

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	26,570,219	1,523,165	6.08 %
Operating Expenses	12,367,182	14,775,142	2,407,960	19.47 %
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	\$107,654,883	\$43,496,823	67.80 %
General Fund	37,718,724	79,355,830	41,637,106	110.39 %
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	12,994,506	617,093	4.99 %
Total Funds	\$64,158,060	\$107,654,883	\$43,496,823	67.80 %
Total Ongoing	\$64,158,060	\$107,487,976	\$43,329,916	67.54 %
Total OTO	\$0	\$166,907	\$166,907	100.00 %

Agency Description

The Department of Administration (DOA) provides support services for state agencies in the following areas:

- Accounting, financial reporting, and warrant writing
- Technical support of SABHRS system
- Administration of the Social Security Section 218 Agreement
- Technical assistance and compliance oversight of local government financial reporting and audits
- State treasury services
- State-bonded indebtedness administration
- Capitol complex grounds and building maintenance and security
- Duplicating, mail, and messenger services
- Procurement
- Surplus property and recycling administration
- Information systems development, telecommunications, and data processing
- Human resource management and workforce development
- Labor relations
- Property/casualty insurance coverage and risk management programs
- Tort Claims Act administration
- Long-Range Building Program
- State employee group benefits
- Workers' compensation management
- Administers the State's Broadband Program as governed by ARPA and IIJA

In addition, the Department of Administration provides state financial institution oversight and regulation for the private sector.

The following boards and commissions are attached to the department for administrative purposes only:

- Board of Examiners
- Burial Preservation Board
- Information Technology Board
- Lottery Commission
- Public Employees' Retirement Board
- State Board of County Printing
- State Compensation Insurance Fund Board
- Montana Tax Appeal Board
- Teachers' Retirement System Board

In addition, there are six advisory councils attached to the department.

Agency Highlights

**Department of Administration
Major Budget Highlights**

- The Department of Administration's 2025 biennium HB 2 appropriations are approximately \$43.5 million or 67.8% higher than the 2023 biennium
- Only 8.2% 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 appropriations adopted by the legislature include:
 - Present law general fund increases of approximately \$14.9 million in FY 2024 and \$16.0 million in FY 2025 for the statutorily required transfer to the capital development account
 - One-time-only general fund of \$202,000 in FY 2024 to establish the Office of Public Information Requests
 - An increase in state special revenue of approximately \$195,000 in each fiscal year for 2.00 FTE for information technology examiners in the Division of Banking and Financial Institutions
 - The addition of 0.50 FTE in the Architecture & Engineering Division for administrative support, and 0.75 FTE in the Montana State Lottery for sports betting and lottery sales staff
 - 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:
 - Transfer of the State Continuity and Emergency Management Office (SCEMO) and its associated 2.00 FTE to the Department of Military Affairs Disaster and Emergency Services (DES) Division
 - Elimination of the Professional Development Center (PDC) program and establishment of 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	13,248,329	13,321,890
Operating Expenses	6,341,615	6,357,234	6,009,948	7,916,567	6,858,575
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	\$53,533,675	\$54,121,208
General Fund	14,336,458	14,470,427	23,248,297	39,297,022	40,058,808
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	6,578,194	6,416,312
Total Funds	\$27,301,039	\$27,693,967	\$36,464,093	\$53,533,675	\$54,121,208
Total Ongoing	\$27,301,039	\$27,693,967	\$36,464,093	\$53,386,562	\$54,101,414
Total OTO	\$0	\$0	\$0	\$147,113	\$19,794

Summary of Legislative Action

The legislature approved an increase of approximately \$34.7 million in the 2025 biennium compared to the FY 2023 base appropriation. The majority of this increase is primarily due to the present law increase in general fund of approximately \$31.0 million over the 2025 biennium in the Director's Office for the statutorily required transfer to the capital development account, and changes adopted in the statewide present law adjustments for personal services, fixed costs, and inflation.

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	79,111,676	244,154	0	212,324,675	291,680,505	22.10 %
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	13,033,072	(38,566)	758,163,848	201,828,700	972,987,054	73.73 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$107,487,976	\$166,907	\$758,163,848	\$453,843,275	\$1,319,662,006	
Percent - Total All Sources	8.15 %	0.01 %	57.45 %	34.39 %		

The majority of the Department of Administration is funded with non-budgeted proprietary funds. These funds support the operations of the Director's Office, State Financial Services Division, General Services Division, State Information Technology Services Division, Healthcare and Benefits Division, State Human Resources Division, and Risk Management and Tort Defense.

Statutory appropriations also comprise a significant portion of appropriations for the Department of Administration. These primarily include appropriations related to transfers to the teachers' retirement and public employees' retirement system, and lottery prizes.

HB 2 appropriations of general fund, state special revenue, federal special revenue, and proprietary funds will be discussed in further 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 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	58.59 %	36,464,093	36,464,093	72,928,186	67.74 %
SWPL Adjustments	474,385	400,178	874,563	1.10 %	1,164,932	951,200	2,116,132	1.97 %
PL Adjustments	14,512,109	16,396,277	30,908,386	38.95 %	14,599,418	16,483,626	31,083,044	28.87 %
New Proposals	1,062,231	14,056	1,076,287	1.36 %	1,305,232	222,289	1,527,521	1.42 %
Total Budget	\$39,297,022	\$40,058,808	\$79,355,830		\$53,533,675	\$54,121,208	\$107,654,883	

Other Legislation

HB 5 - Long-Range Building Appropriations

The Long-Range Building Program (LRBP) provides funding for construction, alteration, repair, and maintenance of state-owned buildings and grounds. The program is administered by the Architecture and Engineering Division of the Department of Administration. The Department of Administration received appropriations in HB 5 for major repair and capital development projects. A full list of the projects approved by the legislature is located in HB 5.

HB 10 - Long-Range Information Technology Appropriations

The Long-Range Information Technology Program (LRITP) is a program developed to fund large information technology (IT) projects. The LRITP consolidates large IT investments in one appropriation bill (HB 10) and defines major information technology enterprises as capital projects. The Department of Administration received appropriations in HB 10 for information technology capital projects. Funds are released to agencies once the chief information officer and the budget director approve the plans for the business application systems. A full list of the projects approved by the legislature is located in HB 10.

HB 817 - Provide for capital projects

This legislation provides for capital projects for Department of Corrections projects appropriated to the Department of Administration's Long-Range Building Program, providing funding for workforce housing and workforce infrastructure, and providing for contingent voidness.

HB 830 - Optional alternative property tax payment schedule for primary residences

This legislation appropriates \$35,000 from the general fund to the department of administration in the 2025 biennium to purchase software upgrades and e-check systems for counties to implement the alternative payment schedule for primary residences.

HB 856 - Generally revise capitol complex administration laws

This legislation requires the department of administration (DOA) to transfer \$25 million from the general fund to both the capitol complex executive branch state special revenue account, and the capitol complex legislative branch state special revenue account by June 30, 2023.

Additionally, it appropriates the following to DOA for the 2025 biennium:

- \$56 million from the capitol developments long-range building program account for the department renovation of the capitol complex offices and the implementation of the 2022 Montana remote and office workspace study project
- \$28.7 million from the capitol developments long-range building program account for the department state capitol building improvements project
- \$19 million from the capitol complex executive branch state special revenue account for moving the legislative audit division out of the capitol into an existing or constructed building, and for additional capitol improvements designated within section 10 of the bill

HB 890 - Require certain govt boards to provide audio/video recordings of public meetings

This legislation provides for increased transparency and accountability in government by permitting certain governmental entities to record their public meetings in audio and video format. There is a \$5,000 general fund appropriation to the Department of Administration in FY 2024 for the purposes of adopting administrative rules to provide guidance and best practices for the local government entities to create audio and video meeting recordings and store and make the records publicly available online.

