

Child and Family Services Division (CFSD) Full Budget Review

Natalie Smitham, CFO

Nikki Grossberg, Child and Family Services Division Administrator



DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES

Child and Family Services Division

Mission: Keeping children safe and families strong

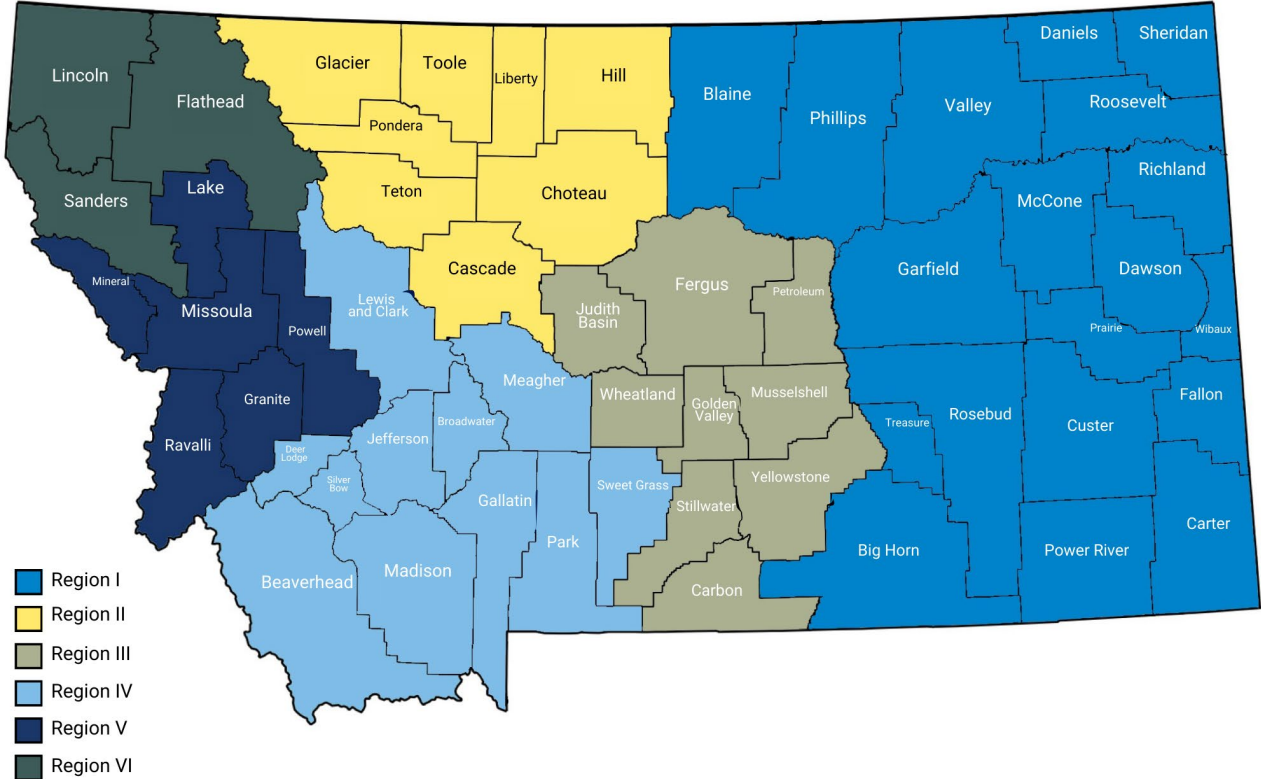
Montana CFSD provides the following services:

- Receive, assess, and assign reports of alleged child abuse and neglect for investigation
- Prevention services to prevent removal
- Services to facilitate children returning safely to their parents
- Case management, recruitment, and licensing of families to achieve permanency through guardianship or adoption when reunification is not possible
- Subsidy assistance for children who exit the foster care system to guardianship or adoption
- Post-permanency resources for families who have entered into a guardianship or adoption with children from the foster care system



