

DEPARTMENT OF ADMINISTRATION

Section A

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Commissioner of Political Practice
Dept. of Administration
Dept. of Commerce
Dept. of Labor & Industry
Dept. of Military Affairs
Dept. of Revenue

Governor's Office
Legislative Branch
Montana Consumer Counsel
Secretary of State
State Auditor's Office

-----Committee Members-----

House

Representative Terry Falk (Chair)
Representative Luke Musziewicz
Representative Ken Walsh

Senate

Senator Forrest Mandeville (Vice Chair)
Senator Derek Harvey
Senator Tony Tezak

-----Fiscal Division Staff-----

Molly DelCurto
Ethan Bergen
Katie Guenther

Agency Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Agency Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	143.92	144.92	144.92	1.00	0.3%
General Fund	40,438,885	57,954,872	57,237,343	34,314,445	42.4%
State/Other Special Rev. Funds	8,098,255	8,777,396	8,786,700	1,367,586	8.4%
Federal Spec. Rev. Funds	18,535	28,535	28,535	20,000	54.0%
Proprietary Funds	6,729,573	6,924,927	6,781,658	247,439	1.8%
Total Funds	55,285,248	73,685,730	72,834,236	35,949,470	32.5%
Personal Services	14,499,936	14,855,030	14,898,778	753,936	2.6%
Operating Expenses	6,836,169	8,688,486	7,359,816	2,375,964	17.4%
Equipment & Intangible Assets	50,000	50,000	50,000		0.0%
Local Assistance	28,979	38,979	38,979	20,000	34.5%
Transfers	33,441,889	49,744,535	50,177,963	33,038,720	49.4%
Debt Service	428,275	308,700	308,700	(239,150)	(27.9%)
Total Expenditures	55,285,248	73,685,730	72,834,236	35,949,470	32.5%
Total Ongoing	55,285,248	73,685,730	72,834,236	35,949,470	32.5%
Total One-Time-Only					0.0%

Agency Highlights

Department of Administration Major Budget Highlights
<ul style="list-style-type: none"> • The Department of Administration's 2027 biennium requested appropriations are approximately \$36.0 million or 32.5% higher than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> ◦ Approximately \$33.0 million of this increase is due to a general fund transfer to the Long-Range Building Program capital development account and major repair and maintenance account, as required by statute ◦ Increased authority due to statewide present law adjustments for personal services and fixed costs, the majority of which takes place in FY 2026 for biennial legislative audit costs ◦ Funding for 1.00 PB to support the work of the Education and Workforce Data Governance Board

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Department of Administration 2027 Biennium Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	40,438,885	8,098,255	18,535	55,285,248	75.0%	40,438,885	8,098,255	18,535	55,285,248	75.9%
Statewide PL										
Personal Services	101,686	144,270	0	269,805	0.4%	116,129	162,642	0	313,552	0.4%
Fixed Costs	1,191,882	62,158	0	1,421,723	1.9%	23,797	47,862	0	84,565	0.1%
Inflation Deflation	(151)	(6,119)	0	(6,276)	(0.0%)	(102)	(4,136)	0	(4,242)	(0.0%)
Total Statewide PL	1,293,417	200,309	0	1,685,252	2.3%	139,824	206,368	0	393,875	0.5%
Present Law (PL)	16,322,491	290,622	10,000	16,626,941	22.6%	16,756,746	295,675	10,000	17,066,823	23.4%
New Proposals	(99,921)	188,210	0	88,289	0.1%	(98,112)	186,402	0	88,290	0.1%
Total HB 2 Adjustments	17,515,987	679,141	10,000	18,400,482	25.0%	16,798,458	688,445	10,000	17,548,988	24.1%
Total Requested Budget	57,954,872	8,777,396	28,535	73,685,730		57,237,343	8,786,700	28,535	72,834,236	

Statewide Present Law Adjustment for Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP1) has been broken down into three categories, as follows:

- Legislative changes - This category includes adjustments explicitly approved by the legislature, such as, changes to benefit rates, longevity adjustments required by statute, and changes in rates for workers' compensation and unemployment insurance
- Management changes - This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring positions budgeted (PB) at a lower rate to replace senior staff and broadband pay adjustments for recruitment and retention
- Budget modifications - This category includes other modifications to the FY 2025 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or movement of personal services funding to or from another expenditure category (e.g. moving funding from operating expenses to personal services)

The figure below shows the analysis of the executive budget for personal services for each program.

Department of Administration FY 2026 Statewide Present Law Adjustment for Personal Services (DP 1)				
Program	Legislative Changes	Management Decisions	Budget Modifications	Total DP 1
01 Director's Office	\$ 31,626	\$ (10,161)	\$ (47,000)	\$ (25,535)
03 State Financial Services	15,707	18,373	-	34,080
04 Architecture & Engineering	37,224	81,576	-	118,800
05 State Procurement Services	32,793	10,523	-	43,316
14 Banking & Financial Services	827	24,636	-	25,463
15 Lottery Division	41,784	(17,935)	-	23,849
25 State Human Resources	30,038	5,567	-	35,605
37 State Tax Appeal Board	10,181	4,046	-	14,227
Total	\$ 200,180	\$ 116,625	\$ (47,000)	\$ 269,805

The executive requests for statewide present law adjustments for personal services will be discussed in further detail at the program level.

Statewide Present Law Adjustment for Fixed Costs

The executive requests an increased statewide present law adjustment for fixed cost of 20.8% in FY 2026 and 1.2% in FY 2027 above the operating expense base budget. In FY 2026, this increase is primarily attributed to restricted biennial audit fees. Audit fees are increasing at a greater amount due in part to the Legislative Audit Division transitioning to an annual single audit cycle. The 2027 biennium budget is reflective of the single audit cycles overlapping while in this transitional phase as well as rates for the new risk-based audit approach. These fees are only appropriated in FY 2026 but may be used in either fiscal year of the biennium. Other notable increases are for information technology and statewide indirect fixed costs.

Present Law Adjustments

The executive requests increased authority for indirect costs charged to the agency’s programs for services provided by DOA employees, including accounting, human resources, legal issues. This increase is \$71,000 and accounts for less than 1.0% of the increase over the base budget.

Funding

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

Total Department of Administration Funding by Source of Authority 2027 Biennium Budget Request						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	115,192,215			185,649,687	300,841,902	21.0%
02858 Mineral Impact				16,908,187	16,908,187	1.2%
02077 Financial Institutions Div	10,242,995				10,242,995	0.7%
02030 Arch & Engin Construction	6,113,232				6,113,232	0.4%
02211 Procurement Special Revenue	1,207,869				1,207,869	0.1%
02098 Insurance Proceeds - State Bld				91,000	91,000	0.0%
State Special Revenue Total	17,564,096	-	-	16,999,187	34,563,283	2.4%
03425 Forest Reserve Shared Revenue				9,760,900	9,760,900	0.7%
03095 Taylor Grazing Act Dist.				250,000	250,000	0.0%
03369 Flood Control Payments	45,414				45,414	0.0%
03320 CMIA Funds	11,656				11,656	0.0%
Federal Special Revenue Total	57,070	-	-	10,010,900	10,067,970	0.7%
06559 Group Benefits Claims A/C			521,460,701		521,460,701	36.5%
06001 State Lottery Fund	13,530,829			207,292,700	220,823,529	15.4%
06522 ISD Proprietary			158,960,655		158,960,655	11.1%
06532 Agency Insurance Int. Svc.			76,434,524		76,434,524	5.3%
06528 Rent And Maintenance			27,387,789		27,387,789	1.9%
Other Proprietary Fund	175,756		79,448,567		79,624,323	5.6%
Proprietary Fund Total	13,706,585	-	863,692,236	207,292,700	1,084,691,521	75.8%
Total of All Funds	146,519,966	-	863,692,236	419,952,474	1,430,164,676	
Percent of All Sources of Authority	10.2%	0.0%	60.4%	29.4%		

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 Resource Division, and Risk Management and Tort Defense Division.

Statutory appropriations also comprise a significant portion of appropriations for the Department of Administration. These primarily include appropriations related to a transfer to the teacher’s retirement and public employee’s retirement system, and lottery prizes.

HB 2 appropriations of general fund, state special revenue funds, federal special revenue funds, and proprietary funds will be discussed in further detail at the program level.