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	13,248,329	(166,310)	13,489,782	13,321,890	(167,892)	(334,202)
Operating Expenses	6,009,948	7,011,964	7,916,567	904,603	6,799,647	6,858,575	58,928	963,531
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	\$53,533,675	\$23,875,750	\$30,043,073	\$54,121,208	\$24,078,135	\$47,953,885
General Fund	23,248,297	15,301,220	39,297,022	23,995,802	15,859,335	40,058,808	24,199,473	48,195,275
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	6,578,194	(58,169)	6,475,533	6,416,312	(59,221)	(117,390)
Total Funds	\$36,464,093	\$29,657,925	\$53,533,675	\$23,875,750	\$30,043,073	\$54,121,208	\$24,078,135	\$47,953,885
Total Ongoing	\$36,464,093	\$29,657,925	\$53,386,562	\$23,728,637	\$29,968,073	\$54,101,414	\$24,133,341	\$47,861,978
Total OTO	\$0	\$0	\$147,113	\$147,113	\$75,000	\$19,794	(\$55,206)	\$91,907

The legislature adopted appropriations that are approximately \$48.0 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 passage and approval of HB 314, adding an additional \$1,000 proprietary funding in both FY 2024 and FY 2025 for additional costs for the quarterly Lottery public meetings
- The passage and approval of SB 11, adding \$907,600 general fund in FY 2024 and \$62,000 in FY 2025 for costs associated with the initial development of a data warehouse for the Criminal Justice Division in the Department of Justice
- 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 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.

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."

Additionally, the legislature adopted the following HB 2 language, contingent on the passage and approval of other bills, and the adjustments to HB 2 appropriations are included as decision packages and incorporated in the tables in the fiscal report:

"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 \$907,600 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	1,152,052	973,607	545.61 %
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	\$66,992,786	\$40,650,894	154.32 %
General Fund	26,316,478	66,967,372	40,650,894	154.47 %
Federal Spec. Rev. Funds	25,414	25,414	0	0.00 %
Total Funds	\$26,341,892	\$66,992,786	\$40,650,894	154.32 %
Total Ongoing	\$26,341,892	\$66,791,263	\$40,449,371	153.56 %
Total OTO	\$0	\$201,523	\$201,523	100.00 %

Program Description

The Director's Office provides overall leadership and management support to the Department of Administration's divisions and offers administrative support to attached boards and commissions. The office acts as a liaison among the agency's divisions, administratively attached boards and commissions, the cabinet, the legislature, and the Governor's Office.

The Director's Office has 2.50 FTE funded through HB 2 and 21.51 FTE funded by the revenues generated from the internal fees charged to the Department of Administration's divisions and its attached-to agencies. These FTE provide services in the areas of legal, human resources, financial management, project management, data modernization and communications.

- The Office of Legal Services advises the divisions on legal matters
- The staff of the Office of Human Resources partner with DOA leadership and employees to enhance agency performance through strategic human resource programs and effective administrative processes (e.g., payroll administration, talent acquisition, policy development, etc.)
- The Office of Finance and Budget prepares and presents the biennial budget, processes budget change documents, monitors approved budgets for compliance with state law and legislative intent, and provides accounting assistance
- The Office of Program and Information Management provides communication and project management services
- The Chief Data Office provides expertise to collaborate with state agencies to enable and lead the digital transformation and data modernization efforts within state government

The customers served are internal to the department and its attached-to agencies. In addition, the division manages the Office of Public Information Requests that provides support and assists agencies' efforts to record public information requests.

Program Highlights

Directors Office Major Budget Highlights
<ul style="list-style-type: none"> • The Director’s Office 2025 biennium appropriations are approximately \$40.7 million or 154.3% higher than the FY 2023 biennium • Changes adopted by the legislature include: <ul style="list-style-type: none"> ◦ Present law increases in general fund of approximately \$15.0 million in FY 2024 and \$16.0 million in FY 2025 for the statutorily required transfer to the capital development account ◦ Statewide present law adjustments for personal services, fixed costs, and inflation ◦ The State Continuity and Emergency Management Office (SCEMO) was moved to the Department of Military Affairs. Reducing 2.00 FTE and approximately \$708,000 of internal service fund appropriations in the 2025 biennium ◦ An increase to the rate charged to other divisions utilizing services from the management services internal service fund

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	1,054,589	97,463
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	\$33,171,300	\$33,821,486
General Fund	8,741,386	8,810,187	17,506,291	33,158,593	33,808,779
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	\$33,171,300	\$33,821,486
Total Ongoing	\$8,752,693	\$8,822,894	\$17,518,998	\$32,969,379	\$33,821,884
Total OTO	\$0	\$0	\$0	\$201,921	(\$398)

Funding

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

Department of Administration, 01-Directors Office Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	66,967,372	0	207,766,535	274,733,907	85.59 %
02858 Mineral Impact	0	0	14,835,000	14,835,000	100.00 %
State Special Total	\$0	\$0	\$14,835,000	\$14,835,000	4.62 %
03095 Taylor Grazing Act Dist.	0	0	250,000	250,000	1.01 %
03369 Flood Control Payments	25,414	0	0	25,414	0.10 %
03425 Forest Reserve Shared Revenue	0	0	24,513,900	24,513,900	98.89 %
Federal Special Total	\$25,414	\$0	\$24,763,900	\$24,789,314	7.72 %
06534 Management Services	0	5,042,092	0	5,042,092	75.93 %
06020 Office of Public Information Requests	0	598,614	0	598,614	9.01 %
06504 Chief Data Office	0	1,000,000	0	1,000,000	15.06 %
Proprietary Total	\$0	\$6,640,706	\$0	\$6,640,706	2.07 %
Total All Funds	\$66,992,786	\$6,640,706	\$247,365,435	\$320,998,927	

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 less than 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 77.1% 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	FY 2023	FY 2024	FY 2025
	Actual	Appropriated	Estimated	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

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 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	52.28 %	17,518,998	17,518,998	35,037,996	52.30 %
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	45.96 %	14,483,787	16,293,067	30,776,854	45.94 %
New Proposals	1,103,693	55,061	1,158,754	1.73 %	1,103,693	55,061	1,158,754	1.73 %
Total Budget	\$33,158,593	\$33,808,779	\$66,967,372		\$33,171,300	\$33,821,486	\$66,992,786	

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	(28,171)	0	0	(28,171)	0.00	(27,820)	0	0	(27,820)
DP 2 - Fixed Costs	0.00	88,692	0	0	88,692	0.00	(22,162)	0	0	(22,162)
DP 3 - Inflation Deflation	0.00	4,301	0	0	4,301	0.00	4,342	0	0	4,342
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	809	0	0	809	0.00	809	0	0	809
DP 20 - SABHRS Rate Adjustment	0.00	4	0	0	4	0.00	1	0	0	1
DP 104 - Establish Minimum Funding for Major Repair	0.00	(446,432)	0	0	(446,432)	0.00	313,209	0	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	0	15,979,048
DP 222 - RMTD Adjustment	0.00	398	0	0	398	0.00	398	0	0	398
DP 223 - RMTD Adjustment (OTO)	0.00	(398)	0	0	(398)	0.00	(398)	0	0	(398)
Grand Total All Present Law Adjustments	0.00	\$14,548,609	\$0	\$0	\$14,548,609	0.00	\$16,247,427	\$0	\$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 both fiscal years 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)
DP 1405 - SB 11 Generally revise criminal justice system laws	0.00	907,600	0	0	907,600	0.00	62,000	0	0	62,000
Total	0.00	\$1,103,693	\$0	\$0	\$1,103,693	0.00	\$55,061	\$0	\$0	\$55,061

**"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.

DP 1405 - SB 11 Generally revise criminal justice system laws -

The legislature adopted contingency language to increase appropriations if SB 11 was passed and approved and this decision package implements this language. This legislation requires the development of a criminal justice data warehouse to receive, store, secure, and maintain data from contributing entities.

