

### Agency Budget Comparison

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

Agency Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	28,710,815	36,260,284	7,549,469	26.29 %
Operating Expenses	10,418,254	13,273,871	2,855,617	27.41 %
Equipment & Intangible Assets	1,654,196	3,324,270	1,670,074	100.96 %
Transfers	633,702	415,600	(218,102)	(34.42)%
<b>Total Expenditures</b>	<b>\$41,416,967</b>	<b>\$53,274,025</b>	<b>\$11,857,058</b>	<b>28.63 %</b>
General Fund	35,999,014	48,619,890	12,620,876	35.06 %
State/Other Special Rev. Funds	5,417,953	4,654,135	(763,818)	(14.10)%
<b>Total Funds</b>	<b>\$41,416,967</b>	<b>\$53,274,025</b>	<b>\$11,857,058</b>	<b>28.63 %</b>
<b>Total Ongoing</b>	<b>\$39,162,896</b>	<b>\$50,987,687</b>	<b>\$11,824,791</b>	<b>30.19 %</b>
<b>Total OTO</b>	<b>\$2,254,071</b>	<b>\$2,286,338</b>	<b>\$32,267</b>	<b>1.43 %</b>

### Agency Description

The mission of the legislature is to exercise the legislative power of state government vested by the Constitution of the State of Montana and to fulfill its constitutional duty. The divisions within the Legislative Branch support the legislature in enacting laws, including those appropriating funding for state government within a balanced budget, and provide accountability for state programs and state spending.

### Agency Highlights

Legislative Branch Major Budget Highlights	
<ul style="list-style-type: none"> <li>The Legislative Branch's 2025 biennium appropriations are approximately \$11.9 million or 28.6% higher than the 2023 biennium. Significant biennial changes include: <ul style="list-style-type: none"> <li>Increases in general fund appropriations of approximately \$3.3 million for 19.50 FTE in the Legislative Services Division. This includes information technology positions and professional and support staff to address increased workload</li> <li>Increases in general fund appropriations of \$3.8 million for information technology systems upgrades</li> <li>Increases in general fund appropriations of approximately \$924,000 for 5.50 FTE in the Legislative Fiscal Division. This includes professional and support staff to address increased workload and interim committee activities</li> <li>Decreases in state special revenue appropriations of \$372,000 and increases in general fund appropriations of approximately \$251,000 in the Legislative Audit Division in order to move toward a more risk-based audit approach</li> <li>Increases of \$1.1 million in general fund for base pay adjustments to stabilize legislative staff with competitive pay</li> </ul> </li> </ul>	

**Agency Actuals and Budget Comparison**

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

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	146.39	146.39	172.34	172.34
Personal Services	13,032,658	14,173,391	14,537,424	17,844,844	18,415,440
Operating Expenses	4,685,257	5,584,706	4,833,548	7,132,150	6,141,721
Equipment & Intangible Assets	309,952	1,059,696	594,500	1,763,173	1,561,097
Transfers	439,371	489,702	144,000	220,560	195,040
<b>Total Expenditures</b>	<b>\$18,467,238</b>	<b>\$21,307,495</b>	<b>\$20,109,472</b>	<b>\$26,960,727</b>	<b>\$26,313,298</b>
General Fund	15,880,270	18,347,071	17,651,943	24,533,362	24,086,528
State/Other Special Rev. Funds	2,586,968	2,960,424	2,457,529	2,427,365	2,226,770
<b>Total Funds</b>	<b>\$18,467,238</b>	<b>\$21,307,495</b>	<b>\$20,109,472</b>	<b>\$26,960,727</b>	<b>\$26,313,298</b>
<b>Total Ongoing</b>	<b>\$17,689,342</b>	<b>\$19,340,953</b>	<b>\$19,821,943</b>	<b>\$25,727,308</b>	<b>\$25,260,379</b>
<b>Total OTO</b>	<b>\$777,896</b>	<b>\$1,966,542</b>	<b>\$287,529</b>	<b>\$1,233,419</b>	<b>\$1,052,919</b>

**Summary of Legislative Action**

The legislature adopted an increase of 34.4% or approximately \$13.6 million in the 2025 biennium when compared to the FY 2023 base appropriations. Personal services, operating expenses, and equipment and intangible expenses had more significant increases adopted for the 2025 biennium budget.

An increase in the personal services budget of \$7.3 million or 25.1% was adopted by the legislature when compared to the FY 2023 base appropriations. The increase is partially due to additional general fund appropriations of \$4.3 million over the biennium for 19.50 FTE in the Legislative Services Division, 0.95 FTE in Legislative Committees and Activities, and 5.50 FTE in the Legislative Fiscal Division. Appropriations for several positions were adjusted in FY 2024 to allow for staggered start dates. Additionally, the legislature adopted appropriations of \$1.1 million over the 2025 biennium for base pay adjustments to stabilize legislative staff with competitive pay.

The legislature adopted an increase of \$3.8 million or 40.4% for operating expenses in the 2025 biennium when compared to the FY 2023 base appropriations. Appropriations for information technology upgrades within the operating expenditure category totaled \$1.5 million and included:

- Access database conversion - \$580,000
- Audio/video upgrades - \$410,000
- Website upgrades - \$200,000
- Wireless microphones for Capitol room 317 - \$157,000
- Paperless signature validation - \$50,000
- LAWS II core upgrade - \$50,000
- Legislative Audit Division automation project (phase II) - \$50,000
- Fiber integration upgrade - \$30,000

Additionally, present law adjustments contributed to the increase in operating expenses. The statewide present law adjustments for fixed costs and inflation, with adjustments adopted by the legislature, totaled approximately \$585,000. Other present law adjustments were adopted across all divisions in the Legislative Branch and totaled \$1.2 million over the 2025 biennium, in which significant increases include:



- Software costs, primarily related to Microsoft license costs, helpdesk software, Power BI licenses, maintenance costs for chamber and committee applications, and records request software
- Audio/video (A/V) costs, mainly related to closed captioning for legislative meetings and contract costs for production
- Allowed lodging and mileage rates and legislator activity dues

An increase of \$2.4 million, or 263.5% was adopted by the legislature for equipment and intangible assets when compared to the 2023 base budget. This increase is primarily due to the session financial automation project, which is a one-time-only increase of \$2.2 million. This project will replace the current HB 2 process with an automated HB 2 process that will work in tandem with the LAWS II application suite.

### Funding

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

Total Legislative Branch Funding by Source of Authority 2025 Biennium Budget Request - Legislative Branch						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	46,333,552	2,286,338	0	0	48,619,890	91.26 %
State Special Total	4,654,135	0	0	0	4,654,135	8.74 %
Federal Special Total	0	0	0	0	0	0.00 %
Proprietary Total	0	0	0	0	0	0.00 %
Other Total	0	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$50,987,687</b>	<b>\$2,286,338</b>	<b>\$0</b>	<b>\$0</b>	<b>\$53,274,025</b>	
<b>Percent - Total All Sources</b>	<b>95.71 %</b>	<b>4.29 %</b>	<b>0.00 %</b>	<b>0.00 %</b>		

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

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

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

Typically, the Legislative Branch reserve account receives unexpended and unencumbered money including funding remaining at the end of the biennium from the "feed bill" (HB 1, the bill that funds the legislative session each biennium) and remaining carryforward appropriations from the various divisions within the branch. The funds in this account may be used for major Legislative Branch information technology projects including hardware, software, consulting services for new initiatives, and replacement and upgrading of existing systems. All projects and funding from the Legislative Branch reserve account must be approved by the Legislative Council.

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

The Legislative Branch retirement reserve account has been funded with general fund transfers provided by the legislature or through the deposit of carryforward appropriations. The funds in this account may be used for staff retirement termination pay in the Legislative Branch. The funds may only be expended with the approval of the appropriate branch division director.

**Budget Summary by Category**

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	17,414,639	17,414,639	34,829,278	71.64 %	19,821,943	19,821,943	39,643,886	74.42 %
SWPL Adjustments	466,413	1,285,257	1,751,670	3.60 %	833,801	1,477,876	2,311,677	4.34 %
PL Adjustments	1,207,785	488,788	1,696,573	3.49 %	1,280,264	345,663	1,625,927	3.05 %
New Proposals	5,444,525	4,897,844	10,342,369	21.27 %	5,024,719	4,667,816	9,692,535	18.19 %
<b>Total Budget</b>	<b>\$24,533,362</b>	<b>\$24,086,528</b>	<b>\$48,619,890</b>		<b>\$26,960,727</b>	<b>\$26,313,298</b>	<b>\$53,274,025</b>	

**Other Legislation**

**HB 1** – This legislation includes appropriations for the operations of the 68th Legislature and the costs of preparing for the 69th Legislature as well as the initial costs of the 69th Legislature. Appropriations in HB 1 total approximately \$16.5 million.

**HB 110** – This legislation makes the six interim budget committees permanent and does not allow these committees to be assigned interim studies. Appropriations for the interim budget committees are included in HB 2.

**HB 140** – This legislation establishes the Modernization and Risk Analysis Committee. Appropriations for this committee is included in HB 2.

**HB 220** – This legislation creates a select committee on energy resource planning and acquisition through December 31, 2024. The bill includes a general fund appropriation to the Legislative Services Division of \$85,000 for the 2025 biennium.

**HB 520** – This legislation requires a study on the effects of private ponds in the state, including but not limited to examinations of the impacts of permitting, water rights, and options to mitigate negative impacts. The bill includes a general fund appropriation to the Legislative Services Division of \$50,000 for the 2025 biennium and terminates December 31, 2024.

**HB 856** – This legislation establishes laws related to legislative space in the Capitol and on the Capitol Complex. It also establishes a capitol complex executive branch state special revenue account and a capitol complex legislative branch state special revenue account and transfers \$25.0 million general fund into each account. There are several appropriations included in the bill that impact the Legislative Branch, which include:

- An appropriation of \$12.5 million for the 2025 biennium to the Legislative Branch
  - Up to \$6.25 million may be used for developing a long-range plan related to legislative space needs as well as plan, renovate, replace, and construct capital improvements for the Legislative Branch
  - The balance may be used to plan, renovate, replace, and construct capital improvements for the Legislative Branch based on the long-range plan
- An appropriation of approximately \$28.7 million to the Department of Administration for state Capitol building improvement projects for the 2025 biennium
- An appropriation to the Department of Administration for the purpose of moving the Legislative Audit Division out of the Capitol building to another building

**SB 11** – This legislation provides for the creation of a Montana criminal justice data warehouse and requires access be provided to the Legislative Fiscal Analyst and the Legislative Services Division Director. The bill includes a general fund appropriation to the Legislative Services Division of \$2,500 for the 2025 biennium for the purpose of paying for additional travel costs related to the new member of the criminal justice oversight council.

**SB 182** – This legislation creates an interim task force to study the dependency and neglect court system. The bill includes general fund appropriations to the Legislative Services Division of approximately \$68,000 in FY 2024 and \$13,000 in FY 2025 and terminates June 30, 2025.

SB 352 – This legislation creates a work group to assist in an interim review to modify and improve child protective services. The bill includes a general fund appropriation to the Legislative Services Division of approximately \$15,000 for the 2025 biennium and terminates June 30, 2025.

### Executive Budget Comparison

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

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2023	Executive Budget Fiscal 2024	Legislative Budget Fiscal 2024	Leg — Exec. Difference Fiscal 2024	Executive Budget Fiscal 2025	Legislative Budget Fiscal 2025	Leg — Exec. Difference Fiscal 2025	Biennium Difference Fiscal 24-25
FTE	143.39	167.34	169.34	2.00	167.34	169.34	2.00	2.00
Personal Services	14,537,424	17,659,919	17,844,844	184,925	17,583,839	18,415,440	831,601	1,016,526
Operating Expenses	4,833,548	5,986,722	7,132,150	1,145,428	5,759,194	6,141,721	382,527	1,527,955
Equipment & Intangible Assets	594,500	2,784,823	1,763,173	(1,021,650)	2,008,947	1,561,097	(447,850)	(1,469,500)
Transfers	144,000	220,560	220,560	0	195,040	195,040	0	0
<b>Total Costs</b>	<b>\$20,109,472</b>	<b>\$26,652,024</b>	<b>\$26,960,727</b>	<b>\$308,703</b>	<b>\$25,547,020</b>	<b>\$26,313,298</b>	<b>\$766,278</b>	<b>\$1,074,981</b>
General Fund	17,651,943	24,178,379	24,533,362	354,983	23,273,645	24,086,528	812,883	1,167,866
State/other Special Rev. Funds	2,457,529	2,473,645	2,427,365	(46,280)	2,273,375	2,226,770	(46,605)	(92,885)
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$20,109,472</b>	<b>\$26,652,024</b>	<b>\$26,960,727</b>	<b>\$308,703</b>	<b>\$25,547,020</b>	<b>\$26,313,298</b>	<b>\$766,278</b>	<b>\$1,074,981</b>
<b>Total Ongoing</b>	<b>\$19,821,943</b>	<b>\$24,289,124</b>	<b>\$25,727,308</b>	<b>\$1,438,184</b>	<b>\$23,963,420</b>	<b>\$25,260,379</b>	<b>\$1,296,959</b>	<b>\$2,735,143</b>
<b>Total OTO</b>	<b>\$287,529</b>	<b>\$2,362,900</b>	<b>\$1,233,419</b>	<b>(\$1,129,481)</b>	<b>\$1,583,600</b>	<b>\$1,052,919</b>	<b>(\$530,681)</b>	<b>(\$1,660,162)</b>

The legislature adopted appropriations that are approximately \$1.1 million higher than the proposed appropriations for the 2025 biennium. The significant biennial differences in the legislative budget compared to the proposed budget include the legislature adopting:

- General fund appropriations for an additional 2.00 FTE and staggered start dates for a number of FTE included in the proposed budget. The personal services appropriations were increased to include funding for these additional FTE and reduced to allow for staggered start dates for new FTE. The net impact was a reduction of \$246,000 when compared to the proposed budget
- Approximately \$1.1 million in general fund appropriations for base pay adjustments to stabilize legislative staff with competitive pay
- General fund appropriations of approximately \$133,000 to coordinate HB 2 with HB 110, HB 140, SB 176, and SB 485
- A reduction of approximately \$142,000 in general fund appropriations for information technology projects. When compared to the proposed budget, there was a reduction of \$300,000 to the Access database conversion project and an increase of approximately \$158,000 for wireless mics for Capitol room 317. Additionally, the legislature designated the session financial automation project as one-time-only
- General fund appropriations of \$203,000 for additional legislative space
- General fund appropriations of \$200,000 for comp time payouts in the Legislative Services Division
- One-time-only general fund appropriations of \$115,000 for a pension actuarial analysis
- An adjustment to the fund switch in the Legislative Audit Division which reduced general fund by approximately \$31,000 and state special revenue by \$90,000 when compared to the proposed budget
- A reduction to the statewide present law adjustment for inflation

**Language and Statutory Authority**

The legislature adopted the following language in HB 2: "All appropriations for the Legislative Branch are biennial.

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

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

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

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

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

*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 into the tables in the fiscal report:*

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

**Program Budget Comparison**

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

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

**Program Description**

The Legislative Services Division provides objective research, reference, legal, technical, information technology, and business services to the House, Senate, and other divisions of the Legislative Branch.

Division services include:

- Bill and amendment drafting, preparation of bills for introduction, and engrossing and enrolling bills
- Publication and records management of legislative documents of record
- Preparation, publication, and distribution of the Montana Code Annotated text and annotations
- Provision of legislative research and reference services
- Support for session and interim committees
- Legal services and counseling on legislative matters and agency legal support
- Review of the text of proposed ballot measures
- Personnel and business services, including processing payroll and completing and monitoring branch budgets
- Planning, installation, and maintenance of branch information technology
- Broadcasting of state government and public policy events
- Provision of legislative information to the public

The Legislative Council provides policy guidance to the Legislative Services Division.

## Program Highlights

Legislative Services Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>The Legislative Services Division's 2025 biennium appropriations are approximately \$8.9 million or 37.3% higher than the 2023 biennium. Significant changes include: <ul style="list-style-type: none"> <li>An increase in general fund of approximately \$597,000 in FY 2024 and \$760,000 in FY 2025 for 10.00 FTE for information technology positions</li> <li>An increase in general fund of approximately \$713,000 in FY 2024 and \$1.2 million in FY 2025 for 9.50 FTE for professional and support staff. This includes an accounting technician, research analyst, legislative attorney, editor, three conference center support staff, two remote meeting coordinators, and an interim committee secretary (0.50 FTE)</li> <li>An increase in general fund appropriations of \$2.3 million in FY 2024 and \$1.4 million in FY 2025 for information technology projects</li> </ul> </li> </ul>	

## Program Actuals and Budget Comparison

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

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

## Funding

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

Legislative Branch, 20-Legislative Services Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	32,385,363	0	0	32,385,363	99.08 %
02800 Reimbursable Activities	300,551	0	0	300,551	100.00 %
<b>State Special Total</b>	<b>\$300,551</b>	<b>\$0</b>	<b>\$0</b>	<b>\$300,551</b>	<b>0.92 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$32,685,914</b>	<b>\$0</b>	<b>\$0</b>	<b>\$32,685,914</b>	

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

## 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	11,065,248	11,065,248	22,130,496	68.33 %	11,319,240	11,319,240	22,638,480	69.26 %
SWPL Adjustments	1,378	810,585	811,963	2.51 %	191,379	810,585	1,001,964	3.07 %
PL Adjustments	528,369	531,000	1,059,369	3.27 %	587,643	391,779	979,422	3.00 %
New Proposals	4,541,778	3,841,757	8,383,535	25.89 %	4,288,034	3,778,014	8,066,048	24.68 %
<b>Total Budget</b>	<b>\$16,136,773</b>	<b>\$16,248,590</b>	<b>\$32,385,363</b>		<b>\$16,386,296</b>	<b>\$16,299,618</b>	<b>\$32,685,914</b>	

## Present Law Adjustments

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

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

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

DP 1 - Personal Services -

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

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

DP 4 - Present Law Adjustments -

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

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

The 2021 Legislature added state special revenue authority in the Legislative Services Division for the support of remote and hybrid meetings conducted at the Capitol during the 2023 biennium. The Legislative Services Division did not collect fees, so the appropriations were reduced. This is primarily contributing to the reduction in state special revenue appropriations in the 2025 biennium.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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



## New Proposals

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

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

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

### DP 5 - FTE Request- Cloud Administrators -

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

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

DP 6 - FTE Request- Database Administrator -

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

DP 7 - FTE Request- IT Security Engineer -

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

DP 8 - FTE Request- IT Software Engineers -

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

DP 9 - FTE Request- Business Analyst -

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

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

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

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

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

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

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

DP 13 - Legal Services (BIEN/OTO) -

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

DP 15 - Stabilize Leg Staff- Competitive Pay Plan -

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

DP 17 - Funding Switch -

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

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

The legislature adopted general fund appropriations for additional legislative space.

DP 102 - Wireless Mics for Room 317 -

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

DP 103 - Transfer 2.50 FTE to Legislative Fiscal Division -

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

DP 104 - Comp Time Payouts -

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

DP 105 - Additional FTE Request -

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

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

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

DP 107 - OLIS Projects -

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

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

DP 333 - Adjustment to Inflation -

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

**Program Budget Comparison**

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	534,839	623,124	88,285	16.51 %
Operating Expenses	1,966,242	2,038,781	72,539	3.69 %
Transfers	45,702	0	(45,702)	(100.00)%
<b>Total Expenditures</b>	<b>\$2,546,783</b>	<b>\$2,661,905</b>	<b>\$115,122</b>	<b>4.52 %</b>
General Fund	2,421,783	2,661,905	240,122	9.92 %
State/Other Special Rev. Funds	125,000	0	(125,000)	(100.00)%
<b>Total Funds</b>	<b>\$2,546,783</b>	<b>\$2,661,905</b>	<b>\$115,122</b>	<b>4.52 %</b>
<b>Total Ongoing</b>	<b>\$2,035,287</b>	<b>\$2,661,905</b>	<b>\$626,618</b>	<b>30.79 %</b>
<b>Total OTO</b>	<b>\$511,496</b>	<b>\$0</b>	<b>(\$511,496)</b>	<b>(100.00)%</b>

**Program Description**

The Legislative Committees and Activities Program supports the activities of legislators and legislative committees that are conducted during the interim between legislative sessions.

Program expenditures support:

- The Legislative Council
- Interim study activities, as defined in 5-5-202 through 5-5-217, MCA
- Cooperative interstate, international, and intergovernmental activities, as outlined in 5-11-303 through 5-11-305, MCA
- Other legislative activities for which appropriations are made

**Program Highlights**

Legislative Committees and Activities Major Budget Highlights	
<ul style="list-style-type: none"> <li>• The Legislative Committees and Activities' 2025 biennium ongoing appropriations are approximately \$627,000 or 30.8% higher than the 2023 biennium. Significant changes include: <ul style="list-style-type: none"> <li>◦ An increase in general fund of approximately \$476,000 over the biennium because of increases in legislative salaries, lodging and mileage rates, legislator activity dues, and an increase in interim committee meetings of 16 days</li> <li>◦ An increase in general fund of approximately \$67,000 each fiscal year to increase an environmental policy committee secretary from 0.05 FTE to 1.00 FTE</li> </ul> </li> </ul>	

**Program Actuals and Budget Comparison**

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	0.97	0.97	1.92	1.92
Personal Services	254,954	402,178	132,661	387,859	235,265
Operating Expenses	809,677	1,175,968	790,274	1,253,741	785,040
Transfers	0	45,702	0	0	0
<b>Total Expenditures</b>	<b>\$1,064,631</b>	<b>\$1,623,848</b>	<b>\$922,935</b>	<b>\$1,641,600</b>	<b>\$1,020,305</b>
General Fund	985,333	1,498,848	922,935	1,641,600	1,020,305
State/Other Special Rev. Funds	79,298	125,000	0	0	0
<b>Total Funds</b>	<b>\$1,064,631</b>	<b>\$1,623,848</b>	<b>\$922,935</b>	<b>\$1,641,600</b>	<b>\$1,020,305</b>
<b>Total Ongoing</b>	<b>\$898,429</b>	<b>\$1,112,352</b>	<b>\$922,935</b>	<b>\$1,641,600</b>	<b>\$1,020,305</b>
<b>Total OTO</b>	<b>\$166,202</b>	<b>\$511,496</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Funding**

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

Legislative Branch, 21-Legis. Committees & Activities Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	2,661,905	0	0	2,661,905	100.00 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$2,661,905</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,661,905</b>	

Legislative Committees and Activities is funded entirely with general fund.

**Budget Summary by Category**

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

Budget Summary by Category							
-----General Fund-----				-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25
2023 Base Budget	922,935	922,935	1,845,870	69.34 %	922,935	922,935	1,845,870
SWPL Adjustments	97,094	79,867	176,961	6.65 %	97,094	79,867	176,961
PL Adjustments	555,458	(78,979)	476,479	17.90 %	555,458	(78,979)	476,479
New Proposals	66,113	96,482	162,595	6.11 %	66,113	96,482	162,595
<b>Total Budget</b>	<b>\$1,641,600</b>	<b>\$1,020,305</b>	<b>\$2,661,905</b>		<b>\$1,641,600</b>	<b>\$1,020,305</b>	<b>\$2,661,905</b>

**Present Law Adjustments**

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

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

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

**DP 1 - Personal Services -**

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

**DP 3 - Inflation Deflation -**

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

**DP 4 - Present Law Adjustments -**

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

**New Proposals**

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

New Proposals										
-----Fiscal 2024-----					-----Fiscal 2025-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 12 - FTE Request- .05 to 1.0 (PG 21)	0.95	67,228	0	0	67,228	0.95	67,439	0	0	67,439
DP 110 - Coordination with Other Bills	0.00	226,592	0	0	226,592	0.00	143,709	0	0	143,709
DP 333 - Adjustment to Inflation	0.00	(1,115)	0	0	(1,115)	0.00	(1,370)	0	0	(1,370)
DP 1400 - HB 260	0.00	(226,592)	0	0	(226,592)	0.00	(113,296)	0	0	(113,296)
<b>Total</b>	<b>0.95</b>	<b>\$66,113</b>	<b>\$0</b>	<b>\$0</b>	<b>\$66,113</b>	<b>0.95</b>	<b>\$96,482</b>	<b>\$0</b>	<b>\$0</b>	<b>\$96,482</b>

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

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

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

DP 110 - Coordination with Other Bills -

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

DP 333 - Adjustment to Inflation -

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

DP 1400 - HB 260 -

The legislature adopted contingency language to reduce appropriations if HB 260 was not passed and approved with at least one additional personal staff for the Speaker of the House of Representatives and at least one additional personal staff for the President of the Senate and this decision package implements this language. The legislature did not pass and approve HB 260, so the appropriations were reduced.



### Program Budget Comparison

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

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

### Program Description

The Legislative Fiscal Division provides the legislature with objective fiscal information and analysis relevant to Montana public policy and budget determination.

The division's services include:

- Fiscal analysis of state government and the furnishing of information bearing upon the financial matters of the state
- Identification of ways to effect economy and efficiency in state government
- Estimation of revenue and analysis of tax policy
- Analysis of the executive budget
- Compiling and analyzing fiscal information for legislators and legislative committees
- Staffing and support for legislative committees, including the preparation and processing of the appropriation bills for the legislative, judicial, and executive agencies

The Legislative Finance Committee provides guidance to the Legislative Fiscal Division.

## Program Highlights

Legislative Fiscal Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>The Legislative Fiscal Division's 2025 biennium appropriations are approximately \$1.9 million or 39.0% higher than the 2023 biennium. Significant changes include increasing general fund appropriations by: <ul style="list-style-type: none"> <li>Approximately \$254,000 in FY 2024 and \$357,000 in FY 2025 for 3.00 FTE for professional staff to address the increased workload in the division</li> <li>Approximately \$140,000 in FY 2024 and \$173,000 in FY 2025 for 2.50 FTE for interim committee secretary positions</li> <li>Approximately \$105,000 in FY 2024 and \$42,000 in FY 2025 for legislator salaries and travel expenses for the seven interim budget committee and the Legislative Finance Committee meetings</li> <li>Approximately \$119,000 in FY 2024 and \$125,000 in FY 2025 for the statewide present law adjustment for personal services</li> </ul> </li> </ul>	

## Program Actuals and Budget Comparison

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

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

## Funding

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

Legislative Branch, 27-Fiscal Analysis & Review Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	6,686,635	0	0	6,686,635	100.00 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$6,686,635</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,686,635</b>	

The Legislative Fiscal Division is entirely funded with general fund.

## Budget Summary by Category

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

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

## Present Law Adjustments

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

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

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

DP 1 - Personal Services -

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

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

DP 4 - Present Law Adjustments -

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

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

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

**New Proposals**

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

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

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

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

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

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

**DP 15 - Stabilize Leg Staff- Competitive Pay Plan -**

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

**DP 103 - Transfer 2.50 FTE to Legislative Fiscal Division -**

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

**DP 109 - Pension Actuarial Analysis (OTO) -**

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

**DP 110 - Coordination with Other Bills -**

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

**DP 333 - Adjustment to Inflation -**

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

### Program Budget Comparison

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

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

### Program Description

The Legislative Audit Division is the state's independent auditor and a key part of the legislature's responsibility for strict accountability of public funds. The division's products and services provide legislative and executive managers of the public trust with factual, objective, and unbiased information on how state government works and how to make it work better. These products and services include the following:

- Auditing the state's Comprehensive Annual Financial Report and the biennial Federal Single Audit
- Conducting performance audits to focus on agency or program operations and management, efficiency and effectiveness in delivery of government services, or public policy outcomes and impacts
- Conducting financial-compliance audits of each state agency at least every two years to assess adherence to accounting principles, compliance with material laws, and internal controls
- Conducting information systems audits to address the design, operation and maintenance of technology systems and processes, and providing assurances on the quality and reliability of system data
- Maintaining the state's hotline for reporting fraud, waste and abuse in state government and conducting work to verify allegations and substantiate reported cases
- Reporting violations of penal statutes, instances of misfeasance, malfeasance, or nonfeasance, and any instances of apparent criminal violations of the state code of ethics discovered in an audit
- Auditing records of entities under contract with the state
- Assisting the legislature, its committees, and its members by providing information related to the fiscal affairs of state government

The Legislative Auditor is responsible for managing the division and appointing and defining the duties of the division's employees. The Legislative Auditor is appointed by the Legislative Audit Committee, a twelve-member, bipartisan, bicameral permanent joint committee of the legislature.

## Program Highlights

Legislative Audit Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>The Legislative Audit Division's 2025 biennium appropriations are approximately \$984,000 or 9.6% higher than the 2023 biennium. Significant changes include: <ul style="list-style-type: none"> <li>Increasing general fund and state special revenue appropriations by approximately \$416,000 in FY 2024 and \$451,000 in FY 2025 for the statewide present law adjustment for personal services</li> <li>Reducing state special revenue appropriations by approximately \$186,000 and increasing general fund appropriations by approximately \$125,000 each fiscal year in order to move toward a more risk-based audit approach</li> <li>Increasing general fund and state special revenue appropriations by approximately \$50,000 each year to reclassify an existing associate auditor position to a deputy legislative auditor for technology and data analytics</li> </ul> </li> </ul>	

## Program Actuals and Budget Comparison

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

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

## Funding

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

Legislative Branch, 28-Audit & Examination Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	6,885,987	0	0	6,885,987	61.27 %	
02042 Legislative Audit	4,353,584	0	0	4,353,584	100.00 %	
<b>State Special Total</b>	<b>\$4,353,584</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,353,584</b>	<b>38.73 %</b>	
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$11,239,571</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,239,571</b>		

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

## Budget Summary by Category

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

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

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

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



DP 1 - Personal Services -

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

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

DP 4 - Present Law Adjustments -

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

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

In FY 2025, this includes:

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

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

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

## New Proposals

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

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

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

### DP 15 - Stabilize Leg Staff- Competitive Pay Plan -

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

### DP 16 - Position Reclassifications -

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

### DP 17 - Funding Switch -

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

### DP 110 - Coordination with Other Bills -

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

### DP 333 - Adjustment to Inflation -

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

### Agency Budget Comparison

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

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

### Agency Description

The mission of the Montana Consumer Counsel is to represent the utility and transportation consuming public of the state of Montana in hearings before the Public Service Commission, or any other successor agency, and before state and federal courts and administrative agencies.

### Agency Highlights

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

### Agency Actuals and Budget Comparison

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

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

### Summary of Legislative Action

The legislature adopted an increase to the Consumer Counsel's total biennial appropriation of approximately \$77,000 or 2.3% compared to the 2023 biennium appropriation. Changes in the budget include statewide present law adjustments for personal services, fixed costs, and inflation as well as an increase for the SABHRS rate. The increase also includes a one-time-only reduction for the RMTD premium rate, and a restricted, biennial, and one-time-only appropriation for caseload contingencies that require agency intervention.

### Funding

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

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

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

**Budget Summary by Category**

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

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

**Executive Budget Comparison**

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

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

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

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

**Language and Statutory Authority**

*The legislature adopted the following language in HB 2:*

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

**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	5.54	5.54	5.54	5.54
Personal Services	483,609	682,407	691,543	698,549	703,557
Operating Expenses	328,814	967,838	967,336	986,212	997,448
Debt Service	40,992	40,993	41,608	41,608	41,608
<b>Total Expenditures</b>	<b>\$853,415</b>	<b>\$1,691,238</b>	<b>\$1,700,487</b>	<b>\$1,726,369</b>	<b>\$1,742,613</b>
State/Other Special Rev. Funds	853,415	1,691,238	1,700,487	1,726,369	1,742,613
<b>Total Funds</b>	<b>\$853,415</b>	<b>\$1,691,238</b>	<b>\$1,700,487</b>	<b>\$1,726,369</b>	<b>\$1,742,613</b>
<b>Total Ongoing</b>	<b>\$853,415</b>	<b>\$1,691,238</b>	<b>\$1,700,487</b>	<b>\$1,577,835</b>	<b>\$1,594,079</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$148,534</b>	<b>\$148,534</b>

**Present Law Adjustments**

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

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

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

DP 3 - Inflation Deflation -

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

DP 5 - Caseload Contingency -

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

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

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

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

**New Proposals**

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

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

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

DP 333 - Adjustment to Inflation -

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

### Agency Budget Comparison

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

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

### Agency Description

The Governor's Office oversees the activities of the Executive Branch of Montana state government, consistent with statutory and constitutional mandates.

The Office of the Governor exists under authority granted in Article VI of the Montana Constitution. The Governor has constitutional and statutory authority to administer the affairs of the State of Montana. The Governor appoints all military and civil officers of the state whose appointments are provided for by statute or the constitution, grants reprieves and pardons, and serves on various boards and commissions. The Governor approves or vetoes legislation, reports to the legislature on the condition of the state, and submits a biennial executive budget. The Governor also represents the state in relations with other governments and the public.

The Governor's Office is comprised of the following programs:

- Executive Office
- Executive Residence Operations
- Office of Budget and Program Planning
- Office of Indian Affairs
- Mental Disabilities Board of Visitors

The Mental Health Ombudsman is housed within the Mental Disabilities Board of Visitors Program.



## Agency Highlights

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

## Agency Actuals and Budget Comparison

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

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

## Summary of Legislative Action

The legislature adopted an increase of 10.2% or approximately \$1.4 million in the 2025 biennium when compared to FY 2023 base appropriations. The increase is primarily due to the approval of an additional 2.00 FTE in the Executive Office Program and 2.00 FTE in the Office of Budget and Program Planning. Increases from the statewide present law adjustment for fixed costs, primarily related to audit costs and state information technology services costs, are also contributing to the increase in appropriations.

This increase was partially offset by several decreases in appropriations. Significant reductions include:

- Approximately \$81,000 in FY 2024 in the Executive Residence Program. The executive residence is in the process of being renovated, so staff are not needed until the renovations are complete
- Approximately \$58,000 each fiscal year across all programs in the Governor's Office for an additional 1.0% vacancy savings applied by the legislature

## Funding

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

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

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

## Budget Summary by Category

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

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

## Other Legislation

**HB 13** – This legislation provides appropriations for the 2025 biennium to the Office of Budget and Program Planning for distribution to state agencies when personal services vacancies do not occur, retirement costs exceed agencies resources, or other contingencies arise. The biennial appropriations include:

- General fund of \$1.0 million
- State special revenue of \$500,000
- Federal special revenue of \$250,000
- Proprietary funds of \$50,000

**HB 424** – The Governor's Office has statutory authority to expend general fund when a disaster or emergency is declared by the Governor. The statutory authority has been established at \$16.0 million. This legislation temporarily increases the statutory authority to \$20.0 million for the 2025 biennium.

**Executive Budget Comparison**

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

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

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

**Language and Statutory Authority**

*The legislature adopted the following language in HB 2:*

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

### Program Budget Comparison

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

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

### Program Description

The Executive Office Program aids the Governor in overseeing and coordinating the activities of the Executive Branch of Montana state government. The program includes the Office of the Lieutenant Governor which is responsible for carrying out duties prescribed by statute and those delegated by the Governor.

The program provides administrative, legal, and press support for the Office of the Governor. The Executive Office Program also administers programs with special impact on the citizens and governmental concerns of Montana. This includes the Office of the Citizens' Advocate and the Office of Economic Development, which was created to strengthen the foundations of the state's business environment and diversify and expand existing economic endeavors to achieve long-term economic stability.

### Program Highlights

#### Executive Office Program Major Budget Highlights

- The Executive Office Program's 2025 biennium ongoing appropriations are approximately \$249,000 or 3.8% higher than the 2023 biennium. Significant changes include:
  - Increasing general fund appropriations by approximately \$122,000 each fiscal year for 1.00 FTE that will work on government efficiency initiatives
  - Increasing general fund appropriations by approximately \$124,000 each fiscal year for 1.00 FTE for a policy staff member
  - Reducing general fund appropriations by approximately \$171,000 each fiscal year because of fixed costs. The reduction is primarily related to the transfer of state information technology services costs to the Office of Budget and Program Planning and the elimination of insurance payments to the Risk Management and Tort Defense Division 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	27.00	27.00	29.00	29.00
Personal Services	2,185,506	2,669,409	2,749,408	2,819,971	2,827,786
Operating Expenses	780,182	919,414	894,226	574,724	576,227
<b>Total Expenditures</b>	<b>\$2,965,688</b>	<b>\$3,588,823</b>	<b>\$3,643,634</b>	<b>\$3,394,695</b>	<b>\$3,404,013</b>
General Fund	2,965,688	3,588,823	3,643,634	3,394,695	3,404,013
<b>Total Funds</b>	<b>\$2,965,688</b>	<b>\$3,588,823</b>	<b>\$3,643,634</b>	<b>\$3,394,695</b>	<b>\$3,404,013</b>
<b>Total Ongoing</b>	<b>\$2,756,787</b>	<b>\$3,266,325</b>	<b>\$3,322,689</b>	<b>\$3,414,224</b>	<b>\$3,423,542</b>
<b>Total OTO</b>	<b>\$208,901</b>	<b>\$322,498</b>	<b>\$320,945</b>	<b>(\$19,529)</b>	<b>(\$19,529)</b>

### Funding

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

Governor's Office, 01-Executive Office Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	6,798,708	0	0	6,798,708	100.00 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$6,798,708</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,798,708</b>	

The Executive Office is entirely funded with general fund.

### Budget Summary by Category

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

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

**Present Law Adjustments**

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

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

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

**DP 3 - Inflation Deflation -**

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

**DP 20 - SABHRS Rate Adjustment -**

The legislature adopted an increase to proposed SABHRS rates.

**DP 30 - Motor Pool Rate Adjustment -**

The legislature adopted a reduction to proposed motor pool rates.

**DP 222 - RMTD Adjustment -**

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

DP 223 - RMTD Adjustment (OTO) -

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

**New Proposals**

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

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

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

DP 99 - New Fixed Costs -

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

DP 101 - Government Efficiency Initiative -

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

DP 102 - Policy Staff -

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

DP 333 - Adjustment to Inflation -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

### Program Budget Comparison

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

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

### Program Description

The Executive Residence Operations Program provides for the day-to-day operations of the official state executive residence.

### Program Highlights

Executive Residence Operations Program Major Budget Highlights	
<ul style="list-style-type: none"> <li>The Executive Residence Operations Program's 2025 biennium appropriations are approximately \$147,000 or 45.0% lower than the 2023 biennium. Significant changes include: <ul style="list-style-type: none"> <li>A one-time-only reduction in personal services expenditures of \$81,000 in FY 2024 because staff are not needed in the executive residence until renovations are complete</li> </ul> </li> </ul>	

### Program Actuals and Budget Comparison

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

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



**Funding**

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

Governor's Office, 02-Executive Residence Operations Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	178,833	0	0	178,833	100.00 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$178,833</b>	<b>\$0</b>	<b>\$0</b>	<b>\$178,833</b>	

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

**Budget Summary by Category**

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

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

**Present Law Adjustments**

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

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

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

DP 1 - Personal Services -

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

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

**New Proposals**

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

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

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

DP 201 - Personal Services Reduction (OTO) -

The legislature adopted a one-time-only reduction in general fund in FY 2024 for personal services. The executive residence is undergoing a renovation authorized by the 2019 Legislature. During the renovation the residence is unoccupied and residence staff are not anticipated to be needed until FY 2025.

DP 333 - Adjustment to Inflation -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

### Program Budget Comparison

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

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

### Program Description

The Office of Budget and Program Planning (OBPP) assists the Governor in preparing the Governor's executive budget and administering the state government budget. In addition, the OBPP prepares and monitors revenue estimates and collections, prepares and publishes fiscal notes on proposed legislation and initiatives, and acts as the approving authority for operational plan changes, program transfers, and budget amendments in the Executive Branch, in accordance with Title 17, Chapter 7, MCA. The OBPP acts as the lead Executive Branch agency for compliance with the federal Single Audit Act. The office also provides accounting, budgeting, human resource, procurement, safety, and information technology support for the entire Governor's Office.

### Program Highlights

Office of Budget and Program Planning Major Budget Highlights	
<ul style="list-style-type: none"> <li>• The Office of Budget and Program Planning's 2025 biennium appropriations are approximately \$1.1 million or 19.7% higher than the 2023 biennium. Significant changes include: <ul style="list-style-type: none"> <li>◦ Increasing general fund appropriations for the statewide present law adjustment for fixed costs by \$541,000 in FY 2024 and \$448,000 in FY 2025. This increase is primarily due to audit costs (FY 2024) and an increase in state information technology services costs (FY 2024 and FY 2025). The increase in state information technology services costs is partially due to the consolidation of this budget from other programs in the Governor's Office into the Office of Budget and Program Planning</li> <li>◦ Increasing general fund appropriations by approximately \$106,000 each fiscal year for 1.00 FTE for an internal audit manager</li> <li>◦ Increasing general fund appropriations by approximately \$106,000 each fiscal year for 1.00 FTE for a budget analyst</li> </ul> </li> </ul>	

**Program Actuals and Budget Comparison**

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

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

**Funding**

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

Governor's Office, 04-Ofc Budget & Program Planning Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	6,556,462	0	16,500,000	23,056,462	100.00 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$6,556,462</b>	<b>\$0</b>	<b>\$16,500,000</b>	<b>\$23,056,462</b>	

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

**Budget Summary by Category**

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

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

**Present Law Adjustments**

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

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

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

DP 1 - Personal Services -

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

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

**New Proposals**

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

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

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

DP 99 - New Fixed Costs -

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

DP 333 - Adjustment to Inflation -

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

DP 401 - Internal Audit Management -

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

DP 402 - Subscription Increase -

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

DP 403 - Budget Analyst -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.



### Program Budget Comparison

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

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

### Program Description

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

### Program Highlights

Office of Indian Affairs Major Budget Highlights	
<ul style="list-style-type: none"> <li>The Office of Indian Affairs' 2025 biennium appropriations are approximately \$60,000 or 10.5% lower than the 2023 biennium. Significant changes include: <ul style="list-style-type: none"> <li>Reducing general fund appropriations by approximately \$18,000 each fiscal year because of fixed costs. The reduction is related to the transfer of state information technology services costs to the Office of Budget and Program Planning and the elimination of insurance payments to the Risk Management and Tort Defense Division in the 2025 biennium</li> <li>Reducing general fund appropriations by approximately \$15,000 each fiscal year because of the statewide present law adjustment for personal services</li> </ul> </li> </ul>	

### Program Actuals and Budget Comparison

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

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

### Funding

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

Governor's Office, 05-Office of Indian Affairs Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	414,909	0	0	414,909	80.58 %
02038 Governor's Office SSR	100,000	0	0	100,000	100.00 %
<b>State Special Total</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>	<b>19.42 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$514,909</b>	<b>\$0</b>	<b>\$0</b>	<b>\$514,909</b>	

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

### 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	240,978	240,978	481,956	116.16 %	290,978	290,978	581,956	113.02 %
SWPL Adjustments	(30,438)	(28,826)	(59,264)	(14.28)%	(30,438)	(28,826)	(59,264)	(11.51)%
PL Adjustments	(662)	(620)	(1,282)	(0.31)%	(662)	(620)	(1,282)	(0.25)%
New Proposals	(3,027)	(3,474)	(6,501)	(1.57)%	(3,027)	(3,474)	(6,501)	(1.26)%
<b>Total Budget</b>	<b>\$206,851</b>	<b>\$208,058</b>	<b>\$414,909</b>		<b>\$256,851</b>	<b>\$258,058</b>	<b>\$514,909</b>	

### Present Law Adjustments

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

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

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

#### DP 1 - Personal Services -

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

#### DP 2 - Fixed Costs -

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

#### DP 3 - Inflation Deflation -

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

#### DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

#### DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

#### DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

**New Proposals**

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

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

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

DP 99 - New Fixed Costs -

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

DP 333 - Adjustment to Inflation -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

### Program Budget Comparison

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

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

### Program Description

The Mental Disabilities Board of Visitors is charged with formally reviewing patient care and assisting people who have complaints about services at Montana's licensed mental health centers, community hospital psychiatric units, children's residential treatment programs, and at the state facilities that serve people with mental illnesses and developmental disabilities. The board provides legal services to patients at Montana State Hospital. The Governor appoints six board members who represent recipients of services and their families, and the mental health and developmental disability professions. The board employs administrative and legal staff and contracts with mental health and developmental disability professionals to carry out its responsibilities for patient representation and facility review. The Mental Disabilities Board of Visitors Program was created by the Developmental Disabilities Act of 1975 and the Mental Commitment and Treatment Act of 1975 and exists as a state mandate.

The Mental Health Ombudsman is statutorily directed to "represent the interests of individuals with regard to need for public mental health services". The office functions with 1.50 FTE responding to statewide requests for service. The Office of the Ombudsman was created by the legislature in 1999 and is appointed by the Governor for a four-year term.

### Program Highlights

#### Mental Disabilities Board of Visitors and Mental Health Ombudsman Major Budget Highlights

- The Mental Disabilities Board of Visitors and the Mental Health Ombudsman's 2025 biennium appropriations are approximately \$55,000 or 5.4% lower than the 2023 biennium. Significant changes include:
  - Reducing general fund appropriations by approximately \$16,000 each fiscal year because of fixed costs. The reduction is related to the transfer of state information technology services costs to the Office of Budget and Program Planning and the elimination of insurance payments to the Risk Management and Tort Defense Division in the 2025 biennium
  - Reducing general fund appropriations by approximately \$17,000 in FY 2024 and \$16,000 in FY 2025 because of the statewide present law adjustment 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	5.00	5.00	5.00	5.00
Personal Services	406,585	435,059	451,473	429,620	430,996
Operating Expenses	43,051	60,424	60,534	46,012	46,113
<b>Total Expenditures</b>	<b>\$449,636</b>	<b>\$495,483</b>	<b>\$512,007</b>	<b>\$475,632</b>	<b>\$477,109</b>
General Fund	449,636	495,483	512,007	475,632	477,109
<b>Total Funds</b>	<b>\$449,636</b>	<b>\$495,483</b>	<b>\$512,007</b>	<b>\$475,632</b>	<b>\$477,109</b>
<b>Total Ongoing</b>	<b>\$449,636</b>	<b>\$495,483</b>	<b>\$512,007</b>	<b>\$476,876</b>	<b>\$478,353</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,244)</b>	<b>(\$1,244)</b>

**Funding**

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

Governor's Office, 20-Mental Disabilities Bd Vistors Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	952,741	0	0	952,741	100.00 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$952,741</b>	<b>\$0</b>	<b>\$0</b>	<b>\$952,741</b>	

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

**Budget Summary by Category**

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

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

**Present Law Adjustments**

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

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

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

**DP 3 - Inflation Deflation -**

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

**DP 20 - SABHRS Rate Adjustment -**

The legislature adopted an increase to proposed SABHRS rates.

**DP 30 - Motor Pool Rate Adjustment -**

The legislature adopted a reduction to proposed motor pool rates.

**DP 222 - RMTD Adjustment -**

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

DP 223 - RMTD Adjustment (OTO) -

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

**New Proposals**

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

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

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

DP 99 - New Fixed Costs -

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

DP 333 - Adjustment to Inflation -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.



### Agency Budget Comparison

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

Agency Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	1,105,609	1,158,392	52,783	4.77 %
Operating Expenses	513,680	587,345	73,665	14.34 %
Transfers	6,000	0	(6,000)	(100.00)%
<b>Total Expenditures</b>	<b>\$1,625,289</b>	<b>\$1,745,737</b>	<b>\$120,448</b>	<b>7.41 %</b>
General Fund	1,625,289	1,745,737	120,448	7.41 %
<b>Total Funds</b>	<b>\$1,625,289</b>	<b>\$1,745,737</b>	<b>\$120,448</b>	<b>7.41 %</b>
<b>Total Ongoing</b>	<b>\$1,387,700</b>	<b>\$1,749,025</b>	<b>\$361,325</b>	<b>26.04 %</b>
<b>Total OTO</b>	<b>\$237,589</b>	<b>(\$3,288)</b>	<b>(\$240,877)</b>	<b>(101.38)%</b>

### Agency Description

The Commissioner of Political Practices (COPP) is an independent and nonpartisan office, whose mission is to monitor and enforce, in a fair and impartial manner: campaign practices and campaign finance disclosure; lobbying disclosure; business interest disclosure of statewide and state district candidates, elected state officials, and state department directors, ethical standards of conduct for legislators, public officers, and state employees, and to investigate legitimate complaints that arise concerning any of the foregoing. The COPP has responsibilities that were defined by a legislative initiative in 1980 requiring disclosure of acts by lobbyists and business interests of elected officials. COPP also has responsibility for the ethical standards of conduct for legislators, public officers, and state employees pursuant to Title 2, Chapter 2, MCA.

### Agency Highlights

#### Commissioner of Political Practices Major Budget Highlights

- The legislature adopted an increase to the Commissioner of Political Practices 2025 biennium budget of approximately \$120,000 or 7.4% compared to the 2023 biennium budget. Changes adopted by the legislature include:
  - Increases in general fund for statewide present law adjustments in personal services and fixed costs
  - An additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation
  - The reestablishment of the COPP's 1.00 FTE legal position in the ongoing base budget
  - The passage and approval of HB 132, which eliminated the restricted legislative audit appropriation in FY 2024

### Agency Actuals and Budget Comparison

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

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	6.00	6.00	7.00	7.00
Personal Services	496,459	541,375	564,234	578,311	580,081
Operating Expenses	193,644	262,185	251,495	292,115	295,230
Transfers	0	6,000	0	0	0
<b>Total Expenditures</b>	<b>\$690,103</b>	<b>\$809,560</b>	<b>\$815,729</b>	<b>\$870,426</b>	<b>\$875,311</b>
General Fund	690,103	809,560	815,729	870,426	875,311
<b>Total Funds</b>	<b>\$690,103</b>	<b>\$809,560</b>	<b>\$815,729</b>	<b>\$870,426</b>	<b>\$875,311</b>
<b>Total Ongoing</b>	<b>\$577,584</b>	<b>\$690,811</b>	<b>\$696,889</b>	<b>\$872,070</b>	<b>\$876,955</b>
<b>Total OTO</b>	<b>\$112,519</b>	<b>\$118,749</b>	<b>\$118,840</b>	<b>(\$1,644)</b>	<b>(\$1,644)</b>

### Summary of Legislative Action

The legislature adopted an increase to the Commissioner of Political Practice's total biennial appropriations of approximately 7.4% or \$120,000 compared to the 2023 biennium budget. The primary reason for the increase was due to the adoption of the statewide present law adjustments for personal services, fixed costs, and inflation.

In addition, the legislature approved general fund appropriation authority for 1.00 FTE for a legal position in the ongoing budget, removing it as one-time-only. Finally, the legislature reduced general fund in FY 2024 and FY 2025 for the adopted Risk Management and Tort Defense (RMTD) premium rate holiday as one-time-only.

### Funding

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

Total Commissioner of Political Practices Funding by Source of Authority 2025 Biennium Budget Request - Commissioner of Political Practices						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	1,749,025	(3,288)	0	0	1,745,737	100.00 %
State Special Total	0	0	0	0	0	0.00 %
Federal Special Total	0	0	0	0	0	0.00 %
Proprietary Total	0	0	0	0	0	0.00 %
Other Total	0	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$1,749,025</b>	<b>(\$3,288)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,745,737</b>	
<b>Percent - Total All Sources</b>	<b>100.19 %</b>	<b>(0.19)%</b>	<b>0.00 %</b>	<b>0.00 %</b>		

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

**Budget Summary by Category**

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	696,889	696,889	1,393,778	79.84 %	696,889	696,889	1,393,778	79.84 %
SWPL Adjustments	74,572	57,403	131,975	7.56 %	74,572	57,403	131,975	7.56 %
PL Adjustments	28	24	52	0.00 %	28	24	52	0.00 %
New Proposals	98,937	120,995	219,932	12.60 %	98,937	120,995	219,932	12.60 %
<b>Total Budget</b>	<b>\$870,426</b>	<b>\$875,311</b>	<b>\$1,745,737</b>		<b>\$870,426</b>	<b>\$875,311</b>	<b>\$1,745,737</b>	

**Other Legislation**HB 947 – Revise election laws

This legislation changes the statute of limitations for actions of a person who intentionally or negligently violates any of the reporting provisions of election laws. It changes the retention schedule for campaign account records from 4 years to 2 years. There is a \$500 general fund appropriation to the commissioner of political practices for FY 2024 to fund the updates to their website for the changes.

**Executive Budget Comparison**

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

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2023	Executive Budget Fiscal 2024	Legislative Budget Fiscal 2024	Leg — Exec. Difference Fiscal 2024	Executive Budget Fiscal 2025	Legislative Budget Fiscal 2025	Leg — Exec. Difference Fiscal 2025	Biennium Difference Fiscal 24-25
FTE	6.00	7.00	7.00	0.00	7.00	7.00	0.00	0.00
Personal Services	564,234	579,588	578,311	(1,277)	581,355	580,081	(1,274)	(2,551)
Operating Expenses	251,495	314,479	292,115	(22,364)	295,206	295,230	24	(22,340)
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$815,729</b>	<b>\$894,067</b>	<b>\$870,426</b>	<b>(\$23,641)</b>	<b>\$876,561</b>	<b>\$875,311</b>	<b>(\$1,250)</b>	<b>(\$24,891)</b>
General Fund	815,729	894,067	870,426	(23,641)	876,561	875,311	(1,250)	(24,891)
<b>Total Funds</b>	<b>\$815,729</b>	<b>\$894,067</b>	<b>\$870,426</b>	<b>(\$23,641)</b>	<b>\$876,561</b>	<b>\$875,311</b>	<b>(\$1,250)</b>	<b>(\$24,891)</b>
<b>Total Ongoing</b>	<b>\$696,889</b>	<b>\$771,461</b>	<b>\$872,070</b>	<b>\$100,609</b>	<b>\$754,292</b>	<b>\$876,955</b>	<b>\$122,663</b>	<b>\$223,272</b>
<b>Total OTO</b>	<b>\$118,840</b>	<b>\$122,606</b>	<b>(\$1,644)</b>	<b>(\$124,250)</b>	<b>\$122,269</b>	<b>(\$1,644)</b>	<b>(\$123,913)</b>	<b>(\$248,163)</b>

The legislature adopted appropriations that are approximately \$25,000 lower than proposed appropriations for the 2025 biennium. Significant differences in the legislative budget compared to the proposed budget include:

- The legislature adopted an additional 1.0% vacancy savings
- Reestablishing the Risk Management and Tort Defense Division (RMTD) premium rate in the agency budgets and establishing a one-time-only reduction for the RMTD premium rate, due to the adopted premium holiday. This change has no effect on the agency's overall budget
- The legislature adopted 1.00 FTE legal position in the ongoing base budget and removed it as one-time-only. The net effect of this change on the overall budget amount is zero
- The legislature passed and approved HB 132, which modifies the timing of legislative audits and removes the appropriation authority for the COPP legislative audit

**Language and Statutory Authority**

The legislature adopted the following language in HB 2:

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

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

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

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

**Program Actuals and Budget Comparison**

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	6.00	6.00	7.00	7.00
Personal Services	496,459	541,375	564,234	578,311	580,081
Operating Expenses	193,644	262,185	251,495	292,115	295,230
Transfers	0	6,000	0	0	0
<b>Total Expenditures</b>	<b>\$690,103</b>	<b>\$809,560</b>	<b>\$815,729</b>	<b>\$870,426</b>	<b>\$875,311</b>
General Fund	690,103	809,560	815,729	870,426	875,311
<b>Total Funds</b>	<b>\$690,103</b>	<b>\$809,560</b>	<b>\$815,729</b>	<b>\$870,426</b>	<b>\$875,311</b>
<b>Total Ongoing</b>	<b>\$577,584</b>	<b>\$690,811</b>	<b>\$696,889</b>	<b>\$872,070</b>	<b>\$876,955</b>
<b>Total OTO</b>	<b>\$112,519</b>	<b>\$118,749</b>	<b>\$118,840</b>	<b>(\$1,644)</b>	<b>(\$1,644)</b>

**Present Law Adjustments**

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

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

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

DP 3 - Inflation Deflation -

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

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

**New Proposals**

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

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 333 - Adjustment to Inflation	0.00	(6,560)	0	0	(6,560)	0.00	(8,173)	0	0	(8,173)
DP 555 - Additional Vacancy Savings	0.00	(1,277)	0	0	(1,277)	0.00	(1,274)	0	0	(1,274)
DP 1400 - HB 132 voids legislative audit	0.00	(22,392)	0	0	(22,392)	0.00	0	0	0	0
DP 3201 - Reestablish Legal Position	1.00	122,606	0	0	122,606	1.00	122,269	0	0	122,269
DP 3333 - Additional Adjustment to Inflation	0.00	6,560	0	0	6,560	0.00	8,173	0	0	8,173
<b>Total</b>	<b>1.00</b>	<b>\$98,937</b>	<b>\$0</b>	<b>\$0</b>	<b>\$98,937</b>	<b>1.00</b>	<b>\$120,995</b>	<b>\$0</b>	<b>\$0</b>	<b>\$120,995</b>

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

DP 333 - Adjustment to Inflation -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 1400 - HB 132 voids legislative audit -

The legislature adopted contingency language to reduce appropriations if HB 132 was passed and approved and this decision package implements this language. HB 132 modifies the timing of legislative audits, providing for a transition from biennial audits to allowing the auditor to select agencies for auditing based on certain considerations.

DP 3201 - Reestablish Legal Position -

The legislature adopted general fund authority to reestablish 1.00 FTE for a legal position in the Commissioner of Political Practices.

DP 3333 - Additional Adjustment to Inflation -

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

### Agency Budget Comparison

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

Agency Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	12,501,672	14,032,270	1,530,598	12.24 %
Operating Expenses	4,245,482	6,514,339	2,268,857	53.44 %
Equipment & Intangible Assets	15,988	115,988	100,000	625.47 %
Grants	88,062,286	88,062,286	0	0.00 %
Benefits & Claims	0	177,393	177,393	0.00 %
Debt Service	528,480	1,045,480	517,000	97.83 %
<b>Total Expenditures</b>	<b>\$105,353,908</b>	<b>\$109,947,756</b>	<b>\$4,593,848</b>	<b>4.36 %</b>
General Fund	0	177,393	177,393	0.00 %
State/Other Special Rev. Funds	37,153,908	41,570,363	4,416,455	11.89 %
Federal Spec. Rev. Funds	68,200,000	68,200,000	0	0.00 %
<b>Total Funds</b>	<b>\$105,353,908</b>	<b>\$109,947,756</b>	<b>\$4,593,848</b>	<b>4.36 %</b>
<b>Total Ongoing</b>	<b>\$105,353,908</b>	<b>\$107,156,114</b>	<b>\$1,802,206</b>	<b>1.71 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$2,791,642</b>	<b>\$2,791,642</b>	<b>100.00 %</b>

### Agency Description

The State Auditor's Office is authorized under Article VI of the Montana Constitution. The State Auditor is the ex-officio Commissioner of Securities and Insurance (CSI) and is responsible for licensing and regulating insurance companies and agents and registering and regulating securities firms and representatives that transact business to or from Montana. The Commissioner of Securities and Insurance adopts rules and enforces the law in the securities and insurance industries. The Commissioner also serves as a member of the Land Board and the Crop Hail Insurance Board. The Commissioner's office has three divisions: Central Management, Insurance, and Securities.

The Commissioner is also responsible for passing through funding for local police and firefighter retirement programs (Municipal Police Officers' Retirement System, Firefighters' Unified Retirement System, the Volunteer Fire Fighters' Compensation Act, local fire department relief associations, municipalities with police department trust funds, and local police pension funds for supplemental benefits). The retirement programs are funded from general insurance (33-2-705, MCA) and fire insurance premium taxes (50-3-109, MCA). Because these funds are statutorily appropriated, the expenditures are not included in the General Appropriations Act.



## Agency Highlights

State Auditor's Office Major Budget Highlights	
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the State Auditor's Office 2025 biennium budget of approximately \$4.6 million or 4.4% compared to the 2023 biennium budget, with \$2.8 million of the increase adopted as one-time-only appropriations</li> <li>Changes adopted by the legislature include: <ul style="list-style-type: none"> <li>One-time-only funding of \$1.0 million each fiscal year for contracting for market conduct exams of regulated insurance companies</li> <li>One-time-only funding of \$220,000 in FY 2024 and \$320,000 in FY 2025 for the Exams Bureau</li> <li>An increase of \$50,000 in FY 2024 and \$150,000 in FY 2025 one-time-only funding for the captive regulatory fund due to the passage of SB 76 in the 2021 Legislative Session, which increased the amount retained from 5.0% of the premium tax collected to 20.0% of the premium tax</li> <li>A one-time-only equipment budget of \$100,000 in the 2025 biennium for case management software to centralize, standardize, and efficiently track all the data captured</li> <li>The addition of \$137,393 general fund in FY 2024 with the passage and approval of SB 516</li> <li>The addition of \$20,000 restricted general fund in both FY 2024 and FY 2025 for defrayal benefit claims costs mandated in HB 291 passed in the 2021 Legislative Session</li> </ul> </li> </ul>	

## Agency Actuals and Budget Comparison

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

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	72.50	72.50	72.50	72.50
Personal Services	5,301,787	6,107,390	6,394,282	6,996,552	7,035,718
Operating Expenses	1,293,841	1,998,769	2,246,713	3,182,881	3,331,458
Equipment & Intangible Assets	0	7,994	7,994	107,994	7,994
Grants	13,473,919	44,031,143	44,031,143	44,031,143	44,031,143
Benefits & Claims	0	0	0	20,000	157,393
Debt Service	499,788	522,740	5,740	522,740	522,740
<b>Total Expenditures</b>	<b>\$20,569,335</b>	<b>\$52,668,036</b>	<b>\$52,685,872</b>	<b>\$54,861,310</b>	<b>\$55,086,446</b>
General Fund	0	0	0	20,000	157,393
State/Other Special Rev. Funds	2,871,109	18,568,036	18,585,872	20,741,310	20,829,053
Federal Spec. Rev. Funds	17,698,226	34,100,000	34,100,000	34,100,000	34,100,000
<b>Total Funds</b>	<b>\$20,569,335</b>	<b>\$52,668,036</b>	<b>\$52,685,872</b>	<b>\$54,861,310</b>	<b>\$55,086,446</b>
<b>Total Ongoing</b>	<b>\$20,569,335</b>	<b>\$52,668,036</b>	<b>\$52,685,872</b>	<b>\$53,515,489</b>	<b>\$53,640,625</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,345,821</b>	<b>\$1,445,821</b>

### Summary of Legislative Action

The legislature adopted an increase to the State Auditor's Office total biennial appropriation of approximately \$4.6 million or 4.4% compared to the 2023 biennium appropriation. The legislature adopted \$2.8 million in one-time-only funding. Additional adoptions were to increase the SABHRS rate, decrease the motor pool rate, and add in the Risk Management and Tort Defense (RMTD) premium rate to the ongoing base budget. The legislature established a one-time-only RMTD premium rate reduction for the agency premium holiday. Appropriations were increased with the passage and approval of the following legislation:

- HB 62 - Generally revise laws related to bail bonds, an increase in state special revenue of \$3,840 in both fiscal years
- HB 836 - Revise insurance laws relating to regulatory waivers, an increase in state special revenue of \$5,020 in FY 2024 and \$4,000 in FY 2025
- SB 516 - Provide for the Preserving Fertility Act, an increase in general fund of \$137,393 in FY 2024

### Funding

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

Total State Auditor's Office Funding by Source of Authority 2025 Biennium Budget Request - State Auditor's Office						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	177,393	0	0	88,907,324	89,084,717	44.73 %
State Special Total	38,778,721	2,791,642	0	300,000	41,870,363	21.02 %
Federal Special Total	68,200,000	0	0	0	68,200,000	34.24 %
Proprietary Total	0	0	0	0	0	0.00 %
Other Total	0	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$107,156,114</b>	<b>\$2,791,642</b>	<b>\$0</b>	<b>\$89,207,324</b>	<b>\$199,155,080</b>	
<b>Percent - Total All Sources</b>	<b>53.81 %</b>	<b>1.40 %</b>	<b>0.00 %</b>	<b>44.79 %</b>		

#### HB 2 Funding

##### General Fund

The State Auditor's Office general fund authority is for defrayal benefit costs of health insurance benefit mandates required by state law under the federal Patient Protection and Affordable Care Act, enacted after December 31, 2011.

