | \$39,020,880 | \$42,087,333 | \$3,066,453 | 7.86 % |
| Total Ongoing | \$39,020,880 | \$42,552,197 | \$3,531,317 | 9.05 % |
| Total OTO | \$0 | (\$464,864) | (\$464,864) | 100.00 % |

Page Reference

LFD Budget Analysis, A-451

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 56.30 | 56.30 | 56.30 | 56.30 |
| Personal Services | 4,176,227 | 4,326,272 | 4,580,830 | 4,919,974 | 4,947,382 |
| Operating Expenses | 14,341,483 | 14,516,802 | 14,472,253 | 15,367,865 | 15,721,040 |
| Equipment & Intangible Assets | 310,266 | 150,536 | 150,536 | 150,536 | 150,536 |
| Benefits & Claims | 251 | 251 | 0 | 0 | 0 |
| Transfers | 0 | 28,400 | 25,000 | 25,000 | 25,000 |
| Debt Service | 373,151 | 380,000 | 390,000 | 390,000 | 390,000 |
| Total Expenditures | \$19,201,378 | \$19,402,261 | \$19,618,619 | \$20,853,375 | \$21,233,958 |
| General Fund | 1,736,360 | 1,738,974 | 1,762,248 | 2,000,585 | 2,055,168 |
| State/Other Special Rev. Funds | 965 | 1,570 | 420 | 420 | 420 |
| Federal Spec. Rev. Funds | 17,464,053 | 17,661,717 | 17,855,951 | 18,852,370 | 19,178,370 |
| Total Funds | \$19,201,378 | \$19,402,261 | \$19,618,619 | \$20,853,375 | \$21,233,958 |
| Total Ongoing | \$19,201,378 | \$19,402,261 | \$19,618,619 | \$21,085,807 | \$21,466,390 |
| Total OTO | \$0 | \$0 | \$0 | (\$232,432) | (\$232,432) |

Page Reference

LFD Budget Analysis, A-452

Funding*HB 2 Authority*General Fund

General fund is used to meet the federal/state match requirement for federal funds which are described in detail in the federal special revenue section of this narrative.

State Special Revenue

State special revenue accounts for less than 1.0% of the Army National Guard Program's total appropriation authority. This funding is for armory rentals. When armories are rented to groups, the state special revenue funds generated from the rental fees are used to augment general fund support of the facilities.

Federal Special Revenue

Federal special revenue accounts for the majority of the program's total appropriation authority. Funding is for the following functions:

- Facilities that are owned by the state and located on state land qualify to have their maintenance and utility costs covered 50.0% by federal special revenue and 50.0% by state funds
- Facilities that are state owned but located on federal land qualify to have their maintenance and utility costs covered 75.0% by federal special revenue and 25.0% by state funds
- A facility classified as a logistics facility receives 100.0% funding from federal special revenue
- Facilities that are owned federally, located on federal lands, and serve as a facility for training missions are 100.0% funded with federal special revenue unless the building is used as an armory
- Armories that are constructed with federal funds and located on federal land qualify for their maintenance and utility costs to be covered by 75.0% federal funds and 25.0% state funds