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 of approximately \$399,000 in FY 2024 and \$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 \$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
- 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 15.0% increase to the total allocation of costs and a 16.0% increase to the FTE component when compared to the FY 2023 base rates.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 22	Estimated FY 23	Adopted FY 24	Adopted FY 25
Fee Description:				
Services allocation	1,498,454	1,498,454	1,723,224	1,723,224
HR unit cost per FTE	1,047	1,090	1,265	1,265

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.

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 technology 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.				
<u>Agency:</u>				
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	\$	<u>69,969</u>	\$	<u>69,969</u>
	\$	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.

Office of Public Information – 06020

Proprietary Program Description

The Office of Public Information Requests (OPIR) will provide support and assist agencies’ efforts to record requests submitted by:

- Establishing common policies, and procedures for handling public information requests
- Providing centralized intake and initial response to agency record requests
- Developing a cost estimate for records requests
- Collecting and allocating costs paid by requesters
- Tracking record request status

- Coordinating with the requester
- Searching information technology systems maintained primarily by the State Information Technology Services Division (SITSD)
- Providing primary legal review and response
- Coordinating with the agency and the Governor's Office on responses
- Providing a centralized output to requester
- Creating reports or dashboards about records requests
- Recommending potential enterprise-wide tools for searching, classifying, and identifying data as confidential or privileged, and assisting in record request litigation

Agencies will support the OPIR's efforts by gathering records and information not readily available to the Department of Administration, advising on agencies' mission-specific issues and legal constraints, providing final review of record requests prior to fulfillment, providing primary public relations/media response, assisting in record request litigation, including advising on the need to file a declaratory judgment action or obtain outside legal support, and reimbursing any SITSD fees associated with completing record requests that are not paid by the requester.

The Office of Public Information fund will support 3.00 FTE.

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				
06020	Office of Public Information	61010	Dept of Administration	Office of Public Information Requests				
					Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
Operating Revenues								
Fees and Charges								
	Fee Revenue A				-	245,000	215,903	396,295
	Other Operating Revenues							
Total Operating Revenues					-	245,000	215,903	396,295
Expenses								
	Personal Services				-	235,000	364,638	324,295
	Operating Expense				-	10,000	40,000	72,000
Total Operating Expense					-	245,000	404,638	396,295
Operating Income (Loss)					-	-	(188,735)	-
Nonoperating Revenues								
Nonoperating Expenses								
Total Nonoperating Revenues (Expenses)					-	-	-	-
Income (Loss) Before Contributions and Transfers					-	-	(188,735)	-
Capital Contributions								
Transfers In							202,319	
Transfers Out								
Loans and Lease Payments								
Change in Net Position					-	-	13,584	-
Beginning Net Position - July 1					-	-	-	13,584
Prior Period Adjustments								
Change in Net Position					-	-	13,584	-
Ending Net Position - June 30					-	-	13,584	13,584

Expenses

The majority of the program expenditures will be to fund the 3.00 FTE positions. There is a small amount of operating expense to support the positions.

Revenues

Revenues will be collected through fees charged to the requesters or to the agencies for services rendered.

Proprietary Rates

The legislature adopted \$202,319 in one-time-only general fund to initiate the program in FY 2024. The rate will be actual costs of providing the requested records and any corresponding SITSD costs.

This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the 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
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 %

Program Description

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

Program Highlights

Governor Elect Program Major Budget Highlights
<ul style="list-style-type: none"> • The legislature adopted the Governor Elect Program's 2025 biennium budget, consisting of one-time-only funding of \$75,000 in FY 2025. This budget is the same as the previous biennia request per 2-15-221, MCA • The one-time only funds are to be utilized for the governor elect and staff to utilize suitable office space in the Capitol building, with furnishings, supplies, equipment and telephone services between the election and the inauguration, according to statute

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

Funding

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

Department of Administration, 02-Governor Elect Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	75,000	0	0	75,000	100.00 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$75,000	\$0	\$0	\$75,000		

The funding for the Governor Elect Program is entirely HB 2 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	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	Total Funds
DP 201 - Governor-Elect Appropriation (OTO)	0.00	0	0	0	0	0.00	75,000	0	0	75,000
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$0	0.00	\$75,000	\$0	\$0	\$75,000

**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 %

Program Description

The State Financial Services Division performs many centralized functions and administers state and federal programs to state agencies, local government entities, and Montana citizens and businesses. The division consists of four bureaus – Statewide Accounting, State Procurement, SABHRS Financial Services Technology, and Local Government Services, which includes the State Social Security Administrator. The Division Strategies and Solutions Team (DSST) provides resources at the division level and focuses on operational business strategies and technology solutions to support division-wide initiatives.

The Statewide Accounting Bureau (SAB) serves as the process owner for the financial modules within the Statewide Accounting Budgeting & Human Resources System (SABHRS), assists state agencies in operating SABHRS, and maintains a statewide accounting structure with related policies and procedures for all state agencies and branches of government to satisfy reporting requirements. The state financial reporting section prepares and publishes the state's annual comprehensive financial report (ACFR) and serves as the subject matter experts for accounting within the state. The Daily Operations Section includes both the Treasury and Warrant Writer Units. The Treasury provides central banking functions for the state, reconciles the state's banking activity/movement of cash, and manages bank contracts. The Treasury and the Board of Investments (BOI) work jointly to manage the State of Montana's cash effectively. The Warrant Writer responsibilities include management of statewide vendor files, payment processes, and issuance of IRS 1099 MISC and IRS 1042 forms to entities that serve the state.

The Local Government Services Bureau (LGSB) works with local governments (counties, cities, towns, school districts, and special districts) to support uniform financial accountability and to assist the local governments in complying with their statutory, financial, and budgetary reporting requirements, including provisions of the Montana Single Audit Act. LGSB receives and makes the local government financial, budget, and audit reports available to the public. The State Social Security Administrator is responsible for administering Section 218 of the Social Security Act by providing education and outreach and ensuring proper application of Social Security coverage to all state and local government employees.

The SABHRS Financial Services Technology Bureau (FSTB) provides system analysis, support, configuration, development, and maintenance of the state's enterprise accounting and budgeting systems. The bureau also manages system architecture and provides database administration for the entire SABHRS application. FSTB partners with the Statewide Accounting Bureau, Governor's Office of Budget and Program Planning, Legislative Fiscal Division, and the State Human Resources Division to gather business requirements and develop application strategies. In addition, the FSTB supports the electronic Montana Acquisition and Contracting System (eMACS).

The State Procurement Bureau (SPB) provides professional procurement services to all state agencies for the acquisition of supplies and services. SPB advocates for compliance with all state statutes and procurement requirements, establishes statewide contracts for commonly used goods and services, manages the state's fuel and procurement card programs, and offers procurement and contract management training to state agencies.

Also, the SPB promotes compliance with the Montana Procurement Act (MCA Title 18-4) and is the business process owner of the eMACS. The SPB strives to assist the state in receiving the maximum value for taxpayer dollars.

