

STATE AUDITOR'S OFFICE

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	72.50	72.50	72.50	0.00	0.0%
General Fund	157,393	157,393	157,393		0.0%
State/Other Special Rev. Funds	19,963,567	28,743,001	31,781,719	20,597,586	51.6%
Federal Spec. Rev. Funds	34,100,000	45,028,466	50,000,000	26,828,466	39.3%
Total Funds	54,220,960	73,928,860	81,939,112	47,426,052	43.7%
Personal Services	7,615,321	7,552,086	7,564,468	(114,088)	(0.7%)
Operating Expenses	1,856,991	3,198,126	3,195,996	2,680,140	72.2%
Equipment & Intangible Assets	7,994	37,994	37,994	60,000	375.3%
Grants	44,031,143	62,431,143	70,431,143	44,800,000	50.9%
Benefits & Claims	157,393	157,393	157,393		0.0%
Debt Service	552,118	552,118	552,118		0.0%
Total Expenditures	54,220,960	73,928,860	81,939,112	47,426,052	43.7%
Total Ongoing	54,220,960	73,928,860	81,939,112	47,426,052	43.7%
Total One-Time-Only	1,470,000			(2,940,000)	(100.0%)

Agency Highlights

State Auditor's Office Major Budget Highlights
<ul style="list-style-type: none"> • The State Auditor's Office's 2027 biennium requested appropriations are approximately \$47.4 million or 43.7% higher than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> ◦ Increased federal and state special revenue for the Montana Reinsurance Program for grant distributions ◦ Increased state special revenue for contract costs for insurer examinations and long-term care, health, property, and casualty rate filings

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 Auditor's Office 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	157,393	19,963,567	34,100,000	54,220,960	73.3%	157,393	19,963,567	34,100,000	54,220,960	66.2%
Statewide PL										
Personal Services	0	(63,235)	0	(63,235)	(0.1%)	0	(50,853)	0	(50,853)	(0.1%)
Fixed Costs	0	137,880	28,466	166,346	0.2%	0	139,147	0	139,147	0.2%
Inflation Deflation	0	(211)	0	(211)	(0.0%)	0	(142)	0	(142)	(0.0%)
Total Statewide PL	0	74,434	28,466	102,900	0.1%	0	88,152	0	88,152	0.1%
Present Law (PL)	0	8,325,000	10,900,000	19,225,000	26.0%	0	11,350,000	15,900,000	27,250,000	33.3%
New Proposals	0	380,000	0	380,000	0.5%	0	380,000	0	380,000	0.5%
Total HB 2 Adjustments	0	8,779,434	10,928,466	19,707,900	26.7%	0	11,818,152	15,900,000	27,718,152	33.8%
Total Requested Budget	157,393	28,743,001	45,028,466	73,928,860		157,393	31,781,719	50,000,000	81,939,112	

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.

State Auditor's Office FY 2026 Statewide Present Law Adjustment for Personal Services (DP 1)				
Program	Legislative Changes	Management Decisions	Budget Modifications	Total DP 1
01 Central Management Division	\$ 20,463	\$ (2,847)	\$ 10,862	\$ 28,478
03 Insurance Division	25,590	(71,076)	-	(45,486)
04 Securities Division	(2,592)	(43,635)	-	(46,227)
Total	\$ 43,461	\$ (117,558)	\$ 10,862	\$ (63,235)

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 9.0% in FY 2026 and 7.5% in FY 2027 above the operating expense base budget. In FY 2026, this increase is primarily attributed to restricted biennial audit fees. 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.

Funding

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

Total State Auditor's Office 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	314,786			105,201,283	105,516,069	40.4%
02323 Reinsurance Assessment SB 125	37,862,286				37,862,286	14.5%
02235 Insurance Fee Account	17,105,280				17,105,280	6.5%
02283 Securities Fee Account	4,352,890				4,352,890	1.7%
02528 Captive Account	1,204,264				1,204,264	0.5%
02091 Securities Restitution Fund				300,000	300,000	0.1%
State Special Revenue Total	60,524,720	-	-	300,000	60,824,720	23.3%
03543 Reinsurance Federal SB 125	95,028,466				95,028,466	36.4%
Federal Special Revenue Total	95,028,466	-	-	-	95,028,466	36.4%
Proprietary Fund Total	-	-	-	-	-	0.0%
Total of All Funds	155,867,972	-	-	105,501,283	261,369,255	
Percent of All Sources of Authority	59.6%	0.0%	0.0%	40.4%		

HB 2 Authority

General Fund

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

State Special Revenue

The operations of the State Auditor's Office are partially funded with state special revenue. State special revenue comes from the Montana Reinsurance Program, insurance fee account, securities fee account, and the captive account.