CFSD Regions

CFSD Regions and Counties



CFSD Structure

Regional Field Offices

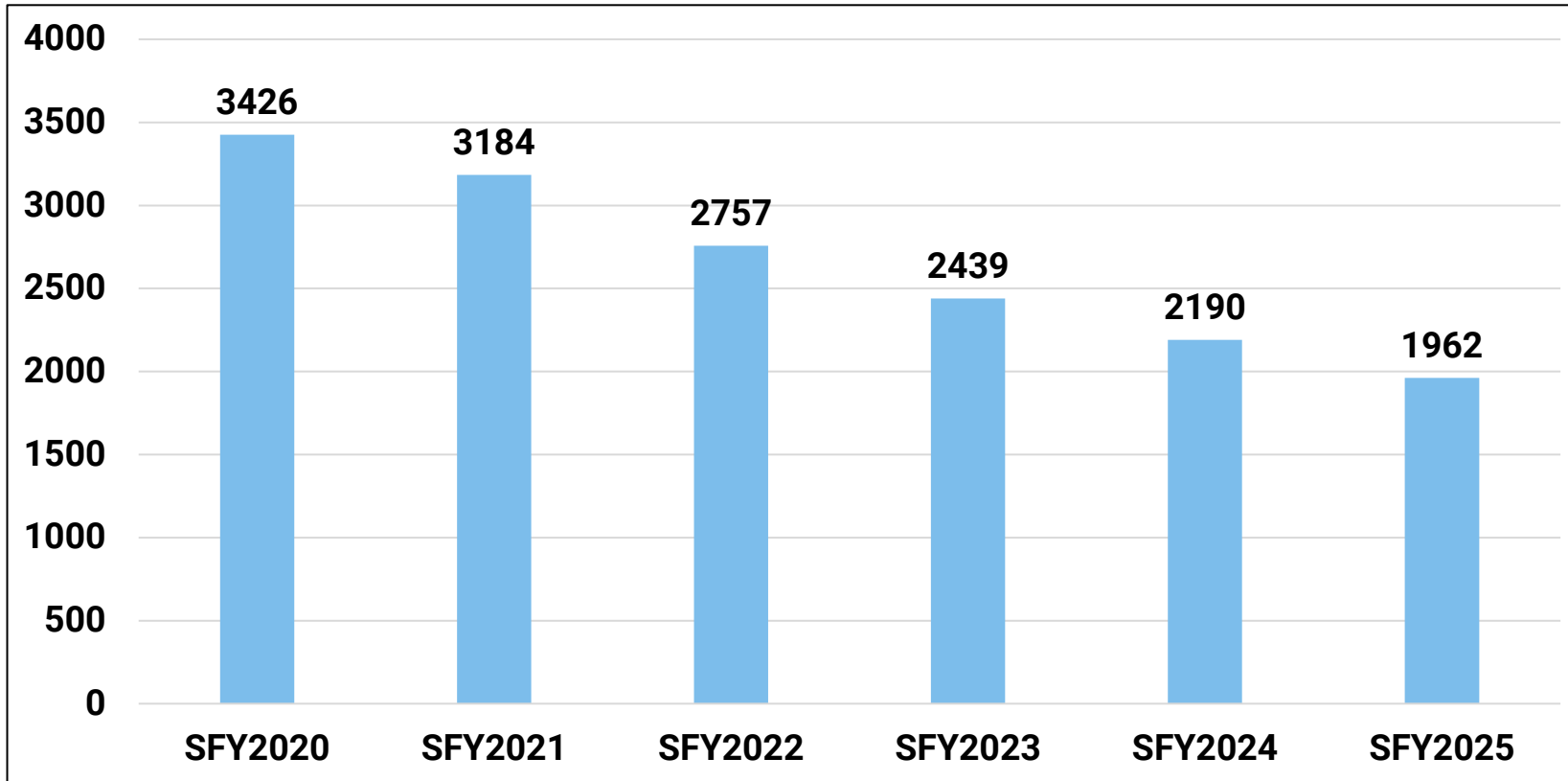
- 6 Regional Offices and 25 County Offices