Program Highlights

State Financial Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The State Financial Services Division’s 2025 biennium appropriations are approximately \$607,000 or 9.2% higher than the 2023 biennium • Changes adopted by the legislature include: <ul style="list-style-type: none"> ◦ Statewide present law adjustments for personal services, fixed costs, inflation, and an increase in indirect costs paid to the Director’s Office ◦ An increase for operating expenses for the warrant writer unit of approximately \$70,000 in FY 2024 and \$76,000 in FY 2025, due to increased postage and printing costs ◦ Non-budgeted proprietary rate increases for both the SABHRS and warrant writer unit internal services funds

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)

Funding

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

Department of Administration, 03-State Financial Services Div Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	6,556,695	0	4,558,140	11,114,835	43.61 %	
02211 Procurement Special Revenue	457,196	0	0	457,196	100.00 %	
State Special Total	\$457,196	\$0	\$0	\$457,196	1.79 %	
03320 CMIA Funds	11,656	0	0	11,656	100.00 %	
Federal Special Total	\$11,656	\$0	\$0	\$11,656	0.05 %	
06042 Local Govt Svcs AuditRportng	0	1,863,063	0	1,863,063	13.40 %	
06511 SABHRS	0	10,140,258	0	10,140,258	72.93 %	
06527 Investment Division	160,744	0	0	160,744	1.16 %	
06564 Warrant Writing	0	1,739,426	0	1,739,426	12.51 %	
Proprietary Total	\$160,744	\$13,742,747	\$0	\$13,903,491	54.55 %	
Total All Funds	\$7,186,291	\$13,742,747	\$4,558,140	\$25,487,178		

HB 2 Appropriations

HB 2 general fund appropriations support 25.7% 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 54.6% 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).

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 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	3,058,776	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 both fiscal years 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 of 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 2025 biennium to the 2023 base year, the rate increases revenues by approximately \$819,000 in FY 2024 and \$596,000 in FY 2025. This rate increase 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 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 2025 biennium to the 2023 base year, 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 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.

Local Government Audit and Reporting – 06042*Proprietary Program Description*

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

The work of the program is mandated primarily in Title 2, Chapter 7, Part 5, and funds 6.00 FTE. The program performs the following services:

- Receives annual financial reports, budgets, audits, and reviews local governments and posts them to the transparency website for public viewing governments and certified public accountants conducting local government audits
- Provides technical assistance on accounting, reporting, auditing, and legal compliance matters to local
- Maintains the roster of independent auditors authorized to conduct local government audits
- Maintains the legal compliance supplement for use by independent auditors in conducting local government audits
- Verifies that all local governments that are required to have audits do so
- Receives and views local government audit reports to determine whether the audits have been conducted in accordance with required standards
- Receives and reviews each local government's response to the audit report findings; follows up on corrective plans as necessary

Proprietary Program Expenses and Revenues

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		
06042	Single Audit Review - HB328	61010	Dept of Admin	Local Government Services		
			Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
Operating Revenues						
Fees and Charges						
	Revenue from Audit Review Roster Fee		737,643	635,000	655,000	655,000
Other Operating Revenues						
	Revenue from Delinquent Report Submissions		6,076	80,000	80,000	80,000
	Miscellaneous Revenues		2	100	-	-
Total Operating Revenues			743,721	715,100	735,000	735,000
Expenses						
	Personal Services		511,890	536,660	549,650	551,680
	Other Operating Expense		173,083	290,586	405,651	356,184
Total Operating Expense			684,973	827,246	955,301	907,864
Operating Income (Loss)			58,748	(112,146)	(220,301)	(172,864)
Nonoperating Revenues						
Nonoperating Expenses						
Total Nonoperating Revenues (Expenses)			-	-	-	-
Income (Loss) Before Contributions and Transfers			58,748	(112,146)	(220,301)	(172,864)
Capital Contributions						
Transfers In						
Transfers Out						
Loans and Lease Payments						
Change in Net Position			58,748	(112,146)	(220,301)	(172,864)
Beginning Net Position - July 1			493,779	552,911	440,765	220,464
Prior Period Adjustments			384			
Change in Net Position			58,748	(112,146)	(220,301)	(172,864)
Ending Net Position - June 30			552,911	440,765	220,464	47,600

Expenses

The legislature reviewed increases in expenses in the Local Government Audit and Reporting Program of approximately \$128,000 in FY 2024 and \$81,000 in FY 2025 when compared to the FY 2023 base budget. The increases are primarily due to the statewide present law adjustment for personal services, fixed costs, inflation, and information technology professional services for ServiceNow software to digitize forms for online use.

Revenues

The program is funded with enterprise funds, as it serves entities outside of state government. The fund receives revenues from the following:

- A report filing fee as required by 2-7-514, MCA, and defined in ARM 2.4.402. All local government entities that are required to submit audits pay the filing fee
- As provided by 2-7-503, MCA, a fee is collected from local governments that are required to submit financial reviews. The fee has been adopted in ARM 2.4.410. The current fee in the rule is \$75
- A roster fee is collected from certified public accountants for inclusion on a roster of independent auditors who are authorized to audit local government entities in Montana. The annual auditor roster fee has been adopted in ARM 2.4.406. The current fee in the rule is \$100 per year
- As provided by 2-7-517, MCA, when a local government entity fails to file a report as required by 2-7-503, MCA, or to make the payment within 60 days as required by 2-7-514, MCA, the department may charge a late payment penalty. The penalty has been adopted in ARM 2.4.404 and is currently 10.0% of the filing fee per month
- A fine for failure to file audits or reports required by 2-7-503, MCA, is also provided by 2-7-517, MCA. When a local government entity fails to file an audit or report within 180 days of the required date, the department must notify the entity of the fine due and provide public notice of the delinquent report. The fine has been adopted in ARM 2.4.403. The current fine in the rule is \$75 per publication

Proprietary Rates

The figure below shows the rates reviewed by the legislature for the 2025 biennium. The rates charged in the base year are shown for comparison purposes. The rates charged by the Local Government Audit and Reporting Program did not increase when compared to the 2023 biennium.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
Fee Description:				
Annual revenues equal to or greater than \$750,000 but less than \$1,000,0000	\$550	\$550	\$550	\$550
Annual revenues equal to or greater than \$1,000,000 but less than \$1,500,0000	\$800	\$800	\$800	\$800
Annual revenues equal to or greater than \$1,500,000 but less than \$2,500,0000	\$950	\$950	\$950	\$950
Annual revenues equal to or greater than \$2,500,000 but less than \$5,000,0000	\$1,300	\$1,300	\$1,300	\$1,300
Annual revenues equal to or greater than \$5,000,000 but less than \$10,000,0000	\$1,700	\$1,700	\$1,700	\$1,700
Annual revenues equal to or greater than \$10,000,000 but less than \$50,000,0000	\$2,500	\$2,500	\$2,500	\$2,500
Annual revenues equal to or greater than \$50,000,000	\$3,000	\$3,000	\$3,000	\$3,000
Local Government Financial Review Fee	\$75	\$75	\$75	\$75
Audit Roster Fee	\$100	\$100	\$100	\$100

The funding for this program is provided through an enterprise fund. As such, the legislature does not approve rates or appropriate funds for this 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	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 %

Program Description

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

Program Highlights

Architecture & Engineering Division Major Budget Highlights
<ul style="list-style-type: none"> • The Architecture & Engineering Division's 2025 biennium appropriations are approximately \$570,000 or 11.9% higher than the 2023 biennium • Changes adopted by the legislature include: <ul style="list-style-type: none"> ◦ Statewide present law adjustments for personal services, fixed costs, inflation, and an increase in indirect costs paid to the Director's Office ◦ An increase of 0.50 FTE for administrative support to the division. The increase is approximately \$36,000 in state special revenue appropriations in each fiscal year of the 2025 biennium for personal services

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)	

Funding

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

Department of Administration, 04-Architecture & Engineering Div Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02030 Arch & Engin Construction	5,373,758	0	0	5,373,758	100.00 %	
State Special Total	\$5,373,758	\$0	\$0	\$5,373,758	100.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$5,373,758	\$0	\$0	\$5,373,758		

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.

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 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.