##### State Special Revenue

The operations of the State Auditor's Office are primarily funded with state special revenue and federal special revenue. There are two state special revenue funds that account for the majority of the state special revenue funding in the office: the insurance fee account and the securities fee account.

##### Federal Special Revenue

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

##### Statutory Authority

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

### Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	52,685,872	52,685,872	105,371,744	95.84 %
SWPL Adjustments	0	0	0	0.00 %	879,493	876,821	1,756,314	1.60 %
PL Adjustments	0	0	0	0.00 %	1,370,237	1,470,174	2,840,411	2.58 %
New Proposals	20,000	157,393	177,393	100.00 %	(74,292)	53,579	(20,713)	(0.02)%
<b>Total Budget</b>	<b>\$20,000</b>	<b>\$157,393</b>	<b>\$177,393</b>		<b>\$54,861,310</b>	<b>\$55,086,446</b>	<b>\$109,947,756</b>	

### Executive Budget Comparison

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

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2023	Executive Budget Fiscal 2024	Legislative Budget Fiscal 2024	Leg — Exec. Difference Fiscal 2024	Executive Budget Fiscal 2025	Legislative Budget Fiscal 2025	Leg — Exec. Difference Fiscal 2025	Biennium Difference Fiscal 24-25
FTE	72.50	72.50	72.50	0.00	72.50	72.50	0.00	0.00
Personal Services	6,394,282	7,060,861	6,996,552	(64,309)	7,100,864	7,035,718	(65,146)	(129,455)
Operating Expenses	2,246,713	3,212,627	3,202,881	(9,746)	3,369,952	3,488,851	118,899	109,153
Equipment & Intangible Assets	7,994	107,994	107,994	0	7,994	7,994	0	0
Grants	44,031,143	44,031,143	44,031,143	0	44,031,143	44,031,143	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	5,740	522,740	522,740	0	522,740	522,740	0	0
<b>Total Costs</b>	<b>\$52,685,872</b>	<b>\$54,935,365</b>	<b>\$54,861,310</b>	<b>(\$74,055)</b>	<b>\$55,032,693</b>	<b>\$55,086,446</b>	<b>\$53,753</b>	<b>(\$20,302)</b>
General Fund	0	0	20,000	20,000	0	157,393	157,393	177,393
State/other Special Rev. Funds	18,585,872	20,835,365	20,741,310	(94,055)	20,932,693	20,829,053	(103,640)	(197,695)
Federal Spec. Rev. Funds	34,100,000	34,100,000	34,100,000	0	34,100,000	34,100,000	0	0
<b>Total Funds</b>	<b>\$52,685,872</b>	<b>\$54,935,365</b>	<b>\$54,861,310</b>	<b>(\$74,055)</b>	<b>\$55,032,693</b>	<b>\$55,086,446</b>	<b>\$53,753</b>	<b>(\$20,302)</b>
<b>Total Ongoing</b>	<b>\$52,685,872</b>	<b>\$53,565,365</b>	<b>\$53,515,489</b>	<b>(\$49,876)</b>	<b>\$53,562,693</b>	<b>\$53,640,625</b>	<b>\$77,932</b>	<b>\$28,056</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$1,370,000</b>	<b>\$1,345,821</b>	<b>(\$24,179)</b>	<b>\$1,470,000</b>	<b>\$1,445,821</b>	<b>(\$24,179)</b>	<b>(\$48,358)</b>

The legislature adopted appropriations that are approximately \$20,000 lower than the proposed appropriations for the 2025 biennium. Significant differences in the legislative budget compared to the proposed budget include:

- The legislature adopted an additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation
- The legislature adopted an additional \$20,000 restricted general fund in both FY 2024 and FY 2025 for defrayal benefit claims costs mandated by the passage of HB 291 in the 2021 Legislative Session
- The passage and approval of HB 62, adding an additional \$3,840 state special revenue in both fiscal years
- The passage and approval of HB 836, adding an additional \$5,020 state special revenue in FY 2024 and \$4,000 in FY 2025
- The passage and approval of SB 516, adding an additional \$137,393 general fund in FY 2024
- Reestablishing the Risk Management and Tort Defense (RMTD) premium rate in the agency budgets and establishing a one-time-only reduction for the RMTD premium rate, due to the adopted premium holiday. The net effect of this change on the overall budget is zero

**Language and Statutory Authority**

The legislature adopted the following language in HB 2:

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

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

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

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

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

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

### Program Budget Comparison

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

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

### Program Description

The Central Management Division is responsible for the administrative, personnel, budgeting, and accounting functions for the Office. The division also provides support to the commissioner in fulfilling the duties as a member of the Land Board and Crop Hail Insurance Board.

### Program Highlights

Central Management Division Major Budget Highlights
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Central Management Division's 2025 biennium budget of approximately \$356,000 or 8.6% compared to the 2023 biennium budget</li> <li>Changes adopted by the legislature include: <ul style="list-style-type: none"> <li>Changes in the statewide present law adjustments for personal services, fixed costs, and inflation</li> <li>An additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation</li> </ul> </li> </ul>

### Program Actuals and Budget Comparison

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

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

### Funding

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

State Auditor's Office, 01-Central Management 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 %
02235 Insurance Fee Account	3,628,677	0	0	3,628,677	80.54 %
02283 Securities Fee Account	876,783	0	0	876,783	19.46 %
<b>State Special Total</b>	<b>\$4,505,460</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,505,460</b>	<b>100.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$4,505,460</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,505,460</b>	

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

### 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 %	2,093,548	2,093,548	4,187,096	92.93 %
SWPL Adjustments	0	0	0	0.00 %	191,421	188,083	379,504	8.42 %
PL Adjustments	0	0	0	0.00 %	49	36	85	0.00 %
New Proposals	0	0	0	0.00 %	(29,108)	(32,117)	(61,225)	(1.36)%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$2,255,910</b>	<b>\$2,249,550</b>	<b>\$4,505,460</b>	

**Present Law Adjustments**

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

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

\*\*\*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 decisions, and budget modifications. changes, management

**DP 2 - Fixed Costs -**

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

**DP 3 - Inflation Deflation -**

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

**DP 5 - Debt Service Reclassification -**

The legislature adopted to move \$125,000 in budget authority from operating expenditures to debt service in each fiscal year to allow the division to record building rental payments in accordance with new accounting requirements.

**DP 20 - SABHRS Rate Adjustment -**

The legislature adopted an increase to proposed SABHRS rates.

**DP 30 - Motor Pool Rate Adjustment -**

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

**New Proposals**

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

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

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

DP 333 - Adjustment to Inflation -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.



### Program Budget Comparison

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	7,558,805	8,257,252	698,447	9.24 %
Operating Expenses	2,608,219	5,207,678	2,599,459	99.66 %
Equipment & Intangible Assets	10,218	10,218	0	0.00 %
Grants	88,062,286	88,062,286	0	0.00 %
Benefits & Claims	0	177,393	177,393	0.00 %
Debt Service	316,180	626,180	310,000	98.05 %
<b>Total Expenditures</b>	<b>\$98,555,708</b>	<b>\$102,341,007</b>	<b>\$3,785,299</b>	<b>3.84 %</b>
General Fund	0	177,393	177,393	0.00 %
State/Other Special Rev. Funds	30,355,708	33,963,614	3,607,906	11.89 %
Federal Spec. Rev. Funds	68,200,000	68,200,000	0	0.00 %
<b>Total Funds</b>	<b>\$98,555,708</b>	<b>\$102,341,007</b>	<b>\$3,785,299</b>	<b>3.84 %</b>
<b>Total Ongoing</b>	<b>\$98,555,708</b>	<b>\$99,632,509</b>	<b>\$1,076,801</b>	<b>1.09 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$2,708,498</b>	<b>\$2,708,498</b>	<b>100.00 %</b>

### Program Description

The Insurance Division regulates the insurance industry in Montana. The Policyholder Services Bureau is responsible for resolving insurance consumer inquiries and complaints involving agents, coverage, and companies. The Examinations Bureau is responsible for monitoring the financial solvency of insurance companies, collecting premium taxes and company fees, and auditing insurance company annual statements. Also housed in this bureau is the Captive Insurance Program, which promotes Montana as a captive domicile and regulates captive insurers in the state. The Rates Bureau and the Forms Bureau are responsible for reviewing rate and form filings, respectively, to ensure compliance with the applicable insurance code. The Insurance Services Bureau is responsible for licensing and providing continuing education to insurance agents, agencies, and adjusters. The Legal Bureau, which serves both the Insurance and Securities Divisions, provides legal support to the divisions. The Investigations Bureau, which is under the Legal Bureau, investigates code and rule violations, including possible criminal violations, and recommends referral of cases to county attorneys for prosecution.

## Program Highlights

Insurance Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Insurance Division's 2025 ongoing biennium budget of approximately \$3.8 million or 3.8% compared to the 2023 biennium budget</li> <li>Changes adopted by the legislature include: <ul style="list-style-type: none"> <li>An increase of \$1.0 million one-time-only funding in each fiscal year for contracting for market conduct exams of regulated insurance companies</li> <li>One-time-only funding of \$220,000 in FY 2024 and \$320,000 in FY 2025 for the Exams Bureau</li> <li>An increase of \$50,000 in FY 2024 and \$150,000 in FY 2025 one-time-only funding for the captive regulatory fund due to the passage of SB 76 in the 2021 Legislative Session, which increased the amount retained from 5.0% of the premium tax collected to 20.0%</li> <li>The addition of \$137,393 general fund in FY 2024 due to the passage and approval of SB 516</li> <li>The addition of \$20,000 restricted general fund in both fiscal years for defrayal benefit claims costs mandated in HB 291, passed in the 2021 Legislative Session</li> </ul> </li> </ul>	

## Program Actuals and Budget Comparison

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	44.00	44.00	44.00	44.00
Personal Services	3,327,909	3,754,522	3,804,283	4,116,854	4,140,398
Operating Expenses	714,337	1,168,401	1,439,818	2,518,077	2,689,601
Equipment & Intangible Assets	0	5,109	5,109	5,109	5,109
Grants	13,473,919	44,031,143	44,031,143	44,031,143	44,031,143
Benefits & Claims	0	0	0	20,000	157,393
Debt Service	308,692	313,090	3,090	313,090	313,090
<b>Total Expenditures</b>	<b>\$17,824,857</b>	<b>\$49,272,265</b>	<b>\$49,283,443</b>	<b>\$51,004,273</b>	<b>\$51,336,734</b>
General Fund	0	0	0	20,000	157,393
State/Other Special Rev. Funds	126,631	15,172,265	15,183,443	16,884,273	17,079,341
Federal Spec. Rev. Funds	17,698,226	34,100,000	34,100,000	34,100,000	34,100,000
<b>Total Funds</b>	<b>\$17,824,857</b>	<b>\$49,272,265</b>	<b>\$49,283,443</b>	<b>\$51,004,273</b>	<b>\$51,336,734</b>
<b>Total Ongoing</b>	<b>\$17,824,857</b>	<b>\$49,272,265</b>	<b>\$49,283,443</b>	<b>\$49,750,024</b>	<b>\$49,882,485</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,254,249</b>	<b>\$1,454,249</b>

**Funding**

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

State Auditor's Office, 03-Insurance Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	177,393	0	0	177,393	0.17 %
02235 Insurance Fee Account	13,168,744	0	0	13,168,744	38.77 %
02528 Captive Account	932,584	0	0	932,584	2.75 %
02323 Reinsurance Assessment SB 125	19,862,286	0	0	19,862,286	58.48 %
<b>State Special Total</b>	<b>\$33,963,614</b>	<b>\$0</b>	<b>\$0</b>	<b>\$33,963,614</b>	<b>33.19 %</b>
03543 Reinsurance Federal SB 125	68,200,000	0	0	68,200,000	100.00 %
<b>Federal Special Total</b>	<b>\$68,200,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$68,200,000</b>	<b>66.64 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$102,341,007</b>	<b>\$0</b>	<b>\$0</b>	<b>\$102,341,007</b>	

**HB 2 Funding****General Fund**

The legislature approved \$177,393 in general fund for defrayal benefit costs of health insurance benefit mandates required by state law under the federal Patient Protection and Affordable Care Act, enacted after December 31, 2011.

**State Special Revenue**

A portion of the state special revenue funding is from the insurance fee account, which is supported by insurance licensure fees, examination fees, and penalties. The Insurance Division also has appropriated funds from the captive account which supports the administration of the Captive Insurance Program. Fees and assessments from captive insurance providers are deposited into the state special revenue fund, while fines and penalties are deposited into the general fund. At the end of the fiscal year, the balance of the captive account is transferred to the general fund. The 2019 Legislature established the reinsurance program account within the state special revenue funds in SB 125. All assessments of 1.2% of total premium volume for members of the Montana Reinsurance Program, interest and income earned on the account, and any other funds accepted for the benefit of the account are deposited into the fund to provide support for the program.

**Federal Special Revenue**

SB 125, in the 2019 Legislative Session, established \$34.1 million each fiscal year for the 2021 biennium in appropriation authority for grants associated with providing a reinsurance option for Montana healthcare insurers. In April 2019, after SB 125 was signed into law, the Board of Directors for the program were appointed. A request for a waiver from section 1332 of the Affordable Care and Patient Protection Act, allowing the Montana Reinsurance Program, was submitted to the federal government, and approved in August with an effective date of January 1, 2020. Grant appropriations were \$34.1 million each fiscal year of the 2023 biennial budget. The legislature adopted the same level for the 2025 biennium budget. The program is now starting to receive the requests for the grant as the claims are starting to come through.

**Budget Summary by Category**

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

Budget Summary by Category								
-----General Fund-----					-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	49,283,443	49,283,443	98,566,886	96.31 %
SWPL Adjustments	0	0	0	0.00 %	480,544	481,639	962,183	0.94 %
PL Adjustments	0	0	0	0.00 %	1,270,158	1,470,116	2,740,274	2.68 %
New Proposals	20,000	157,393	177,393	100.00 %	(29,872)	101,536	71,664	0.07 %
<b>Total Budget</b>	<b>\$20,000</b>	<b>\$157,393</b>	<b>\$177,393</b>		<b>\$51,004,273</b>	<b>\$51,336,734</b>	<b>\$102,341,007</b>	

**Present Law Adjustments**

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

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

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

DP 3 - Inflation Deflation -

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

DP 4 - Captive Regulatory Fund (OTO) -

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

DP 5 - Debt Service Reclassification -

The legislature adopted to move \$310,000 in budget authority from operating expenditures to debt service in each fiscal year to allow the division to record building rental payments in accordance with new accounting requirements.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 21 - Exams Bureau (OTO) -

The legislature adopted additional funding for the Exams Bureau since the year-to-year funding requirement can fluctuate significantly based on the number of companies to be examined and the size and complexity of those companies. The contract payments will be from state special revenue and are reimbursed to the agency from the company being examined. Per the direction of 33-1-401(1), MCA, the commissioner shall examine each authorized insurer not less frequently than every five years. Section 33-1-408(4), MCA, allows the commissioner to retain attorneys, appraisers, independent actuaries, independent certified public accountants, or other professionals and specialist as examiners. The amount of funding required per fiscal year to retain contracted services is a function of the examination schedule established by the commissioner.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 31 - Market Conduct Exams (OTO) -

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

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

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

**New Proposals**

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

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 41 - HB 291 Defrayal Benefit Mandated Costs (RST)	0.00	20,000	0	0	20,000	0.00	20,000	0	0	20,000
DP 333 - Adjustment to Inflation	0.00	0	(15,479)	0	(15,479)	0.00	0	(20,192)	0	(20,192)
DP 555 - Additional Vacancy Savings	0.00	0	(43,253)	0	(43,253)	0.00	0	(43,505)	0	(43,505)
DP 1401 - HB 62 Generally revise laws related to bail bonds	0.00	0	3,840	0	3,840	0.00	0	3,840	0	3,840
DP 1403 - HB 836 Revise insurance laws relating to regulatory waivers	0.00	0	5,020	0	5,020	0.00	0	4,000	0	4,000
DP 1404 - SB 516 Provide for the Preserving Fertility Act	0.00	0	0	0	0	0.00	137,393	0	0	137,393
<b>Total</b>	<b>0.00</b>	<b>\$20,000</b>	<b>(\$49,872)</b>	<b>\$0</b>	<b>(\$29,872)</b>	<b>0.00</b>	<b>\$157,393</b>	<b>(\$55,857)</b>	<b>\$0</b>	<b>\$101,536</b>

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

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

The legislature adopted \$20,000 restricted general fund in each fiscal year for defrayal benefit costs mandated in the passage of HB 291 in the 2021 Legislative Session.

DP 333 - Adjustment to Inflation -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 1401 - HB 62 Generally revise laws related to bail bonds -

The legislature adopted contingency language to increase appropriations if HB 62 was passed and approved and this decision package implements this language. This legislation revises laws related to bail bonds, creates a surety bond insurance license, provides for application and training requirements for a surety bail bond insurance license, and provides arrest authority to a surety bail bond insurance provider.

DP 1403 - HB 836 Revise insurance laws relating to regulatory waivers -

The legislature adopted contingency language to increase appropriations if HB 836 was passed and approved and this decision package implements this language. This legislation allows the Commissioner of Insurance to grant a variance or waiver with respect to the requirements of insurance law or rule if certain conditions are met by a property or casualty insurer.

DP 1404 - SB 516 Provide for the Preserving Fertility Act -

The legislature adopted contingency language to increase appropriations if SB 516 was passed and approved and this decision package implements this language. This legislation generally revises laws related to fertility preservation services for people diagnosed with cancer, requires insurance coverage of fertility preservation services, and creates a voluntary assessment for cancer screening efforts.

### Program Budget Comparison

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

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

### Program Description

The Securities Division is responsible for the administration and enforcement of the Securities Act of Montana and the registration of securities issuers, salespeople, broker-dealers, investment advisers, investment adviser representatives and multi-level marketing companies. The division is also responsible for the investigation of unregistered and fraudulent securities transactions. The division has sole jurisdiction for investment advisor firms with assets of under \$100 million. The division investigates securities code and rule violations, including possible criminal violations, takes appropriate administrative action and refers criminal cases to either federal authorities or county attorneys for prosecution.

### Program Highlights

Securities Division Major Budget Highlights
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Securities Division's 2025 biennium budget of approximately \$452,000 or 17.1% compared to the 2023 biennium budget</li> <li>Changes adopted by the legislature include: <ul style="list-style-type: none"> <li>Changes in the statewide present law adjustments for personal services, fixed costs, and inflation</li> <li>An additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation</li> <li>A one-time-only equipment budget of \$100,000 in the 2025 biennium for case management software to centralize, standardize, and efficiently track data collected</li> </ul> </li> </ul>



**Program Actuals and Budget Comparison**

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

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

**Funding**

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

State Auditor's Office, 04-Securities 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 %
02091 Securities Restitution Fund	0	0	300,000	300,000	8.82 %
02283 Securities Fee Account	3,101,289	0	0	3,101,289	91.18 %
<b>State Special Total</b>	<b>\$3,101,289</b>	<b>\$0</b>	<b>\$300,000</b>	<b>\$3,401,289</b>	<b>100.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$3,101,289</b>	<b>\$0</b>	<b>\$300,000</b>	<b>\$3,401,289</b>	

*HB 2 Authority*

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

*Statutory Appropriations*

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

**Budget Summary by Category**

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

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

**Present Law Adjustments**

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

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

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

**DP 3 - Inflation Deflation -**

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

DP 5 - Debt Service Reclassification -

The legislature adopted to move \$82,000 in budget authority from operating expenditures to debt service in each fiscal year to allow the division to record building rental payments in accordance with new accounting requirements.

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

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

The Office of the Montana State Auditor, Commissioner of Securities & Insurance (CSI), is responsible for the oversight of approximately 1,300 broker/dealer firms, 1,000 investment advisor firms, 110,000 securities salespersons and investment adviser representatives, and 38,000 issuers. The CSI plays a major role in maintaining the health and integrity of the securities industry and business environment in Montana through its administration and enforcement of the Montana Securities Act.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

**New Proposals**

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

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

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

**DP 333 - Adjustment to Inflation -**

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

**DP 555 - Additional Vacancy Savings -**

The legislature adopted an additional 1.0% vacancy savings.

**Agency Budget Comparison**

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

Agency Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	97,771,361	103,834,541	6,063,180	6.20 %
Operating Expenses	32,292,172	37,480,451	5,188,279	16.07 %
Equipment & Intangible Assets	3,178,711	61,108	(3,117,603)	(98.08)%
Capital Outlay	55,691	0	(55,691)	(100.00)%
Transfers	3,000	3,000	0	0.00 %
Debt Service	2,292,756	2,325,272	32,516	1.42 %
<b>Total Expenditures</b>	<b>\$135,593,691</b>	<b>\$143,704,372</b>	<b>\$8,110,681</b>	<b>5.98 %</b>
General Fund	114,525,454	120,517,049	5,991,595	5.23 %
State/Other Special Rev. Funds	13,053,707	14,494,458	1,440,751	11.04 %
Federal Spec. Rev. Funds	559,664	1,004,462	444,798	79.48 %
Proprietary Funds	7,454,866	7,688,403	233,537	3.13 %
<b>Total Funds</b>	<b>\$135,593,691</b>	<b>\$143,704,372</b>	<b>\$8,110,681</b>	<b>5.98 %</b>
<b>Total Ongoing</b>	<b>\$135,343,782</b>	<b>\$143,837,434</b>	<b>\$8,493,652</b>	<b>6.28 %</b>
<b>Total OTO</b>	<b>\$249,909</b>	<b>(\$133,062)</b>	<b>(\$382,971)</b>	<b>(153.24)%</b>

**Agency Description**

The Department of Revenue administers about 40 Montana taxes and fees to achieve equity and integrity in taxation. Additionally, the department values all property as accurately as possible and supervises Montana's property tax system; administers liquor and cannabis laws to protect public health and safety; receives abandoned property and seeks to return it to its rightful Montana owners; administers unlocatable mineral trusts; informs and advises the Governor, the Legislature, and the public on tax trends and issues; and cooperates with local, state, tribal, and federal governments to advance the public interest under the law.

## Agency Highlights

Department of Revenue Major Budget Highlights	
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Department of Revenue's 2025 biennium budget of approximately \$8.1 million or 6.0% compared to the 2023 biennium budget. Changes adopted by the legislature include: <ul style="list-style-type: none"> <li>A state special revenue increase of \$1.1 million in FY 2024 and \$1.6 million in FY 2025 for a Cannabis Control Division contract increase related to the seed-to-sale industry information technology regulatory system</li> <li>A one-time-only appropriation of \$135,000 each fiscal year for anticipated overtime and termination payouts in personal services in the Alcoholic Beverage Control Division</li> <li>1.25 FTE increase in the Alcoholic Beverage Control Division due to the increased workload</li> <li>1.00 FTE increase in the Director's Office for a tax policy specialist</li> <li>1.00 FTE increase in the Property Assessment Division for a permanent county assessor</li> <li>A transfer of 1.50 FTE from the Department of Public Health and Human Services and establishment of 0.50 FTE in the Cannabis Control Division</li> <li>9.00 FTE in FY 2024 and 2.50 FTE in FY 2025 to implement other house and senate bills adopted by the legislature</li> </ul> </li> </ul>	

## Agency Actuals and Budget Comparison

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

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	661.17	661.17	675.42	668.92
Personal Services	47,205,094	47,307,960	50,463,401	52,030,484	51,804,057
Operating Expenses	16,091,622	16,602,252	15,689,920	18,660,121	18,820,330
Equipment & Intangible Assets	3,148,157	3,148,157	30,554	30,554	30,554
Capital Outlay	55,691	55,691	0	0	0
Transfers	0	1,500	1,500	1,500	1,500
Debt Service	1,129,809	1,130,120	1,162,636	1,162,636	1,162,636
<b>Total Expenditures</b>	<b>\$67,630,373</b>	<b>\$68,245,680</b>	<b>\$67,348,011</b>	<b>\$71,885,295</b>	<b>\$71,819,077</b>
General Fund	55,845,978	56,332,879	58,192,575	60,210,806	60,306,243
State/Other Special Rev. Funds	7,920,025	7,924,070	5,129,637	7,334,029	7,160,429
Federal Spec. Rev. Funds	279,826	279,825	279,839	502,175	502,287
Proprietary Funds	3,584,544	3,708,906	3,745,960	3,838,285	3,850,118
<b>Total Funds</b>	<b>\$67,630,373</b>	<b>\$68,245,680</b>	<b>\$67,348,011</b>	<b>\$71,885,295</b>	<b>\$71,819,077</b>
<b>Total Ongoing</b>	<b>\$67,580,815</b>	<b>\$68,120,771</b>	<b>\$67,223,011</b>	<b>\$71,901,826</b>	<b>\$71,935,608</b>
<b>Total OTO</b>	<b>\$49,558</b>	<b>\$124,909</b>	<b>\$125,000</b>	<b>(\$16,531)</b>	<b>(\$116,531)</b>

### Summary of Legislative Action

The legislature adopted an increase to the Department of Revenue's 2025 biennium appropriation of approximately \$9.0 million or 6.7% compared to the 2023 biennium base budget. Changes adopted in this budget include:

- Statewide present law adjustments for personal services, fixed costs, and inflation/deflation of approximately \$3.3 million over the 2025 biennium
- An increase of \$2.8 million state special revenue in the 2025 biennium for the seed-to-sale industry IT regulatory system in the Cannabis Control Division
- An increase of approximately \$693,000 in FY 2024 to fund a total of 6.00 FTE and additional operating costs to implement HB 192
- An increase of approximately \$440,000 federal special revenue in the 2025 biennium for the Federal Royalty Audit Program in the Business and Income Taxes Division
- An increase of approximately \$423,000 state special revenue in the 2025 biennium to fund 2.00 FTE and additional operating costs to implement HB 948
- An increase of approximately \$406,000 state special revenue in the 2025 biennium to transfer 1.50 FTE from the Department of Public Health and Human Services and establish an additional 0.50 FTE in the Cannabis Control Division
- An increase of approximately \$221,000 proprietary funding in the 2025 biennium for 1.25 FTE in the Alcoholic Beverage Control Division due to increased workload
- An increase of approximately \$127,000 general fund in the 2025 biennium for 1.00 FTE in FY 2024 and 0.50 FTE in FY 2025 to implement HB 189
- A general fund increase of approximately \$44,000 in the 2025 biennium to fund 1.00 county assessor FTE in the Property Assessment Division

### Funding

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

Total Department of Revenue Funding by Source of Authority 2025 Biennium Budget Request - Department of Revenue						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	120,817,224	(300,175)	0	321,722,451	442,239,500	69.84 %
State Special Total	14,494,847	(389)	0	167,187,332	181,681,790	28.69 %
Federal Special Total	1,005,794	(1,332)	0	0	1,004,462	0.16 %
Proprietary Total	7,519,569	168,834	591,786	0	8,280,189	1.31 %
Other Total	0	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$143,837,434</b>	<b>(\$133,062)</b>	<b>\$591,786</b>	<b>\$488,909,783</b>	<b>\$633,205,941</b>	
<b>Percent - Total All Sources</b>	<b>22.72 %</b>	<b>(0.02)%</b>	<b>0.09 %</b>	<b>77.21 %</b>		

#### HB 2 Authority

##### General Fund

The Department of Revenue is primarily funded with general fund.

##### State Special Revenue

State special revenue HB 2 authority supports:

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

*Federal Special Revenue*

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

Proprietary

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

*Non-Budgeted Proprietary Funding*

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

*Statutory Authority*

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

**Budget Summary by Category**

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

Budget Summary by Category								
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	58,192,575	58,192,575	116,385,150	96.57 %	67,223,011	67,223,011	134,446,022	93.56 %
SWPL Adjustments	2,459,942	2,741,095	5,201,037	4.32 %	2,390,582	2,715,406	5,105,988	3.55 %
PL Adjustments	142,582	173,994	316,576	0.26 %	1,617,333	2,139,333	3,756,666	2.61 %
New Proposals	(584,293)	(801,421)	(1,385,714)	(1.15)%	654,369	(258,673)	395,696	0.28 %
<b>Total Budget</b>	<b>\$60,210,806</b>	<b>\$60,306,243</b>	<b>\$120,517,049</b>		<b>\$71,885,295</b>	<b>\$71,819,077</b>	<b>\$143,704,372</b>	

**Other Legislation**

HB 840 – This bill revises the tobacco tax allocation for the operation and maintenance of the state veterans' nursing homes. To implement this bill and comply with administrative and computer programming expenses \$100 from the general fund is appropriated for FY 2024.

HB 948 – Prohibits the manufacturing and sales of synthetic marijuana products. This bill also creates the Synthetic Marijuana Products Advisory Council in the Department of Revenue. For the 2025 biennium, \$2,500 state special revenue is appropriated for the administration of the advisory council and for additional reporting requirements.



## Executive Budget Comparison

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

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2023	Executive Budget Fiscal 2024	Legislative Budget Fiscal 2024	Leg — Exec. Difference Fiscal 2024	Executive Budget Fiscal 2025	Legislative Budget Fiscal 2025	Leg — Exec. Difference Fiscal 2025	Biennium Difference Fiscal 24-25
FTE	661.17	669.72	675.42	5.70	669.72	668.92	(0.80)	(0.80)
Personal Services	50,463,401	52,146,896	52,030,484	(116,412)	52,345,125	51,804,057	(541,068)	(657,480)
Operating Expenses	15,689,920	18,654,599	18,660,121	5,522	19,205,123	18,820,330	(384,793)	(379,271)
Equipment & Intangible Assets	30,554	30,554	30,554	0	30,554	30,554	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Local Assistance	0	0	0	0	0	0	0	0
Transfers	1,500	1,500	1,500	0	1,500	1,500	0	0
Debt Service	1,162,636	1,162,636	1,162,636	0	1,162,636	1,162,636	0	0
<b>Total Costs</b>	<b>\$67,348,011</b>	<b>\$71,996,185</b>	<b>\$71,885,295</b>	<b>(\$110,890)</b>	<b>\$72,744,938</b>	<b>\$71,819,077</b>	<b>(\$925,861)</b>	<b>(\$1,036,751)</b>
General Fund	58,192,575	61,017,761	60,210,806	(806,955)	61,234,930	60,306,243	(928,687)	(1,735,642)
State/other Special Rev. Funds	5,129,637	6,460,682	7,334,029	873,347	6,982,794	7,160,429	177,635	1,050,982
Federal Spec. Rev. Funds	279,839	501,688	502,175	487	501,848	502,287	439	926
Other	3,745,960	4,016,054	3,838,285	(177,769)	4,025,366	3,850,118	(175,248)	(353,017)
<b>Total Funds</b>	<b>\$67,348,011</b>	<b>\$71,996,185</b>	<b>\$71,885,295</b>	<b>(\$110,890)</b>	<b>\$72,744,938</b>	<b>\$71,819,077</b>	<b>(\$925,861)</b>	<b>(\$1,036,751)</b>
<b>Total Ongoing</b>	<b>\$67,223,011</b>	<b>\$71,761,185</b>	<b>\$71,901,826</b>	<b>\$140,641</b>	<b>\$72,609,938</b>	<b>\$71,935,608</b>	<b>(\$674,330)</b>	<b>(\$533,689)</b>
<b>Total OTO</b>	<b>\$125,000</b>	<b>\$235,000</b>	<b>(\$16,531)</b>	<b>(\$251,531)</b>	<b>\$135,000</b>	<b>(\$116,531)</b>	<b>(\$251,531)</b>	<b>(\$503,062)</b>

The legislature adopted ongoing appropriations that are \$534,000 less than the proposed appropriations for the 2025 biennium. Significant changes include:

- The legislature did not adopt DP 22, which would have established 1.30 FTE to fund information technology interns in the Technology Services Division
- Adoption of only 1.25 FTE out of the 2.25 FTE proposed for the Alcoholic Beverage Control Division
- The legislature did not adopt DP 18, which would have established 1.00 FTE and approximately \$90,000 in FY 2024 and \$87,000 in FY 2025 in the Business and Income Taxes Division
- The legislature adopted authority totaling \$1.2 million over the 2025 biennium to implement other house and senate bills that have been passed and approved
- The legislature adopted an additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation

## Language and Statutory Authority

*The legislature adopted the following language in HB 2:*

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

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

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

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

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

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

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

"If HB 192 is passed and approved, the Department of Revenue is increased by \$692,617 state special revenue in FY 2024, and the Department of Revenue may increase full-time equivalent positions authorized in HB 2 by 6.00 FTE in FY 2024."

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

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

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

"If HB 943 is passed and approved, the Department of Revenue is increased by \$67,384 general fund in FY 2024 and \$65,338 general fund in FY 2025, and the Department of Revenue may increase full-time equivalent positions authorized in HB 2 by 1.00 FTE in FY 2024 and 1.00 FTE in FY 2025."

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

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

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

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

"If SB 530 is passed and approved, the Department of Revenue is increased by \$6,000 general fund in FY 2024."

### Program Budget Comparison

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	11,304,776	12,318,877	1,014,101	8.97 %
Operating Expenses	4,055,132	4,703,051	647,919	15.98 %
Transfers	3,000	3,000	0	0.00 %
Debt Service	10,413	20,826	10,413	100.00 %
<b>Total Expenditures</b>	<b>\$15,373,321</b>	<b>\$17,045,754</b>	<b>\$1,672,433</b>	<b>10.88 %</b>
General Fund	14,353,432	15,645,353	1,291,921	9.00 %
State/Other Special Rev. Funds	708,985	1,047,484	338,499	47.74 %
Proprietary Funds	310,904	352,917	42,013	13.51 %
<b>Total Funds</b>	<b>\$15,373,321</b>	<b>\$17,045,754</b>	<b>\$1,672,433</b>	<b>10.88 %</b>
<b>Total Ongoing</b>	<b>\$15,373,321</b>	<b>\$17,086,222</b>	<b>\$1,712,901</b>	<b>11.14 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$40,468)</b>	<b>(\$40,468)</b>	<b>100.00 %</b>

### Program Description

The Director's Office (DO) supports the agency's director and is comprised of the following offices:

- The Financial Services Office manages the department's centralized accounting, budgeting, and asset management functions
- The Citizen Outreach Office communicates with internal and external stakeholders and is responsible for media relations, digital communications, design and branding, public education and outreach, and training and employee development. In addition, this office oversees the department's call center, e-Stop business licensing and unclaimed property distribution
- The Taxpayer Advocate works independently from the department's divisions to ensure citizens have an impartial advocate to hear their concerns and questions
- The Executive Office provides administrative support services for the work units within the Director's Office
- The Human Resources Office manages organization and workforce development, policy and practice interpretation, employee and labor relations, staffing, employment law, performance reviews, and compensation
- The Legal Services Office supervises the overall legal efforts of the department, including rules, policies, and bankruptcy
- The Office of Dispute Resolution independently hears and/or mediates cases between the department and taxpayers, liquor licensees, and other members of the public. The office provides an accessible, cost-effective means for taxpayers and licensees to appeal agency determinations or proposed department actions
- The Procurement, Contracts, and Facilities Office manages the planning, procurement, contract negotiation, creation, and execution, performance measurement, contract resolution and invoice verification for the department
- The Tax Policy and Research Office provides accurate and timely information for the Governor, the Legislature, and Montana citizens. This includes the compilation of basic tax data and the publication of the statutory Biennial Report

## Program Highlights

Director's Office Major Budget Highlights	
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Director's Office 2025 biennium budget of approximately \$1.7 million or 10.9% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>Increases in general fund to re-establish funding for SB 212 (2021 Legislative Session)</li> <li>A transfer of general fund between expenditure categories to establish 1.00 FTE to carry out tax policy implementation</li> <li>An increase in state special revenue for 1.00 FTE and operating costs to implement HB 948</li> <li>An increase in state special revenue in FY 2024 for 1.00 FTE and operating costs to implement HB 192</li> </ul> </li> </ul>	

## Program Actuals and Budget Comparison

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	64.19	64.19	67.19	66.19
Personal Services	5,519,786	5,527,637	5,777,139	6,172,130	6,146,747
Operating Expenses	1,487,317	1,802,546	2,252,586	2,449,748	2,253,303
Transfers	0	1,500	1,500	1,500	1,500
Debt Service	0	0	10,413	10,413	10,413
<b>Total Expenditures</b>	<b>\$7,007,103</b>	<b>\$7,331,683</b>	<b>\$8,041,638</b>	<b>\$8,633,791</b>	<b>\$8,411,963</b>
General Fund	6,499,077	6,823,607	7,529,825	7,899,177	7,746,176
State/Other Special Rev. Funds	352,574	352,624	356,361	559,900	487,584
Proprietary Funds	155,452	155,452	155,452	174,714	178,203
<b>Total Funds</b>	<b>\$7,007,103</b>	<b>\$7,331,683</b>	<b>\$8,041,638</b>	<b>\$8,633,791</b>	<b>\$8,411,963</b>
<b>Total Ongoing</b>	<b>\$7,007,103</b>	<b>\$7,331,683</b>	<b>\$8,041,638</b>	<b>\$8,654,025</b>	<b>\$8,432,197</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$20,234)</b>	<b>(\$20,234)</b>

**Funding**

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

Department of Revenue, 01-Directors Office Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	15,645,353	0	321,722,451	337,367,804	66.70 %
02008 Tobacco And Cig. Tribal Agree.	0	0	8,054,000	8,054,000	4.79 %
02025 Unclaimed Property	292,697	0	0	292,697	0.17 %
02083 Oil & Gas Local Assistance	0	0	18,200,000	18,200,000	10.83 %
02088 SSR Administrative Funds	35,140	0	0	35,140	0.02 %
02168 MT Oil Production Tax	0	0	135,469,000	135,469,000	80.61 %
02169 Bentonite Production Tax	0	0	1,300,000	1,300,000	0.77 %
02511 Oil and Gas Natural Resource	0	0	1,700,000	1,700,000	1.01 %
02790 6901-Statewide Tobacco Sttlmnt	85,324	0	0	85,324	0.05 %
02966 Tribal Agreement - Alcohol	0	0	1,984,000	1,984,000	1.18 %
02442 Cannabis	561,597	0	0	561,597	0.33 %
02011 Tribal Agreement-Cannabis	0	0	300,000	300,000	0.18 %
02227 Income Tax Rebate Fund	72,726	0	0	72,726	0.04 %
<b>State Special Total</b>	<b>\$1,047,484</b>	<b>\$0</b>	<b>\$167,007,000</b>	<b>\$168,054,484</b>	<b>33.23 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
06005 Liquor Division	352,917	0	0	352,917	100.00 %
<b>Proprietary Total</b>	<b>\$352,917</b>	<b>\$0</b>	<b>\$0</b>	<b>\$352,917</b>	<b>0.07 %</b>
<b>Total All Funds</b>	<b>\$17,045,754</b>	<b>\$0</b>	<b>\$488,729,451</b>	<b>\$505,775,205</b>	

**HB 2 Authority****General Fund**

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

**State Special Revenue**

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

**Proprietary Funding**

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

**Statutory Funding****General Fund**

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

*State Special Revenue*

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

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

**Budget Summary by Category**

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	7,529,825	7,529,825	15,059,650	96.26 %	8,041,638	8,041,638	16,083,276	94.35 %
SWPL Adjustments	392,628	231,996	624,624	3.99 %	401,559	241,754	643,313	3.77 %
PL Adjustments	10,961	10,335	21,296	0.14 %	10,961	10,335	21,296	0.12 %
New Proposals	(34,237)	(25,980)	(60,217)	(0.38)%	179,633	118,236	297,869	1.75 %
<b>Total Budget</b>	<b>\$7,899,177</b>	<b>\$7,746,176</b>	<b>\$15,645,353</b>		<b>\$8,633,791</b>	<b>\$8,411,963</b>	<b>\$17,045,754</b>	

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

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

DP 1 - Personal Services -

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

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

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

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

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

**New Proposals**

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

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 14 - Tax Policy Implementation FTE for DO	1.00	0	0	0	0	1.00	0	0	0	0
DP 99 - New Fixed Costs	0.00	2,971	0	0	2,971	0.00	2,971	0	0	2,971
DP 333 - Adjustment to Inflation	0.00	(31,632)	(1,288)	0	(33,082)	0.00	(37,430)	(1,355)	0	(38,956)
DP 555 - Additional Vacancy Savings	0.00	(61,675)	(1,517)	0	(63,192)	0.00	(62,026)	(1,525)	0	(63,551)
DP 1400 - HB 948	1.00	0	117,430	0	117,430	1.00	0	116,181	0	116,181
DP 1402 - HB 192	1.00	0	72,726	0	72,726	0.00	0	0	0	0
DP 3333 - Additional Adjustment to Inflation	0.00	56,099	7,726	0	82,780	0.00	70,505	8,633	0	101,591
<b>Total</b>	<b>3.00</b>	<b>(\$34,237)</b>	<b>\$195,077</b>	<b>\$0</b>	<b>\$179,633</b>	<b>2.00</b>	<b>(\$25,980)</b>	<b>\$121,934</b>	<b>\$0</b>	<b>\$118,236</b>

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

**DP 14 - Tax Policy Implementation FTE for DO -**

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

**DP 99 - New Fixed Costs -**

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

**DP 333 - Adjustment to Inflation -**

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

**DP 555 - Additional Vacancy Savings -**

The legislature adopted an additional 1.0% vacancy savings.

**DP 1400 - HB 948 -**

The legislature adopted contingency language to increase appropriations if HB 948 was passed and approved and this decision package implements this language. This bill prohibits the manufacturing and sales of synthetic marijuana products. This bill also creates the Synthetic Marijuana Products Advisory Council in the Department of Revenue. To implement this bill, the agency will need 1.00 FTE compliance specialist in the Cannabis Control Division and 1.00 FTE lawyer in the Director's Office.



DP 1402 - HB 192 -

The legislature adopted contingency language to increase appropriations if HB 192 was passed and approved and this decision package implements this language. This bill creates an income tax rebate to be administered by the Department of Revenue. To implement this bill, the agency requires 5.00 FTE to audit and verify taxpayer information in the Business and Income Taxes Division, 1.00 FTE for the call center to answer questions regarding the rebate program in the Director's Office, and additional operating costs to implement this bill.

DP 3333 - Additional Adjustment to Inflation -

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

### Program Budget Comparison

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	7,975,869	8,129,650	153,781	1.93 %
Operating Expenses	11,152,485	12,012,619	860,134	7.71 %
Equipment & Intangible Assets	3,005,270	0	(3,005,270)	(100.00)%
<b>Total Expenditures</b>	<b>\$22,133,624</b>	<b>\$20,142,269</b>	<b>(\$1,991,355)</b>	<b>(9.00)%</b>
General Fund	18,294,030	19,280,045	986,015	5.39 %
State/Other Special Rev. Funds	3,327,710	333,295	(2,994,415)	(89.98)%
Proprietary Funds	511,884	528,929	17,045	3.33 %
<b>Total Funds</b>	<b>\$22,133,624</b>	<b>\$20,142,269</b>	<b>(\$1,991,355)</b>	<b>(9.00)%</b>
<b>Total Ongoing</b>	<b>\$22,133,624</b>	<b>\$20,060,321</b>	<b>(\$2,073,303)</b>	<b>(9.37)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$81,948</b>	<b>\$81,948</b>	<b>100.00 %</b>

### Program Description

The Technology Services Division (TSD) serves as the technological foundation for the department's business units, leveraging IT systems and services to increase internal business operations efficiencies and optimize citizen services. The TSD operates through the following offices:

- The Applications Development Services Bureau provides program development support services for the department's numerous applications and external facing systems provided to Montana's property owners, businesses, and citizens
- The Technology Operations Services Bureau provides server and workstation support and training for department hardware and software systems
- The Project Facilitation and Analysis Services Unit manages projects to improve agency operations and ensure critical enterprise functions are accomplished with more efficiency, higher quality, and lower costs
- The Security Office serves as the department liaison with the Internal Revenue Service (IRS) and is responsible for the security of all taxpayer information

### Program Highlights

Technology Services Division Major Budget Highlights
<ul style="list-style-type: none"> <li>• The legislature adopted a decrease to the Technology Services Division's 2025 biennium budget of approximately \$2.0 million or 9.0% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>◦ An overall biennial decrease due to a one-time-only \$3.0 million increase in equipment and intangible assets for the GenTax system that was not included in the 2025 biennium</li> <li>◦ A restricted, biennial, one-time-only appropriation for overtime payments to implement the new GenTax upgrade</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	42.00	42.00	42.00	42.00
Personal Services	3,877,041	3,878,332	4,097,537	4,100,415	4,029,235
Operating Expenses	5,753,985	5,754,986	5,397,499	5,957,171	6,055,448
Equipment & Intangible Assets	3,005,270	3,005,270	0	0	0
<b>Total Expenditures</b>	<b>\$12,636,296</b>	<b>\$12,638,588</b>	<b>\$9,495,036</b>	<b>\$10,057,586</b>	<b>\$10,084,683</b>
General Fund	9,216,499	9,218,791	9,075,239	9,626,440	9,653,605
State/Other Special Rev. Funds	3,163,855	3,163,855	163,855	166,656	166,639
Proprietary Funds	255,942	255,942	255,942	264,490	264,439
<b>Total Funds</b>	<b>\$12,636,296</b>	<b>\$12,638,588</b>	<b>\$9,495,036</b>	<b>\$10,057,586</b>	<b>\$10,084,683</b>
<b>Total Ongoing</b>	<b>\$12,636,296</b>	<b>\$12,638,588</b>	<b>\$9,495,036</b>	<b>\$9,966,612</b>	<b>\$10,093,709</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$90,974</b>	<b>(\$9,026)</b>

**Funding**

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

Department of Revenue, 02-Technology Services Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	19,280,045	0	0	19,280,045	95.72 %
02790 6901-Statewide Tobacco Sttlmnt	173,295	0	0	173,295	51.99 %
02442 Cannabis	160,000	0	0	160,000	48.01 %
<b>State Special Total</b>	<b>\$333,295</b>	<b>\$0</b>	<b>\$0</b>	<b>\$333,295</b>	<b>1.65 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
06005 Liquor Division	528,929	0	0	528,929	100.00 %
<b>Proprietary Total</b>	<b>\$528,929</b>	<b>\$0</b>	<b>\$0</b>	<b>\$528,929</b>	<b>2.63 %</b>
<b>Total All Funds</b>	<b>\$20,142,269</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20,142,269</b>	

*HB 2 Authority*General Fund

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

State Special Revenue

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

*Proprietary Funding*

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

**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.

-----General Fund-----					-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	9,075,239	9,075,239	18,150,478	94.14 %	9,495,036	9,495,036	18,990,072	94.28 %
SWPL Adjustments	661,015	842,815	1,503,830	7.80 %	677,540	859,340	1,536,880	7.63 %
PL Adjustments	(25)	(26)	(51)	(0.00)%	(25)	(26)	(51)	(0.00)%
New Proposals	(109,789)	(264,423)	(374,212)	(1.94)%	(114,965)	(269,667)	(384,632)	(1.91)%
<b>Total Budget</b>	<b>\$9,626,440</b>	<b>\$9,653,605</b>	<b>\$19,280,045</b>		<b>\$10,057,586</b>	<b>\$10,084,683</b>	<b>\$20,142,269</b>	

**Present Law Adjustments**

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

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

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

**DP 3 - Inflation Deflation -**

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

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

**New Proposals**

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

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 13 - TSD Staff Overtime for GenTax upgrade (RST/BIEN/OTO)	0.00	100,000	0	0	100,000	0.00	0	0	0	0
DP 99 - New Fixed Costs	0.00	1,914	0	0	1,914	0.00	1,914	0	0	1,914
DP 333 - Adjustment to Inflation	0.00	(175,593)	(1,277)	0	(180,769)	0.00	(223,924)	(1,294)	0	(229,168)
DP 555 - Additional Vacancy Savings	0.00	(42,110)	0	0	(42,110)	0.00	(42,413)	0	0	(42,413)
DP 1403 - SB 530	0.00	6,000	0	0	6,000	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>(\$109,789)</b>	<b>(\$1,277)</b>	<b>\$0</b>	<b>(\$114,965)</b>	<b>0.00</b>	<b>(\$264,423)</b>	<b>(\$1,294)</b>	<b>\$0</b>	<b>(\$269,667)</b>

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

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

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

DP 99 - New Fixed Costs -

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

DP 333 - Adjustment to Inflation -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 1403 - SB 530 -

The legislature adopted contingency language to increase appropriations if SB 530 was passed and approved and this decision package implements this language. This bill creates an exemption for property used in a manufacturing process. To implement this bill, the Department of Revenue estimates it will need \$6,000 general fund in FY 2024 for operating costs.

### Program Budget Comparison

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

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

### Program Description

The Alcoholic Beverage Control Division (ABCD) provides effective and efficient administration of the Montana alcoholic beverage code with an emphasis on customer service and public safety. The division includes two bureaus:

- The Licensing and Compliance Bureau protects the welfare and safety of the public by regulating alcoholic beverage licensing laws in a uniform and fair manner
- The Liquor Distribution Bureau maintains a regulated channel of distribution to fulfill the public's demand for distilled spirits and fortified wine through agency liquor stores

### Program Highlights

Alcoholic Beverage Control Division Major Budget Highlights
<ul style="list-style-type: none"> <li>• The legislature adopted an increase to the Alcoholic Beverage Control Division's 2025 biennium budget of approximately \$174,000 or 2.6% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>◦ An increase in proprietary authority for increased operating costs due to higher sales and contracted janitorial services</li> <li>◦ An increase in restricted, biennial, one-time-only proprietary authority for overtime and termination payouts</li> <li>◦ 1.25 additional FTE and corresponding funding for a workload increase</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

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

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

**Funding**

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

Department of Revenue, 03-Alcoholic Beverage Control Div 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 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
06005 Liquor Division	6,772,771	0	0	6,772,771	100.00 %
<b>Proprietary Total</b>	<b>\$6,772,771</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,772,771</b>	<b>100.00 %</b>
<b>Total All Funds</b>	<b>\$6,772,771</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,772,771</b>	

**HB 2 Authority****Proprietary Funding**

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



**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.

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

**Present Law Adjustments**

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

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

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

**DP 3 - Inflation Deflation -**

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

DP 7 - ABCD Liquor Warehouse Operating Cost Adjustment -

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

DP 19 - Liquor FTE for increased workload -

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

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

**New Proposals**

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

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

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

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

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

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

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

DP 99 - New Fixed Costs -

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

DP 333 - Adjustment to Inflation -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

### Program Budget Comparison

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	5,062,235	5,870,488	808,253	15.97 %
Operating Expenses	2,229,874	4,765,791	2,535,917	113.72 %
<b>Total Expenditures</b>	<b>\$7,292,109</b>	<b>\$10,636,279</b>	<b>\$3,344,170</b>	<b>45.86 %</b>
State/Other Special Rev. Funds	7,292,109	10,636,279	3,344,170	45.86 %
<b>Total Funds</b>	<b>\$7,292,109</b>	<b>\$10,636,279</b>	<b>\$3,344,170</b>	<b>45.86 %</b>
<b>Total Ongoing</b>	<b>\$7,292,109</b>	<b>\$10,636,279</b>	<b>\$3,344,170</b>	<b>45.86 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

### Program Description

The Cannabis Control Division (CCD) ensures the health and safety of all Montanans through fair administration, education, and enforcement of the Montana Marijuana Regulation and Taxation Act (MMRT). The division includes two bureaus:

- The Licensing Bureau is responsible for processing all worker, patient, business, and packing and labeling applications and renewals in a timely and efficient manner
- The Inspection/Compliance Bureau protects the welfare and safety of the public by regulating marijuana laws in a uniform and fair manner

### Program Highlights

<b>Cannabis Control Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The legislature adopted an increase to the Cannabis Control Division's 2025 biennium budget of approximately \$3.3 million or 45.9% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>◦ An increase in state special revenue for the seed-to-sale industry IT regulatory system</li> <li>◦ A transfer of 1.50 FTE and associated funding from the Department of Public Health and Human Services and the establishment of 0.50 new FTE for laboratory inspection and application review work for cannabis</li> <li>◦ An increase in state special revenue in the 2025 biennium for 1.00 FTE and operating costs to implement HB 948</li> </ul> </li> </ul>

### Program Actuals and Budget Comparison

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	32.00	32.00	35.00	35.00
Personal Services	2,133,227	2,134,050	2,928,185	2,923,898	2,946,590
Operating Expenses	1,424,091	1,424,230	805,644	2,133,338	2,632,453
<b>Total Expenditures</b>	<b>\$3,557,318</b>	<b>\$3,558,280</b>	<b>\$3,733,829</b>	<b>\$5,057,236</b>	<b>\$5,579,043</b>
State/Other Special Rev. Funds	3,557,318	3,558,280	3,733,829	5,057,236	5,579,043
<b>Total Funds</b>	<b>\$3,557,318</b>	<b>\$3,558,280</b>	<b>\$3,733,829</b>	<b>\$5,057,236</b>	<b>\$5,579,043</b>
<b>Total Ongoing</b>	<b>\$3,557,318</b>	<b>\$3,558,280</b>	<b>\$3,733,829</b>	<b>\$5,057,236</b>	<b>\$5,579,043</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Funding

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

Department of Revenue, 04-Cannabis Control 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 %
02442 Cannabis	10,636,279	0	0	10,636,279	100.00 %
<b>State Special Total</b>	<b>\$10,636,279</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,636,279</b>	<b>100.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$10,636,279</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,636,279</b>	

### HB 2 Authority

### State Special Revenue

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

### 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 %	3,733,829	3,733,829	7,467,658	70.21 %
SWPL Adjustments	0	0	0	0.00 %	(71,093)	(47,001)	(118,094)	(1.11) %
PL Adjustments	0	0	0	0.00 %	1,123,625	1,623,746	2,747,371	25.83 %
New Proposals	0	0	0	0.00 %	270,875	268,469	539,344	5.07 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$5,057,236</b>	<b>\$5,579,043</b>	<b>\$10,636,279</b>	

**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	(220,728)	0	(220,728)	0.00	0	(199,495)	0	(199,495)
DP 2 - Fixed Costs	0.00	0	145,702	0	145,702	0.00	0	146,459	0	146,459
DP 3 - Inflation Deflation	0.00	0	3,933	0	3,933	0.00	0	6,035	0	6,035
DP 5 - CCD Contract Increase (RST)	0.00	0	1,125,400	0	1,125,400	0.00	0	1,625,400	0	1,625,400
DP 20 - SABHRS Rate Adjustment	0.00	0	360	0	360	0.00	0	343	0	343
DP 30 - Motor Pool Rate Adjustment	0.00	0	(2,135)	0	(2,135)	0.00	0	(1,997)	0	(1,997)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$1,052,532</b>	<b>\$0</b>	<b>\$1,052,532</b>	<b>0.00</b>	<b>\$0</b>	<b>\$1,576,745</b>	<b>\$0</b>	<b>\$1,576,745</b>

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

**DP 3 - Inflation Deflation -**

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

**DP 5 - CCD Contract Increase (RST) -**

The legislature adopted an increase in state special revenue for the 2025 biennium to pay for the seed-to-sale industry IT regulatory system. The department is responsible for paying a variety of fees including program and support fees and annual cloud hosting fees. Some fees are based on the number of cannabis licensees, and it is unknown how many licensees will enter the recreational cannabis market beginning July 1, 2023. The legislature adopted this appropriation as restricted so the department can only spend the appropriation on costs related to the system.

**DP 20 - SABHRS Rate Adjustment -**

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

**New Proposals**

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

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 27 - CCD Cannabis Transfer from DPHHS	2.00	0	202,894	0	202,894	2.00	0	202,894	0	202,894
DP 99 - New Fixed Costs	0.00	0	1,458	0	1,458	0.00	0	1,458	0	1,458
DP 333 - Adjustment to Inflation	0.00	0	(983)	0	(983)	0.00	0	(1,509)	0	(1,509)
DP 555 - Additional Vacancy Savings	0.00	0	(28,203)	0	(28,203)	0.00	0	(28,424)	0	(28,424)
DP 1400 - HB 948	1.00	0	95,709	0	95,709	1.00	0	94,050	0	94,050
<b>Total</b>	<b>3.00</b>	<b>\$0</b>	<b>\$270,875</b>	<b>\$0</b>	<b>\$270,875</b>	<b>3.00</b>	<b>\$0</b>	<b>\$268,469</b>	<b>\$0</b>	<b>\$268,469</b>

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

DP 27 - CCD Cannabis Transfer from DPHHS -

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

DP 99 - New Fixed Costs -

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

DP 333 - Adjustment to Inflation -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 1400 - HB 948 -

The legislature adopted contingency language to increase appropriations if HB 948 was passed and approved and this decision package implements this language. This bill prohibits the manufacturing and sales of synthetic marijuana products. This bill also creates the Synthetic Marijuana Products Advisory Council in the Department of Revenue. To implement this bill, the agency will need 1.00 FTE compliance specialist in the Cannabis Control Division and 1.00 FTE lawyer in the Director's Office.

### Program Budget Comparison

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

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

### Program Description

The Information Management and Collections Division (IMCD) provides consistent service to Montana citizens, businesses, and nonresident taxpayers through electronic data and records management, account registration, collection of delinquent accounts, and data and remittance processing operations. The division includes three bureaus:

- The Collections Bureau manages collections of the department's delinquent debts and provides collection services to other state agencies and local governments
- The Information Management Bureau ensures secure handling and processing of taxpayer information, payments, and data in electronic and paper form. The bureau is organized into three units: Digitization, Information Governance, and Customer and Payment Management. The focus of the bureau has recently realigned to better serve the customer with increased electronic options and use of technology to further enhance efficiencies
- The Other Agency Debts Program provides statewide collections services to other state agencies, local governments, universities, and colleges

### Program Highlights

Information Management & Collections Division Major Budget Highlights
<ul style="list-style-type: none"> <li>• The legislature adopted an increase to the Information Management and Collections Division's 2025 biennium budget of approximately \$1.1 million or 8.7% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>◦ Increases in general fund for non-state rent, parking costs, and new fixed costs related to the Chief Data Office in the Department of Administration</li> <li>◦ An increase in state special revenue for postage and printing costs for cannabis licensure and permits</li> </ul> </li> </ul>



**Program Actuals and Budget Comparison**

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

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

**Funding**

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

Department of Revenue, 05-Information Mgmt & Collections Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	13,478,607	0	0	13,478,607	93.62 %
02025 Unclaimed Property	52,630	0	0	52,630	17.95 %
02088 SSR Administrative Funds	55,417	0	0	55,417	18.90 %
02442 Cannabis	185,160	0	0	185,160	63.15 %
<b>State Special Total</b>	<b>\$293,207</b>	<b>\$0</b>	<b>\$0</b>	<b>\$293,207</b>	<b>2.04 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
06005 Liquor Division	33,786	0	0	33,786	5.40 %
06554 Bad Debt Collection Services	0	591,786	0	591,786	94.60 %
<b>Proprietary Total</b>	<b>\$33,786</b>	<b>\$591,786</b>	<b>\$0</b>	<b>\$625,572</b>	<b>4.34 %</b>
<b>Total All Funds</b>	<b>\$13,805,600</b>	<b>\$591,786</b>	<b>\$0</b>	<b>\$14,397,386</b>	

**HB 2 Authority****General Fund**

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

**State Special Revenue**

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

**Proprietary**

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

*Non-Budgeted Proprietary*

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

**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.

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

**Present Law Adjustments**

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

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

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

DP 3 - Inflation Deflation -

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

DP 11 - IMCD Administrative Costs Adjustment -

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

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

**New Proposals**

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

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

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

**DP 29 - IMCD Printing Costs for Cannabis Program Administration -**

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

**DP 99 - New Fixed Costs -**

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

**DP 333 - Adjustment to Inflation -**

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

**DP 555 - Additional Vacancy Savings -**

The legislature adopted an additional 1.0% vacancy savings.

**Other Issues****Proprietary Rates****Collections Services Program – Fund 06554***Proprietary Program Description*

Montana law authorizes the Department of Revenue to assist other agencies in the collection of delinquent accounts. The department retains a percentage of these collections for the costs of assistance in conjunction with 17-4-103 (3)(a), MCA. The department established the Collections Services Program, which includes 3.50 FTE, to administer its statutory responsibilities under Title 17, chapter 4, MCA. These responsibilities include providing collection services for the purpose of centralizing debt collection for the State of Montana.