Federal Special Revenue

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

Statutory Authority

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

In addition, there is state special revenue statutory appropriations for securities restitution payments paid to victims of security crimes.

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	72.50	72.50	72.50	72.50
Personal Services	6,465,819	7,100,646	7,615,321	7,552,086	7,564,468
Operating Expenses	2,637,790	3,336,445	3,326,991	3,198,126	3,195,996
Equipment & Intangible Assets	100,000	107,994	7,994	37,994	37,994
Grants	46,157,546	46,457,467	44,031,143	62,431,143	70,431,143
Benefits & Claims	8,754	20,000	157,393	157,393	157,393
Debt Service	502,224	552,118	552,118	552,118	552,118
Total Expenditures	\$55,872,133	\$57,574,670	\$55,690,960	\$73,928,860	\$81,939,112
General Fund	8,754	20,000	157,393	157,393	157,393
State/Other Special Rev. Funds	22,063,300	23,454,670	21,433,567	28,743,001	31,781,719
Federal Spec. Rev. Funds	33,800,079	34,100,000	34,100,000	45,028,466	50,000,000
Total Funds	\$55,872,133	\$57,574,670	\$55,690,960	\$73,928,860	\$81,939,112
Total Ongoing	\$54,796,746	\$56,204,670	\$54,220,960	\$73,928,860	\$81,939,112
Total OTO	\$1,075,387	\$1,370,000	\$1,470,000	\$0	\$0

Agency Description

The Office of the State Auditor operates under the authority of Article VI of the Montana Constitution. The State Auditor serves as the ex-officio Commissioner of Securities and Insurance (CSI), tasked with regulating and licensing insurance companies and agents, as well as registering and overseeing securities firms and representatives conducting business within or related to Montana. The Commissioner has the power to adopt rules and enforce laws governing both the insurance and securities industries. In addition, the Commissioner serves as a member of the Land Board and the Crop Hail Insurance Board.

The Commissioner also administers pass-through funding for various local police and firefighter retirement programs, including the Municipal Police Officers' Retirement System, Firefighters' Unified Retirement System, Volunteer Firefighters' Compensation Act, local fire department relief associations, municipalities with police department trust funds, and local police pension funds for supplemental benefits. These programs are funded through general insurance premium taxes (33-2-705, MCA) and fire insurance premium taxes (50-3-109, MCA). Since these funds are statutorily appropriated, their expenditures are excluded from the general appropriations act.

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 State Auditor's Office expended 97.0% of its \$57.6 million modified HB 2 budget. This is significantly higher than the five-year historical average expenditure of 79.9%, largely due to increased spending on grants for the Montana Reinsurance Program. The Montana Reinsurance Program provides reinsurance through grants; however, until FY 2024 spending on this program had been relatively low as it was a new initiative with limited participation.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The State Auditor's Office's appropriation authority for FY 2025 is approximately \$1.9 million, or 3.3%, lower than in FY 2024. The higher FY 2024 appropriation was due to a fiscal transfer that moved authority from FY 2025 to FY 2024 to cover budget shortfalls in grants for the Montana Reinsurance Program.

However, the FY 2025 personal services appropriation authority is 7.2% higher than in FY 2024. This increase reflects the 2023 Legislature's adjustments for statewide present law projections and additional funding from HB 13 (the pay plan). Additionally, benefits and claims appropriations have increased from \$20,000 to \$157,000 to cover costs related to HB 291 (2021 Legislative Session) for defrayal benefit costs.

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.