Program Budget Summary by Category

| Budget Summary by Category | | | | | | | | |
|----------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | -----General Fund----- | | | | -----Total Funds----- | | | |
| | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 1,762,248 | 1,762,248 | 3,524,496 | 86.90 % | 19,618,619 | 19,618,619 | 39,237,238 | 93.23 % |
| SWPL Adjustments | 105,393 | 114,361 | 219,754 | 5.42 % | 1,170,962 | 1,343,390 | 2,514,352 | 5.97 % |
| PL Adjustments | (133) | (166) | (299) | (0.01)% | 3,030 | 2,819 | 5,849 | 0.01 % |
| New Proposals | 133,077 | 178,725 | 311,802 | 7.69 % | 60,764 | 269,130 | 329,894 | 0.78 % |
| Total Budget | \$2,000,585 | \$2,055,168 | \$4,055,753 | | \$20,853,375 | \$21,233,958 | \$42,087,333 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-------------|------------------|---------------|--------------------|--------------------|-----------------------|------------------|---------------|--------------------|--------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | 11,728 | 0 | 379,206 | 390,934 | 0.00 | 12,559 | 0 | 406,070 | 418,629 |
| DP 2 - Fixed Costs | 0.00 | 4,586 | 0 | (115,347) | (110,761) | 0.00 | 9,276 | 0 | (173,059) | (163,783) |
| DP 3 - Inflation Deflation | 0.00 | 89,079 | 0 | 801,710 | 890,789 | 0.00 | 92,526 | 0 | 996,018 | 1,088,544 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | (128) | 0 | 3,210 | 3,082 | 0.00 | (162) | 0 | 3,030 | 2,868 |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | (5) | 0 | (47) | (52) | 0.00 | (4) | 0 | (45) | (49) |
| Grand Total All Present Law Adjustments | 0.00 | \$105,260 | \$0 | \$1,068,732 | \$1,173,992 | 0.00 | \$114,195 | \$0 | \$1,232,014 | \$1,346,209 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|---|-------------|------------------|---------------|-------------------|-----------------|-----------------------|------------------|---------------|-----------------|------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 0 | 0 | 1,310 | 1,310 | 0.00 | 0 | 0 | 1,310 | 1,310 |
| DP 333 - Adjustment to Inflation | 0.00 | (23,351) | 0 | (210,157) | (233,508) | 0.00 | (24,355) | 0 | (262,174) | (286,529) |
| DP 555 - Additional Vacancy Savings | 0.00 | (1,554) | 0 | (50,236) | (51,790) | 0.00 | (1,562) | 0 | (50,515) | (52,077) |
| DP 1201 - ARNG Operating Costs New Facilities | 0.00 | 22,982 | 0 | 51,770 | 74,752 | 0.00 | 69,642 | 0 | 99,108 | 168,750 |
| DP 1202 - ARNG Contract Service Cost Increase (RST) | 0.00 | 135,000 | 0 | 135,000 | 270,000 | 0.00 | 135,000 | 0 | 135,000 | 270,000 |
| DP 1203 - ARNG Billings New Facility Operating Cost | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 167,676 | 167,676 |
| Total | 0.00 | \$133,077 | \$0 | (\$72,313) | \$60,764 | 0.00 | \$178,725 | \$0 | \$90,405 | \$269,130 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$5,614 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 1201 - ARNG Operating Costs New Facilities -

The legislature adopted general fund and federal special revenue appropriations for increased operations and maintenance (O&M) costs for new facilities funded through HB5 in prior legislative sessions. The funding will support the O&M for the new Butte-Silver Bow Readiness Center, which will be funded with both general fund and federal funds. This funding will also support seven other facilities located at Fort Harrison that would be 100.0% federally funded. The other facilities consist of the Unit Training Equipment Shop (UTES), the weapons cleaning building, the post engineer equipment shop, the hazmat facility, the Combine Support Maintenance Shop (CSMS) addition, transient barracks, and vehicle storage.

DP 1202 - ARNG Contract Service Cost Increase (RST) -

The legislature adopted adjustments for increased service contract costs including janitorial work, grounds keeping, and snow removal. The total appropriation is a 50/50 split between general fund and federal special revenue.

DP 1203 - ARNG Billings New Facility Operating Cost -

The legislature adopted increased federal special revenue appropriations in FY 2025 for the operation and maintenance (O&M) of the new Billings Limited Army Aviation Support Facility. The construction of the facility was funded by American Rescue Plan Act (ARPA) funding.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|---------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 7,762,283 | 7,758,113 | (4,170) | (0.05)% |
| Operating Expenses | 3,887,703 | 4,207,663 | 319,960 | 8.23 % |
| Total Expenditures | \$11,649,986 | \$11,965,776 | \$315,790 | 2.71 % |
| General Fund | 762,005 | 805,397 | 43,392 | 5.69 % |
| Federal Spec. Rev. Funds | 10,887,981 | 11,160,379 | 272,398 | 2.50 % |
| Total Funds | \$11,649,986 | \$11,965,776 | \$315,790 | 2.71 % |
| Total Ongoing | \$11,649,986 | \$12,011,112 | \$361,126 | 3.10 % |
| Total OTO | \$0 | (\$45,336) | (\$45,336) | 100.00 % |