	-----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 both fiscal years 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 %

Program Description

The General Services Division is composed of two bureaus and one program responsible for providing certain internal services to government agencies and the public:

- Capitol Facilities Management (CFM) manages the following services for state agencies in the capitol complex and several state-owned buildings in the Helena area, either directly or through the administration of service contracts: repair, maintenance, construction, energy consumption, disaster response and recovery, space allocation, security, janitorial, pest control, grounds maintenance, and garbage collection. CFM manages lease negotiation and administration for state agencies throughout the state
- State Print and Mail provides print and mail services to state agencies. Services include internal and external (contracted) printing, marketing and outreach, managed print services, mail preparation, central mail operations, inter-agency (deadhead) mail, and digitization of records. The bureau also operates the United States Post Office in the Capitol
- In addition to the two bureaus, the division manages the state and federal surplus property and recycling programs

Program Highlights

General Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The General Services Division's 2025 biennium appropriations are approximately \$1.5 million or 3.3% higher than the 2023 biennium • Changes reviewed by the legislature include: <ul style="list-style-type: none"> ◦ Statewide present law adjustments for personal services, fixed costs, and inflation ◦ Increases in proprietary funds for office rent, non-office rent, warrant printing, and flat sorter

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)

Funding

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

Department of Administration, 06-General Services Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06066 Surplus Property	0	1,556,295	0	1,556,295	3.23 %	
06528 Rent And Maintenance	0	23,572,032	0	23,572,032	48.87 %	
06530 Print & Mail Services	0	23,107,535	0	23,107,535	47.91 %	
Proprietary Total	\$0	\$48,235,862	\$0	\$48,235,862	100.00 %	
Total All Funds	\$0	\$48,235,862	\$0	\$48,235,862		

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

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 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 %	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	0	(41,627)	0.00	0	0	0	(11,158)
DP 2 - Fixed Costs	0.00	0	0	0	(689,128)	0.00	0	0	0	(765,772)
DP 3 - Inflation Deflation	0.00	0	0	0	789,581	0.00	0	0	0	937,293
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	0	0	0	71,730	0.00	0	0	0	71,730
DP 20 - SABHRS Rate Adjustment	0.00	0	0	0	1,524	0.00	0	0	0	1,325
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	781,947	0.00	0	0	0	781,947
DP 223 - RMTD Adjustment (OTO)	0.00	0	0	0	(781,947)	0.00	0	0	0	(781,947)
DP 601 - Increase Operating Expense for new MHS building	0.00	0	0	0	404,700	0.00	0	0	0	424,500
DP 602 - Increase in Equipment Budget	0.00	0	0	0	158,606	0.00	0	0	0	158,606
Grand Total All Present Law Adjustments	0.00	\$0	\$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 both fiscal years 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 an 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 partially offset by reductions of approximately \$370,000 in FY 2024 and \$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 0.4% 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 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 Mark-up	8.8%	8.8%	8.8%	8.8%
---------------------------------------	------	------	------	------

Fee Group

Managed Print

Percent of Invoice Mark-up	15.9%	15.9%	15.9%	15.9%
---------------------------------------	-------	-------	-------	-------

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 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.

Surplus Property – 06066

Proprietary Program Description

The surplus property and recycling program administers the sale of surplus property no longer needed by agencies. This property is distributed either to state agencies or other eligible organizations.

Section 18-4-221, MCA, requires the department to sell, trade, or otherwise dispose of surplus supplies belonging to the state. The program sells property through online auction, fixed-price warehouse sales, public auction, and garage sales. Program services include extending the life of state property by providing a mechanism to transfer surplus property between agencies, providing accountability in the disposal of surplus state property, providing agencies with a surplus equipment pick up service, and providing a screening service to locate federal surplus property for state and local agencies.

The program has authority for 5.70 FTE.

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		
06066	Surplus Property	61010	Administration	General Services Division		
			Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
Operating Revenues						
Fees and Charges						
	Surplus Property Handling Fee		937,457	750,000	841,000	841,000
	Other Operating Revenues					
Total Operating Revenues			937,457	750,000	841,000	841,000
Expenses						
	Personal Services		437,823	475,379	418,244	420,469
	Other Operating Expense		1,228,760	320,306	347,670	347,612
	Equipment		-	11,150	11,150	11,150
Total Operating Expense			1,666,583	806,835	777,064	779,231
Operating Income (Loss)			(729,126)	(56,835)	63,936	61,769
	Nonoperating Revenues		1,536			
	Nonoperating Expenses					
Total Nonoperating Revenues (Expenses)			1,536	-	-	-
Income (Loss) Before Contributions and Transfers			(727,590)	(56,835)	64,021	61,840
	Capital Contributions		872,826	700,000	700,000	700,000
	Transfers In					
	Transfers Out					
	Loans and Lease Payments					
Change in Net Position			145,236	643,165	763,936	761,769
Beginning Net Position - July 1			1,249,779	1,395,700	2,038,865	2,802,801
	Prior Period Adjustments		685			
	Change in Net Position		145,236	643,165	763,936	761,769
Ending Net Position - June 30			1,395,700	2,038,865	2,802,801	3,564,570

The legislature reviewed the expenditures that are decreasing by approximately \$30,000 in FY 2024 and \$28,000 in FY 2025, when compared to the FY 2023 base appropriations.

The surplus property and recycling program is an enterprise fund which sells property to the general public. The program operates by charging up to \$750 plus 5.0% per item sold.

Proprietary Rates

The figure below explains the rates reviewed by the legislature for the 2025 biennium. There is no change to the rate criteria in the 2025 biennium.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information			
Estimated FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
<p>Fee Description:</p> <p><i>The State Surplus handling fees are:</i> If property is sold for less than \$750, the program retains the proceeds. The program retains \$750 plus 5% and unusual expenses for property sold for more than \$750.</p> <p><i>The Federal Surplus Property program fees are:</i> An allocation of freight expense and 14% of acquisition cost. This is included in the Federal Plan of Operation, which has been approved by the Federal General Services Administration.</p>			

This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium

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 %

Program Description

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

Program Highlights

State Information Technology Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The State Information Technology Services Division is funded with non-budgeted proprietary funding and is not appropriated in HB 2 • The State Information Technology Services Division’s 2025 biennium appropriations are approximately \$20.6 million or 17.4% higher than the 2023 biennium. Significant biennial changes include: <ul style="list-style-type: none"> ◦ An increase in rates of \$5.4 million for new rates for information technology security consolidation, snowflake pass thru, and Esper pass thru ◦ An increase in rates of \$10.2 million for rated services ◦ An increase in the ServiceNow enterprise agreement of \$2.3 million and the cybersecurity enterprise rate of \$4.3 million

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)

Funding

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

Department of Administration, 07-State It Services Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06522 ISD Proprietary	0	135,550,035	0	135,550,035	97.38 %	
06004 Electronic Government Services	0	3,649,422	0	3,649,422	2.62 %	
Proprietary Total	\$0	\$139,199,457	\$0	\$139,199,457	100.00 %	
Total All Funds	\$0	\$139,199,457	\$0	\$139,199,457		

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.

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 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.

	-----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 Proprietary	Department of Administration	State Information Technology Services	
	Actual FY 22	Estimated FY 23	Budgeted FY 24	Budgeted FY 25
Operating Revenues				
Fees and Charges				
Charges for Services - Agency Security Consolidation	58,314,078	42,214,963	52,020,873	52,480,468
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	77,887			
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	4,270,524	4,068,717	4,071,415	(400,916)	-4.7%	
Grand Total	\$ 52,295,736	\$ 63,914,975	\$ 64,308,597	\$ 23,632,100	22.6%	

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	Adopted FY 2025
Fee Description:				
	30-day working capital reserve	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."

eGovernment Services – 06004

Proprietary Program Description

Digital government (eGovernment) services include permitting, registration, licensing, inspections, financial reconciliation, reporting, point of sale card swipe devices and mobile payments, monthly billing, and management and collection of customer accounts. The State Information Technology Services Division has established an enterprise fund for the management of these fees.