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

2025 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06554	IMCD Collection Services	58010	Department of Revenue	Information Management and Collections Division - Other Agency Debt		
				Actual FY 22	Estimated FY 23	Reviewed FY 24
						Reviewed FY 25
<b>Operating Revenues</b>						
<b>Fees and Charges</b>						
	Fee Revenue			203,061	265,541	312,402
<b>Total Operating Revenues</b>				203,061	265,541	312,402
<b>Expenses</b>						
	Personal Services			189,070	210,142	229,459
	Other Operating Expense			63,640	67,575	68,120
<b>Total Operating Expense</b>				252,710	277,717	297,579
<b>Operating Income (Loss)</b>				(49,649)	(12,176)	14,823
<b>Change in Net Position</b>				(49,649)	(12,176)	14,823
<b>Beginning Net Position - July 1</b>				239,829	190,180	178,004
	Prior Period Adjustments					
	Change in Net Position			(49,649)	(12,176)	14,823
<b>Ending Net Position - June 30</b>				190,180	178,004	192,826

## Expenditures

The Department of Revenue is currently authorized to charge a commission rate for its collection services, excluding the collection of overpaid child support payments made to custodial parents and collection of delinquent child support payments from noncustodial parents. The commissions collected are used to pay the expenses of the Collection Services Program. On average, approximately 74.0% of the expenditures are paid in salaries and benefits with the remaining expenditures representing operating expenses of the program.

## Revenues

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

Proprietary Rates

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

The legislature approved a commission rate of 5.0% in FY 2024 and 4.75% in FY 2025. This will provide the department with approximately nine months’ worth of working capital. It is necessary to maintain a nine-month working capital balance to pay expenses as they are incurred as most of commission revenue is not collected until the income tax filing season each year, six to nine months after the start of the fiscal year. The department will continue to evaluate the commission rate as actual revenues and expenditures are received and incurred to maintain the working capital balance at the appropriate level.

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

### Program Budget Comparison

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	20,006,838	21,445,676	1,438,838	7.19 %
Operating Expenses	3,514,645	4,371,035	856,390	24.37 %
Capital Outlay	28,691	0	(28,691)	(100.00)%
Debt Service	7,558	15,116	7,558	100.00 %
<b>Total Expenditures</b>	<b>\$23,557,732</b>	<b>\$25,831,827</b>	<b>\$2,274,095</b>	<b>9.65 %</b>
General Fund	21,474,391	22,677,724	1,203,333	5.60 %
State/Other Special Rev. Funds	1,523,677	2,149,641	625,964	41.08 %
Federal Spec. Rev. Funds	559,664	1,004,462	444,798	79.48 %
<b>Total Funds</b>	<b>\$23,557,732</b>	<b>\$25,831,827</b>	<b>\$2,274,095</b>	<b>9.65 %</b>
<b>Total Ongoing</b>	<b>\$23,557,732</b>	<b>\$25,911,629</b>	<b>\$2,353,897</b>	<b>9.99 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$79,802)</b>	<b>(\$79,802)</b>	<b>100.00 %</b>

### Program Description

The Business and Income Taxes Division (BITD) is responsible for the administration and collection of roughly 40 Montana taxes and fees. BITD also determines valuation of all centrally assessed property in the state.

Regardless of the tax type, BITD is tasked with ensuring Montana's taxpayers pay the correct amount of tax required under the law, no more and no less. Accordingly, BITD provides clear and timely explanations to taxpayers regarding their obligations and how those obligations may be fulfilled.

BITD is comprised of the following four areas:

- Administration includes the administrator and deputy division administrator along with a management officer and support staff. The management officer and staff work collaboratively with all BITD units and are an integral part of the division's daily operations
- The Analytics and Planning Bureau houses management analysts and tax specialists. These employees are essential to the division's compliance efforts and forms and rule development. The bureau is also tasked with finding and implementing efficiencies within BITD's operations
- The Income and Withholding Tax Bureau is responsible for the daily management and administration of individual, pass-through entity, and withholding taxes. The bureau is organized into five units: compliance, pass-through, field audit, taxpayer accounting, and withholding
- The Business Tax and Valuation Bureau is responsible for the daily management and administration of over 25 tax programs. Four units make up the bureau including natural resources, corporation tax, miscellaneous tax, and centrally assessed property

## Program Highlights

Business and Income Taxes Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Business and Income Taxes Division's 2025 biennium budget of approximately \$2.3 million or 9.7% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>General fund increases to pay for a contracted financial manager of unclaimed property securities</li> <li>A federal special revenue increase for the Federal Royalty Audit Program</li> <li>An increase in state special revenue in FY 2024 for 5.00 FTE and operating costs to implement HB 192</li> </ul> </li> </ul>	

## Program Actuals and Budget Comparison

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	133.36	133.36	138.36	133.36
Personal Services	9,798,204	9,801,750	10,205,088	10,863,734	10,581,942
Operating Expenses	1,686,174	1,721,798	1,792,847	2,336,455	2,034,580
Capital Outlay	28,691	28,691	0	0	0
Debt Service	0	0	7,558	7,558	7,558
<b>Total Expenditures</b>	<b>\$11,513,069</b>	<b>\$11,552,239</b>	<b>\$12,005,493</b>	<b>\$13,207,747</b>	<b>\$12,624,080</b>
General Fund	10,471,863	10,510,986	10,963,405	11,319,221	11,358,503
State/Other Special Rev. Funds	761,380	761,428	762,249	1,386,351	763,290
Federal Spec. Rev. Funds	279,826	279,825	279,839	502,175	502,287
<b>Total Funds</b>	<b>\$11,513,069</b>	<b>\$11,552,239</b>	<b>\$12,005,493</b>	<b>\$13,207,747</b>	<b>\$12,624,080</b>
<b>Total Ongoing</b>	<b>\$11,513,069</b>	<b>\$11,552,239</b>	<b>\$12,005,493</b>	<b>\$13,247,648</b>	<b>\$12,663,981</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$39,901)</b>	<b>(\$39,901)</b>



**Funding**

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

Department of Revenue, 07-Business & Income Taxes Div Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	22,677,724	0	0	22,677,724	87.18 %
02025 Unclaimed Property	627,929	0	0	627,929	26.95 %
02110 Accommodation Tax Admin	264,169	0	0	264,169	11.34 %
02293 Film Applications Credit	0	0	40,971	40,971	1.76 %
02790 6901-Statewide Tobacco Sttlmnt	380,228	0	0	380,228	16.32 %
02020 Cigarette Tax Stamps	0	0	139,361	139,361	5.98 %
02442 Cannabis	257,424	0	0	257,424	11.05 %
02227 Income Tax Rebate Fund	619,891	0	0	619,891	26.61 %
<b>State Special Total</b>	<b>\$2,149,641</b>	<b>\$0</b>	<b>\$180,332</b>	<b>\$2,329,973</b>	<b>8.96 %</b>
03928 Royalty Audit - NRCT	1,004,462	0	0	1,004,462	100.00 %
<b>Federal Special Total</b>	<b>\$1,004,462</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,004,462</b>	<b>3.86 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$25,831,827</b>	<b>\$0</b>	<b>\$180,332</b>	<b>\$26,012,159</b>	

*HB 2 Authority*General Fund

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

State Special Revenue

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

Federal Special Revenue

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

Proprietary Funding

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

*Statutory Funding*

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

**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	10,963,405	10,963,405	21,926,810	96.69 %	12,005,493	12,005,493	24,010,986	92.95 %
SWPL Adjustments	446,398	509,867	956,265	4.22 %	457,106	517,928	975,034	3.77 %
PL Adjustments	61,820	53,208	115,028	0.51 %	282,644	273,912	556,556	2.15 %
New Proposals	(152,402)	(167,977)	(320,379)	(1.41)%	462,504	(173,253)	289,251	1.12 %
<b>Total Budget</b>	<b>\$11,319,221</b>	<b>\$11,358,503</b>	<b>\$22,677,724</b>		<b>\$13,207,747</b>	<b>\$12,624,080</b>	<b>\$25,831,827</b>	

**Present Law Adjustments**

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

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

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

**DP 3 - Inflation Deflation -**

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

DP 6 - BIT Contract for UCP Stocks -

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

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 25 - Federal Royalty Audit Program Increased Authority -

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

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

**New Proposals**

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

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	6,121	0	0	6,121	0.00	6,121	0	0	6,121
DP 333 - Adjustment to Inflation	0.00	(50,567)	(3,895)	0	(54,462)	0.00	(65,544)	(4,179)	0	(69,723)
DP 555 - Additional Vacancy Savings	0.00	(107,956)	(1,090)	0	(109,046)	0.00	(108,554)	(1,097)	0	(109,651)
DP 1402 - HB 192	5.00	0	619,891	0	619,891	0.00	0	0	0	0
<b>Total</b>	<b>5.00</b>	<b>(\$152,402)</b>	<b>\$614,906</b>	<b>\$0</b>	<b>\$462,504</b>	<b>0.00</b>	<b>(\$167,977)</b>	<b>(\$5,276)</b>	<b>\$0</b>	<b>(\$173,253)</b>

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

DP 99 - New Fixed Costs -

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

DP 333 - Adjustment to Inflation -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 1402 - HB 192 -

The legislature adopted contingency language to increase appropriations if HB 192 was passed and approved and this decision package implements this language. This bill creates an income tax rebate to be administered by the Department of Revenue. To implement this bill, the agency requires 5.00 FTE to audit and verify taxpayer information in the Business and Income Taxes Division, 1.00 FTE for the call center to answer questions regarding the rebate program in the Director's Office, and additional operating costs to implement this bill.

### Program Budget Comparison

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	39,366,557	41,289,074	1,922,517	4.88 %
Operating Expenses	6,834,897	6,474,528	(360,369)	(5.27)%
Equipment & Intangible Assets	29,891	0	(29,891)	(100.00)%
Debt Service	1,700,546	1,706,270	5,724	0.34 %
<b>Total Expenditures</b>	<b>\$47,931,891</b>	<b>\$49,469,872</b>	<b>\$1,537,981</b>	<b>3.21 %</b>
General Fund	47,897,339	49,435,320	1,537,981	3.21 %
State/Other Special Rev. Funds	34,552	34,552	0	0.00 %
<b>Total Funds</b>	<b>\$47,931,891</b>	<b>\$49,469,872</b>	<b>\$1,537,981</b>	<b>3.21 %</b>
<b>Total Ongoing</b>	<b>\$47,931,891</b>	<b>\$49,691,142</b>	<b>\$1,759,251</b>	<b>3.67 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$221,270)</b>	<b>(\$221,270)</b>	<b>100.00 %</b>

### Program Description

The Property Assessment Division (PAD) administers Montana's property tax laws, which includes the valuation and classification of all taxable property. The division ensures all classes of property are valued uniformly and equally throughout the state. These classifications include but are not limited to agricultural and forest land, residential and commercial property, industrial facilities, exempt properties, and business equipment personal property.

PAD provides every taxing jurisdiction with the total market and taxable value of property in each county. Local governments use these certified values to determine the number of mills necessary to levy for property tax billing. Funds collected from property taxes are used for important services such as public schools, law enforcement, ambulance services, special improvement districts, infrastructure improvements, and road construction and maintenance.

### Program Highlights

Property Assessment Division Major Budget Highlights
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Property Assessment Division's 2025 biennium budget of approximately \$1.5 million or 3.2% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>An increase in general fund and 1.00 new FTE for a county assessor position</li> <li>General fund increases due to rent, parking, and technology cost increases</li> <li>A general fund increase for 1.00 FTE in FY 2024 and 0.50 FTE in FY 2025 to implement HB 189</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	285.92	285.92	287.92	287.42
Personal Services	19,244,224	19,247,458	20,119,099	20,602,264	20,686,810
Operating Expenses	3,689,913	3,785,098	3,049,799	3,213,187	3,261,341
Equipment & Intangible Assets	29,891	29,891	0	0	0
Debt Service	847,411	847,411	853,135	853,135	853,135
<b>Total Expenditures</b>	<b>\$23,811,439</b>	<b>\$23,909,858</b>	<b>\$24,022,033</b>	<b>\$24,668,586</b>	<b>\$24,801,286</b>
General Fund	23,797,149	23,892,582	24,004,757	24,651,310	24,784,010
State/Other Special Rev. Funds	14,290	17,276	17,276	17,276	17,276
<b>Total Funds</b>	<b>\$23,811,439</b>	<b>\$23,909,858</b>	<b>\$24,022,033</b>	<b>\$24,668,586</b>	<b>\$24,801,286</b>
<b>Total Ongoing</b>	<b>\$23,811,439</b>	<b>\$23,909,858</b>	<b>\$24,022,033</b>	<b>\$24,779,221</b>	<b>\$24,911,921</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$110,635)</b>	<b>(\$110,635)</b>

**Funding**

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

Department of Revenue, 08-Property Assessment Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	49,435,320	0	0	49,435,320	99.93 %
02088 SSR Administrative Funds	28,552	0	0	28,552	82.63 %
02320 Property Value. Improv. Fund	6,000	0	0	6,000	17.37 %
<b>State Special Total</b>	<b>\$34,552</b>	<b>\$0</b>	<b>\$0</b>	<b>\$34,552</b>	<b>0.07 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$49,469,872</b>	<b>\$0</b>	<b>\$0</b>	<b>\$49,469,872</b>	

*HB 2 Authority*

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

**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.

-----General Fund-----					-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	24,004,757	24,004,757	48,009,514	97.12 %	24,022,033	24,022,033	48,044,066	97.12 %
SWPL Adjustments	792,856	943,028	1,735,884	3.51 %	792,856	943,028	1,735,884	3.51 %
PL Adjustments	59,961	90,559	150,520	0.30 %	59,961	90,559	150,520	0.30 %
New Proposals	(206,264)	(254,334)	(460,598)	(0.93)%	(206,264)	(254,334)	(460,598)	(0.93)%
<b>Total Budget</b>	<b>\$24,651,310</b>	<b>\$24,784,010</b>	<b>\$49,435,320</b>		<b>\$24,668,586</b>	<b>\$24,801,286</b>	<b>\$49,469,872</b>	

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

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

**DP 3 - Inflation Deflation -**

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

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

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

DP 12 - PAD Administrative Cost Adjustment -

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

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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



**New Proposals**

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

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	13,027	0	0	13,027	0.00	13,027	0	0	13,027
DP 333 - Adjustment to Inflation	0.00	(80,218)	0	0	(80,218)	0.00	(100,362)	0	0	(100,362)
DP 555 - Additional Vacancy Savings	0.00	(216,205)	0	0	(216,205)	0.00	(217,347)	0	0	(217,347)
DP 1401 - HB 189	1.00	77,132	0	0	77,132	0.50	50,348	0	0	50,348
<b>Total</b>	<b>1.00</b>	<b>(\$206,264)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$206,264)</b>	<b>0.50</b>	<b>(\$254,334)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$254,334)</b>

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

**DP 99 - New Fixed Costs -**

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

**DP 333 - Adjustment to Inflation -**

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

**DP 555 - Additional Vacancy Savings -**

The legislature adopted an additional 1.0% vacancy savings.

**DP 1401 - HB 189 -**

The legislature adopted contingency language to increase appropriations if HB 189 was passed and approved and this decision package implements this language. This bill revises the Property Tax Assistance Program (PTAP) by increasing the market value cap for homes enrolled in PTAP from \$200,000 to \$350,000, indexes the cap to median home value, and changes the income limits for each tier of exemption percentages. Due to the expansion of eligible PTAP applicants, the Department of Revenue requires 1.00 additional FTE in FY 2024 and 0.50 FTE in FY 2025 for program maintenance.

### 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 %
<b>Total Expenditures</b>	<b>\$64,158,060</b>	<b>\$107,654,883</b>	<b>\$43,496,823</b>	<b>67.80 %</b>
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 %
<b>Total Funds</b>	<b>\$64,158,060</b>	<b>\$107,654,883</b>	<b>\$43,496,823</b>	<b>67.80 %</b>
<b>Total Ongoing</b>	<b>\$64,158,060</b>	<b>\$107,487,976</b>	<b>\$43,329,916</b>	<b>67.54 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$166,907</b>	<b>\$166,907</b>	<b>100.00 %</b>

### 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
<b>Total Expenditures</b>	<b>\$27,301,039</b>	<b>\$27,693,967</b>	<b>\$36,464,093</b>	<b>\$53,533,675</b>	<b>\$54,121,208</b>
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
<b>Total Funds</b>	<b>\$27,301,039</b>	<b>\$27,693,967</b>	<b>\$36,464,093</b>	<b>\$53,533,675</b>	<b>\$54,121,208</b>
<b>Total Ongoing</b>	<b>\$27,301,039</b>	<b>\$27,693,967</b>	<b>\$36,464,093</b>	<b>\$53,386,562</b>	<b>\$54,101,414</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$147,113</b>	<b>\$19,794</b>

### 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 %
<b>Total All Funds</b>	<b>\$107,487,976</b>	<b>\$166,907</b>	<b>\$758,163,848</b>	<b>\$453,843,275</b>	<b>\$1,319,662,006</b>	
<b>Percent - Total All Sources</b>	<b>8.15 %</b>	<b>0.01 %</b>	<b>57.45 %</b>	<b>34.39 %</b>		

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 Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	23,248,297	23,248,297	46,496,594	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 %
<b>Total Budget</b>	<b>\$39,297,022</b>	<b>\$40,058,808</b>	<b>\$79,355,830</b>		<b>\$53,533,675</b>	<b>\$54,121,208</b>	<b>\$107,654,883</b>	

**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
<b>Total Costs</b>	<b>\$36,464,093</b>	<b>\$29,657,925</b>	<b>\$53,533,675</b>	<b>\$23,875,750</b>	<b>\$30,043,073</b>	<b>\$54,121,208</b>	<b>\$24,078,135</b>	<b>\$47,953,885</b>
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)
<b>Total Funds</b>	<b>\$36,464,093</b>	<b>\$29,657,925</b>	<b>\$53,533,675</b>	<b>\$23,875,750</b>	<b>\$30,043,073</b>	<b>\$54,121,208</b>	<b>\$24,078,135</b>	<b>\$47,953,885</b>
<b>Total Ongoing</b>	<b>\$36,464,093</b>	<b>\$29,657,925</b>	<b>\$53,386,562</b>	<b>\$23,728,637</b>	<b>\$29,968,073</b>	<b>\$54,101,414</b>	<b>\$24,133,341</b>	<b>\$47,861,978</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$147,113</b>	<b>\$147,113</b>	<b>\$75,000</b>	<b>\$19,794</b>	<b>(\$55,206)</b>	<b>\$91,907</b>

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 %
<b>Total Expenditures</b>	<b>\$26,341,892</b>	<b>\$66,992,786</b>	<b>\$40,650,894</b>	<b>154.32 %</b>
General Fund	26,316,478	66,967,372	40,650,894	154.47 %
Federal Spec. Rev. Funds	25,414	25,414	0	0.00 %
<b>Total Funds</b>	<b>\$26,341,892</b>	<b>\$66,992,786</b>	<b>\$40,650,894</b>	<b>154.32 %</b>
<b>Total Ongoing</b>	<b>\$26,341,892</b>	<b>\$66,791,263</b>	<b>\$40,449,371</b>	<b>153.56 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$201,523</b>	<b>\$201,523</b>	<b>100.00 %</b>

### 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"> <li>The Director's Office 2025 biennium appropriations are approximately \$40.7 million or 154.3% higher than the FY 2023 biennium</li> <li>Changes adopted by the legislature include: <ul style="list-style-type: none"> <li>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</li> <li>Statewide present law adjustments for personal services, fixed costs, and inflation</li> <li>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</li> <li>An increase to the rate charged to other divisions utilizing services from the management services internal service fund</li> </ul> </li> </ul>	

## 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
<b>Total Expenditures</b>	<b>\$8,752,693</b>	<b>\$8,822,894</b>	<b>\$17,518,998</b>	<b>\$33,171,300</b>	<b>\$33,821,486</b>
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
<b>Total Funds</b>	<b>\$8,752,693</b>	<b>\$8,822,894</b>	<b>\$17,518,998</b>	<b>\$33,171,300</b>	<b>\$33,821,486</b>
<b>Total Ongoing</b>	<b>\$8,752,693</b>	<b>\$8,822,894</b>	<b>\$17,518,998</b>	<b>\$32,969,379</b>	<b>\$33,821,884</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$201,921</b>	<b>(\$398)</b>

**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 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,835,000</b>	<b>\$14,835,000</b>	<b>4.62 %</b>
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 %
<b>Federal Special Total</b>	<b>\$25,414</b>	<b>\$0</b>	<b>\$24,763,900</b>	<b>\$24,789,314</b>	<b>7.72 %</b>
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 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$6,640,706</b>	<b>\$0</b>	<b>\$6,640,706</b>	<b>2.07 %</b>
<b>Total All Funds</b>	<b>\$66,992,786</b>	<b>\$6,640,706</b>	<b>\$247,365,435</b>	<b>\$320,998,927</b>	

*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 Actual	FY 2023 Appropriated	FY 2024 Estimated	FY 2025 Estimated
<b>General Fund</b>				
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
<b>Total General Fund</b>	<b>98,594,963</b>	<b>99,616,742</b>	<b>103,514,938</b>	<b>104,251,597</b>
<b>State Special Revenue</b>				
Mineral Impact Fees	3,824,075	6,486,000	8,071,000	6,764,000
Debt Service	-	-	-	-
<b>Total State Special Revenue</b>	<b>3,824,075</b>	<b>6,486,000</b>	<b>8,071,000</b>	<b>6,764,000</b>
<b>Federal Special Revenue</b>				
Taylor Grazing Fees	119,454	-	125,000	125,000
Forest Reserve Funds	14,382,681	3,917,450	19,831,450	4,682,450
<b>Total Federal Special Revenue</b>	<b>14,502,135</b>	<b>3,917,450</b>	<b>19,956,450</b>	<b>4,807,450</b>
<b>Total Statutory Appropriations</b>	<b>\$ 116,921,174</b>	<b>\$ 110,020,192</b>	<b>\$ 131,542,388</b>	<b>\$ 115,823,047</b>

### Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	17,506,291	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 %
<b>Total Budget</b>	<b>\$33,158,593</b>	<b>\$33,808,779</b>	<b>\$66,967,372</b>		<b>\$33,171,300</b>	<b>\$33,821,486</b>	<b>\$66,992,786</b>	

**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)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$14,548,609</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,548,609</b>	<b>0.00</b>	<b>\$16,247,427</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,247,427</b>

\*\*\*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
<b>Total</b>	<b>0.00</b>	<b>\$1,103,693</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,103,693</b>	<b>0.00</b>	<b>\$55,061</b>	<b>\$0</b>	<b>\$0</b>

\*\*"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	Estimated
					FY 22	FY 23
					Reviewed	Reviewed
					FY 24	FY 25
<b>Operating Revenues</b>						
<b>Fees and Charges</b>						
	Fee Revenue A				1,498,456	1,498,456
	Fee Revenue B				634,538	671,821
	Fee Revenue C				1,313	12
	Other Operating Revenues					
<b>Total Operating Revenues</b>					2,134,307	2,170,289
					2,495,830	2,495,830
<b>Expenses</b>						
	Personal Services				1,781,222	1,840,869
	Operating Expense				277,402	277,447
<b>Total Operating Expense</b>					2,058,624	2,118,316
					2,517,505	2,524,587
<b>Operating Income (Loss)</b>					75,683	51,973
					(21,675)	(28,757)
	Nonoperating Revenues					
	Nonoperating Expenses					
<b>Total Nonoperating Revenues (Expenses)</b>					-	-
					-	-
<b>Income (Loss) Before Contributions and Transfers</b>					75,683	51,973
					(21,675)	(28,757)
	Capital Contributions					
	Transfers In					
	Transfers Out					
	Loans and Lease Payments					
<b>Change in Net Position</b>					75,683	51,973
					(21,675)	(28,757)
<b>Beginning Net Position - July 1</b>					106,362	184,226
	Prior Period Adjustments				2,181	
	Change in Net Position				75,683	51,973
					(21,675)	(28,757)
<b>Ending Net Position - June 30</b>					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
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Fee Description:

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

Agency:

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

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

**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.

2025 Biennium

*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 %
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>0.00 %</b>
General Fund	0	75,000	75,000	0.00 %
<b>Total Funds</b>	<b>\$0</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>0.00 %</b>
<b>Total Ongoing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>100.00 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>100.00 %</b>

### 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"> <li>• 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</li> <li>• 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</li> </ul>	

### 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
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$75,000</b>
General Fund	0	0	0	0	75,000
<b>Total Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$75,000</b>
<b>Total Ongoing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$75,000</b>

## 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 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$75,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$75,000</b>	

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								
-----General Fund-----					-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	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 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$75,000</b>	<b>\$75,000</b>		<b>\$0</b>	<b>\$75,000</b>	<b>\$75,000</b>	

## 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	0.00	75,000	0	0	75,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>\$75,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$75,000</b>

\*\*\*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 %
<b>Total Expenditures</b>	<b>\$6,579,152</b>	<b>\$7,186,291</b>	<b>\$607,139</b>	<b>9.23 %</b>
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)%
<b>Total Funds</b>	<b>\$6,579,152</b>	<b>\$7,186,291</b>	<b>\$607,139</b>	<b>9.23 %</b>
<b>Total Ongoing</b>	<b>\$6,579,152</b>	<b>\$7,205,077</b>	<b>\$625,925</b>	<b>9.51 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$18,786)</b>	<b>(\$18,786)</b>	<b>100.00 %</b>

### 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"> <li>The State Financial Services Division's 2025 biennium appropriations are approximately \$607,000 or 9.2% higher than the 2023 biennium</li> <li>Changes adopted by the legislature include: <ul style="list-style-type: none"> <li>Statewide present law adjustments for personal services, fixed costs, inflation, and an increase in indirect costs paid to the Director's Office</li> <li>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</li> <li>Non-budgeted proprietary rate increases for both the SABHRS and warrant writer unit internal services funds</li> </ul> </li> </ul>	

## 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
<b>Total Expenditures</b>	<b>\$3,228,078</b>	<b>\$3,234,214</b>	<b>\$3,344,938</b>	<b>\$3,578,403</b>	<b>\$3,607,888</b>
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
<b>Total Funds</b>	<b>\$3,228,078</b>	<b>\$3,234,214</b>	<b>\$3,344,938</b>	<b>\$3,578,403</b>	<b>\$3,607,888</b>
<b>Total Ongoing</b>	<b>\$3,228,078</b>	<b>\$3,234,214</b>	<b>\$3,344,938</b>	<b>\$3,587,796</b>	<b>\$3,617,281</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$9,393)</b>	<b>(\$9,393)</b>

**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 %
<b>State Special Total</b>	<b>\$457,196</b>	<b>\$0</b>	<b>\$0</b>	<b>\$457,196</b>	<b>1.79 %</b>
03320 CMIA Funds	11,656	0	0	11,656	100.00 %
<b>Federal Special Total</b>	<b>\$11,656</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,656</b>	<b>0.05 %</b>
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 %
<b>Proprietary Total</b>	<b>\$160,744</b>	<b>\$13,742,747</b>	<b>\$0</b>	<b>\$13,903,491</b>	<b>54.55 %</b>
<b>Total All Funds</b>	<b>\$7,186,291</b>	<b>\$13,742,747</b>	<b>\$4,558,140</b>	<b>\$25,487,178</b>	

*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.

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

**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
<b>Total</b>	<b>0.00</b>	<b>(\$5,052)</b>	<b>\$24,189</b>	<b>\$0</b>	<b>\$18,421</b>	<b>0.00</b>	<b>(\$703)</b>	<b>\$30,469</b>	<b>\$0</b>	<b>\$29,046</b>

\*\*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
<b>Operating Revenues</b>						
<b>Fees and Charges</b>						
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
<b>Total Operating Revenues</b>			<b>4,377,648</b>	<b>4,185,241</b>	<b>5,006,551</b>	<b>4,785,673</b>
<b>Expenses</b>						
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
<b>Total Operating Expense</b>			<b>5,048,947</b>	<b>4,449,018</b>	<b>5,076,237</b>	<b>5,064,021</b>
<b>Operating Income (Loss)</b>			<b>(671,299)</b>	<b>(263,777)</b>	<b>(69,686)</b>	<b>(278,348)</b>
Nonoperating Revenues						
Nonoperating Expenses						
<b>Total Nonoperating Revenues (Expenses)</b>			-	-	-	-
<b>Income (Loss)</b>						
<b>Before</b>						
<b>Contributions and</b>						
<b>Transfers</b>			<b>(671,299)</b>	<b>(263,777)</b>	<b>(69,686)</b>	<b>(278,348)</b>
Capital Contributions						
Transfers In						
Transfers Out						
Loans and Lease Payments						
<b>Change in Net Position</b>			<b>(671,299)</b>	<b>(263,777)</b>	<b>(69,686)</b>	<b>(278,348)</b>
<b>Beginning Net Position - July 1</b>			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)
<b>Ending Net Position - June 30</b>			<b>586,501</b>	<b>322,724</b>	<b>253,038</b>	<b>(25,310)</b>

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
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
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	-	-
<b>Total Operating Revenues</b>	743,721	715,100	735,000	735,000
<b>Expenses</b>				
Personal Services	511,890	536,660	549,650	551,680
Other Operating Expense	173,083	290,586	405,651	356,184
<b>Total Operating Expense</b>	684,973	827,246	955,301	907,864
<b>Operating Income (Loss)</b>	58,748	(112,146)	(220,301)	(172,864)
Nonoperating Revenues				
Nonoperating Expenses				
<b>Total Nonoperating Revenues (Expenses)</b>	-	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>	58,748	(112,146)	(220,301)	(172,864)
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments	-			
<b>Change in Net Position</b>	58,748	(112,146)	(220,301)	(172,864)
<b>Beginning Net Position - July 1</b>	493,779	552,911	440,765	220,464
Prior Period Adjustments	384			
Change in Net Position	58,748	(112,146)	(220,301)	(172,864)
<b>Ending Net Position - June 30</b>	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)%
<b>Total Expenditures</b>	<b>\$4,803,478</b>	<b>\$5,373,758</b>	<b>\$570,280</b>	<b>11.87 %</b>
State/Other Special Rev. Funds	4,803,478	5,373,758	570,280	11.87 %
<b>Total Funds</b>	<b>\$4,803,478</b>	<b>\$5,373,758</b>	<b>\$570,280</b>	<b>11.87 %</b>
<b>Total Ongoing</b>	<b>\$4,803,478</b>	<b>\$5,384,832</b>	<b>\$581,354</b>	<b>12.10 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$11,074)</b>	<b>(\$11,074)</b>	<b>100.00 %</b>

### 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"> <li>The Architecture &amp; Engineering Division's 2025 biennium appropriations are approximately \$570,000 or 11.9% higher than the 2023 biennium</li> <li>Changes adopted by the legislature include: <ul style="list-style-type: none"> <li>Statewide present law adjustments for personal services, fixed costs, inflation, and an increase in indirect costs paid to the Director's Office</li> <li>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</li> </ul> </li> </ul>

**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
<b>Total Expenditures</b>	<b>\$2,308,897</b>	<b>\$2,385,715</b>	<b>\$2,417,763</b>	<b>\$2,704,971</b>	<b>\$2,668,787</b>
State/Other Special Rev. Funds	2,308,897	2,385,715	2,417,763	2,704,971	2,668,787
<b>Total Funds</b>	<b>\$2,308,897</b>	<b>\$2,385,715</b>	<b>\$2,417,763</b>	<b>\$2,704,971</b>	<b>\$2,668,787</b>
<b>Total Ongoing</b>	<b>\$2,308,897</b>	<b>\$2,385,715</b>	<b>\$2,417,763</b>	<b>\$2,710,508</b>	<b>\$2,674,324</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,537)</b>	<b>(\$5,537)</b>

**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 %
<b>State Special Total</b>	<b>\$5,373,758</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,373,758</b>	<b>100.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$5,373,758</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,373,758</b>	

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 Summary by Category								
	-----General Fund-----				-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	2,417,763	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 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$2,704,971</b>	<b>\$2,668,787</b>	<b>\$5,373,758</b>	



**Present Law Adjustments**

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

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

\*\*\*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)
<b>Total</b>	<b>0.50</b>	<b>\$0</b>	<b>\$11,537</b>	<b>\$0</b>	<b>\$11,537</b>	<b>0.50</b>	<b>\$0</b>	<b>\$8,653</b>	<b>\$0</b>	<b>\$8,653</b>

\*\*"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 %
<b>Total Expenditures</b>	<b>\$46,695,866</b>	<b>\$48,235,862</b>	<b>\$1,539,996</b>	<b>3.30 %</b>
Proprietary Funds	46,695,866	48,235,862	1,539,996	3.30 %
<b>Total Funds</b>	<b>\$46,695,866</b>	<b>\$48,235,862</b>	<b>\$1,539,996</b>	<b>3.30 %</b>
<b>Total Ongoing</b>	<b>\$46,695,866</b>	<b>\$49,799,756</b>	<b>\$3,103,890</b>	<b>6.65 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$1,563,894)</b>	<b>(\$1,563,894)</b>	<b>100.00 %</b>

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

### 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
<b>Total Expenditures</b>	<b>\$22,672,461</b>	<b>\$23,336,586</b>	<b>\$23,359,280</b>	<b>\$24,057,362</b>	<b>\$24,178,500</b>
Proprietary Funds	22,672,461	23,336,586	23,359,280	24,057,362	24,178,500
<b>Total Funds</b>	<b>\$22,672,461</b>	<b>\$23,336,586</b>	<b>\$23,359,280</b>	<b>\$24,057,362</b>	<b>\$24,178,500</b>
<b>Total Ongoing</b>	<b>\$22,672,461</b>	<b>\$23,336,586</b>	<b>\$23,359,280</b>	<b>\$24,839,309</b>	<b>\$24,960,447</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$781,947)</b>	<b>(\$781,947)</b>

### 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 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
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 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$48,235,862</b>	<b>\$0</b>	<b>\$48,235,862</b>	<b>100.00 %</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$48,235,862</b>	<b>\$0</b>	<b>\$48,235,862</b>	

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 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 %	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 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$24,057,362</b>	<b>\$24,178,500</b>	<b>\$48,235,862</b>	

**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	(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
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$695,382</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$816,520</b>

\*\*"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.



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
<b>Operating Revenues</b>						
<b>Fees and Charges</b>						
	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
<b>Total Operating Revenues</b>			11,759,362	11,655,847	12,405,209	12,598,676
<b>Expenses</b>						
	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
<b>Total Operating Expense</b>			10,417,950	11,154,932	11,397,891	11,510,265
<b>Operating Income (Loss)</b>			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					
<b>Total Nonoperating Revenues (Expenses)</b>			4,421	-	-	-
<b>Income (Loss) Before Contributions/Transfers</b>			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)
<b>Change in Net Position</b>			949,910	147,977	654,380	777,473
<b>Beginning Net Position - July 1</b>			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
<b>Ending Net Position - June 30</b>			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
<b>Operating Revenues</b>						
<b>Fees and Charges</b>						
Charges for Services			11,123,886	10,950,000	11,500,012	11,500,012
Other Operating Revenues						
<b>Total Operating Revenues</b>			11,123,886	10,950,000	11,500,012	11,500,012
<b>Expenses</b>						
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
<b>Total Operating Expense</b>			10,650,860	11,274,280	11,498,553	11,547,150
<b>Operating Income (Loss)</b>			473,026	(324,280)	1,459	(47,138)
Nonoperating Revenues						
Other Revenue A			-	12	12	12
Nonoperating Expenses						
Other Expense A						
Other Expense B						
<b>Total Nonoperating Revenues (Expenses)</b>			-	12	12	12
<b>Income (Loss) Before Contributions/Transfers</b>			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)
<b>Change in Net Position</b>			494,468	(355,184)	(29,445)	(78,042)
<b>Beginning Net Position - July 1</b>			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)
<b>Ending Net Position - June 30</b>			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**

<b>Actual FY 22</b>	<b>Actual FY 23</b>	<b>Adopted FY 24</b>	<b>Adopted FY 25</b>
-------------------------	-------------------------	--------------------------	--------------------------

Fee Description:

**Fee Group**

**Internal Printing**

**Impressions** Cost + 25% Cost + 25% Cost + 25% Cost + 25%

**Ink** Cost + 25% Cost + 25% Cost + 25% Cost + 25%

**Bindery work** Cost + 25% Cost + 25% Cost + 25% Cost + 25%

**Pre-Press work** Cost + 25% Cost + 25% Cost + 25% Cost + 25%

**CD/DVD duplicating** Cost + 25% Cost + 25% Cost + 25% Cost + 25%

**Variable data printing** Cost + 25% Cost + 25% Cost + 25% Cost + 25%

**Large Format Color per ft.** Cost + 25% Cost + 25% Cost + 25% Cost + 25%

**Scan** Cost + 25% Cost + 25% Cost + 25% Cost + 25%

**Pick and Pack Fulfillment** 1.00 1.00 1.00 1.00

**Overtime** 30.00 30.00 30.00 30.00

**Desktop** 75.00 75.00 75.00 75.00

**IT Programming** 95.00 95.00 95.00 95.00

**File Transfer** 25.00 25.00 25.00 25.00

**Mainframe Print** 0.071 0.071 0.071 0.071

**Warrant Printing** 0.250 0.250 0.300 0.300

**Inventory Mark Up** 20.0% 20.0% 20.0% 20.0%

**Fee Group**

**External Printing**

**Percent of Invoice** 8.8% 8.8% 8.8% 8.8%

**Mark-up**

**Fee Group**

**Managed Print**

**Percent of Invoice** 15.9% 15.9% 15.9% 15.9%

**Mark-up**

<b>Fee Group</b>				
<b>Mail Preparation</b>				
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
<b>Fee Group</b>				
<b>Mail Operations</b>				
<b>Service Type (each)</b>				
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
<b>Fee Group</b>				
<b>Inter-agency</b>				
<b>Mail</b>				
Dollars-yearly	376,025	376,025	365,550	365,550
<b>Fee Group</b>				
<b>Postal Contract</b>				
<b>(Capitol)</b>				
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
Fee Description:			
<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.			
<i>The Federal Surplus Property program fees are:</i> An allocation of freight expense and 14% of of acquisition cost. This is included in the Federal Plan of Operation, which has been approved by the Federal General Services Administration.			

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)%
<b>Total Expenditures</b>	<b>\$118,601,027</b>	<b>\$139,199,457</b>	<b>\$20,598,430</b>	<b>17.37 %</b>
Proprietary Funds	118,601,027	139,199,457	20,598,430	17.37 %
<b>Total Funds</b>	<b>\$118,601,027</b>	<b>\$139,199,457</b>	<b>\$20,598,430</b>	<b>17.37 %</b>
<b>Total Ongoing</b>	<b>\$118,601,027</b>	<b>\$139,322,337</b>	<b>\$20,721,310</b>	<b>17.47 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$122,880)</b>	<b>(\$122,880)</b>	<b>100.00 %</b>

### 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"> <li>The State Information Technology Services Division is funded with non-budgeted proprietary funding and is not appropriated in HB 2</li> <li>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"> <li>An increase in rates of \$5.4 million for new rates for information technology security consolidation, snowflake pass thru, and Esper pass thru</li> <li>An increase in rates of \$10.2 million for rated services</li> <li>An increase in the ServiceNow enterprise agreement of \$2.3 million and the cybersecurity enterprise rate of \$4.3 million</li> </ul> </li> </ul>

### 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
<b>Total Expenditures</b>	<b>\$58,855,434</b>	<b>\$62,833,958</b>	<b>\$55,767,069</b>	<b>\$69,595,651</b>	<b>\$69,603,806</b>
Proprietary Funds	58,855,434	62,833,958	55,767,069	69,595,651	69,603,806
<b>Total Funds</b>	<b>\$58,855,434</b>	<b>\$62,833,958</b>	<b>\$55,767,069</b>	<b>\$69,595,651</b>	<b>\$69,603,806</b>
<b>Total Ongoing</b>	<b>\$58,855,434</b>	<b>\$62,833,958</b>	<b>\$55,767,069</b>	<b>\$69,657,091</b>	<b>\$69,665,246</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$61,440)</b>	<b>(\$61,440)</b>

### 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 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
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 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$139,199,457</b>	<b>\$0</b>	<b>\$139,199,457</b>	<b>100.00 %</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$139,199,457</b>	<b>\$0</b>	<b>\$139,199,457</b>	

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 Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	
2023 Base Budget	0	0	0	0.00 %	55,767,069	55,767,069	111,534,138	80.13 %	
SWPL Adjustments	0	0	0	0.00 %	4,193,118	4,988,772	9,181,890	6.60 %	
PL Adjustments	0	0	0	0.00 %	8,067,742	7,347,037	15,414,779	11.07 %	
New Proposals	0	0	0	0.00 %	1,567,722	1,500,928	3,068,650	2.20 %	
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$69,595,651</b>	<b>\$69,603,806</b>	<b>\$139,199,457</b>		

**Present Law Adjustments**

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

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	571,504	0.00	0	0	0	683,242
DP 2 - Fixed Costs	0.00	0	0	0	4,410	0.00	0	0	0	(71,301)
DP 3 - Inflation Deflation	0.00	0	0	0	3,617,204	0.00	0	0	0	4,376,831
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	0	0	0	156,056	0.00	0	0	0	156,056
DP 20 - SABHRS Rate Adjustment	0.00	0	0	0	1,867	0.00	0	0	0	1,408
DP 30 - Motor Pool Rate Adjustment	0.00	0	0	0	(747)	0.00	0	0	0	(700)
DP 222 - RMTD Adjustment	0.00	0	0	0	61,440	0.00	0	0	0	61,440
DP 223 - RMTD Adjustment (OTO)	0.00	0	0	0	(61,440)	0.00	0	0	0	(61,440)
DP 701 - Increase for ITSD Operations	0.00	0	0	0	7,300,000	0.00	0	0	0	6,600,000
DP 703 - Increase eGov Operating Expenses	0.00	0	0	0	610,566	0.00	0	0	0	590,273
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,260,860</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,335,809</b>

\*\*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
<b>Total</b>	<b>14.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,567,722</b>	<b>14.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,500,928</b>

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

### DP 99 - New Fixed Costs -

The legislature reviewed appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature reviewed appropriations of approximately \$7,000 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

### DP 702 - Centralize IT Security -

The legislature reviewed an increase in proprietary funds for the centralization of IT security. Part of the current statewide strategic IT plan is to ensure that citizens' data is protected along with the state's information assets. This includes the goal of consolidating state security operations under the state chief information security officer (CISO). The primary objective on centralizing cybersecurity is to enhance the state government's overall cybersecurity posture by unifying the state's cybersecurity resources under a single strategy and governance structure.

## Other Issues

### Proprietary Rates

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

- State Information Technology Services
- eGovernment Services

**SITSD Proprietary Fund - 06522***Proprietary Program Description*

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

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

- Information Systems Security
  - Manages solutions and services to ensure continuity of enterprise operations and security of data through risk assessment and mitigation, planning and monitoring, detailed recovery planning, incident response, and periodic testing
  - Coordinates security policies and procedures
- Network Technology Services
  - Manages the statewide network which connects 22,000 devices at over 600 locations and provides prioritized voice, video, data, and wireless services
  - Develops and implements network solutions that support customer needs for bandwidth and connectivity
- Enterprise Technology Services
  - Designs, implements, and manages shared IT hardware and software infrastructure in a highly efficient virtualized environment
  - Provides platforms for application and database hosting services using enterprise-class computing and storage capacity
- Enterprise Support Services
  - Manages the service desk to assist customers regarding hardware and software applications, including email and telecommunications
  - Manages desktop lifecycle for customers, including software and hardware ordering, deployment, updates, remote control, and disposal
- Montana Data Centers
  - Manages state data center facilities in Helena (primary) and Miles City (disaster recovery)
  - Maintains the reliability, efficiency, security, and availability of computer processing and storage for all customers
- Application Technology Services
  - Supports the state's mt.gov websites
  - Assists customers with designing and deploying customized applications and online services, including eGovernment applications
- Strategic Planning Services
  - Ensures IT operations are conducted in an organized, deliberative, and cost-effective manner through planning, periodic performance reports, and oversight of agency IT procurements and plans
  - Publishes the state IT strategic plan and biennial report
- Financial Management Services
  - Manages budget, billing, acquisition, and contract management services for SITSD
  - Sets rates and manages the revenues and expenses for more than 200 enterprise services provided to state and local government IT customers
- Contract, procurement, and vendor management services
- State IT Project Management Services
  - Provides expertise, assistance, tools, methodologies, and training to customers to ensure IT projects are conducted in an organized, deliberative, and cost-effective manner

*Proprietary Program Narrative*

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

2025 Biennium Report on Internal Service and Enterprise Funds				
Fund	Fund Name	Agency Name	Program Name	
06522	SITSD	Department of	State Information	
	Proprietary	Administration	Technology Services	
	Actual FY 22	Estimated FY 23	Budgeted FY 24	Budgeted FY 25
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Charges for Services - Agency	58,314,078	42,214,963	52,020,873	52,480,468
Security Consolidation			1,594,005	1,528,032
ServiceNow - Agency Offset		2,405,133	-	-
Cybersecurity		8,155,640	10,300,097	10,300,097
Charges for Services - Outside Revenues				
Other Operating Revenues				
Revenue A - External Users	632,291	619,470	619,470	619,470
Revenue B - eGOV Receipts			2,463,176	2,463,289
Revenue C - Projected Growth			728,450	726,583
<b>Total Operating Revenues</b>	<b>58,946,369</b>	<b>53,395,206</b>	<b>67,726,071</b>	<b>68,117,939</b>
<b>Expenses</b>				
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
<b>Total Operating Expense</b>	<b>55,960,673</b>	<b>55,503,330</b>	<b>66,600,940</b>	<b>66,609,095</b>
<b>Operating Income (Loss)</b>	<b>2,985,696</b>	<b>(2,108,124)</b>	<b>1,125,131</b>	<b>1,508,844</b>
Nonoperating Revenues	77,887			
<b>Total Nonoperating Revenues (Expenses)</b>	<b>77,887</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income (Loss) Before Contributions/Transfers</b>	<b>3,063,583</b>	<b>(2,108,124)</b>	<b>1,125,131</b>	<b>1,508,844</b>
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)
<b>Change in Net Position</b>	<b>2,931,429</b>	<b>(2,258,124)</b>	<b>975,131</b>	<b>1,358,844</b>
<b>Beginning Net Position - July 1</b>	<b>724,199</b>	<b>3,654,302</b>	<b>1,396,178</b>	<b>2,371,309</b>
Prior Period Adjustments	(1,326)			
Change in Net Position	2,931,429	(2,258,124)	975,131	1,358,844
<b>Ending Net Position - June 30</b>	<b>3,654,302</b>	<b>1,396,178</b>	<b>2,371,309</b>	<b>3,730,153</b>



The State Information Technology Services Division has revised the rate structure for the 2025 biennium. In the 2023 biennium, there were five established rates, which include:

- Enterprise service allocation
- Microsoft enterprise agreement
- Cybersecurity enterprise rate
- ServiceNow enterprise agreement
- Rated Services

In the 2025 biennium, there are nine rates, which include

- Enterprise service allocation (ESA)
- Microsoft enterprise agreement
- Cybersecurity enterprise rate
- ServiceNow enterprise agreement
- Rated Services
- IT security consolidation
- Snowflake pass thru
- Esper pass thru
- General pass thru

The table below shows the FY 2023 base year information technology rates to the FY 2024 and FY 2025 rates. There is an increase of revenues of \$23.6 million or 22.6% when comparing the FY 2023 base year to the 2025 biennium.

Department of Administration						
State Information Technology Services Division						
State Agency Fixed Costs for Information Technology by Service						
	FY 2023	FY 2024	FY 2025	FY 2023 to 2025 Biennium Change		
				Amount	Percent	
Enterprise Services Allocation	\$ 5,772,668	\$ 5,964,003	\$ 5,964,003	\$ 382,669	3.3%	
Microsoft Enterprise Agreement	4,117,785	4,813,632	4,813,944	1,392,006	16.9%	
Cybersecurity Enterprise Rate	8,155,640	10,300,097	10,300,097	4,288,914	26.3%	
ServiceNow Enterprise Agreement	2,405,133	3,573,587	3,573,587	2,336,907	48.6%	
Rated Services	27,573,986	32,459,934	32,916,519	10,228,481	18.5%	
IT Security Consolidation		1,594,005	1,528,032	3,122,037	100.0%	
Snowflake Pass Thru		610,500	610,500	1,221,000	100.0%	
Esper Pass Thru		530,500	530,500	1,061,000	100.0%	
General Pass Thru	<u>4,270,524</u>	<u>4,068,717</u>	<u>4,071,415</u>	<u>(400,916)</u>	<u>-4.7%</u>	
Grand Total	<u>\$ 52,295,736</u>	<u>\$ 63,914,975</u>	<u>\$ 64,308,597</u>	<u>\$ 23,632,100</u>	<u>22.6%</u>	

Proprietary Rates

For the 2025 biennium the following rates were adopted by the legislature. The rates charged in the base year are shown for comparison purposes. The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Actual FY 2022	Budgeted FY 2023	Adopted FY 2025	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
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Revenue	1,003,737	1,003,737	1,003,737	1,003,737
<b>Total Operating Revenues</b>	1,003,737	1,003,737	1,003,737	1,003,737
<b>Expenses</b>				
Other Operating Expense	434,049	1,824,711	1,824,711	1,824,711
<b>Total Operating Expense</b>	434,049	1,824,711	1,824,711	1,824,711
<b>Operating Income (Loss)</b>	569,688	(820,974)	(820,974)	(820,974)
<b>Income (Loss) Before Contributions and Transfers</b>	569,688	(820,974)	(820,974)	(820,974)
<b>Change in Net Position</b>	569,688	(820,974)	(820,974)	(820,974)
<b>Beginning Net Position - July 1</b>	(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)
<b>Ending Net Position - June 30</b>	(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 %
<b>Total Expenditures</b>	<b>\$8,765,892</b>	<b>\$9,436,523</b>	<b>\$670,631</b>	<b>7.65 %</b>
State/Other Special Rev. Funds	8,765,892	9,436,523	670,631	7.65 %
<b>Total Funds</b>	<b>\$8,765,892</b>	<b>\$9,436,523</b>	<b>\$670,631</b>	<b>7.65 %</b>
<b>Total Ongoing</b>	<b>\$8,765,892</b>	<b>\$9,463,441</b>	<b>\$697,549</b>	<b>7.96 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$26,918)</b>	<b>(\$26,918)</b>	<b>100.00 %</b>

### 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"> <li>• The Division of Banking and Financial Institution's 2025 biennium appropriations are approximately \$671,000 or 7.7% higher than the 2023 biennium</li> <li>• Changes adopted by the legislature include: <ul style="list-style-type: none"> <li>◦ Statewide present law adjustments for personal services, fixed costs, inflation/deflation, and an increase in indirect costs paid to the Director's Office</li> <li>◦ 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</li> <li>◦ 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</li> </ul> </li> </ul>	

**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
<b>Total Expenditures</b>	<b>\$4,319,761</b>	<b>\$4,324,765</b>	<b>\$4,441,127</b>	<b>\$4,710,002</b>	<b>\$4,726,521</b>
State/Other Special Rev. Funds	4,319,761	4,324,765	4,441,127	4,710,002	4,726,521
<b>Total Funds</b>	<b>\$4,319,761</b>	<b>\$4,324,765</b>	<b>\$4,441,127</b>	<b>\$4,710,002</b>	<b>\$4,726,521</b>
<b>Total Ongoing</b>	<b>\$4,319,761</b>	<b>\$4,324,765</b>	<b>\$4,441,127</b>	<b>\$4,723,461</b>	<b>\$4,739,980</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$13,459)</b>	<b>(\$13,459)</b>

**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 %
<b>State Special Total</b>	<b>\$9,436,523</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,436,523</b>	<b>100.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$9,436,523</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,436,523</b>	

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 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 %	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 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$4,710,002</b>	<b>\$4,726,521</b>	<b>\$9,436,523</b>	

**Present Law Adjustments**

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

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	(48,749)	0	(48,749)	0.00	0	(27,060)	0	(27,060)
DP 2 - Fixed Costs	0.00	0	80,382	0	80,382	0.00	0	72,688	0	72,688
DP 3 - Inflation Deflation	0.00	0	43,086	0	43,086	0.00	0	49,387	0	49,387
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	0	22,795	0	22,795	0.00	0	22,795	0	22,795
DP 20 - SABHRS Rate Adjustment	0.00	0	140	0	140	0.00	0	66	0	66
DP 30 - Motor Pool Rate Adjustment	0.00	0	(2,419)	0	(2,419)	0.00	0	(2,263)	0	(2,263)
DP 222 - RMTD Adjustment	0.00	0	13,459	0	13,459	0.00	0	13,459	0	13,459
DP 223 - RMTD Adjustment (OTO)	0.00	0	(13,459)	0	(13,459)	0.00	0	(13,459)	0	(13,459)
DP 1401 - DBFI Differential Pay	0.00	0	30,000	0	30,000	0.00	0	30,000	0	30,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$125,235</b>	<b>\$0</b>	<b>\$125,235</b>	<b>0.00</b>	<b>\$0</b>	<b>\$145,613</b>	<b>\$0</b>	<b>\$145,613</b>

\*"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
<b>Total</b>	<b>2.00</b>	<b>\$0</b>	<b>\$143,640</b>	<b>\$0</b>	<b>\$143,640</b>	<b>2.00</b>	<b>\$0</b>	<b>\$139,781</b>	<b>\$0</b>	<b>\$139,781</b>

\*\*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 %
<b>Total Expenditures</b>	<b>\$12,216,240</b>	<b>\$12,833,762</b>	<b>\$617,522</b>	<b>5.05 %</b>
Proprietary Funds	12,216,240	12,833,762	617,522	5.05 %
<b>Total Funds</b>	<b>\$12,216,240</b>	<b>\$12,833,762</b>	<b>\$617,522</b>	<b>5.05 %</b>
<b>Total Ongoing</b>	<b>\$12,216,240</b>	<b>\$12,872,328</b>	<b>\$656,088</b>	<b>5.37 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$38,566)</b>	<b>(\$38,566)</b>	<b>100.00 %</b>

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

**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
<b>Total Expenditures</b>	<b>\$5,988,567</b>	<b>\$6,158,203</b>	<b>\$6,058,037</b>	<b>\$6,497,820</b>	<b>\$6,335,942</b>
Proprietary Funds	5,988,567	6,158,203	6,058,037	6,497,820	6,335,942
<b>Total Funds</b>	<b>\$5,988,567</b>	<b>\$6,158,203</b>	<b>\$6,058,037</b>	<b>\$6,497,820</b>	<b>\$6,335,942</b>
<b>Total Ongoing</b>	<b>\$5,988,567</b>	<b>\$6,158,203</b>	<b>\$6,058,037</b>	<b>\$6,517,103</b>	<b>\$6,355,225</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$19,283)</b>	<b>(\$19,283)</b>

**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 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
06001 State Lottery Fund	12,833,762	0	201,828,700	214,662,462	100.00 %
<b>Proprietary Total</b>	<b>\$12,833,762</b>	<b>\$0</b>	<b>\$201,828,700</b>	<b>\$214,662,462</b>	<b>100.00 %</b>
<b>Total All Funds</b>	<b>\$12,833,762</b>	<b>\$0</b>	<b>\$201,828,700</b>	<b>\$214,662,462</b>	

**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.

-----General Fund-----					-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	6,058,037	6,058,037	12,116,074	94.41 %
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 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$6,497,820</b>	<b>\$6,335,942</b>	<b>\$12,833,762</b>	

**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	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
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$375,432</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$247,855</b>

\*\*"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
<b>Total</b>	<b>0.75</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$64,351</b>	<b>0.75</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,050</b>

\*\*"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)%
<b>Total Expenditures</b>	<b>\$469,112,002</b>	<b>\$465,567,644</b>	<b>(\$3,544,358)</b>	<b>(0.76)%</b>
Proprietary Funds	469,112,002	465,567,644	(3,544,358)	(0.76)%
<b>Total Funds</b>	<b>\$469,112,002</b>	<b>\$465,567,644</b>	<b>(\$3,544,358)</b>	<b>(0.76)%</b>

### 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"> <li>The Health Care and Benefits Division's 2025 biennium appropriations are approximately \$3.5 million or 0.8% lower than the 2023 biennium</li> <li>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</li> </ul>	

## 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
<b>Total Expenditures</b>	<b>\$229,871,105</b>	<b>\$237,281,366</b>	<b>\$231,830,636</b>	<b>\$232,665,685</b>	<b>\$232,901,959</b>
Proprietary Funds	229,871,105	237,281,366	231,830,636	232,665,685	232,901,959
<b>Total Funds</b>	<b>\$229,871,105</b>	<b>\$237,281,366</b>	<b>\$231,830,636</b>	<b>\$232,665,685</b>	<b>\$232,901,959</b>

## 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 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
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 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$465,567,644</b>	<b>\$0</b>	<b>\$465,567,644</b>	<b>100.00 %</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$465,567,644</b>	<b>\$0</b>	<b>\$465,567,644</b>	

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 HCBD:

- 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 %	
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$232,665,685</b>	<b>\$232,901,959</b>	<b>\$465,567,644</b>		

### 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)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$832,349</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,068,623</b>

\*\*\*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
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,700</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,700</b>

\*"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	Estimated	Reviewed
			FY 22	FY 23	FY 24
					Reviewed
					FY 25
<b>Operating Revenues</b>					
<b>Fees and Charges</b>					
Other Operating Revenues					
	Investment Earnings		(958,851)	650,000	650,000
	Group Benefit Plan Contributions		190,995,534	214,000,000	218,000,000
	Other Operating Revenues		4,658,636	5,300,000	4,500,000
<b>Total Operating Revenues</b>			194,695,319	219,950,000	223,150,000
<b>Expenses</b>					
Personal Services					
			1,252,079	1,610,797	1,626,594
Other Operating Expense					
	Operating		17,557,120	14,885,519	15,717,672
	Claims		210,484,070	207,103,322	207,103,322
<b>Total Operating Expense</b>			229,293,269	223,599,638	224,447,588
<b>Operating Income (Loss)</b>			(34,597,950)	(3,649,638)	(1,297,588)
Nonoperating Revenues					
			172,938	-	-
Nonoperating Expenses					
<b>Total Nonoperating Revenues (Expenses)</b>			172,938	-	-
<b>Income (Loss) Before Contributions and Transfers</b>			(34,425,012)	(3,649,638)	(1,297,588)
Capital Contributions					
Transfers In					
Transfers Out					
Loans and Lease Payments					
			-	-	-
<b>Change in Net Position</b>			(34,425,012)	(3,649,638)	(1,297,588)
<b>Beginning Net Position - July 1</b>			161,536,358	128,218,647	124,569,009
Prior Period Adjustments					
			1,107,302		
Change in Net Position			(34,425,012)	(3,649,638)	(1,297,588)
<b>Ending Net Position - June 30</b>			128,218,647	124,569,009	123,271,421

*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, HCBD expects to see expenses start to normalize back to projected levels.

HCBD is continuing to see increases in medical, dental, and pharmacy trends. Specialty medications continue to have a large impact since they are more cost consuming to the plan. During COVID-19, a large number of members moved to 90-day prescription fills.

The Health Care and Benefits Division receives an actuarial analysis from Actuaries Northwest, LLC that analyzes both medical and prescription drug claims. The table below shows two trend scenarios that were included in the June 2022 actuarial report. One scenario calculates projections based on an increase in medical costs of 6.0% and prescription costs of 9.0%. A second scenario calculates projections based on an increase in medical costs of 9.0% and prescription costs of 12.0%.

Health Care and Benefits Division Group Benefits Claims 6.0% Medical Trend and 9.0% Prescription Trend Trend Assumptions by Actuaries Northwest, LLC						
	Projected Plan Year 2022	Projected Plan Year 2023	Projected Plan Year 2024	Projected Plan Year 2025	\$ Change 23B - 25B	% Change 23B - 25B
Medical Claims	\$ 158,795,472	\$ 168,019,599	\$ 178,100,775	\$ 188,786,822	\$ 40,072,525	12.3%
Rx Claims	44,993,124	48,954,048	53,359,912	58,162,305	17,575,045	18.7%
Part D	(20,849,943)	(22,685,447)	(24,727,137)	(26,952,579)	(8,144,326)	18.7%
Dental Claims	7,133,403	7,405,358	7,701,572	8,009,635	1,172,447	8.1%
Change in IBNR	4,972,923	622,774	1,634,008	1,731,865	(2,229,825)	-39.8%
Total Claims	<u>\$ 195,044,980</u>	<u>\$ 202,316,333</u>	<u>\$ 216,069,131</u>	<u>\$ 229,738,047</u>	<u>\$ 48,445,866</u>	<u>12.2%</u>

Health Care and Benefits Division Group Benefits Claims 9.0% Medical Trend and 12.0% Prescription Trend Trend Assumptions by Actuaries Northwest, LLC						
	Projected Plan Year 2022	Projected Plan Year 2023	Projected Plan Year 2024	Projected Plan Year 2025	\$ Change 23B - 25B	% Change 23B - 25B
Medical Claims	\$ 159,644,921	\$ 173,699,100	\$ 189,332,019	\$ 206,371,900	\$ 62,359,899	18.7%
Rx Claims	45,239,051	50,576,348	56,645,510	63,442,971	24,273,082	25.3%
Part D	(20,958,712)	(23,431,418)	(26,243,188)	(29,392,371)	(11,245,429)	25.3%
Dental Claims	7,159,022	7,574,876	8,029,368	8,511,130	1,806,601	12.3%
Change in IBNR	4,972,923	980,550	2,532,779	2,760,175	(660,520)	-11.1%
Total Claims	<u>\$ 196,057,205</u>	<u>\$ 209,399,456</u>	<u>\$ 230,296,488</u>	<u>\$ 251,693,806</u>	<u>\$ 76,533,633</u>	<u>18.9%</u>

Revenues

The state employee group benefit plan (SEGBP) is self-funded, and as such is responsible for medical costs incurred by its members. SEGBP is funded through a combination of state share paid by the State of Montana as an employer and member (employee and retiree) contribution payments. The state share is \$1,054 per month and is established in 2-18-703(2), MCA. As a component of employee compensation, the state share contribution amount is a subject of collective bargaining and is negotiated as part of the overall pay package for state employees.

Plan revenues are estimated at approximately \$223.2 million each fiscal year of the 2025 biennium.

Proprietary Rates

The following are the rates adopted by the legislature for the 2025 biennium. The rates charged in the base year are shown for comparison purposes.

Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 22	Budgeted FY 23	Adopted FY 24	Adopted FY 25
Fee Description:				
State Share Contribution	\$1,054	\$1,054	\$1,054	\$1,054
Rates are established to maintain adequate reserves. Actual state share rates are set for each calendar year as opposed to a fiscal year. This table shows the average month state share rate for each fiscal year.				