State Auditor's Office				
Comparison of the FY 2025 Legislative Budget to the FY 2025 Base Budget				
	Legislative Budget	Executive Modifications	Base Budget	% Change
01 CENTRAL MANAGEMENT				
61000 Personal Services	1,693,548	37,081	1,730,629	2.2%
62000 Operating Expenses	556,235		556,235	0.0%
63000 Equipment & Intangible Assets	1,683		1,683	0.0%
69000 Debt Service	126,800		126,800	0.0%
Total	2,378,266	37,081	2,415,347	1.6%
03 INSURANCE				
61000 Personal Services	4,485,865		4,485,865	0.0%
62000 Operating Expenses	1,235,326	(29,378)	1,205,948	-2.4%
63000 Equipment & Intangible Assets	5,109		5,109	0.0%
66000 Grants	44,031,143		44,031,143	0.0%
67000 Benefits & Claims	157,393		157,393	0.0%
69000 Debt Service	313,090	29,378	342,468	9.4%
Total	50,227,926	-	50,227,926	0.0%
04 SECURITIES				
61000 Personal Services	1,435,908	(37,081)	1,398,827	-2.6%
62000 Operating Expenses	94,808		94,808	0.0%
63000 Equipment & Intangible Assets	1,202		1,202	0.0%
69000 Debt Service	82,850		82,850	0.0%
Total	1,614,768	(37,081)	1,577,687	-2.3%
Agency Total	54,220,960	-	54,220,960	0.0%

The following modifications were made to the legislative budget:

- Two transfers were executed to better align job duties within divisions. The first transfer moved 0.50 PB from the Central Management Division to the Securities Division. This was partially offset by a second transfer, which moved 1.00 PB from the Securities Division to the Central Management Division
- An adjustment transferred authority from operating expenses to debt services within the Insurance Division, ensuring proper expense allocation for the Captives Insurance Program

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	17.00	17.00	17.00	0.00	0.0%
State/Other Special Rev. Funds	2,415,347	2,823,556	2,875,006	867,868	18.0%
Total Funds	2,415,347	2,823,556	2,875,006	867,868	18.0%
Personal Services	1,730,629	1,759,107	1,761,631	59,480	1.7%
Operating Expenses	556,235	935,966	984,892	808,388	72.7%
Equipment & Intangible Assets	1,683	1,683	1,683		0.0%
Debt Service	126,800	126,800	126,800		0.0%
Total Expenditures	2,415,347	2,823,556	2,875,006	867,868	18.0%
Total Ongoing	2,415,347	2,823,556	2,875,006	867,868	18.0%
Total One-Time-Only					0.0%

Program Highlights

Central Management Division Major Budget Highlights
<ul style="list-style-type: none"> • The Central Management Division’s 2027 biennium requested appropriations are approximately \$868,000 or 18.0% higher than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> ◦ A state special revenue increase for enhanced information technology systems and business processes ◦ Increased state special revenue for fixed costs and personal services statewide present law adjustments

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.

Central Management 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	2,415,347	0	2,415,347	85.5%	0	2,415,347	0	2,415,347	84.0%
Statewide PL										
Personal Services	0	28,478	0	28,478	1.0%	0	31,002	0	31,002	1.1%
Fixed Costs	0	79,755	0	79,755	2.8%	0	128,673	0	128,673	4.5%
Inflation Deflation	0	(24)	0	(24)	(0.0%)	0	(16)	0	(16)	(0.0%)
Total Statewide PL	0	108,209	0	108,209	3.8%	0	159,659	0	159,659	5.6%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	300,000	0	300,000	10.6%	0	300,000	0	300,000	10.4%
Total HB 2 Adjustments	0	408,209	0	408,209	14.5%	0	459,659	0	459,659	16.0%
Total Requested Budget	0	2,823,556	0	2,823,556		0	2,875,006	0	2,875,006	

Funding

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

State Auditor's Office, 01-Central Management 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%
02235 Insurance Fee Account	4,582,188	0	0	0	4,582,188	80.4%
02283 Securities Fee Account	1,116,374	0	0	0	1,116,374	19.6%
State Special Total	\$5,698,562	\$0	\$0	\$0	\$5,698,562	100.0%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$5,698,562	\$0	\$0	\$0	\$5,698,562	

HB 2 Authority

The Central Management Division is entirely funded with HB 2 state special revenue. Insurance and securities fees are the two sources of funding, with the insurance fee account supporting the majority of the appropriations for the division.