Central Office

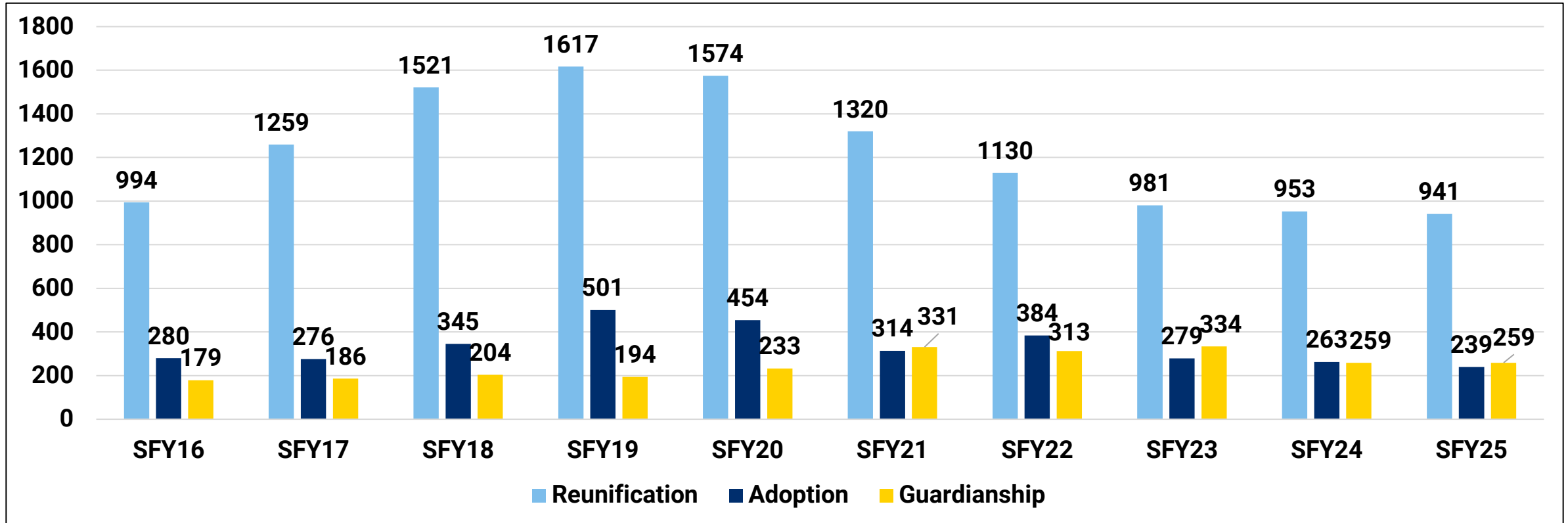
- Continuous Quality Improvement Bureau
- Training, Recruitment and Retention Bureau
- Business and Technology Operations Bureau
- Fiscal Bureau
- Program Bureau
- Centralized Intake



Number of Children in Montana's Child Welfare System



Permanency Data Trends



SFY 2026 CFSD Budget Summary

CHILD AND FAMILY SERVICES DIVISION (CFSD) SFY 2026 BUDGET

Total Personal Services: \$38,488,431
Total Operating/Other: \$10,002,084
Total Grants/Benefits: \$83,825,094
Total PB: 458.72

\$132,315,609

General Fund	\$81,635,161	61.7%
State Special	\$1,473,989	1.1%
Federal	\$49,206,459	37.2%



SFY 2026 CFSD Budget Summary

Total CFSD Budget \$132,315,609				
STAFFING & ADMINISTRATION	GRANTS	ADOPTION	FOSTER CARE	GUARDIANSHIP
\$46,149,226	\$9,101,731	\$29,732,911	\$33,479,192	\$13,852,549
Personal Services: \$37,743,627 Operating/Other: \$8,405,599 Total PB: 458.72	Personal Services: \$744,804 Operating/Other: \$8,356,927	Benefits: \$29,732,911	Benefits: \$33,479,192	Benefits: \$13,852,549
General Fund: \$33,227,719 State Special: \$45,208 Federal: \$12,876,299	General Fund: \$2,104,053 Federal: \$6,997,678	General Fund: \$13,261,019 Federal: \$16,471,892	General Fund: \$23,743,578 State Special: \$1,428,781 Federal: \$8,306,833	General Fund: \$9,298,792 Federal: \$4,553,757



Budget Summary – Staffing and Administration

Total CFSD Budget
\$132,315,609

**STAFFING and
ADMINISTRATION**

\$46,149,226

Personal Services: \$37,743,627

Operating/Other: \$8,405,599

Total PB: 458.72



Budget Summary – Staffing and Administration (cont.)