The program is funded with an internal service fund, which is a type of 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				
	Actual FY 22	Budgeted FY 23	Adopted FY 24	Adopted FY 25
Fee Description:				
Workers' Compensation Management	\$0.97	\$0.97	\$0.97	\$0.97

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

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
				7,038,925	7,707,230	7,707,230	7,707,230
Total Operating Expense				7,151,751	7,879,093	7,888,201	7,891,226
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)%
<b>Total Expenditures</b>	<b>\$4,099,817</b>	<b>\$4,327,086</b>	<b>\$227,269</b>	<b>5.54 %</b>
General Fund	4,099,817	4,327,086	227,269	5.54 %
<b>Total Funds</b>	<b>\$4,099,817</b>	<b>\$4,327,086</b>	<b>\$227,269</b>	<b>5.54 %</b>
<b>Total Ongoing</b>	<b>\$4,099,817</b>	<b>\$4,337,520</b>	<b>\$237,703</b>	<b>5.80 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$10,434)</b>	<b>(\$10,434)</b>	<b>100.00 %</b>

### 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
<ul style="list-style-type: none"> <li>• The State Human Resources Division's 2025 biennium appropriations are approximately \$227,000 or 5.5% higher than the 2023 biennium</li> <li>• 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</li> <li>• 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: <ul style="list-style-type: none"> <li>◦ An increase in operating expenses for the online learning tool available to all state employees of \$250,000 in both fiscal years</li> <li>◦ 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</li> <li>◦ The addition of the State Management Training Center to the State Human Resources Division for \$400,000 in both fiscal years</li> </ul> </li> </ul>

**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
<b>Total Expenditures</b>	<b>\$2,088,184</b>	<b>\$2,101,300</b>	<b>\$1,998,517</b>	<b>\$2,157,275</b>	<b>\$2,169,811</b>
General Fund	2,088,184	2,101,300	1,998,517	2,157,275	2,169,811
<b>Total Funds</b>	<b>\$2,088,184</b>	<b>\$2,101,300</b>	<b>\$1,998,517</b>	<b>\$2,157,275</b>	<b>\$2,169,811</b>
<b>Total Ongoing</b>	<b>\$2,088,184</b>	<b>\$2,101,300</b>	<b>\$1,998,517</b>	<b>\$2,162,492</b>	<b>\$2,175,028</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,217)</b>	<b>(\$5,217)</b>

**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 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
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 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$9,271,282</b>	<b>\$0</b>	<b>\$9,271,282</b>	<b>68.18 %</b>
<b>Total All Funds</b>	<b>\$4,327,086</b>	<b>\$9,271,282</b>	<b>\$0</b>	<b>\$13,598,368</b>	

**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.

-----General Fund-----					-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	1,998,517	1,998,517	3,997,034	92.37 %	1,998,517	1,998,517	3,997,034	92.37 %
SWPL Adjustments	178,482	194,146	372,628	8.61 %	178,482	194,146	372,628	8.61 %
PL Adjustments	8,667	8,624	17,291	0.40 %	8,667	8,624	17,291	0.40 %
New Proposals	(28,391)	(31,476)	(59,867)	(1.38)%	(28,391)	(31,476)	(59,867)	(1.38)%
<b>Total Budget</b>	<b>\$2,157,275</b>	<b>\$2,169,811</b>	<b>\$4,327,086</b>		<b>\$2,157,275</b>	<b>\$2,169,811</b>	<b>\$4,327,086</b>	

**Present Law Adjustments**

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

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	111,640	0	0	111,640	0.00	119,748	0	0	119,748
DP 2 - Fixed Costs	0.00	32,371	0	0	32,371	0.00	32,194	0	0	32,194
DP 3 - Inflation Deflation	0.00	34,471	0	0	34,471	0.00	42,204	0	0	42,204
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	8,390	0	0	8,390	0.00	8,390	0	0	8,390
DP 20 - SABHRS Rate Adjustment	0.00	295	0	0	295	0.00	251	0	0	251
DP 30 - Motor Pool Rate Adjustment	0.00	(18)	0	0	(18)	0.00	(17)	0	0	(17)
DP 222 - RMTD Adjustment	0.00	5,217	0	0	5,217	0.00	5,217	0	0	5,217
DP 223 - RMTD Adjustment (OTO)	0.00	(5,217)	0	0	(5,217)	0.00	(5,217)	0	0	(5,217)
Grand Total All Present Law Adjustments	0.00	\$187,149	\$0	\$0	\$187,149	0.00	\$202,770	\$0	\$0	\$202,770

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

**DP 3 - Inflation Deflation -**

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

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature adopted adjustments in 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)
<b>Total</b>	<b>0.00</b>	<b>(\$28,391)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$28,391)</b>	<b>0.00</b>	<b>(\$31,476)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$31,476)</b>

\*"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
<b>Operating Revenues</b>								
<b>Fees and Charges</b>								
HRIS Fees					3,597,100	3,607,489	3,849,451	3,841,843
Other Operating Revenues								
Revenue A					172	600	600	600
<b>Total Operating Revenues</b>					3,597,272	3,608,089	3,850,051	3,842,443
<b>Expenses</b>								
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
<b>Total Operating Expense</b>					3,369,296	3,417,690	3,902,005	3,854,056
<b>Operating Income (Loss)</b>					227,976	190,399	(51,954)	(11,613)
Nonoperating Revenues								
Other Revenue								
Nonoperating Expenses								
Other Expense								
<b>Total Nonoperating Revenues (Expenses)</b>					-	-	-	-
<b>Income (Loss) Before Contributions/Transfers</b>					227,976	190,399	(51,954)	(11,613)
Capital Contributions								
Transfers In								
Transfers Out								
Loans and Lease Payments								
<b>Change in Net Position</b>					227,976	190,399	(51,954)	(11,613)
<b>Beginning Net Position - July 1</b>					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)
<b>Ending Net Position - June 30</b>					479,643	670,042	618,088	606,475

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
<b>Operating Revenues</b>						
<b>Fees and Charges</b>						
Charges for Services			381,296	415,000	400,000	400,000
Fee Revenue B			740	2,500		
Other Operating Revenues						
<b>Total Operating Revenues</b>			382,036	417,500	400,000	400,000
<b>Expenses</b>						
Personal Services			205,581	303,160	180,028	180,030
Other Operating Expense			136,990	153,642	207,941	206,901
<b>Total Operating Expense</b>			342,571	456,802	387,969	386,931
<b>Operating Income (Loss)</b>			39,465	(39,302)	12,031	13,069
Nonoperating Revenues						
Nonoperating Expenses						
<b>Total Nonoperating Revenues (Expenses)</b>			-	-	-	-
<b>Income (Loss) Before Contributions/Transfers</b>			39,465	(39,302)	12,031	13,069
Capital Contributions						
Transfers In			39,900	62,400		
Transfers Out						
Loans and Lease Payments				(366)		
<b>Change in Net Position</b>			79,365	22,732	12,031	13,069
<b>Beginning Net Position - July 1</b>			60,837	140,202	162,934	174,965
Prior Period Adjustments						
Change in Net Position			79,365	22,732	12,031	13,069
<b>Ending Net Position - June 30</b>			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
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.			

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 %
<b>Total Expenditures</b>	<b>\$69,694,523</b>	<b>\$75,506,150</b>	<b>\$5,811,627</b>	<b>8.34 %</b>
Proprietary Funds	69,694,523	75,506,150	5,811,627	8.34 %
<b>Total Funds</b>	<b>\$69,694,523</b>	<b>\$75,506,150</b>	<b>\$5,811,627</b>	<b>8.34 %</b>

### 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"> <li>The Risk Management and Tort Defense Division's 2025 biennium appropriations are approximately \$5.8 million or 8.3% higher than the 2023 biennium</li> <li>Changes adopted by the legislature include: <ul style="list-style-type: none"> <li>Statewide present law adjustments for personal services, fixed costs, inflation, and an increase in indirect costs paid to the Director's Office</li> <li>Increases in proprietary funds for commercial property insurance premiums</li> <li>A 10% reduction to the Agency Insurance proprietary fund rate</li> <li>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</li> </ul> </li> </ul>	

## 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
<b>Total Expenditures</b>	<b>\$31,353,193</b>	<b>\$35,091,855</b>	<b>\$34,602,668</b>	<b>\$37,614,275</b>	<b>\$37,891,875</b>
Proprietary Funds	31,353,193	35,091,855	34,602,668	37,614,275	37,891,875
<b>Total Funds</b>	<b>\$31,353,193</b>	<b>\$35,091,855</b>	<b>\$34,602,668</b>	<b>\$37,614,275</b>	<b>\$37,891,875</b>

**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 Bld	0	0	91,000	91,000	100.00 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$91,000</b>	<b>\$91,000</b>	<b>0.12 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
06532 Agency Insurance Int. Svc.	0	75,506,150	0	75,506,150	100.00 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$75,506,150</b>	<b>\$0</b>	<b>\$75,506,150</b>	<b>99.88 %</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$75,506,150</b>	<b>\$91,000</b>	<b>\$75,597,150</b>	

*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 Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	34,602,668	34,602,668	69,205,336	91.66 %
SWPL Adjustments	0	0	0	0.00 %	987,581	1,265,191	2,252,772	2.98 %
PL Adjustments	0	0	0	0.00 %	2,021,326	2,021,316	4,042,642	5.35 %
New Proposals	0	0	0	0.00 %	2,700	2,700	5,400	0.01 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$37,614,275</b>	<b>\$37,891,875</b>	<b>\$75,506,150</b>	

**Present Law Adjustments**

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

Present Law Adjustments									
-----Fiscal 2024-----					-----Fiscal 2025-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services									
0.00	0	0	0	(70,585)	0.00	0	0	0	(59,022)
DP 2 - Fixed Costs									
0.00	0	0	0	94,760	0.00	0	0	0	80,109
DP 3 - Inflation Deflation									
0.00	0	0	0	963,406	0.00	0	0	0	1,244,104
DP 4 - Allocate Department Indirect/Administrative Costs									
0.00	0	0	0	21,733	0.00	0	0	0	21,733
DP 20 - SABHRS Rate Adjustment									
0.00	0	0	0	78	0.00	0	0	0	37
DP 30 - Motor Pool Rate Adjustment									
0.00	0	0	0	(485)	0.00	0	0	0	(454)
DP 222 - RMTD Adjustment									
0.00	0	0	0	5,865	0.00	0	0	0	5,865
DP 223 - RMTD Adjustment (OTO)									
0.00	0	0	0	(5,865)	0.00	0	0	0	(5,865)
DP 2401 - Commercial Property									
0.00	0	0	0	2,000,000	0.00	0	0	0	2,000,000
<b>Grand Total All Present Law Adjustments</b>									
<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,008,907</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,286,507</b>

\*\*\*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
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,700</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,700</b>

\*\*\*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
<b>Operating Revenues</b>						
<b>Fees and Charges</b>						
	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					
<b>Total Operating Revenues</b>			24,193,454	25,758,318	206,000	206,000
<b>Expenses</b>						
	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		-	-	-	-
<b>Total Operating Expense</b>			18,031,298	34,525,096	37,016,590	37,294,190
<b>Operating Income (Loss)</b>			6,162,156	(8,766,778)	(36,810,590)	(37,088,190)
<b>Nonoperating Revenues</b>						
	Other Revenue A - Subrogation Proceeds		643,515	100,000	100,000	100,000
	Other Revenue B -Misc. Settlements		141,137,493			
<b>Nonoperating Expenses</b>						
<b>Total Nonoperating Revenues (Expenses)</b>			141,781,008	100,000	100,000	100,000
<b>Income (Loss) Before Contributions and Transfers</b>			147,943,164	(8,666,778)	(36,710,590)	(36,988,190)
<b>Capital Contributions</b>						
	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)
<b>Change in Net Position</b>			127,162,832	(8,699,350)	(36,742,662)	(37,020,262)
<b>Beginning Net Position - July 1</b>			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)
<b>Ending Net Position - June 30</b>			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 %
<b>Total Expenditures</b>	<b>\$1,351,589</b>	<b>\$1,429,677</b>	<b>\$78,088</b>	<b>5.78 %</b>
General Fund	1,351,589	1,429,677	78,088	5.78 %
<b>Total Funds</b>	<b>\$1,351,589</b>	<b>\$1,429,677</b>	<b>\$78,088</b>	<b>5.78 %</b>
<b>Total Ongoing</b>	<b>\$1,351,589</b>	<b>\$1,433,515</b>	<b>\$81,926</b>	<b>6.06 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$3,838)</b>	<b>(\$3,838)</b>	<b>100.00 %</b>

### 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"> <li>The Montana Tax Appeal Board's 2025 biennium appropriations are approximately \$78,000 or 5.8% higher than the 2023 biennium</li> <li>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</li> </ul>

**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
<b>Total Expenditures</b>	<b>\$614,859</b>	<b>\$666,876</b>	<b>\$684,713</b>	<b>\$713,904</b>	<b>\$715,773</b>
General Fund	614,859	666,876	684,713	713,904	715,773
<b>Total Funds</b>	<b>\$614,859</b>	<b>\$666,876</b>	<b>\$684,713</b>	<b>\$713,904</b>	<b>\$715,773</b>
<b>Total Ongoing</b>	<b>\$614,859</b>	<b>\$666,876</b>	<b>\$684,713</b>	<b>\$715,823</b>	<b>\$717,692</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,919)</b>	<b>(\$1,919)</b>

**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 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$1,429,677</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,429,677</b>	

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 Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	684,713	684,713	1,369,426	95.79 %	684,713	684,713	1,369,426	95.79 %
SWPL Adjustments	34,801	37,489	72,290	5.06 %	34,801	37,489	72,290	5.06 %
PL Adjustments	2,409	2,397	4,806	0.34 %	2,409	2,397	4,806	0.34 %
New Proposals	(8,019)	(8,826)	(16,845)	(1.18)%	(8,019)	(8,826)	(16,845)	(1.18)%
<b>Total Budget</b>	<b>\$713,904</b>	<b>\$715,773</b>	<b>\$1,429,677</b>		<b>\$713,904</b>	<b>\$715,773</b>	<b>\$1,429,677</b>	

**Present Law Adjustments**

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

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	238	0	0	238	0.00	1,862	0	0	1,862
DP 2 - Fixed Costs	0.00	28,972	0	0	28,972	0.00	28,908	0	0	28,908
DP 3 - Inflation Deflation	0.00	5,591	0	0	5,591	0.00	6,719	0	0	6,719
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	2,397	0	0	2,397	0.00	2,397	0	0	2,397
DP 20 - SABHRS Rate Adjustment	0.00	23	0	0	23	0.00	11	0	0	11
DP 30 - Motor Pool Rate Adjustment	0.00	(11)	0	0	(11)	0.00	(11)	0	0	(11)
DP 222 - RMTD Adjustment	0.00	1,919	0	0	1,919	0.00	1,919	0	0	1,919
DP 223 - RMTD Adjustment (OTO)	0.00	(1,919)	0	0	(1,919)	0.00	(1,919)	0	0	(1,919)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$37,210</b>	<b>\$0</b>	<b>\$0</b>	<b>\$37,210</b>	<b>0.00</b>	<b>\$39,886</b>	<b>\$0</b>	<b>\$0</b>	<b>\$39,886</b>

\*\*\*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)
<b>Total</b>	<b>0.00</b>	<b>(\$8,019)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$8,019)</b>	<b>0.00</b>	<b>(\$8,826)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$8,826)</b>

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

DP 333 - Adjustment to Inflation -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.



**Agency Budget Comparison**

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

Agency Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	9,832,575	10,514,919	682,344	6.94 %
Operating Expenses	13,080,905	16,062,589	2,981,684	22.79 %
Equipment & Intangible Assets	400,000	300,000	(100,000)	(25.00)%
Capital Outlay	500,000	600,000	100,000	20.00 %
Local Assistance	92,000	92,000	0	0.00 %
Grants	46,437,080	43,677,245	(2,759,835)	(5.94)%
Transfers	482,248	2,248	(480,000)	(99.53)%
Debt Service	618,264	587,064	(31,200)	(5.05)%
<b>Total Expenditures</b>	<b>\$71,443,072</b>	<b>\$71,836,065</b>	<b>\$392,993</b>	<b>0.55 %</b>
General Fund	9,227,017	11,962,407	2,735,390	29.65 %
State/Other Special Rev. Funds	20,323,670	20,369,426	45,756	0.23 %
Federal Spec. Rev. Funds	41,892,385	39,504,232	(2,388,153)	(5.70)%
<b>Total Funds</b>	<b>\$71,443,072</b>	<b>\$71,836,065</b>	<b>\$392,993</b>	<b>0.55 %</b>
<b>Total Ongoing</b>	<b>\$68,563,989</b>	<b>\$72,046,455</b>	<b>\$3,482,466</b>	<b>5.08 %</b>
<b>Total OTO</b>	<b>\$2,879,083</b>	<b>(\$210,390)</b>	<b>(\$3,089,473)</b>	<b>(107.31)%</b>

**Agency Description**

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

## Agency Highlights

Department of Commerce Major Budget Highlights	
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Department of Commerce's 2025 biennium budget of approximately \$393,000 or 0.6% compared to the 2023 biennium budget. Changes adopted by the legislature include: <ul style="list-style-type: none"> <li>A \$1.8 million biennial general fund increase and 1.00 FTE for the Indian Country Economic Development Program</li> <li>A \$500,000 biennial general fund increase for the Montana Manufacturing Extension Center</li> <li>A \$500,000 biennial general fund increase for the Board of Horse Racing</li> <li>1.00 FTE added in the Community MT Division for the Montana Heritage Preservation Program</li> <li>1.00 FTE and authority for increased consulting services added in the Community Technical Assistance Program</li> <li>A \$2.6 million biennial federal special revenue reduction to align with lower funding anticipated for housing grants</li> </ul> </li> </ul>	

## Agency Actuals and Budget Comparison

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

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	54.05	54.05	61.80	61.80
Personal Services	4,120,282	4,861,675	4,970,900	5,243,914	5,271,005
Operating Expenses	4,596,640	6,623,850	6,457,055	8,075,017	7,987,572
Equipment & Intangible Assets	130,000	250,000	150,000	150,000	150,000
Capital Outlay	69,500	200,000	300,000	300,000	300,000
Local Assistance	0	46,000	46,000	46,000	46,000
Grants	18,190,210	23,219,503	23,217,577	21,841,499	21,835,746
Transfers	240,000	241,124	241,124	1,124	1,124
Debt Service	275,468	309,132	309,132	293,532	293,532
<b>Total Expenditures</b>	<b>\$27,622,100</b>	<b>\$35,751,284</b>	<b>\$35,691,788</b>	<b>\$35,951,086</b>	<b>\$35,884,979</b>
General Fund	4,517,730	4,586,857	4,640,160	5,989,631	5,972,776
State/Other Special Rev. Funds	7,105,587	10,216,599	10,107,071	10,205,886	10,163,540
Federal Spec. Rev. Funds	15,998,783	20,947,828	20,944,557	19,755,569	19,748,663
<b>Total Funds</b>	<b>\$27,622,100</b>	<b>\$35,751,284</b>	<b>\$35,691,788</b>	<b>\$35,951,086</b>	<b>\$35,884,979</b>
<b>Total Ongoing</b>	<b>\$26,239,016</b>	<b>\$34,312,415</b>	<b>\$34,251,574</b>	<b>\$36,056,281</b>	<b>\$35,990,174</b>
<b>Total OTO</b>	<b>\$1,383,084</b>	<b>\$1,438,869</b>	<b>\$1,440,214</b>	<b>(\$105,195)</b>	<b>(\$105,195)</b>

### Summary of Legislative Action

The legislature adopted an increase to the Department of Commerce's 2025 biennium appropriation of approximately \$452,000 or 0.6% compared to the 2023 biennium base budget. Changes adopted in this budget include:

- Statewide present law adjustments for personal services, fixed costs, and inflation/deflation of approximately \$464,000 over the 2025 biennium
- \$875,000 general fund each fiscal year of the 2025 biennium for the Indian Country Economic Development Program and the establishment of 1.00 FTE
- An increase of approximately \$584,000 general fund in the 2025 biennium for 1.00 FTE and increased consulting costs in the Community Technical Assistance Program
- \$250,000 general fund each fiscal year of the 2025 biennium for the Montana Manufacturing Extension Center to hire additional field engineers
- \$250,000 general fund each fiscal year of the 2025 biennium for the Board of Horse Racing
- An increase of approximately \$214,000 state special revenue for 1.00 FTE in the Montana Heritage Preservation Program
- A net decrease for administrative cost adjustments of approximately \$1.6 million over all fund types, primarily due to a reduction in federal special revenue for anticipated housing grants in the Housing MT Division
- Removal of 0.50 FTE from the Director's Office and associated funding of approximately \$74,000 general fund in the 2025 biennium
- A net increase of approximately \$1.0 million in the 2025 biennium, primarily in general fund, for other house and senate bills that were passed and approved, along with 5.25 FTE each fiscal year of the 2025 biennium

### Funding

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

Total Department of Commerce Funding by Source of Authority 2025 Biennium Budget Request - Department of Commerce						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	12,007,013	(44,606)	0	3,600,000	15,562,407	4.61 %
State Special Total	20,515,005	(145,579)	0	105,062,896	125,432,322	37.13 %
Federal Special Total	39,524,437	(20,205)	0	2,097,785	41,602,017	12.32 %
Proprietary Total	0	0	154,014,665	1,200,000	155,214,665	45.95 %
Other Total	0	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$72,046,455</b>	<b>(\$210,390)</b>	<b>\$154,014,665</b>	<b>\$111,960,681</b>	<b>\$337,811,411</b>	
<b>Percent - Total All Sources</b>	<b>21.33 %</b>	<b>(0.06)%</b>	<b>45.59 %</b>	<b>33.14 %</b>		

Over 75.0% of the overall funding in the Department of Commerce is not budgeted through HB 2, but provided as either non-budgeted proprietary funding or as statutory appropriations. HB 2 appropriations of general fund, state special revenue, and federal special revenue comprise the remaining funding for the Department of Commerce and will be discussed in further detail at the program level.

Statutory appropriations are explained in further detail within each program receiving and spending those funds.

### Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	3,477,125	3,477,125	6,954,250	58.13 %	34,251,574	34,251,574	68,503,148	95.36 %
SWPL Adjustments	197,387	208,370	405,757	3.39 %	313,178	287,297	600,475	0.84 %
PL Adjustments	115,949	117,583	233,532	1.95 %	(807,234)	(805,197)	(1,612,431)	(2.24)%
New Proposals	2,199,170	2,169,698	4,368,868	36.52 %	2,193,568	2,151,305	4,344,873	6.05 %
<b>Total Budget</b>	<b>\$5,989,631</b>	<b>\$5,972,776</b>	<b>\$11,962,407</b>		<b>\$35,951,086</b>	<b>\$35,884,979</b>	<b>\$71,836,065</b>	

### Other Legislation

**HB 321** – Revises laws related to the Coal Tax Trust by establishing a conservation district fund and a coal board fund and allocating coal severance tax funds to the conservation district fund. This bill appropriates \$1,000 general fund to the coal board to provide additional grant funds in the 2025 biennium.

**HB 355** – Creates the State-Local Infrastructure Partnership Act of 2023 and appropriates \$20.0 million from the general fund to the Department of Commerce to administer and disburse grants to eligible counties.

**HB 819** – Creates the Montana community reinvestment plan to provide funding for workforce housing. This bill creates the Montana Community Reinvestment Act Program, State Workforce Housing Incentive Program, Planning Grants Program, Montana Housing Infrastructure Revolving Loan Fund Program, and Workforce Housing Appropriations Program, as well as additional authority to the Coal Tax Trust. This bill appropriates \$32.0 million general fund and \$50.0 million one-time-only state special revenue in the 2025 biennium.

### Executive Budget Comparison

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

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2023	Executive Budget Fiscal 2024	Legislative Budget Fiscal 2024	Leg — Exec. Difference Fiscal 2024	Executive Budget Fiscal 2025	Legislative Budget Fiscal 2025	Leg — Exec. Difference Fiscal 2025	Biennium Difference Fiscal 24-25
FTE	54.05	58.05	61.80	3.75	58.05	61.80	3.75	3.75
Personal Services	4,970,900	4,928,961	5,243,914	314,953	4,956,569	5,271,005	314,436	629,389
Operating Expenses	6,457,055	7,838,246	8,075,017	236,771	7,776,713	7,987,572	210,859	447,630
Equipment & Intangible Assets	150,000	150,000	150,000	0	150,000	150,000	0	0
Capital Outlay	300,000	300,000	300,000	0	300,000	300,000	0	0
Local Assistance	46,000	46,000	46,000	0	46,000	46,000	0	0
Grants	23,217,577	21,917,004	21,841,499	(75,505)	21,917,004	21,835,746	(81,258)	(156,763)
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	241,124	1,124	1,124	0	1,124	1,124	0	0
Debt Service	309,132	293,532	293,532	0	293,532	293,532	0	0
<b>Total Costs</b>	<b>\$35,691,788</b>	<b>\$35,474,867</b>	<b>\$35,951,086</b>	<b>\$476,219</b>	<b>\$35,440,942</b>	<b>\$35,884,979</b>	<b>\$444,037</b>	<b>\$920,256</b>
General Fund	4,640,160	5,298,450	5,989,631	691,181	5,303,959	5,972,776	668,817	1,359,998
State/other Special Rev. Funds	10,107,071	10,406,953	10,205,886	(201,067)	10,373,801	10,163,540	(210,261)	(411,328)
Federal Spec. Rev. Funds	20,944,557	19,769,464	19,755,569	(13,895)	19,763,182	19,748,663	(14,519)	(28,414)
<b>Total Funds</b>	<b>\$35,691,788</b>	<b>\$35,474,867</b>	<b>\$35,951,086</b>	<b>\$476,219</b>	<b>\$35,440,942</b>	<b>\$35,884,979</b>	<b>\$444,037</b>	<b>\$920,256</b>
<b>Total Ongoing</b>	<b>\$34,251,574</b>	<b>\$35,474,867</b>	<b>\$36,056,281</b>	<b>\$581,414</b>	<b>\$35,440,942</b>	<b>\$35,990,174</b>	<b>\$549,232</b>	<b>\$1,130,646</b>
<b>Total OTO</b>	<b>\$1,440,214</b>	<b>\$0</b>	<b>(\$105,195)</b>	<b>(\$105,195)</b>	<b>\$0</b>	<b>(\$105,195)</b>	<b>(\$105,195)</b>	<b>(\$210,390)</b>

The legislature adopted ongoing appropriations that are \$1.1 million greater than the proposed appropriations for the 2025 biennium. Significant changes include:

- The legislature did not adopt DP 5110, which would have reestablished \$200,000 in state special revenue for the 2025 biennium for the Made-in-Montana Program, as passed in HB 660 during the 2021 Legislative Session
- The legislature only adopted 1.00 FTE out of the 2.00 FTE proposed in DP 6002 for the Community Technical Assistance Program
- The legislature adopted DP 7802, which added \$500,000 biennial general fund to the Board of Horse Racing
- The legislature adopted DP 8107, which reduced FTE in the Director's Office by 0.50 FTE
- The legislature adopted an additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation
- The legislature adopted appropriations to implement other house and senate bills of approximately \$1.0 million general fund for the 2025 biennium

**Language and Statutory Authority**

*The legislature adopted the following language in HB 2:*

"The Director's Office, Business Montana Division, Community Montana Division, Housing Montana Division, and Montana Heritage Commission include a one-time-only reduction in FY 2024 and FY 2025 for a suspension of insurance premium payments to the Risk Management and Tort Defense Division's proprietary fund."

"The Director's Office includes an increase in general fund of \$19,831 in FY 2024 and \$23,207 in FY 2025, state special revenue of \$22,103 in FY 2024 and \$27,407 in FY 2025, and federal special revenue of \$8,508 in FY 2024 and \$10,854 in FY 2025. The increase was provided to offset inflationary impacts. The agency may allocate this increase in funding among programs when developing 2025 biennium operating plans."

*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 19 is passed and approved, the Department of Commerce is increased by \$59,661 general fund in FY 2024 and \$56,361 general fund in FY 2025."

"If HB 355 is passed and approved, the Department of Commerce is increased by \$473,370 general fund in FY 2024 and \$457,695 general fund in FY 2025, and the Department of Commerce may increase full-time equivalent positions authorized in HB 2 by 4.75 FTE in FY 2024 and 4.75 FTE in FY 2025."

"If HB 819 is passed and approved, the Department of Commerce is increased by \$56,235 one-time-only general fund in FY 2024 and \$53,950 one-time-only general fund in FY 2025, and the Department of Commerce may increase full-time equivalent positions authorized in HB 2 by 0.50 FTE in FY 2024 and 0.50 FTE in FY 2025."

"If SB 522 is passed and approved, the Department of Commerce is decreased by \$75,505 state special revenue in FY 2024 and \$81,258 state special revenue in FY 2025."

"If HB 898 is passed and approved, the Department of Commerce is increased by \$53,888 state special revenue in FY 2024, and the Department of Commerce may increase full-time equivalent positions authorized in HB 2 by 0.50 FTE in FY 2024."

"If HB 314 is passed and approved, the Department of Commerce is increased by \$1,250 state special revenue in FY 2024 and \$1,250 state special revenue in FY 2025."

### Program Budget Comparison

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	3,443,414	2,749,567	(693,847)	(20.15)%
Operating Expenses	4,942,409	6,226,769	1,284,360	25.99 %
Local Assistance	92,000	92,000	0	0.00 %
Grants	3,421,576	3,429,650	8,074	0.24 %
Transfers	482,248	2,248	(480,000)	(99.53)%
Debt Service	246,378	226,978	(19,400)	(7.87)%
<b>Total Expenditures</b>	<b>\$12,628,025</b>	<b>\$12,727,212</b>	<b>\$99,187</b>	<b>0.79 %</b>
General Fund	5,845,747	6,148,532	302,785	5.18 %
State/Other Special Rev. Funds	5,063,878	4,862,093	(201,785)	(3.98)%
Federal Spec. Rev. Funds	1,718,400	1,716,587	(1,813)	(0.11)%
<b>Total Funds</b>	<b>\$12,628,025</b>	<b>\$12,727,212</b>	<b>\$99,187</b>	<b>0.79 %</b>
<b>Total Ongoing</b>	<b>\$10,138,306</b>	<b>\$12,755,442</b>	<b>\$2,617,136</b>	<b>25.81 %</b>
<b>Total OTO</b>	<b>\$2,489,719</b>	<b>(\$28,230)</b>	<b>(\$2,517,949)</b>	<b>(101.13)%</b>

### Program Description

The mission of the Business MT Division is to facilitate a business environment that strengthens the economy, supports business growth and shared community prosperity, aids in job creation and retention, supports existing companies, and strengthens communities. Business MT's programs aim to support businesses through trainings and counseling, technical assistance, access to grants and loans, and to foster new markets and business opportunities domestically and internationally. Through dynamic partnerships and innovative collaborations with companies, universities, tribes, not-for-profit organizations, and government leaders, and the use of proactive incentives and communication, we are building an economic environment that supports business growth and shared community prosperity.

The division is funded by House Bill 2 and statutory appropriations. The programs work collaboratively with several state and local partnerships to promote economic development:

- Business Assistance (Business Loans and Grants)
- Export and International Trade
- Indian Country Economic Development
- Small Business Development Centers
- Regional Economic Development
- Montana Manufacturing Centers

## Program Highlights

Business MT Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Business MT Division's 2025 biennium budget of approximately \$99,000 or 0.8% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>A \$875,000 general fund increase and 1.00 FTE each fiscal year to reestablish the Indian Country Economic Development Program, from OTO in previous biennia to an ongoing program beginning in the 2025 biennium</li> <li>A \$250,000 general fund increase each fiscal year for the Montana Manufacturing Extension Center</li> </ul> </li> </ul>	

## Program Actuals and Budget Comparison

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	14.50	14.50	15.50	15.50
Personal Services	1,314,329	1,691,488	1,751,926	1,370,757	1,378,810
Operating Expenses	2,060,016	2,498,251	2,444,158	3,117,407	3,109,362
Local Assistance	0	46,000	46,000	46,000	46,000
Grants	1,023,625	1,711,751	1,709,825	1,714,825	1,714,825
Transfers	240,000	241,124	241,124	1,124	1,124
Debt Service	98,633	123,189	123,189	113,489	113,489
<b>Total Expenditures</b>	<b>\$4,736,603</b>	<b>\$6,311,803</b>	<b>\$6,316,222</b>	<b>\$6,363,602</b>	<b>\$6,363,610</b>
General Fund	2,886,651	2,898,203	2,947,544	3,073,950	3,074,582
State/Other Special Rev. Funds	1,112,472	2,553,155	2,510,723	2,430,961	2,431,132
Federal Spec. Rev. Funds	737,480	860,445	857,955	858,691	857,896
<b>Total Funds</b>	<b>\$4,736,603</b>	<b>\$6,311,803</b>	<b>\$6,316,222</b>	<b>\$6,363,602</b>	<b>\$6,363,610</b>
<b>Total Ongoing</b>	<b>\$3,510,304</b>	<b>\$5,067,412</b>	<b>\$5,070,894</b>	<b>\$6,377,717</b>	<b>\$6,377,725</b>
<b>Total OTO</b>	<b>\$1,226,299</b>	<b>\$1,244,391</b>	<b>\$1,245,328</b>	<b>(\$14,115)</b>	<b>(\$14,115)</b>

**Funding**

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

Department of Commerce, 51-Business M T Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	6,148,532	0	3,600,000	9,748,532	35.13 %
02090 Business Asst-Private	189,562	0	0	189,562	1.34 %
02100 Distressed Wood Products RLF	0	0	1,189,053	1,189,053	8.38 %
02116 Accommodation Tax Account	320,788	0	0	320,788	2.26 %
02210 Microbusiness Admin Acct	357,827	0	0	357,827	2.52 %
02212 Microbusiness Loan Acct	997,768	0	0	997,768	7.03 %
02229 MT SSBCI Servicing Fees	68,560	0	0	68,560	0.48 %
02771 Big Sky Economic Dev Program	997,847	0	8,135,898	9,133,745	64.38 %
02848 SBDC Private Revenue NonFed	10,000	0	0	10,000	0.07 %
02939 State-Tribal Economic Devel	380,380	0	0	380,380	2.68 %
02344 Primary Sector Training	1,189,361	0	0	1,189,361	8.38 %
02672 GAP Financing Program	350,000	0	0	350,000	2.47 %
<b>State Special Total</b>	<b>\$4,862,093</b>	<b>\$0</b>	<b>\$9,324,951</b>	<b>\$14,187,044</b>	<b>51.12 %</b>
03092 Distressed Woods Federal	0	0	2,097,785	2,097,785	55.00 %
03207 Small Business Dev. Centers	1,716,587	0	0	1,716,587	45.00 %
<b>Federal Special Total</b>	<b>\$1,716,587</b>	<b>\$0</b>	<b>\$2,097,785</b>	<b>\$3,814,372</b>	<b>13.75 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$12,727,212</b>	<b>\$0</b>	<b>\$15,022,736</b>	<b>\$27,749,948</b>	

**HB 2 Authority****General Fund**

HB 2 general fund authority includes funding for the Certified Regional Development Corporations, Office of Trade and International Relations, Made in Montana Program, Small Business Development Centers (SBDC), and Small Business Innovation Research/Small Business Technology Transfer, Indian Country Economic Development, and Export Trade Promotion Programs. The legislature adopted HB 2 funding for the Montana Manufacturing Extension Center, which currently only receives statutory authority.

**State Special Revenue**

State special revenue appropriations include authority for microbusiness loans, primary business sector training, the Big Sky Economic Development Program, and the State-Tribal Economic Development Program.

**Federal Special Revenue**

HB 2 federal special revenue is for small business development centers.

**Statutory Appropriations**

There are three statutorily appropriated funds in the Business MT Division. The Big Sky Economic Development Trust Fund Program is the largest statutory fund and is funded from interest earned on the coal severance tax trust fund to provide state funds to local communities to promote economic development and sustainability.

General fund statutory authority is from the coal severance tax distributions codified in 15-35-108, MCA. Authority is distributed each fiscal year as follows:

- \$325,000 for the Small Business Development Center
- \$50,000 for the Small Business Innovative Research Program
- \$625,000 for Certified Regional Development Corporations
- \$500,000 for the Montana Manufacturing Extension Center at Montana State University Bozeman
- \$300,000 for export trade enhancement



The Distressed Wood Products Industry Revolving Loan Program (90-1-504, MCA) was created in 2009 by the Montana Legislature in response to the low demand for wood products. This program is a state and federally funded revolving loan program that provides financial assistance to create or retain jobs for wood products industry businesses.

### 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.

-----General Fund-----					-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	1,784,509	1,784,509	3,569,018	58.05 %	5,070,894	5,070,894	10,141,788	79.69 %
SWPL Adjustments	86,269	91,362	177,631	2.89 %	(261,679)	(256,390)	(518,069)	(4.07) %
PL Adjustments	42,239	43,029	85,268	1.39 %	396,602	396,995	793,597	6.24 %
New Proposals	1,160,933	1,155,682	2,316,615	37.68 %	1,157,785	1,152,111	2,309,896	18.15 %
<b>Total Budget</b>	<b>\$3,073,950</b>	<b>\$3,074,582</b>	<b>\$6,148,532</b>		<b>\$6,363,602</b>	<b>\$6,363,610</b>	<b>\$12,727,212</b>	

### Present Law Adjustments

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

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services										
	0.00	30,490	(353,167)	(4,566)	(327,243)	0.00	36,934	(352,501)	(3,605)	(319,172)
DP 2 - Fixed Costs										
	0.00	16,782	1,276	5,055	23,113	0.00	11,693	799	3,078	15,570
DP 3 - Inflation Deflation										
	0.00	38,997	2,772	682	42,451	0.00	42,735	3,599	878	47,212
DP 20 - SABHRS Rate Adjustment										
	0.00	193	8	29	230	0.00	115	5	15	135
DP 30 - Motor Pool Rate Adjustment										
	0.00	(814)	(57)	(49)	(920)	0.00	(761)	(53)	(46)	(860)
DP 222 - RMTD Adjustment										
	0.00	10,249	779	3,087	14,115	0.00	10,600	725	2,790	14,115
DP 223 - RMTD Adjustment (OTO)										
	0.00	(10,249)	(779)	(3,087)	(14,115)	0.00	(10,600)	(725)	(2,790)	(14,115)
DP 5109 - BUSMT ADMINISTRATIVE COSTS ADJUSTMENT										
	0.00	42,860	353,085	1,347	397,292	0.00	43,675	352,573	1,472	397,720
Grand Total All Present Law Adjustments										
	0.00	\$128,508	\$3,917	\$2,498	\$134,923	0.00	\$134,391	\$4,422	\$1,792	\$140,605

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

#### DP 1 - Personal Services -

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

#### DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

DP 5109 - BUSMT ADMINISTRATIVE COSTS ADJUSTMENT -

The legislature adopted administrative adjustments for non-state rent increases per the terms of the negotiated lease; travel costs due to the increased costs of fuel, lodging, etc.; anticipated private funds to be received resulting from more public/private partnerships; and indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs.

## New Proposals

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

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	473	552	0	1,025	0.00	473	552	0	1,025
DP 333 - Adjustment to Inflation	0.00	(12,847)	(913)	(225)	(13,985)	0.00	(14,730)	(1,240)	(303)	(16,273)
DP 555 - Additional Vacancy Savings	0.00	(11,354)	(1,025)	(1,537)	(13,916)	0.00	(11,422)	(1,032)	(1,548)	(14,002)
DP 1400 - HB 19	0.00	59,661	0	0	59,661	0.00	56,361	0	0	56,361
DP 5104 - BUSMT INDIAN COUNTRY ECONOMIC DEVELOPMENT HB2	1.00	875,000	0	0	875,000	1.00	875,000	0	0	875,000
DP 5107 - BUSMT INCREASE MMEC FUNDING HB2	0.00	250,000	0	0	250,000	0.00	250,000	0	0	250,000
<b>Total</b>	<b>1.00</b>	<b>\$1,160,933</b>	<b>(\$1,386)</b>	<b>(\$1,762)</b>	<b>\$1,157,785</b>	<b>1.00</b>	<b>\$1,155,682</b>	<b>(\$1,720)</b>	<b>(\$1,851)</b>	<b>\$1,152,111</b>

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

### DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$1,496 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

### DP 333 - Adjustment to Inflation -

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

### DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

### DP 1400 - HB 19 -

The legislature adopted contingency language to increase appropriations if HB 19 was passed and approved and this decision package implements this language. Currently, the Department of Commerce and the State Tribal Economic Development (STED) Commission must provide a decennial report on the economic contributions and impact of tribes. This bill eliminates that requirement and instead requires the agency to develop a system that gathers sufficient data to quantify the economic contributions of the tribes. This bill would also require the agency to update the STED Commission on this effort by December 1, 2024.

### DP 5104 - BUSMT INDIAN COUNTRY ECONOMIC DEVELOPMENT HB2 -

The legislature adopted general fund appropriations for the Indian Country Economic Development (ICED) program at the same level of one-time-only funding that was approved for the prior biennium. The ICED program provides resources and technical assistance to tribal governments, tribal economic development organizations, and Indian entrepreneurs to accelerate economic development in Indian communities. ICED provides small equity grants, business advisory host funds, and tribal government business planning resources. Funding is distributed to the eight tribal nations, tribal economic development organizations, and tribal member businesses.

DP 5107 - BUSMT INCREASE MMEC FUNDING HB2 -

The legislature adopted a general fund appropriation of \$250,000 in each fiscal year of the biennium for the Montana Manufacturing Extension Center (MMEC). This will augment the current statutory funding level of \$500,000 per fiscal year provided in 15-35-108, MCA. The National Institute of Standards and Technology, Manufacturing Extension Partnership (NIST-MEP) partially funds a Manufacturing Extension Partnership in each state and Puerto Rico. MMEC, located in MSU's College of Engineering, has been providing technical hands-on assistance to Montana's small and medium manufacturers in the areas of growth, innovation, efficiency, and resiliency since 1996. Funding for the MMEC is provided using the following model: the federal government provides 1/3 of the MMEC budget, the state government provides 1/3 of the budget, and MMEC's clients provide the remaining 1/3. MMEC currently has six field engineers/business advisors that provide technical assistance to Montana's small to medium manufacturers throughout the state. MMEC's field engineers complete approximately 60 projects per year with small to medium manufacturers in Montana. With the additional state funding, two additional field engineers will be hired and the agency estimates the MMEC would be able to complete approximately 90 projects per year with small to medium manufacturers in Montana.

Program Budget Comparison

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Operating Expenses	643,486	635,462	(8,024)	(1.25)%
Grants	0	(156,763)	(156,763)	0.00 %
<b>Total Expenditures</b>	<b>\$643,486</b>	<b>\$478,699</b>	<b>(\$164,787)</b>	<b>(25.61)%</b>
State/Other Special Rev. Funds	643,486	478,699	(164,787)	(25.61)%
<b>Total Funds</b>	<b>\$643,486</b>	<b>\$478,699</b>	<b>(\$164,787)</b>	<b>(25.61)%</b>
<b>Total Ongoing</b>	<b>\$643,486</b>	<b>\$478,699</b>	<b>(\$164,787)</b>	<b>(25.61)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

Program Description

Brand MT markets Montana’s nature, small towns, experiences, hospitality, and competitive business climate to promote the state as a place to visit and do business. The marketing, communications, film, and tourism programs are all part of the Brand MT team that works to sustain and grow Montana’s economy. The programs develop and use communications, advertising, development, and promotional campaigns to showcase Montana and create awareness about the state as a place to visit and do business. Through data-driven strategies and grant programs, the team aims to preserve and promote the genuine character of Montana and partners to achieve a sustainable economic future for all.

The division is comprised of five bureaus funded by House Bill 2 and statutory appropriations:

- Budget and Operations
- Marketing
- Communications
- Office of Tourism
- Film Office

Program Highlights

Brand MT Major Budget Highlights
<ul style="list-style-type: none"><li>• The legislature adopted a decrease to the Brand MT’s 2025 biennium budget of approximately \$165,000 or 25.6% compared to the 2023 biennium budget. Changes included:</li><li>• State special revenue increases for statewide present law adjustments to fixed costs and inflation</li><li>• A state special revenue decrease to implement SB 522</li></ul>

**Program Actuals and Budget Comparison**

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
Operating Expenses	90,839	358,486	285,000	344,047	291,415
Grants	0	0	0	(75,505)	(81,258)
<b>Total Expenditures</b>	<b>\$90,839</b>	<b>\$358,486</b>	<b>\$285,000</b>	<b>\$268,542</b>	<b>\$210,157</b>
State/Other Special Rev. Funds	90,839	358,486	285,000	268,542	210,157
<b>Total Funds</b>	<b>\$90,839</b>	<b>\$358,486</b>	<b>\$285,000</b>	<b>\$268,542</b>	<b>\$210,157</b>
<b>Total Ongoing</b>	<b>\$90,839</b>	<b>\$358,486</b>	<b>\$285,000</b>	<b>\$268,542</b>	<b>\$210,157</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Funding**

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

Department of Commerce, 52-Brand M T 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 %
02116 Accommodation Tax Account	54,255	0	68,275,059	68,329,314	72.48 %
02154 MT Promotion-Private	424,444	0	0	424,444	0.45 %
02254 Regional Accommodation Tax	0	0	25,475,196	25,475,196	27.02 %
02271 L&C Bicentennial Plate Fund	0	0	17,100	17,100	0.02 %
02293 Film Credit Applications	0	0	31,854	31,854	0.03 %
<b>State Special Total</b>	<b>\$478,699</b>	<b>\$0</b>	<b>\$93,799,209</b>	<b>\$94,277,908</b>	<b>100.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$478,699</b>	<b>\$0</b>	<b>\$93,799,209</b>	<b>\$94,277,908</b>	

**HB 2 Authority****State Special Revenue**

Brand MT's HB 2 authority is funded by state special revenue from the accommodations tax account and primarily from proceeds from the Governor's Tourism Conference. This funding accounts for less than 1.0% of the Brand MT's total appropriation authority.

**Statutory Appropriations**

The majority of Brand MT's funding comes from statutory appropriation authority. Statutory authority in this program includes funding from the lodging and facilities taxes used to support regional and state tourism and film promotion. Brand MT also includes funding for the Montana Economic Development Industry Advancement (MEDIA) Act and the Lewis and Clark bicentennial licenses plates.

The lodging facility use tax provides funds to the Department of Commerce through a 4.0% tax imposed on guests of hotels, motels, bed and breakfasts, resorts, campgrounds, and any other lodging sites. A portion of the tax proceeds go to the Department of Commerce for tourism and film production promotion as well as for regional tourism promotion.

The MEDIA Act film fee is a fee paid by production and post-production companies when they apply for certification with the Department of Commerce to claim the MEDIA Act transferable income tax credit. Therefore, expenditures are dependent on the revenue received from the total number of applications submitted. The use of these funds is to help pay for the implementation of the provisions of this act, including the presentation of a report on the economic impact of the tax credits created by an outside research organization called for by HB 293, enacted by the 2019 Legislature.

The Department of Commerce receives fees from Lewis & Clark bicentennial license plates sold through the Motor Vehicles Division at the Department of Justice. Three-fourths of the revenue from this source is placed in a state special revenue fund for the Department of Commerce for projects related to Lewis and Clark. The remaining one-fourth of revenue is placed in a state special revenue account for the Montana Historical Society.

### 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 %	285,000	285,000	570,000	119.07 %
SWPL Adjustments	0	0	0	0.00 %	63,530	12,355	75,885	15.85 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	(79,988)	(87,198)	(167,186)	(34.93)%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$268,542</b>	<b>\$210,157</b>	<b>\$478,699</b>	

### Present Law Adjustments

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

Present Law Adjustments									
	-----Fiscal 2024-----					-----Fiscal 2025-----			
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special
DP 2 - Fixed Costs	0.00	0	54,255	0	54,255	0.00	0	0	0
DP 3 - Inflation Deflation	0.00	0	9,275	0	9,275	0.00	0	12,355	0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$63,530</b>	<b>\$0</b>	<b>\$63,530</b>	<b>0.00</b>	<b>\$0</b>	<b>\$12,355</b>	<b>\$0</b>

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

### DP 2 - Fixed Costs -

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

### DP 3 - Inflation Deflation -

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

**New Proposals**

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

New Proposals	Fiscal 2024					Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 333 - Adjustment to Inflation	0.00	0	(4,483)	0	(4,483)	0.00	0	(5,940)	0	(5,940)
DP 1404 - SB 522	0.00	0	(75,505)	0	(75,505)	0.00	0	(81,258)	0	(81,258)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$79,988)</b>	<b>\$0</b>	<b>(\$79,988)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$87,198)</b>	<b>\$0</b>	<b>(\$87,198)</b>

\*\*"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 1404 - SB 522 -**

The legislature adopted contingency language to decrease appropriations if SB 522 was passed and approved and this decision package implements this language. This bill reduces the lodging facilities use tax allocation to the Department of Commerce from 60.3% to 60.2%. This will reduce grant authority in the Department of Commerce by \$75,505 state special revenue in FY 2024 and \$81,258 state special revenue in FY 2025.



### Program Budget Comparison

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	3,572,748	4,687,860	1,115,112	31.21 %
Operating Expenses	3,479,246	4,421,910	942,664	27.09 %
Grants	20,604,358	20,604,358	0	0.00 %
Debt Service	196,526	184,726	(11,800)	(6.00)%
<b>Total Expenditures</b>	<b>\$27,852,878</b>	<b>\$29,898,854</b>	<b>\$2,045,976</b>	<b>7.35 %</b>
General Fund	1,892,566	3,864,132	1,971,566	104.17 %
State/Other Special Rev. Funds	9,655,954	9,650,252	(5,702)	(0.06)%
Federal Spec. Rev. Funds	16,304,358	16,384,470	80,112	0.49 %
<b>Total Funds</b>	<b>\$27,852,878</b>	<b>\$29,898,854</b>	<b>\$2,045,976</b>	<b>7.35 %</b>
<b>Total Ongoing</b>	<b>\$27,463,514</b>	<b>\$29,936,984</b>	<b>\$2,473,470</b>	<b>9.01 %</b>
<b>Total OTO</b>	<b>\$389,364</b>	<b>(\$38,130)</b>	<b>(\$427,494)</b>	<b>(109.79)%</b>

### Program Description

The Community MT Division helps communities plan for high quality growth and invests in the development of communities across Montana. Programs included in this division include the Montana Coal Endowment Program, Community Development Block Grant Program, Montana Historic Preservation Grant Program, Montana Main Street Program, and Community Technical Assistance Program. The division also provides administrative support to the Montana Coal Board and Montana Hard Rock Mining Impact Board.

### Program Highlights

Community MT Major Budget Highlights
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Community MT Division's 2025 biennium budget of approximately \$2.0 million or 7.4% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>Statewide present law adjustment increases for personal services, fixed costs, and inflation/deflation</li> <li>Increases in general fund to establish 2.00 FTE and for increased consulting services in the Community Technical Assistance Program</li> <li>State special revenue increases to establish 1.00 FTE for the Montana Historic Preservation Grant Program</li> <li>Increases for administrative cost adjustments</li> <li>Increased general fund and 5.25 FTE to implement other house and senate bills adopted by the legislature</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	19.45	19.45	26.70	26.70
Personal Services	1,460,190	1,766,217	1,806,531	2,338,439	2,349,421
Operating Expenses	610,035	1,747,133	1,732,113	2,229,154	2,192,756
Grants	9,503,324	10,302,179	10,302,179	10,302,179	10,302,179
Debt Service	90,928	98,263	98,263	92,363	92,363
<b>Total Expenditures</b>	<b>\$11,664,477</b>	<b>\$13,913,792</b>	<b>\$13,939,086</b>	<b>\$14,962,135</b>	<b>\$14,936,719</b>
General Fund	908,465	937,117	955,449	1,943,911	1,920,221
State/Other Special Rev. Funds	3,587,217	4,825,309	4,830,645	4,825,013	4,825,239
Federal Spec. Rev. Funds	7,168,795	8,151,366	8,152,992	8,193,211	8,191,259
<b>Total Funds</b>	<b>\$11,664,477</b>	<b>\$13,913,792</b>	<b>\$13,939,086</b>	<b>\$14,962,135</b>	<b>\$14,936,719</b>
<b>Total Ongoing</b>	<b>\$11,507,692</b>	<b>\$13,719,314</b>	<b>\$13,744,200</b>	<b>\$14,981,200</b>	<b>\$14,955,784</b>
<b>Total OTO</b>	<b>\$156,785</b>	<b>\$194,478</b>	<b>\$194,886</b>	<b>(\$19,065)</b>	<b>(\$19,065)</b>

**Funding**

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

Department of Commerce, 60-Community M T Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	3,864,132	0	0	3,864,132	12.44 %
02049 Hard Rock Mining	509,101	0	1,168,736	1,677,837	15.51 %
02116 Accommodation Tax Account	237,223	0	0	237,223	2.19 %
02270 MT Coal Endowment	1,607,853	0	0	1,607,853	14.86 %
02445 Coal Board	7,296,075	0	0	7,296,075	67.44 %
<b>State Special Total</b>	<b>\$9,650,252</b>	<b>\$0</b>	<b>\$1,168,736</b>	<b>\$10,818,988</b>	<b>34.82 %</b>
03059 Community Development Block	14,872,264	0	0	14,872,264	90.77 %
03061 EDA Revolving Loan Fund	945,974	0	0	945,974	5.77 %
03932 CDBG RLF	566,232	0	0	566,232	3.46 %
<b>Federal Special Total</b>	<b>\$16,384,470</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,384,470</b>	<b>52.74 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$29,898,854</b>	<b>\$0</b>	<b>\$1,168,736</b>	<b>\$31,067,590</b>	

**HB 2 Authority****General Fund**

General fund is used to provide matching funds for the Community Development Block Grant Program and support the Community Technical Assistance Program.

**State Special Revenue**

State special revenues are primarily comprised of funding for the Coal Board, Montana Coal Endowment Program (MCEP), and the Hard Rock Mining Impact Board. The Coal Board provides grants to governmental units to assist them in providing governmental services or facilities that are needed as a direct consequence of an increase or decrease in coal development or in the consumption of coal by the coal-using energy complex. MCEP is a local government infrastructure-financing program funded by investment earnings on the coal severance tax funds. Revenue from the coal tax trust is transferred to the state special revenue fund for administrative costs (appropriated in HB 2) and grants (typically appropriated in HB 11).

The Hard Rock Mining Impact Board provides technical assistance to local governments to mitigate local government services, facility, and fiscal impacts related to new large-scale hard rock mining developments. The Board is funded with metal mines license tax distributions for administrative costs (appropriated in HB 2) and community distributions (statutorily appropriated).

#### Federal Special Revenue

Federal special revenue is primarily for Community Development Block grants with the remaining portion being for the U.S. Economic Development Administration (EDA) Revolving Loan fund. The Community Development Block Grant Program provides funds to cities, towns, and counties with fewer than 50,000 residents. The purpose of these funds is to develop and preserve affordable housing, provide community services, and create and retain jobs.

#### *Statutory Appropriations*

Community MT has one statutory appropriation for the Hard Rock Mining Impact Board. As previously mentioned, the Hard Rock Mining Impact Board is administratively funded from HB 2 state special revenue while community distributions are statutorily appropriated.

#### **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	955,449	955,449	1,910,898	49.45 %	13,744,200	13,744,200	27,488,400	91.94 %
SWPL Adjustments	110,425	112,797	223,222	5.78 %	166,880	171,482	338,362	1.13 %
PL Adjustments	66,263	66,655	132,918	3.44 %	148,846	150,155	299,001	1.00 %
New Proposals	811,774	785,320	1,597,094	41.33 %	902,209	870,882	1,773,091	5.93 %
<b>Total Budget</b>	<b>\$1,943,911</b>	<b>\$1,920,221</b>	<b>\$3,864,132</b>		<b>\$14,962,135</b>	<b>\$14,936,719</b>	<b>\$29,898,854</b>	

#### **Present Law Adjustments**

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

Present Law Adjustments									
	-----Fiscal 2024-----				-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Total Funds
DP 1 - Personal Services	0.00	72,629	1,331	4,710	78,670	0.00	75,958	7,796	83,754
DP 2 - Fixed Costs	0.00	15,563	15,084	9,755	40,402	0.00	10,507	8,938	19,445
DP 3 - Inflation Deflation	0.00	22,233	13,752	11,823	47,808	0.00	26,332	17,248	43,580
DP 20 - SABHRS Rate Adjustment	0.00	238	232	80	550	0.00	168	164	332
DP 30 - Motor Pool Rate Adjustment	0.00	(102)	(246)	(15)	(363)	0.00	(96)	(230)	(326)
DP 222 - RMTD Adjustment	0.00	7,344	7,118	4,603	19,065	0.00	8,021	6,823	14,844
DP 223 - RMTD Adjustment (OTO)	0.00	(7,344)	(7,118)	(4,603)	(19,065)	0.00	(8,021)	(6,823)	(14,844)
DP 6003 - CMT ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	66,127	61,488	21,044	148,659	0.00	66,583	62,358	128,941
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$176,688</b>	<b>\$91,641</b>	<b>\$47,397</b>	<b>\$315,726</b>	<b>0.00</b>	<b>\$179,452</b>	<b>\$96,274</b>	<b>\$321,637</b>

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

DP 1 - Personal Services -

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

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

DP 6003 - CMT ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature adopted administrative adjustments for non-state rent increases per the terms of the negotiated lease, and indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs. Additional adjustments are for computer replacement costs, printing and publication costs, consulting services for planning and reporting required by the U.S. Department of Housing and Urban Development, consulting and professional services to contract engineering services due to high turnover and difficulty hiring staff engineers, and additional educational and training costs made necessary by higher-than-average turnover.

## New Proposals

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

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	158	79	158	395	0.00	158	79	158	395
DP 333 - Adjustment to Inflation	0.00	(6,984)	(4,320)	(3,714)	(15,018)	0.00	(8,477)	(5,553)	(4,164)	(18,194)
DP 555 - Additional Vacancy Savings	0.00	(6,604)	(7,842)	(3,622)	(18,068)	0.00	(6,639)	(7,909)	(3,638)	(18,186)
DP 1401 - HB 314	0.00	0	1,250	0	1,250	0.00	0	1,250	0	1,250
DP 1402 - HB 355	4.75	473,370	0	0	473,370	4.75	457,695	0	0	457,695
DP 1403 - HB 819 (OTO)	0.50	56,235	0	0	56,235	0.50	53,950	0	0	53,950
DP 6001 - CMT MONTANA HERITAGE PRESERVATION FTE HB2	1.00	0	108,446	0	108,446	1.00	0	105,339	0	105,339
DP 6002 - CMT EXPAND COMMUNITY TECHNICAL ASSISTANCE HB2	1.00	295,599	0	0	295,599	1.00	288,633	0	0	288,633
<b>Total</b>	<b>7.25</b>	<b>\$811,774</b>	<b>\$97,613</b>	<b>(\$7,178)</b>	<b>\$902,209</b>	<b>7.25</b>	<b>\$785,320</b>	<b>\$93,206</b>	<b>(\$7,644)</b>	<b>\$870,882</b>

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

### DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$440 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

### DP 333 - Adjustment to Inflation -

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

### DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

### DP 1401 - HB 314 -

The legislature adopted contingency language to increase appropriations if HB 314 was passed and approved and this decision package implements this language. This bill increases the compensation rate for boards, commissions, and councils from \$50 per day to \$100 per day. It is estimated this will cost the Department of Commerce an additional \$14,050 in proprietary funding and \$1,250 state special revenue each fiscal year.

### DP 1402 - HB 355 -

The legislature adopted contingency language to increase appropriations if HB 355 was passed and approved and this decision package implements this language. This bill creates the State-Local Infrastructure Partnership Act of 2023. This bill appropriates \$267.0 million from the general fund to the Department of Commerce to administer and disburse grants to eligible counties. To implement and administer this grant program, the agency requires an additional 4.75 FTE each fiscal year and \$473,370 general fund in FY 2024 and \$457,695 general fund in FY 2025.

DP 1403 - HB 819 (OTO) -

The legislature adopted contingency language to increase appropriations if HB 819 was passed and approved and this decision package implements this language. This bill creates the Montana community reinvestment plan to provide funding for workforce housing. This bill creates the Montana Community Reinvestment Act Program, State Workforce Housing Incentive Program, Planning Grants Program, Montana Housing Infrastructure Revolving Loan Fund Program, and Workforce Housing Appropriations Program, as well as additional authority to the Coal Tax Trust.

DP 6001 - CMT MONTANA HERITAGE PRESERVATION FTE HB2 -

The legislature adopted 1.00 FTE to manage the Montana Historic Preservation Grant (MHPG) Program, established in 22-3-1307, MCA. Since the 2019 Legislature passed SB 338, there has been high demand for program services. The FTE will deliver technical assistance to help applicants develop and implement successful projects and provide staff support to the legislature as they make decisions. Funding for this program was approved during the 2021 Legislative Session as one-time-only operating expenses to fund a modified FTE position. This change package makes the modified FTE permanent along with the associated state special revenue funding. Personal service funding accounts for approximately \$85,000 in FY 2024 with the remainder being operating expenses.

DP 6002 - CMT EXPAND COMMUNITY TECHNICAL ASSISTANCE HB2 -

The legislature adopted 1.00 FTE and operating funds for consulting professional services for the Community Technical Assistance (CTAP) program. The program is charged with helping local governments plan for “orderly, productive, and coordinated development” with “particular attention to the planning and financing of public facilities and to the problems of metropolitan, suburban, and other areas in which economic and population factors are rapidly changing” (90-1-103, MCA). The staffing and funding would assist Montana communities with housing and infrastructure needs.

### Program Budget Comparison

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	677,240	712,677	35,437	5.23 %
Operating Expenses	452,513	509,508	56,995	12.60 %
Grants	300,000	300,000	0	0.00 %
Transfers	70,000	70,000	0	0.00 %
Debt Service	57,612	58,112	500	0.87 %
<b>Total Expenditures</b>	<b>\$1,557,365</b>	<b>\$1,650,297</b>	<b>\$92,932</b>	<b>5.97 %</b>
Proprietary Funds	1,557,365	1,650,297	92,932	5.97 %
<b>Total Funds</b>	<b>\$1,557,365</b>	<b>\$1,650,297</b>	<b>\$92,932</b>	<b>5.97 %</b>

### Program Description

The mission of the Facility Finance Authority (FFA) is to enhance Montana healthcare and community capabilities through access to cost effective capital financing and development services.