Program 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	17.00	17.00	17.00	17.00
Personal Services	1,453,293	1,592,994	1,730,629	1,759,107	1,761,631
Operating Expenses	436,249	564,708	556,235	935,966	984,892
Equipment & Intangible Assets	0	1,683	1,683	1,683	1,683
Debt Service	110,204	126,800	126,800	126,800	126,800
Total Expenditures	\$1,999,746	\$2,286,185	\$2,415,347	\$2,823,556	\$2,875,006
State/Other Special Rev. Funds	1,999,746	2,286,185	2,415,347	2,823,556	2,875,006
Total Funds	\$1,999,746	\$2,286,185	\$2,415,347	\$2,823,556	\$2,875,006
Total Ongoing	\$1,999,746	\$2,286,185	\$2,415,347	\$2,823,556	\$2,875,006
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

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

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Central Management Division expended 87.5% of its \$2.3 million HB 2 modified budget in FY 2024. This expenditure is above the historic five-year average expenditure of 75.9% primarily due to the greater percent expended for personal services, which was 91.2% expended. Approximately \$128,000 was unexpended in operating expenses, this was due to decreased spending for advertisements and travel costs.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The Central Management Division's appropriation authority for FY 2025 is approximately \$129,000, or 5.6%, higher than that of FY 2024. This increase is entirely due to higher personal services authority in FY 2025. The 2023 Legislature allocated additional personal services authority to account for statewide present law adjustment projections and included additional authority for HB 13 (the pay plan).

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	0	28,478	0	28,478	0.00	0	31,002	0	31,002
DP 2 - Fixed Costs	0.00	0	79,755	0	79,755	0.00	0	128,673	0	128,673
DP 3 - Inflation Deflation	0.00	0	(24)	0	(24)	0.00	0	(16)	0	(16)
Grand Total All Present Law Adjustments	0.00	\$0	\$108,209	\$0	\$108,209	0.00	\$0	\$159,659	\$0	\$159,659

**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 2025 biennium

State Auditor's Office Central Management Division FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 20,463
Management Changes	(2,847)
Total Budget Modifications	10,863
Total	\$ 28,478

The executive requests an increased statewide present law adjustment for personal services. This adjustment is primarily driven by legislative changes related to greater benefits and longevity. Additionally, budget modifications from a program transfer during the 2025 biennium have contributed to this increase due to transferring less authority associated with a position budgeted (PB) transfer. However, this growth is partially offset by management changes due to 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.

New Proposals

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

	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 4 - Systems and Business Modernization	0.00	0	300,000	0	300,000	0.00	0	300,000	0	300,000
Total	0.00	\$0	\$300,000	\$0	\$300,000	0.00	\$0	\$300,000	\$0	\$300,000

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

DP 4 - Systems and Business Modernization -

The executive requests an increase in state special revenue to enhance IT systems and streamline business processes through targeted improvements. Due to limited staffing at the State Auditor's Office, an experienced process consulting and technology vendor has been engaged to provide specialized analysis and IT support over specific project phases.

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	44.00	44.00	44.00	0.00	0.0%
General Fund	157,393	157,393	157,393		0.0%
State/Other Special Rev. Funds	15,970,533	24,297,096	27,292,338	19,648,368	61.5%
Federal Spec. Rev. Funds	34,100,000	45,028,466	50,000,000	26,828,466	39.3%
Total Funds	50,227,926	69,482,955	77,449,731	46,476,834	46.3%
Personal Services	4,485,865	4,440,379	4,449,304	(82,047)	(0.9%)
Operating Expenses	1,205,948	2,106,463	2,064,314	1,758,881	72.9%
Equipment & Intangible Assets	5,109	5,109	5,109		0.0%
Grants	44,031,143	62,431,143	70,431,143	44,800,000	50.9%
Benefits & Claims	157,393	157,393	157,393		0.0%
Debt Service	342,468	342,468	342,468		0.0%
Total Expenditures	50,227,926	69,482,955	77,449,731	46,476,834	46.3%
Total Ongoing	50,227,926	69,482,955	77,449,731	46,476,834	46.3%
Total One-Time-Only	1,470,000			(2,940,000)	(100.0%)

Program Highlights

Insurance Division Major Budget Highlights
<ul style="list-style-type: none"> • The Insurance Division’s 2027 biennium requested appropriations are approximately \$46.5 million or 46.3% higher than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> ◦ Increased federal and state special revenue for the Montana Reinsurance Program for grant distributions ◦ Increased state special revenue for contract costs for insurer examinations and long-term care, health, property, and casualty rate filings

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.