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	143.92	143.92	144.92	144.92
Personal Services	13,475,783	13,815,770	14,499,936	14,855,030	14,898,778
Operating Expenses	7,144,595	7,545,362	6,836,169	8,688,486	7,359,816
Equipment & Intangible Assets	77,090	85,000	50,000	50,000	50,000
Local Assistance	30,854	28,979	28,979	38,979	38,979
Transfers	31,632,606	31,632,606	33,441,889	49,744,535	50,177,963
Debt Service	828,907	828,908	428,275	308,700	308,700
Total Expenditures	\$53,189,835	\$53,936,625	\$55,285,248	\$73,685,730	\$72,834,236
General Fund	39,092,268	39,330,106	40,438,885	57,954,872	57,237,343
State/Other Special Rev. Funds	7,688,212	7,863,100	8,098,255	8,777,396	8,786,700
Federal Spec. Rev. Funds	13,650	5,828	18,535	28,535	28,535
Proprietary Funds	6,395,705	6,724,884	6,729,573	6,924,927	6,781,658
Total Funds	\$53,189,835	\$53,923,918	\$55,285,248	\$73,685,730	\$72,834,236
Total Ongoing	\$53,189,835	\$53,923,918	\$55,285,248	\$73,685,730	\$72,834,236
Total OTO	\$0	\$0	\$0	\$0	\$0

Agency Description

The Department of Administration (DOA) is a customer service organization providing centralized enterprise services to Montana state agencies and local governments.

Key services include:

- Financial Management: Treasury, accounting, financial reporting, Social Security Section 218 administration, and bonded indebtedness oversight
- Technology Services: IT planning, security, and management of enterprise systems for accounting, payroll, budgeting, and human resources
- Facilities & Operations: Capitol complex security, facilities and grounds maintenance, leasing, surplus property, recycling, and centralized printing
- Procurement & Human Resources: Procurement oversight, workforce development, labor relations, employee benefits, safety programs, and workers’ compensation
- Insurance & Risk Management: Property/casualty insurance, risk management, and Tort Claims Act administration
- Public Service: Management of American Rescue Plan Act (ARPA) and Infrastructure Investment and Jobs Act (IIJA) broadband grants, local government audit compliance, and state financial institution regulation

Attached agencies include:

- Montana Lottery
- Montana Tax Appeal Board
- Montana Teachers' Retirement System
- Montana Public Employee Retirement Administration
- Office of State Public Defender
- State Compensation Insurance Fund

Attached boards & councils include:

- Board of Examiners
- Burial Preservation Board
- Capitol Complex Advisory Council
- Information Technology Board
- Education and Workforce Data Governing Board
- Montana Land Information Advisory Council
- State Board of County Printing
- State Employee Group Benefits Advisory Council

Please refer to the agency profile [here](#) for additional information about the agency's organization structure, historical expenditures, goals and objectives, and recent studies and audits.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

In FY 2024, the Department of Administration expended 98.6% of its \$53.9 million HB 2 modified budget. The majority of the agency's expenditures are for general fund transfers to the long-range building program capital development account and the major repair account. Further detail regarding FY 2024 expenditures is provided at the program level of this analysis.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The Department of Administration's appropriation authority for FY 2025 is approximately \$1.3 million, or 2.5%, higher than that of FY 2024. This increase is primarily for general fund transfers for the long-range building program capital development account and the major repair account. Personal services authority also increased by approximately \$684,000 due to additional appropriation authority in FY 2025 for statewide present law adjustments and HB 13, pay plan.

Comparison of FY 2025 Legislative Budget to FY 2025 Base

The figure below illustrates the beginning FY 2025 budget as adopted by the 2023 Legislature compared to the FY 2025 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2025 base budget was agreed upon by the Office of Budget and Program Planning and the Fiscal Division to be the point from which any changes would be recorded for the 2027 biennium budgeting process.

Department of Administration				
Comparison of the FY 2025 Legislative Budget to the FY 2025 Base Budget				
	Legislative Budget	Executive Modifications	Base Budget	% Change
01 DIRECTORS OFFICE				
61000 Personal Services	336,129		336,129	0.0%
62000 Operating Expenses	100,861	4,141	105,002	4.1%
65000 Local Assistance	14,296		14,296	0.0%
68000 Transfers	33,441,889		33,441,889	0.0%
Total	33,893,175	4,141	33,897,316	0.0%
03 STATE FINANCIAL SERVICES DIV				
61000 Personal Services	2,785,081	(1,160,102)	1,624,979	-41.7%
62000 Operating Expenses	1,049,119	(772,942)	276,177	-73.7%
Total	3,834,200	(1,933,044)	1,901,156	-50.4%
04 ARCHITECTURE & ENGINEERING DIV				
61000 Personal Services	2,035,563		2,035,563	0.0%
62000 Operating Expenses	784,861	12,359	797,220	1.6%
Total	2,820,424	12,359	2,832,783	0.4%
05 STATE PROCUREMENT SERV. DIV.				
61000 Personal Services		1,160,102	1,160,102	100.0%
62000 Operating Expenses		717,782	717,782	100.0%
Total		1,877,884	1,877,884	100.0%
14 DIV OF BANKING & FINANCIAL INS				
61000 Personal Services	3,891,164		3,891,164	0.0%
62000 Operating Expenses	978,464	19,887	998,351	2.0%
69000 Debt Service	162,295		162,295	0.0%
Total	5,031,923	19,887	5,051,810	0.4%
15 MONTANA STATE LOTTERY				
61000 Personal Services	3,127,461		3,127,461	0.0%
62000 Operating Expenses	3,247,418		3,247,418	0.0%
63000 Equipment & Intangible Assets	50,000		50,000	0.0%
69000 Debt Service	216,816		216,816	0.0%
Total	6,641,695		6,641,695	0.0%
23 STATE HUMAN RESOURCES DIVISION				
61000 Personal Services	1,779,689		1,779,689	0.0%
62000 Operating Expenses	523,677	14,993	538,670	2.9%
Total	2,303,366	14,993	2,318,359	0.7%
37 MONTANA TAX APPEAL BOARD				
61000 Personal Services	544,849		544,849	0.0%
62000 Operating Expenses	160,169	(4,620)	155,549	-2.9%
65000 Local Assistance	14,683		14,683	0.0%
69000 Debt Service	40,764	8,400	49,164	20.6%
Total	760,465	3,780	764,245	0.5%
Agency Total	55,285,248	-	55,285,248	0.0%

The following modifications were made to the legislative budget:

- A reorganization took place in the 2025 biennium which moved the State Procurement Services from the State Financial Services Division into its own division
- An adjustment transferred operating expense authority from the State Financial Services Division to the Director's Office, Architecture and Engineering Division, Division of Banking and Financial Institutions, State Human Resources Division, and the Montana Tax Appeal Board to reallocate an inflationary adjustment authorized by the 2023 Legislature
- A transfer of operating expenses to debt service expenditures in the Montana Tax Appeal Board due to a new rental lease agreement that required greater debt service expenditure authority

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	2.50	3.50	3.50	1.00	20.0%
General Fund	33,884,609	50,294,608	50,729,465	33,254,855	49.1%
Federal Spec. Rev. Funds	12,707	22,707	22,707	20,000	78.7%
Total Funds	33,897,316	50,317,315	50,752,172	33,274,855	49.1%
Personal Services	336,129	395,883	398,152	121,777	18.1%
Operating Expenses	105,002	152,601	151,761	94,358	44.9%
Local Assistance	14,296	24,296	24,296	20,000	69.9%
Transfers	33,441,889	49,744,535	50,177,963	33,038,720	49.4%
Total Expenditures	33,897,316	50,317,315	50,752,172	33,274,855	49.1%
Total Ongoing	33,897,316	50,317,315	50,752,172	33,274,855	49.1%
Total One-Time-Only					0.0%

Program Highlights

Director's Office Major Budget Highlights
<ul style="list-style-type: none"> • The Director's Office 2027 biennium requested appropriations are approximately \$33.3 million or 49.1% higher than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> ◦ A general fund transfer to the Long-Range Building Program capital development account and major repair and maintenance account ◦ 1.00 new PB for the Education and Workforce Development Board

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Director's Office 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	33,884,609	0	12,707	33,897,316	67.4%	33,884,609	0	12,707	33,897,316	66.8%
Statewide PL										
Personal Services	(25,535)	0	0	(25,535)	(0.1%)	(23,267)	0	0	(23,267)	(0.0%)
Fixed Costs	34,587	0	0	34,587	0.1%	33,707	0	0	33,707	0.1%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	9,052	0	0	9,052	0.0%	10,440	0	0	10,440	0.0%
Present Law (PL)	16,312,658	0	10,000	16,322,658	32.4%	16,746,126	0	10,000	16,756,126	33.0%
New Proposals	88,289	0	0	88,289	0.2%	88,290	0	0	88,290	0.2%
Total HB 2 Adjustments	16,409,999	0	10,000	16,419,999	32.6%	16,844,856	0	10,000	16,854,856	33.2%
Total Requested Budget	50,294,608	0	22,707	50,317,315		50,729,465	0	22,707	50,752,172	

