



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
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TO: General Government Joint Appropriations Subcommittee
FROM: Molly DelCurto, Katie Guenther, and Tami Gunlock, Legislative Fiscal Division
RE: Proprietary Rates
DATE: January 18, 2023

This memo provides information that has been requested on the proprietary rates for the management services, State Information Technology Services Division, and the state management training center.

Management Services Proprietary Fund

The management services proprietary rate is based on establishing sufficient revenues to pay for anticipated expenditures in the Office of Human Resources, Office of Legal Services, and the Office of Finance and Budget. The revenues, in total, are proposed to increase by approximately \$389,000 in each fiscal year. This proposed increase is primarily due to the proposed increase in the statewide present law adjustment for personal services, which is proposed to increase by approximately \$323,000 in FY 2024 and \$334,000 in FY 2025. There are two main reasons for this increase, which include:

- Adjustments to wages for the legislatively approved pay plan and management decisions totaling \$152,000. The adjustment for the pay plan totaled \$25,000. The remaining adjustments totaled \$127,000 and were attributable to retention adjustments, market adjustments, reclassifications, and promotions
- The restoration of personal services reductions. During the 2021 Session, the proposed budget included a reduction to personal services that totaled approximately \$159,000 in FY 2023, and this reduction was approved by the legislature. This reduction was not associated with a reduction in FTE, so during the snapshot process this funding is being restored in the statewide present law adjustment for personal services

State Information Technology Services Division Language

This section provides additional information on the language associated with the State Information Technology Services Division (SITSD) rate that the General Government Joint Appropriations Subcommittee may want to consider including in HB 2. This includes language that states:

“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.”

This language restricts the appropriations for information technology fixed costs in the Executive Branch, so they can only be used for these types of expenditures. Because information technology expenditures are a significant cost, this restriction ensures that appropriations for these purposes are used only for this purpose.

Additionally, the committee may want to consider including the following language:

“The 30-day working capital reserve used to establish state information technology services division rates for state agencies included in HB-2 shall be based on personal services of \$20,607,646 in FY 2024 and \$20,719,790 in FY 2025, operating expenses of \$45,621,313 in FY 2024 and \$45,517,736 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.”

This language allows for greater visibility by legislators on information technology expenditures. The State Information Technology Services Division is required to report to the Legislative Finance Committee on the specific rates that were established and any subsequent changes to these rates throughout the interim. Additionally, if there are changes to the budget of 5.0% or greater, SITSD is required to report to the Legislative Finance Committee. (Note: with the creation of the Interim Budget Committees, the subcommittee may want to consider adding the General Government Interim Budget Committee to the reporting requirements)

State Management Training Center Proprietary Fund

To create the State Management Training Center, the executive requests \$400,000 each fiscal year of the 2025 biennium. This authority would fund 2.00 FTE and a contracted service with a training provider. The training provider would create and deliver management and leadership training to management-level employees. The table below provides further detail on this request.

State Management Training Center DP 2303		
	FY 2024	FY 2025
Personal Services for 2.00 FTE	180,028	180,030
Operating Expenses for Contracted Services	219,972	219,970
Total Request	400,000	400,000

The 2.00 FTE requested for the State Management Training Center 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

In addition, the State Management Training Center plans to utilize LinkedIn Learning to provide learning content to state employees. The agency has been quoted by the LinkedIn Learning Platform that an annual subscription cost for their services would be approximately \$250,000 each fiscal year. All state employees would have access to all LinkedIn Learning content, which is approximately 17,000 courses. The Department of Administration does not anticipate any additional contracting costs to be associated with the LinkedIn Learning Services.