Insurance 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	157,393	15,970,533	34,100,000	50,227,926	72.3%	157,393	15,970,533	34,100,000	50,227,926	64.9%
Statewide PL										
Personal Services	0	(45,486)	0	(45,486)	(0.1%)	0	(36,561)	0	(36,561)	(0.0%)
Fixed Costs	0	47,173	28,466	75,639	0.1%	0	8,450	0	8,450	0.0%
Inflation Deflation	0	(124)	0	(124)	(0.0%)	0	(84)	0	(84)	(0.0%)
Total Statewide PL	0	1,563	28,466	30,029	0.0%	0	(28,195)	0	(28,195)	(0.0%)
Present Law (PL)	0	8,325,000	10,900,000	19,225,000	27.7%	0	11,350,000	15,900,000	27,250,000	35.2%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	8,326,563	10,928,466	19,255,029	27.7%	0	11,321,805	15,900,000	27,221,805	35.1%
Total Requested Budget	157,393	24,297,096	45,028,466	69,482,955		157,393	27,292,338	50,000,000	77,449,731	

Funding

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

State Auditor's Office, 03-Insurance Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	314,786	0	0	0	314,786	0.2%	
02235 Insurance Fee Account	12,523,092	0	0	0	12,523,092	24.3%	
02283 Securities Fee Account	(208)	0	0	0	(208)	(0.0%)	
02323 Reinsurance Assessment SB 125	37,862,286	0	0	0	37,862,286	73.4%	
02528 Captive Account	1,204,264	0	0	0	1,204,264	2.3%	
State Special Total	\$51,589,434	\$0	\$0	\$0	\$51,589,434	35.1%	
03543 Reinsurance Federal SB 125	95,028,466	0	0	0	95,028,466	100.0%	
Federal Special Total	\$95,028,466	\$0	\$0	\$0	\$95,028,466	64.7%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$146,932,686	\$0	\$0	\$0	\$146,932,686		

HB 2 Authority

The Insurance Division is entirely funded with HB 2 authority, the majority of which comes from federal special revenue.

General Fund

Less than 1.0% of total authority comes from the general fund which was authorized for defrayal benefit costs mandated in HB 291 (2021 Legislative Session).

State Special Revenue

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

The 2019 Legislature established the reinsurance program account within the state special revenue funds in SB 125. The account is supported by an assessment of 1.2% of total premium volume for members of the Montana Reinsurance Program, interest and income earned on the account, and any other funds accepted for the benefit of the account.

Federal Special Revenue

Federal special revenue is received for the Montana Reinsurance Program. Under the Affordable Care and Patient Protection Act (ACA), states can apply for a section 1332 waiver. The State Auditor's Office was granted this waiver in 2019 for a five year period, allowing the state to utilize annual assessments on health insurance plan premiums to be used as a match for federal funds to offset expenses of health insurers associated with high-cost individuals who incur high-cost medical claims. The State Auditor's Office applied for an extension and was approved on September 17, 2024 for another five year period.

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	44.00	44.00	44.00	44.00
Personal Services	3,852,133	4,103,751	4,485,865	4,440,379	4,449,304
Operating Expenses	2,156,154	2,670,883	2,675,948	2,106,463	2,064,314
Equipment & Intangible Assets	0	5,109	5,109	5,109	5,109
Grants	46,157,546	46,457,467	44,031,143	62,431,143	70,431,143
Benefits & Claims	8,754	20,000	157,393	157,393	157,393
Debt Service	311,144	342,468	342,468	342,468	342,468
Total Expenditures	\$52,485,731	\$53,599,678	\$51,697,926	\$69,482,955	\$77,449,731
General Fund	8,754	20,000	157,393	157,393	157,393
State/Other Special Rev. Funds	18,676,898	19,479,678	17,440,533	24,297,096	27,292,338
Federal Spec. Rev. Funds	33,800,079	34,100,000	34,100,000	45,028,466	50,000,000
Total Funds	\$52,485,731	\$53,599,678	\$51,697,926	\$69,482,955	\$77,449,731
Total Ongoing	\$51,510,344	\$52,329,678	\$50,227,926	\$69,482,955	\$77,449,731
Total OTO	\$975,387	\$1,270,000	\$1,470,000	\$0	\$0