Page Reference

LFD Budget Analysis, A-456

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 45.00 | 45.00 | 46.00 | 46.00 |
| Personal Services | 3,330,215 | 3,665,579 | 4,096,704 | 3,866,423 | 3,891,690 |
| Operating Expenses | 1,902,276 | 1,943,514 | 1,944,189 | 2,100,177 | 2,107,486 |
| Total Expenditures | \$5,232,491 | \$5,609,093 | \$6,040,893 | \$5,966,600 | \$5,999,176 |
| General Fund | 368,563 | 371,815 | 390,190 | 401,339 | 404,058 |
| Federal Spec. Rev. Funds | 4,863,928 | 5,237,278 | 5,650,703 | 5,565,261 | 5,595,118 |
| Total Funds | \$5,232,491 | \$5,609,093 | \$6,040,893 | \$5,966,600 | \$5,999,176 |
| Total Ongoing | \$5,232,491 | \$5,609,093 | \$6,040,893 | \$5,989,268 | \$6,021,844 |
| Total OTO | \$0 | \$0 | \$0 | (\$22,668) | (\$22,668) |

Page Reference

LFD Budget Analysis, A-457

Funding

HB 2 Authority

General Fund

General fund supports the federal/state match requirements for federal grants and is used primarily for building and ground maintenance activities, administrative expenses, and some personal service costs.

Federal Special Revenue

The majority of the Air National Guard Program's funding comes from federal funds.

Program Budget Summary by Category

| -----General Fund----- | | | | | -----Total Funds----- | | | |
|------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 390,190 | 390,190 | 780,380 | 96.89 % | 6,040,893 | 6,040,893 | 12,081,786 | 100.97 % |
| SWPL Adjustments | (18,004) | (13,848) | (31,852) | (3.95)% | (663,434) | (633,473) | (1,296,907) | (10.84)% |
| PL Adjustments | (216) | (223) | (439) | (0.05)% | 495,293 | 503,749 | 999,042 | 8.35 % |
| New Proposals | 29,369 | 27,939 | 57,308 | 7.12 % | 93,848 | 88,007 | 181,855 | 1.52 % |
| Total Budget | \$401,339 | \$404,058 | \$805,397 | | \$5,966,600 | \$5,999,176 | \$11,965,776 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|------|--------------|---------------|-----------------|-------------|-----------------------|--------------|---------------|-----------------|-------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | (36,964) | 0 | (702,316) | (739,280) | 0.00 | (36,130) | 0 | (686,471) | (722,601) |
| DP 2 - Fixed Costs | 0.00 | (2,092) | 0 | (6,273) | (8,365) | 0.00 | (4,074) | 0 | (12,222) | (16,296) |
| DP 3 - Inflation Deflation | 0.00 | 21,052 | 0 | 63,159 | 84,211 | 0.00 | 26,356 | 0 | 79,068 | 105,424 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | (216) | 0 | (649) | (865) | 0.00 | (223) | 0 | (667) | (890) |
| DP 1301 - ANG Re-Establish Firefighter FLSA Overtime | 0.00 | 0 | 0 | 458,158 | 458,158 | 0.00 | 0 | 0 | 466,639 | 466,639 |
| DP 1302 - ANG Funding for DEQ Oversight of Remediation | 0.00 | 0 | 0 | 38,000 | 38,000 | 0.00 | 0 | 0 | 38,000 | 38,000 |
| Grand Total All Present Law Adjustments | 0.00 | (\$18,220) | \$0 | (\$149,921) | (\$168,141) | 0.00 | (\$14,071) | \$0 | (\$115,653) | (\$129,724) |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 1301 - ANG Re-Establish Firefighter FLSA Overtime -

The legislature adopted additional federal spending authority for firefighter salaries and benefits that exceed those of a traditional FTE, due to the 24/7 nature of the fire protection services at the Montana Air National Guard. Hours over 2,080 per FTE are not captured in the personal services snapshot used for initial budget preparation.