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	Program Name			
06004	eGovernment Services	State Information Technology Services Div.			
		Actual FY 22	Projected FY 23	Budgeted FY 24	Budgeted FY 25
Operating Revenues					
Fees and Charges					
Revenue		1,003,737	1,003,737	1,003,737	1,003,737
Total Operating Revenues		1,003,737	1,003,737	1,003,737	1,003,737
Expenses					
Other Operating Expense		434,049	1,824,711	1,824,711	1,824,711
Total Operating Expense		434,049	1,824,711	1,824,711	1,824,711
Operating Income (Loss)		569,688	(820,974)	(820,974)	(820,974)
Income (Loss) Before Contributions and Transfers		569,688	(820,974)	(820,974)	(820,974)
Change in Net Position		569,688	(820,974)	(820,974)	(820,974)
Beginning Net Position - July 1		(1,813,159)	(1,243,471)	(2,064,445)	(2,885,419)
Prior Period Adjustments					
Change in Net Position		569,688	(820,974)	(820,974)	(820,974)
Ending Net Position - June 30		(1,243,471)	(2,064,445)	(2,885,419)	(3,706,393)

Revenues are earned through a fee that is charged to each eGovernment transaction. Fees earned will be used to help offset the costs for the payment processing vendor, as well as for costs to administer the program and other expenses associated with the development of enterprise electronic government services.

In December 2020, the contract with the vendor providing eGovernment services expired. When this contract expired, the State Information Technology Services Division took over the responsibility for managing these services. During this time, SITSD took out a general fund loan of \$2.5 million.

Proprietary Rate

Transaction fees are a set rate per transaction or the cost of application development and maintenance.

The eGovernment services program is funded with an enterprise fund, which is a type of a proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the 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	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 %

Program Description

The Division of Banking and Financial Institutions licenses, supervises, regulates, and examines financial institutions doing business in Montana. Those institutions include 36 banks and trust companies, with 700 branch banks, 10 credit unions, 224 consumer finance companies, 128 sales finance companies, and 9 escrow businesses. The division also licenses and examines residential mortgage loan service providers which includes 314 mortgage brokers, 286 mortgage lenders, 206 mortgage servicers and 4,400 mortgage loan originators. All program functions are statutorily mandated in Title 32, Chapters 1-11, and Title 31, Chapter 1, Parts 2 & 7, MCA.

Program Highlights

Division of Banking and Financial Institutions Major Budget Highlights
<ul style="list-style-type: none"> • The Division of Banking and Financial Institution's 2025 biennium appropriations are approximately \$671,000 or 7.7% higher than the 2023 biennium • Changes adopted by the legislature include: <ul style="list-style-type: none"> ◦ Statewide present law adjustments for personal services, fixed costs, inflation/deflation, and an increase in indirect costs paid to the Director's Office ◦ A state special revenue increase of \$30,000 in each fiscal year of the 2025 biennium for differential pay for bank examiners in personal services ◦ An addition of \$195,000 of state special revenue appropriations in each fiscal year of the 2025 biennium for 2.00 FTE for IT examiners due to the growing cybersecurity risks

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)

Funding

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

Department of Administration, 14-Div of Banking & Financial Ins Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02077 Financial Institutions Div	9,436,523	0	0	9,436,523	100.00 %	
State Special Total	\$9,436,523	\$0	\$0	\$9,436,523	100.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$9,436,523	\$0	\$0	\$9,436,523		

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.

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 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 %	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.

	-----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 both fiscal years 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 both fiscal years 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 appropriations for 2.00 FTE IT examiners due to increased IT workload 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	5,375,076	5,668,485	293,409	5.46 %
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	\$12,833,762	\$617,522	5.05 %
Proprietary Funds	12,216,240	12,833,762	617,522	5.05 %
Total Funds	\$12,216,240	\$12,833,762	\$617,522	5.05 %
Total Ongoing	\$12,216,240	\$12,872,328	\$656,088	5.37 %
Total OTO	\$0	(\$38,566)	(\$38,566)	100.00 %

Program Description

The Montana State Lottery was created in November 1986 by a referendum vote of the people of Montana. The general purpose is to allow lottery games for purchase from the state, through the administration of the lottery, a chance to win a prize. A five-member Lottery Commission, appointed by the Governor, sets policy and oversees program activities and procedures. Lottery’s operations are accounted for in an enterprise fund. Starting in fiscal year 2020, the Lottery is required to transfer the first \$500,000 of net revenue to the Science, Technology, Engineering, and Mathematics (STEM) scholarship program. The transfer to the STEM scholarship program is scheduled to increase each fiscal year: \$1.0 million in 2021, \$1.5 million in 2022, \$2.0 million in 2023, and capping at \$2.25 million in 2024 and in subsequent fiscal years. Net revenue is transferred to the STEM scholarship program in quarterly payments, and any additional revenue is placed in the general fund. The Montana State Lottery is attached to the Department of Administration for administrative purposes only.

Program Highlights

Montana State Lottery Major Budget Highlights
<ul style="list-style-type: none"> • The Montana State Lottery’s 2025 biennium appropriations are approximately \$618,000 or 5.1% higher than the 2023 biennium • Changes adopted by the legislature include: <ul style="list-style-type: none"> ◦ Statewide present law adjustments for personal services, fixed costs, inflation, and an increase in indirect costs paid to the Director’s Office ◦ Establishment of 0.25 FTE for a sports betting coordinator position ◦ Additional funding of \$12,225 in both fiscal years for Lottery staff overtime pay ◦ Establishment of 0.50 FTE for an additional sales representative as well as increased funding for operating and equipment costs

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	2,826,603	2,841,882
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	\$6,497,820	\$6,335,942
Proprietary Funds	5,988,567	6,158,203	6,058,037	6,497,820	6,335,942
Total Funds	\$5,988,567	\$6,158,203	\$6,058,037	\$6,497,820	\$6,335,942
Total Ongoing	\$5,988,567	\$6,158,203	\$6,058,037	\$6,517,103	\$6,355,225
Total OTO	\$0	\$0	\$0	(\$19,283)	(\$19,283)

Funding

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

Department of Administration, 15-Montana State Lottery Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06001 State Lottery Fund	12,833,762	0	201,828,700	214,662,462	100.00 %	
Proprietary Total	\$12,833,762	\$0	\$201,828,700	\$214,662,462	100.00 %	
Total All Funds	\$12,833,762	\$0	\$201,828,700	\$214,662,462		

HB 2 Appropriations

The Montana State 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 State Lottery has statutory appropriations for expenditures in three main areas:

- Lottery prizes
- Commissions paid to lottery ticket or chance sales agents
- Lottery contractor fees

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 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 %	6,058,037	6,058,037	12,116,074	94.41 %
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 %	64,351	30,050	94,401	0.74 %
Total Budget	\$0	\$0	\$0		\$6,497,820	\$6,335,942	\$12,833,762	

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.

	-----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 both fiscal years 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 both fiscal years to pay for Montana State 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 1406 - HB 314 Revise compensation for members of boards, commission	0.00	0	0	0	1,000	0.00	0	0	0	1,000
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	\$64,351	0.75	\$0	\$0	\$0	\$30,050

***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 1406 - HB 314 Revise compensation for members of boards, commission -

The legislature adopted contingency language to increase appropriations if HB 314 was passed and approved and this decision package implements this language.

This legislation increases the compensation rate for boards, commissions, and councils. The appropriation is for the increase for the five commissioners that meet four times a year for the quarterly Lottery public meetings.

DP 1502 - Change .25 Modified position to Permanent -

The legislature adopted proprietary fund appropriation authority to fund 0.25 FTE for a sports betting coordinator to support the increased retailer population and product growth experienced by the agency.

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 State 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)%

Program Description

The Health Care and Benefits Division (HCBD) provides state employees, retirees, members of the legislature, judges and judicial branch employees, and their dependents with group benefits in an efficient manner and at an affordable cost by administering a solvent, prudent benefits program. The division administers benefit plans including health, dental, prescription drug, life, vision coverage, long-term disability, flexible spending accounts, a sick leave fund, employee assistance services, health promotion, and a voluntary employee benefit health care expense trust. Finally, the division is responsible for the centralized oversight and management of workers' compensation related matters impacting the state as an employer.