Funding

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

Department of Administration, 01-Director's Office Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	101,024,073	0	0	179,583,171	280,607,244	88.8%	
02858 Mineral Impact	0	0	0	16,908,187	16,908,187	100.0%	
State Special Total	\$0	\$0	\$0	\$16,908,187	\$16,908,187	5.4%	
03095 Taylor Grazing Act Dist.	0	0	0	250,000	250,000	2.5%	
03369 Flood Control Payments	45,414	0	0	0	45,414	0.5%	
03425 Forest Reserve Shared Revenue	0	0	0	9,760,900	9,760,900	97.1%	
Federal Special Total	\$45,414	\$0	\$0	\$10,010,900	\$10,056,314	3.2%	
06020 Office of Public Information R	0	0	878,955	0	878,955	10.6%	
06504 Chief Data Office	0	0	1,219,482	0	1,219,482	14.7%	
06534 Management Services	0	0	6,173,387	0	6,173,387	74.6%	
Proprietary Total	\$0	\$0	\$8,271,824	\$0	\$8,271,824	2.6%	
Total All Funds	\$101,069,487	\$0	\$8,271,824	\$206,502,258	\$315,843,569		

HB 2 Appropriations

General Fund

General fund provides the majority of the funding for HB 2 authority. General fund authority is primarily for the transfer to the long-range building program capital development account and the major repair account. Other general fund supports the Office of Legal Services, Burial Board, and the Office of Finance and Budget.

Federal Special Revenue

Federal special revenue provides the remaining 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 Corporation 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 small 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

In the Director's Office, statutory appropriations account for the majority of appropriations from all sources of authority. The figure below provides FY 2024 actual expenditures, FY 2025 appropriations, and current HJ 2 estimates for FY 2026 and FY 2027.

Department of Administration Director's Office Statutory Appropriations				
	FY 2024 Actual	FY 2025 Estimated	FY 2026 Estimated	FY 2027 Estimated
General Fund				
Debt Service	\$ 73,319	\$ 97,965	\$ 97,965	\$ 97,965
Local Government PERD Contribution	662,124	1,343,615	1,467,185	1,514,868
School District PERD Contribution	714,149	743,445	750,879	758,388
TRS GABA	1,079,927	1,142,000	1,151,263	1,188,679
TRS Supplemental Contribution	47,768,291	49,837,000	49,018,339	49,655,578
State Fund Division	745,286	539,000	535,000	535,000
Public Employees Retirement Transfers	35,329,705	35,683,002	36,039,832	36,400,230
Lodging Tax	118,778	186,000	186,000	186,000
Total General Fund	86,491,579	89,572,027	89,246,463	90,336,708
State Special Revenues				
Mineral Impact	11,923,593	6,764,000	8,518,514	8,389,673
Total State Special Revenue	11,923,593	6,764,000	8,518,514	8,389,673
Federal Special Revenue				
Taylor Grazing Act Fees	125,000	125,000	125,000	125,000
Forest Reserve Funds	<u>13,396,642</u>	<u>4,682,450</u>	<u>4,802,450</u>	<u>4,958,450</u>
Total Federal Special Revenue	13,521,642	4,807,450	4,927,450	5,083,450
Total Statutory Appropriations	<u>\$ 111,936,815</u>	<u>\$ 101,143,477</u>	<u>\$ 102,692,427</u>	<u>\$ 103,809,831</u>

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	2.50	2.50	3.50	3.50
Personal Services	295,181	349,507	336,129	395,883	398,152
Operating Expenses	902,058	1,036,020	105,002	152,601	151,761
Local Assistance	12,707	14,296	14,296	24,296	24,296
Transfers	31,632,606	31,632,606	33,441,889	49,744,535	50,177,963
Total Expenditures	\$32,842,552	\$33,032,429	\$33,897,316	\$50,317,315	\$50,752,172
General Fund	32,829,845	33,019,722	33,884,609	50,294,608	50,729,465
Federal Spec. Rev. Funds	12,707	0	12,707	22,707	22,707
Total Funds	\$32,842,552	\$33,019,722	\$33,897,316	\$50,317,315	\$50,752,172
Total Ongoing	\$32,842,552	\$33,019,722	\$33,897,316	\$50,317,315	\$50,752,172
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Director's Office provides leadership and management support to the Department of Administration (DOA) and its attached boards and commissions. It serves as a key liaison between DOA divisions, the cabinet, legislature, and Governor's Office, ensuring coordination and efficient operations. The Director's Office is supported by a mix of 2.50 PB funded through HB 2 and 21.51 PB funded by internal fees charged to DOA divisions and attached agencies. The office includes:

- Office of Legal Services: Advises divisions on legal matters
- Office of Human Resources: Supports agency performance through strategic HR programs
- Office of Finance & Budget: Manages budgets, compliance, and financial reporting
- Communications Director: Handles internal and external communication strategies
- Chief Data Office: Drives digital transformation and data modernization for state government, focusing on data quality, analytics, governance, and performance measures
- Office of Public Information Requests (OPIR): Centralizes public records management, coordinating intake, cost estimates, legal reviews, and responses for complex or multi-agency requests. OPIR also manages tools for tracking and preparing records for release

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Director's Office expended 99.4% of its \$33.0 million HB 2 modified budget in FY 2024. The majority of the expenditures were for transfers to the long-range building program capital development account and the major repair account, which was 100.0% expended. Personal services and operating expenses were 84.5% and 87.1% expended, respectively, which is in line with historical expenditures.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The Director's Office appropriation authority for FY 2025 is approximately \$865,000, or 2.6%, higher than that of FY 2024. This increase is entirely due to higher budgeted transfers for the long-range building program capital development account and the major repair account of approximately \$1.8 million. Operating expenses were \$931,000, or 89.9%, lower in FY 2025 due to lower appropriation authority for SB 11, which required the Chief Data Office to develop the criminal justice data warehouse. An initial one-time-only implementation cost of approximately \$840,000 was needed in FY 2024. Operating expenses were reduced in FY 2025 to reflect normal ongoing operating expenditures.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed 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 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(25,535)	0	0	(25,535)	0.00	(23,267)	0	0	(23,267)
DP 2 - Fixed Costs	0.00	34,587	0	0	34,587	0.00	33,707	0	0	33,707
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	10,012	0	0	10,012	0.00	10,052	0	0	10,052
DP 103 - GF Transfer to Capital Development Authority	0.00	9,062,901	0	0	9,062,901	0.00	9,062,901	0	0	9,062,901
DP 104 - GF Transfer Min Funding to Major Maintenance Repair	0.00	7,239,745	0	0	7,239,745	0.00	7,673,173	0	0	7,673,173
DP 107 - Increase Flood Control Appropriation	0.00	0	0	10,000	10,000	0.00	0	0	10,000	10,000
Grand Total All Present Law Adjustments	0.00	\$16,321,710	\$0	\$10,000	\$16,331,710	0.00	\$16,756,566	\$0	\$10,000	\$16,766,566

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

Department of Administration	
Director's Office	
FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 31,626
Management Changes	(10,161)
Total Budget Modifications	<u>(47,000)</u>
Total	<u><u>\$ (25,535)</u></u>

The executive requests a decreased statewide present law adjustment for personal services. This decrease is due to the loss of personal services authority granted through HB 949, which was not captured during the snapshot process. This decrease is partially offset by legislative changes due to increased benefits and longevity.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 4 - Allocate Department Indirect/Administrative Costs -

The executive requests an adjustment to provide the funding to pay the Department of Administration's 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 103 - GF Transfer to Capital Development Authority -

The executive requests a transfer of general fund to the capital development Long-Range Building Program account, as required by 17-7-208, MCA.

LFD COMMENT	<p>Capital Development Fund Transfer</p> <p>Current law requires an appropriation transfer for capital developments of an amount equal to 1.0% of general fund revenues less current and authorized but unissued general fund general obligation bond debt service. The legislature would have the ability to authorize the use of these funds for state or local government infrastructure projects through new cash or bonded capital improvement programs, but only if the appropriations for maintaining existing state buildings has been funded at a level equal to or greater than the 0.6% of current replacement value. The appropriation is also available for use if there are general fund shortfalls experienced in the state budget, or as a "working rainy day fund."</p>
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DP 104 - GF Transfer Min Funding to Major Maintenance Repair -

The executive requests a transfer of general fund to the major repair Long-Range Building Program account, as required by 17-7-222, MCA.