The Facility Finance Authority was created by the 1983 Legislature to assist health care and related facilities contain future health care costs by offering debt financing at low-cost, tax-exempt interest rates for capital construction and improvements. The Legislature extended eligible facilities to include community pre-release centers and for-profit manufacturing facilities. Cost savings are shared with consumers in the form of lower fees. In 2021, the FFA was tasked to be the statewide administrator for the Commercial Property Assessed Capital Enhancement (C-PACE) Program which helps business owners secure low-cost private financing for energy and water efficiency as well as renewable energy projects.

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

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

### Program Highlights

Facility Finance Authority Major Budget Highlights
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Facility Finance Authority's 2025 biennium budget of approximately \$93,000 or 6.0% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>Statewide present law increases for personal services, fixed costs, and inflation/deflation</li> <li>Proprietary funding increases for administrative cost adjustments</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	3.00	3.00	3.00	3.00
Personal Services	364,723	336,220	341,020	355,251	357,426
Operating Expenses	197,563	249,872	202,641	265,718	243,790
Grants	25,000	150,000	150,000	150,000	150,000
Transfers	0	35,000	35,000	35,000	35,000
Debt Service	28,101	28,556	29,056	29,056	29,056
<b>Total Expenditures</b>	<b>\$615,387</b>	<b>\$799,648</b>	<b>\$757,717</b>	<b>\$835,025</b>	<b>\$815,272</b>
Proprietary Funds	615,387	799,648	757,717	835,025	815,272
<b>Total Funds</b>	<b>\$615,387</b>	<b>\$799,648</b>	<b>\$757,717</b>	<b>\$835,025</b>	<b>\$815,272</b>

**Funding**

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

Department of Commerce, 71-Montana Facility Finance Authority 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 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
06015 Facilities Finance Authority	0	1,530,267	0	1,530,267	92.73 %
06017 C-PACE Commercial Property Ass	0	120,030	0	120,030	7.27 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$1,650,297</b>	<b>\$0</b>	<b>\$1,650,297</b>	<b>100.00 %</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$1,650,297</b>	<b>\$0</b>	<b>\$1,650,297</b>	

**Non-Budgeted Proprietary Appropriations**

The Montana Facility Finance Authority is entirely supported through non-budgeted proprietary funds.

**Budget Summary by Category**

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	757,717	757,717	1,515,434	91.83 %
SWPL Adjustments	0	0	0	0.00 %	48,587	28,952	77,539	4.70 %
PL Adjustments	0	0	0	0.00 %	28,406	28,288	56,694	3.44 %
New Proposals	0	0	0	0.00 %	315	315	630	0.04 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$835,025</b>	<b>\$815,272</b>	<b>\$1,650,297</b>	



**Present Law Adjustments**

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

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	14,231	0.00	0	0	0	16,406
DP 2 - Fixed Costs	0.00	0	0	0	27,622	0.00	0	0	0	4,404
DP 3 - Inflation Deflation	0.00	0	0	0	6,734	0.00	0	0	0	8,142
DP 20 - SABHRS Rate Adjustment	0.00	0	0	0	82	0.00	0	0	0	58
DP 222 - RMTD Adjustment	0.00	0	0	0	2,513	0.00	0	0	0	2,513
DP 223 - RMTD Adjustment (OTO)	0.00	0	0	0	(2,513)	0.00	0	0	0	(2,513)
DP 7101 - FFA ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	0	0	0	28,344	0.00	0	0	0	28,249
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$77,013</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$57,259</b>

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

**DP 3 - Inflation Deflation -**

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

**DP 20 - SABHRS Rate Adjustment -**

The legislature reviewed an increase to proposed SABHRS rates.

**DP 222 - RMTD Adjustment -**

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

DP 223 - RMTD Adjustment (OTO) -

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

DP 7101 - FFA ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature reviewed administrative adjustments for annual rent increases, additional software licenses, computer replacement, and increased costs for travel, as well as indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs. There are reductions in contracted services as initial estimated consulting services will not be needed.

New Proposals

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

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	0	0	315	0.00	0	0	0	315
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$315</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$315</b>

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

DP 99 - New Fixed Costs -

The legislature reviewed appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature reviewed appropriations of \$352 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

**Other Issues****Proprietary Rates****Facility Finance Authority – 06015****FFA Loan Program – 06012****C-PACE Program – 06017***Proprietary Program Description*

The Facility Finance Authority provides debt financing or refinancing to not-for-profit health care providers at low-cost, tax-exempt interest rates through various programs. The Authority has established reserve requirements for:

- Master Loan Program – The Authority provides qualified borrowers financing through tax exempt bond issuances. Loans can be used for eligible projects including equipment purchases, reimbursement of capital expenditures made during the current fiscal year (as approved by the bond counsel), new facility construction, renovation of existing facilities, and refunding or refinancing of outstanding debt
- Permanent Coal Tax Trust Loan Program – Statute allows the Authority to administer \$15.0 million of the permanent coal tax trust fund for capital projects. Individual loan amounts may not exceed 10.0% of the amount administered by the Authority
- Direct Loan Program – Statute allows the Authority to make direct loans to eligible facilities for eligible projects including construction and renovation, facility acquisition, refinancing of qualified outstanding debt, or purchase of equipment. Funding for the loans is derived from the revenues deposited in the Facility Finance Authority account that is transferred to the FFA Loan Program
- Working Capital Reserve – National bond rating agencies, national bond insurers, and institutional investors expect the Facility Finance Authority to maintain a working capital reserve of two years' operating capital to assure that it can financially operate between legislative sessions

The 2021 Legislative Session authorized the Facility Finance Authority to administer the Commercial Property Assessed Capital Enhancements (C-PACE) Program. C-PACE provides financing to commercial building owners to make energy efficiency upgrades and renewable energy investments. This includes funding for solar panels, HVAC systems, lighting, and motors.

<b>Department of Commerce</b> <b>Facility Finance Authority</b> <b>Reserve Requirements as of the Beginning of FY 2023</b>		
	Required	Funded
Capital Reserve Account A (a)	11,583,840	2,345,088
Capital Reserve Account B (b)	4,905,556	4,905,556
Direct Loan Program (c)	1,265,668	1,194,255
Working Capital Fund (d)	1,710,612	1,710,612
Total	\$19,465,676	\$10,155,511
Percent Funded		52.2%
Policy Guidelines - Minimum Funding Requirements		
(a) Up to 10.0% of the outstanding BOI enhanced bond balance as of 7/1/2022		\$115,838,401
(b) \$4,905,556 as of 7/1/2021 plus YTD loan payments, account investment earnings		\$4,905,556
(c) 10.0% of the Trust Fund Loan Pool Balance as of 7/1/2022		\$12,656,678
(d) Twice the current fiscal year operating expense budget		\$855,306

*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
06012	FFA Loan Program	65010	Dept of Commerce	MT Facility Finance Authority
06015	Facilities Finance Authority			
06017	C-PACE Commercial Property			

  

	Estimated FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Charges for Services	1,152,629	575,000	660,000	625,000
BOI Investment Earnings Class	81,720	125,000	85,000	87,500
Other Charges for Services		100,000	150,000	175,000
<b>Total Operating Revenues</b>	1,234,348	800,000	895,000	887,500
<b>Expenses</b>				
Personal Services	373,288	341,020	355,251	357,426
Other Operating Expense	225,578	202,641	265,656	243,751
Capital Leases	1,198	29,056	29,056	29,056
<b>Total Operating Expense</b>	600,064	572,717	649,963	630,233
<b>Operating Income (Loss)</b>	634,284	227,283	245,037	257,267
Nonoperating Revenues				
Other Revenue A				
Other Revenue B				
Nonoperating Expenses				
Grants	(25,000)	(150,000)	(150,000)	(150,000)
Other Expense B				
<b>Total Nonoperating Revenues (Expenses)</b>	(25,000)	(150,000)	(150,000)	(150,000)
<b>Income (Loss) Before Contributions and Transfers</b>	609,284	77,283	95,037	107,267
Capital Contributions				
Transfers In				
Transfers Out		(35,000)	(35,000)	(35,000)
Loans and Lease Payments				
<b>Change in Net Position</b>	609,284	42,283	60,037	72,267
<b>Beginning Net Position - July 1</b>	8,940,138	9,543,611	9,585,894	9,645,931
Prior Period Adjustments	(5,812)			

Change in Net Position	609,284	42,283	60,037	72,267
<b>Ending Net Position - June 30</b>	<b>9,543,611</b>	<b>9,585,894</b>	<b>9,645,931</b>	<b>9,718,198</b>
<b>Net Position (Fund Balance) Analysis</b>				
Restricted Net Position (Enterprise Funds Only)				
Unrestricted Net Position	9,543,611	9,585,894	9,645,931	9,718,198

Expenses

Increased expenses are for personal services, operating costs, and capital leases in the 2025 biennium. This increase is primarily due to present law adjustments for personal services, fixed costs, and inflation. Other increases are for increased administrative costs for rent, software updates, computer replacements, and increased travel.

Revenues

Revenues are projected to decrease in the Facility Finance Authority.

Proprietary Rates

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

Fee Description:Application Fee:

<u>Loan Amount</u>	<u>Fee</u>
Up to \$5,000,000	30 basis points (bp) (.0030)
Up to \$10,000,000	the > of 25 bp or \$ 15,000
Up to \$25,000,000	the > of 15 bp or \$ 25,000
Up to \$50,000,000	the > of 12.5 bp or \$ 37,500
Up to \$100,000,000	the > of 7.5 bp or \$ 62,500
Over \$100,000,000	the > of 6.5 bp or \$ 75,000

Annual Fee:

Stand Alone Bond Issues	5 bp X the outstanding principal amount
Private Placement bond issues	5 bp X the outstanding principal amount
Master Loan Program	10 bp X the outstanding principal amount

Monthly fee:

Trust Fund Loan Program	50 bp X the outstanding principal amount
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Authority: Fee revenues: 90-7-202 and 90-7-211, MCA; Investment Earnings: 90-7-202, MCA

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	871,167	926,858	55,691	6.39 %
Operating Expenses	541,988	611,629	69,641	12.85 %
Grants	21,211,146	18,600,000	(2,611,146)	(12.31)%
Debt Service	45,326	45,326	0	0.00 %
<b>Total Expenditures</b>	<b>\$22,669,627</b>	<b>\$20,183,813</b>	<b>(\$2,485,814)</b>	<b>(10.97)%</b>
Federal Spec. Rev. Funds	22,669,627	20,183,813	(2,485,814)	(10.97)%
<b>Total Funds</b>	<b>\$22,669,627</b>	<b>\$20,183,813</b>	<b>(\$2,485,814)</b>	<b>(10.97)%</b>
<b>Total Ongoing</b>	<b>\$22,669,627</b>	<b>\$20,189,317</b>	<b>(\$2,480,310)</b>	<b>(10.94)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$5,504)</b>	<b>(\$5,504)</b>	<b>100.00 %</b>

### Program Description

The Department of Commerce Housing Division, conducting business and known in the community as Housing MT, provides support to communities through access to safe, affordable, and sustainable homes for Montanans whose housing needs are not met by the market.

Montana Housing is comprised of three component units:

- **Board of Housing**, Montana's statewide Housing Finance Agency (HFA) created under the Montana [Housing Act of 1975](#), is [administratively attached](#) to the Department of Commerce. The Board of Housing is funded by enterprise funds with revenues derived from an administrative charge applied to projects and mortgages financed; the Board does not receive any general fund and is completely self-supporting
- **Rental Assistance Bureau**, Montana's statewide Public Housing Authority (PHA), is charged with the administration of various federally funded U.S. Department of Housing and Urban Development (HUD) programs. All Rental Assistance Bureau programs are funded by enterprise funds with revenues derived under HUD administrative fees and performance-based contracts
- **Community Housing** administers HUD Community Planning and Development (CPD) programs for the production and preservation of affordable homes. Community Housing administers federal funds and state special revenue account programs appropriated via HB 2

Montana Housing responsibilities are mandated primarily in Title 2, Chapter 15, Part 18; Title 90, Chapter 1 Part 1; Title 90, Chapter 6, Parts 1, 5, 6; Governor Executive Orders 2-87 and 27-81; 24 CFR Parts 5, 91, 93, 245, 570, 792, 813, 882, 887, 891, 982 and 984.

## Program Highlights

Housing MT Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>The legislature adopted a decrease to the Housing MT Division's 2025 biennium budget of approximately \$2.5 million or 11.0% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>A decrease in federal special revenue appropriation authority due to a reduction in anticipated grant funding in the 2025 biennium for HOME Investment Partnership Program (HOME) and Housing Trust Fund (HTF) grants</li> <li>Statewide present law adjustment increases in federal special revenue for personal services, fixed costs, and inflation/deflation</li> </ul> </li> </ul>	

## Program Actuals and Budget Comparison

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	6.00	6.00	6.00	6.00
Personal Services	309,108	432,188	438,979	462,678	464,180
Operating Expenses	98,265	275,593	266,395	309,818	301,811
Grants	7,150,684	10,605,573	10,605,573	9,300,000	9,300,000
Debt Service	21,874	22,663	22,663	22,663	22,663
<b>Total Expenditures</b>	<b>\$7,579,931</b>	<b>\$11,336,017</b>	<b>\$11,333,610</b>	<b>\$10,095,159</b>	<b>\$10,088,654</b>
Federal Spec. Rev. Funds	7,579,931	11,336,017	11,333,610	10,095,159	10,088,654
<b>Total Funds</b>	<b>\$7,579,931</b>	<b>\$11,336,017</b>	<b>\$11,333,610</b>	<b>\$10,095,159</b>	<b>\$10,088,654</b>
<b>Total Ongoing</b>	<b>\$7,579,931</b>	<b>\$11,336,017</b>	<b>\$11,333,610</b>	<b>\$10,097,911</b>	<b>\$10,091,406</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,752)</b>	<b>(\$2,752)</b>

**Funding**

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

Department of Commerce, 74-Housing M T 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 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
03300 Home Grants	10,730,215	0	0	10,730,215	53.16 %
03585 HTF	9,453,598	0	0	9,453,598	46.84 %
<b>Federal Special Total</b>	<b>\$20,183,813</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20,183,813</b>	<b>13.39 %</b>
06030 BOH Financial Program Fund	0	7,080,740	0	7,080,740	5.42 %
06031 Housing Trust Fund	0	20,000	0	20,000	0.02 %
06032 Mortgage Loan Servicing	0	4,384,248	0	4,384,248	3.36 %
06074 SEC 8 Project Based	0	56,193,517	0	56,193,517	43.02 %
06075 Section 8 Vouchers	0	7,787,036	0	7,787,036	5.96 %
06078 Housing Montana Fund	0	20,000	0	20,000	0.02 %
06079 Revolving Loan Fund - TANF	0	20,000	0	20,000	0.02 %
06085 Section 8 Mod Rehab	0	616,409	0	616,409	0.47 %
06037 Sect 8 Mod Rehab HAP	0	4,850,591	0	4,850,591	3.71 %
06054 Section 8 HAP	0	49,637,299	0	49,637,299	38.00 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$130,609,840</b>	<b>\$0</b>	<b>\$130,609,840</b>	<b>86.61 %</b>
<b>Total All Funds</b>	<b>\$20,183,813</b>	<b>\$130,609,840</b>	<b>\$0</b>	<b>\$150,793,653</b>	

**HB 2 Authority****Federal Special Revenue**

Federal funds are for the HOME Investment Partnerships (HOME) and Housing Trust Fund (HTF) programs. The HOME program is a federal block grant for the construction and creation of affordable housing for low-income households. The HOME Program is administered by the Housing MT Division, who also administers funds to local governments and non-profits throughout the state. The HTF is an affordable housing production program. The Housing MT Division administers the HTF program and helps qualified recipients' direct funds for construction, rehabilitation, and preservation of affordable rental housing.

**Non-Budgeted Proprietary**

The majority of the Housing MT Division's funding is from proprietary funds.

**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 %	11,333,610	11,333,610	22,667,220	112.30 %
SWPL Adjustments	0	0	0	0.00 %	63,848	59,518	123,366	0.61 %
PL Adjustments	0	0	0	0.00 %	(1,289,080)	(1,288,893)	(2,577,973)	(12.77)%
New Proposals	0	0	0	0.00 %	(13,219)	(15,581)	(28,800)	(0.14)%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$10,095,159</b>	<b>\$10,088,654</b>	<b>\$20,183,813</b>	



**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	28,568	28,568	0.00	0	0	30,086	30,086
DP 2 - Fixed Costs	0.00	0	0	22,392	22,392	0.00	0	0	13,703	13,703
DP 3 - Inflation Deflation	0.00	0	0	12,888	12,888	0.00	0	0	15,729	15,729
DP 20 - SABHRS Rate Adjustment	0.00	0	0	75	75	0.00	0	0	53	53
DP 30 - Motor Pool Rate Adjustment	0.00	0	0	(48)	(48)	0.00	0	0	(45)	(45)
DP 222 - RMTD Adjustment	0.00	0	0	2,752	2,752	0.00	0	0	2,752	2,752
DP 223 - RMTD Adjustment (OTO)	0.00	0	0	(2,752)	(2,752)	0.00	0	0	(2,752)	(2,752)
DP 7402 - HMT ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	0	0	(1,289,107)	(1,289,107)	0.00	0	0	(1,288,901)	(1,288,901)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,225,232)</b>	<b>(\$1,225,232)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,229,375)</b>	<b>(\$1,229,375)</b>

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

**DP 3 - Inflation Deflation -**

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

**DP 20 - SABHRS Rate Adjustment -**

The legislature adopted an increase to proposed SABHRS rates.

**DP 30 - Motor Pool Rate Adjustment -**

The legislature adopted a reduction to proposed motor pool rates.

**DP 222 - RMTD Adjustment -**

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

DP 223 - RMTD Adjustment (OTO) -

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

DP 7402 - HMT ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature adopted adjustments for non-state rent increases per the terms of the negotiated lease, and indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs. Additional adjustments are for increases in field agent contracts, additional training, access to online resources due to higher than anticipated staff turnover, and projected increases in housing assistance payments based on HUD's fair market rents which historically increase each year. The decision package also decreases appropriations for grants in the HOME and HTF programs equal to the amount of federal funds anticipated to be available in the 2025 biennium.

**New Proposals**

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

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	0	158	158	0.00	0	0	158	158
DP 333 - Adjustment to Inflation	0.00	0	0	(8,508)	(8,508)	0.00	0	0	(10,854)	(10,854)
DP 555 - Additional Vacancy Savings	0.00	0	0	(4,869)	(4,869)	0.00	0	0	(4,885)	(4,885)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$13,219)</b>	<b>(\$13,219)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$15,581)</b>	<b>(\$15,581)</b>

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

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$3,168 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

Other Issues

Proprietary Rates

The Housing Division has three programs that are funded through proprietary funds, which include:

- The Montana Board of Housing
- Project Based Section 8 Program
- Tenant Based Section 8 Program

Montana Board of Housing – Funds 06030, 06031, 06032, 06078, 06079

*Proprietary Program Description*

The Montana Housing Act of 1975 created the Montana Board of Housing. The board is an agency of the state and operates within the Department of Commerce for administrative purposes. The Board of Housing is primarily mandated in Title 2, Chapter 15; and Title 90, Chapter 1, and Chapter 6, MCA. The powers of the board are vested in a seven-member board, appointed by the Governor, subject to the confirmation of the state Senate. The board provides direction to the agency staff for its programs that include the Homeownership Program, Multifamily Loan Program, Low Income Housing Tax Credit Program, Housing Montana fund, and the Reverse Annuity Mortgage (RAM) Program.

*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
06030	BOH Financial Programs	65010	Dept. of Commerce	Housing Division - Board of Housing
06031	Housing Trust Fund			
06032	BOH Loan Servicing			
06078	Affordable Housing Revolving			
06079	Revolving Loan - TANF			

	Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Charges For Services	4,420,134	4,552,738	4,689,320	4,830,000
BOI Investment Earnings Class	15,578,470	21,575,000	22,330,125	23,111,679
<b>Total Operating Revenues</b>	19,998,604	26,127,738	27,019,445	27,941,679
<b>Expenses</b>				
Personal Services	2,464,928	2,728,756	2,800,247	2,817,873
Other Operating Expense	4,229,893	2,544,723	2,781,485	2,745,790
Debt Service	13,411,029	20,519,461	21,424,461	22,169,461
Expense B				
Expense C				
<b>Total Operating Expense</b>	20,105,850	25,792,940	27,006,193	27,733,124
<b>Operating Income (Loss)</b>	(107,246)	334,798	13,252	208,555
<b>Income (Loss) Before Contributions and Transfers</b>	(107,246)	334,798	13,252	208,555
Capital Contributions				
Transfers In	1,000,017	520,000		
Transfers Out	(1,000,000)	-	-	-
Loans and Lease Payments				
<b>Change in Net Position</b>	(107,229)	854,798	13,252	208,555
<b>Beginning Net Position - July 1</b>	162,324,018	163,578,211	164,433,008	164,446,261
Prior Period Adjustments	1,361,421			
Change in Net Position	(107,229)	854,798	13,252	208,555
<b>Ending Net Position - June 30</b>	163,578,211	164,433,008	164,446,261	164,654,816
<b>Net Position (Fund Balance) Analysis</b>				

Restricted Net Position (Enterprise Funds Only)	163,578,211	164,433,008	164,446,261	164,654,816
Unrestricted Net Position				

Expenditures

The Board of Housing and Loan Servicing Program increased expenditures are primarily for statewide present law adjustments for personal services, fixed costs, and inflation. Other increases are for new fixed costs and for increased administrative costs.

Revenues

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

*Proprietary Rates*

The Board of Housing recovers costs from charging application and compliance fees for the Low-Income Tax Credit Program and from charging a spread on loan programs.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information					
Fee Description:		Actual FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Pre 1980 Single Family Programs	% spread between mortgage interest rate and bond yield. No limit on investment earnings	1.50%	1.50%	1.50%	1.50%
Post Single Family Programs	% spread between mortgage interest rate and bond yield. Investment earnings limited to the bond yield	1.125%	1.125%	1.125%	1.125%
Pre 1986 Multifamily Program	% spread between the mortgage interest rate and the bond yield. No limit on investment earnings	1.50%	1.50%	1.50%	1.50%
Post 1986 Multifamily Program	% spread between the mortgage interest rate and the bond yield. Investment earnings limited to the bond yield	1.50%	1.50%	1.50%	1.50%
Multifamily Reservation Fee	up to a % of the loan amount reserved	1.00%	1.00%	1.00%	1.00%
Letter of Intent - Housing Credits	per submission	\$1,500	\$3,000	\$3,000	\$3,000
Application - Housing Credits	% of the tax credit amount requested	1.00%	1.00%	1.00%	1.00%
Reservation fees-Housing Credits	% of the tax credit amount reserved	10.00%	10.00%	10.00%	10.00%
Underwriting Fees - Housing Credits	per application	\$3,000	\$3,000	\$3,000	\$3,000
Compliance fees-Housing Credit Program	per unit	\$45	\$45	\$45	\$45
Interest income on reverse annuity mortgage loans	4-5% (new) 5% (old) loans	3-5%	3-5%	3-5%	3-5%
Housing Revolving Loan Fund (HRLA)	variable rates ranging from 2% to 6%	2-6%	2-6%	2-6%	2-6%
Interest on Investments	STIP investment rate	varies	varies	varies	varies

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.

#### HUD Section 8 (Project Based Housing) – Fund 06074

##### *Proprietary Program Description*

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

*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			
06074	SEC 8 Project Based	65010	Dept. of Commerce	Housing MT - PB Section 8			
			Actual	Estimated	Reviewed	Reviewed	
			FY 22	FY 23	FY 24	FY 25	
<b>Operating Revenues</b>							
<b>Fees and Charges</b>							
Charges For Services							
BOI Investment Earnings Class							
			8,673	13,349	13,816	14,300	
Federal			<u>26,551,142</u>	<u>27,480,432</u>	<u>28,442,247</u>	<u>29,437,726</u>	
<b>Total Operating Revenues</b>			26,559,815	27,493,781	28,456,063	29,452,026	
<b>Expenses</b>							
Personal Services							
			762,458	843,069	873,321	876,889	
Other Operating Expense							
			313,924	350,334	401,091	384,600	
Benefits & Claims							
			25,715,394	25,245,506	26,145,349	27,076,686	
Debt Service							
			14,307	61,881	61,881	61,881	
Equipment & Intangible Assets							
				156,000	156,000	156,000	
<b>Total Operating Expense</b>			26,806,083	26,656,790	27,637,642	28,556,056	
<b>Operating Income (Loss)</b>			<u>(246,268)</u>	836,991	818,421	895,970	
<b>Income (Loss) Before Contributions and Transfers</b>			<u>(246,268)</u>	836,991	818,421	895,970	
<b>Change in Net Position</b>			<u>(246,268)</u>	836,991	818,421	895,970	
<b>Beginning Net Position - July 1</b>			4,492,608	4,259,159	5,096,150	5,914,571	
Prior Period Adjustments							
			12,819				
Change in Net Position							
			<u>(246,268)</u>	836,991	818,421	895,970	
<b>Ending Net Position - June 30</b>			<u>4,259,159</u>	<u>5,096,150</u>	<u>5,914,571</u>	<u>6,810,541</u>	

Expenditures

The increased expenditures are primarily in benefits and claims. The increase in benefits and claims is based on the U.S. Department of Housing and Urban Development's (HUD) fair market rents, which traditionally increase each year.

Revenues

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

*Proprietary Rates*

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

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:				
Administration Contract	2.50%	2.50%	2.50%	2.50%
Base fee rate paid by HUD = 2.5% times the two-bedroom Fair Market Rent for all projects under ACC contract for standard performance, as judged by HUD monthly, quarterly, and annually.				
Administration Contract	1.00%	1.00%	1.00%	1.00%
Performance fee incentive rate based on 17 Incentive Based Performance Standards (IBPS), graded monthly, quarterly, and annually by HUD. Can be either positive or negative, based on whether time standards and performance requirements are met on each of the 17 IBPS standards. Rate 3 (per unit)				
Rents Contract	100.00%	100.00%	100.00%	100.00%
Amounts for rentals are based on 100% of contracted amounts per unit each month, less tenant share of rents.				



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.

**HUD Section 8 – Fund 06037 (Mod Rehab HAP), 06054 (Section 8 HAP), 06075 (Tenant Based), 06085 (Mod Rehab)**

The Tenant Based Section 8 Program provides rent assisted units for very low-income families (including elderly and disabled) to ensure they have decent, safe, and sanitary housing, using the HUD Section 8 Housing Choice Vouchers and Moderate Rehabilitation Programs. The programs operate on a first come, first serve basis statewide, through a network of field agencies the department contracts with for administration of local operations in the program. Leases are entered on the open rental market between tenants and private landlords. The program makes a subsidy payment to the property owner on behalf of the tenant. Payments are based on applicable unit rent limits, and tenants generally pay 30.0% of their income towards rent and utilities.

*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
06037	Sect 8 Mod Rehab HAP	65010	Dept. of Commerce	Housing MT - TB Section 8
06054	Section 8 HAP			
06075	Section 8 Vouchers			
06085	Section 8 Mod Rehab			

  

	Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Charges For Services				
BOI Investment Earnings Class	11,329	18,707	19,362	20,040
Federal	24,399,644	26,253,631	29,637,508	32,052,321
<b>Total Operating Revenues</b>	24,410,973	26,272,338	29,656,870	32,072,361
<b>Expenses</b>				
Personal Services	820,616	918,668	878,218	882,133
Other Operating Expense	2,093,348	2,616,200	2,912,403	3,014,504
Benefits & Claims	21,138,425	25,869,929	26,775,376	27,712,514
Debt Service	14,307	201,600	201,600	201,600
Equipment & Intangible Assets		156,000	156,000	156,000
<b>Total Operating Expense</b>	24,066,696	29,762,397	30,923,597	31,966,751
<b>Operating Income (Loss)</b>	344,277	(3,490,059)	(1,266,727)	105,610
<b>Income (Loss) Before Contributions and Transfers</b>	344,277	(3,490,059)	(1,266,727)	105,610
<b>Change in Net Position</b>	344,277	(3,490,059)	(1,266,727)	105,610
<b>Beginning Net Position - July 1</b>	5,686,886	5,992,177	2,502,118	1,235,391
Prior Period Adjustments	(38,986)			
Change in Net Position	344,277	(3,490,059)	(1,266,727)	105,610
<b>Ending Net Position - June 30</b>	5,992,177	2,502,118	1,235,391	1,341,001
<b>Net Position (Fund Balance) Analysis</b>				
Restricted Net Position (Enterprise Funds Only)	5,992,177	2,502,118	1,235,391	1,341,001
Unrestricted Net Position	-	-	-	-

Expenditures

The increases in expenditures are primarily in operating expenses and benefits and claims. Operating expense increases are due to statewide present law adjustment for fixed costs and inflation. Benefits and claims are based on the U.S. Department of HUD fair market rents. This traditionally increases each year.

Revenues

The Tenant Based Section 8 Program is supported by an enterprise fund with revenues derived from performance-based Annual Contribution Contracts with HUD. Revenues for the Tenant Based Section 8 Program are generated per unit for each rental unit under lease each month.

*Proprietary Rates*

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

<b>Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information</b>				
	<b>Actual FY 22</b>	<b>Estimated FY 23</b>	<b>Reviewed FY 24</b>	<b>Reviewed FY 25</b>
Fee Description:				
Administration Contract	\$91.90	\$95.12	\$98.45	\$101.90
Base fee rate paid by HUD = \$91.90 (before proration) per unit per month under lease, which is HUD's column B rate for units beyond the first 600 Housing Choice Vouchers (or 7,200-unit months per year) for the majority of leases. Mod Rehab earned fee rate is \$98.46 per lease per month (HUD's column A rate, no proration). Estimate increases of 3.5% per year for FY 2023, FY 2024, and FY 2025.				
Rents Contract	100.00%	100.00%	100.00%	100.00%
Amounts for rentals are based on 100% of contracted amounts per unit each month, less tenant share of rents.				

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
Personal Services	9,698,118	9,555,426	(142,692)	(1.47)%
Operating Expenses	7,512,580	6,853,734	(658,846)	(8.77)%
Debt Service	3,706	1,112	(2,594)	(69.99)%
<b>Total Expenditures</b>	<b>\$17,214,404</b>	<b>\$16,410,272</b>	<b>(\$804,132)</b>	<b>(4.67)%</b>
Proprietary Funds	17,214,404	16,410,272	(804,132)	(4.67)%
<b>Total Funds</b>	<b>\$17,214,404</b>	<b>\$16,410,272</b>	<b>(\$804,132)</b>	<b>(4.67)%</b>

### Program Description

Article VIII, Section 13 of the Montana Constitution created the Unified Investment Program, which includes all state agency funds. The Board of Investments (the "Board"), by law, invests the Unified Investment Program. Local governments may also invest with the Board. Today, the Board manages approximately \$24.9 billion for all state agencies, universities, school districts, and other local governments. To facilitate management of the Unified Investment Program, a combination of investment pools and separate accounts are used to meet the financial goals and expectations of the entities which entrust these funds to the Board. Investments not managed in pools are included in All Other Funds-Direct Holdings.

<u>Name of Pool</u>	<u>Eligible Participants</u>
1. Consolidated Asset Pension Pool	Retirement systems funds only
2. Trust Funds Investment Pool	Various state trust funds
3. Short Term Investment Pool	Eligible local & state agencies
4. All Other Funds-Direct Holdings	Non-pool state agency investments

The Board issues a "consolidated" financial statement for the investment pools and All Other Funds -Direct Holdings that provides a comprehensive view of total pool and All Other Funds-Direct Holdings' assets.

In addition to the Board's investment responsibilities, it is charged with creating solutions to financial issues facing new and expanding businesses in the State of Montana. To accomplish this goal, the Board administers several different loan programs that can be specifically tailored to meet an individual business' or local government's needs. The In-State Investment Program consists of commercial loans funded by the Coal Tax Trust, low interest loans for first time home buying Montana Veterans, and loans for the development and preservation of homes and apartments to assist eligible low- and moderate-income applicants.

The Board also issues bonds and lends the proceeds to Montana state agencies, universities, and local governments for various projects.

The Board of Investments is funded with both enterprise and internal service type proprietary funds, and no direct appropriations are provided in HB 2.

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

## Program Highlights

Board of Investment Major Budget Highlights	
<ul style="list-style-type: none"> <li>The legislature adopted a decrease to the Board of Investment's 2025 biennium budget of approximately \$804,000 or 4.7% less than the 2023 biennium budget</li> <li>This decrease is primarily due to the 2023 biennium budget being greater as the Board issued dividend payments</li> <li>Other decreases are due to statewide present law adjustments for personal services</li> </ul>	

## Program Actuals and Budget Comparison

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	33.00	33.00	33.00	33.00
Personal Services	4,477,772	4,646,804	5,051,314	4,766,023	4,789,403
Operating Expenses	4,201,627	4,306,622	3,205,958	3,470,143	3,383,591
Debt Service	0	3,150	556	556	556
<b>Total Expenditures</b>	<b>\$8,679,399</b>	<b>\$8,956,576</b>	<b>\$8,257,828</b>	<b>\$8,236,722</b>	<b>\$8,173,550</b>
Proprietary Funds	8,679,399	8,956,576	8,257,828	8,236,722	8,173,550
<b>Total Funds</b>	<b>\$8,679,399</b>	<b>\$8,956,576</b>	<b>\$8,257,828</b>	<b>\$8,236,722</b>	<b>\$8,173,550</b>

## Funding

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

Department of Commerce, 75-Board of Investments 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 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
06014 BOI Municipal Finance Programs	0	1,300,462	1,200,000	2,500,462	14.20 %
06527 Investment Division	0	15,109,810	0	15,109,810	85.80 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$16,410,272</b>	<b>\$1,200,000</b>	<b>\$17,610,272</b>	<b>100.00 %</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$16,410,272</b>	<b>\$1,200,000</b>	<b>\$17,610,272</b>	

## Statutory Authority

Section 17-7-502, MCA provides funding to the Board of Investments related to the debt services for the INTERCAP Program. Statutory authority provides funding for legal and marketing fees related to these debt services.

*Non-Budgeted Proprietary Fund*

The majority of the Board of Investments funding comes from non-budgeted proprietary funding. These funds are discussed in the Proprietary Rates section of this narrative.

**Budget Summary by Category**

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

Budget Summary by Category									
-----General Fund-----					-----Total Funds-----				
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	
2023 Base Budget	0	0	0	0.00 %	8,257,828	8,257,828	16,515,656	100.64 %	
SWPL Adjustments	0	0	0	0.00 %	(52,043)	(125,561)	(177,604)	(1.08)%	
PL Adjustments	0	0	0	0.00 %	30,306	40,652	70,958	0.43 %	
New Proposals	0	0	0	0.00 %	631	631	1,262	0.01 %	
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$8,236,722</b>	<b>\$8,173,550</b>	<b>\$16,410,272</b>		

**Present Law Adjustments**

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

Present Law Adjustments										
-----Fiscal 2024-----					-----Fiscal 2025-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	(285,291)	0.00	0	0	0	(261,911)
DP 2 - Fixed Costs	0.00	0	0	0	119,376	0.00	0	0	0	(12,214)
DP 3 - Inflation Deflation	0.00	0	0	0	113,872	0.00	0	0	0	148,564
DP 20 - SABHRS Rate Adjustment	0.00	0	0	0	1,274	0.00	0	0	0	901
DP 30 - Motor Pool Rate Adjustment	0.00	0	0	0	(62)	0.00	0	0	0	(58)
DP 222 - RMTD Adjustment	0.00	0	0	0	77,419	0.00	0	0	0	77,419
DP 223 - RMTD Adjustment (OTO)	0.00	0	0	0	(77,419)	0.00	0	0	0	(77,419)
DP 7502 - BOI ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	0	0	0	29,094	0.00	0	0	0	39,809
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$21,737)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$84,909)</b>

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

DP 1 - Personal Services -

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

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

DP 20 - SABHRS Rate Adjustment -

The legislature reviewed an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature reviewed a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

DP 7502 - BOI ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature reviewed adjustments to ongoing appropriations for increases in non-state building rent per the terms of the lease agreement, as well as a decrease in the indirect costs paid to Director's Office for support services provided to supported divisions, bureaus, and programs.

New Proposals

The “New Proposals” table shows new changes to spending.

New Proposals										
Fiscal 2024						Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	0	0	631	0.00	0	0	0	631
Total	0.00	\$0	\$0	\$0	\$631	0.00	\$0	\$0	\$0	\$631

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

DP 99 - New Fixed Costs -

The legislature reviewed appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature reviewed appropriations of \$704 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

Other Issues

Proprietary Rates

The Board of Investments has two programs funded by proprietary funds, which include:

- The Industrial Revenue Bond, which funds the Intermediate Term Capital (INTERCAP) Program
- The Investment Division Program, which funds the investment programs

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

Industrial Revenue Bond 1-95 – 06014

*Proprietary Program Description*

The Industrial Revenue Bond proprietary fund is used to fund the INTERCAP Program, an enterprise fund. The INTERCAP program only loans funds to eligible governmental units as defined under 17-5-1604, MCA. The Board sells bonds and lends the proceeds to eligible governments for various projects. Loan terms range from 1 to 15 years. Short-term loans to finance cash flow deficits or bridge financing are also available.

*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
06014	BOI Municipal Finance Programs	65010	Dept. of Commerce	Board of Investments

	Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
BOI Investment Earnings Class	1,136,430	1,200,000	1,211,901	1,211,901
Grants/Transfers/Misc.	-	-		
<b>Total Operating Revenues</b>	1,136,430	1,200,000	1,211,901	1,211,901
<b>Expenses</b>				
Personal Services	382,250	440,715	431,859	434,503
Operating Expense	91,374	202,104	228,702	206,896
Debt Service	-	556	556	556
<b>Total Operating Expense</b>	473,624	643,375	661,117	641,955
<b>Operating Income (Loss)</b>	662,806	556,625	550,784	569,946
<b>Nonoperating Revenues</b>				
Other Revenue A				
Other Revenue B				
<b>Nonoperating Expenses</b>				
Debt Service (Bonds)	(478,899)	(2,080,451)	(600,000)	(600,000)
Other Expense B				
<b>Total Nonoperating Revenues (Expenses)</b>	(478,899)	(2,080,451)	(600,000)	(600,000)
<b>Change in Net Position</b>	183,907	(1,523,826)	(49,216)	(30,054)
<b>Beginning Net Position - July 1</b>	5,290,933	5,475,158	3,951,332	3,902,116
Prior Period Adjustments	318			
Change in Net Position	183,907	(1,523,826)	(49,216)	(30,054)
<b>Ending Net Position - June 30</b>	5,475,158	3,951,332	3,902,116	3,872,062

Expenses

The decrease in personal services is due to employee turnover and hiring new employees at lower wages. Increases in operating expenses are due to statewide present law adjustments for fixed costs and inflation, as well as increased administrative costs for non-state building rent.

Revenues

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

*Proprietary Rates*

The Board of Investments recovers its costs from the entities that use its services. Typically, this has been done by requesting a maximum level of expenditures and setting a fee at that level. Fees reviewed for the INTERCAP Program are shown below.

<b>Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information</b>				
	<b>Actual FY 22</b>	<b>Estimated FY 23</b>	<b>Reviewed FY 24</b>	<b>Reviewed FY 25</b>
Fee Description:				
Fees & Investment Revenues	\$ 1,136,429	\$ 1,200,000	\$ 1,211,901	\$ 1,211,901

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.

**Investment Division – 06527***Proprietary Program Description*

The Investment Division proprietary fund is an internal service fund that funds the Investment Program. The Board of Investment's customers include state agencies, the university system, local governments, financial institutions, and local economic development organizations.

*Proprietary Program Revenues and Expenses*

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

2025 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06527	Investment Division	65010	Dept of Commerce	Board of Investments		
			Actual	Estimated	Reviewed	Reviewed
			FY 22	FY 23	FY 24	FY 25
<b>Operating Revenues</b>						
<b>Fees and Charges</b>						
Charges For Services			7,471,210	7,695,543	7,826,543	7,826,543
<b>Total Operating Revenues</b>			7,471,210	7,695,543	7,826,543	7,826,543
<b>Expenses</b>						
Personal Services			4,234,775	4,691,689	4,334,164	4,354,900
Operating Expense			4,113,300	3,003,854	3,240,229	3,175,852
Debt Service						
<b>Total Operating Expense</b>			8,348,075	7,695,543	7,574,393	7,530,752
<b>Operating Income (Loss)</b>			(876,865)	-	252,150	295,791
<b>Change in Net Position</b>			(876,865)	-	252,150	295,791
<b>Beginning Net Position - July 1</b>			1,245,259	368,828	368,828	620,978
Prior Period Adjustments			434			
Change in Net Position			(876,865)	-	252,150	295,791
<b>Ending Net Position - June 30</b>			368,828	368,828	620,978	916,769

Expenses

The decreased expenditures are primarily due to reductions in statewide present law adjustments for personal services due to employee turnover and hiring new positions at lower wage rates. Increases in operating expenses are due to statewide present law adjustments for fixed costs and inflation, as well as increased administrative costs for non-state building rent.

Revenues

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

*Proprietary Rates*

The Board of Investments recovers its costs from the entities that use its services. Typically, this has been done by requesting a maximum level of expenditures and setting the fee at that level.

*Proprietary Rates*

The Board of Investments recovers its costs from the entities that use its services. Typically, this has been done by requesting a maximum level of expenditures and setting the fee at that level.

<b>Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information</b>				
	<b>Actual FY 22</b>	<b>Estimated FY 23</b>	<b>Reviewed FY 24</b>	<b>Reviewed FY 25</b>
BOI Administrative Fee Rate	\$7,471,401	\$7,695,543	\$7,826,543	\$7,826,543

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

### Program Budget Comparison

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	39,265	36,967	(2,298)	(5.85)%
Operating Expenses	363,196	870,791	507,595	139.76 %
<b>Total Expenditures</b>	<b>\$402,461</b>	<b>\$907,758</b>	<b>\$505,297</b>	<b>125.55 %</b>
General Fund	0	500,000	500,000	0.00 %
State/Other Special Rev. Funds	402,461	407,758	5,297	1.32 %
<b>Total Funds</b>	<b>\$402,461</b>	<b>\$907,758</b>	<b>\$505,297</b>	<b>125.55 %</b>
<b>Total Ongoing</b>	<b>\$402,461</b>	<b>\$907,758</b>	<b>\$505,297</b>	<b>125.55 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

### Program Description

The Montana Board of Horse Racing originated in 1965 through the legislative process. The stated purpose is to regulate and monitor horse racing in the State of Montana. Over the course of 57 years their role has been modified and grown. The Board continues to regulate and monitor but it now also offers support and guidance.

The Board of Horse Racing is appropriated through HB 2 and statutory appropriations, and funded by revenue derived from licenses and fees, as well as the collection of a percentage of wagering on live and remote racing events.

The program work is mandated in Title 2, Chapter 15, and Title 23, Chapter 4, MCA.

### Program Highlights

Montana Board of Horse Racing Major Budget Highlights
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Montana Board of Horse Racing's 2025 biennium budget of approximately \$505,000 or 125.6% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>Increases in statewide present law adjustments for personal services, fixed costs, and inflation/deflation</li> <li>A reduction in personal services to account for the executive secretary position that is contracted out</li> <li>A \$500,000 biennial general fund increase for the 2025 biennium</li> </ul> </li> </ul>

### Program Actuals and Budget Comparison

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	1.25	1.25	1.25	1.25
Personal Services	22,293	19,131	20,134	18,449	18,518
Operating Expenses	118,786	181,602	181,594	435,320	435,471
<b>Total Expenditures</b>	<b>\$141,079</b>	<b>\$200,733</b>	<b>\$201,728</b>	<b>\$453,769</b>	<b>\$453,989</b>
General Fund	0	0	0	250,000	250,000
State/Other Special Rev. Funds	141,079	200,733	201,728	203,769	203,989
<b>Total Funds</b>	<b>\$141,079</b>	<b>\$200,733</b>	<b>\$201,728</b>	<b>\$453,769</b>	<b>\$453,989</b>
<b>Total Ongoing</b>	<b>\$141,079</b>	<b>\$200,733</b>	<b>\$201,728</b>	<b>\$453,769</b>	<b>\$453,989</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Funding

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

Department of Commerce, 78-Board of Horse Racing Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	500,000	0	0	500,000	29.80 %
02029 BOHR Operation Fund	407,758	0	770,000	1,177,758	100.00 %
<b>State Special Total</b>	<b>\$407,758</b>	<b>\$0</b>	<b>\$770,000</b>	<b>\$1,177,758</b>	<b>70.20 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$907,758</b>	<b>\$0</b>	<b>\$770,000</b>	<b>\$1,677,758</b>	

The Board of Horse Racing is responsible for regulating, ensuring compliance, licensing, and auditing all horse racing in the State of Montana. The board is funded with state special revenue from a 1.0% tax on gross receipts from pari-mutuel betting (for simulcast facilities, the tax is greater than 1.0%). Statutory authority is for live race purses. The legislature also adopted \$500,000 general fund for the 2025 biennium.

### 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 %	201,728	201,728	403,456	44.45 %
SWPL Adjustments	0	0	0	0.00 %	90,157	90,885	181,042	19.94 %
PL Adjustments	0	0	0	0.00 %	(86,300)	(86,574)	(172,874)	(19.04) %
New Proposals	250,000	250,000	500,000	100.00 %	248,184	247,950	496,134	54.65 %
<b>Total Budget</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$500,000</b>		<b>\$453,769</b>	<b>\$453,989</b>	<b>\$907,758</b>	

**Present Law Adjustments**

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

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	85,363	0	85,363	0.00	0	85,720	0	85,720
DP 2 - Fixed Costs	0.00	0	1,940	0	1,940	0.00	0	1,408	0	1,408
DP 3 - Inflation Deflation	0.00	0	2,854	0	2,854	0.00	0	3,757	0	3,757
DP 7801 - BOHR ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	0	(86,300)	0	(86,300)	0.00	0	(86,574)	0	(86,574)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$3,857</b>	<b>\$0</b>	<b>\$3,857</b>	<b>0.00</b>	<b>\$0</b>	<b>\$4,311</b>	<b>\$0</b>	<b>\$4,311</b>

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

**DP 3 - Inflation Deflation -**

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

**DP 7801 - BOHR ADMINISTRATIVE COSTS ADJUSTMENTS -**

The legislature adopted a reduction for the Board of Horse Racing's 2025 biennium personal services budget to current estimates for the 2025 biennium. The Board of Horse Racing currently is contracting for its executive secretary, which is funded through an operating expense category. This change package removes the 2025 biennium personal services funding for the position without removing the board's executive secretary position.

**New Proposals**

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

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 333 - Adjustment to Inflation	0.00	0	(724)	0	(724)	0.00	0	(954)	0	(954)
DP 555 - Additional Vacancy Savings	0.00	0	(1,092)	0	(1,092)	0.00	0	(1,096)	0	(1,096)
DP 7802 - Board of Horseracing Funding (BIEN)	0.00	250,000	0	0	250,000	0.00	250,000	0	0	250,000
<b>Total</b>	<b>0.00</b>	<b>\$250,000</b>	<b>(\$1,816)</b>	<b>\$0</b>	<b>\$248,184</b>	<b>0.00</b>	<b>\$250,000</b>	<b>(\$2,050)</b>	<b>\$0</b>	<b>\$247,950</b>

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

**DP 333 - Adjustment to Inflation -**

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

**DP 555 - Additional Vacancy Savings -**

The legislature adopted an additional 1.0% vacancy savings.

**DP 7802 - Board of Horseracing Funding (BIEN) -**

The legislature adopted a biennial general fund increase for the Board of Horse Racing.



**Program Budget Comparison**

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	939,941	1,246,780	306,839	32.64 %
Operating Expenses	2,700,000	2,756,384	56,384	2.09 %
Equipment & Intangible Assets	400,000	300,000	(100,000)	(25.00)%
Capital Outlay	500,000	600,000	100,000	20.00 %
<b>Total Expenditures</b>	<b>\$4,539,941</b>	<b>\$4,903,164</b>	<b>\$363,223</b>	<b>8.00 %</b>
State/Other Special Rev. Funds	4,539,941	4,903,164	363,223	8.00 %
<b>Total Funds</b>	<b>\$4,539,941</b>	<b>\$4,903,164</b>	<b>\$363,223</b>	<b>8.00 %</b>
<b>Total Ongoing</b>	<b>\$4,539,941</b>	<b>\$5,033,298</b>	<b>\$493,357</b>	<b>10.87 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$130,134)</b>	<b>(\$130,134)</b>	<b>100.00 %</b>

**Program Description**

In 1997, the 55th Montana Legislature established the Montana Heritage Preservation and Development Commission (MHC) to acquire and manage historic properties for the State of Montana. This legislation approved the purchase of Virginia and Nevada City which comprised 248 buildings and 1.2 million Americana artifacts residing on 260 acres. These large historic town sites were the first properties managed by the MHC.

Since 1997, the Montana Board of Land Commissioners approved two additional acquisitions of historic Reeder's Alley and the Pioneer Cabin in Helena. Reeder's Alley was received through a private donation on November 19, 2001. The Pioneer Cabin at the front of Reeder's Alley was received from a private donation on June 19, 2006.

The Montana Legislature authorizes MHC to care for heritage resources "in a manner that protects the properties and encourages economic independence" (MCA 22-3-1001). Our statutory purpose is to acquire and manage, on behalf of the state, properties that possess outstanding historical value, display exceptional qualities worth preserving, and are genuinely representative of the state's culture and history. MHC has worked to expand the economic and revenue generating uses for our state buildings. MHC is responsible for the management and economic use of these historic properties including building improvements, structural stabilization, site maintenance, artifact conservation, and protection of diverse historic features. MHC serves as a resource for the public and professionals interested in learning more about Montana history, historic building preservation, and archaeology, conservation of artifacts, education, living history, and historic site management.

## Program Highlights

Montana Heritage Commission Major Budget Highlights	
<ul style="list-style-type: none"> <li>The legislature approved an increase to the Montana Heritage Commission's 2025 biennium budget of approximately \$363,000 or 8.0% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>Increases in statewide present law adjustments for personal services and inflation/deflation</li> <li>Decreases in statewide present law adjustments for fixed costs</li> <li>State special revenue increases for administrative costs provided by the Director's Office and for new fixed costs related to the new Chief Data Office in the Department of Administration</li> </ul> </li> </ul>	

## Program Actuals and Budget Comparison

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	8.00	8.00	8.00	8.00
Personal Services	530,078	469,941	470,000	621,717	625,063
Operating Expenses	1,444,402	1,350,000	1,350,000	1,374,806	1,381,578
Equipment & Intangible Assets	130,000	250,000	150,000	150,000	150,000
Capital Outlay	69,500	200,000	300,000	300,000	300,000
<b>Total Expenditures</b>	<b>\$2,173,980</b>	<b>\$2,269,941</b>	<b>\$2,270,000</b>	<b>\$2,446,523</b>	<b>\$2,456,641</b>
State/Other Special Rev. Funds	2,173,980	2,269,941	2,270,000	2,446,523	2,456,641
<b>Total Funds</b>	<b>\$2,173,980</b>	<b>\$2,269,941</b>	<b>\$2,270,000</b>	<b>\$2,446,523</b>	<b>\$2,456,641</b>
<b>Total Ongoing</b>	<b>\$2,173,980</b>	<b>\$2,269,941</b>	<b>\$2,270,000</b>	<b>\$2,511,590</b>	<b>\$2,521,708</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$65,067)</b>	<b>(\$65,067)</b>

## Funding

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

Department of Commerce, 80-Montana Heritage Commission 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 %
02102 Montana Heritage Commission	4,903,164	0	0	4,903,164	100.00 %
<b>State Special Total</b>	<b>\$4,903,164</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,903,164</b>	<b>100.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$4,903,164</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,903,164</b>	

*HB 2 Authority*State Special Revenue

The Montana Heritage Commission has been entirely funded with HB 2 state special revenue since the 2021 Legislative Session. Funding comes from revenues from Virginia City, Nevada City, and Reeder's Alley, as well as light vehicle registrations. The Commission also receives \$1.0 million each fiscal year from the lodging facility use tax.

**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 %	2,270,000	2,270,000	4,540,000	92.59 %	
SWPL Adjustments	0	0	0	0.00 %	189,749	205,236	394,985	8.06 %	
PL Adjustments	0	0	0	0.00 %	15,251	15,221	30,472	0.62 %	
New Proposals	0	0	0	0.00 %	(28,477)	(33,816)	(62,293)	(1.27)%	
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$2,446,523</b>	<b>\$2,456,641</b>	<b>\$4,903,164</b>		

**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	158,170	0	158,170	0.00	0	161,551	0	161,551
DP 2 - Fixed Costs	0.00	0	(41,883)	0	(41,883)	0.00	0	(46,027)	0	(46,027)
DP 3 - Inflation Deflation	0.00	0	73,462	0	73,462	0.00	0	89,712	0	89,712
DP 20 - SABHRS Rate Adjustment	0.00	0	103	0	103	0.00	0	73	0	73
DP 222 - RMTD Adjustment	0.00	0	65,067	0	65,067	0.00	0	65,067	0	65,067
DP 223 - RMTD Adjustment (OTO)	0.00	0	(65,067)	0	(65,067)	0.00	0	(65,067)	0	(65,067)
DP 8003 - MHC ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	0	15,148	0	15,148	0.00	0	15,148	0	15,148
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$205,000</b>	<b>\$0</b>	<b>\$205,000</b>	<b>0.00</b>	<b>\$0</b>	<b>\$220,457</b>	<b>\$0</b>	<b>\$220,457</b>

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

DP 1 - Personal Services -

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

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

DP 8003 - MHC ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature adopted administrative adjustments for indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs.

**New Proposals**

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

New Proposals	Fiscal 2024					Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	79	0	79	0.00	0	79	0	79
DP 333 - Adjustment to Inflation	0.00	0	(22,103)	0	(22,103)	0.00	0	(27,407)	0	(27,407)
DP 555 - Additional Vacancy Savings	0.00	0	(6,453)	0	(6,453)	0.00	0	(6,488)	0	(6,488)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$28,477)</b>	<b>\$0</b>	<b>(\$28,477)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$33,816)</b>	<b>\$0</b>	<b>(\$33,816)</b>

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

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$88 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

**Program Budget Comparison**

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	966,040	866,887	(99,153)	(10.26)%
Operating Expenses	410,580	539,644	129,064	31.43 %
Grants	1,200,000	1,200,000	0	0.00 %
Debt Service	130,034	130,034	0	0.00 %
<b>Total Expenditures</b>	<b>\$2,706,654</b>	<b>\$2,736,565</b>	<b>\$29,911</b>	<b>1.11 %</b>
General Fund	1,488,704	1,449,743	(38,961)	(2.62)%
State/Other Special Rev. Funds	17,950	67,460	49,510	275.82 %
Federal Spec. Rev. Funds	1,200,000	1,219,362	19,362	1.61 %
<b>Total Funds</b>	<b>\$2,706,654</b>	<b>\$2,736,565</b>	<b>\$29,911</b>	<b>1.11 %</b>
<b>Total Ongoing</b>	<b>\$2,706,654</b>	<b>\$2,744,957</b>	<b>\$38,303</b>	<b>1.42 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$8,392)</b>	<b>(\$8,392)</b>	<b>100.00 %</b>

**Program Description****Director's Office:**

The Director's Office at the Montana Department of Commerce leads the Department's mission of economic and community development of the state and provides effective and efficient customer service to the Department's programs and professionals. Services are provided by the Offices of Accounting and Budget, Legal Affairs, Human Resources, Information Technology, and Research.

The Director's Office builds relationships with private businesses, local governments, administratively attached boards, public, private, non-profit interest groups, the Legislature, Indian tribes, individuals, other governmental agencies, the U.S. Census Bureau, the Governor's Office, and other key stakeholders.

In addition, the Director's Office provides critical central services to the agency and administratively attached boards and commissions; as, every division, bureau, and program in the agency uses the services in the Director's Office in some capacity.

The Director's Office responsibilities are mandated primarily in Title 2, Chapter 15 and Title 90, Chapter 1, MCA.

**Montana Council on Developmental Disabilities (MCDD):**

The Montana Council on Developmental Disabilities is a citizen-based advocacy group administratively attached to the Director's Office. Its members, appointed by the Governor, work to provide increased independence, integration, and productivity for persons with developmental disabilities.

The Council administers federal funds in three major areas; 1) assistance in the provision of comprehensive services to persons with developmental disabilities; 2) assistance to the state in appropriate planning activities; and 3) contracting with public and private agencies to establish model programs, demonstrate innovative habilitation techniques and to train professional and paraprofessional personnel in providing services to persons with developmental disabilities.

MCDD responsibilities are mandated primarily in Title 53, Chapter 20, MCA.

## Program Highlights

Director's Office Major Budget Highlights	
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Director's Office 2025 biennium budget of approximately \$30,000 or 1.1% compared to the 2023 biennium budget. Changes include: <ul style="list-style-type: none"> <li>Statewide present law increases for fixed costs and inflation</li> <li>A decrease in statewide present law adjustments for personal services</li> <li>General fund increases for increased administrative costs and New fixed costs related to the Chief Data Office in the Department of Administration</li> <li>A 0.50 FTE reduction</li> </ul> </li> </ul>	

## Program Actuals and Budget Comparison

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	4.85	4.85	4.35	4.35
Personal Services	484,284	482,710	483,330	431,874	435,013
Operating Expenses	174,297	212,785	197,795	264,465	275,179
Grants	512,577	600,000	600,000	600,000	600,000
Debt Service	64,033	65,017	65,017	65,017	65,017
<b>Total Expenditures</b>	<b>\$1,235,191</b>	<b>\$1,360,512</b>	<b>\$1,346,142</b>	<b>\$1,361,356</b>	<b>\$1,375,209</b>
General Fund	722,614	751,537	737,167	721,770	727,973
State/Other Special Rev. Funds	0	8,975	8,975	31,078	36,382
Federal Spec. Rev. Funds	512,577	600,000	600,000	608,508	610,854
<b>Total Funds</b>	<b>\$1,235,191</b>	<b>\$1,360,512</b>	<b>\$1,346,142</b>	<b>\$1,361,356</b>	<b>\$1,375,209</b>
<b>Total Ongoing</b>	<b>\$1,235,191</b>	<b>\$1,360,512</b>	<b>\$1,346,142</b>	<b>\$1,365,552</b>	<b>\$1,379,405</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4,196)</b>	<b>(\$4,196)</b>

**Funding**

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

Department of Commerce, 81-Directors Office Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,449,743	0	0	1,449,743	17.94 %
02102 Montana Heritage Commission	49,510	0	0	49,510	73.39 %
02324 Montana Community Reinvestment	17,950	0	0	17,950	26.61 %
<b>State Special Total</b>	<b>\$67,460</b>	<b>\$0</b>	<b>\$0</b>	<b>\$67,460</b>	<b>0.83 %</b>
03441 MCDD	1,200,000	0	0	1,200,000	98.41 %
03585 HTF	19,362	0	0	19,362	1.59 %
<b>Federal Special Total</b>	<b>\$1,219,362</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,219,362</b>	<b>15.09 %</b>
06542 Commerce Centralized Services	0	5,344,256	0	5,344,256	100.00 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$5,344,256</b>	<b>\$0</b>	<b>\$5,344,256</b>	<b>66.14 %</b>
<b>Total All Funds</b>	<b>\$2,736,565</b>	<b>\$5,344,256</b>	<b>\$0</b>	<b>\$8,080,821</b>	

General Fund

During the 2023 biennium, the Department of Commerce underwent a reorganization which transferred the Bureau of Research and Information to the Director's Office. This transferred 4.85 FTE and associated general fund authority.

State Special Revenue

The reorganization also transferred authority for the census voting district project state special fund to the Director's Office. This is a small amount of state special authority used as a holdover account for the state library grant.

Federal Special Revenue

The Montana Council on Developmental Disabilities is funded entirely with federal special revenues that pay for the contract for the nonprofit that carries out the responsibilities of the Developmental Disabilities Planning and Advisory Council.

*Non-Budgeted Proprietary Funding*

The Director's Office is funded by an internal service type proprietary fund from indirect costs charged to programs in the Department of Commerce. This fund will be discussed in further detail in the Proprietary Rates section below.

**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	737,167	737,167	1,474,334	101.70 %	1,346,142	1,346,142	2,692,284	98.38 %
SWPL Adjustments	693	4,211	4,904	0.34 %	693	4,211	4,904	0.18 %
PL Adjustments	7,447	7,899	15,346	1.06 %	7,447	7,899	15,346	0.56 %
New Proposals	(23,537)	(21,304)	(44,841)	(3.09)%	7,074	16,957	24,031	0.88 %
<b>Total Budget</b>	<b>\$721,770</b>	<b>\$727,973</b>	<b>\$1,449,743</b>		<b>\$1,361,356</b>	<b>\$1,375,209</b>	<b>\$2,736,565</b>	



**Present Law Adjustments**

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

Present Law Adjustments										
Fiscal 2024						Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(10,145)	0	0	(10,145)	0.00	(6,465)	0	0	(6,465)
DP 2 - Fixed Costs	0.00	7,164	0	0	7,164	0.00	6,399	0	0	6,399
DP 3 - Inflation Deflation	0.00	3,674	0	0	3,674	0.00	4,277	0	0	4,277
DP 20 - SABHRS Rate Adjustment	0.00	132	0	0	132	0.00	78	0	0	78
DP 30 - Motor Pool Rate Adjustment	0.00	(33)	0	0	(33)	0.00	(31)	0	0	(31)
DP 222 - RMTD Adjustment	0.00	4,196	0	0	4,196	0.00	4,196	0	0	4,196
DP 223 - RMTD Adjustment (OTO)	0.00	(4,196)	0	0	(4,196)	0.00	(4,196)	0	0	(4,196)
DP 8106 - DO ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	7,348	0	0	7,348	0.00	7,852	0	0	7,852
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$8,140</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,140</b>	<b>0.00</b>	<b>\$12,110</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,110</b>

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

**DP 3 - Inflation Deflation -**

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

**DP 20 - SABHRS Rate Adjustment -**

The legislature adopted an increase to proposed SABHRS rates.