Administration	
Accounting Technician 2	1.00
Administrative Assistant 2	1.50
Administrative Assistant 3	1.00
Administrative Specialist 1	2.00
Administrative Supervisor	1.00
Budget Analyst 1	1.10
Budget Analyst 2	0.50
Bureau Chief	6.00
Business Analyst 2	1.00
Business Analyst 3	1.00
Central Intake Manager	4.00
Central Intake Specialist	20.00
CFS Safety/Community Liaison	1.00
Child & Family Prog Spec OAIH	1.00
Compliance Specialist 2	5.00
Compliance Specialist 3	3.50
Deputy Division Administrator	1.00
Division Administrator	1.00
Eligibility Interviewer Supv	1.00
Employee Wellness Coordinator	1.00
Financial Program Supervisor	1.00
Grants Contracts Coordinator 2	1.00
Program Officer 1	1.50
Program Officer 2	8.00
Program Specialist 2	1.00
Program Supervisor	1.00
Social Security Income Spec	3.50
Trainer 2	1.00
Training Supervisor	1.00
Grand Total	73.60

STAFFING & ADMINISTRATION

Total Personal Services: \$ 37,743,627

458.72 PB

Regions	
Administrative Assistant 3	1.00
Administrative Support Supv	6.00
CAC Coordinator	1.00
Child Protection Spec Supv	45.25
Child Protection Specialist	203.08
Child Welfare Manager	9.00
Compliance Specialist 3	1.00
CPS Regional Administrator	6.00
Family Engagement Mtg Coord	9.75
Family Resource Spec Supv	5.00
Permanency Planning Specialist	2.00
Resource Family Specialist	29.75
Safety Resource Specialist	1.00
Social Service Technician	30.77
Grand Total	385.12



Budget Summary – Staffing and Administration (cont.)

Total CFSD Budget
\$132,315,609

**STAFFING &
ADMINISTRATION**

\$46,149,226

Personal Services: \$37,743,627
Operating/Other: \$8,405,599
Total PB: 458.72



SFY 2026 Operating Budget

2nd Level Account Detail

STAFFING & ADMINISTRATION

\$8,405,599

62000 – Operating	\$ 5,433,474
66000 - Grants	\$ 0
67000 – Benefits & Claims	\$ 657,110
68000 – Transfers Out	\$ 218,000
69000 – Debt Service	\$ 2,097,015



SFY 2026 Operating Budget

2nd Level Account Detail (cont.)

**STAFFING &
ADMINISTRATION**

\$5,433,474

62100 – Other Services	\$	466,345	8.6%
62200 – Supplies & Materials	\$	387,465	7.1%
62300 – Communications	\$	917,912	16.9%
62400 – Travel	\$	1,066,935	19.6%
62500 – Rent	\$	2,448,140	45.1%
62700 – Repair & Maintenance	\$	101,164	1.9%
62800 – Other Expenses	\$	45,513	0.8%



62100 - Contracts

62100 – Contracts

\$466,345

8.6%

- Insurance & Bonds – Fixed Costs – **20.80%**
- Consulting & Professional Services – **20.60%**
- IT Consulting & Professional Services – **15.38%**
- Legal Fees & Court Costs – **11.81%**



62200 – Supplies and Materials

62200 – Supplies and Materials	\$387,465	7.1%
---------------------------------------	------------------	-------------

- Office Supplies – **69.18%**
- Gasoline – **15.54%**
- Safety Supplies/Minor Equipment – **5.82%**



62300 - Communications

62300 – Communications	\$917,912	16.9%
-------------------------------	------------------	--------------

- Telephone Charges/Cell Phones– **76.67%**
- Postage & Mailing– **21.04%**



62400 - Travel

62400 – Travel

\$1,066,935 | 19.6%

- Mileage, Lodging, Meals, Airfare
- In-State and Out-of-State placement visits



62500 - Rent

62500 – Rent

\$2,448,140

45.1%

- Motor pool leased vehicles – **80.84%**
- Lease of photocopier equipment – **10.34%**



62700 – Repairs and Maintenance

62700 – Repairs and Maintenance	\$101,164	1.9%
--	------------------	-------------

- Vehicle Maintenance & Repair – **91.7%**
- Software Maintenance – **5.8%**
- Building & Grounds Maintenance – **2.6%**