Program Description

The Insurance Division regulates the insurance industry in Montana. This Division includes several Bureaus, which include:

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

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Insurance Division expended 97.9% of its \$53.6 million modified HB 2 budget in FY 2024, well above the five-year average of 79.1%. This higher expenditure is mainly due to the 99.4% utilization of grant appropriation authority. The Montana Reinsurance Program, established in 2019 to provide reinsurance to state health care insurers, initially saw lower reimbursements as it was a new program. By FY 2024, reimbursements not only met but exceeded projections, necessitating a fiscal transfer of authority from FY 2025 to cover the increased FY 2024 needs.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The Insurance Division's FY 2025 appropriation authority is approximately \$1.9 million, or 3.5%, lower than that of FY 2024. This reduction is primarily due to the fiscal transfer that shifted authority from FY 2025 to FY 2024 to address grant-related shortfalls for the Montana Reinsurance Program, resulting in higher grant appropriation authority in FY 2024 compared to FY 2025.

However, personal services appropriation authority for FY 2025 is 9.3% higher than in FY 2024, reflecting the 2023 Legislature's adjustments for statewide present law projections and additional authority under HB 13 (the pay plan). Additionally, benefits and claims appropriation authority increased from \$20,000 to \$157,000 to cover defrayal costs associated with HB 291 (2021 Legislative Session).

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	0	(45,486)	0	(45,486)	0.00	0	(36,561)	0	(36,561)
DP 2 - Fixed Costs	0.00	0	47,173	28,466	75,639	0.00	0	8,450	0	8,450
DP 3 - Inflation Deflation	0.00	0	(124)	0	(124)	0.00	0	(84)	0	(84)
DP 5 - Insurer Examination & Rate Review	0.00	0	825,000	0	825,000	0.00	0	850,000	0	850,000
DP 6 - Montana Reinsurance Program	0.00	0	7,500,000	10,900,000	18,400,000	0.00	0	10,500,000	15,900,000	26,400,000
Grand Total All Present Law Adjustments	0.00	\$0	\$8,326,563	\$10,928,466	\$19,255,029	0.00	\$0	\$11,321,805	\$15,900,000	\$27,221,805

***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 2025 biennium

State Auditor's Office Insurance Division FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 25,590
Management Changes	(71,076)
Total Budget Modifications	-
Total	\$ (45,486)

The executive requests a decrease in the statewide present law adjustment for personal services. This reduction is due to management changes because of increased vacancy savings and hiring new positions at lower wage rates. Partially offsetting these reductions are legislative changes for increased benefit costs.

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 5 - Insurer Examination & Rate Review -

The executive requests increased state special revenue to cover rising contract costs for required examinations. By statute, the State Auditor’s Office (SAO) must examine each authorized insurer and captive risk retention group at least every five years and may also conduct market conduct exams as needed. To perform these examinations, the SAO retains specialized professionals such as attorneys, actuaries, and accountants, with costs borne by the examined companies. Additionally, the SAO reviews rate filings for long-term care, health, and property and casualty insurance annually. Due to limited internal expertise, the SAO anticipates continuing to contract these services, which have also increased in cost.

DP 6 - Montana Reinsurance Program -

The executive requests increased federal and state special revenue for the Montana Reinsurance Program, established under SB 125 in 2019 (Title 33, Chapter 22, part 13, MCA). Funding comes from federal pass-through funds and a 1.2% assessment on member insurers' premiums, with the Centers for Medicare & Medicaid Services providing an annual award. Unused funds may carry over to subsequent years if the program remains active, and the latest federal award increased by 26.0%. The table below shows the fund balance for the Montana Reinsurance Program state special revenue fund through FY 2024 and estimates through FY 2027.