DP 1302 - ANG Funding for DEQ Oversight of Remediation -

The legislature adopted increased federal spending authority to pay the Department of Environmental Quality for Polyfluoroalkyl substances (PFAS) contained in fire foam, remedial investigation and subsequent removal, and remediation activities. This is a cost recovery paid by the National Guard Bureau for expedited regulatory oversight services related to environmental cleanup activities resulting from contaminant releases from past Air National Guard activities at the Montana Air National Guard Base and Great Falls International Airport.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|--|--------------|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|---------------|-----------------|-----------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 333 - Adjustment to Inflation | 0.00 | (5,748) | 0 | (17,245) | (22,993) | 0.00 | (7,235) | 0 | (21,706) | (28,941) |
| DP 555 - Additional Vacancy Savings | 0.00 | (2,780) | 0 | (31,968) | (34,748) | 0.00 | (2,794) | 0 | (32,130) | (34,924) |
| DP 1303 - ANG Facilities and Maintenance Costs | 0.00 | 16,500 | 0 | 49,500 | 66,000 | 0.00 | 16,500 | 0 | 49,500 | 66,000 |
| DP 1304 - ANG CADD Operator FTE | 1.00 | 21,397 | 0 | 64,192 | 85,589 | 1.00 | 21,468 | 0 | 64,404 | 85,872 |
| Total | 1.00 | \$29,369 | \$0 | \$64,479 | \$93,848 | 1.00 | \$27,939 | \$0 | \$60,068 | \$88,007 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 1303 - ANG Facilities and Maintenance Costs -

The legislature adopted increased spending authority as a 75/25 federal/state general fund split to allow the Montana Air National Guard (ANG) to take over the management, cost, supplies, and utilities of three buildings on Malmstrom Air Force Base. The ANG currently occupies this space and is in the process of finalizing the transfer of full operational control and maintenance of these properties from the Air Force and Department of Defense.

DP 1304 - ANG CADD Operator FTE -

The legislature adopted general fund and federal special revenue appropriations for 1.00 FTE to create, update, and maintain record drawings of DMA maintained facilities to ensure correctness and completeness. The federal government is requiring weekly updates from the Builder Assessment Management tool for each DMA building in order to continue to receive federal facility and division maintenance funding. This service has been historically contracted out. This change package makes this position permanent. This position will work closely with the City of Great Falls and Cascade County to provide GIS data, fire hydrant, domestic water, and sanitary sewer data for operation and emergency response.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 4,857,772 | 5,701,688 | 843,916 | 17.37 % |
| Operating Expenses | 2,303,717 | 1,670,169 | (633,548) | (27.50)% |
| Grants | 26,315,072 | 26,411,362 | 96,290 | 0.37 % |
| Transfers | 2,728,634 | 3,043,210 | 314,576 | 11.53 % |
| Total Expenditures | \$36,205,195 | \$36,826,429 | \$621,234 | 1.72 % |
| General Fund | 2,986,337 | 3,697,663 | 711,326 | 23.82 % |
| State/Other Special Rev. Funds | 512,210 | 273,512 | (238,698) | (46.60)% |
| Federal Spec. Rev. Funds | 32,706,648 | 32,855,254 | 148,606 | 0.45 % |
| Total Funds | \$36,205,195 | \$36,826,429 | \$621,234 | 1.72 % |
| Total Ongoing | \$36,205,195 | \$36,856,461 | \$651,266 | 1.80 % |
| Total OTO | \$0 | (\$30,032) | (\$30,032) | 100.00 % |

Page Reference

LFD Budget Analysis, A-461

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 25.00 | 25.00 | 32.00 | 32.00 |
| Personal Services | 2,455,052 | 2,519,024 | 2,338,748 | 2,842,665 | 2,859,023 |
| Operating Expenses | 1,275,844 | 1,401,980 | 901,737 | 842,239 | 827,930 |
| Grants | 11,028,318 | 12,989,467 | 13,325,605 | 13,205,681 | 13,205,681 |
| Transfers | 656,775 | 1,207,029 | 1,521,605 | 1,521,605 | 1,521,605 |
| Total Expenditures | \$15,415,989 | \$18,117,500 | \$18,087,695 | \$18,412,190 | \$18,414,239 |
| General Fund | 1,459,776 | 1,488,787 | 1,497,550 | 1,850,959 | 1,846,704 |
| State/Other Special Rev. Funds | 71,524 | 255,530 | 256,680 | 136,756 | 136,756 |
| Federal Spec. Rev. Funds | 13,884,689 | 16,373,183 | 16,333,465 | 16,424,475 | 16,430,779 |
| Total Funds | \$15,415,989 | \$18,117,500 | \$18,087,695 | \$18,412,190 | \$18,414,239 |
| Total Ongoing | \$15,415,989 | \$18,117,500 | \$18,087,695 | \$18,427,206 | \$18,429,255 |
| Total OTO | \$0 | \$0 | \$0 | (\$15,016) | (\$15,016) |

Page Reference

LFD Budget Analysis, A-462

Funding*HB 2 Authority*

Funding for the Disaster and Emergency Services Division is broken down into three functional areas:

- Administration and coordination
- Search and rescue
- Grant programs

General Fund

Funding from the general fund is for administrative and coordination functions, which are primarily funded with 50.0% general fund.