Employee benefits are governed by 2-18-701 et seq., 2-18-801 et seq., 2-18-1301 et seq., and 33-2-712, MCA. The Workers' Compensation Program is governed by 39-71-403, MCA. The Montana Safety Culture Act, as it applies to state government, is found in 39-71-1501 et seq.

The division is entirely funded from proprietary funds, which are not appropriated in HB 2. The various accounts provide for two programs and a third function within the division:

- Health Care Benefits Bureau provides oversight and administrative functions for the state employee group benefit plan, including administration of health, dental, vision, life insurance, and flexible spending accounts. It is funded from the group benefits claims fund, which funds the administrative costs of the bureau and benefit and claim costs
- Workers' Compensation Management Bureau is the central resource for state agencies in working to:
 - Enhance worker safety
 - Provide for loss-prevention
 - Develop and provide return-to-work programs
 - Coordinate workers' compensation coverage and policy management issues
- Flexible spending accounts are for employee contributions to a flexible spending account, including medical and childcare

Program Highlights

Health Care and Benefits Division Major Budget Highlights
<ul style="list-style-type: none"> • The Health Care and Benefits Division’s 2025 biennium appropriations are approximately \$3.5 million or 0.8% lower than the 2023 biennium • Changes adopted by the legislature include statewide present law adjustments for personal services, fixed costs, inflation, and an increase in indirect costs paid to the Director’s Office

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

Funding

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

Department of Administration, 21-Health Care & Benefits Div Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06027 Flexible Spending Funds	0	15,779,427	0	15,779,427	3.39 %	
06559 Group Benefits Claims A/C	0	449,127,985	0	449,127,985	96.47 %	
06575 Workers Comp Mgmt Program	0	660,232	0	660,232	0.14 %	
Proprietary Total	\$0	\$465,567,644	\$0	\$465,567,644	100.00 %	
Total All Funds	\$0	\$465,567,644	\$0	\$465,567,644		

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.

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 %	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 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 both fiscal years 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 Services 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						
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			<u>194,695,319</u>	<u>219,950,000</u>	<u>223,150,000</u>	<u>223,150,000</u>
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	15,717,672	15,944,450
	Claims		210,484,070	207,103,322	207,103,322	207,103,322
Total Operating Expense			<u>229,293,269</u>	<u>223,599,638</u>	<u>224,447,588</u>	<u>224,680,397</u>
Operating Income (Loss)			<u>(34,597,950)</u>	<u>(3,649,638)</u>	<u>(1,297,588)</u>	<u>(1,530,397)</u>
	Nonoperating Revenues		172,938	-	-	-
	Nonoperating Expenses					
Total Nonoperating Revenues (Expenses)			<u>172,938</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers			<u>(34,425,012)</u>	<u>(3,649,638)</u>	<u>(1,297,588)</u>	<u>(1,530,397)</u>
	Capital Contributions					
	Transfers In					
	Transfers Out					
	Loans and Lease Payments		-	-	-	-
Change in Net Position			<u>(34,425,012)</u>	<u>(3,649,638)</u>	<u>(1,297,588)</u>	<u>(1,530,397)</u>
Beginning Net Position - July 1			161,536,358	128,218,647	124,569,009	123,271,421
	Prior Period Adjustments		1,107,302			
Change in Net Position			<u>(34,425,012)</u>	<u>(3,649,638)</u>	<u>(1,297,588)</u>	<u>(1,530,397)</u>
Ending Net Position - June 30			<u>128,218,647</u>	<u>124,569,009</u>	<u>123,271,421</u>	<u>121,741,024</u>

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 businesses 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, HCBDB expects to see expenses start to normalize back to projected levels.

HCBDB 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	\$ 195,044,980	\$ 202,316,333	\$ 216,069,131	\$ 229,738,047	\$ 48,445,866	12.2%

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	\$ 196,057,205	\$ 209,399,456	\$ 230,296,488	\$ 251,693,806	\$ 76,533,633	18.9%

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
<i>Fee Description:</i>				
State Share Contribution	\$1,054	\$1,054	\$1,054	\$1,054
<p>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.</p>				

The 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 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 both fiscal years 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				
Fee Description:	Actual FY 22	Budgeted FY 23	Adopted FY 24	Adopted FY 25
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.

Flexible Spending Account Program - 06027

Proprietary Program Description

State employees can elect to set aside a certain amount of their pay into accounts to pay dependent care and out-of-pocket medical costs. The "set aside" funds are withdrawn from employee pay prior to assessment of taxes, effectively lowering employee taxable pay. Employees must submit claims to use the funds deposited in the accounts for allowable expenses.

Federal rules govern the use of and the amount that can be contributed to flexible spending accounts. The current contribution maximums are \$2,850 per year for medical and \$5,000 per year for dependent care. In the fall of 2013, the Internal Revenue Service announced the ability for participants to roll over up to \$570 from the medical flexible spending account into the next benefit year. Employees forfeit any unspent funds beyond the \$570 rollover for medical and any remaining dependent care balance at the end of the year.

Approximately 4,500 state employees participate in the flexible spending account program.

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		
06027	Flexible Spending	61010	Dept of Administration	Health Care & Benefits Division		
			Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
Operating Revenues						
Fees and Charges						
	Administration Fee		113,077	171,863	171,863	171,863
	Investment Earnings		2,861	1,000	1,000	1,000
	FSA Account Contributions		7,317,525	7,741,250	7,741,250	7,741,250
Total Operating Revenues			7,433,463	7,914,113	7,914,113	7,914,113
Expenses						
	Personal Services					
	Other Operating Expense		112,827	171,863	180,971	183,996
Total Operating Expense			7,038,925	7,707,230	7,707,230	7,707,230
Operating Income (Loss)			281,712	35,020	25,912	22,887
Nonoperating Revenues						
Nonoperating Expenses						
Total Nonoperating Revenues (Expenses)			-	-	-	-
Income (Loss) Before Contributions and Transfers			281,712	35,020	25,912	22,887
Capital Contributions						
Transfers In						
Transfers Out						
Loans and Lease Payments						
Change in Net Position			281,712	35,020	25,912	22,887
Beginning Net Position - July 1			3,244,384	3,526,096	3,561,116	3,587,028
Prior Period Adjustments						
Change in Net Position			281,712	35,020	25,912	22,887
Ending Net Position - June 30			3,526,096	3,561,116	3,587,028	3,609,915

Expenses

The legislature reviewed an increase in expenditures of approximately \$9,000 in FY 2024 and \$12,000 in FY 2025 from the FY 2023 base appropriations. The increase is due to the statewide present law adjustment for inflation.

Revenues

The flexible spending account program is funded from an administrative fee of \$2.26 per month on each account participating in the program. This fee is charged per participant whether the participant has a medical account, a dependent care account, or both.

Proprietary Rates

The figure below shows the rates reviewed by the legislature for the 2025 biennium. The rates charged in the base year are shown for comparison purposes. The rate is decreasing \$0.10 each year in the 2025 biennium.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Estimated FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
Fee Description:	\$ 2.26	\$ 2.26	\$ 2.16	\$ 2.16

This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

The rate is based on the amount of funding needed to cover the costs of administering the plan.