62800 - Other

62800 – Other

\$45,513

0.8%

- Bad Debt Write-Off
- Meetings/Conference Costs



SFY 2026 CFSD Budget Summary



Total CFSD Budget
\$132,315,609

STAFFING & ADMINISTRATION	GRANTS	ADOPTION	FOSTER CARE	GUARDIANSHIP
\$46,149,226	\$9,101,731	\$29,732,911	\$33,479,192	\$13,852,549
Personal Services: \$37,743,627 Operating/Other: \$8,405,599 Total PB: 458.72	Personal Services: \$744,804 Operating/Other: \$8,356,927	Benefits: \$29,732,911	Benefits: \$33,479,192	Benefits: \$13,852,549
General Fund: \$33,227,719 State Special: \$45,208 Federal: \$12,876,299	General Fund: \$2,104,053 Federal: \$6,997,678	General Fund: \$13,261,019 Federal: \$16,471,892	General Fund: \$23,743,578 State Special: \$1,428,781 Federal: \$8,306,833	General Fund: \$9,298,792 Federal: \$4,553,757

Budget Summary – Grants (cont.)

Total CFSD Budget
\$132,315,609

GRANTS

\$9,101,731

Personal Services: \$744,804
Operating/Other: \$8,356,927



Budget Summary – Grants (cont.)

Total CFSD Budget
\$132,315,609

GRANTS

\$8,356,297

62000 – Operating	\$ 225,137
66000 – Grants	\$ 3,497,136
67000 – Benefits & Claims	\$ 2,606,196
68000 – Transfers Out	\$ 2,028,458
69000 – Debt Service	\$ 0



Budget Summary – Grants (cont.)

John Chafee Foster Care Program for Successful Transition to Adulthood (Chafee) (\$1,824,947)

Education and Training Voucher (ETV) (\$404,320)

Child Abuse Prevention and Treatment Act (CAPTA) (\$443,292)

Access and Visitation (AV) (\$114,194)

Safe and Stable Families Grant (\$937,652)

Title IV-E Pass-Through (\$4,624,422)

Caseworker Visitation (\$17,000)

General Funded Programs

Big Brothers and Big Sisters (\$50,000)

Post-Permanency Program (\$443,292)