State Special Revenue

Search and rescue activities are funded through state special revenue funds derived from surcharges on conservation licenses and off-road vehicle licenses.

Federal Special Revenue

Federal special revenue accounts for the majority of total appropriation authority. Federal funds are used to fund 50.0% of administrative and coordination functions and generally 100.0% of disaster coordination functions.

Program Budget Summary by Category

| -----General Fund----- | | | | | -----Total Funds----- | | | |
|------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 1,497,550 | 1,497,550 | 2,995,100 | 81.00 % | 18,087,695 | 18,087,695 | 36,175,390 | 98.23 % |
| SWPL Adjustments | 104,573 | 102,877 | 207,450 | 5.61 % | 72,359 | 76,788 | 149,147 | 0.41 % |
| PL Adjustments | 92,980 | 93,079 | 186,059 | 5.03 % | 142,893 | 142,968 | 285,861 | 0.78 % |
| New Proposals | 155,856 | 153,198 | 309,054 | 8.36 % | 109,243 | 106,788 | 216,031 | 0.59 % |
| Total Budget | \$1,850,959 | \$1,846,704 | \$3,697,663 | | \$18,412,190 | \$18,414,239 | \$36,826,429 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|--------------|---------------|-----------------|-------------|--|-----------------------|--------------|---------------|-----------------|-------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | | | | | | | | | | |
| 0.00 | 0 | 0 | (80,886) | (80,886) | | 0.00 | 0 | 0 | (66,215) | (66,215) |
| DP 2 - Fixed Costs | | | | | | | | | | |
| 0.00 | 48,672 | 0 | 48,672 | 97,344 | | 0.00 | 40,126 | 0 | 40,126 | 80,252 |
| DP 3 - Inflation Deflation | | | | | | | | | | |
| 0.00 | 55,901 | 0 | 0 | 55,901 | | 0.00 | 62,751 | 0 | 0 | 62,751 |
| DP 20 - SABHRS Rate Adjustment | | | | | | | | | | |
| 0.00 | (87) | 0 | (87) | (174) | | 0.00 | (112) | 0 | (111) | (223) |
| DP 30 - Motor Pool Rate Adjustment | | | | | | | | | | |
| 0.00 | (1,933) | 0 | 0 | (1,933) | | 0.00 | (1,809) | 0 | 0 | (1,809) |
| DP 2104 - DES Disaster Preparedness Operating Adjustment (RST) | | | | | | | | | | |
| 0.00 | 50,000 | 0 | 50,000 | 100,000 | | 0.00 | 50,000 | 0 | 50,000 | 100,000 |
| DP 2105 - DES 24/7 Duty Officer Program (RST) | | | | | | | | | | |
| 0.00 | 45,000 | 0 | 0 | 45,000 | | 0.00 | 45,000 | 0 | 0 | 45,000 |
| Grand Total All Present Law Adjustments | | | | | | | | | | |
| 0.00 | \$197,553 | \$0 | \$17,699 | \$215,252 | | 0.00 | \$195,956 | \$0 | \$23,800 | \$219,756 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 2104 - DES Disaster Preparedness Operating Adjustment (RST) -

The legislature adopted a restricted general fund and federal special revenue appropriation for disaster preparedness activities. In 2022, the Montana Disaster Emergency Services (DES) gathered input from local emergency managers in communities across the state to determine program gaps. This increase will allow the DES and field staff to conduct additional in-person outreach and technical assistance, to coordinate and deliver training, and to help develop local emergency management programs.