LFD COMMENT	<p>Major Repairs Transfer</p> <p>Current law requires that the state invests 0.6% of the current replacement value (CRV) of Long-Range Building Program (LRBP) eligible buildings for purposes of major repairs and maintenance of the buildings. The general fund appropriations are equal to the difference between 0.6% of CRV and the LRBP dedicated revenues of cigarette taxes and coal severance taxes.</p>
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DP 107 - Increase Flood Control Appropriation -

The executive requests additional federal special revenue authority in the 2027 biennium. Section 17-3-231, MCA, requires the distribution of federal flood control funds to the counties. The executive requests an increase in appropriation to facilitate the distribution of these federal funds.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 102 - Education Workforce Data Governing Board	1.00	88,289	0	0	88,289	1.00	88,290	0	0	88,290
Total	1.00	\$88,289	\$0	\$0	\$88,289	1.00	\$88,290	\$0	\$0	\$88,290

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

DP 102 - Education Workforce Data Governing Board -

The executive requests 1.00 PB to support and facilitate the work of the Education and Workforce Data Governance Board, established during the 2023 Legislature, 20-7-138, MCA, that is administratively attached to the Department of Administration. The board is responsible for developing and implementing policies and procedures for the linking and sharing of education and workforce data among contributing agencies; facilitating the use of the data to inform decision making by entities to maximize the operational efficiency of the state's education and workforce systems; and ensuring compliance with federal and state privacy laws.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	16.67	16.67	16.67	0.00	0.0%
General Fund	1,798,057	3,017,603	1,862,564	1,284,053	35.7%
Federal Spec. Rev. Funds	5,828	5,828	5,828		0.0%
Proprietary Funds	87,878	87,878	87,878		0.0%
Total Funds	1,891,763	3,111,309	1,956,270	1,284,053	33.9%
Personal Services	1,624,979	1,659,059	1,663,383	72,484	2.2%
Operating Expenses	266,784	1,452,250	292,887	1,211,569	227.1%
Total Expenditures	1,891,763	3,111,309	1,956,270	1,284,053	33.9%
Total Ongoing	1,891,763	3,111,309	1,956,270	1,284,053	33.9%
Total One-Time-Only					0.0%

Program Highlights

<p>State Financial Services Division Major Budget Highlights</p>
<ul style="list-style-type: none"> • The State Financial Services Division’s 2027 biennium requested appropriations are approximately \$1.3 million or 33.9% higher than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> ◦ Statewide present law adjustments for fixed costs including audit fees in FY 2026 ◦ A general fund transfer from the State Procurement Services Division

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

State Financial Services Division 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	1,798,057	0	5,828	1,891,763	60.8%	1,798,057	0	5,828	1,891,763	96.7%
Statewide PL										
Personal Services	34,080	0	0	34,080	1.1%	38,404	0	0	38,404	2.0%
Fixed Costs	1,168,315	0	0	1,168,315	37.6%	8,669	0	0	8,669	0.4%
Inflation Deflation	(74)	0	0	(74)	(0.0%)	(50)	0	0	(50)	(0.0%)
Total Statewide PL	1,202,321	0	0	1,202,321	38.6%	47,023	0	0	47,023	2.4%
Present Law (PL)	17,225	0	0	17,225	0.6%	17,484	0	0	17,484	0.9%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	1,219,546	0	0	1,219,546	39.2%	64,507	0	0	64,507	3.3%
Total Requested Budget	3,017,603	0	5,828	3,111,309		1,862,564	0	5,828	1,956,270	

Funding

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

Department of Administration, 03-State Financial Services Division Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	4,880,167	0	0	6,066,516	10,946,683	42.1%
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
03320 CMIA Funds	11,656	0	0	0	11,656	100.0%
Federal Special Total	\$11,656	\$0	\$0	\$0	\$11,656	0.0%
06042 Local Govt Svcs AuditRportng	0	0	1,915,188	0	1,915,188	12.8%
06511 SABHRS	0	0	10,716,699	0	10,716,699	71.4%
06527 Investment Division	175,756	0	0	0	175,756	1.2%
06564 Warrant Writing	0	0	2,208,623	0	2,208,623	14.7%
Proprietary Total	\$175,756	\$0	\$14,840,510	\$0	\$15,016,266	57.8%
Total All Funds	\$5,067,579	\$0	\$14,840,510	\$6,066,516	\$25,974,605	

HB 2 Appropriations

General Fund

General fund is the primary source for the functions approved in HB 2 and supports the development of statewide accounting standards, treasury functions, accounting assistance for local government and the State Social Security Administrator function.

Federal Special Revenue

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 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.

Non-budgeted Proprietary Appropriations

Non-budgeted proprietary funds include Local Government Services Audit Reporting, the State Accounting, Budgeting, and Human Resources System (SABHRS), and Warrant Writing. These funds are discussed in the Proprietary Rates narrative.

Statutory Appropriations

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 interest earned on the funds that may not be retained by the state according to federal law or the terms of the federal grant (17-3-106, MCA).

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	16.67	16.67	16.67	16.67
Personal Services	1,514,467	1,551,128	1,624,979	1,659,059	1,663,383
Operating Expenses	282,675	272,510	266,784	1,452,250	292,887
Debt Service	21,613	0	0	0	0
Total Expenditures	\$1,818,755	\$1,823,638	\$1,891,763	\$3,111,309	\$1,956,270
General Fund	1,733,703	1,733,702	1,798,057	3,017,603	1,862,564
Federal Spec. Rev. Funds	943	5,828	5,828	5,828	5,828
Proprietary Funds	84,109	84,108	87,878	87,878	87,878
Total Funds	\$1,818,755	\$1,823,638	\$1,891,763	\$3,111,309	\$1,956,270
Total Ongoing	\$1,818,755	\$1,823,638	\$1,891,763	\$3,111,309	\$1,956,270
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The State Financial Services Division provides centralized services and administers state and federal programs for agencies, local governments, and Montana citizens and businesses. It consists of three bureaus:

1. Statewide Accounting Bureau (SAB): Manages the financial modules of the Statewide Accounting Budgeting & Human Resources System (SABHRS), supports state agencies, ensures compliance with accounting policies, publishes the state’s annual comprehensive financial report (ACFR), and oversees daily treasury operations and payment processing
2. Local Government Services Bureau (LGSB): Supports local governments with financial accountability and compliance with statutory reporting, including the Montana Single Audit Act. It also manages public access to financial and audit reports and oversees the State Social Security Administrator Program
3. SABHRS Financial Services Technology Bureau (FSTB): Provides system support, development, and maintenance for the state’s enterprise accounting and budgeting systems, collaborating with key state entities to meet business requirements

The Division Strategies and Solutions Team (DSST) focuses on operational strategies and technology solutions to support division-wide initiatives.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The State Financial Services Division expended 99.7% of its \$1.8 million HB 2 modified budget in FY 2024. Personal services were 97.6% expended, and operating expenses were expended at 103.7%. The division incurred debt service expenditures due to a new government accounting standard which required rent lease payments to be recorded under debt services.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The State Financial Services Division appropriation authority for FY 2025 is approximately \$68,000, or 3.7%, higher than that of FY 2024. This increase is primarily in personal services general fund authority due to the greater amount appropriated through HB 13 (pay plan) in FY 2025.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed 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 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	34,080	0	0	34,080	0.00	38,404	0	0	38,404
DP 2 - Fixed Costs	0.00	1,168,315	0	0	1,168,315	0.00	8,669	0	0	8,669
DP 3 - Inflation Deflation	0.00	(74)	0	0	(74)	0.00	(50)	0	0	(50)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	2,871	0	0	2,871	0.00	3,130	0	0	3,130
DP 302 - General Fund Transfer to Correct SFSD and SPSD Starting Point	0.00	14,354	0	0	14,354	0.00	14,354	0	0	14,354
Grand Total All Present Law Adjustments	0.00	\$1,219,546	\$0	\$0	\$1,219,546	0.00	\$64,507	\$0	\$0	\$64,507

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

Department of Administration State Financial Services FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 15,707
Management Changes	18,373
Total Budget Modifications	-
Total	\$ 34,080

The executive requests an increased statewide present law adjustment for personal services primarily driven by management changes which saw pay increases attributed to retention adjustments, hiring new employees at higher rates than the previous employees, and budgeting vacant positions at higher rates. Legislative changes also increased due to greater budgeted benefits.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