Montana Reinsurance Assessment State Special Revenue Fund						
	Actuals			Estimates		
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Beginning Balance	\$ 10,038,804	\$ 14,680,745	\$ 13,029,155	\$ 12,458,545	\$ 12,458,545	\$ 12,458,545
Total Revenue	10,348,777	10,303,212	11,786,857	9,931,143	17,431,143	20,431,143
Grant Expenditures	5,706,836	11,954,802	12,357,467	9,931,143	17,431,143	20,431,143
Ending Fund Balance	\$ 14,680,745	\$ 13,029,155	\$ 12,458,545	\$ 12,458,545	\$ 12,458,545	\$ 12,458,545

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	11.50	11.50	11.50	0.00	0.0%	
State/Other Special Rev. Funds	1,577,687	1,622,349	1,614,375	81,350	2.6%	
Total Funds	1,577,687	1,622,349	1,614,375	81,350	2.6%	
Personal Services	1,398,827	1,352,600	1,353,533	(91,521)	(3.3%)	
Operating Expenses	94,808	155,697	146,790	112,871	59.5%	
Equipment & Intangible Assets	1,202	31,202	31,202	60,000	2,495.8%	
Debt Service	82,850	82,850	82,850		0.0%	
Total Expenditures	1,577,687	1,622,349	1,614,375	81,350	2.6%	
Total Ongoing	1,577,687	1,622,349	1,614,375	81,350	2.6%	
Total One-Time-Only					0.0%	

Program Highlights

<p>Securities Division Major Budget Highlights</p>
<ul style="list-style-type: none"> • The Securities Division’s 2027 biennium requested appropriations are approximately \$81,000 or 2.6% greater than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> ◦ Increased state special revenue for investor education and outreach ◦ Increased state special revenue for an investigations workflow management system subscription

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.

Securities 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	1,577,687	0	1,577,687	97.2%	0	1,577,687	0	1,577,687	97.7%
Statewide PL										
Personal Services	0	(46,227)	0	(46,227)	(2.8%)	0	(45,294)	0	(45,294)	(2.8%)
Fixed Costs	0	10,952	0	10,952	0.7%	0	2,024	0	2,024	0.1%
Inflation Deflation	0	(63)	0	(63)	(0.0%)	0	(42)	0	(42)	(0.0%)
Total Statewide PL	0	(35,338)	0	(35,338)	(2.2%)	0	(43,312)	0	(43,312)	(2.7%)
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	80,000	0	80,000	4.9%	0	80,000	0	80,000	5.0%
Total HB 2 Adjustments	0	44,662	0	44,662	2.8%	0	36,688	0	36,688	2.3%
Total Requested Budget	0	1,622,349	0	1,622,349		0	1,614,375	0	1,614,375	

Funding

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

State Auditor's Office, 04-Securities 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%	
02091 Securities Restitution Fund	0	0	0	300,000	300,000	8.5%	
02283 Securities Fee Account	3,236,724	0	0	0	3,236,724	91.5%	
State Special Total	\$3,236,724	\$0	\$0	\$300,000	\$3,536,724	100.0%	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$3,236,724	\$0	\$0	\$300,000	\$3,536,724		

HB 2 Authority

The Securities Division is entirely funded through state special revenue in HB 2. This state special revenue comes from the securities fee account, which is supported by portfolio notice filing fees and examination charges. The Securities Division pays for expenses associated with the regulation of portfolio activities.

Statutory Appropriations

A small portion of the Securities Division's total appropriation authority comes from statutory sources. Statute requires that 3.0% of portfolio fees be transferred to the security restitution fund to reimburse victims of securities fraud.

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	11.50	11.50	11.50	11.50
Personal Services	1,160,393	1,403,901	1,398,827	1,352,600	1,353,533
Operating Expenses	45,387	100,854	94,808	155,697	146,790
Equipment & Intangible Assets	100,000	101,202	1,202	31,202	31,202
Debt Service	80,876	82,850	82,850	82,850	82,850
Total Expenditures	\$1,386,656	\$1,688,807	\$1,577,687	\$1,622,349	\$1,614,375
State/Other Special Rev. Funds	1,386,656	1,688,807	1,577,687	1,622,349	1,614,375
Total Funds	\$1,386,656	\$1,688,807	\$1,577,687	\$1,622,349	\$1,614,375
Total Ongoing	\$1,286,656	\$1,588,807	\$1,577,687	\$1,622,349	\$1,614,375
Total OTO	\$100,000	\$100,000	\$0	\$0	\$0