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 %

Program Description

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

- The Human Resources Policy and Programs Bureau, which establishes the human resource rules, policies, and standards for Montana’s executive branch
- The Human Resources Information Systems Bureau, which processes the biweekly payroll, and administers other human resources information systems, for all branches of state government

Program Highlights

**State Human Resources Division
Major Budget Highlights**

- The State Human Resources Division’s 2025 biennium appropriations are approximately \$227,000 or 5.5% higher than the 2023 biennium
- Changes adopted by the legislature include statewide present law adjustments for personal services, fixed costs, inflation, and an increase in indirect costs paid to the Director’s Office
- The majority of the funding in the division is from non-budgeted proprietary funds. Significant changes to the proprietary rates that the legislature reviewed include:
 - An increase in operating expenses for the online learning tool available to all state employees of \$250,000 in both fiscal years
 - The elimination of the Professional Development Center (PDC) Program, reducing personal service and operating costs of \$376,000 in FY 2024 and \$379,000 in FY 2025
 - The addition of the State Management Training Center to the State Human Resources Division for \$400,000 in both fiscal years

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)

Funding

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

Department of Administration, 23-State Human Resources Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	4,327,086	0	0	4,327,086	31.82 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06525 Intergovernmental Training	0	799,599	0	799,599	8.62 %	
06559 Group Benefits Claims A/C	0	715,622	0	715,622	7.72 %	
06563 HR Info Services	0	7,756,061	0	7,756,061	83.66 %	
Proprietary Total	\$0	\$9,271,282	\$0	\$9,271,282	68.18 %	
Total All Funds	\$4,327,086	\$9,271,282	\$0	\$13,598,368		

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.

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 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	1,998,517	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.

	-----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 both fiscal years 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	3,841,843
Other Operating Revenues						
Revenue A			172	600	600	600
Total Operating Revenues			<u>3,597,272</u>	<u>3,608,089</u>	<u>3,850,051</u>	<u>3,842,443</u>
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			<u>3,369,296</u>	<u>3,417,690</u>	<u>3,902,005</u>	<u>3,854,056</u>
Operating Income (Loss)			<u>227,976</u>	<u>190,399</u>	<u>(51,954)</u>	<u>(11,613)</u>
Nonoperating Revenues						
Other Revenue						
Nonoperating Expenses						
Other Expense						
Total Nonoperating Revenues (Expenses)			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Contributions/Transfers			<u>227,976</u>	<u>190,399</u>	<u>(51,954)</u>	<u>(11,613)</u>
Capital Contributions						
Transfers In						
Transfers Out						
Loans and Lease Payments						
Change in Net Position			<u>227,976</u>	<u>190,399</u>	<u>(51,954)</u>	<u>(11,613)</u>
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)	(11,613)
Ending Net Position - June 30			<u>479,643</u>	<u>670,042</u>	<u>618,088</u>	<u>606,475</u>

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 both fiscal years 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 2025 biennium to the 2023 base year, the rate increases by approximately \$242,000 in FY 2024 and \$234,000 in 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 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.

2025 Biennium Report on Internal Service and Enterprise Funds						
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

The beginning fund balance is from the eliminated Professional Development Center projected through the end of FY 2023. The legislature adopted the new SMTC rate of \$33.2965 in FY 2024 and FY 2025.

Revenues

Funding for the SMTC is generated through fixed costs allocated to state agencies based on the number of FTE in the participating agency.

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.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Estimated FY 22	Estimated FY 23	Adopted FY 24	Adopted FY 25
Fee Description:				
SMTC rate per FTE: \$	-	-	\$ 33.2965	\$ 33.2965
<p>The State Management Training Center rate is based on agency FTE as a percentage of the funding needed to support total expenditures of the program.</p>				

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	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 %

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 & machinery, bonds (various), crime, cyber/information security, fine art, foreign specialties, foster care, Health Insurance Portability and Accountability Act (HIPPA), medical malpractice, property, professional liability, and miscellaneous.

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 through 2-9-305, MCA.

Program Highlights

Risk Management and Tort Defense Division Major Budget Highlights
<ul style="list-style-type: none"> • The Risk Management and Tort Defense Division's 2025 biennium appropriations are approximately \$5.8 million or 8.3% higher than the 2023 biennium • Changes adopted by the legislature include: <ul style="list-style-type: none"> ◦ Statewide present law adjustments for personal services, fixed costs, inflation, and an increase in indirect costs paid to the Director's Office ◦ Increases in proprietary funds for commercial property insurance premiums ◦ A 10% reduction to the Agency Insurance proprietary fund rate ◦ A biennial rate holiday, due to insurance settlement proceeds being received in FY 2022 that are sufficient to cover premium and administrative costs in the 2025 biennium

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

Funding

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

Department of Administration, 24-Risk Mgmt & Tort Defense Div Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0.00 %
02098 Insurance Proceeds - State Bid	0	0	91,000	91,000	100.00 %
State Special Total	\$0	\$0	\$91,000	\$91,000	0.12 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
06532 Agency Insurance Int. Svc.	0	75,506,150	0	75,506,150	100.00 %
Proprietary Total	\$0	\$75,506,150	\$0	\$75,506,150	99.88 %
Total All Funds	\$0	\$75,506,150	\$91,000	\$75,597,150	

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.

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 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.

	-----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 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 both fiscal years 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 both fiscal years. 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 Montana State University 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	Risk Management & Tort Defense		
			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						
Total Nonoperating Revenues (Expenses)			141,781,008	100,000	100,000	100,000
Income (Loss) Before Contributions and Transfers			147,943,164	(8,666,778)	(36,710,590)	(36,988,190)
Capital Contributions						
	Transfers In		54,878	45,000	45,500	45,500
	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)	(36,742,662)	(37,020,262)
Beginning Net Position - July 1			5,611,066	118,270,609	109,571,259	72,308,484
	Prior Period Adjustments		(14,503,289)	-	-	-
	Change in Net Position		127,162,832	(8,699,350)	(36,742,662)	(37,020,262)
Ending Net Position - June 30			118,270,609	109,571,259	72,828,597	35,808,335

Expenses

The legislature reviewed the increase of approximately \$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 2025 biennium to the 2023 base year, the rate is decreased by \$1.5 million in both fiscal years.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
Fee Description:	Actuals FY 22	Estimated FY 23	Adopted FY 24	Adopted FY 25
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 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 %

Program Description

The Montana Tax Appeal Board (MTAB) was established by the authority granted in Article VIII, Section 7 of the Montana Constitution and operates under statutes found in 15-2-101, MCA. MTAB is an administrative court independent of the Montana Department of Revenue. The board consists of three members, who hear appeals as full-time state employees, with two support staff. Board members are appointed by the Governor to rotating six-year terms and are subject to legislative confirmation after a hearing before the Senate Taxation Committee and a recorded vote of the full Montana Senate.

MTAB executes the only state tax appeal system for citizens to dispute any action of the Montana Department of Revenue or other state agencies with taxing authority. It is the only fact-finding court of record in tax disputes and holds formal hearings in cases to resolve disputes through written opinions which can be appealed to Montana District Courts. The board hears appeals from decisions of the 56 county tax appeal boards, primarily involving residential and commercial property valuation and classification. It also takes original jurisdiction cases in matters involving income taxes, corporate taxes, severance taxes, centrally assessed property, new industry property, motor fuels taxes, vehicle taxes, and cabin site leases.

The duties of the board also include funding, administering, and training the County Tax Appeal Boards required by the Montana Constitution. The Montana Tax Appeal Board trains and supports the 56 County Tax Appeal Boards, reimbursing counties for expenses associated with the county tax appeal function. Specifically, secretary wages, office supplies, and mileage/per diem for county board members are reimbursed from the MTAB budget approved by the legislature.

Program Highlights

Montana Tax Appeal Board Major Budget Highlights
<ul style="list-style-type: none"> • The Montana Tax Appeal Board’s 2025 biennium appropriations are approximately \$78,000 or 5.8% higher than the 2023 biennium • Changes are those included in statewide present law adjustments for personal services, fixed costs, inflation, and an increase in indirect costs paid to the Director’s Office

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)

Funding

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

Department of Administration, 37-Montana Tax Appeal Board Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,429,677	0	0	1,429,677	100.00 %
State Special Total	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$1,429,677	\$0	\$0	\$1,429,677	

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.

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 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.

	-----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 both fiscal years 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.