**DP 30 - Motor Pool Rate Adjustment -**

The legislature adopted a reduction to proposed motor pool rates.

**DP 222 - RMTD Adjustment -**

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

DP 223 - RMTD Adjustment (OTO) -

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

DP 8106 - DO ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature adopted adjustments for increased non-state building rent per the terms of the lease agreement, and indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs. Additional adjustments are included for software licenses, and vehicle maintenance. This change package reflects a 0.26% change to the internal service rate.

**New Proposals**

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

New Proposals	Fiscal 2024					Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	237	0	0	237	0.00	237	0	0	237
DP 333 - Adjustment to Inflation	0.00	(2,294)	0	0	(2,294)	0.00	(2,896)	0	0	(2,896)
DP 555 - Additional Vacancy Savings	0.00	(4,539)	0	0	(4,539)	0.00	(4,445)	0	0	(4,445)
DP 3333 - Additional Adjustment to Inflation	0.00	19,831	22,103	8,508	50,442	0.00	23,207	27,407	10,854	61,468
DP 8107 - DO FTE Reduction	(0.50)	(36,772)	0	0	(36,772)	(0.50)	(37,407)	0	0	(37,407)
<b>Total</b>	<b>(0.50)</b>	<b>(\$23,537)</b>	<b>\$22,103</b>	<b>\$8,508</b>	<b>\$7,074</b>	<b>(0.50)</b>	<b>(\$21,304)</b>	<b>\$27,407</b>	<b>\$10,854</b>	<b>\$16,957</b>

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

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$616 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 3333 - Additional Adjustment to Inflation -

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

DP 8107 - DO FTE Reduction -

The legislature adopted an FTE reduction.

**Other Issues****Proprietary Rates****Commerce Centralized Services – Fund 06542***Proprietary Program Description*

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

Services are provided by the Offices of Accounting and Budget, Legal Affairs, Human Resources, Information Technology, and Public Information.

*Proprietary Program Revenues and Expenses*

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

## 2025 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name	
06542	Commerce Centralized Services	65010	Dept. of Commerce	Director's Office	
		Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
<b>Operating Revenues</b>					
<b>Fees and Charges</b>					
Charges For Services		1,981,566	2,234,291	2,160,978	2,172,476
Grants/Transfers/Misc.		656,314	388,076	372,131	373,729
<b>Total Operating Revenues</b>		2,637,880	2,622,367	2,533,109	2,546,205
<b>Expenses</b>					
Personal Services		1,971,828	2,152,831	2,230,389	2,240,174
Operating Expense		382,169	185,895	298,333	295,908
Debt Service		<u>32,174</u>	<u>139,728</u>	<u>139,728</u>	<u>139,728</u>
<b>Total Operating Expenses</b>		2,386,171	2,478,454	2,668,450	2,675,810
<b>Operating Income (Loss)</b>		251,709	143,913	(135,341)	(129,605)
<b>Change in Net Position</b>		251,709	143,913	(135,341)	(129,605)
<b>Beginning Net Position - July 1</b>		199,240	451,032	594,945	459,604
Prior Period Adjustments		83			
Change in Net Position		251,709	143,913	(135,341)	(129,605)
<b>Ending Net Position - June 30</b>		451,032	594,945	459,604	329,999

Expenses

Overall, the legislature reviewed a slight increase in personal services and operating expenses. These increases are primarily due to statewide present law adjustments for personal services and operating expenses.

Revenues

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

Proprietary Rates

Indirect costs for the Director’s Office are allocated to supported programs via a federally calculated indirect cost plan for federally funded programs and a legislatively approved rate for state funded programs. Indirect cost rates are charged to supported programs based upon actual personal services expenditures.

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

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

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Actual	Estimated	Adopted	Adopted
	FY 22	FY 23	FY 24	FY 25
Fee Description:	14.78%	14.78%	13.47%	13.47%

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

### Agency Budget Comparison

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

Agency Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	100,479,860	98,602,319	(1,877,541)	(1.87)%
Operating Expenses	57,089,962	60,879,103	3,789,141	6.64 %
Equipment & Intangible Assets	1,261,968	3,267,698	2,005,730	158.94 %
Grants	18,658,653	18,831,584	172,931	0.93 %
Benefits & Claims	130,778	200,778	70,000	53.53 %
Transfers	809,062	834,666	25,604	3.16 %
Debt Service	1,438,298	482,348	(955,950)	(66.46)%
<b>Total Expenditures</b>	<b>\$179,868,581</b>	<b>\$183,098,496</b>	<b>\$3,229,915</b>	<b>1.80 %</b>
General Fund	4,584,458	5,127,856	543,398	11.85 %
State/Other Special Rev. Funds	106,725,437	111,039,373	4,313,936	4.04 %
Federal Spec. Rev. Funds	68,558,686	66,931,267	(1,627,419)	(2.37)%
<b>Total Funds</b>	<b>\$179,868,581</b>	<b>\$183,098,496</b>	<b>\$3,229,915</b>	<b>1.80 %</b>
<b>Total Ongoing</b>	<b>\$179,868,581</b>	<b>\$180,760,155</b>	<b>\$891,574</b>	<b>0.50 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$2,338,341</b>	<b>\$2,338,341</b>	<b>100.00 %</b>

### Agency Description

The Department of Labor and Industry (DLI) serves a number of functions. In part, the Department:

- Fosters a robust Montana workforce by connecting job seekers with employment opportunities and upskilling programs, assisting individuals in preparing for and finding jobs while assisting employers in finding workers
- Oversees federal and state training and apprenticeship programs
- Conducts economic research and collects economic data
- Administers the unemployment insurance (UI) program, disburses unemployment benefits and facilitates employer UI contributions
- Enforces state and federal labor standards, anti-discrimination laws, and state and federal safety-occupational health laws
- Provides adjudicative services in labor-management disputes
- Licenses, inspects, tests, and certifies all weighing or measuring devices used in making commercial transactions in the State of Montana
- Provides administrative and clerical services to the professional boards of licensure and occupational licensing programs authorized by state statutes
- Establishes and enforces minimum building codes
- Administers the federal AmeriCorps, Campus Corps, and Volunteer Montana programs through the Office of Community Services
- Oversees and regulates the Montana Workers' Compensation system

Organizationally, the department is divided into five divisions: 1) Workforce Services; 2) Unemployment Insurance; 3) Commissioner's Office/Centralized Services; 4) Employment Standards; and 5) Technology Services Division. The Office of Community Services, Workers' Compensation Court, Board of Personnel Appeals, and Board of Labor Appeals are administratively attached. Under statute, the Human Rights Commission is allocated to the Department of Labor and Industry for administrative purposes.

## Agency Highlights

Department of Labor and Industry Major Budget Highlights	
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Department of Labor and Industry's 2025 biennium HB 2 budget of approximately \$3.2 million or 1.8% compared to the 2023 biennium budget. Changes adopted by the legislature include: <ul style="list-style-type: none"> <li>Increases for present law personal services, fixed cost, and inflation adjustments of \$5.3 million in the 2025 biennium</li> <li>A one-time-only state special revenue increase of \$2.3 million for equipment and vehicle purchases in the Weights and Measures Program in the Employment Standards Division</li> <li>An increase across all funds totaling \$676,000 for increased centralized services costs</li> <li>A \$1.7 million decrease for technology costs that have been transferred to the Department of Administration</li> <li>A \$4.4 million and 40.00 FTE reduction over the biennium in the Workforce Services Division due to increased efficiencies</li> <li>A state special revenue reduction of \$540,000 and 2.00 FTE for the HELP Link program to align with anticipated expenditures</li> </ul> </li> </ul>	

## Agency Actuals and Budget Comparison

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

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	668.48	668.48	629.48	628.98
Personal Services	46,476,574	49,528,819	50,951,041	49,167,565	49,434,754
Operating Expenses	23,785,553	28,255,250	28,834,712	30,392,911	30,486,192
Equipment & Intangible Assets	753,395	778,119	483,849	2,783,849	483,849
Grants	7,541,056	9,242,861	9,415,792	9,415,792	9,415,792
Benefits & Claims	18,550	30,389	100,389	100,389	100,389
Transfers	351,101	391,729	417,333	417,333	417,333
Debt Service	945,204	1,197,124	241,174	241,174	241,174
<b>Total Expenditures</b>	<b>\$79,871,433</b>	<b>\$89,424,291</b>	<b>\$90,444,290</b>	<b>\$92,519,013</b>	<b>\$90,579,483</b>
General Fund	2,034,408	2,129,026	2,455,432	2,576,223	2,551,633
State/Other Special Rev. Funds	50,392,050	53,173,241	53,552,196	56,401,652	54,637,721
Federal Spec. Rev. Funds	27,444,975	34,122,024	34,436,662	33,541,138	33,390,129
<b>Total Funds</b>	<b>\$79,871,433</b>	<b>\$89,424,291</b>	<b>\$90,444,290</b>	<b>\$92,519,013</b>	<b>\$90,579,483</b>
<b>Total Ongoing</b>	<b>\$79,871,433</b>	<b>\$89,424,291</b>	<b>\$90,444,290</b>	<b>\$90,177,294</b>	<b>\$90,582,861</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,341,719</b>	<b>(\$3,378)</b>

### Summary of Legislative Action

The legislature adopted an increase to the Department of Labor and Industry's 2025 biennium appropriation of approximately \$2.1 million or 1.2% compared to the 2023 biennium base budget. Changes adopted in this budget include:

- Statewide present law adjustments for personal services, fixed costs, and inflation/deflation of approximately \$5.6 million over the 2025 biennium
- A state special revenue increase of \$2.3 million in FY 2024 for equipment and vehicle replacements in the Weights and Measures Program
- An increase of approximately \$676,000 across all fund types for increased internal service costs
- A general fund increase of \$160,000 over the 2025 biennium to provide a general fund match for a federal grant in the Office of Community Services
- A state and federal special revenue decrease of approximately \$4.4 million and 40.00 FTE in the Workforce Services Division due to increased efficiencies
- A decrease of approximately \$1.7 million across all fund types for reduced technology service costs due to the services being transferred to the Department of Administration
- A state special revenue decrease of approximately \$540,000 related to the Montana HELP Link. In addition, 2.00 FTE were removed relating to this program. Due to an error in the reporting system, these FTE were not included in the base 2023 FTE and were not included in the 2025 biennium budget

### Funding

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

Total Department of Labor and Industry Funding by Source of Authority 2025 Biennium Budget Request - Department of Labor and Industry						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	4,969,923	157,933	0	0	5,127,856	1.07 %
State Special Total	108,825,747	2,213,626	0	1,397,854	112,437,227	23.48 %
Federal Special Total	66,964,485	(33,218)	0	0	66,931,267	13.98 %
Proprietary Total	0	0	293,932,081	431,843	294,363,924	61.47 %
Other Total	0	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$180,760,155</b>	<b>\$2,338,341</b>	<b>\$293,932,081</b>	<b>\$1,829,697</b>	<b>\$478,860,274</b>	
<b>Percent - Total All Sources</b>	<b>37.75 %</b>	<b>0.49 %</b>	<b>61.38 %</b>	<b>0.38 %</b>		

#### HB 2 Authority

##### General Fund

General fund supports activities in the Workforce Services Division, Commissioner's Office and Centralized Services Division, Employment Standards Division, and the Office of Community Services.

##### State Special Revenue

State special revenue funding sources include, but are not limited to, the employment security account, accounts for professional licensing boards or programs, and the uninsured employer's fund. The majority of state special revenue comes from the employment security account, which generates revenue from an administrative assessment against the payrolls of Montana employers.

##### Federal Special Revenue

Federal special revenue makes up less than half the HB 2 authority. The uses and requirements for these funds are determined by the federal agencies granting the funding.



*Non-Budgeted Proprietary Funding*

The majority of the Department of Labor and Industry's funding comes from non-budgeted proprietary funding, primarily for unemployment benefits.

*Statutory Funding*

The department has a small portion of statutory authority for the uninsured employer fund, Board of Public Accountants, Underground Facility Protection Program, and the Board of Real Estate Appraisers.

**Budget Summary by Category**

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

Budget Summary by Category								
	-----General Fund-----				-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	2,455,432	2,455,432	4,910,864	95.77 %	90,444,290	90,444,290	180,888,580	98.79 %
SWPL Adjustments	39,704	60,204	99,908	1.95 %	3,170,790	3,628,490	6,799,280	3.71 %
PL Adjustments	(260)	(265)	(525)	(0.01)%	2,310,736	113,536	2,424,272	1.32 %
New Proposals	81,347	36,262	117,609	2.29 %	(3,406,803)	(3,606,833)	(7,013,636)	(3.83)%
<b>Total Budget</b>	<b>\$2,576,223</b>	<b>\$2,551,633</b>	<b>\$5,127,856</b>		<b>\$92,519,013</b>	<b>\$90,579,483</b>	<b>\$183,098,496</b>	

**Other Legislation**

**HB 346** – This bill revises the Tribal Computer Programming Boost Scholarship Program by consolidating administration of the program to the Department of Labor and Industry. There is appropriated \$48,000 from the general fund for each fiscal year beginning July 1, 2023 to the Department of Labor and Industry to administer the program.

**Executive Budget Comparison**

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

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2023	Executive Budget Fiscal 2024	Legislative Budget Fiscal 2024	Leg — Exec. Difference Fiscal 2024	Executive Budget Fiscal 2025	Legislative Budget Fiscal 2025	Leg — Exec. Difference Fiscal 2025	Biennium Difference Fiscal 24-25
FTE	668.48	628.99	629.48	0.49	628.98	628.98	0.00	0.00
Personal Services	50,951,041	49,758,587	49,167,565	(591,022)	50,092,749	49,434,754	(657,995)	(1,249,017)
Operating Expenses	28,834,712	30,603,853	30,392,911	(210,942)	30,786,925	30,486,192	(300,733)	(511,675)
Equipment & Intangible Assets	483,849	2,783,849	2,783,849	0	483,849	483,849	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Grants	9,415,792	9,415,792	9,415,792	0	9,415,792	9,415,792	0	0
Benefits & Claims	100,389	100,389	100,389	0	100,389	100,389	0	0
Transfers	417,333	417,933	417,333	(600)	418,133	417,333	(800)	(1,400)
Debt Service	241,174	242,222	241,174	(1,048)	242,571	241,174	(1,397)	(2,445)
<b>Total Costs</b>	<b>\$90,444,290</b>	<b>\$93,322,625</b>	<b>\$92,519,013</b>	<b>(\$803,612)</b>	<b>\$91,540,408</b>	<b>\$90,579,483</b>	<b>(\$960,925)</b>	<b>(\$1,764,537)</b>
General Fund	2,455,432	2,585,698	2,576,223	(9,475)	2,561,158	2,551,633	(9,525)	(19,000)
State/other Special Rev. Funds	53,552,196	57,017,838	56,401,652	(616,186)	55,393,033	54,637,721	(755,312)	(1,371,498)
Federal Spec. Rev. Funds	34,436,662	33,719,089	33,541,138	(177,951)	33,586,217	33,390,129	(196,088)	(374,039)
Other	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$90,444,290</b>	<b>\$93,322,625</b>	<b>\$92,519,013</b>	<b>(\$803,612)</b>	<b>\$91,540,408</b>	<b>\$90,579,483</b>	<b>(\$960,925)</b>	<b>(\$1,764,537)</b>
<b>Total Ongoing</b>	<b>\$90,444,290</b>	<b>\$90,919,977</b>	<b>\$90,177,294</b>	<b>(\$742,683)</b>	<b>\$91,482,857</b>	<b>\$90,582,861</b>	<b>(\$899,996)</b>	<b>(\$1,642,679)</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$2,402,648</b>	<b>\$2,341,719</b>	<b>(\$60,929)</b>	<b>\$57,551</b>	<b>(\$3,378)</b>	<b>(\$60,929)</b>	<b>(\$121,858)</b>

The legislature adopted ongoing appropriations that are \$1.1 million less than the proposed appropriations for the 2025 biennium. This decrease is primarily due to the legislature adopting an additional 1.0% vacancy savings and a reduction to the statewide present law adjustment for inflation. Additionally, the legislature adopted change packages that coordinate with other house and senate bills that were passed and approved.

### Language and Statutory Authority

*The legislature adopted the following language in HB 2:*

"The Workforce Services Division, Unemployment Insurance Division, Employment Standards Division, and Workers' Compensation Court include a one-time-only reduction in FY 2024 and FY 2025 for a suspension of insurance premium payments to the Risk Management and Tort Defense Division's proprietary fund."

"The Commissioner's Office/Centralized Services Division includes an increase in general fund of \$2,685 in FY 2024 and \$3,367 in FY 2025, state special revenue of \$108,901 in FY 2024 and \$133,042 in FY 2025, and federal special revenue of \$2,115 in FY 2024 and \$3,068 in FY 2025. The increase was provided to offset inflationary impacts. The agency may allocate this increase in funding among programs when developing 2025 biennium operating plans."

*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 292 is passed and approved state special revenue appropriation in the Employment Standards Division is reduced by \$277,942 in FY 2024 and \$387,833 in FY 2025."

"If SB 53 is not passed and approved the Weights and Measures Equipment Request is void."

"If HB 87 is passed and approved, the Department of Labor and Industry is increased by \$21,400 state special revenue in FY 2024 and \$21,400 state special revenue in FY 2025."

"If SB 450 is passed and approved, the Department of Labor and Industry is increased by \$212,499 general fund in FY 2024 and \$207,576 general fund in FY 2025, and the Department of Labor and Industry may increase full-time equivalent positions authorized in HB 2 by 2.00 FTE in FY 2024 and 2.00 FTE in FY 2025."

"If SB 284 is passed and approved, the Department of Labor and Industry is increased by \$20,220 state special revenue in FY 2024."

"If SB 454 is passed and approved, the Department of Labor and Industry is decreased by \$3,025 state special revenue in FY 2024 and \$3,025 state special revenue in FY 2025."

"If HB 314 is passed and approved, the Department of Labor and Industry is increased by \$9,500 general fund, \$3,000 state special revenue, and \$13,350 federal special revenue in FY 2024 and \$9,500 general fund, \$3,000 state special revenue, and \$13,350 federal special revenue in FY 2025."

### Program Budget Comparison

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	33,972,005	30,556,242	(3,415,763)	(10.05)%
Operating Expenses	13,488,525	14,591,050	1,102,525	8.17 %
Equipment & Intangible Assets	25,816	25,816	0	0.00 %
Grants	12,472,240	12,632,140	159,900	1.28 %
Transfers	131,628	203,628	72,000	54.70 %
Debt Service	468,294	248,774	(219,520)	(46.88)%
<b>Total Expenditures</b>	<b>\$60,558,508</b>	<b>\$58,257,650</b>	<b>(\$2,300,858)</b>	<b>(3.80)%</b>
General Fund	271,895	543,790	271,895	100.00 %
State/Other Special Rev. Funds	26,345,867	26,079,245	(266,622)	(1.01)%
Federal Spec. Rev. Funds	33,940,746	31,634,615	(2,306,131)	(6.79)%
<b>Total Funds</b>	<b>\$60,558,508</b>	<b>\$58,257,650</b>	<b>(\$2,300,858)</b>	<b>(3.80)%</b>
<b>Total Ongoing</b>	<b>\$60,558,508</b>	<b>\$58,317,758</b>	<b>(\$2,240,750)</b>	<b>(3.70)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$60,108)</b>	<b>(\$60,108)</b>	<b>100.00 %</b>

### Program Description

The Workforce Services Division (WSD) serves Montana workers and employers by fostering a highly skilled, trained, employment-ready workforce and connecting workers with employment and job training opportunities. The WSD engages with employers and industries to understand and address future workforce needs. WSD operates 17 Job Service Offices (JSOs) across Montana tasked with working with individual job seekers to identify and pursue good-paying, sustainable careers, and connect them with resources to change careers, upskill, or otherwise prepare them for the workforce. The WSD administers Montana's Registered Apprenticeship Program, which provides paid, on-the-job training in a wide range of fields and provides high-quality economic and labor market information to Montana policymakers, employers, and other stakeholders. WSD is structured in three bureaus: Job Service Montana, Data & Operations, and Employer Engagement & Education. Also housed within WSD is the State Workforce Innovation Board, tasked with advising the Governor on statewide workforce development strategies.

### Program Highlights

Workforce Services Division Major Budget Highlights
<ul style="list-style-type: none"> <li>The legislature adopted a decrease in the Workforce Services Division's 2025 biennium budget of approximately \$2.3 million or 3.8% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>A reduction of 40.00 FTE and corresponding funding of \$2.2 million each fiscal year</li> <li>Reductions in state special revenue for the HELP Link Program to align with anticipated expenditures</li> <li>Reductions in state and federal special revenue for technology services due to the services being transferred to the Department of Administration</li> <li>Decreases are partially offset by state and federal special revenue increases due to increased rates for centralized services</li> </ul> </li> </ul>

## Program Actuals and Budget Comparison

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	243.50	243.50	203.50	203.50
Personal Services	15,409,835	16,501,027	17,470,978	15,225,689	15,330,553
Operating Expenses	5,132,481	6,315,323	7,173,202	7,283,364	7,307,686
Equipment & Intangible Assets	0	12,908	12,908	12,908	12,908
Grants	5,071,274	6,156,170	6,316,070	6,316,070	6,316,070
Transfers	0	29,814	101,814	101,814	101,814
Debt Service	343,760	343,907	124,387	124,387	124,387
<b>Total Expenditures</b>	<b>\$25,957,350</b>	<b>\$29,359,149</b>	<b>\$31,199,359</b>	<b>\$29,064,232</b>	<b>\$29,193,418</b>
General Fund	0	0	271,895	271,895	271,895
State/Other Special Rev. Funds	11,816,322	12,468,249	13,877,618	13,000,331	13,078,914
Federal Spec. Rev. Funds	14,141,028	16,890,900	17,049,846	15,792,006	15,842,609
<b>Total Funds</b>	<b>\$25,957,350</b>	<b>\$29,359,149</b>	<b>\$31,199,359</b>	<b>\$29,064,232</b>	<b>\$29,193,418</b>
<b>Total Ongoing</b>	<b>\$25,957,350</b>	<b>\$29,359,149</b>	<b>\$31,199,359</b>	<b>\$29,094,286</b>	<b>\$29,223,472</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$30,054)</b>	<b>(\$30,054)</b>

## Funding

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

Department of Labor and Industry, 01-Workforce Services Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	543,790	0	0	543,790	0.93 %
02258 Employment Security Account	24,729,245	0	0	24,729,245	94.82 %
02067 Montana HELP Act	1,350,000	0	0	1,350,000	5.18 %
<b>State Special Total</b>	<b>\$26,079,245</b>	<b>\$0</b>	<b>\$0</b>	<b>\$26,079,245</b>	<b>44.75 %</b>
03124 Employment Trng Grants	14,098,387	0	0	14,098,387	44.57 %
03128 L & I Federal Funding	647,882	0	0	647,882	2.05 %
03194 Research & Analysis BLS	1,414,204	0	0	1,414,204	4.47 %
03297 Labor and Industry Veteran Gra	1,538,220	0	0	1,538,220	4.86 %
03682 Wagner Peyser	11,225,594	0	0	11,225,594	35.49 %
03692 Alien Labor Certification(ALC)	615,349	0	0	615,349	1.95 %
03693 Wrk Opportunities Tx Crdt/WOTC	159,465	0	0	159,465	0.50 %
03694 Trade Adjustment Assist/NAFTA	879,892	0	0	879,892	2.78 %
03954 UI Administrative Grants	41,353	0	0	41,353	0.13 %
03982 RESEA	777,564	0	0	777,564	2.46 %
03660 SAA	236,705	0	0	236,705	0.75 %
<b>Federal Special Total</b>	<b>\$31,634,615</b>	<b>\$0</b>	<b>\$0</b>	<b>\$31,634,615</b>	<b>54.29 %</b>
06051 Montana Career Info System	0	17,331	0	17,331	100.00 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$17,331</b>	<b>\$0</b>	<b>\$17,331</b>	<b>0.03 %</b>
<b>Total All Funds</b>	<b>\$58,257,650</b>	<b>\$17,331</b>	<b>\$0</b>	<b>\$58,274,981</b>	

*HB 2 Authority*General Fund

During the 2021 Legislative Session, HB 629 was passed creating an income tax credit to incentivize Montana job growth. The entire general fund appropriation in the Workforce Services Division supports the administration of this program.

State Special Revenue

The majority of state special revenue comes from the Employment Security Account, which is generated from an administrative assessment against the payrolls of Montana employers. Statute enumerates the use of the fund, including the operating expenses of the job services offices. The remaining state special revenue comes from the Montana Health and Economic Livelihood Partnership (HELP) Act account. Through collaboration with the Department of Public Health and Human Services, the Department of Labor and Industry is responsible for assisting qualifying Medicare and Medicaid participants with workforce resources and opportunities.

Federal Special Revenue

The majority of federal funds come from the Wagner-Peyser Act and the Workforce Innovation and Opportunity Act (WIOA) employment training grants. The Wagner-Peyser Act was established in 1933 to provide a one-stop-shop for employment services by providing a national employment system with the cooperation of state governments. The WIOA provides funding for administration of employment services to adults, youth, and dislocated workers.

*Non-Budgeted Proprietary Funding*

Proprietary funding is received from the Montana Career Information System. This fund will be discussed in the Proprietary Rates section of the narrative.

**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	271,895	271,895	543,790	100.00 %	31,199,359	31,199,359	62,398,718	107.11 %
SWPL Adjustments	0	0	0	0.00 %	758,058	906,644	1,664,702	2.86 %
PL Adjustments	0	0	0	0.00 %	(275,740)	(276,871)	(552,611)	(0.95)%
New Proposals	0	0	0	0.00 %	(2,617,445)	(2,635,714)	(5,253,159)	(9.02)%
<b>Total Budget</b>	<b>\$271,895</b>	<b>\$271,895</b>	<b>\$543,790</b>		<b>\$29,064,232</b>	<b>\$29,193,418</b>	<b>\$58,257,650</b>	

**Present Law Adjustments**

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

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	(45,003)	277,581	232,578	0.00	0	11,975	333,294	345,269
DP 2 - Fixed Costs	0.00	0	182,439	202,456	384,895	0.00	0	183,701	203,140	386,841
DP 3 - Inflation Deflation	0.00	0	140,585	0	140,585	0.00	0	174,534	0	174,534
DP 20 - SABHRS Rate Adjustment	0.00	0	2,611	2,247	4,858	0.00	0	1,832	1,290	3,122
DP 30 - Motor Pool Rate Adjustment	0.00	0	(10,520)	0	(10,520)	0.00	0	(9,842)	0	(9,842)
DP 101 - HELP Link Funding Reduction	0.00	0	(270,078)	0	(270,078)	0.00	0	(270,151)	0	(270,151)
DP 222 - RMTD Adjustment	0.00	0	14,245	15,809	30,054	0.00	0	14,272	15,782	30,054
DP 223 - RMTD Adjustment (OTO)	0.00	0	(14,245)	(15,809)	(30,054)	0.00	0	(14,272)	(15,782)	(30,054)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$34</b>	<b>\$482,284</b>	<b>\$482,318</b>	<b>0.00</b>	<b>\$0</b>	<b>\$92,049</b>	<b>\$537,724</b>	<b>\$629,773</b>

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

**DP 3 - Inflation Deflation -**

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

**DP 20 - SABHRS Rate Adjustment -**

The legislature adopted an increase to proposed SABHRS rates.

**DP 30 - Motor Pool Rate Adjustment -**

The legislature adopted a reduction to proposed motor pool rates.

**DP 101 - HELP Link Funding Reduction -**

The legislature adopted a reduction in state special revenue authority for the 2025 biennium. In the 2021 Legislative Session, HB 614 directed that only private entities could provide workforce development services under the HELP Link program. The Montana Department of Labor & Industry (DOLI) will continue to administer the program and operate the Employer Grant component of the HELP Link program.

The original funding provided to DOLI included employment specialists in the Job Service Offices to provide services to individuals who needed assistance in getting back to work. As the legislation passed in 2021 does not allow the Job Service Offices to provide the workforce development services, the full amount of funding originally received will not be required. The total savings over the 2025 biennium adopted by the legislature are approximately \$540,000 with a reduction of 2.00 FTE in each fiscal year of the biennium.

#### DP 222 - RMTD Adjustment -

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

#### DP 223 - RMTD Adjustment (OTO) -

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

### **New Proposals**

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

New Proposals	Fiscal 2024					Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	12,764	0	12,764	0.00	0	12,764	0	12,764
DP 102 - FTE Reduction	(40.00)	0	(664,325)	(1,550,093)	(2,214,418)	(40.00)	0	(666,320)	(1,554,748)	(2,221,068)
DP 301 - Cost Allocation Plan Adjustment	0.00	0	57,931	56,427	114,358	0.00	0	58,302	56,788	115,090
DP 333 - Adjustment to Inflation	0.00	0	(43,521)	0	(43,521)	0.00	0	(54,768)	0	(54,768)
DP 555 - Additional Vacancy Savings	0.00	0	(81,969)	(79,352)	(161,321)	0.00	0	(82,530)	(79,895)	(162,425)
DP 602 - TSD Technology Services Reduction	0.00	0	(158,201)	(175,056)	(333,257)	0.00	0	(158,201)	(175,056)	(333,257)
DP 1403 - HB 314	0.00	0	0	7,950	7,950	0.00	0	0	7,950	7,950
<b>Total</b>	<b>(40.00)</b>	<b>\$0</b>	<b>(\$877,321)</b>	<b>(\$1,740,124)</b>	<b>(\$2,617,445)</b>	<b>(40.00)</b>	<b>\$0</b>	<b>(\$890,753)</b>	<b>(\$1,744,961)</b>	<b>(\$2,635,714)</b>

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

#### DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$8,704 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

#### DP 102 - FTE Reduction -

The legislature adopted a 40.00 FTE reduction in the Workforce Services Division. This reduces both state special and federal special revenue appropriations associated with these positions. The agency has gone through an extensive organizational review including staffing analysis and efficiency review. The result of this analysis concludes these FTE are no longer needed.

**DP 301 - Cost Allocation Plan Adjustment -**

The legislature adopted an increase in state special revenue and federal special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees, and the statewide indirect cost fees from the Department of Administration.

**DP 333 - Adjustment to Inflation -**

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

**DP 555 - Additional Vacancy Savings -**

The legislature adopted an additional 1.0% vacancy savings.

**DP 602 - TSD Technology Services Reduction -**

The legislature adopted a decrease in state special revenue and federal special revenue in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. However, funding for this service was still included in the statewide present law adjustment for fixed costs. To offset this increase, the legislature adopted decreasing, already established, appropriations in each division based on an internal allocation of FTE.

**DP 1403 - HB 314 -**

The legislature adopted contingency language to increase appropriations if HB 314 was passed and approved and this decision package implements this language. This bill increases the compensation rate for boards, commissions, and councils from \$50 per day to \$100 per day. It is estimated this will cost the Department of Labor and Industry an additional \$9,500 general fund, \$3,000 state special revenue, and \$13,350 federal special revenue each fiscal year.

**Other Issues****Proprietary Rates****Montana Career Information System – Fund 06051*****Proprietary Program Description***

The Montana Career Information System (MCIS) has been active in Montana since 1980. The purpose of MCIS is to deliver current career and labor market information to Montanans in an easy-to-use and easy-to-understand format. The MCIS is the only career information delivery system in the country that has specific Montana labor market information included in each file.



MCIS is funded primarily by the employment security account, with federal Workforce Information Grants (WIG) from the Employment and Training Administration to support the update of data and job projections. In addition to data and system support, the MCIS unit also offers training and outreach direct to schools and through partnerships with nonprofit organizations to support a wide variety of users:

- Job service offices
- Vocational rehabilitation offices
- Middle schools
- High schools
- Community colleges
- Universities
- Tribal colleges
- Educational and training agencies
- Home use
- Adult education programs

There are currently optional components of MCIS not funded by ESA or WIG funds, such as the Interest Determination, Exploration and Assessment System (IDEAS) (an interest inventory) and Peterson Practice Tests that requires the program to collect fees associated with each optional component.

*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			
06051	Montana Career Info System	66020	Department of Labor & Industry	Workforce Services Division			
				Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
<b>Operating Revenues</b>							
<b>Fees and Charges</b>							
	MCIS License Revenue			750	8,161	8,594	8,737
<b>Total Operating Revenues</b>				750	8,161	8,594	8,737
<b>Expenses</b>							
	Personal Services			-	-	-	-
	Operating Expense			375	8,161	8,594	8,737
<b>Total Operating Expense</b>				375	8,161	8,594	8,737
<b>Operating Income (Loss)</b>				375	-	-	-
<b>Change in Net Position</b>				375	-	-	-
<b>Beginning Net Position - July 1</b>				792	1,167	1,167	1,167
	Prior Period Adjustments						
	Change in Net Position			375	-	-	-
<b>Ending Net Position - June 30</b>				1,167	1,167	1,167	1,167

Expenses

The expenses for MCIS are limited to the operational expenses of the optional features. These are typically site-specific licensing fees.

Revenues

Revenue is generated through fees for purchase of a one-year optional component license. Fees are collected from the sites purchasing the license or assessment. Collected fees are used to pay the service provider on a one-to-one ratio.

*Proprietary Rates*

For the 2025 biennium, the following rates have been reviewed:

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
Fees*:				
IDEAS Assessment @ \$125/test	250.00	375.00	375.00	375.00
Peterson's Academic Practice Tests - Pkg 1 @\$250/test	500.00	1,250.00	1,250.00	1,250.00
Peterson's Academic Practice Tests - Pkg 2 @\$200/test				
Peterson's Civil Service Practice Tests @ \$200/test				
Total	\$750.00	\$1,625.00	\$1,625.00	\$1,625.00
* Fees are collected from schools and transferred to MCIS contractor on a 1:1 ratio				

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
Personal Services	21,073,976	21,635,698	561,722	2.67 %
Operating Expenses	16,037,497	15,459,022	(578,475)	(3.61)%
Debt Service	73,010	73,010	0	0.00 %
<b>Total Expenditures</b>	<b>\$37,184,483</b>	<b>\$37,167,730</b>	<b>(\$16,753)</b>	<b>(0.05)%</b>
State/Other Special Rev. Funds	14,235,641	13,539,389	(696,252)	(4.89)%
Federal Spec. Rev. Funds	22,948,842	23,628,341	679,499	2.96 %
<b>Total Funds</b>	<b>\$37,184,483</b>	<b>\$37,167,730</b>	<b>(\$16,753)</b>	<b>(0.05)%</b>
<b>Total Ongoing</b>	<b>\$37,184,483</b>	<b>\$37,176,842</b>	<b>(\$7,641)</b>	<b>(0.02)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$9,112)</b>	<b>(\$9,112)</b>	<b>100.00 %</b>

### Program Description

Montana's Unemployment Insurance Division (UID) administers the state's unemployment insurance (UI) program, which provides temporary, partial wage replacement benefits for unemployed workers. The UID operates through three bureaus:

- The Claims Processing Bureau conducts the intake, adjudication, and payment of UI benefit claims. The Bureau assists unemployed Montanans with claims filings and appeals and operates claims processing centers in Helena and Billings
- The Contributions Bureau facilitates the payment of employer UI payroll taxes, collects taxes and wage reports, and conducts employer audits to ensure compliance
- The Program Support Bureau is responsible for reporting, compliance, program integrity and operational support, including support for the Unemployment Insurance Appeals Board. The Division also houses a fraud prevention team that seeks to identify and prevent fraudulent UI claims, and reclaim funds paid on fraudulent claims

### Program Highlights

Unemployment Insurance Division Major Budget Highlights
<ul style="list-style-type: none"> <li>• The legislature adopted a decrease to the Unemployment Insurance Division's 2025 biennium budget of approximately \$17,000 or 0.1% compared to the 2023 biennium budget: Changes included: <ul style="list-style-type: none"> <li>◦ Statewide present law increases for personal services, fixed costs, and inflation/deflation</li> <li>◦ State and federal special revenue increases due to increased rates for centralized services</li> <li>◦ Decreases in state and federal special revenue related to IT costs transferred to the Department of Administration</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	149.11	149.11	149.11	149.11
Personal Services	9,913,053	10,594,823	10,479,153	10,784,710	10,850,988
Operating Expenses	6,777,044	8,886,721	7,150,776	7,724,840	7,734,182
Debt Service	17,381	36,505	36,505	36,505	36,505
<b>Total Expenditures</b>	<b>\$16,707,478</b>	<b>\$19,518,049</b>	<b>\$17,666,434</b>	<b>\$18,546,055</b>	<b>\$18,621,675</b>
State/Other Special Rev. Funds	8,083,357	8,175,162	6,060,479	6,615,975	6,923,414
Federal Spec. Rev. Funds	8,624,121	11,342,887	11,605,955	11,930,080	11,698,261
<b>Total Funds</b>	<b>\$16,707,478</b>	<b>\$19,518,049</b>	<b>\$17,666,434</b>	<b>\$18,546,055</b>	<b>\$18,621,675</b>
<b>Total Ongoing</b>	<b>\$16,707,478</b>	<b>\$19,518,049</b>	<b>\$17,666,434</b>	<b>\$18,550,611</b>	<b>\$18,626,231</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4,556)</b>	<b>(\$4,556)</b>

**Funding**

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

Department of Labor and Industry, 02-Unemployment Insurance 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 %
02258 Employment Security Account	12,805,748	0	0	12,805,748	94.58 %
02315 DLI Info Exchange/Rental	49,438	0	0	49,438	0.37 %
02067 Montana HELP Act	684,203	0	0	684,203	5.05 %
<b>State Special Total</b>	<b>\$13,539,389</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,539,389</b>	<b>4.71 %</b>
03278 UI Penalty & Interest	1,630,963	0	0	1,630,963	6.90 %
03954 UI Administrative Grants	21,997,378	0	0	21,997,378	93.10 %
<b>Federal Special Total</b>	<b>\$23,628,341</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,628,341</b>	<b>8.23 %</b>
06069 UI Tax Benefit Fund	0	250,000,000	0	250,000,000	100.00 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$250,000,000</b>	<b>\$0</b>	<b>\$250,000,000</b>	<b>87.06 %</b>
<b>Total All Funds</b>	<b>\$37,167,730</b>	<b>\$250,000,000</b>	<b>\$0</b>	<b>\$287,167,730</b>	

**HB 2 Authority****State Special Revenue**

State special revenue is primarily derived from the employment security account through an assessment charged to employers as a percentage of their payroll. The division may use these funds for payments of unemployment insurance benefits and administration of the UI program.

**Federal Special Revenue**

The majority of HB 2 funding comes from federal special revenue. Unemployment insurance administrative grants are federal funds that Montana receives for the administration of the Unemployment Insurance Division. Montana businesses pay a federal unemployment tax that is partially used to fund these grants.

**Non-Budgeted Proprietary Funding**

State unemployment taxes (SUTA) are paid into a proprietary account to fund unemployment benefits for claimants. The tax amount depends on the ratio of the unemployment insurance trust fund balance to the total covered wages in Montana and the employer's experience. Montana uses 11 schedules with 10 contribution rates in each schedule to assess SUTA. These funds will be discussed in the Proprietary Rates section of the narrative.

**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.

-----General Fund-----					-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	17,666,434	17,666,434	35,332,868	95.06 %
SWPL Adjustments	0	0	0	0.00 %	1,136,283	1,232,018	2,368,301	6.37 %
PL Adjustments	0	0	0	0.00 %	20,352	14,767	35,119	0.09 %
New Proposals	0	0	0	0.00 %	(277,014)	(291,544)	(568,558)	(1.53)%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$18,546,055</b>	<b>\$18,621,675</b>	<b>\$37,167,730</b>	

**Present Law Adjustments**

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

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services										
	0.00	0	134,660	278,928	413,588	0.00	0	156,092	324,471	480,563
DP 2 - Fixed Costs										
	0.00	0	367,475	199,388	566,863	0.00	0	637,445	(77,932)	559,513
DP 3 - Inflation Deflation										
	0.00	0	86,234	69,598	155,832	0.00	0	106,381	85,561	191,942
DP 20 - SABHRS Rate Adjustment										
	0.00	0	13,618	7,390	21,008	0.00	0	17,524	(2,143)	15,381
DP 30 - Motor Pool Rate Adjustment										
	0.00	0	(363)	(293)	(656)	0.00	0	(340)	(274)	(614)
DP 222 - RMTD Adjustment										
	0.00	0	2,953	1,603	4,556	0.00	0	5,191	(635)	4,556
DP 223 - RMTD Adjustment (OTO)										
	0.00	0	(2,953)	(1,603)	(4,556)	0.00	0	(5,191)	635	(4,556)
Grand Total All Present Law Adjustments										
	0.00	\$0	\$601,624	\$555,011	\$1,156,635	0.00	\$0	\$917,102	\$329,683	\$1,246,785

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

DP 3 - Inflation Deflation -

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

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

**New Proposals**

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

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	7,880	0	7,880	0.00	0	7,880	0	7,880
DP 301 - Cost Allocation Plan Adjustment	0.00	0	22,657	48,146	70,803	0.00	0	22,796	48,442	71,238
DP 333 - Adjustment to Inflation	0.00	0	(30,317)	(24,468)	(54,785)	0.00	0	(38,272)	(30,781)	(69,053)
DP 555 - Additional Vacancy Savings	0.00	0	(36,298)	(77,133)	(113,431)	0.00	0	(36,521)	(77,607)	(114,128)
DP 602 - TSD Technology Services Reduction	0.00	0	(10,050)	(182,831)	(192,881)	0.00	0	(10,050)	(182,831)	(192,881)
DP 1403 - HB 314	0.00	0	0	5,400	5,400	0.00	0	0	5,400	5,400
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$46,128)</b>	<b>(\$230,886)</b>	<b>(\$277,014)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$54,167)</b>	<b>(\$237,377)</b>	<b>(\$291,544)</b>

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

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$5,374 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

**DP 301 - Cost Allocation Plan Adjustment -**

The legislature adopted an increase in state special revenue and federal special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees, and the statewide indirect cost fees from the Department of Administration.

**DP 333 - Adjustment to Inflation -**

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

**DP 555 - Additional Vacancy Savings -**

The legislature adopted an additional 1.0% vacancy savings.

**DP 602 - TSD Technology Services Reduction -**

The legislature adopted a decrease in state special revenue and federal special revenue in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. However, funding for this service was still included in the statewide present law adjustment for fixed costs. To offset this increase, the legislature adopted decreasing, already established, appropriations in each division based on an internal allocation of FTE.

**DP 1403 - HB 314 -**

The legislature adopted contingency language to increase appropriations if HB 314 was passed and approved and this decision package implements this language. This bill increases the compensation rate for boards, commissions, and councils from \$50 per day to \$100 per day. It is estimated this will cost the Department of Labor and Industry an additional \$9,500 general fund, \$3,000 state special revenue, and \$13,350 federal special revenue each fiscal year.

**Other Issues****Proprietary Rates****Unemployment Insurance (UI) Tax Benefit Fund – Fund 06069*****Proprietary Program Description***

The Department of Labor and Industry collects the contributions paid by employers, based on their industry or individual experience rate, to pay for their unemployment insurance. The department expends the funds by paying unemployment insurance benefit claims.

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		
6069	UI Tax Benefit Fund	66020	Dept of Labor & Industry	Unemployment Insurance		



Expenses

Significant costs for the program consist of unemployment insurance benefits paid to claimants while unemployed, including federal withholding tax and child support payments the claimants have elected to be taken out of their benefit check.

Revenues

The revenues received in the proprietary fund are from unemployment insurance tax collections, federal reimbursement for claims on federal employees, military personnel, claimants in other states, and interest earnings to the unemployment insurance trust fund.

*Proprietary Rates*

The Unemployment Insurance Division administers the state unemployment insurance law. There is no proprietary rate but rather a collection of contributions from employers that are used to pay the unemployment insurance benefits to claimants who have involuntarily become unemployed. The rate calculation is set in statute under 39-51-1217, MCA.

### Program Budget Comparison

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	1,942,882	1,794,484	(148,398)	(7.64)%
Operating Expenses	1,190,193	1,535,268	345,075	28.99 %
Transfers	20,000	40,000	20,000	100.00 %
Debt Service	6,218	6,718	500	8.04 %
<b>Total Expenditures</b>	<b>\$3,159,293</b>	<b>\$3,376,470</b>	<b>\$217,177</b>	<b>6.87 %</b>
General Fund	571,022	640,871	69,849	12.23 %
State/Other Special Rev. Funds	1,316,210	1,589,000	272,790	20.73 %
Federal Spec. Rev. Funds	1,272,061	1,146,599	(125,462)	(9.86)%
<b>Total Funds</b>	<b>\$3,159,293</b>	<b>\$3,376,470</b>	<b>\$217,177</b>	<b>6.87 %</b>
<b>Total Ongoing</b>	<b>\$3,159,293</b>	<b>\$3,376,470</b>	<b>\$217,177</b>	<b>6.87 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

### Program Description

The Commissioner's Office and the Centralized Services Division (CSD) provide program direction, legal, administration, and support services to the department's programs and administratively attached entities. Additionally, the Office of Administrative Hearings provides administrative hearings and dispute resolution services.

### Program Highlights

Commissioner's Office/Centralized Services Division Major Budget Highlights
<ul style="list-style-type: none"> <li>The legislature adopted an increase in the Commissioner's Office/ CSD's 2025 biennium budget of approximately \$217,000 or 6.9% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>Statewide present law decreases for personal services and increases for fixed costs and inflation/deflation</li> <li>Increases in general fund, state special, and federal special revenue due to increased rates for centralized services</li> <li>Decreases in general fund, state special, and federal special revenue related to IT costs transferred to the Department of Administration</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	10.00	10.00	10.00	10.00
Personal Services	851,499	969,628	973,254	894,720	899,764
Operating Expenses	550,282	582,201	607,992	741,901	793,367
Transfers	0	0	20,000	20,000	20,000
Debt Service	1,653	2,859	3,359	3,359	3,359
<b>Total Expenditures</b>	<b>\$1,403,434</b>	<b>\$1,554,688</b>	<b>\$1,604,605</b>	<b>\$1,659,980</b>	<b>\$1,716,490</b>
General Fund	241,568	244,364	326,658	316,850	324,021
State/Other Special Rev. Funds	556,528	612,903	703,307	780,255	808,745
Federal Spec. Rev. Funds	605,338	697,421	574,640	562,875	583,724
<b>Total Funds</b>	<b>\$1,403,434</b>	<b>\$1,554,688</b>	<b>\$1,604,605</b>	<b>\$1,659,980</b>	<b>\$1,716,490</b>
<b>Total Ongoing</b>	<b>\$1,403,434</b>	<b>\$1,554,688</b>	<b>\$1,604,605</b>	<b>\$1,659,980</b>	<b>\$1,716,490</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Funding**

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

Department of Labor and Industry, 03-Commissioners Office & C S D Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	640,871	0	0	640,871	3.17 %
02233 BSD Hearings	143,245	0	0	143,245	9.01 %
02258 Employment Security Account	1,374,125	0	0	1,374,125	86.48 %
02315 DLI Info Exchange/Rental	2,142	0	0	2,142	0.13 %
02448 Building Codes State Spec Rev	51,706	0	0	51,706	3.25 %
02941 Uninsured Employer Fund	17,782	0	0	17,782	1.12 %
<b>State Special Total</b>	<b>\$1,589,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,589,000</b>	<b>7.87 %</b>
03122 EEOC	68,780	0	0	68,780	6.00 %
03195 On-Site Consultation	5,183	0	0	5,183	0.45 %
03954 UI Administrative Grants	1,072,636	0	0	1,072,636	93.55 %
<b>Federal Special Total</b>	<b>\$1,146,599</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,146,599</b>	<b>5.68 %</b>
06546 Commissioner's Office/CSD	0	10,271,613	0	10,271,613	61.09 %
06552 Admin Services	0	6,542,596	0	6,542,596	38.91 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$16,814,209</b>	<b>\$0</b>	<b>\$16,814,209</b>	<b>83.28 %</b>
<b>Total All Funds</b>	<b>\$3,376,470</b>	<b>\$16,814,209</b>	<b>\$0</b>	<b>\$20,190,679</b>	

**HB 2 Authority****General Fund**

General fund authority is for the Office of Administrative Hearing's program for human rights cases.

**State Special Revenue**

The majority of state special revenue funding comes from the employment security account through an assessment charged to employers as a percentage of their payroll. The Business Standards Division (BSD) hearing's fund makes up the majority of remaining state special revenue authority. This fund is used by the Office of Administrative Hearings when hearing cases are from the Employment Standards Division (formerly Business Standards Division).

Federal Special Revenue

The majority of federal funding comes from UI administrative grants with the remainder coming from the Equal Employment Opportunity Commission (EEOC).

Non-Budgeted Proprietary Funding

The Commissioner's Office and Centralized Services Division have two different proprietary funding sources for the operations of the various functions within the office. A discussion of the proposed uses and funding for each of the functions is included in the Proprietary Rates section of the narrative. These funds are considered and approved as rates charged to other divisions within the agency.

**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	326,658	326,658	653,316	101.94 %	1,604,605	1,604,605	3,209,210	95.05 %
SWPL Adjustments	(9,058)	(2,441)	(11,499)	(1.79)%	(32,583)	(945)	(33,528)	(0.99)%
PL Adjustments	10	5	15	0.00 %	(1)	(12)	(13)	(0.00)%
New Proposals	(760)	(201)	(961)	(0.15)%	87,959	112,842	200,801	5.95 %
<b>Total Budget</b>	<b>\$316,850</b>	<b>\$324,021</b>	<b>\$640,871</b>		<b>\$1,659,980</b>	<b>\$1,716,490</b>	<b>\$3,376,470</b>	

**Present Law Adjustments**

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

Present Law Adjustments										
	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(15,130)	(33,102)	(20,885)	(69,117)	0.00	(13,471)	(31,954)	(18,595)	(64,020)
DP 2 - Fixed Costs	0.00	5,700	2,741	16,378	24,819	0.00	10,542	5,940	34,004	50,486
DP 3 - Inflation Deflation	0.00	372	11,343	0	11,715	0.00	488	12,101	0	12,589
DP 20 - SABHRS Rate Adjustment	0.00	17	8	50	75	0.00	12	7	40	59
DP 30 - Motor Pool Rate Adjustment	0.00	(7)	(69)	0	(76)	0.00	(7)	(64)	0	(71)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$9,048)</b>	<b>(\$19,079)</b>	<b>(\$4,457)</b>	<b>(\$32,584)</b>	<b>0.00</b>	<b>(\$2,436)</b>	<b>(\$13,970)</b>	<b>\$15,449</b>	<b>(\$957)</b>

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

DP 1 - Personal Services -

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

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

**New Proposals**

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

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	528	0	528	0.00	0	528	0	528
DP 301 - Cost Allocation Plan Adjustment	0.00	1,830	1,521	2,526	5,877	0.00	1,840	1,531	2,540	5,911
DP 333 - Adjustment to Inflation	0.00	(372)	(11,343)	0	(11,715)	0.00	(488)	(12,101)	0	(12,589)
DP 555 - Additional Vacancy Savings	0.00	(2,932)	(2,438)	(4,047)	(9,417)	0.00	(2,949)	(2,450)	(4,071)	(9,470)
DP 602 - TSD Technology Services Reduction	0.00	(1,971)	(1,142)	(7,902)	(11,015)	0.00	(1,971)	(1,142)	(7,902)	(11,015)
DP 3333 - Additional Adjustment to Inflation	0.00	2,685	108,901	2,115	113,701	0.00	3,367	133,042	3,068	139,477
<b>Total</b>	<b>0.00</b>	<b>(\$760)</b>	<b>\$96,027</b>	<b>(\$7,308)</b>	<b>\$87,959</b>	<b>0.00</b>	<b>(\$201)</b>	<b>\$119,408</b>	<b>(\$6,365)</b>	<b>\$112,842</b>

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

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$361 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The legislature adopted an increase in general fund, state special revenue, and federal special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees, and the statewide indirect cost fees from the Department of Administration.

DP 333 - Adjustment to Inflation -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 602 - TSD Technology Services Reduction -

The legislature adopted a decrease in general fund, state special revenue, and federal special revenue appropriations in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. However, funding for this service was still included in the statewide present law adjustment for fixed costs. To offset this increase, the legislature adopted decreasing, already established, appropriations in each division based on an internal allocation of FTE.

DP 3333 - Additional Adjustment to Inflation -

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

**Other Issues****Proprietary Rates**

The Commissioner's Office and Centralized Services Division provides two functions funded with non-budgeted proprietary funds. These programs are described separately along with a discussion of the program expenses, revenues, and rates being requested to finance the program.

**Commissioner's Office/CSD – Fund 06546***Proprietary Program Description*

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

*Proprietary Program Revenues and Expenses*

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

*Proprietary Program Revenues and Expenses*

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

2025 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06546	CAP	66020	Department of Labor and Industry	CSD - CAP - NAPROP		
					Actual	Estimated
					FY 22	FY 23
					Reviewed	Reviewed
					FY 24	FY 25
<b>Operating Revenues</b>						
<b>Fees and Charges</b>						
	Non-Federal Ind Cost Recovery				3,524,356	3,034,215
	CSD Draws - CAP				860,909	1,862,785
<b>Total Operating Revenues</b>					4,385,265	4,897,000
<b>Expenses</b>						
	Personal Services				2,729,709	3,214,328
	Other Operating Expense				1,773,396	1,890,000
<b>Total Operating Expense</b>					4,503,105	5,104,328
<b>Operating Income (Loss)</b>					(117,840)	(207,328)
<b>Income (Loss) Before Contributions and Transfers</b>					(117,840)	(207,328)
	Capital Contributions					
	Transfers In					
	Transfers Out					
	Loans and Lease Payments				(12,094)	(12,094)
<b>Change in Net Position</b>					(117,840)	(219,422)
<b>Beginning Net Position - July 1</b>					227,732	115,718
	Prior Period Adjustments				5,826	
	Change in Net Position				(117,840)	(219,422)
<b>Ending Net Position - June 30</b>					115,718	(103,704)

Expenses

Major expenses for this program consist of the personal services costs for the Commissioner’s Office and CSD. Significant costs for the program are for:

- Personal service costs for 37.00 FTE, including \$3.2 million or 63.0% of the total costs for FY 2023
- Other operating costs, including:
  - Department-wide fixed costs such as the statewide cost allocation plan (SWCAP), legislative audit fees, and the Human Resources Information System (HRIS) service fees
  - Charges for legal services that benefit the entire department
  - Charges for IT applications that benefit the entire department

Revenues

The Commissioner’s Office and Centralized Services Division is funded by revenues from charges allocated to all divisions, bureaus, and programs supported by the division’s indirect cost plan. Revenue for this fund is collected via an indirect cost rate that is charged against department personal services expenses. The services provided in exchange for this fee include:

- Human resources
- Accounting
- Budgeting
- Payroll processing
- Mail processing
- Other department-wide management and administration

All programs that utilize these services have a present law adjustment in the budget to account for the adjustment in the rate.

Proprietary Rates

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Actual FY 22	Estimated FY 23	Adopted FY 24	Adopted FY 25
Fee Description:	7.90%	8.85%	9.50%	9.50%

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

The legislature approved a rate of 9.5% for FY 2024 and FY 2025. The cost allocation plan (CAP) must be approved by the U.S. Department of Labor. The rate, which is assessed to personal services expenditures, is determined by calculating the total costs of providing the services divided by the projected department personal services expenditures.

Administrative Services – Fund 06552

Proprietary Program Description

The Office of Legal Services provides legal assistance to the department’s five programs and two administratively attached entities, whereby an hourly rate for attorney fees is established.



*Proprietary Program Revenues and Expenses*

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

2025 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06552	Office of Legal Services	66020	Department of Labor & Industry	Centralized Services

	Actuals FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
Operating Revenues				
Fee Revenue	2,812,236	2,955,472	3,341,465	3,341,465
Total Operating Revenues	2,812,236	2,955,472	3,341,465	3,341,465
Expenses				
Personal Services	2,279,936	2,477,727	2,560,703	2,575,629
Other Operating Expense	474,670	484,315	695,736	690,000
Total Operating Expense	2,754,606	2,962,042	3,256,439	3,265,629
Operating Income (Loss)	57,630	(6,570)	85,026	75,836
Income (Loss) Before Contributions and Transfers	57,630	(6,570)	85,026	75,836
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments		(10,281)	(10,281)	(10,281)
Change in Net Position	57,630	(16,851)	74,745	65,555
Beginning Net Position - July 1	130,523	185,233	168,382	243,127
Prior Period Adjustments	(2,920)			
Change in Net Position	57,630	(16,851)	74,745	65,555
Ending Net Position - June 30	185,233	168,382	243,127	308,682

Expenses

Major expenses for this program are comprised of salaries and overhead costs of agency legal staff. Significant costs for the program are for:

- Personal services cost for 22.75 FTE, including \$2.5 million or 83.6% of the total costs for FY 2023
- Other operating costs

Revenues

Revenues for the Office of Legal Services are derived from charges for attorney time incurred by Department of Labor and Industry divisions. The rate is a direct hourly rate, charged to each division based on number of hours of legal service they receive. The rate per hour is calculated on actual costs of services divided by actual direct hours of service provided in FY 2022.

*Proprietary Rates*

<b>Requested Rates for Internal Service or Enterprise Funds</b>				
<b>Fee/Rate Information</b>				
	<b>Actual FY 22</b>	<b>Estimated FY 23</b>	<b>Adopted FY 24</b>	<b>Adopted FY 25</b>
Fee Description: All	102	102		
Lawyers			132	132
Paralegals & Other			97	97

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

**Program Budget Comparison**

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	41,461,069	42,363,888	902,819	2.18 %
Operating Expenses	25,316,350	28,071,734	2,755,384	10.88 %
Equipment & Intangible Assets	1,236,152	3,241,882	2,005,730	162.26 %
Grants	10,000	10,000	0	0.00 %
Benefits & Claims	130,778	200,778	70,000	53.53 %
Transfers	99,103	89,738	(9,365)	(9.45)%
Debt Service	882,002	145,572	(736,430)	(83.50)%
<b>Total Expenditures</b>	<b>\$69,135,454</b>	<b>\$74,123,592</b>	<b>\$4,988,138</b>	<b>7.22 %</b>
General Fund	3,455,911	3,470,102	14,191	0.41 %
State/Other Special Rev. Funds	63,217,702	68,143,274	4,925,572	7.79 %
Federal Spec. Rev. Funds	2,461,841	2,510,216	48,375	1.96 %
<b>Total Funds</b>	<b>\$69,135,454</b>	<b>\$74,123,592</b>	<b>\$4,988,138</b>	<b>7.22 %</b>
<b>Total Ongoing</b>	<b>\$69,135,454</b>	<b>\$71,875,932</b>	<b>\$2,740,478</b>	<b>3.96 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$2,247,660</b>	<b>\$2,247,660</b>	<b>100.00 %</b>

**Program Description**

The Employment Standards Division (ESD) is responsible for a wide range of services that seek to protect Montana workers and consumers. The division was formed in 2022, following the merger of the Employment Relations and Business Standards Divisions, implemented to identify and utilize operational efficiencies and better-coordinate areas of overlapping responsibility. The division operates through the following bureaus:

- Professional Licensing Bureau provides operational and administrative support for Montana's professional licensing boards and programs and operates the state's Prescription Drug Registry
- Building and Commercial Measurements Bureau sets and enforces minimum standards for building, electrical, plumbing, elevator, and similar codes, and licenses, tests and certifies all weighting and measurement devices used in commercial transactions
- The Human Rights Bureau enforces the Montana Human Rights Act and investigates claims of violations. The Safety and Health Bureau administers federal and state industrial safety laws for the public sector while providing no-cost consultation services for all employers
- Workers' Compensation section assists claimants, employers, and insurers in navigating the state's Workers' Compensation system
- Compliance and Investigations Bureau enforces wage and hour, prevailing wage, independent contractor, and workers' compensation laws
- Operations Bureau provides administrative support to the division while operating its independent contractor registration and data management programs

## Program Highlights

Employment Standards Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Employment Standards Division's 2025 biennium budget of approximately \$5.0 million or 7.2% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>A one-time-only state special revenue increase of \$2.3 million in the Weights and Measures Program for new vehicles and equipment</li> <li>Increases in general fund, state special, and federal special revenue due to increased rates for centralized services</li> <li>Decreases in general fund, state special, and federal special revenue related to IT costs transferred to the Department of Administration</li> </ul> </li> </ul>	

## Program Actuals and Budget Comparison

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	253.87	253.87	253.87	253.87
Personal Services	19,419,840	20,456,435	21,004,634	21,122,111	21,241,777
Operating Expenses	10,935,874	11,964,614	13,351,736	14,027,379	14,044,355
Equipment & Intangible Assets	753,395	765,211	470,941	2,770,941	470,941
Grants	0	5,000	5,000	5,000	5,000
Benefits & Claims	18,550	30,389	100,389	100,389	100,389
Transfers	43,945	54,234	44,869	44,869	44,869
Debt Service	580,026	809,216	72,786	72,786	72,786
<b>Total Expenditures</b>	<b>\$31,751,630</b>	<b>\$34,085,099</b>	<b>\$35,050,355</b>	<b>\$38,143,475</b>	<b>\$35,980,117</b>
General Fund	1,652,510	1,744,333	1,711,578	1,729,143	1,740,959
State/Other Special Rev. Funds	29,275,655	31,115,937	32,101,765	35,162,566	32,980,708
Federal Spec. Rev. Funds	823,465	1,224,829	1,237,012	1,251,766	1,258,450
<b>Total Funds</b>	<b>\$31,751,630</b>	<b>\$34,085,099</b>	<b>\$35,050,355</b>	<b>\$38,143,475</b>	<b>\$35,980,117</b>
<b>Total Ongoing</b>	<b>\$31,751,630</b>	<b>\$34,085,099</b>	<b>\$35,050,355</b>	<b>\$35,869,645</b>	<b>\$36,006,287</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,273,830</b>	<b>(\$26,170)</b>

## Funding

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

Department of Labor and Industry, 05-Employment Standards Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	3,470,102	0	0	3,470,102	4.39 %	
02024 Blasters Program	29,459	0	0	29,459	0.04 %	
02078 Occupational Therapists	176,951	0	0	176,951	0.25 %	
02079 Fire Protection & Permitting	103,917	0	0	103,917	0.15 %	
02080 Prescription Drug Registry	655,271	0	0	655,271	0.94 %	
02109 Board Of Outfitters	955,092	0	0	955,092	1.37 %	
02155 Boilers Program	1,563,514	0	0	1,563,514	2.25 %	
02207 Cranes Program	383,392	0	0	383,392	0.55 %	
02258 Employment Security Account	4,015,500	0	0	4,015,500	5.77 %	
02263 Subsequent Injury Admin	139,006	0	0	139,006	0.20 %	
02315 DLI Info Exchange/Rental	12,178	0	0	12,178	0.02 %	
02346 Contractor Registration	3,954,309	0	0	3,954,309	5.69 %	
02446 Board Of Psychologist Exam	268,278	0	0	268,278	0.39 %	
02448 Building Codes State Spec Rev	10,469,676	0	0	10,469,676	15.06 %	
02455 Workers' Comp Regulation	10,151,285	0	0	10,151,285	14.60 %	
02580 Board of Athletic Trainers	62,820	0	0	62,820	0.09 %	
02679 Massage Therapists	395,988	0	0	395,988	0.57 %	
02767 Elevator Licensing Program	1,405,177	0	0	1,405,177	2.02 %	
02805 Weights & Measures Bureau	6,221,183	0	0	6,221,183	8.95 %	
02809 Board Of Speech Pathologists	214,783	0	0	214,783	0.31 %	
02810 Bd Of Radiologic Technologists	242,500	0	0	242,500	0.35 %	
02811 Clinical Lab Science Pract.	200,150	0	0	200,150	0.29 %	
02812 Physical Therapists	279,908	0	0	279,908	0.40 %	
02813 Bd Of Nursing Home Admin	151,512	0	0	151,512	0.22 %	
02814 Bd Of Hearing Aid Dispensers	130,616	0	0	130,616	0.19 %	
02816 Board Of Sanitarians	88,304	0	0	88,304	0.13 %	
02818 Electrical Board	862,041	0	0	862,041	1.24 %	
02819 Board of Realty Regulations	1,193,136	0	0	1,193,136	1.72 %	
02820 Architects/Landscape Architect	236,209	0	0	236,209	0.34 %	
02821 Board Of Funeral Service	272,821	0	0	272,821	0.39 %	
02822 Board Of Chiropractors	200,052	0	0	200,052	0.29 %	
02823 Professional Engineers	575,125	0	0	575,125	0.83 %	
02824 Board Of Medical Examiners	2,883,545	0	0	2,883,545	4.15 %	
02826 Cosmetology Board	1,854,736	0	0	1,854,736	2.67 %	
02828 Board Of Plumbers	690,577	0	0	690,577	0.99 %	
02829 Private Investigator	671,299	0	0	671,299	0.97 %	
02830 Board Of Dentistry	815,997	0	0	815,997	1.17 %	
02831 Board Of Optometrists	92,422	0	0	92,422	0.13 %	
02832 Board Of Pharmacy	2,552,921	0	0	2,552,921	3.67 %	
02833 Board Of Nursing	3,538,030	0	0	3,538,030	5.09 %	
02834 Board Of Veterinarians	361,386	0	0	361,386	0.52 %	
02840 Board Of Behavioral Health	1,390,265	0	0	1,390,265	2.00 %	
02852 Bd. Of Alternative Health Care	161,786	0	0	161,786	0.23 %	
02854 Bd. Of Real Estate Appraisers	529,533	0	200,000	729,533	1.05 %	
02855 Bd Of Respiratory Care	119,272	0	0	119,272	0.17 %	
02941 Uninsured Employer Fund	2,013,346	0	950,368	2,963,714	4.26 %	
02347 Safety Administration Fund	4,779,161	0	0	4,779,161	6.87 %	
02460 Underground Facility Protect	0	0	247,486	247,486	0.36 %	
02859 Genetic Counselors	78,845	0	0	78,845	0.11 %	
<b>State Special Total</b>	<b>\$68,143,274</b>	<b>\$0</b>	<b>\$1,397,854</b>	<b>\$69,541,128</b>	<b>88.02 %</b>	
03122 EEOC	588,555	0	0	588,555	23.45 %	
03130 Coal Mine Safety	301,655	0	0	301,655	12.02 %	
03131 OSHA Stat Prgm Fed.St Sdy	260,493	0	0	260,493	10.38 %	
03195 On-Site Consultation	1,098,445	0	0	1,098,445	43.76 %	
03293 Country of Origin Labeling	41,282	0	0	41,282	1.64 %	
03985 Data Management Unit Grant	219,786	0	0	219,786	8.76 %	
<b>Federal Special Total</b>	<b>\$2,510,216</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,510,216</b>	<b>3.18 %</b>	
06040 Subsequent Injury-Trust Fund	0	3,056,752	0	3,056,752	87.62 %	
06086 Board of Public Accountants	0	0	431,843	431,843	12.38 %	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$3,056,752</b>	<b>\$431,843</b>	<b>\$3,488,595</b>	<b>4.42 %</b>	
<b>Total All Funds</b>	<b>\$74,123,592</b>	<b>\$3,056,752</b>	<b>\$1,829,697</b>	<b>\$79,010,041</b>		

*HB 2 Authority*General Fund

General fund supports the personal services and general operating costs of the Human Rights Bureau and a small percentage of the overall administration of the Employment Standards Division.