DP 4 - Allocate Department Indirect/Administrative Costs -

The executive requests an adjustment to provide the funding to pay the Department of Administration's 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 302 - General Fund Transfer to Correct SFSD and SPSD Starting Point -

The executive requests a general fund transfer from the State Procurement Services Division to the State Financial Services Division to adjust starting points due to a budget change document (BCD) not processing in time to correct the starting points.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget		Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	18.00	18.00	18.00	0.00	0.0%	
State/Other Special Rev. Funds	2,832,783	3,053,664	3,059,568	447,666	7.9%	
Total Funds	2,832,783	3,053,664	3,059,568	447,666	7.9%	
Personal Services	2,035,563	2,154,363	2,159,709	242,946	6.0%	
Operating Expenses	797,220	899,301	899,859	204,720	12.8%	
Total Expenditures	2,832,783	3,053,664	3,059,568	447,666	7.9%	
Total Ongoing	2,832,783	3,053,664	3,059,568	447,666	7.9%	
Total One-Time-Only					0.0%	

Program Highlights

**Architecture & Engineering Division
Major Budget Highlights**

- The Architecture & Engineering Division's 2027 biennium requested HB 2 appropriations are approximately \$448,000 or 7.9% higher than the FY 2025 base budget. Significant changes include:
 - Statewide present law adjustments for personal services and fixed costs
 - An increase in operating expenses for rent increases

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Architecture and Engineering Division 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	2,832,783	0	2,832,783	92.8%	0	2,832,783	0	2,832,783	92.6%
Statewide PL										
Personal Services	0	118,800	0	118,800	3.9%	0	124,146	0	124,146	4.1%
Fixed Costs	0	14,812	0	14,812	0.5%	0	10,185	0	10,185	0.3%
Inflation Deflation	0	(2,178)	0	(2,178)	(0.1%)	0	(1,472)	0	(1,472)	(0.0%)
Total Statewide PL	0	131,434	0	131,434	4.3%	0	132,859	0	132,859	4.3%
Present Law (PL)	0	89,447	0	89,447	2.9%	0	93,926	0	93,926	3.1%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	220,881	0	220,881	7.2%	0	226,785	0	226,785	7.4%
Total Requested Budget	0	3,053,664	0	3,053,664		0	3,059,568	0	3,059,568	

Funding

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

Department of Administration, 04-Architecture and Engineering Division Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0	0.0%
02030 Arch & Engin Construction	6,113,232	0	0	0	6,113,232	100.0%
State Special Total	\$6,113,232	\$0	\$0	\$0	\$6,113,232	100.0%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$6,113,232	\$0	\$0	\$0	\$6,113,232	

HB 2 Authority

The Architecture & Engineering Division is entirely funded with HB 2 state special revenue authority. The majority of this authority comes from funds transferred from the long-range building major repairs fund to the Architecture & Engineering state special revenue fund, which was established for administrative expenses related to the support of the state Long-Range Building Program.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	18.00	18.00	18.00	18.00
Personal Services	1,999,129	1,950,281	2,035,563	2,154,363	2,159,709
Operating Expenses	669,738	836,096	797,220	899,301	899,859
Total Expenditures	\$2,668,867	\$2,786,377	\$2,832,783	\$3,053,664	\$3,059,568
State/Other Special Rev. Funds	2,668,867	2,786,377	2,832,783	3,053,664	3,059,568
Total Funds	\$2,668,867	\$2,786,377	\$2,832,783	\$3,053,664	\$3,059,568
Total Ongoing	\$2,668,867	\$2,786,377	\$2,832,783	\$3,053,664	\$3,059,568
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Architecture and Engineering Division manages remodeling and construction of state buildings and implementation of the ConnectMT broadband program. 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 maintains the statewide, state-owned building inventory, directs the statewide facility condition assessment effort, and formulates a long-range building plan for legislative consideration each session. For ConnectMT, the division provides all grant management, reporting, and compliance functions. This division operates under the authority found in Titles 17 and 18, MCA, and Title 90, Chapter 1, Part 6, as well as other state mandates.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Architecture & Engineering Division expended 95.8% of its \$2.8 million HB 2 modified budget in FY 2024. Personal services and operating expenses were 102.5% and 80.1% expended, respectively. Greater personal services expenditures were due to the division only having one vacancy in FY 2024 which led to the division not realizing the anticipated 5.0% budgeted vacancy savings.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The Architecture & Engineering Division appropriation authority for FY 2025 is approximately \$46,000, or 1.7%, higher than that of FY 2024. This increase is entirely due to greater personal services budgeted in FY 2025 through HB 2 and HB 13, which authorized the pay plan. Operating expenses were reduced by \$39,000 or 4.6% due to a reduction in appropriation authority in HB 2 because the legislative audit fixed cost being entirely allocated to FY 2024.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed 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 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	118,800	0	118,800	0.00	0	124,146	0	124,146
DP 2 - Fixed Costs	0.00	0	14,812	0	14,812	0.00	0	10,185	0	10,185
DP 3 - Inflation Deflation	0.00	0	(2,178)	0	(2,178)	0.00	0	(1,472)	0	(1,472)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	0	1,847	0	1,847	0.00	0	2,126	0	2,126
DP 401 - Rental Expense Increase	0.00	0	87,600	0	87,600	0.00	0	91,800	0	91,800
Grand Total All Present Law Adjustments	0.00	\$0	\$220,881	\$0	\$220,881	0.00	\$0	\$226,785	\$0	\$226,785

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

Department of Administration Architecture and Engineering Division FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 37,224
Management Changes	81,576
Total Budget Modifications	-
Total	\$ 118,800

The executive requests an increased statewide present law adjustment for personal services, primarily due to management decisions involving pay adjustments for reclassifications, retention efforts, and hiring new employees at higher rates. This increase is further supported by legislative changes that include higher budgeted benefits and longevity adjustments.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

DP 4 - Allocate Department Indirect/Administrative Costs -

The executive requests an adjustment to provide the funding to pay the Department of Administration's 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 401 - Rental Expense Increase -

The executive requests an increase in the Architecture & Engineering Division's operating budget to pay rental costs for the division's new location.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	12.25	12.25	12.25	0.00	0.0%
General Fund	1,673,615	1,440,248	1,441,639	(465,343)	(13.9%)
State/Other Special Rev. Funds	213,662	605,037	602,832	780,545	182.7%
Total Funds	1,887,277	2,045,285	2,044,471	315,202	8.4%
Personal Services	1,160,102	1,203,418	1,205,524	88,738	3.8%
Operating Expenses	727,175	841,867	838,947	226,464	15.6%
Total Expenditures	1,887,277	2,045,285	2,044,471	315,202	8.4%
Total Ongoing	1,887,277	2,045,285	2,044,471	315,202	8.4%
Total One-Time-Only					0.0%

Program Highlights

State Procurement Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The State Procurement Services Division’s 2027 biennium requested HB 2 appropriations are approximately \$315,000 or 8.4% higher than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> ◦ Increased state special revenue for increased operation costs ◦ A funding shift from general fund to state special revenue for 2.00 PB ◦ Statewide present law adjustments for personal services and fixed costs

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

State Procurement Services Division 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	1,673,615	213,662	0	1,887,277	92.3%	1,673,615	213,662	0	1,887,277	92.3%
Statewide PL										
Personal Services	43,309	7	0	43,316	2.1%	45,119	303	0	45,422	2.2%
Fixed Costs	(74,044)	6,943	0	(67,101)	(3.3%)	(76,461)	6,234	0	(70,227)	(3.4%)
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	(30,735)	6,950	0	(23,785)	(1.2%)	(31,342)	6,537	0	(24,805)	(1.2%)
Present Law (PL)	(14,422)	196,215	0	181,793	8.9%	(14,232)	196,231	0	181,999	8.9%
New Proposals	(188,210)	188,210	0	0	0.0%	(186,402)	186,402	0	0	0.0%
Total HB 2 Adjustments	(233,367)	391,375	0	158,008	7.7%	(231,976)	389,170	0	157,194	7.7%
Total Requested Budget	1,440,248	605,037	0	2,045,285		1,441,639	602,832	0	2,044,471	

Funding

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

Department of Administration, 05-State Procurement Services Division Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	2,881,887	0	0	0	2,881,887	70.5%
02211 Procurement Special Revenue	1,207,869	0	0	0	1,207,869	100.0%
State Special Total	\$1,207,869	\$0	\$0	\$0	\$1,207,869	29.5%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$4,089,756	\$0	\$0	\$0	\$4,089,756	

HB 2 Authority

The State Procurement Services Division is entirely funded with HB 2 authority. General fund supports the majority of the division's general operational expenses.