DP 2105 - DES 24/7 Duty Officer Program (RST) -

The legislature adopted restricted general fund appropriations in the 2025 biennium for personal service costs in the Duty Officer Program. The Montana Disaster Emergency Services (DES) provides 24/7 duty officer coverage to assist with emerging incidents. Support for emerging incidents occur prior to a governor's declaration and often does not require issuing an emergency declaration. As a result, the disaster appropriation is not available to offset the cost of the Duty Officer Program.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|---|--------------|------------------|--------------------|-----------------|------------------|-----------------------|------------------|--------------------|-----------------|------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 99 - New Fixed Costs | 0.00 | 300 | 0 | 300 | 600 | 0.00 | 300 | 0 | 300 | 600 |
| DP 333 - Adjustment to Inflation | 0.00 | (17,455) | 0 | 0 | (17,455) | 0.00 | (20,316) | 0 | 0 | (20,316) |
| DP 555 - Additional Vacancy Savings | 0.00 | (14,356) | 0 | (14,356) | (28,712) | 0.00 | (14,442) | 0 | (14,442) | (28,884) |
| DP 2101 - DES Modified to Permanent FTE | 5.00 | 0 | 0 | 0 | 0 | 5.00 | 0 | 0 | 0 | 0 |
| DP 2102 - DES Continuity of Government Program Transfer | 2.00 | 87,367 | 0 | 87,367 | 174,734 | 2.00 | 87,656 | 0 | 87,656 | 175,312 |
| DP 2103 - DES Administrative Adjustments | 0.00 | 0 | (119,924) | 0 | (119,924) | 0.00 | 0 | (119,924) | 0 | (119,924) |
| DP 2106 - DES Warehouse & Logistics Operations | 0.00 | 100,000 | 0 | 0 | 100,000 | 0.00 | 100,000 | 0 | 0 | 100,000 |
| Total | 7.00 | \$155,856 | (\$119,924) | \$73,311 | \$109,243 | 7.00 | \$153,198 | (\$119,924) | \$73,514 | \$106,788 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$2,100 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 2101 - DES Modified to Permanent FTE -

The legislature approved 5.00 FTE be converted from modified to permanent FTE. This change package transfers operating expenditure authority to personal services, leading to a net zero impact on the 2025 total biennium budget. In recent years the DES has experienced increased workload which has necessitated the use of modified FTE to complete the work. As a result of increased frequency, severity, and complexity of disasters, the number of projects managed by the division has grown from an average of 20 projects per emergency manager to over 100 per manager. Four of the permanent staff will provide disaster management and one staff person will be used to support disaster logistics and warehouse operations.

DP 2102 - DES Continuity of Government Program Transfer -

The legislature adopted 2.00 FTE and associated appropriations to be transferred from the Department of Administration to the Department of Military Affairs. The Department of Administration, State Continuity and Emergency Management Office (DOA/SCMO) and the Department of Military Affairs, Disaster and Emergency Services Division (DMA/DES) have a Memorandum of Understanding for the State Continuity Planning. DMA/DES assumed the responsibility to re-scale the scope of continuity planning to meet standards set forth by the Federal Emergency Management Agency (FEMA) and coordinate continuity planning functions with state agencies. This change package splits funding 50/50 federal funding/ state general fund. A change package in the Department of Administration includes a reduction of 2.00 FTE.

DP 2103 - DES Administrative Adjustments -

The legislature adopted adjustments to appropriations for grants to reflect the amount of state special revenue funding projected to be available in the 2025 biennium. This funding was from the Department of Fish, Wildlife, and Parks for segregate search and rescue surcharges. On June 30, 2023, any unspent revenue must be transferred to the general license account established in 87-1-601(1), MCA. At that time, the funding will no longer be provided to Department of Military Affairs.

DP 2106 - DES Warehouse & Logistics Operations -

The legislature adopted \$100,000 in general fund appropriations each fiscal year of the 2025 biennium to continue the operations and management of an 8,000 square foot warehouse for disaster preparation and management to match federal grant funds.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

| Program Budget Comparison | | | | |
|--------------------------------|------------------------------|-----------------------------|--------------------|----------------------|
| Budget Item | Appropriated Budget 22-23 | Legislative Budget 24-25 | Biennium Change | Biennium % Change |
| Personal Services | 4,069,294 | 4,306,509 | 237,215 | 5.83 % |
| Operating Expenses | 477,544 | 1,948,647 | 1,471,103 | 308.06 % |
| Equipment & Intangible Assets | 0 | 760,000 | 760,000 | 0.00 % |
| Grants | 70,000 | 70,000 | 0 | 0.00 % |
| Benefits & Claims | 1,000 | 0 | (1,000) | (100.00)% |
| Transfers | 40,000 | 40,000 | 0 | 0.00 % |
| Debt Service | 26,000 | 48,000 | 22,000 | 84.62 % |
| Total Expenditures | \$4,683,838 | \$7,173,156 | \$2,489,318 | 53.15 % |
| General Fund | 2,977,080 | 20,257 | (2,956,823) | (99.32)% |
| State/Other Special Rev. Funds | 1,706,758 | 7,152,899 | 5,446,141 | 319.09 % |
| Total Funds | \$4,683,838 | \$7,173,156 | \$2,489,318 | 53.15 % |
| Total Ongoing | \$4,683,838 | \$7,206,106 | \$2,522,268 | 53.85 % |
| Total OTO | \$0 | (\$32,950) | (\$32,950) | 100.00 % |