State Special Revenue

State special revenue makes up the majority of the total appropriation authority for the 2025 biennium.

A state special revenue account is maintained for each type of license and professional board. Charges and fees paid by licensees are deposited to the accounts, and administrative and operational expenses for the division are charged directly to these funds. One of the largest professional board funds is the building codes account, which accounts for 14.9% of state special revenue authority.

Worker compensation regulation funds make up 14.9% of state special revenue. These funds are generated by an annual administrative assessment of up to 4.0% on all compensation and medical benefits (excluding costs above \$200,000 per claim) paid during the previous calendar year.

Other state funding sources include the employment security account which is generated through an assessment charged to employers as a percentage of their payroll. Contractor registration funds are generated from registration fees for independent contractor exemptions and construction contractor application fees. These funds support the Worker's Compensation Regulations Bureau and a portion of the division's administration. The uninsured employer fund is used to provide benefits to employees injured on the job while working for an employer that does not carry workers' compensation insurance as required by law. Lastly, the safety administration fund is generated primarily from an annual administrative assessment of up to 2.0% on all compensation and medical benefits (excluding costs above \$200,000 per claim) paid during the previous calendar year. Penalties assessed on inspection violations, recovery costs for onsite safety and industrial health consultation services to mine and any grants or funds from private entities or the federal government for use by the department in defraying occupational safety and health costs may also be deposited into this fund.

Federal Special Revenue

Federal special revenue makes up a small portion of the division's total appropriation authority for the 2025 biennium. The largest federal fund is the on-site consultation account, which provides funding for on-site safety and health checks of workplaces and job sites.

*Non-Budgeted Proprietary Funding*

The division oversees the subsequent injury fund, a proprietary account that assists disabled persons in becoming employed by offering a financial incentive to employers who hire them. The fund rate is based on the total amount of paid losses reimbursed by the fund in the preceding calendar year.

The division also oversees the Board of Public Accountants enterprise fund. The Board receives licensing fees, money collected by the department on behalf of the board and interest or earnings on money deposited. This fund was originally a state special revenue account, but it was established as a proprietary fund by the 2015 Legislature. The current Montana Code Annotated (MCA) for the Board of Public Accountants was set to sunset on September 30, 2023, at which time this fund would revert to a state special revenue fund under HB 2. HB 292 removed this sunset date and made the Board of Public Accountants a permanent statutory proprietary fund.

## Statutory Funding

The Employment Standards Division has three statutory funds.

- The uninsured employer fund is a state special revenue fund that ensures employees who are injured on the job while working for an uninsured employer receive full workers compensation benefits. This fund receives revenues from the department's collection of penalties from uninsured employers as well as collecting reimbursement of paid benefits
- The Underground Facility Protection Program was created in 2017 when HB 365 became law. The statute requires the Department of Labor and Industry to have a program that monitors, maintains records, and issues civil penalties for incidents where underground facilities are damaged during excavations
- The Board of Real Estate Appraisers was established due to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, which requires every state to establish an agency for the licensure, certification, and regulation of real estate appraisers. The MCA for the Board of Real Estate Appraisers will sunset on June 30, 2023. The agency proposed legislation to re-establish this statutory appropriation moving forward

## 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.

-----General Fund-----					-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	1,711,578	1,711,578	3,423,156	98.65 %	35,050,355	35,050,355	70,100,710	94.57 %
SWPL Adjustments	37,331	49,735	87,066	2.51 %	1,207,995	1,381,795	2,589,790	3.49 %
PL Adjustments	(266)	(260)	(526)	(0.02)%	2,566,286	375,821	2,942,107	3.97 %
New Proposals	(19,500)	(20,094)	(39,594)	(1.14)%	(681,161)	(827,854)	(1,509,015)	(2.04)%
<b>Total Budget</b>	<b>\$1,729,143</b>	<b>\$1,740,959</b>	<b>\$3,470,102</b>		<b>\$38,143,475</b>	<b>\$35,980,117</b>	<b>\$74,123,592</b>	

## Present Law Adjustments

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

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	2,577	299,530	8,409	310,516	0.00	13,030	406,529	12,505	432,064
DP 2 - Fixed Costs	0.00	27,719	605,991	7,868	641,578	0.00	27,923	607,717	8,322	643,962
DP 3 - Inflation Deflation	0.00	7,035	241,495	7,371	255,901	0.00	8,782	286,436	10,551	305,769
DP 20 - SABHRS Rate Adjustment	0.00	15	787	9	811	0.00	4	(348)	(4)	(348)
DP 30 - Motor Pool Rate Adjustment	0.00	(281)	(11,830)	(356)	(12,467)	0.00	(264)	(11,001)	(399)	(11,664)
DP 222 - RMTD Adjustment	0.00	1,131	24,718	321	26,170	0.00	1,135	24,697	338	26,170
DP 223 - RMTD Adjustment (OTO)	0.00	(1,131)	(24,718)	(321)	(26,170)	0.00	(1,135)	(24,697)	(338)	(26,170)
DP 501 - Board of Public Accountants	1.51	0	277,942	0	277,942	2.00	0	387,833	0	387,833
DP 504 - Weights and Measures Equipment Request (OTO)	0.00	0	2,300,000	0	2,300,000	0.00	0	0	0	0
Grand Total All Present Law Adjustments										
1.51	\$37,065	\$3,713,915	\$23,301	\$3,774,281		2.00	\$49,475	\$1,677,166	\$30,975	\$1,757,616

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

DP 1 - Personal Services -

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

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

DP 501 - Board of Public Accountants -

The legislature adopted enterprise appropriations for the Board of Public Accountants to revert to state special revenue HB 2 authority due to the sunset of 37-50-209, MCA, on September 30, 2023. This decision package re-establishes the appropriation and 1.51 FTE in FY 2024 and 2.00 FTE in FY 2025 and state special revenue authority.

DP 504 - Weights and Measures Equipment Request (OTO) -

The legislature adopted a one-time-only (OTO) biennial appropriation of state special revenue to purchase new equipment and vehicles for field inspectors to carry out job duties in the Weights and Measures Program. Current equipment is outdated and poses a safety hazard for DOLI employees and the public. DOLI is requesting legislation to allow a one-time transfer of funds to pay for this equipment but will need an appropriation to spend those funds if the transfer is approved. This OTO appropriation was contingent on the passage and approval of SB 53.



The specific equipment needed for this program includes (with estimated current pricing included):

- Three hybrid proving trucks - \$575,000
- Two 100-gallon propane proving trailers - \$150,000
- One airport proving trailer - \$100,000
- Four electric vehicle charge test meters - \$300,000
- One large capacity truck box - \$100,000
- Seven small capacity truck boxes - \$700,000
- Six weight carts - \$300,000
- 56,000 test weights - \$75,000

## New Proposals

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

New Proposals										
Fiscal 2024					Fiscal 2025					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	849	12,653	0	13,502	0.00	849	12,653	0	13,502
DP 301 - Cost Allocation Plan Adjustment	0.00	9,332	125,066	4,668	139,066	0.00	9,379	125,784	4,694	139,857
DP 333 - Adjustment to Inflation	0.00	(2,018)	(69,277)	(2,115)	(73,410)	0.00	(2,553)	(83,280)	(3,068)	(88,901)
DP 555 - Additional Vacancy Savings	0.00	(14,543)	(200,012)	(7,404)	(221,959)	0.00	(14,649)	(201,725)	(7,467)	(223,841)
DP 602 - TSD Technology Services Reduction	0.00	(19,120)	(285,197)	(3,696)	(308,013)	0.00	(19,120)	(285,197)	(3,696)	(308,013)
DP 1400 - SB 454	0.00	0	(3,025)	0	(3,025)	0.00	0	(3,025)	0	(3,025)
DP 1401 - HB 87	0.00	0	21,400	0	21,400	0.00	0	21,400	0	21,400
DP 1402 - HB 292	(1.51)	0	(277,942)	0	(277,942)	(2.00)	0	(387,833)	0	(387,833)
DP 1403 - HB 314	0.00	6,000	3,000	0	9,000	0.00	6,000	3,000	0	9,000
DP 1404 - SB 284	0.00	0	20,220	0	20,220	0.00	0	0	0	0
<b>Total</b>	<b>(1.51)</b>	<b>(\$19,500)</b>	<b>(\$653,114)</b>	<b>(\$8,547)</b>	<b>(\$681,161)</b>	<b>(2.00)</b>	<b>(\$20,094)</b>	<b>(\$798,223)</b>	<b>(\$9,537)</b>	<b>(\$827,854)</b>

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

### DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$9,207 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

### DP 301 - Cost Allocation Plan Adjustment -

The legislature adopted an increase in general fund, state special revenue, and federal special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees, and the statewide indirect cost fees from the Department of Administration.

### DP 333 - Adjustment to Inflation -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 602 - TSD Technology Services Reduction -

The legislature adopted a decrease in general fund, state special revenue, and federal special revenue appropriations in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. However, funding for this service was still included in the statewide present law adjustment for fixed costs. To offset this increase, the legislature adopted decreasing, already established, appropriations in each division based on an internal allocation of FTE.

DP 1400 - SB 454 -

The legislature adopted contingency language to decrease appropriations if SB 454 was passed and approved and this decision package implements this language. This bill repeals the Board of Private Security and transfers the administrative authority to the Department of Labor and Industry. The elimination of this board is estimated to save costs of approximately \$3,025 state special revenue each fiscal year.

DP 1401 - HB 87 -

The legislature adopted contingency language to increase appropriations if HB 87 was passed and approved and this decision package implements this language. This bill increases compensation to board members from \$50 per day to \$100 per day. The Department of Labor and Industry has 214 board members who meet on average, twice a year. Therefore, the agency anticipates increased cost of \$21,400 state special revenue each fiscal year.

DP 1402 - HB 292 -

The legislature adopted contingency language if HB 292 was passed and approved and this decision package implements this language. The Board of Public Accountants currently operates as a statutory enterprise proprietary fund that was set to sunset on September 30, 2023. This bill removes the sunset date from statute and makes the Board of Public Accountants a permanent statutory enterprise proprietary fund. This change package removes the HB 2 state special revenue appropriation from DP 501.

DP 1403 - HB 314 -

The legislature adopted contingency language to increase appropriations if HB 314 was passed and approved and this decision package implements this language. This bill increases the compensation rate for boards, commissions, and councils from \$50 per day to \$100 per day. It is estimated this will cost the Department of Labor and Industry an additional \$9,500 general fund, \$3,000 state special revenue, and \$13,350 federal special revenue each fiscal year.

DP 1404 - SB 284 -

The legislature adopted contingency language to increase appropriations if SB 284 was passed and approved and this decision package implements this language. The Department of Labor and Industry is responsible for maintaining the Montana Prescription Drug Registry (MPDR). This bill requires non-controlled medications prescribed as mental health medications be included in the MPDR. The Department of Labor and Industry will need to reconfigure the MPDR to include these medications which is estimated to cost \$20,220 state special revenue in FY 2024.

**Other Issues****Proprietary Rates****Subsequent Injury Trust Fund – Fund 06040***Proprietary Program Description*

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

*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	
06040	Subsequent Injury- Trust Fund	66020	Dept of Labor and Industry	Employment Standards Division	
		Actual FY 22	Estimated FY 23	Reviewed FY 24	Reviewed FY 25
<b>Operating Revenues</b>					
<b>Fees and Charges</b>					
	Subsequent Injury Fund Assessment (and Surcharge)	1,834,402	1,503,328	1,503,328	1,503,328
	Other Operating Revenues				
	Investment Earnings	882	-	-	-
<b>Total Operating Revenues</b>		1,835,284	1,503,328	1,503,328	1,503,328
<b>Expenses</b>					
	Personal Services				
	Other Operating Expense				
	Benefits and Claims	858,653	1,503,328	1,503,328	1,503,328
	Securities Lending	72,410	(250,211)	(250,211)	(250,211)
<b>Total Operating Expense</b>		931,063	1,253,117	1,253,117	1,253,117
<b>Operating Income (Loss)</b>		904,221	250,211	250,211	250,211
<b>Income (Loss) Before Contributions and Transfers</b>		904,221	250,211	250,211	250,211
	Capital Contributions				
	Transfers In				
	Transfers Out	(30,022)	(25,048)	(25,048)	(25,048)
	Loans and Lease Payments				
<b>Change in Net Position</b>		874,199	225,163	225,163	225,163
<b>Beginning Net Position - July 1</b>		(1,313,325)	(439,126)	(213,963)	11,200
	Prior Period Adjustments				
	Change in Net Position	874,199	225,163	225,163	225,163
<b>Ending Net Position - June 30</b>		(439,126)	(213,963)	11,200	236,363

Expenses

The expenses of the program consist of administration costs and benefits for certified workers. Expenses are paid out when reimbursement requests are submitted to the department if there are sufficient monies in the fund to cover those expenses.

*Revenues*

The program is funded through an annual assessment on Plan 1 (self-insured) workers' compensation employers and a surcharge premium paid for Plan 2 (private sector) and Plan 3 (Montana State Fund) employers. The assessment is based on a percentage of the compensation and medical benefits paid in Montana by each insurer the preceding calendar year (39-71-915, MCA) and amounts actually paid out from SIF. The revenue to the fund is collected five times throughout the year.

*Proprietary Rate*

The SIF rate is set by the Employment Standards Division based on the total amount of paid losses reimbursed by the fund in the preceding year. Because the rate is based upon the previous years' experience, future rates beyond one year are unknown. The estimated rates for the program are shown below:

<b>Requested Rates for Internal Service or Enterprise Funds</b>				
<b>Fee/Rate Information</b>				
	<b>Actual FY 22</b>	<b>Estimated FY 23</b>	<b>Reviewed FY 24</b>	<b>Reviewed FY 25</b>
Fee Description:				
Plan I - Insureds (Admin costs & benefits paid to certified claimants)	233,864	250,566	250,566	250,566
Plan III - Old Insureds (Admin costs & benefits paid to certified claimants)	20,476	20,033	20,033	20,033
Plan II & III - (surcharge) (Admin costs & benefits paid to certified claimants)	1,411,177	1,232,729	1,232,729	1,232,729

The rates are based on the workers' compensation (WC) insurance plans' share of the workers' compensation paid losses as compared the net outlay of the subsequent injury fund in a calendar year (39-71-915, MCA).

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.

**Board of Public Accountants – Fund 06086**

The Board of Public Accountants is statutorily appropriated. The enterprise fund receives licensing fees, money collected by the department on behalf of the board, and interest or earnings on money deposited.

*Proprietary Program Description*

The Board of Public Accountants is statutorily appropriated. The enterprise fund receives licensing fees, money collected by the department on behalf of the board, and interest or earnings on money deposited.

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		
6086	Board of Public Accountants	66020	Labor & Industry	EMPLOYMENT STANDARDS BSD		
			Actual FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
<b>Operating Revenues</b>						
<b>Fees and Charges</b>						
Licenses & Permits			363,118	360,000	360,000	360,000
Charges for Service			30,210	30,200	30,200	30,200
Fines & Forfeits			7,705	12,000	12,000	12,000
Sale of Documents			120	1,000	1,000	1,000
Grants Transfers Misc						
Other Operating Revenues						
BOI Investment Earnings			1,189	12,000	12,000	12,000
<b>Total Operating Revenues</b>			402,342	415,200	415,200	415,200
<b>Expenses</b>						
Personal Services			68,816	165,002	165,002	165,002
Other Operating Expense			100,477	203,390	208,426	210,025
Debt Service			496	1,397	1,397	1,397
Transfers Out			21	800	800	800
Expense C						
<b>Total Operating Expense</b>			169,810	370,589	375,625	377,224
<b>Operating Income (Loss)</b>			232,532	44,611	39,575	37,976
<b>Income (Loss) Before Contributions and Transfers</b>			232,532	44,611	39,575	37,976
<b>Change in Net Position</b>			232,532	44,611	39,575	37,976
<b>Beginning Net Position - July 1</b>			614,908	847,660	892,271	931,846
Prior Period Adjustments			220			
Change in Net Position			232,532	44,611	39,575	37,976
<b>Ending Net Position - June 30</b>			847,660	892,271	931,846	969,822

The Board of Public Accountants is statutorily appropriated. The enterprise fund receives licensing fees, money collected by the department on behalf of the board, and interest or earnings on money deposited.

#### Proprietary Rates

The Board of Public Accountants does not have rates. The Board has fees set based commiserate with costs.

### Program Budget Comparison

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	9,378,730	6,769,541	(2,609,189)	(27.82)%
Operating Expenses	14,252,174	17,233,152	2,980,978	20.92 %
Debt Service	41,096	41,096	0	0.00 %
<b>Total Expenditures</b>	<b>\$23,672,000</b>	<b>\$24,043,789</b>	<b>\$371,789</b>	<b>1.57 %</b>
Proprietary Funds	23,672,000	24,043,789	371,789	1.57 %
<b>Total Funds</b>	<b>\$23,672,000</b>	<b>\$24,043,789</b>	<b>\$371,789</b>	<b>1.57 %</b>

### Program Description

The Technology Services Division (TSD) provides information technology (IT) services and support for the department including IT project management, application development and network services. Helpdesk, security, procurement, and some other services were transitioned to state ITSD following a merger in 2022 in accordance with the statewide IT Strategic Plan.

### Program Highlights

Technology Services Division Major Budget Highlights
<ul style="list-style-type: none"> <li>• The Technology Services Division is funded entirely with non-budgeted proprietary funds, which are not appropriated in HB 2</li> <li>• The legislature approved an application rate of \$104 an hour. This is a \$20 increase compared to the previous biennium</li> <li>• The legislature approved an enterprise service rate of approximately \$3.1 million in each fiscal year of the 2025 biennium. This increase is more than double the last biennium's rate due to the agency transferring technical service applications to the Department of Administration. These services will now be billed through the enterprise service rate</li> </ul>

**Program Actuals and Budget Comparison**

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	34.00	34.00	34.00	34.00
Personal Services	3,443,823	4,660,757	4,717,973	3,375,326	3,394,215
Operating Expenses	7,580,144	7,549,388	6,702,786	8,571,600	8,661,552
Debt Service	177,716	20,548	20,548	20,548	20,548
<b>Total Expenditures</b>	<b>\$11,201,683</b>	<b>\$12,230,693</b>	<b>\$11,441,307</b>	<b>\$11,967,474</b>	<b>\$12,076,315</b>
Proprietary Funds	11,201,683	12,230,693	11,441,307	11,967,474	12,076,315
<b>Total Funds</b>	<b>\$11,201,683</b>	<b>\$12,230,693</b>	<b>\$11,441,307</b>	<b>\$11,967,474</b>	<b>\$12,076,315</b>

**Funding**

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

Department of Labor and Industry, 06-Technology 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 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
06568 Technical Services	0	9,417,882	0	9,417,882	39.17 %
06578 Technical Services Direct	0	14,625,907	0	14,625,907	60.83 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$24,043,789</b>	<b>\$0</b>	<b>\$24,043,789</b>	<b>100.00 %</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$24,043,789</b>	<b>\$0</b>	<b>\$24,043,789</b>	

**Non-Budgeted Proprietary Funding**

The Technology Services Division is funded entirely with proprietary rates. The two proprietary funds utilized by the division are the technical services account and the technical services direct account. These funds will be discussed in further detail in the proprietary rates section below.

**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 %	11,441,307	11,441,307	22,882,614	95.17 %
SWPL Adjustments	0	0	0	0.00 %	(1,046,445)	(945,300)	(1,991,745)	(8.28)%
PL Adjustments	0	0	0	0.00 %	64	13	77	0.00 %
New Proposals	0	0	0	0.00 %	1,572,548	1,580,295	3,152,843	13.11 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$11,967,474</b>	<b>\$12,076,315</b>	<b>\$24,043,789</b>	



**Present Law Adjustments**

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

Present Law Adjustments										
Fiscal 2024					Fiscal 2025					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	(1,342,647)	0.00	0	0	0	(1,323,758)
DP 2 - Fixed Costs	0.00	0	0	0	(135,484)	0.00	0	0	0	(135,878)
DP 3 - Inflation Deflation	0.00	0	0	0	431,686	0.00	0	0	0	514,336
DP 20 - SABHRS Rate Adjustment	0.00	0	0	0	64	0.00	0	0	0	13
DP 222 - RMTD Adjustment	0.00	0	0	0	832	0.00	0	0	0	832
DP 223 - RMTD Adjustment (OTO)	0.00	0	0	0	(832)	0.00	0	0	0	(832)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,046,381)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$945,287)</b>

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

**DP 3 - Inflation Deflation -**

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

**DP 20 - SABHRS Rate Adjustment -**

The legislature reviewed an increase to proposed SABHRS rates.

**DP 222 - RMTD Adjustment -**

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

**DP 223 - RMTD Adjustment (OTO) -**

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

**New Proposals**

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

New Proposals										
Fiscal 2024						Fiscal 2025				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	0	0	1,797	0.00	0	0	0	1,797
DP 301 - Cost Allocation Plan Adjustment	0.00	0	0	0	21,940	0.00	0	0	0	22,062
DP 601 - TSD Proprietary Enterprise Rate Change	0.00	0	0	0	1,548,811	0.00	0	0	0	1,556,436
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,572,548</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,580,295</b>

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

**DP 99 - New Fixed Costs -**

The legislature reviewed appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$1,225 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

**DP 301 - Cost Allocation Plan Adjustment -**

The legislature reviewed an increase in state special revenue and federal special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees, and the statewide indirect cost fees from the Department of Administration.

**DP 601 - TSD Proprietary Enterprise Rate Change -**

The legislature reviewed an increase in proprietary funding for State Information Technology Services Division (SITSD) costs. The Department of Labor & Industry (DOLI) Technology Services Division's proprietary fund is a pass-through fund for tracking information technology (IT) expenditures charged from SITSD. This fund pays the department's IT expenditures to SITSD and then collects revenue from all divisions to reimburse the fund. This fund's expenditures and revenue collected net to zero.

In FY 2022, DOLI's IT Help-Desk staff were transferred from DOLI to SITSD in the Department of Administration. SITSD will bill DOLI back for these services through SITSD's enterprise rate. DOLI will be billed for the current rate of these services each fiscal year plus an increase due to additional costs. This increase in service costs is due to Cybersecurity and ServiceNow costs, as well as increases in other costs of services provided by SITSD.

**Other Issues****Proprietary Rates**

The Technology Services Division (TSD) provides information technology services and support for the department including project management and application services including computer programming and database management. There are two funds, the technical and application services fund and the technical services direct fund. These funds are discussed in further detail below.

## Technical and Application Services – Fund 06568

*Proprietary Program Description*

The Application Section provides services related to staff who program, test, and analyze the department's applications.

*Proprietary Program Revenues and Expenses*

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

2025 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06568	Technical Services	66020	Department of Labor & Industry	Technology Services		
					Actual	Estimated
					FY 22	FY 23
					Reviewed	Reviewed
					FY 24	FY 25
<b>Operating Revenues</b>						
<b>Fees and Charges</b>						
Non-Federal Ind Cost Recovery					3,926,576	3,482,622
Federal Indirect Cost Recoveries					698,714	614,580
<b>Total Operating Revenues</b>					4,625,290	4,097,202
					3,831,152	3,827,948
<b>Expenses</b>						
Personal Services					3,207,658	2,674,039
Other Operating Expense					1,317,486	1,791,709
<b>Total Operating Expense</b>					4,525,144	4,465,748
					3,716,235	3,793,462
<b>Operating Income (Loss)</b>					100,146	(368,546)
					114,917	34,486
<b>Income (Loss) Before Contributions and Transfers</b>					100,146	(368,546)
					114,917	34,486
Capital Contributions						
Transfers In						
Transfers Out						
Loans and Lease Payments					-	(11,000)
					(11,000)	(11,000)
<b>Change in Net Position</b>					100,146	(379,546)
					103,917	23,486
<b>Beginning Net Position - July 1</b>					544,213	643,371
Prior Period Adjustments					(988)	263,825
Change in Net Position					100,146	(379,546)
					103,917	23,486
<b>Ending Net Position - June 30</b>					643,371	263,825
					367,742	391,228

Expenses

The major expenses for this fund consist of the personal services for 34.00 FTE, which accounted for \$2.7 million or 59.9% of the total costs in FY 2023. The remaining expenses are for operating expenses.

Revenues

The rate for application services is assessed based on a direct hourly charge to the benefiting division. Revenues for the Application Section are billed to divisions also approved by the legislature and the U.S. Department of Labor.

All programs which utilize these services have a present law adjustment in the budget to account for the rate.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 22	Estimated FY 23	Adopted FY 24	Adopted FY 25
Fee Description:				
Application Rate	84	84	104	104
Technical Services Rate	266	266	0	0

*Proprietary Rates*

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge. The Technical Services Component was transferred to the Department of Administration during the 2023 biennium leading to the elimination of the rates in the 2025 biennium. However, the legislature adopted rate increases for Application Services in the 2025 biennium due to increased enterprise costs.

**Technical Services Direct – Fund 06578***Proprietary Program Description*

The Technical Services Direct fund has two rates that are direct pass thru costs to the department divisions. The rate for enterprise services provided by State Information Technology Services Division (SITSD) is allocated on total cost by division FTE. The other direct rate is for actual cost of contracted and SITSD services that are directly attributable to a specific division.

*Proprietary Program Revenues and Expenses*

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

2025 Biennium Report on Internal Service and Enterprise Funds					
Fund	Fund Name	Agency #	Agency Name	Program Name	
06578	Technical Services	66020	Department of Labor and Industry	Technology Services	
			Actual	Estimated	Reviewed
			FY 22	FY 23	FY 24
					Reviewed
					FY 25
<b>Operating Revenues</b>					
<b>Fees and Charges</b>					
Non-Federal Ind Cost Recovery			5,651,385	3,859,421	4,956,862
Federal Indirect Cost Recovery			1,258,752	1,900,909	2,441,440
Other Operating Revenues					
<b>Total Operating Revenues</b>			6,910,137	5,760,330	7,398,302
<b>Expenses</b>					
Personal Services					
Other Operating Expense			6,910,137	5,760,330	7,398,302
<b>Total Operating Expense</b>			6,910,137	5,760,330	7,398,302
<b>Operating Income (Loss)</b>			-	-	-
<b>Change in Net Position</b>			-	-	-
<b>Beginning Net Position - July 1</b>			-	-	-
Prior Period Adjustments					
Change in Net Position			-	-	-
<b>Ending Net Position - June 30</b>			-	-	-

Expenses

The Technical Services Direct fund includes expenses for pass through information technology expenditures that could be directly related to a division. These include SITSD charges, software purchases, and contract payments.

Revenues

The Enterprise Services rate is all SITSD charges that directly benefit the department. Those total costs are distributed based on department FTE. The direct rate includes actual expenditures that can be identified as directly benefiting a specific program such as contracts and specific SITSD services.

All programs that utilize these services have a present law adjustment in the budget to account for the rate.

*Proprietary Rates*

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 22	Estimated FY 23	Adopted FY 24	Adopted FY 25
Fee Description:				
Enterprise	1,452,055	1,460,791	3,098,763	3,104,826
Direct Services	Actual Cost	Actual Cost	Actual Cost	Actual Cost

The Enterprise Services Rate is calculated on specific SITSD services that benefit the department. The total budgeted SITSD rate for a portion of asset broker, enterprise services, equipment hosting, operational support, server, and storage hosting services are allocated back to divisions based on FTE percentages. The direct services rate is calculated on all other SITSD services and department contracted services and allocated back to the benefiting division based on actual expenditures. The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

### Program Budget Comparison

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	770,697	960,147	189,450	24.58 %
Operating Expenses	737,317	856,130	118,813	16.11 %
Grants	6,176,413	6,189,444	13,031	0.21 %
Transfers	558,331	501,300	(57,031)	(10.21)%
Debt Service	2,844	2,344	(500)	(17.58)%
<b>Total Expenditures</b>	<b>\$8,245,602</b>	<b>\$8,509,365</b>	<b>\$263,763</b>	<b>3.20 %</b>
General Fund	285,630	473,093	187,463	65.63 %
State/Other Special Rev. Funds	24,776	24,776	0	0.00 %
Federal Spec. Rev. Funds	7,935,196	8,011,496	76,300	0.96 %
<b>Total Funds</b>	<b>\$8,245,602</b>	<b>\$8,509,365</b>	<b>\$263,763</b>	<b>3.20 %</b>
<b>Total Ongoing</b>	<b>\$8,245,602</b>	<b>\$8,349,166</b>	<b>\$103,564</b>	<b>1.26 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$160,199</b>	<b>\$160,199</b>	<b>100.00 %</b>

### Program Description

The Governor's Office of Community Service (OCS) and the Governor-appointed Montana Commission on Community Service promotes service and community volunteer opportunities in Montana. OCS administers federal funding to AmeriCorps state programs in Montana. The federal funding is provided by the Corporation for National and Community Service, an independent federal agency. OCS provides a comprehensive array of technical assistance and support national service programs and service organizations throughout Montana.

### Program Highlights

Office of Community Services Major Budget Highlights
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Office of Community Service's 2025 biennium budget of approximately \$264,000 or 3.2% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>A one-time-only general fund match fund for an AmeriCorps grant which adds 1.00 FTE in FY 2024 and 0.50 FTE in FY 2025</li> <li>Increases in general fund and federal special revenue due to increased rates for centralized services</li> <li>Decreases in general fund and federal special revenue related to IT costs transferred to the Department of Administration</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	5.00	5.00	6.00	5.50
Personal Services	379,278	381,243	389,454	495,959	464,188
Operating Expenses	233,672	346,417	390,900	432,631	423,499
Grants	2,469,782	3,081,691	3,094,722	3,094,722	3,094,722
Transfers	307,156	307,681	250,650	250,650	250,650
Debt Service	1,465	1,672	1,172	1,172	1,172
<b>Total Expenditures</b>	<b>\$3,391,353</b>	<b>\$4,118,704</b>	<b>\$4,126,898</b>	<b>\$4,275,134</b>	<b>\$4,234,231</b>
General Fund	140,330	140,329	145,301	258,335	214,758
State/Other Special Rev. Funds	0	12,388	12,388	12,388	12,388
Federal Spec. Rev. Funds	3,251,023	3,965,987	3,969,209	4,004,411	4,007,085
<b>Total Funds</b>	<b>\$3,391,353</b>	<b>\$4,118,704</b>	<b>\$4,126,898</b>	<b>\$4,275,134</b>	<b>\$4,234,231</b>
<b>Total Ongoing</b>	<b>\$3,391,353</b>	<b>\$4,118,704</b>	<b>\$4,126,898</b>	<b>\$4,172,486</b>	<b>\$4,176,680</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$102,648</b>	<b>\$57,551</b>

**Funding**

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

Department of Labor and Industry, 07-Office of Community Services Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	473,093	0	0	473,093	5.56 %
02190 OCS - Training	24,776	0	0	24,776	100.00 %
<b>State Special Total</b>	<b>\$24,776</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,776</b>	<b>0.29 %</b>
03322 MT Community Service FSR	8,011,496	0	0	8,011,496	100.00 %
<b>Federal Special Total</b>	<b>\$8,011,496</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,011,496</b>	<b>94.15 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$8,509,365</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,509,365</b>	

**HB 2 Authority****General Fund**

The division has a small general fund appropriation, used as a state match portion for federal grants. General fund primarily provides funding for the program's administrative expenses.

**State Special Revenue**

The Office of Community Services has one state special revenue account for community services related trainings.

**Federal Special Revenue**

The majority of the Office of Community Services appropriation authority comes from federal special revenue provided through AmeriCorps grants. Federal funds provide funding for administrative expenses as well as funding for grant and special projects administered by the program.



**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.

-----General Fund-----					-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	145,301	145,301	290,602	61.43 %	4,126,898	4,126,898	8,253,796	97.00 %
SWPL Adjustments	11,431	12,910	24,341	5.15 %	55,929	60,265	116,194	1.37 %
PL Adjustments	(4)	(10)	(14)	(0.00)%	(68)	(78)	(146)	(0.00)%
New Proposals	101,607	56,557	158,164	33.43 %	92,375	47,146	139,521	1.64 %
<b>Total Budget</b>	<b>\$258,335</b>	<b>\$214,758</b>	<b>\$473,093</b>		<b>\$4,275,134</b>	<b>\$4,234,231</b>	<b>\$8,509,365</b>	

**Present Law Adjustments**

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

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	6,280	0	19,877	26,157	0.00	6,924	0	21,915	28,839
DP 2 - Fixed Costs	0.00	4,014	0	9,383	13,397	0.00	4,739	0	8,681	13,420
DP 3 - Inflation Deflation	0.00	1,137	0	15,238	16,375	0.00	1,247	0	16,759	18,006
DP 20 - SABHRS Rate Adjustment	0.00	1	0	1	2	0.00	(5)	0	(8)	(13)
DP 30 - Motor Pool Rate Adjustment	0.00	(5)	0	(65)	(70)	0.00	(5)	0	(60)	(65)
Grand Total All Present Law Adjustments	0.00	\$11,427	\$0	\$44,434	\$55,861	0.00	\$12,900	\$0	\$47,287	\$60,187

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

**DP 3 - Inflation Deflation -**

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

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

**New Proposals**

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

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	317	0	0	317	0.00	317	0	0	317
DP 301 - Cost Allocation Plan Adjustment	0.00	608	0	1,923	2,531	0.00	608	0	1,923	2,531
DP 333 - Adjustment to Inflation	0.00	(295)	0	(3,954)	(4,249)	0.00	(326)	0	(4,382)	(4,708)
DP 555 - Additional Vacancy Savings	0.00	(1,240)	0	(3,926)	(5,166)	0.00	(1,162)	0	(3,677)	(4,839)
DP 602 - TSD Technology Services Reduction	0.00	(3,931)	0	(3,275)	(7,206)	0.00	(3,931)	0	(3,275)	(7,206)
DP 701 - OCS General Fund Match (OTO)	1.00	102,648	0	0	102,648	0.50	57,551	0	0	57,551
DP 1403 - HB 314	0.00	3,500	0	0	3,500	0.00	3,500	0	0	3,500
<b>Total</b>	<b>1.00</b>	<b>\$101,607</b>	<b>\$0</b>	<b>(\$9,232)</b>	<b>\$92,375</b>	<b>0.50</b>	<b>\$56,557</b>	<b>\$0</b>	<b>(\$9,411)</b>	<b>\$47,146</b>

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

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$216 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The legislature adopted an increase in general fund and federal special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees, and the statewide indirect cost fees from the Department of Administration.

DP 333 - Adjustment to Inflation -

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

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 602 - TSD Technology Services Reduction -

The legislature adopted a decrease in general fund and federal special revenue appropriations in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. However, funding for this service was still included in the statewide present law adjustment for fixed costs. To offset this increase, the legislature adopted decreasing, already established, appropriations in each division based on an internal allocation of FTE.

DP 701 - OCS General Fund Match (OTO) -

The legislature adopted one-time-only general fund appropriations to provide a match for American Rescue Plan Act (ARPA) funds. The Office of Community Services received ARPA funds granted from the federal government to engage more Montanans into AmeriCorps. The total general fund needed for this match is approximately \$160,000 over the 2025 biennium and would not continue in future biennia. This change package includes 1.00 FTE in FY 2024 and 0.50 FTE in FY 2025.

DP 1403 - HB 314 -

The legislature adopted contingency language to increase appropriations if HB 314 was passed and approved and this decision package implements this language. This bill increases the compensation rate for boards, commissions, and councils from \$50 per day to \$100 per day. It is estimated this will cost the Department of Labor and Industry an additional \$9,500 general fund, \$3,000 state special revenue, and \$13,350 federal special revenue each fiscal year.

### Program Budget Comparison

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

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	1,259,231	1,291,860	32,629	2.59 %
Operating Expenses	320,080	365,899	45,819	14.31 %
Debt Service	5,930	5,930	0	0.00 %
<b>Total Expenditures</b>	<b>\$1,585,241</b>	<b>\$1,663,689</b>	<b>\$78,448</b>	<b>4.95 %</b>
State/Other Special Rev. Funds	1,585,241	1,663,689	78,448	4.95 %
<b>Total Funds</b>	<b>\$1,585,241</b>	<b>\$1,663,689</b>	<b>\$78,448</b>	<b>4.95 %</b>
<b>Total Ongoing</b>	<b>\$1,585,241</b>	<b>\$1,663,987</b>	<b>\$78,746</b>	<b>4.97 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$298)</b>	<b>(\$298)</b>	<b>100.00 %</b>

### Program Description

The Workers' Compensation Court provides a forum for Montana employees, employers, and insurers to resolve disputes arising from work-related injuries and occupational diseases. The court is attached to the department for administrative purposes only.

### Program Highlights

Workers Compensation Court Major Budget Highlights
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Workers Compensation Court's 2025 biennium budget of approximately \$78,000 or 5.0% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>Statewide present law adjustments for personal services, fixed costs, and inflation/deflation</li> <li>Increases in state special revenue due to increased rates for centralized services</li> <li>Decreases in state special revenue related to IT costs transferred to the Department of Administration</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

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

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	7.00	7.00	7.00	7.00
Personal Services	503,069	625,663	633,568	644,376	647,484
Operating Expenses	156,200	159,974	160,106	182,796	183,103
Debt Service	919	2,965	2,965	2,965	2,965
<b>Total Expenditures</b>	<b>\$660,188</b>	<b>\$788,602</b>	<b>\$796,639</b>	<b>\$830,137</b>	<b>\$833,552</b>
State/Other Special Rev. Funds	660,188	788,602	796,639	830,137	833,552
<b>Total Funds</b>	<b>\$660,188</b>	<b>\$788,602</b>	<b>\$796,639</b>	<b>\$830,137</b>	<b>\$833,552</b>
<b>Total Ongoing</b>	<b>\$660,188</b>	<b>\$788,602</b>	<b>\$796,639</b>	<b>\$830,286</b>	<b>\$833,701</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$149)</b>	<b>(\$149)</b>

**Funding**

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

Department of Labor and Industry, 09-Workers Compensation Court 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 %
02455 Workers' Comp Regulation	1,663,689	0	0	1,663,689	100.00 %
<b>State Special Total</b>	<b>\$1,663,689</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,663,689</b>	<b>100.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$1,663,689</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,663,689</b>	

**HB 2 Authority****State Special Revenue**

The Workers Compensation Court is entirely funded with state special revenue derived from an assessment charged to the workers' compensation carriers in Montana. The fee is passed on to Montana businesses when their workers' compensation premiums are determined by the carriers.

**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 %	796,639	796,639	1,593,278	95.77 %	
SWPL Adjustments	0	0	0	0.00 %	45,108	48,713	93,821	5.64 %	
PL Adjustments	0	0	0	0.00 %	(93)	(91)	(184)	(0.01)%	
New Proposals	0	0	0	0.00 %	(11,517)	(11,709)	(23,226)	(1.40)%	
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$830,137</b>	<b>\$833,552</b>	<b>\$1,663,689</b>		

**Present Law Adjustments**

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

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services										
	0.00	0	17,591	0	17,591	0.00	0	20,732	0	20,732
DP 2 - Fixed Costs										
	0.00	0	24,709	0	24,709	0.00	0	24,758	0	24,758
DP 3 - Inflation Deflation										
	0.00	0	2,808	0	2,808	0.00	0	3,223	0	3,223
DP 20 - SABHRS Rate Adjustment										
	0.00	0	11	0	11	0.00	0	7	0	7
DP 30 - Motor Pool Rate Adjustment										
	0.00	0	(104)	0	(104)	0.00	0	(98)	0	(98)
DP 222 - RMTD Adjustment										
	0.00	0	149	0	149	0.00	0	149	0	149
DP 223 - RMTD Adjustment (OTO)										
	0.00	0	(149)	0	(149)	0.00	0	(149)	0	(149)
<b>Grand Total All Present Law Adjustments</b>										
	<b>0.00</b>	<b>\$0</b>	<b>\$45,015</b>	<b>\$0</b>	<b>\$45,015</b>	<b>0.00</b>	<b>\$0</b>	<b>\$48,622</b>	<b>\$0</b>	<b>\$48,622</b>

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

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

**DP 3 - Inflation Deflation -**

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

**DP 20 - SABHRS Rate Adjustment -**

The legislature adopted an increase to proposed SABHRS rates.

**DP 30 - Motor Pool Rate Adjustment -**

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

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

DP 223 - RMTD Adjustment (OTO) -

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

**New Proposals**

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

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	370	0	370	0.00	0	370	0	370
DP 301 - Cost Allocation Plan Adjustment	0.00	0	4,233	0	4,233	0.00	0	4,253	0	4,253
DP 333 - Adjustment to Inflation	0.00	0	(931)	0	(931)	0.00	0	(1,110)	0	(1,110)
DP 555 - Additional Vacancy Savings	0.00	0	(6,783)	0	(6,783)	0.00	0	(6,816)	0	(6,816)
DP 602 - TSD Technology Services Reduction	0.00	0	(8,406)	0	(8,406)	0.00	0	(8,406)	0	(8,406)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$11,517)</b>	<b>\$0</b>	<b>(\$11,517)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$11,709)</b>	<b>\$0</b>	<b>(\$11,709)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$252 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 301 - Cost Allocation Plan Adjustment -

The legislature adopted an increase in state special revenue appropriations in the 2025 biennium. The Department of Labor & Industry's Centralized Services Division (CSD) charges an internal service rate to each division based on the personal services charged each pay period. This internal service rate pays for DOLI's Commissioner Office, human resources, and the fiscal operations staff, as well as the associated operating expenditures. In addition to these costs, the internal service rate pays for several fixed costs charged to the agency including general liability insurance costs, human resources internal service fees, workers' compensation program management fees, audit fees, and the statewide indirect cost fees from the Department of Administration.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 602 - TSD Technology Services Reduction -

The legislature adopted a decrease in state special revenue appropriations in the 2025 biennium. In FY 2022, the Department of Labor & Industry's Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. DOLI will no longer pay these staff directly but will be billed from SITSD for these services each month. However, funding for this service was still included in the statewide present law adjustment for fixed costs. To offset this increase, the legislature adopted decreasing, already established, appropriations in each division based on an internal allocation of FTE.



### Agency Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	35,256,026	38,812,704	3,556,678	10.09 %
Operating Expenses	40,876,397	43,916,673	3,040,276	7.44 %
Equipment & Intangible Assets	301,072	301,072	0	0.00 %
Grants	26,385,072	26,481,362	96,290	0.36 %
Benefits & Claims	1,251	0	(1,251)	(100.00)%
Transfers	2,923,344	3,234,520	311,176	10.64 %
Debt Service	796,000	828,000	32,000	4.02 %
<b>Total Expenditures</b>	<b>\$106,539,162</b>	<b>\$113,574,331</b>	<b>\$7,035,169</b>	<b>6.60 %</b>
General Fund	14,702,544	17,109,646	2,407,102	16.37 %
State/Other Special Rev. Funds	2,220,958	2,099,357	(121,601)	(5.48)%
Federal Spec. Rev. Funds	89,615,660	94,365,328	4,749,668	5.30 %
<b>Total Funds</b>	<b>\$106,539,162</b>	<b>\$113,574,331</b>	<b>\$7,035,169</b>	<b>6.60 %</b>
<b>Total Ongoing</b>	<b>\$106,539,162</b>	<b>\$114,202,807</b>	<b>\$7,663,645</b>	<b>7.19 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$628,476)</b>	<b>(\$628,476)</b>	<b>100.00 %</b>

### Agency Description

Agency Mission: To provide for safety and well-being for citizens of Montana through mission-ready forces, for federal and state activations, emergency services as directed by the Governor, and services to Montana veterans.

### Agency Highlights

#### Department of Military Affairs Major Budget Highlights

- The legislature adopted an increase in the Department of Military Affairs' 2025 biennium budget of approximately \$7.0 million or 6.6% compared to the 2023 biennium budget. Changes adopted by the legislature include:
  - Federal authority increases for overtime costs for firefighters and oversight costs for remediation work in the Air National Guard Program
  - 4.00 new FTE for the new STARBASE Program in Malta
  - 5.00 new permanent FTE in the Disaster and Emergency Services Division due to increased workload and 2.00 additional FTE transferred from the Department of Administration for the State Continuity and Emergency Management Office
  - 2.00 FTE in the Director's Office for a financial position and an information technology position
  - 1.00 FTE in the Army National Guard Program for a Computer Aided Design and Drafting (CADD) position

### Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	220.66	220.66	234.66	234.66
Personal Services	16,648,979	17,403,022	17,853,004	19,236,223	19,576,481
Operating Expenses	20,184,483	20,883,128	19,993,269	21,750,884	22,165,789
Equipment & Intangible Assets	310,266	150,536	150,536	150,536	150,536
Grants	11,058,318	13,024,467	13,360,605	13,240,681	13,240,681
Benefits & Claims	1,001	1,251	0	0	0
Transfers	696,675	1,306,084	1,617,260	1,617,260	1,617,260
Debt Service	374,987	382,000	414,000	414,000	414,000
<b>Total Expenditures</b>	<b>\$49,274,709</b>	<b>\$53,150,488</b>	<b>\$53,388,674</b>	<b>\$56,409,584</b>	<b>\$57,164,747</b>
General Fund	7,228,357	7,314,937	7,387,607	8,472,727	8,636,919
State/Other Special Rev. Funds	865,827	1,104,271	1,116,687	979,911	1,119,446
Federal Spec. Rev. Funds	41,180,525	44,731,280	44,884,380	46,956,946	47,408,382
<b>Total Funds</b>	<b>\$49,274,709</b>	<b>\$53,150,488</b>	<b>\$53,388,674</b>	<b>\$56,409,584</b>	<b>\$57,164,747</b>
<b>Total Ongoing</b>	<b>\$49,274,709</b>	<b>\$53,150,488</b>	<b>\$53,388,674</b>	<b>\$56,711,322</b>	<b>\$57,491,485</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$301,738)</b>	<b>(\$326,738)</b>

### Summary of Legislative Action

The legislature adopted an increase to the Department of Military Affairs' total biennial appropriation of approximately \$6.8 million or 6.4% compared to the 2023 biennium base appropriation. Changes adopted in this budget include:

- Statewide present law adjustments for personal services, fixed costs, and inflation of approximately \$2.2 million over the 2025 biennium
- An increase of approximately \$925,000 federal special revenue over the 2025 biennium for the reestablishment of firefighter overtime costs
- An increase of \$798,342 federal special revenue over the 2025 biennium for 4.00 FTE to create a STARBASE program in Malta
- A 50/50 split general fund and federal special revenue increase of \$540,000 for the 2025 biennium for increased contract costs in the Army National Guard Program
- A general fund increase of \$272,000 for 1.00 FTE information technology position and a funding switch for one current FTE in the Director's Office
- A 50/50 split general fund and federal special revenue increase of \$350,000 for the 2025 biennium for 2.00 FTE transferred from the Department of Administration for the State Continuity and Emergency Management Office (SCEMO) in the Disaster and Emergency Services Division
- A general fund and federal special revenue increase of approximately \$244,000 for the 2025 biennium for increased operational and maintenance costs
- A 50/50 split general fund and federal special revenue restricted increase of \$200,000 for the 2025 biennium for increased disaster preparedness activities
- A general fund increase of \$200,000 over the 2025 biennium for the operation and management of a disaster preparation warehouse
- A transfer of operating costs to personal services to establish 5.00 permanent FTE in the Disaster and Emergency Services Division
- An increase of general fund and federal special revenue of approximately \$180,000 for the 2025 biennium for 1.00 finance FTE in the Director's Office
- An increase of general fund and federal special revenue of approximately \$171,000 for the 2025 biennium for 1.00 CADD FTE in the Air National Guard Program

**Funding**

The following table shows adopted agency funding for all sources of authority.

Total Department of Military Affairs Funding by Source of Authority 2025 Biennium Budget Request - Department of Military Affairs						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	17,144,730	(35,084)	0	0	17,109,646	14.84 %
State Special Total	2,103,990	(4,633)	0	1,722,195	3,821,552	3.31 %
Federal Special Total	94,954,087	(588,759)	0	0	94,365,328	81.85 %
Proprietary Total	0	0	0	0	0	0.00 %
Other Total	0	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$114,202,807</b>	<b>(\$628,476)</b>	<b>\$0</b>	<b>\$1,722,195</b>	<b>\$115,296,526</b>	
<b>Percent - Total All Sources</b>	<b>99.05 %</b>	<b>(0.55)%</b>	<b>0.00 %</b>	<b>1.49 %</b>		

*HB 2 Authority*

General fund supports a portion of most programs in the Department of Military Affairs and the entire cost of the National Guard Scholarship Program.

State special revenue is primarily in the Disaster and Emergency Services Division and the Veteran's Affairs Division.

The largest appropriation authority for the Department of Military Affairs is federal special revenue for federal government initiatives, programs and objectives guide the funding requirements for the agency.

*Statutory Appropriations*Governor's Emergency Fund (10-3-312, MCA)

Statute provides the Governor with \$20.0 million general fund over the biennium to address unanticipated costs associated with disasters and emergencies. Natural disasters include costs associated with flooding, windstorms, winter storms, and tornados.

Wildfire Funding (76-13-150, MCA)

Statute provides for a state special revenue fire suppression account. Governor Gianforte declared a statewide wildland fire emergency in Montana in July 2021 and activated the Montana National Guard.

Federal Emergency Management Agency (FEMA) Funding (10-3-311, MCA)

The Department of Military Affairs is granted statutory authority to spend federal funds received for federally declared disasters including pandemic relief.

Veterans Cemetery (10-2-601, MCA)

The Veteran's Affairs Division has a statutory appropriation for the operation of the Montana Veteran's Cemetery Program. The Veteran's Cemetery Program operates:

- Montana State Veteran's Cemetery – Fort Harrison, Helena
- Eastern Montana State Veteran's Cemetery – Miles City
- Western Montana State Veteran's Cemetery – Missoula
- Columbia Falls State Veteran's Cemetery – Columbia Falls

Funding for the program is provided through a portion of motor vehicle registration fees, cemetery plot allowances, and donations.

Montana Military Family Relief Fund (MMFRF; 10-1-1303, MCA)

The Montana military family relief fund receives statutory appropriations to provide monetary grants to families of Montana National Guard and Reserve Component members who on or after April 28, 2007, are on active duty for federal service in a contingency operation. MMFRF grants are intended to help Montana families defray the costs of food, housing, utilities, medical services, and other expenses that become difficult to afford when the wage earner has temporarily left civilian employment to be placed on active military duty. Funding for the program is provided through legislative transfers, monetary contributions, gifts, and grants donated to the fund.

**Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
	-----General Fund-----				-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	7,387,607	7,387,607	14,775,214	86.36 %	53,388,674	53,388,674	106,777,348	94.02 %
SWPL Adjustments	358,912	500,120	859,032	5.02 %	1,147,586	1,506,069	2,653,655	2.34 %
PL Adjustments	92,097	92,136	184,233	1.08 %	638,214	646,598	1,284,812	1.13 %
New Proposals	634,111	657,056	1,291,167	7.55 %	1,235,110	1,623,406	2,858,516	2.52 %
<b>Total Budget</b>	<b>\$8,472,727</b>	<b>\$8,636,919</b>	<b>\$17,109,646</b>		<b>\$56,409,584</b>	<b>\$57,164,747</b>	<b>\$113,574,331</b>	

**Executive Budget Comparison**

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2023	Executive Budget Fiscal 2024	Legislative Budget Fiscal 2024	Leg — Exec. Difference Fiscal 2024	Executive Budget Fiscal 2025	Legislative Budget Fiscal 2025	Leg — Exec. Difference Fiscal 2025	Biennium Difference Fiscal 24-25
FTE	220.66	234.66	234.66	0.00	234.66	234.66	0.00	0.00
Personal Services	17,853,004	19,430,513	19,236,223	(194,290)	19,772,574	19,576,481	(196,093)	(390,383)
Operating Expenses	19,993,269	22,730,222	21,750,884	(979,338)	23,149,744	22,165,789	(983,955)	(1,963,293)
Equipment & Intangible Assets	150,536	650,536	150,536	(500,000)	410,536	150,536	(260,000)	(760,000)
Capital Outlay	0	0	0	0	0	0	0	0
Grants	13,360,605	13,240,681	13,240,681	0	13,240,681	13,240,681	0	0
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	1,617,260	1,617,260	1,617,260	0	1,617,260	1,617,260	0	0
Debt Service	414,000	414,000	414,000	0	414,000	414,000	0	0
<b>Total Costs</b>	<b>\$53,388,674</b>	<b>\$58,083,212</b>	<b>\$56,409,584</b>	<b>(\$1,673,628)</b>	<b>\$58,604,795</b>	<b>\$57,164,747</b>	<b>(\$1,440,048)</b>	<b>(\$3,113,676)</b>
General Fund	7,387,607	7,133,235	8,472,727	1,339,492	7,168,398	8,636,919	1,468,521	2,808,013
State/other Special Rev. Funds	1,116,687	3,736,512	979,911	(2,756,601)	3,770,692	1,119,446	(2,651,246)	(5,407,847)
Federal Spec. Rev. Funds	44,884,380	47,213,465	46,956,946	(256,519)	47,665,705	47,408,382	(257,323)	(513,842)
Other	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$53,388,674</b>	<b>\$58,083,212</b>	<b>\$56,409,584</b>	<b>(\$1,673,628)</b>	<b>\$58,604,795</b>	<b>\$57,164,747</b>	<b>(\$1,440,048)</b>	<b>(\$3,113,676)</b>
<b>Total Ongoing</b>	<b>\$53,388,674</b>	<b>\$58,058,212</b>	<b>\$56,711,322</b>	<b>(\$1,346,890)</b>	<b>\$58,604,795</b>	<b>\$57,491,485</b>	<b>(\$1,113,310)</b>	<b>(\$2,460,200)</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$25,000</b>	<b>(\$301,738)</b>	<b>(\$326,738)</b>	<b>\$0</b>	<b>(\$326,738)</b>	<b>(\$326,738)</b>	<b>(\$653,476)</b>

The legislature adopted ongoing appropriations that are \$2.5 million less than the proposed appropriations for the 2025 biennium. Significant changes include:

- The legislature adopted an increase of approximately \$2.2 million state special revenue in the 2025 biennium. Funding for this increase was dependent on passage and approval of other house and senate bills in the Veteran's Affairs Division. These bills were not passed and approved, which removed the appropriation authority from HB 2
- The legislature adopted \$270,000 each fiscal year for DP 1202 for service contracts in the Army National Guard Program. This is a reduction from the executively proposed \$570,000 each fiscal year
- The legislature adopted an additional 1.0% vacancy savings

**Language and Statutory Authority**

*The legislature adopted the following language in HB 2:*

"The Director's Office, Montana Youth Challenge Program, STARBASE Program, Army National Guard Program, Air National Guard Program, Disaster and Emergency Services Division, and Veterans' Affairs Program include a one-time-only reduction in FY 2024 and FY 2025 for a suspension of insurance premium payments to the Risk Management and Tort Defense Division's proprietary fund."

"It is the intent of the Legislature that the National Guard Scholarship Program does not expend more than its 2025 biennial appropriation."

"The Director's Office includes an increase in general fund of \$55,816 in FY 2024 and \$63,246 in FY 2025 and federal special revenue of \$236,014 in FY 2024 and \$294,034 in FY 2025. The increase was provided to offset inflationary impacts. The agency may allocate this increase in funding among programs when developing 2025 biennium operating plans."

*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 SB 442 is not passed and approved, state special revenue appropriation in the Veterans' Affairs Program is reduced by \$2,716,991 in FY 2024 and \$2,607,815 in FY 2025 and general fund is increased by \$1,504,891 in FY 2024 and \$1,631,015 in FY 2025."

"If HB 81 is not passed and approved, VA Columbia Falls Cemetery Operations is void."

"If HB 669 is passed and approved and provides for an appropriation to the Veterans' Affairs Program of at least \$5 million from the general fund in the 2025 biennium, then all HB 2 general fund appropriation authority is void and HB 2 state special revenue authority will be reduced to \$844,279 in FY 2024 and \$983,814 in FY 2025 in the Veterans' Affairs Program."

"If HB 298 is passed and approved, the Department of Military Affairs is decreased by \$1,544 state special revenue in FY 2024 and \$1,544 state special revenue in FY 2025."

"If HB 839 is passed and approved, the Department of Military Affairs may increase full-time equivalent positions authorized in HB 2 by 1.00 FTE in FY 2025."

### Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	2,264,233	2,791,988	527,755	23.31 %
Operating Expenses	323,344	1,182,278	858,934	265.64 %
Transfers	101,310	101,310	0	0.00 %
<b>Total Expenditures</b>	<b>\$2,688,887</b>	<b>\$4,075,576</b>	<b>\$1,386,689</b>	<b>51.57 %</b>
General Fund	1,607,790	2,273,211	665,421	41.39 %
Federal Spec. Rev. Funds	1,081,097	1,802,365	721,268	66.72 %
<b>Total Funds</b>	<b>\$2,688,887</b>	<b>\$4,075,576</b>	<b>\$1,386,689</b>	<b>51.57 %</b>
<b>Total Ongoing</b>	<b>\$2,688,887</b>	<b>\$4,062,402</b>	<b>\$1,373,515</b>	<b>51.08 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$13,174</b>	<b>\$13,174</b>	<b>100.00 %</b>

### Program Description

The Director's Office provides departmental administration through the Office of the Adjutant General and department-wide support for accounting, fiscal management, personnel, labor relations, and purchasing and property management oversight. The program operates in accordance with Title 2, Chapter 15, part 12 and Title 10, MCA.