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 funds collected must be deposited in the general fund by the end of the fiscal year.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison						
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027	
PB	0.00	12.25	12.25	12.25	12.25	12.25
Personal Services	1,190,980	1,168,122	1,160,102	1,203,418	1,205,524	
Operating Expenses	352,052	363,623	727,175	841,867	838,947	
Debt Service	381,119	402,733	0	0	0	
Total Expenditures	\$1,924,151	\$1,934,478	\$1,887,277	\$2,045,285	\$2,044,471	
General Fund	1,599,625	1,608,880	1,673,615	1,440,248	1,441,639	
State/Other Special Rev. Funds	324,526	325,598	213,662	605,037	602,832	
Total Funds	\$1,924,151	\$1,934,478	\$1,887,277	\$2,045,285	\$2,044,471	
Total Ongoing	\$1,924,151	\$1,934,478	\$1,887,277	\$2,045,285	\$2,044,471	
Total OTO	\$0	\$0	\$0	\$0	\$0	\$0

Program Description

The State Procurement Services Division (SPSD) provides professional procurement services to all state agencies for the acquisition of supplies and services. SPSP oversees compliance of state agencies 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 SPSP monitors compliance with the Montana Procurement Act (MCA Title 18-4) and is the business process owner of the eMACS procurement software. The SPSP strives to assist the state in receiving the maximum value for taxpayer dollars.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The State Procurement Services Division utilized 99.5% of its \$1.9 million modified HB 2 budget in FY 2024. Personal services were expended at 102.0%, operating expenses at 96.8%, and debt services at 94.6%.

FY 2024 Appropriations Compared to FY 2025 Appropriations

For FY 2025, the State Procurement Services Division's appropriation authority is approximately \$47,000, or 2.4%, lower than in FY 2024. This decrease is entirely in state special revenue authority. During the 2025 biennium, the Department of Administration reorganized, moving the State Procurement Services out of the State Financial Services Division into its own division. During this reorganization, less appropriation authority was transferred in FY 2025 when compared to FY 2024.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed 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 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	43,309	7	0	43,316	0.00	45,119	303	0	45,422
DP 2 - Fixed Costs	0.00	(74,044)	6,943	0	(67,101)	0.00	(76,461)	6,234	0	(70,227)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	(68)	3,922	0	3,854	0.00	122	3,938	0	4,060
DP 502 - Increase in SSR Operations	0.00	0	192,293	0	192,293	0.00	0	192,293	0	192,293
Grand Total All Present Law Adjustments	0.00	(\$30,803)	\$203,165	\$0	\$172,362	0.00	(\$31,220)	\$202,768	\$0	\$171,548

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

Department of Administration State Procurement Services Division FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 32,793
Management Changes	10,523
Total Budget Modifications	-
Total	\$ 43,316

The State Procurement Services Division was created during the 2025 interim. The majority of the executive requested increase is due to legislative changes for benefits and longevity. Management changes also increased due to promotion and retention pay increases. Additionally, vacant positions were budgeted at a higher rate for the coming biennium. These increases are partially offset by a greater vacancy savings.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 4 - Allocate Department Indirect/Administrative Costs -

The executive requests an adjustment to provide the funding to pay the Department of Administration's 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 502 - Increase in SSR Operations -

The executive requests funding for additional state special revenue for overall operations of the division due to increased contract costs.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 503 - General Fund/SSR FTE Funding	0.00	(188,210)	188,210	0	0	0.00	(186,402)	186,402	0	0
Total	0.00	(\$188,210)	\$188,210	\$0	\$0	0.00	(\$186,402)	\$186,402	\$0	\$0

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

DP 503 - General Fund/SSR FTE Funding -

The executive requests a funding switch for 2.00 PB from general fund to state special revenue. The state special revenue is generated by term contract rebates and administrative fees as allowed in 18-4-227, MCA. This statute allows the division to use money in the procurement and term rebate account to administer term contracts established by the department. The division has identified the term contract area for strategic contracting opportunities for potential growth for contracts to reach across the enterprise and reduce duplicate services.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	36.00	36.00	36.00	0.00	0.0%
State/Other Special Rev. Funds	5,051,810	5,118,695	5,124,300	139,375	1.4%
Total Funds	5,051,810	5,118,695	5,124,300	139,375	1.4%
Personal Services	3,891,164	3,916,627	3,929,357	63,656	0.8%
Operating Expenses	998,351	1,159,348	1,152,223	314,869	15.8%
Debt Service	162,295	42,720	42,720	(239,150)	(73.7%)
Total Expenditures	5,051,810	5,118,695	5,124,300	139,375	1.4%
Total Ongoing	5,051,810	5,118,695	5,124,300	139,375	1.4%
Total One-Time-Only					0.0%

Program Highlights

<p>Banking & Financial Institutions Division Major Budget Highlights</p>
<ul style="list-style-type: none"> • The Banking and Financial Institutions Division's 2027 biennium requested HB 2 appropriations are approximately \$139,000 or 1.4% higher than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> ◦ Increased statewide present law adjustments for personal services and fixed costs ◦ An expenditure authority switch due to new accounting standards on rent

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Banking and Financial Institutions Division 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	5,051,810	0	5,051,810	98.7%	0	5,051,810	0	5,051,810	98.6%
Statewide PL										
Personal Services	0	25,463	0	25,463	0.5%	0	38,193	0	38,193	0.7%
Fixed Costs	0	40,403	0	40,403	0.8%	0	31,443	0	31,443	0.6%
Inflation Deflation	0	(3,941)	0	(3,941)	(0.1%)	0	(2,664)	0	(2,664)	(0.1%)
Total Statewide PL	0	61,925	0	61,925	1.2%	0	66,972	0	66,972	1.3%
Present Law (PL)	0	4,960	0	4,960	0.1%	0	5,518	0	5,518	0.1%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	66,885	0	66,885	1.3%	0	72,490	0	72,490	1.4%
Total Requested Budget	0	5,118,695	0	5,118,695		0	5,124,300	0	5,124,300	

Funding

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

Department of Administration, 14-Banking and Financial Institutions Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.0%	
02077 Financial Institutions Div	10,242,995	0	0	0	10,242,995	100.0%	
State Special Total	\$10,242,995	\$0	\$0	\$0	\$10,242,995	100.0%	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$10,242,995	\$0	\$0	\$0	\$10,242,995		

HB 2 Authority

The Banking and Financial Institutions Division is entirely funded with state special revenues generated from assessments, application fees, and examination fees paid by the regulated financial institutions.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	36.00	36.00	36.00	36.00
Personal Services	3,578,837	3,602,627	3,891,164	3,916,627	3,929,357
Operating Expenses	953,687	986,203	998,351	1,159,348	1,152,223
Debt Service	162,295	162,295	162,295	42,720	42,720
Total Expenditures	\$4,694,819	\$4,751,125	\$5,051,810	\$5,118,695	\$5,124,300
State/Other Special Rev. Funds	4,694,819	4,751,125	5,051,810	5,118,695	5,124,300
Total Funds	\$4,694,819	\$4,751,125	\$5,051,810	\$5,118,695	\$5,124,300
Total Ongoing	\$4,694,819	\$4,751,125	\$5,051,810	\$5,118,695	\$5,124,300
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Division of Banking and Financial Institutions licenses, supervises, regulates, and examines financial institutions doing business in Montana. Those institutions include 35 banks and trust companies with \$75.0 billion in total assets, 9 credit unions with \$3.0 billion in total assets, 236 consumer finance companies, 136 sales finance companies, and 9 escrow businesses. The division also licenses and examines residential mortgage loan service providers which includes 347 mortgage brokers, 290 mortgage lenders, 206 mortgage servicers and 4,344 mortgage loan originators. All program functions are statutorily mandated in Title 32, Chapters 1-11, and Title 31, Chapter 1, Parts 2 & 7, MCA.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Banking and Financial Institutions Division utilized 98.8% of its \$4.8 million modified HB 2 budget in FY 2024. Expenditures included 99.3% for personal services, 96.7% for operating expenses, and 100.0% for debt services.