Page Reference

LFD Budget Analysis, A-467

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

| Program Actuals and Budget Comparison | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------------|----------------------------|
| Budget Item | Actuals Fiscal 2022 | Approp. Fiscal 2022 | Approp. Fiscal 2023 | Legislative Fiscal 2024 | Legislative Fiscal 2025 |
| FTE | 0.00 | 25.00 | 25.00 | 25.00 | 25.00 |
| Personal Services | 1,938,774 | 1,975,065 | 2,094,229 | 2,031,526 | 2,274,983 |
| Operating Expenses | 251,399 | 264,618 | 212,926 | 960,074 | 988,573 |
| Equipment & Intangible Assets | 0 | 0 | 0 | 500,000 | 260,000 |
| Grants | 30,000 | 35,000 | 35,000 | 35,000 | 35,000 |
| Benefits & Claims | 750 | 1,000 | 0 | 0 | 0 |
| Transfers | 0 | 20,000 | 20,000 | 20,000 | 20,000 |
| Debt Service | 1,836 | 2,000 | 24,000 | 24,000 | 24,000 |
| Total Expenditures | \$2,222,759 | \$2,297,683 | \$2,386,155 | \$3,570,600 | \$3,602,556 |
| General Fund | 1,429,421 | 1,450,512 | 1,526,568 | 9,330 | 10,927 |
| State/Other Special Rev. Funds | 793,338 | 847,171 | 859,587 | 3,561,270 | 3,591,629 |
| Total Funds | \$2,222,759 | \$2,297,683 | \$2,386,155 | \$3,570,600 | \$3,602,556 |
| Total Ongoing | \$2,222,759 | \$2,297,683 | \$2,386,155 | \$3,587,075 | \$3,619,031 |
| Total OTO | \$0 | \$0 | \$0 | (\$16,475) | (\$16,475) |

Page Reference

LFD Budget Analysis, A-468

Funding

HB 2 Authority

State Special Revenue

State special revenue accounts for 100.0% of total appropriation authority in the Veteran's Affairs Division. The state special revenue accounts are as follows:

- Veteran's services account, enacted by the 2003 Legislature, allocated proceeds from the sale of veterans' specialty license plates and a portion of all motor vehicle registration revenues that are deposited into the general fund each year. The 2013 Legislature increased the percentage of motor vehicle fees deposited into this fund from 0.64% to 0.81%
- Patriotic license plate fees account receives revenue from a \$15 surcharge on original licensing and renewal of patriotic license plates issued in Montana
- Purple heart and higher medal scholarship account was revised by the 2019 Legislature. The legislature transferred \$50,000 of general fund into the account and required that the state special revenue appropriation be included in the base budget for future biennia
- Veteran's affairs HB 701 account authority is dependent on passage of HB 462 which provides additional funding to the Veteran's Affairs Division for the Veteran's Cemeteries and the Veteran's Services Program. This also transfers all general fund authority to state special revenue which was used for the Veteran's Service Program and for administrative costs in the division, including personal services, operating costs, and outreach costs

Statutory Authority

The Veteran's Affairs Division has a statutory appropriation for the operation of the Montana Veteran's Cemetery Program. The state special revenue account is funded through a portion of motor vehicle registration fees, cemetery plot allowances, and donations.

Program Budget Summary by Category

| -----General Fund----- | | | | | -----Total Funds----- | | | |
|------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Budget Item | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget | Budget Fiscal 2024 | Budget Fiscal 2025 | Biennium Fiscal 24-25 | Percent of Budget |
| 2023 Base Budget | 1,526,568 | 1,526,568 | 3,053,136 | 15,072.00 % | 2,386,155 | 2,386,155 | 4,772,310 | 66.53 % |
| SWPL Adjustments | (6,604) | 122,513 | 115,909 | 572.19 % | 1,081 | 122,513 | 123,594 | 1.72 % |
| PL Adjustments | 0 | 0 | 0 | 0.00 % | (1,609) | (1,530) | (3,139) | (0.04)% |
| New Proposals | (1,510,634) | (1,638,154) | (3,148,788) | (15,544.20)% | 1,184,973 | 1,095,418 | 2,280,391 | 31.79 % |
| Total Budget | \$9,330 | \$10,927 | \$20,257 | | \$3,570,600 | \$3,602,556 | \$7,173,156 | |