### Program Highlights

Director's Office Major Budget Highlights
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Director's Office 2025 biennium budget of approximately \$1.4 million or 51.6% compared to the 2023 biennium budget. Changes include: <ul style="list-style-type: none"> <li>General fund increases for 1.00 new information technology FTE and a funding switch for 0.50 FTE</li> <li>General fund and federal special revenue increases for 1.00 new financial FTE</li> <li>Reestablishment of general fund operating funds</li> <li>A general fund increase to purchase two new servers</li> <li>An adjustment to inflation costs that may be redistributed across the other divisions in the agency</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	12.21	12.21	14.21	14.21
Personal Services	1,111,643	1,151,790	1,112,443	1,393,725	1,398,263
Operating Expenses	128,265	165,638	157,706	575,979	606,299
Transfers	39,900	50,655	50,655	50,655	50,655
<b>Total Expenditures</b>	<b>\$1,279,808</b>	<b>\$1,368,083</b>	<b>\$1,320,804</b>	<b>\$2,020,359</b>	<b>\$2,055,217</b>
General Fund	825,335	830,011	777,779	1,148,556	1,124,655
Federal Spec. Rev. Funds	454,473	538,072	543,025	871,803	930,562
<b>Total Funds</b>	<b>\$1,279,808</b>	<b>\$1,368,083</b>	<b>\$1,320,804</b>	<b>\$2,020,359</b>	<b>\$2,055,217</b>
<b>Total Ongoing</b>	<b>\$1,279,808</b>	<b>\$1,368,083</b>	<b>\$1,320,804</b>	<b>\$2,001,272</b>	<b>\$2,061,130</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$19,087</b>	<b>(\$5,913)</b>

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Military Affairs, 01-Directors Office Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	2,273,211	0	0	2,273,211	55.78 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
03132 National Guard	1,332,429	0	0	1,332,429	73.93 %
03134 DES Emergency Mgmt Perf 97.042	149,484	0	0	149,484	8.29 %
03453 Air National Guard	282,999	0	0	282,999	15.70 %
03143 DES Homeland Security 97.067	37,453	0	0	37,453	2.08 %
<b>Federal Special Total</b>	<b>\$1,802,365</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,802,365</b>	<b>44.22 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$4,075,576</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,075,576</b>	

***HB 2 Authority*****General Fund**

General fund accounts for approximately two-thirds of the Director's Office total appropriation authority. General fund provides funding for federal-state matching requirements. General fund also provides funding for the General, Deputy Director, and IT staff positions in the Director's Office and all operating costs.

**Federal Special Revenue**

Federal special revenue accounts for the remaining one-third of the total appropriation authority. Federal funds are used for the National Guard Bureau Cooperative Agreement Centralized Personnel Plan (CPP). The CPP provides human resources and financial staff payroll in the Director's Office to support the federal cooperative agreements.

**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	777,779	777,779	1,555,558	68.43 %	1,320,804	1,320,804	2,641,608	64.82 %
SWPL Adjustments	92,140	85,483	177,623	7.81 %	125,183	120,295	245,478	6.02 %
PL Adjustments	(277)	(302)	(579)	(0.03)%	(277)	(302)	(579)	(0.01)%
New Proposals	278,914	261,695	540,609	23.78 %	574,649	614,420	1,189,069	29.18 %
<b>Total Budget</b>	<b>\$1,148,556</b>	<b>\$1,124,655</b>	<b>\$2,273,211</b>		<b>\$2,020,359</b>	<b>\$2,055,217</b>	<b>\$4,075,576</b>	

**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	51,683	0	33,043	84,726	0.00	54,449	0	34,812	89,261
DP 2 - Fixed Costs	0.00	31,237	0	0	31,237	0.00	20,669	0	0	20,669
DP 3 - Inflation Deflation	0.00	9,220	0	0	9,220	0.00	10,365	0	0	10,365
DP 20 - SABHRS Rate Adjustment	0.00	(266)	0	0	(266)	0.00	(291)	0	0	(291)
DP 30 - Motor Pool Rate Adjustment	0.00	(11)	0	0	(11)	0.00	(11)	0	0	(11)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$91,863</b>	<b>\$0</b>	<b>\$33,043</b>	<b>\$124,906</b>	<b>0.00</b>	<b>\$85,181</b>	<b>\$0</b>	<b>\$34,812</b>	<b>\$119,993</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

**DP 1 - Personal Services -**

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

**DP 2 - Fixed Costs -**

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

**DP 3 - Inflation Deflation -**

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

**DP 20 - SABHRS Rate Adjustment -**

The legislature adopted an increase to proposed SABHRS rates.



DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

**New Proposals**

The "New Proposals" table shows new changes to spending.

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	200	0	0	200	0.00	200	0	0	200
DP 101 - DO Restore Operating Funds	0.00	49,582	0	0	49,582	0.00	49,582	0	0	49,582
DP 102 - DO IT Staffing	1.00	135,112	0	0	135,112	1.00	136,560	0	0	136,560
DP 104 - DO Server Replacements (RST/OTO)	0.00	25,000	0	0	25,000	0.00	0	0	0	0
DP 105 - DO Finance FTE	1.00	25,377	0	65,254	90,631	1.00	24,981	0	64,236	89,217
DP 333 - Adjustment to Inflation	0.00	(3,519)	0	0	(3,519)	0.00	(4,201)	0	0	(4,201)
DP 555 - Additional Vacancy Savings	0.00	(8,654)	0	(5,533)	(14,187)	0.00	(8,673)	0	(5,545)	(14,218)
DP 3333 - Additional Adjustment to Inflation	0.00	55,816	0	236,014	291,830	0.00	63,246	0	294,034	357,280
<b>Total</b>	<b>2.00</b>	<b>\$278,914</b>	<b>\$0</b>	<b>\$295,735</b>	<b>\$574,649</b>	<b>2.00</b>	<b>\$261,695</b>	<b>\$0</b>	<b>\$352,725</b>	<b>\$614,420</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted general fund appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$500 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 101 - DO Restore Operating Funds -

The legislature adopted general fund appropriations to re-establish Director's Office operating funds that were designated as one-time-only (OTO) funding in the 2021 Legislative Session. Agency costs were reduced during the pandemic but have returned to normal operations.

DP 102 - DO IT Staffing -

The legislature adopted general fund appropriations for 1.00 FTE for an information technology (IT) staff and a funding switch for an existing 0.50 FTE. The current IT staff has 2.00 permanent FTE and 1.00 modified FTE. This change package makes the modified FTE permanent. Additionally, this will provide a funding switch for 0.50 FTE. Half of this position was previously funded by federal Disaster and Emergency Services (DES) funds that are no longer available. This change includes 100.0% of the funding for this 0.50 FTE in the Director's Office. IT positions in DMA are necessary as the agency manages several of its own networks and servers that cannot be managed by the State Information Technology Services Division (SITSD) due to the federal requirements for security of federal information.

DP 104 - DO Server Replacements (RST/OTO) -

The legislature adopted a one-time-only restricted general fund appropriation for the purchase of two servers to replace aging and legacy equipment. These servers are not hosted on the state network.

DP 105 - DO Finance FTE -

The legislature adopted general fund and federal special revenue appropriations for an additional 1.00 FTE financial staff in the Director's Office. The agency has received recommendations from Legislative Audit Division, as well as recommendations from the United States Property and Fiscal Officer (USPFO) for additional internal controls regarding the tracking and usage of federal funding received by the agency. The legislature adopted additional staff and associated operating costs to implement these recommendations. This position will be funded with approximately 70.0% with federal special revenue and the remaining balance with general fund.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 3333 - Additional Adjustment to Inflation -

The legislature adopted an additional adjustment to inflation included in DP 3.

### Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	6,948,753	7,284,787	336,034	4.84 %
Operating Expenses	3,464,872	3,540,335	75,463	2.18 %
<b>Total Expenditures</b>	<b>\$10,413,625</b>	<b>\$10,825,122</b>	<b>\$411,497</b>	<b>3.95 %</b>
General Fund	2,415,777	2,621,459	205,682	8.51 %
Federal Spec. Rev. Funds	7,997,848	8,203,663	205,815	2.57 %
<b>Total Funds</b>	<b>\$10,413,625</b>	<b>\$10,825,122</b>	<b>\$411,497</b>	<b>3.95 %</b>
<b>Total Ongoing</b>	<b>\$10,413,625</b>	<b>\$10,890,634</b>	<b>\$477,009</b>	<b>4.58 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$65,512)</b>	<b>(\$65,512)</b>	<b>100.00 %</b>

### Program Description

The Montana National Guard Youth ChalleNGe Program is a program for youth ages 16 to 18 who have stopped attending secondary school before graduating. ChalleNGe is a 17-month, voluntary, two-phased military modeled training program targeting unemployed, drug-free, and crime-free high school dropouts. The program provides an opportunity for high school "at risk" youth to enhance their life skills and increase their educational levels and employment potential. Phase I of the program is a 22-week residential stay on the campus of Western Montana College of the University of Montana in Dillon focusing on physical training, classroom instruction, personal development, and life skills. Phase II is a year-long mentoring relationship with a specially trained member of the community where the youth resides to provide a positive role model and to assist the student in gaining employment or enrolling in post-secondary schooling.

### Program Highlights

ChalleNGe Program Major Budget Highlights
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the ChalleNGe Program's 2025 biennium budget of approximately \$411,000 or 4.0% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>Statewide present law adjustments for personal services, fixed costs, and inflation</li> <li>An increase in general fund and federal special revenue for trainings and supplies</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	54.15	54.15	54.15	54.15
Personal Services	3,381,221	3,508,276	3,440,477	3,633,847	3,650,940
Operating Expenses	1,528,879	1,832,064	1,632,808	1,764,062	1,776,273
<b>Total Expenditures</b>	<b>\$4,910,100</b>	<b>\$5,340,340</b>	<b>\$5,073,285</b>	<b>\$5,397,909</b>	<b>\$5,427,213</b>
General Fund	1,163,931	1,189,867	1,225,910	1,307,067	1,314,392
Federal Spec. Rev. Funds	3,746,169	4,150,473	3,847,375	4,090,842	4,112,821
<b>Total Funds</b>	<b>\$4,910,100</b>	<b>\$5,340,340</b>	<b>\$5,073,285</b>	<b>\$5,397,909</b>	<b>\$5,427,213</b>
<b>Total Ongoing</b>	<b>\$4,910,100</b>	<b>\$5,340,340</b>	<b>\$5,073,285</b>	<b>\$5,430,665</b>	<b>\$5,459,969</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$32,756)</b>	<b>(\$32,756)</b>

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Military Affairs, 02-Challenge Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	2,621,459	0	0	2,621,459	24.22 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
03132 National Guard	7,873,663	0	0	7,873,663	95.98 %
03421 OPI Federal Funds-10.533;10.55	330,000	0	0	330,000	4.02 %
<b>Federal Special Total</b>	<b>\$8,203,663</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,203,663</b>	<b>75.78 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$10,825,122</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,825,122</b>	

***HB 2 Authority*****General Fund**

Funding for the Youth ChalleNGe Program comes from federal/state cooperative agreements which require a 25.0% state match. General fund is used to meet that state match requirement.

**Federal Special Revenue**

The remaining funding comes from federal special revenue sources. Some travel and special projects required from the federal/state cooperative agreements are funded entirely with federal funds.

**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.

-----General Fund-----					-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	1,225,910	1,225,910	2,451,820	93.53 %	5,073,285	5,073,285	10,146,570	93.73 %
SWPL Adjustments	81,414	88,734	170,148	6.49 %	325,651	354,937	680,588	6.29 %
PL Adjustments	(257)	(252)	(509)	(0.02)%	(1,027)	(1,009)	(2,036)	(0.02)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$1,307,067</b>	<b>\$1,314,392</b>	<b>\$2,621,459</b>		<b>\$5,397,909</b>	<b>\$5,427,213</b>	<b>\$10,825,122</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services										
0.00	57,768	0	173,302	231,070		0.00	62,086	0	186,257	248,343
DP 2 - Fixed Costs										
0.00	(3,226)	0	(9,680)	(12,906)		0.00	(5,602)	0	(16,805)	(22,407)
DP 3 - Inflation Deflation										
0.00	26,872	0	80,615	107,487		0.00	32,250	0	96,751	129,001
DP 20 - SABHRS Rate Adjustment										
0.00	62	0	185	247		0.00	46	0	136	182
DP 30 - Motor Pool Rate Adjustment										
0.00	(319)	0	(955)	(1,274)		0.00	(298)	0	(893)	(1,191)
Grand Total All Present Law Adjustments										
0.00	\$81,157	\$0	\$243,467	\$324,624		0.00	\$88,482	\$0	\$265,446	\$353,928

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

**DP 1 - Personal Services -**

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

**DP 2 - Fixed Costs -**

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

**DP 3 - Inflation Deflation -**

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

**DP 20 - SABHRS Rate Adjustment -**

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

**New Proposals**

The "New Proposals" table shows new changes to spending.

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 201 - Youth Challenge Trainings and Supplies	0.00	16,805	0	50,415	67,220	0.00	18,415	0	55,244	73,659
DP 333 - Adjustment to Inflation	0.00	(7,380)	0	(22,140)	(29,520)	0.00	(8,945)	0	(26,834)	(35,779)
DP 555 - Additional Vacancy Savings	0.00	(9,425)	0	(28,275)	(37,700)	0.00	(9,470)	0	(28,410)	(37,880)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 201 - Youth Challenge Trainings and Supplies -

The legislature adopted an increase in general fund and federal special revenue for trainings and supplies.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

### Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Operating Expenses	452,333	500,000	47,667	10.54 %
<b>Total Expenditures</b>	<b>\$452,333</b>	<b>\$500,000</b>	<b>\$47,667</b>	<b>10.54 %</b>
General Fund	452,333	500,000	47,667	10.54 %
<b>Total Funds</b>	<b>\$452,333</b>	<b>\$500,000</b>	<b>\$47,667</b>	<b>10.54 %</b>
<b>Total Ongoing</b>	<b>\$452,333</b>	<b>\$500,000</b>	<b>\$47,667</b>	<b>10.54 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

### Program Description

The Montana National Guard (NG) Scholarship Program provides scholarships to eligible Montana National Guard personnel enrolled as undergraduate students in Montana colleges, universities, or training programs. The program assists Montana in recruiting and retaining personnel in both the Army and Air National Guard and in enhancing its operational readiness to assume both state and federal active-duty missions. Scholarships also reward guard members for their service to the state by helping defray their educational costs at Montana post-secondary institutions.

### Program Highlights

National Guard Scholarship Program Major Budget Highlights	
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the NG Scholarship Program's 2025 biennium budget of approximately \$48,000 or 10.5% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>An increase in general fund due to increased demand for the program</li> </ul> </li> </ul>	

### Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
Operating Expenses	244,971	244,971	207,362	250,000	250,000
<b>Total Expenditures</b>	<b>\$244,971</b>	<b>\$244,971</b>	<b>\$207,362</b>	<b>\$250,000</b>	<b>\$250,000</b>
General Fund	244,971	244,971	207,362	250,000	250,000
<b>Total Funds</b>	<b>\$244,971</b>	<b>\$244,971</b>	<b>\$207,362</b>	<b>\$250,000</b>	<b>\$250,000</b>
<b>Total Ongoing</b>	<b>\$244,971</b>	<b>\$244,971</b>	<b>\$207,362</b>	<b>\$250,000</b>	<b>\$250,000</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Military Affairs, 03-Scholarship Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	500,000	0	0	500,000	100.00 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$500,000</b>	

**HB 2 Authority****General Fund**

The National Guard Scholarship Program is entirely funded with general fund.

**Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
-----General Fund-----					-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	207,362	207,362	414,724	82.94 %	207,362	207,362	414,724	82.94 %
SWPL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	42,638	42,638	85,276	17.06 %	42,638	42,638	85,276	17.06 %
<b>Total Budget</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$500,000</b>		<b>\$250,000</b>	<b>\$250,000</b>	<b>\$500,000</b>	

**New Proposals**

The "New Proposals" table shows new changes to spending.

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 301 - National Guard Scholarships Increase (BIEN)										
	0.00	42,638	0	0	42,638	0.00	42,638	0	0	42,638
<b>Total</b>	<b>0.00</b>	<b>\$42,638</b>	<b>\$0</b>	<b>\$0</b>	<b>\$42,638</b>	<b>0.00</b>	<b>\$42,638</b>	<b>\$0</b>	<b>\$0</b>	<b>\$42,638</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

**DP 301 - National Guard Scholarships Increase (BIEN) -**

The legislature adopted a biennial increase in general fund for the National Guard Scholarship Program. The program provides tuition assistance to Montana college students that join the Montana National Guard. This increase is due to growth in the usage of this recruitment incentive over the past biennium.



### Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	446,589	1,102,263	655,674	146.82 %
Operating Expenses	977,829	1,210,664	232,835	23.81 %
<b>Total Expenditures</b>	<b>\$1,424,418</b>	<b>\$2,312,927</b>	<b>\$888,509</b>	<b>62.38 %</b>
Federal Spec. Rev. Funds	1,424,418	2,312,927	888,509	62.38 %
<b>Total Funds</b>	<b>\$1,424,418</b>	<b>\$2,312,927</b>	<b>\$888,509</b>	<b>62.38 %</b>
<b>Total Ongoing</b>	<b>\$1,424,418</b>	<b>\$2,315,883</b>	<b>\$891,465</b>	<b>62.58 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$2,956)</b>	<b>(\$2,956)</b>	<b>100.00 %</b>

### Program Description

The Montana STARBASE “Big Sky” Program is a program for elementary school aged children to raise the interest and improve the knowledge and skills of at-risk youth in math, science, and technology. This program exposes children and their teachers to real world applications of math and science through experimental learning, simulations, experiments in aviation and space-related fields as it deals with a technological environment, and by utilizing the positive role models found on military bases and installations. The program also addresses drug use prevention, health, self-esteem, and life skills with a math and science-based program.

STARBASE is a federally funded program with classrooms at Fort Harrison in Helena and the 120th Air Wing in Great Falls. STARBASE locations are limited to existing military installations, allowing students the opportunity to interact with military personnel, exploring careers and real-world science, technology, engineering, and math (STEM) applications. Each STARBASE classroom provides 25 hours of free STEM instruction to all fifth-grade classes within the Helena and Great Falls school districts, as well as afterschool programs and summer camps.

### Program Highlights

STARBASE Major Budget Highlights	
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the STARBASE Program's 2025 biennium budget of approximately \$889,000 or 62.4% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>Statewide present law adjustments for personal services, fixed costs, and inflation</li> <li>A federal special revenue increase for 4.00 FTE to establish a STARBASE Program in Malta, Montana</li> </ul> </li> </ul>	

### Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	3.00	3.00	7.00	7.00
Personal Services	255,847	257,016	189,573	548,063	554,200
Operating Expenses	511,366	513,541	464,288	604,132	606,532
<b>Total Expenditures</b>	<b>\$767,213</b>	<b>\$770,557</b>	<b>\$653,861</b>	<b>\$1,152,195</b>	<b>\$1,160,732</b>
Federal Spec. Rev. Funds	767,213	770,557	653,861	1,152,195	1,160,732
<b>Total Funds</b>	<b>\$767,213</b>	<b>\$770,557</b>	<b>\$653,861</b>	<b>\$1,152,195</b>	<b>\$1,160,732</b>
<b>Total Ongoing</b>	<b>\$767,213</b>	<b>\$770,557</b>	<b>\$653,861</b>	<b>\$1,153,673</b>	<b>\$1,162,210</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,478)</b>	<b>(\$1,478)</b>

### Funding

The following table shows proposed agency funding for all sources of authority.

Department of Military Affairs, 04-Starbase 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 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
03453 Air National Guard	2,312,927	0	0	2,312,927	100.00 %
<b>Federal Special Total</b>	<b>\$2,312,927</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,312,927</b>	<b>100.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$2,312,927</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,312,927</b>	

### HB 2 Authority

### Federal Special Revenue

The STARBASE Program is entirely funded with federal special revenue from the Air National Guard.

### 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 %		653,861	653,861	1,307,722	56.54 %
SWPL Adjustments	0	0	0	0.00 %		115,784	121,619	237,403	10.26 %
PL Adjustments	0	0	0	0.00 %		(89)	(97)	(186)	(0.01)%
New Proposals	0	0	0	0.00 %		382,639	385,349	767,988	33.20 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>			<b>\$1,152,195</b>	<b>\$1,160,732</b>	<b>\$2,312,927</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	78,239	78,239	0.00	0	0	80,124	80,124
DP 2 - Fixed Costs	0.00	0	0	3,894	3,894	0.00	0	0	1,943	1,943
DP 3 - Inflation Deflation	0.00	0	0	33,651	33,651	0.00	0	0	39,552	39,552
DP 20 - SABHRS Rate Adjustment	0.00	0	0	(89)	(89)	0.00	0	0	(97)	(97)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$115,695</b>	<b>\$115,695</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$121,522</b>	<b>\$121,522</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

**DP 1 - Personal Services -**

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

**DP 2 - Fixed Costs -**

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

**DP 3 - Inflation Deflation -**

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

**DP 20 - SABHRS Rate Adjustment -**

The legislature adopted an increase to proposed SABHRS rates.

**New Proposals**

The "New Proposals" table shows new changes to spending.

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 333 - Adjustment to Inflation	0.00	0	0	(8,612)	(8,612)	0.00	0	0	(10,154)	(10,154)
DP 401 - STARBASE Malta Staff and Program Authority	4.00	0	0	397,020	397,020	4.00	0	0	401,322	401,322
DP 555 - Additional Vacancy Savings	0.00	0	0	(5,769)	(5,769)	0.00	0	0	(5,819)	(5,819)
<b>Total</b>	<b>4.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$382,639</b>	<b>\$382,639</b>	<b>4.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$385,349</b>	<b>\$385,349</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 401 - STARBASE Malta Staff and Program Authority -

The legislature adopted an increase in federal special revenue for 4.00 FTE to create a STARBASE program in Malta, Montana to be located at the new Malta Readiness Center. STARBASE is a 100.0% federally funded program with classrooms at Fort Harrison in Helena and the 120th Air Wing in Great Falls. STARBASE locations are limited to existing military installations, allowing students the opportunity to interact with military personnel, exploring careers and real-world science, technology, engineering, and math (STEM) applications. Each STARBASE classroom provides 25 hours of free STEM instruction to all fifth-grade classes within the Helena and Great Falls school districts as well as afterschool programs and summer camps. This program will serve rural communities across the Hi-Line specifically targeting students who are historically under-represented in STEM, socio-economically disadvantaged groups, Title 1 schools, low academic performance, and students with disabilities. The federal funding will be used to create the new program in Malta and add staff which includes one program director, one office manager, and two instructors.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

### Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	8,907,102	9,867,356	960,254	10.78 %
Operating Expenses	28,989,055	31,088,905	2,099,850	7.24 %
Equipment & Intangible Assets	301,072	301,072	0	0.00 %
Benefits & Claims	251	0	(251)	(100.00)%
Transfers	53,400	50,000	(3,400)	(6.37)%
Debt Service	770,000	780,000	10,000	1.30 %
<b>Total Expenditures</b>	<b>\$39,020,880</b>	<b>\$42,087,333</b>	<b>\$3,066,453</b>	<b>7.86 %</b>
General Fund	3,501,222	4,055,753	554,531	15.84 %
State/Other Special Rev. Funds	1,990	840	(1,150)	(57.79)%
Federal Spec. Rev. Funds	35,517,668	38,030,740	2,513,072	7.08 %
<b>Total Funds</b>	<b>\$39,020,880</b>	<b>\$42,087,333</b>	<b>\$3,066,453</b>	<b>7.86 %</b>
<b>Total Ongoing</b>	<b>\$39,020,880</b>	<b>\$42,552,197</b>	<b>\$3,531,317</b>	<b>9.05 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$464,864)</b>	<b>(\$464,864)</b>	<b>100.00 %</b>

### Program Description

The Army National Guard (ARNG), until federalized, is a state military organization that provides trained and equipped military units for use in the event of a state or national emergency. The federal/state cooperative agreement provides funding for facilities management, environmental, and communications support to the organization by: 1) providing professional and skilled personnel for the administration, planning, and execution of statewide repair and maintenance functions on facilities and training areas; 2) planning, programming, contracting, and professional and skilled administration, planning and execution for construction; 3) ensuring all activities and facilities comply with environmental regulations, state regulations and federal regulations; and 4) providing statewide communication services, security contracts, and leases for buildings and land used by the Army National Guard. The program is mandated by the U.S. and Montana Constitutions and Title 10, Chapters 1-3, MCA.

### Program Highlights

Army National Guard Program Major Budget Highlights	
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Army National Guard Program's 2025 biennium budget of approximately \$3.1 million or 7.9% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>Increased general fund and federal special revenue for operations and maintenance costs in the Butte-Silver Bow Readiness Center and Fort Harrison</li> <li>Increased general fund and federal special revenue for increased service contract costs</li> <li>Increased federal special revenue in FY 2025 for operation and maintenance costs associated with the Billings Limited Army Aviation Support Facility</li> </ul> </li> </ul>	

**Program Actuals and Budget Comparison**

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	56.30	56.30	56.30	56.30
Personal Services	4,176,227	4,326,272	4,580,830	4,919,974	4,947,382
Operating Expenses	14,341,483	14,516,802	14,472,253	15,367,865	15,721,040
Equipment & Intangible Assets	310,266	150,536	150,536	150,536	150,536
Benefits & Claims	251	251	0	0	0
Transfers	0	28,400	25,000	25,000	25,000
Debt Service	373,151	380,000	390,000	390,000	390,000
<b>Total Expenditures</b>	<b>\$19,201,378</b>	<b>\$19,402,261</b>	<b>\$19,618,619</b>	<b>\$20,853,375</b>	<b>\$21,233,958</b>
General Fund	1,736,360	1,738,974	1,762,248	2,000,585	2,055,168
State/Other Special Rev. Funds	965	1,570	420	420	420
Federal Spec. Rev. Funds	17,464,053	17,661,717	17,855,951	18,852,370	19,178,370
<b>Total Funds</b>	<b>\$19,201,378</b>	<b>\$19,402,261</b>	<b>\$19,618,619</b>	<b>\$20,853,375</b>	<b>\$21,233,958</b>
<b>Total Ongoing</b>	<b>\$19,201,378</b>	<b>\$19,402,261</b>	<b>\$19,618,619</b>	<b>\$21,085,807</b>	<b>\$21,466,390</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$232,432)</b>	<b>(\$232,432)</b>

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Military Affairs, 12-Army National Guard Pgm Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	4,055,753	0	0	4,055,753	9.64 %
02343 Armory Rental Funds	840	0	0	840	100.00 %
<b>State Special Total</b>	<b>\$840</b>	<b>\$0</b>	<b>\$0</b>	<b>\$840</b>	<b>0.00 %</b>
03132 National Guard	38,030,740	0	0	38,030,740	100.00 %
<b>Federal Special Total</b>	<b>\$38,030,740</b>	<b>\$0</b>	<b>\$0</b>	<b>\$38,030,740</b>	<b>90.36 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$42,087,333</b>	<b>\$0</b>	<b>\$0</b>	<b>\$42,087,333</b>	

**HB 2 Authority****General Fund**

General fund is used to meet the federal/state match requirement for federal funds which are described in detail in the federal special revenue section of this narrative.

**State Special Revenue**

State special revenue accounts for less than 1.0% of the Army National Guard Program's total appropriation authority. This funding is for armory rentals. When armories are rented to groups, the state special revenue funds generated from the rental fees are used to augment general fund support of the facilities.

*Federal Special Revenue*

Federal special revenue accounts for the majority of the program's total appropriation authority. Funding is for the following functions:

- Facilities that are owned by the state and located on state land qualify to have their maintenance and utility costs covered 50.0% by federal special revenue and 50.0% by state funds
- Facilities that are state owned but located on federal land qualify to have their maintenance and utility costs covered 75.0% by federal special revenue and 25.0% by state funds
- A facility classified as a logistics facility receives 100.0% funding from federal special revenue
- Facilities that are owned federally, located on federal lands, and serve as a facility for training missions are 100.0% funded with federal special revenue unless the building is used as an armory
- Armories that are constructed with federal funds and located on federal land qualify for their maintenance and utility costs to be covered by 75.0% federal funds and 25.0% state funds

**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	1,762,248	1,762,248	3,524,496	86.90 %	19,618,619	19,618,619	39,237,238	93.23 %
SWPL Adjustments	105,393	114,361	219,754	5.42 %	1,170,962	1,343,390	2,514,352	5.97 %
PL Adjustments	(133)	(166)	(299)	(0.01)%	3,030	2,819	5,849	0.01 %
New Proposals	133,077	178,725	311,802	7.69 %	60,764	269,130	329,894	0.78 %
<b>Total Budget</b>	<b>\$2,000,585</b>	<b>\$2,055,168</b>	<b>\$4,055,753</b>		<b>\$20,853,375</b>	<b>\$21,233,958</b>	<b>\$42,087,333</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	11,728	0	379,206	390,934	0.00	12,559	0	406,070	418,629
DP 2 - Fixed Costs	0.00	4,586	0	(115,347)	(110,761)	0.00	9,276	0	(173,059)	(163,783)
DP 3 - Inflation Deflation	0.00	89,079	0	801,710	890,789	0.00	92,526	0	996,018	1,088,544
DP 20 - SABHRS Rate Adjustment	0.00	(128)	0	3,210	3,082	0.00	(162)	0	3,030	2,868
DP 30 - Motor Pool Rate Adjustment	0.00	(5)	0	(47)	(52)	0.00	(4)	0	(45)	(49)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$105,260</b>	<b>\$0</b>	<b>\$1,068,732</b>	<b>\$1,173,992</b>	<b>0.00</b>	<b>\$114,195</b>	<b>\$0</b>	<b>\$1,232,014</b>	<b>\$1,346,209</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

**DP 1 - Personal Services -**

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

**New Proposals**

The "New Proposals" table shows new changes to spending.

New Proposals										
	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	0	1,310	1,310	0.00	0	0	1,310	1,310
DP 333 - Adjustment to Inflation	0.00	(23,351)	0	(210,157)	(233,508)	0.00	(24,355)	0	(262,174)	(286,529)
DP 555 - Additional Vacancy Savings	0.00	(1,554)	0	(50,236)	(51,790)	0.00	(1,562)	0	(50,515)	(52,077)
DP 1201 - ARNG Operating Costs New Facilities	0.00	22,982	0	51,770	74,752	0.00	69,642	0	99,108	168,750
DP 1202 - ARNG Contract Service Cost Increase (RST)	0.00	135,000	0	135,000	270,000	0.00	135,000	0	135,000	270,000
DP 1203 - ARNG Billings New Facility Operating Cost	0.00	0	0	0	0	0.00	0	0	167,676	167,676
<b>Total</b>	<b>0.00</b>	<b>\$133,077</b>	<b>\$0</b>	<b>(\$72,313)</b>	<b>\$60,764</b>	<b>0.00</b>	<b>\$178,725</b>	<b>\$0</b>	<b>\$90,405</b>	<b>\$269,130</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$5,614 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.



DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 1201 - ARNG Operating Costs New Facilities -

The legislature adopted general fund and federal special revenue appropriations for increased operational and maintenance (O&M) costs for new facilities funded through HB5 in prior legislative sessions. The funding will support the O&M for the new Butte-Silver Bow Readiness Center, which will be funded with both general fund and federal funds. This funding will also support seven other facilities located at Fort Harrison that would be 100.0% federally funded. The other facilities consist of the Unit Training Equipment Shop (UTES), the weapons cleaning building, the post engineer equipment shop, the hazmat facility, the Combine Support Maintenance Shop (CSMS) addition, transient barracks, and vehicle storage.

DP 1202 - ARNG Contract Service Cost Increase (RST) -

The legislature adopted adjustments for increased service contract costs including janitorial work, grounds keeping, and snow removal. The total appropriation is a 50/50 split between general fund and federal special revenue.

DP 1203 - ARNG Billings New Facility Operating Cost -

The legislature adopted increased federal special revenue appropriations in FY 2025 for the operation and maintenance (O&M) of the new Billings Limited Army Aviation Support Facility. The construction of the facility was funded by American Rescue Plan Act (ARPA) funding.

### Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	7,762,283	7,758,113	(4,170)	(0.05)%
Operating Expenses	3,887,703	4,207,663	319,960	8.23 %
<b>Total Expenditures</b>	<b>\$11,649,986</b>	<b>\$11,965,776</b>	<b>\$315,790</b>	<b>2.71 %</b>
General Fund	762,005	805,397	43,392	5.69 %
Federal Spec. Rev. Funds	10,887,981	11,160,379	272,398	2.50 %
<b>Total Funds</b>	<b>\$11,649,986</b>	<b>\$11,965,776</b>	<b>\$315,790</b>	<b>2.71 %</b>
<b>Total Ongoing</b>	<b>\$11,649,986</b>	<b>\$12,011,112</b>	<b>\$361,126</b>	<b>3.10 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$45,336)</b>	<b>(\$45,336)</b>	<b>100.00 %</b>

### Program Description

The Air National Guard, until federalized, is a state military organization that provides trained and equipped military units for use in the event of a state or national emergency. The federal/state cooperative agreement provides for administrative, facilities maintenance, security, and fire protection support to the Air National Guard base at Gore Hill near Great Falls. The Air National Guard program operates under both federal and state mandates in accordance with its dual missions and is mandated by the United States and Montana Constitutions and Title 10, Chapter 1-3, MCA.

### Program Highlights

Air National Guard Program Major Budget Highlights	
<ul style="list-style-type: none"> <li>• The legislature adopted an increase to the Air National Guard Program's 2025 biennium budget of approximately \$316,000 or 2.7% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>◦ Increased federal authority for: <ul style="list-style-type: none"> <li>▪ Overtime costs for firefighters</li> <li>▪ Oversight costs for remediation work paid to the Department of Environmental Quality</li> </ul> </li> <li>◦ Increased general fund and federal authority for: <ul style="list-style-type: none"> <li>▪ Facility and maintenance costs at the Malmstrom Air Force Base</li> <li>▪ 1.00 FTE for a Computer Aided Design Software (CADD) position</li> </ul> </li> <li>◦ These increases were partially offset by decreases in present law adjustments for personal services and fixed costs</li> </ul> </li> </ul>	

**Program Actuals and Budget Comparison**

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	45.00	45.00	46.00	46.00
Personal Services	3,330,215	3,665,579	4,096,704	3,866,423	3,891,690
Operating Expenses	1,902,276	1,943,514	1,944,189	2,100,177	2,107,486
<b>Total Expenditures</b>	<b>\$5,232,491</b>	<b>\$5,609,093</b>	<b>\$6,040,893</b>	<b>\$5,966,600</b>	<b>\$5,999,176</b>
General Fund	368,563	371,815	390,190	401,339	404,058
Federal Spec. Rev. Funds	4,863,928	5,237,278	5,650,703	5,565,261	5,595,118
<b>Total Funds</b>	<b>\$5,232,491</b>	<b>\$5,609,093</b>	<b>\$6,040,893</b>	<b>\$5,966,600</b>	<b>\$5,999,176</b>
<b>Total Ongoing</b>	<b>\$5,232,491</b>	<b>\$5,609,093</b>	<b>\$6,040,893</b>	<b>\$5,989,268</b>	<b>\$6,021,844</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$22,668)</b>	<b>(\$22,668)</b>

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Military Affairs, 13-Air National Guard Pgm Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	805,397	0	0	805,397	6.73 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
03132 National Guard	99,000	0	0	99,000	0.89 %
03453 Air National Guard	11,061,379	0	0	11,061,379	99.11 %
<b>Federal Special Total</b>	<b>\$11,160,379</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,160,379</b>	<b>93.27 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$11,965,776</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,965,776</b>	

**HB 2 Authority****General Fund**

General fund supports the federal/state match requirements for federal grants and is used primarily for building and ground maintenance activities, administrative expenses, and some personal service costs.

**Federal Special Revenue**

The majority of the Air National Guard Program's funding comes from federal funds.

**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**

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	390,190	390,190	780,380	96.89 %	6,040,893	6,040,893	12,081,786	100.97 %
SWPL Adjustments	(18,004)	(13,848)	(31,852)	(3.95)%	(663,434)	(633,473)	(1,296,907)	(10.84)%
PL Adjustments	(216)	(223)	(439)	(0.05)%	495,293	503,749	999,042	8.35 %
New Proposals	29,369	27,939	57,308	7.12 %	93,848	88,007	181,855	1.52 %
<b>Total Budget</b>	<b>\$401,339</b>	<b>\$404,058</b>	<b>\$805,397</b>		<b>\$5,966,600</b>	<b>\$5,999,176</b>	<b>\$11,965,776</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments									
	-----Fiscal 2024-----					-----Fiscal 2025-----			
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special
DP 1 - Personal Services	0.00	(36,964)	0	(702,316)	(739,280)	0.00	(36,130)	0	(686,471)
DP 2 - Fixed Costs	0.00	(2,092)	0	(6,273)	(8,365)	0.00	(4,074)	0	(12,222)
DP 3 - Inflation Deflation	0.00	21,052	0	63,159	84,211	0.00	26,356	0	79,068
DP 20 - SABHRS Rate Adjustment	0.00	(216)	0	(649)	(865)	0.00	(223)	0	(667)
DP 1301 - ANG Re-Establish Firefighter FLSA Overtime	0.00	0	0	458,158	458,158	0.00	0	0	466,639
DP 1302 - ANG Funding for DEQ Oversight of Remediation	0.00	0	0	38,000	38,000	0.00	0	0	38,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$18,220)</b>	<b>\$0</b>	<b>(\$149,921)</b>	<b>(\$168,141)</b>	<b>0.00</b>	<b>(\$14,071)</b>	<b>\$0</b>	<b>(\$115,653)</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

**DP 1 - Personal Services -**

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

**DP 2 - Fixed Costs -**

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

**DP 3 - Inflation Deflation -**

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

**DP 20 - SABHRS Rate Adjustment -**

The legislature adopted an increase to proposed SABHRS rates.

DP 1301 - ANG Re-Establish Firefighter FLSA Overtime -

The legislature adopted additional federal spending authority for firefighter salaries and benefits that exceed those of a traditional FTE, due to the 24/7 nature of the fire protection services at the Montana Air National Guard. Hours over 2,080 per FTE are not captured in the personal service snapshot used for initial budget preparation.

DP 1302 - ANG Funding for DEQ Oversight of Remediation -

The legislature adopted increased federal spending authority to pay the Department of Environmental Quality for Polyfluoroalkyl substances (PFAS) contained in fire foam, remedial investigation and subsequent removal, and remediation activities. This is a cost recovery paid by the National Guard Bureau for expedited regulatory oversight services related to environmental cleanup activities resulting from contaminant releases from past Air National Guard activities at the Montana Air National Guard Base and Great Falls International Airport.

**New Proposals**

The "New Proposals" table shows new changes to spending.

New Proposals	Fiscal 2024					Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 333 - Adjustment to Inflation	0.00	(5,748)	0	(17,245)	(22,993)	0.00	(7,235)	0	(21,706)	(28,941)
DP 555 - Additional Vacancy Savings	0.00	(2,780)	0	(31,968)	(34,748)	0.00	(2,794)	0	(32,130)	(34,924)
DP 1303 - ANG Facilities and Maintenance Costs	0.00	16,500	0	49,500	66,000	0.00	16,500	0	49,500	66,000
DP 1304 - ANG CADD Operator FTE	1.00	21,397	0	64,192	85,589	1.00	21,468	0	64,404	85,872
<b>Total</b>	<b>1.00</b>	<b>\$29,369</b>	<b>\$0</b>	<b>\$64,479</b>	<b>\$93,848</b>	<b>1.00</b>	<b>\$27,939</b>	<b>\$0</b>	<b>\$60,068</b>	<b>\$88,007</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 1303 - ANG Facilities and Maintenance Costs -

The legislature adopted increased spending authority as a 75/25 federal/state general fund split to allow the Montana Air National Guard (ANG) to take over the management, cost, supplies, and utilities of three buildings on Malmstrom Air Force Base. The ANG currently occupies this space and is in the process of finalizing the transfer of full operational control and maintenance of these properties from the Air Force and Department of Defense.

DP 1304 - ANG CADD Operator FTE -

The legislature adopted general fund and federal special revenue appropriations for 1.00 FTE to create, update, and maintain record drawings of DMA maintained facilities to ensure correctness and completeness. The federal government is requiring weekly updates from the Builder Assessment Management tool for each DMA building in order to continue receiving federal facility and division maintenance funding. This service has been historically contracted out. This change package makes this position permanent. This position will work closely with the City of Great Falls and Cascade County to provide GIS data, fire hydrant, domestic water, and sanitary sewer data for operation and emergency response.

### Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	4,857,772	5,701,688	843,916	17.37 %
Operating Expenses	2,303,717	1,670,169	(633,548)	(27.50)%
Grants	26,315,072	26,411,362	96,290	0.37 %
Transfers	2,728,634	3,043,210	314,576	11.53 %
<b>Total Expenditures</b>	<b>\$36,205,195</b>	<b>\$36,826,429</b>	<b>\$621,234</b>	<b>1.72 %</b>
General Fund	2,986,337	3,697,663	711,326	23.82 %
State/Other Special Rev. Funds	512,210	273,512	(238,698)	(46.60)%
Federal Spec. Rev. Funds	32,706,648	32,855,254	148,606	0.45 %
<b>Total Funds</b>	<b>\$36,205,195</b>	<b>\$36,826,429</b>	<b>\$621,234</b>	<b>1.72 %</b>
<b>Total Ongoing</b>	<b>\$36,205,195</b>	<b>\$36,856,461</b>	<b>\$651,266</b>	<b>1.80 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$30,032)</b>	<b>(\$30,032)</b>	<b>100.00 %</b>

### Program Description

The Disaster and Emergency Services Division (DES) duties and responsibilities are provided for under Title 10, Chapter 3, MCA. The division is responsible for the coordination, development and implementation of emergency management planning, mitigation, response, and recovery statewide. This responsibility includes the administration and disbursement of federal Homeland Security and Emergency Management funds to eligible political subdivisions and tribal nations across the state. The division maintains a 24 hour a day point of contact to coordinate the volunteer, state, and federal response for assistance to political subdivisions and tribal nations in the event of an incident, emergency, or disaster.

### Program Highlights

#### Disaster and Emergency Services Division Major Budget Highlights

- The legislature adopted an increase to the Disaster and Emergency Services Division's 2025 biennium budget of approximately \$621,000 or 1.7% compared to the 2023 biennium budget. Changes included:
  - Increased general fund and federal authority for disaster preparedness activities
  - A restricted general fund appropriation for personal service costs in the Duty Officer Program
  - A funding transfer to establish 5.00 FTE for increased workload in the DES
  - A transfer of 2.00 FTE and associated funding from the Department of Administration
  - A state special revenue reduction to align with anticipated funding for 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	25.00	25.00	32.00	32.00
Personal Services	2,455,052	2,519,024	2,338,748	2,842,665	2,859,023
Operating Expenses	1,275,844	1,401,980	901,737	842,239	827,930
Grants	11,028,318	12,989,467	13,325,605	13,205,681	13,205,681
Transfers	656,775	1,207,029	1,521,605	1,521,605	1,521,605
<b>Total Expenditures</b>	<b>\$15,415,989</b>	<b>\$18,117,500</b>	<b>\$18,087,695</b>	<b>\$18,412,190</b>	<b>\$18,414,239</b>
General Fund	1,459,776	1,488,787	1,497,550	1,850,959	1,846,704
State/Other Special Rev. Funds	71,524	255,530	256,680	136,756	136,756
Federal Spec. Rev. Funds	13,884,689	16,373,183	16,333,465	16,424,475	16,430,779
<b>Total Funds</b>	<b>\$15,415,989</b>	<b>\$18,117,500</b>	<b>\$18,087,695</b>	<b>\$18,412,190</b>	<b>\$18,414,239</b>
<b>Total Ongoing</b>	<b>\$15,415,989</b>	<b>\$18,117,500</b>	<b>\$18,087,695</b>	<b>\$18,427,206</b>	<b>\$18,429,255</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$15,016)</b>	<b>(\$15,016)</b>

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Military Affairs, 21-Disaster & Emergency Services Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	3,697,663	0	0	3,697,663	10.04 %
02170 SAR DES Off Road Vehicle	264,308	0	0	264,308	96.63 %
02335 DES Training Conference	9,204	0	0	9,204	3.37 %
<b>State Special Total</b>	<b>\$273,512</b>	<b>\$0</b>	<b>\$0</b>	<b>\$273,512</b>	<b>0.74 %</b>
03134 DES Emergency Mgmt Perf 97.042	10,327,720	0	0	10,327,720	31.43 %
03143 DES Homeland Security 97.067	15,212,304	0	0	15,212,304	46.30 %
03166 DES Hazard Mitigation 97.039	2,601,426	0	0	2,601,426	7.92 %
03191 DES Pre-Disaster Mit 97.047	3,377,082	0	0	3,377,082	10.28 %
03208 DES Hazardous Materials 20.703	360,136	0	0	360,136	1.10 %
03239 DES Flood Mitigation 97.029	862,326	0	0	862,326	2.62 %
03429 Disaster & Emergency Services	2,204	0	0	2,204	0.01 %
03267 Nonprofit Security 97.008	99,914	0	0	99,914	0.30 %
03717 Nat Earthquake Haz Red Prg	12,142	0	0	12,142	0.04 %
<b>Federal Special Total</b>	<b>\$32,855,254</b>	<b>\$0</b>	<b>\$0</b>	<b>\$32,855,254</b>	<b>89.22 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$36,826,429</b>	<b>\$0</b>	<b>\$0</b>	<b>\$36,826,429</b>	

**HB 2 Authority**

Funding for the Disaster and Emergency Services Division is broken down into three functional areas:

- Administration and coordination
- Search and rescue
- Grant programs

**General Fund**

Funding from the general fund is for administrative and coordination functions, which are primarily funded with 50.0% general fund.

State Special Revenue

Search and rescue activities are funded through state special revenue funds derived from surcharges on conservation licenses and off-road vehicle licenses.

Federal Special Revenue

Federal special revenue accounts for the majority of total appropriation authority. Federal funds are used to fund 50.0% of administrative and coordination functions and generally 100.0% of disaster coordination functions.

**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	1,497,550	1,497,550	2,995,100	81.00 %	18,087,695	18,087,695	36,175,390	98.23 %
SWPL Adjustments	104,573	102,877	207,450	5.61 %	72,359	76,788	149,147	0.41 %
PL Adjustments	92,980	93,079	186,059	5.03 %	142,893	142,968	285,861	0.78 %
New Proposals	155,856	153,198	309,054	8.36 %	109,243	106,788	216,031	0.59 %
<b>Total Budget</b>	<b>\$1,850,959</b>	<b>\$1,846,704</b>	<b>\$3,697,663</b>		<b>\$18,412,190</b>	<b>\$18,414,239</b>	<b>\$36,826,429</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	(80,886)	(80,886)	0.00	0	0	(66,215)	(66,215)
DP 2 - Fixed Costs	0.00	48,672	0	48,672	97,344	0.00	40,126	0	40,126	80,252
DP 3 - Inflation Deflation	0.00	55,901	0	0	55,901	0.00	62,751	0	0	62,751
DP 20 - SABHRS Rate Adjustment	0.00	(87)	0	(87)	(174)	0.00	(112)	0	(111)	(223)
DP 30 - Motor Pool Rate Adjustment	0.00	(1,933)	0	0	(1,933)	0.00	(1,809)	0	0	(1,809)
DP 2104 - DES Disaster Preparedness Operating Adjustment (RST)	0.00	50,000	0	50,000	100,000	0.00	50,000	0	50,000	100,000
DP 2105 - DES 24/7 Duty Officer Program (RST)	0.00	45,000	0	0	45,000	0.00	45,000	0	0	45,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$197,553</b>	<b>\$0</b>	<b>\$17,699</b>	<b>\$215,252</b>	<b>0.00</b>	<b>\$195,956</b>	<b>\$0</b>	<b>\$23,800</b>	<b>\$219,756</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.



DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 2104 - DES Disaster Preparedness Operating Adjustment (RST) -

The legislature adopted a restricted general fund and federal special revenue appropriation for disaster preparedness activities. In 2022, the Montana Disaster Emergency Services (DES) gathered input from local emergency managers in communities across the state to determine program gaps. This increase will allow the DES and field staff to conduct additional in-person outreach and technical assistance, coordinate and deliver training, and help develop local emergency management programs.

DP 2105 - DES 24/7 Duty Officer Program (RST) -

The legislature adopted restricted general fund appropriations in the 2025 biennium for personal service costs in the Duty Officer Program. The Montana Disaster Emergency Services (DES) provides 24/7 duty officer coverage to assist with emerging incidents. Support for emerging incidents occur prior to a governor's declaration and often does not require issuing an emergency declaration. As a result, the disaster appropriation is not available to offset the cost of the Duty Officer Program.

**New Proposals**

The "New Proposals" table shows new changes to spending.

New Proposals	Fiscal 2024					Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	300	0	300	600	0.00	300	0	300	600
DP 333 - Adjustment to Inflation	0.00	(17,455)	0	0	(17,455)	0.00	(20,316)	0	0	(20,316)
DP 555 - Additional Vacancy Savings	0.00	(14,356)	0	(14,356)	(28,712)	0.00	(14,442)	0	(14,442)	(28,884)
DP 2101 - DES Modified to Permanent FTE	5.00	0	0	0	0	5.00	0	0	0	0
DP 2102 - DES Continuity of Government Program Transfer	2.00	87,367	0	87,367	174,734	2.00	87,656	0	87,656	175,312
DP 2103 - DES Administrative Adjustments	0.00	0	(119,924)	0	(119,924)	0.00	0	(119,924)	0	(119,924)
DP 2106 - DES Warehouse & Logistics Operations	0.00	100,000	0	0	100,000	0.00	100,000	0	0	100,000
<b>Total</b>	<b>7.00</b>	<b>\$155,856</b>	<b>(\$119,924)</b>	<b>\$73,311</b>	<b>\$109,243</b>	<b>7.00</b>	<b>\$153,198</b>	<b>(\$119,924)</b>	<b>\$73,514</b>	<b>\$106,788</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

**DP 99 - New Fixed Costs -**

The legislature adopted appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the legislature adopted appropriations of \$2,100 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

**DP 333 - Adjustment to Inflation -**

The legislature adopted an adjustment to inflation included in DP 3.

**DP 555 - Additional Vacancy Savings -**

The legislature adopted an additional 1.0% vacancy savings.

**DP 2101 - DES Modified to Permanent FTE -**

The legislature approved 5.00 FTE be converted from modified to permanent. This change package transfers operating expenditure authority to personal services, leading to a net zero impact on the 2025 total biennium budget. In recent years the DES has experienced increased workload which has necessitated the use of modified FTE to complete the work. As a result of increased frequency, severity, and complexity of disasters, the number of projects managed by the division has grown from an average of 20 projects per emergency manager to over 100 per manager. Four of the permanent staff will provide disaster management and one staff person will be used to support disaster logistics and warehouse operations.

**DP 2102 - DES Continuity of Government Program Transfer -**

The legislature adopted 2.00 FTE and associated appropriations to be transferred from the Department of Administration to the Department of Military Affairs. The Department of Administration, State Continuity and Emergency Management Office (DOA/SCMO) and the Department of Military Affairs, Disaster and Emergency Services Division (DMA/DES) have a Memorandum of Understanding for the State Continuity Planning. DMA/DES assumed the responsibility to re-scale the scope of continuity planning to meet standards set forth by the Federal Emergency Management Agency (FEMA) and coordinate continuity planning functions with state agencies. This change package splits funding 50/50 federal funding/ state general fund. A change package in the Department of Administration includes a reduction of 2.00 FTE.

DP 2103 - DES Administrative Adjustments -

The legislature adopted adjustments to appropriations for grants to reflect the amount of state special revenue funding projected to be available in the 2025 biennium. This funding was from the Department of Fish, Wildlife, and Parks for segregate search and rescue surcharges. On June 30, 2023, any unspent revenue must be transferred to the general license account established in 87-1-601(1), MCA. At that time, the funding will no longer be provided to Department of Military Affairs.

DP 2106 - DES Warehouse & Logistics Operations -

The legislature adopted \$100,000 in general fund appropriations each fiscal year of the 2025 biennium to continue the operations and management of an 8,000 square foot warehouse for disaster preparation and management to match federal grant funds.

### Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	4,069,294	4,306,509	237,215	5.83 %
Operating Expenses	477,544	516,659	39,115	8.19 %
Grants	70,000	70,000	0	0.00 %
Benefits & Claims	1,000	0	(1,000)	(100.00)%
Transfers	40,000	40,000	0	0.00 %
Debt Service	26,000	48,000	22,000	84.62 %
<b>Total Expenditures</b>	<b>\$4,683,838</b>	<b>\$4,981,168</b>	<b>\$297,330</b>	<b>6.35 %</b>
General Fund	2,977,080	3,156,163	179,083	6.02 %
State/Other Special Rev. Funds	1,706,758	1,825,005	118,247	6.93 %
<b>Total Funds</b>	<b>\$4,683,838</b>	<b>\$4,981,168</b>	<b>\$297,330</b>	<b>6.35 %</b>
<b>Total Ongoing</b>	<b>\$4,683,838</b>	<b>\$5,014,118</b>	<b>\$330,280</b>	<b>7.05 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$32,950)</b>	<b>(\$32,950)</b>	<b>100.00 %</b>

### Program Description

The Veteran's Affairs Division assists discharged veterans and their families, cooperates with state and federal agencies, promotes the general welfare of veterans, and provides information on veterans' benefits. The program also administers the veterans' cemeteries located at Miles City, Fort Harrison in Helena, and Missoula. The Board of Veteran's Affairs is administratively attached to the Department of Military Affairs and operates under a state mandate provided in Title 10, Chapter 2, MCA.

### Program Highlights

<b>Veteran's Affairs Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>The legislature adopted an increase to the Veteran's Affairs Division's 2025 biennium budget of approximately \$297,000 or 6.4% compared to the 2023 biennium budget. Changes included: <ul style="list-style-type: none"> <li>Statewide present law adjustments for personal services, fixed costs, and inflation</li> <li>State special revenue authority in FY 2025 for the veteran's cemetery in Columbia Falls</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	25.00	25.00	25.00	25.00
Personal Services	1,938,774	1,975,065	2,094,229	2,031,526	2,274,983
Operating Expenses	251,399	264,618	212,926	246,430	270,229
Grants	30,000	35,000	35,000	35,000	35,000
Benefits & Claims	750	1,000	0	0	0
Transfers	0	20,000	20,000	20,000	20,000
Debt Service	1,836	2,000	24,000	24,000	24,000
<b>Total Expenditures</b>	<b>\$2,222,759</b>	<b>\$2,297,683</b>	<b>\$2,386,155</b>	<b>\$2,356,956</b>	<b>\$2,624,212</b>
General Fund	1,429,421	1,450,512	1,526,568	1,514,221	1,641,942
State/Other Special Rev. Funds	793,338	847,171	859,587	842,735	982,270
<b>Total Funds</b>	<b>\$2,222,759</b>	<b>\$2,297,683</b>	<b>\$2,386,155</b>	<b>\$2,356,956</b>	<b>\$2,624,212</b>
<b>Total Ongoing</b>	<b>\$2,222,759</b>	<b>\$2,297,683</b>	<b>\$2,386,155</b>	<b>\$2,373,431</b>	<b>\$2,640,687</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$16,475)</b>	<b>(\$16,475)</b>

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Military Affairs, 31-Veterans Affairs Operations Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	3,156,163	0	0	3,156,163	47.65 %
02214 Veterans Affairs Cemeteries	0	0	1,642,195	1,642,195	47.36 %
02222 Patriotic License Plate Fees	200,848	0	0	200,848	5.79 %
02548 Veterans Affairs SB401	1,426,109	0	0	1,426,109	41.13 %
02002 Purple Heart & Higher Schlshp	50,000	0	0	50,000	1.44 %
02260 Cigarette Tax Revenue	148,048	0	0	148,048	4.27 %
<b>State Special Total</b>	<b>\$1,825,005</b>	<b>\$0</b>	<b>\$1,642,195</b>	<b>\$3,467,200</b>	<b>52.35 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$4,981,168</b>	<b>\$0</b>	<b>\$1,642,195</b>	<b>\$6,623,363</b>	

**HB 2 Authority****General Fund**

General fund supports approximately 63.4% of the Veterans' Affairs Program functions, with state special revenues supporting the remainder.

State Special Revenue

State special revenue accounts for 36.6% of total appropriation authority in the Veteran's Affairs Division. The state special revenue accounts are as follows:

- Veteran's services account, enacted by the 2003 Legislature, allocated proceeds from the sale of veterans' specialty license plates and a portion of all motor vehicle registration revenues that are deposited into the general fund each year. The 2013 Legislature increased the percentage of motor vehicle fees deposited into this fund from 0.64% to 0.81%
- Patriotic license plate fees account receives revenue from a \$15 surcharge on original licensing and renewal of patriotic license plates issued in Montana
- Purple heart and higher medal scholarship account was revised by the 2019 Legislature. The legislature transferred \$50,000 of general fund into the account and required that the state special revenue appropriation be included in the base budget for future biennia

*Statutory Authority*

The Veteran's Affairs Division has a statutory appropriation for the operation of the Montana Veteran's Cemetery Program. The state special revenue account is funded through a portion of motor vehicle registration fees, cemetery plot allowances, and donations.

**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	1,526,568	1,526,568	3,053,136	96.74 %	2,386,155	2,386,155	4,772,310	95.81 %
SWPL Adjustments	(6,604)	122,513	115,909	3.67 %	1,081	122,513	123,594	2.48 %
PL Adjustments	0	0	0	0.00 %	(1,609)	(1,530)	(3,139)	(0.06)%
New Proposals	(5,743)	(7,139)	(12,882)	(0.41)%	(28,671)	117,074	88,403	1.77 %
<b>Total Budget</b>	<b>\$1,514,221</b>	<b>\$1,641,942</b>	<b>\$3,156,163</b>		<b>\$2,356,956</b>	<b>\$2,624,212</b>	<b>\$4,981,168</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments									
	-----Fiscal 2024-----					-----Fiscal 2025-----			
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Total Funds
DP 1 - Personal Services	0.00	(41,319)	0	0	(41,319)	0.00	84,997	0	84,997
DP 2 - Fixed Costs	0.00	19,642	7,685	0	27,327	0.00	19,450	0	19,450
DP 3 - Inflation Deflation	0.00	15,073	0	0	15,073	0.00	18,066	0	18,066
DP 20 - SABHRS Rate Adjustment	0.00	0	(193)	0	(193)	0.00	0	(206)	(206)
DP 30 - Motor Pool Rate Adjustment	0.00	0	(1,416)	0	(1,416)	0.00	0	(1,324)	(1,324)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$6,604)</b>	<b>\$6,076</b>	<b>\$0</b>	<b>(\$528)</b>	<b>0.00</b>	<b>\$122,513</b>	<b>(\$1,530)</b>	<b>\$0</b>
									<b>\$120,983</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions, and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

**New Proposals**

The "New Proposals" table shows new changes to spending.

New Proposals										
	Fiscal 2024					Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 333 - Adjustment to Inflation	0.00	(5,743)	0	0	(5,743)	0.00	(7,139)	0	0	(7,139)
DP 555 - Additional Vacancy Savings	0.00	0	(21,384)	0	(21,384)	0.00	0	(22,291)	0	(22,291)
DP 1400 - HB 298	0.00	0	(1,544)	0	(1,544)	0.00	0	(1,544)	0	(1,544)
DP 1401 - SB 442	0.00	1,504,891	(2,716,991)	0	(1,212,100)	0.00	1,631,015	(2,607,815)	0	(976,800)
DP 3101 - VA Adjustment	0.00	0	0	0	0	0.00	0	0	0	0
DP 3103 - VA Cemetery Program Funding and Staff	0.00	0	717,200	0	717,200	0.00	0	480,800	0	480,800
DP 3104 - VA Veteran Program Operating and Staff	0.00	0	494,900	0	494,900	0.00	0	496,000	0	496,000
DP 3108 - VA Cannabis Fund Switch	0.00	(1,504,891)	1,504,891	0	0	0.00	(1,631,015)	1,631,015	0	0
DP 3109 - VA Columbia Falls Cemetery Operations (RST)	0.00	0	0	0	0	0.00	0	148,048	0	148,048
<b>Total</b>	<b>0.00</b>	<b>(\$5,743)</b>	<b>(\$22,928)</b>	<b>\$0</b>	<b>(\$28,671)</b>	<b>0.00</b>	<b>(\$7,139)</b>	<b>\$124,213</b>	<b>\$0</b>	<b>\$117,074</b>

\*\*Total Funds\* amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 1400 - HB 298 -

The legislature adopted contingency language to increase appropriations if HB 298 was passed and approved, and this decision package implements this language. This bill reduces the size of the Montana Board of Veterans Affairs from 20 members to 14. The reduction in board size is estimated to have cost savings of approximately \$1,544 each fiscal year.

DP 1401 - SB 442 -

The legislature adopted contingency language to adjust appropriations if SB 442 was not passed and approved, and this decision package implements this language. Funding for DP 3103, DP 3104, and DP 3108 were contingent on the passage and approval of SB 442, and this change package removes the appropriation authority for these change packages.

DP 3101 - VA Adjustment -

This change package makes a correction to the fund source. There is no fiscal impact to this adjustment.

DP 3103 - VA Cemetery Program Funding and Staff -

The legislature adopted increased state special revenue appropriations for operating expenses, staff, and equipment needs for the Montana State Veterans Cemeteries, located at Fort Harrison in Helena, Miles City, and Missoula. The internment workload has increased at each of the sites, and the equipment used to manage the workload needs to be replaced. This change package was contingent upon funding provided in HB 462.

DP 3104 - VA Veteran Program Operating and Staff -

The legislature adopted increased state special revenue appropriations for staff and operating costs to support the increasing workload in the Veteran Service Offices which help Montana veterans access benefits such as health care, education, training, and employment services. This change package was contingent upon funding provided in HB 462.

DP 3108 - VA Cannabis Fund Switch -

The legislature adopted a fund switch from general fund to state special cannabis tax revenue for base program funding. This change package was contingent on passage and approval of HB 462.

DP 3109 - VA Columbia Falls Cemetery Operations (RST) -

The legislature adopted state special revenue authority in FY 2025 to provide staff and operations for the newly proposed Montana Veteran's Cemetery in Columbia Falls. This request was contingent on passage and approval of HB 81.