FY 2024 Appropriations Compared to FY 2025 Appropriations

For FY 2025, the Banking and Financial Institutions Division's appropriation authority is approximately \$301,000, or 6.3%, higher than in FY 2024. This increase is primarily due to personal services, reflecting a larger statewide present law adjustment and an increased appropriation from HB 13 (pay plan). Additionally, operating expenses have risen due to statewide present law adjustments for inflation authorized by the 2023 Legislature.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed 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 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	25,463	0	25,463	0.00	0	38,193	0	38,193
DP 2 - Fixed Costs	0.00	0	40,403	0	40,403	0.00	0	31,443	0	31,443
DP 3 - Inflation Deflation	0.00	0	(3,941)	0	(3,941)	0.00	0	(2,664)	0	(2,664)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	0	4,960	0	4,960	0.00	0	5,518	0	5,518
DP 1401 - Adjust BFID Debt Service Budget	0.00	0	0	0	0	0.00	0	0	0	0
Grand Total All Present Law Adjustments	0.00	\$0	\$66,885	\$0	\$66,885	0.00	\$0	\$72,490	\$0	\$72,490

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

Department of Administration Banking and Financial Institutions Division FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 827
Management Changes	24,636
Total Budget Modifications	-
Total	\$ 25,463

The executive requests an increased statewide present law adjustment for personal services, primarily driven by management decisions regarding higher pay for career ladder adjustments, reclassifications, and budgeting vacant positions at elevated rates. Legislative changes also increased due to greater budgeted benefits.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

DP 4 - Allocate Department Indirect/Administrative Costs -

The executive requests an adjustment to provide the funding to pay the Department of Administration's 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 1401 - Adjust BFID Debt Service Budget -

The executive requests moving debt services authority to operating expense authority. The Banking and Financial Institutions Division, Helena office, recently moved into a state-owned property and no longer occupies the space that was previously leased. This expense is now recorded as rent, rather than lease payments, requiring budget authority to be moved from debt service to operating expense. No additional authority is being requested.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	36.75	36.75	36.75	0.00	0.0%
Proprietary Funds	6,641,695	6,837,049	6,693,780	247,439	1.9%
Total Funds	6,641,695	6,837,049	6,693,780	247,439	1.9%
Personal Services	3,127,461	3,151,310	3,162,242	58,630	0.9%
Operating Expenses	3,247,418	3,418,923	3,264,722	188,809	2.9%
Equipment & Intangible Assets	50,000	50,000	50,000		0.0%
Debt Service	216,816	216,816	216,816		0.0%
Total Expenditures	6,641,695	6,837,049	6,693,780	247,439	1.9%
Total Ongoing	6,641,695	6,837,049	6,693,780	247,439	1.9%
Total One-Time-Only					0.0%

Program Highlights

Montana State Lottery Major Budget Highlights
<ul style="list-style-type: none"> • The Montana State Lottery’s 2027 biennium requested HB 2 appropriations are approximately \$247,000 or 1.9% higher than the FY 2025 base budget • This increase is primarily due to statewide present law adjustments for personal services and fixed costs

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Montana State Lottery 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	0	0	6,641,695	97.1%	0	0	0	6,641,695	99.2%
Statewide PL										
Personal Services	0	0	0	23,849	0.3%	0	0	0	34,781	0.5%
Fixed Costs	0	0	0	167,683	2.5%	0	0	0	12,906	0.2%
Inflation Deflation	0	0	0	(6)	(0.0%)	0	0	0	(4)	(0.0%)
Total Statewide PL	0	0	0	191,526	2.8%	0	0	0	47,683	0.7%
Present Law (PL)	0	0	0	3,828	0.1%	0	0	0	4,402	0.1%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	0	0	195,354	2.9%	0	0	0	52,085	0.8%
Total Requested Budget	0	0	0	6,837,049		0	0	0	6,693,780	

Funding

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

Department of Administration, 15-Montana State Lottery Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.0%	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
06001 State Lottery Fund	13,530,829	0	0	207,292,700	220,823,529	100.0%	
Proprietary Total	\$13,530,829	\$0	\$0	\$207,292,700	\$220,823,529	100.0%	
Total All Funds	\$13,530,829	\$0	\$0	\$207,292,700	\$220,823,529		

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

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	36.75	36.75	36.75	36.75
Personal Services	2,978,675	2,968,668	3,127,461	3,151,310	3,162,242
Operating Expenses	3,039,015	3,370,292	3,247,418	3,418,923	3,264,722
Equipment & Intangible Assets	77,090	85,000	50,000	50,000	50,000
Debt Service	216,816	216,816	216,816	216,816	216,816
Total Expenditures	\$6,311,596	\$6,640,776	\$6,641,695	\$6,837,049	\$6,693,780
Proprietary Funds	6,311,596	6,640,776	6,641,695	6,837,049	6,693,780
Total Funds	\$6,311,596	\$6,640,776	\$6,641,695	\$6,837,049	\$6,693,780
Total Ongoing	\$6,311,596	\$6,640,776	\$6,641,695	\$6,837,049	\$6,693,780
Total OTO	\$0	\$0	\$0	\$0	\$0

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. The Lottery is required to transfer the first \$2.25 million of net revenue to the STEM scholarship program each fiscal year.

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.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

In FY 2024, the Montana State Lottery utilized 95.0% of its \$6.6 million modified HB 2 budget. Personal services were fully expended at 100.3%, operating expenses reached 90.2%, equipment and intangible assets accounted for 90.7%, and debt services were fully expended at 100.0%.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Overall, the Montana State Lottery total appropriation authority for FY 2025 is not significantly different from FY 2024. Within expenditure accounts personal services increased by 5.3% while operating expenses and equipment and intangible assets decreased by 3.6% and 41.2%, respectively. In FY 2024, the Montana State Lottery was appropriated an additional \$35,000 for equipment and intangible assets for the purchase of a new vehicle. Increased personal services authority is due to increased statewide present law adjustments as well as a greater HB 13 (pay plan) appropriation in FY 2025. Decreased operating expenditures is due to the legislative audit being entirely allocated in FY 2024.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed 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 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	23,849	0.00	0	0	0	34,781
DP 2 - Fixed Costs	0.00	0	0	0	167,683	0.00	0	0	0	12,906
DP 3 - Inflation Deflation	0.00	0	0	0	(6)	0.00	0	0	0	(4)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	0	0	0	3,828	0.00	0	0	0	4,402
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$195,354	0.00	\$0	\$0	\$0	\$52,085

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

Department of Administration Lottery Division FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 41,784
Management Changes	(17,935)
Total Budget Modifications	-
Total	<u><u>\$ 23,849</u></u>

The executive requests an increased statewide present law adjustment for personal services, primarily due to legislative changes for greater benefits and longevity pay. Management changes decreased due to hiring new employees at lower rates and greater vacancy savings.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

DP 4 - Allocate Department Indirect/Administrative Costs -

The executive requests an adjustment to provide the funding to pay the Department of Administration's indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget		Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2026	FY 2027	Amount	Percent
PB	16.25	16.25	16.25	16.25	0.00	0.0%
General Fund	2,318,359	2,404,499	2,404,499	2,404,407	172,188	3.7%
Total Funds	2,318,359	2,404,499	2,404,499	2,404,407	172,188	3.7%
Personal Services	1,779,689	1,815,294	1,815,294	1,818,724	74,640	2.1%
Operating Expenses	538,670	589,205	589,205	585,683	97,548	9.1%
Total Expenditures	2,318,359	2,404,499	2,404,499	2,404,407	172,188	3.7%
Total Ongoing	2,318,359	2,404,499	2,404,499	2,404,407	172,188	3.7%
Total One-Time-Only						0.0%

Program Highlights

**State Human Resources Division
Major Budget Highlights**

- The State Human Resources Division’s 2027 biennium requested HB 2 appropriations are approximately \$172,000 or 3.7% higher than the FY 2025 base budget. Significant changes include:
 - Statewide present law adjustments for personal services and fixed costs
 - Indirect administrative cost adjustments for support services

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

State Human Resources Division 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	2,318,359	0	0	2,318,359	96.4%	2,318,359	0	0	2,318,359	96.4%
Statewide PL										
Personal Services	35,605	0	0	35,605	1.5%	39,035	0	0	39,035	1.6%
Fixed Costs	43,935	0	0	43,935	1.8%	40,142	0	0	40,142	1.7%
Inflation Deflation	(59)	0	0	(59)	(0.0%)	(40)	0	0	(40)	(0.0%)
Total Statewide PL	79,481	0	0	79,481	3.3%	79,137	0	0	79,137	3.3%
Present Law (PL)	6,659	0	0	6,659	0.3%	6,911	0	0	6,911	0.3%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	86,140	0	0	86,140	3.6%	86,048	0	0	86,048	3.6%
Total Requested Budget	2,404,499	0	0	2,404,499		2,404,407	0	0	2,404,407	