Present Law Adjustments -

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

| Present Law Adjustments | | | | | | | | | | |
|--|-------------|------------------|----------------|-----------------|----------------|-----------------------|------------------|------------------|-----------------|------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Personal Services | 0.00 | (41,319) | 0 | 0 | (41,319) | 0.00 | 84,997 | 0 | 0 | 84,997 |
| DP 2 - Fixed Costs | 0.00 | 19,642 | 7,685 | 0 | 27,327 | 0.00 | 19,450 | 0 | 0 | 19,450 |
| DP 3 - Inflation Deflation | 0.00 | 15,073 | 0 | 0 | 15,073 | 0.00 | 18,066 | 0 | 0 | 18,066 |
| DP 20 - SABHRS Rate Adjustment | 0.00 | 0 | (193) | 0 | (193) | 0.00 | 0 | (206) | 0 | (206) |
| DP 30 - Motor Pool Rate Adjustment | 0.00 | 0 | (1,416) | 0 | (1,416) | 0.00 | 0 | (1,324) | 0 | (1,324) |
| Grand Total All Present Law Adjustments | 0.00 | (\$6,604) | \$6,076 | \$0 | (\$528) | 0.00 | \$122,513 | (\$1,530) | \$0 | \$120,983 |

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

New Proposals -

The "New Proposals" table shows new changes to spending.

| New Proposals | | | | | | | | | | |
|---|--------------|----------------------|--------------------|-------------|--------------------|-----------------------|----------------------|--------------------|-----------------|--------------------|
| -----Fiscal 2024----- | | | | | | -----Fiscal 2025----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 333 - Adjustment to Inflation | 0.00 | (5,743) | 0 | 0 | (5,743) | 0.00 | (7,139) | 0 | 0 | (7,139) |
| DP 555 - Additional Vacancy Savings | 0.00 | 0 | (21,384) | 0 | (21,384) | 0.00 | 0 | (22,291) | 0 | (22,291) |
| DP 3103 - VA Cemetery Program Funding and Staff | 0.00 | 0 | 717,200 | 0 | 717,200 | 0.00 | 0 | 480,800 | 0 | 480,800 |
| DP 3104 - VA Veteran Program Operating and Staff | 0.00 | 0 | 494,900 | 0 | 494,900 | 0.00 | 0 | 496,000 | 0 | 496,000 |
| DP 3108 - VA Cannabis Fund Switch | 0.00 | (1,504,891) | 1,504,891 | 0 | 0 | 0.00 | (1,631,015) | 1,631,015 | 0 | 0 |
| DP 3109 - VA Columbia Falls Cemetery Operations (RST) | 0.00 | 0 | 0 | 0 | 0 | 0.00 | 0 | 148,048 | 0 | 148,048 |
| Total | 0.00 | (\$1,510,634) | \$2,695,607 | \$0 | \$1,184,973 | 0.00 | (\$1,638,154) | \$2,733,572 | \$0 | \$1,095,418 |

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 3103 - VA Cemetery Program Funding and Staff -

The legislature adopted increased state special revenue appropriations for operating expenses, staff, and equipment needs for the Montana State Veterans Cemeteries, located at Fort Harrison in Helena, Miles City, and Missoula. The internment workload has increased at each of the sites, and the equipment used to manage the workload needs to be replaced. This change package is contingent upon funding provided in HB 462.

DP 3104 - VA Veteran Program Operating and Staff -

The legislature adopted increased state special revenue appropriations for staff and operating costs to support the increasing workload in the Veteran Service Offices which help Montana veterans access benefits such as health care, education, training, and employment services. This change package is contingent upon funding provided in HB 462.

DP 3108 - VA Cannabis Fund Switch -

The legislature adopted a fund switch from general fund to state special cannabis tax revenue for base program funding. This request is contingent on passage and approval of HB 462.

DP 3109 - VA Columbia Falls Cemetery Operations (RST) -

The legislature adopted state special revenue authority in FY 2025 to provide staff and operations for the newly proposed Montana Veteran's Cemetery in Columbia Falls. This request is contingent on passage and approval of HB 81.