Program Description

The Securities Division is responsible for the administration and enforcement of the Securities Act of Montana and the registration of securities issuers, salespeople, broker-dealers, investment advisers, investment adviser representatives and multi-level marketing companies. The division is also responsible for the investigation of unregistered and fraudulent securities transactions. The division has sole jurisdiction for investment advisor firms with assets of under \$100.0 million. The division investigates securities code and rule violations, including possible criminal violations, takes appropriate administrative action and refers criminal cases to either federal authorities or county attorneys for prosecution.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Securities Division expended 82.1% of its \$1.7 million HB 2 modified budget in FY 2024. This expenditure is below the historic five-year average expenditure of 88.1%, primarily due to lower expenditures for operating expenses, which were 45.0% expended. Lower expenditures for operating expenses were due to the division utilizing carryforward authority for some operating expenditures as well as incurring less legal costs for lawsuits and travel costs for national conferences.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The Securities Division's FY 2025 appropriation authority is approximately \$111,000, or 6.6%, lower than its FY 2024 authority. The FY 2024 budget included a one-time appropriation of \$100,000 for the purchase of case management software, which was fully expended in that fiscal year and was not needed 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	0	(46,227)	0	(46,227)	0.00	0	(45,294)	0	(45,294)
DP 2 - Fixed Costs	0.00	0	10,952	0	10,952	0.00	0	2,024	0	2,024
DP 3 - Inflation Deflation	0.00	0	(63)	0	(63)	0.00	0	(42)	0	(42)
Grand Total All Present Law Adjustments	0.00	\$0	(\$35,338)	\$0	(\$35,338)	0.00	\$0	(\$43,312)	\$0	(\$43,312)

*"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 2025 biennium

State Auditor's Office Securities Division FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ (2,592)
Management Changes	(43,635)
Total Budget Modifications	-
Total	\$ (46,227)

The executive requests a decrease in the statewide present law adjustment for personal services. This reduction is primarily due to management changes resulting from a greater vacancy savings and budgeting vacant positions at a lower wage rate. Legislative changes also decreased due to a reduction in longevity pay.

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.

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 7 - Investigations Tracking and Management System	0.00	0	30,000	0	30,000	0.00	0	30,000	0	30,000
DP 8 - Outreach and Education	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000
Total	0.00	\$0	\$80,000	\$0	\$80,000	0.00	\$0	\$80,000	\$0	\$80,000

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

DP 7 - Investigations Tracking and Management System -

The executive requests an increase in state special revenue for a subscription-based cloud investigations workflow management system. This system automates and centralizes activities that had previously been performed manually. The system is also used to automate and centralize processes and information related to other Securities Division workflows, including registration of securities, examinations of broker-dealers and investment advisor firms, and the handling of deficient notice of filings.

The system also provides staff and management better visibility into current investigation status, investigator workloads, and enables consistent approaches to storing and managing information. In addition, as the system is populated with data, it will enable greater visibility and linking of various investigations to identify trends, pinpoint fraud hotspots, and assist investigators in identifying and investigating fraud that is increasingly more sophisticated and harder to detect.

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COMMENT**

The State Auditor's Office purchased this system using one-time-only appropriation authority in the 2025 biennium. However, further appropriation authority is needed to continue to pay for the subscription-based cost of the system.

DP 8 - Outreach and Education -

The executive requests increased state special revenue for investor education and outreach. The Securities Division provides investor education and outreach to consumers throughout Montana through live presentations, a symposium, and a summit. The target audiences include senior citizens, veterans, and Native American communities. The live presentation outreach events provide education to investors regarding financial literacy to prevent exploitation and encourage the public to contact the Securities Division with questions regarding investments or fraud. The symposium is open to and intended for state registered investment advisors to provide education on examination trends, marketplace and regulatory developments, and other topics aimed at providing education to protect their investment clients. The summit is designed to bring capital investors together to help grow the business economy in Montana and provides education on raising capital, trademarks, patents, trade secrets and intellectual property. The investor education and outreach had previously been funded through a grant from a nonprofit organization which stopped accepting new grant applications at the end of calendar year 2023.