Funding

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

Department of Administration, 23-State Human Resources Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	4,808,906	0	0	0	4,808,906	30.4%	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
06525 Enterprise Learning and Develo	0	0	1,338,821	0	1,338,821	12.2%	
06559 Group Benefits Claims A/C	0	0	696,042	0	696,042	6.3%	
06563 HR Info Services	0	0	8,970,596	0	8,970,596	81.5%	
Proprietary Total	\$0	\$0	\$11,005,459	\$0	\$11,005,459	69.6%	
Total All Funds	\$4,808,906	\$0	\$11,005,459	\$0	\$15,814,365		

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 is discussed in greater detail in the Proprietary Rates budget analysis.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	16.25	16.25	16.25	16.25
Personal Services	1,365,642	1,704,407	1,779,689	1,815,294	1,818,724
Operating Expenses	834,265	525,940	538,670	589,205	585,683
Total Expenditures	\$2,199,907	\$2,230,347	\$2,318,359	\$2,404,499	\$2,404,407
General Fund	2,199,907	2,230,347	2,318,359	2,404,499	2,404,407
Total Funds	\$2,199,907	\$2,230,347	\$2,318,359	\$2,404,499	\$2,404,407
Total Ongoing	\$2,199,907	\$2,230,347	\$2,318,359	\$2,404,499	\$2,404,407
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The State Human Resources Division 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
- Enterprise Learning and Development Bureau, which coordinates professional development and leadership training for the enterprise

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The State Human Resources Division expended 98.6% of its \$2.2 million FY 2024 appropriation authority. Personal services were 80.1% expended while operating expenses were 158.6% expended. Lower personal service expenditures are partially due to vacancy savings. Personal services expenditures were also lower due to the Health Care and Benefits Division transitioning to utilizing Businessolver instead of utilizing the health benefits module provided in SABHRS from the State Human Resources Division. Greater operating expenditures were due to more administration and service costs.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The State Human Resources Division’s FY 2025 appropriation authority is \$88,000, or 3.9%, higher than FY 2024. This increase is primarily due to personal services costs from statewide present law adjustments and a higher HB 13 (pay plan) appropriation in FY 2025. Operating expenses also rose due to inflation adjustments enacted by the 2023 Legislature.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed 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 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	35,605	0	0	35,605	0.00	39,035	0	0	39,035
DP 2 - Fixed Costs	0.00	43,935	0	0	43,935	0.00	40,142	0	0	40,142
DP 3 - Inflation Deflation	0.00	(59)	0	0	(59)	0.00	(40)	0	0	(40)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	6,659	0	0	6,659	0.00	6,911	0	0	6,911
Grand Total All Present Law Adjustments	0.00	\$86,140	\$0	\$0	\$86,140	0.00	\$86,048	\$0	\$0	\$86,048

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

Department of Administration State Human Resources Division FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 30,038
Management Changes	5,567
Total Budget Modifications	-
Total	\$ 35,605

The executive request for an increased statewide present law adjustment in personal services primarily due to legislative changes for greater benefits and longevity. Management changes also increased due to pay adjustments for market and retention pay increases.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

DP 4 - Allocate Department Indirect/Administrative Costs -

The executive requests adjustments to provide the funding to pay the Department of Administration's indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	5.50	5.50	5.50	0.00	0.0%	
General Fund	764,245	797,914	799,268	68,692	4.5%	
Total Funds	764,245	797,914	799,268	68,692	4.5%	
Personal Services	544,849	559,076	561,687	31,065	2.9%	
Operating Expenses	155,549	174,991	173,734	37,627	12.1%	
Local Assistance	14,683	14,683	14,683		0.0%	
Debt Service	49,164	49,164	49,164		0.0%	
Total Expenditures	764,245	797,914	799,268	68,692	4.5%	
Total Ongoing	764,245	797,914	799,268	68,692	4.5%	
Total One-Time-Only					0.0%	

Program Highlights

<p>Montana Tax Appeal Board Major Budget Highlights</p>
<ul style="list-style-type: none"> • The Montana Tax Appeal Board's 2027 biennium requested HB 2 appropriations are approximately \$69,000 or 4.5% higher than the FY 2025 base budget • This increase is primarily attributed to statewide present law adjustments for personal services and fixed costs

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Montana Tax Appeal Board 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	764,245	0	0	764,245	95.8%	764,245	0	0	764,245	95.6%
Statewide PL										
Personal Services	14,227	0	0	14,227	1.8%	16,838	0	0	16,838	2.1%
Fixed Costs	19,089	0	0	19,089	2.4%	17,740	0	0	17,740	2.2%
Inflation Deflation	(18)	0	0	(18)	(0.0%)	(12)	0	0	(12)	(0.0%)
Total Statewide PL	33,298	0	0	33,298	4.2%	34,566	0	0	34,566	4.3%
Present Law (PL)	371	0	0	371	0.0%	457	0	0	457	0.1%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	33,669	0	0	33,669	4.2%	35,023	0	0	35,023	4.4%
Total Requested Budget	797,914	0	0	797,914		799,268	0	0	799,268	

Funding

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

Department of Administration, 37-Montana Tax Appeal Board Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,597,182	0	0	0	1,597,182	100.0%
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$1,597,182	\$0	\$0	\$0	\$1,597,182	

HB 2 Appropriations

The Montana Tax Appeal Board is fully funded with general fund. General fund provides support for travel expenses, compensation, and all other incidental expenses of the county tax boards. Office space and equipment for the county tax appeal boards must be furnished by the county.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	5.50	5.50	5.50	5.50
Personal Services	552,872	521,030	544,849	559,076	561,687
Operating Expenses	111,105	154,678	155,549	174,991	173,734
Local Assistance	18,147	14,683	14,683	14,683	14,683
Debt Service	47,064	47,064	49,164	49,164	49,164
Total Expenditures	\$729,188	\$737,455	\$764,245	\$797,914	\$799,268
General Fund	729,188	737,455	764,245	797,914	799,268
Total Funds	\$729,188	\$737,455	\$764,245	\$797,914	\$799,268
Total Ongoing	\$729,188	\$737,455	\$764,245	\$797,914	\$799,268
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Montana Tax Appeal Board (MTAB) was established by Article VIII, Section 7 of the Montana Constitution and operates under MCA 15-2-101. Independent of the Montana Department of Revenue, MTAB consists of three Governor-appointed, full-time board members serving staggered six-year terms, confirmed by the Montana Senate. MTAB is Montana's sole state-level tax appeal system, enabling citizens to challenge actions by the Department of Revenue and other state agencies with taxing authority. The board holds formal hearings, issuing opinions appealable to Montana District Courts, and reviews appeals from county tax boards, primarily concerning property valuations. MTAB also hears cases on income, corporate, severance, and motor fuels taxes, among others.

Additionally, MTAB funds, administers, and trains the 56 County Tax Appeal Boards, reimbursing counties for associated expenses, such as secretary wages, office supplies, and board member travel, from its legislatively approved budget.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Montana Tax Appeal Board expended 98.9% of its FY 2024 appropriation authority. Personal services and local assistance were over 100.0% expended. Over expenditures in personal services were due to the board not incurring any vacancies in FY 2024 and thus not realizing the budgeted 5.0% vacancy savings. Operating expenses were 71.8% expended due to the board utilizing carryforward authority.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The Montana Tax Appeal Board's appropriation authority for FY 2025 is approximately \$27,000, or 3.6%, higher than for FY 2024. This increase is primarily due to higher personal services costs, reflecting a greater appropriation for the HB 13 pay plan in FY 2025. Additionally, operating expenses and debt service authority rose slightly due to statewide present law inflation adjustments enacted by the 2023 Legislature.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed 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 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	14,227	0	0	14,227	0.00	16,838	0	0	16,838
DP 2 - Fixed Costs	0.00	19,089	0	0	19,089	0.00	17,740	0	0	17,740
DP 3 - Inflation Deflation	0.00	(18)	0	0	(18)	0.00	(12)	0	0	(12)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	371	0	0	371	0.00	457	0	0	457
Grand Total All Present Law Adjustments	0.00	\$33,669	\$0	\$0	\$33,669	0.00	\$35,023	\$0	\$0	\$35,023

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

Department of Administration Montana Tax Appeal Board FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 10,181
Management Changes	4,046
Total Budget Modifications	-
Total	\$ 14,227

The Montana State Tax Appeal Board's statewide present law adjustment for personal services is primarily influenced by legislative changes. Legislative changes increased due to benefits and longevity adjustments. Management changes also increased due to pay adjustments, including market-based salary increases, budgeting vacant positions at higher market rates, and hiring new employees at elevated wage levels.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

DP 4 - Allocate Department Indirect/Administrative Costs -

The executive requests adjustments to provide the funding to pay the Department of Administration's indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.