SFY 2026 CFSD Budget Summary

Total CFSD Budget
\$132,315,609



STAFFING & ADMINISTRATION

\$46,149,226

Personal Services: \$37,743,627
Operating/Other: \$8,405,599
Total PB: 458.72

General Fund: \$33,227,719
State Special: \$45,208
Federal: \$12,876,299

GRANTS

\$9,101,731

Personal Services: \$744,804
Operating/Other: \$8,356,927

General Fund: \$2,104,053
Federal: \$6,997,678

ADOPTION

\$29,732,911

Benefits: \$29,732,911

General Fund: \$13,261,019
Federal: \$16,471,892

FOSTER CARE

\$33,479,192

Benefits: \$33,479,192

General Fund: \$23,743,578
State Special: \$1,428,781
Federal: \$8,306,833

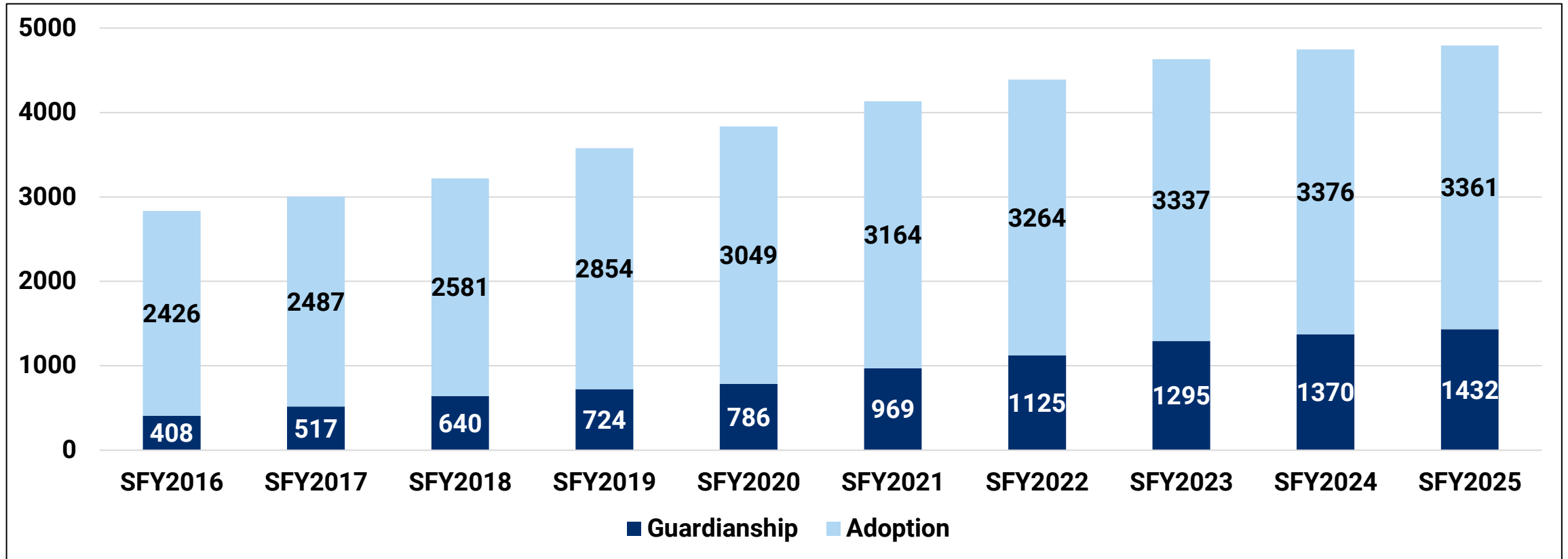
GUARDIANSHIP

\$13,852,549

Benefits: \$13,852,549

General Fund: \$9,298,792
Federal: \$4,553,757

Adoption and Guardianship Caseloads SFY2016-2025



Funding Details - Adoption

	2016	2017	2018	2019	2020
Expenditures					
01100 General Fund Adoption	\$ 7,444,483	\$ 7,637,696	\$ 8,070,308	\$ 8,595,117	\$ 8,649,490
03531 Federal Title IV-E Adoption	\$ 8,105,008	\$ 8,609,109	\$ 9,234,186	\$ 10,542,175	\$ 12,238,996
Adoption Total	\$ 15,549,491	\$ 16,246,805	\$ 17,304,494	\$ 19,137,292	\$ 20,888,486

	2021	2022	2023	2024	2025
Expenditures					
01100 General Fund Adoption	\$ 8,675,495	\$ 8,806,377	\$ 9,179,399	\$ 11,093,392	\$ 12,603,240
03531 Federal Title IV-E Adoption	\$ 13,438,946	\$ 14,406,594	\$ 15,086,881	\$ 15,642,645	\$ 16,543,157
Adoption Total	\$ 22,114,441	\$ 23,212,971	\$ 24,266,280	\$ 26,736,037	\$ 29,146,397



Funding Details - Guardianship

	2016	2017	2018	2019	2020
Expenditures					
01100 General Fund Guardianship	\$ 1,099,437	\$ 1,568,043	\$ 1,920,282	\$ 2,355,590	\$ 2,733,309
03529 Title IV-E Guardianship	\$ 960,489	\$ 1,246,143	\$ 1,597,825	\$ 1,747,635	\$ 2,077,624
Guardianship Total	\$ 2,059,926	\$ 2,814,186	\$ 3,518,107	\$ 4,103,225	\$ 4,810,933

	2021	2022	2023	2024	2025
Expenditures					
01100 General Fund Guardianship	\$ 3,389,880	\$ 4,304,429	\$ 5,362,042	\$ 6,790,339	\$ 8,125,273
03529 Title IV-E Guardianship	\$ 2,569,825	\$ 2,995,102	\$ 3,404,308	\$ 3,922,820	\$ 4,303,687
Guardianship Total	\$ 5,959,705	\$ 7,299,531	\$ 8,766,349	\$ 10,713,159	\$ 12,428,960



Permanency Data Trends

State Fiscal Year	Adoption	Guardianship	Private Adoption
SFY16	280	179	7
SFY17	276	186	11
SFY18	345	204	2
SFY19	501	194	10
SFY20	454	233	6
SFY21	314	331	5
SFY22	384	313	13
SFY23	279	334	8
SFY24	263	259	10
SFY25	239	259	6



Funding Details

IV-E Allowable Uses:

Foster Care Maintenance Payments: Funding for the care and support of children in foster care

- Food, shelter, supervision, transportation, diapers, clothing

Subsidy Assistance for IV-E eligible children who exit the foster care system to guardianship or adoption

Prevention Services:

- Mental health services, substance use disorder treatment, and in-home parent skill building



Funding Details (cont.)

IV-E Allowable Uses:

Administrative Claiming

- Random Moment Time Study

Training and Workforce Development

Recruitment and Retention of Foster Parents

Legal Representation



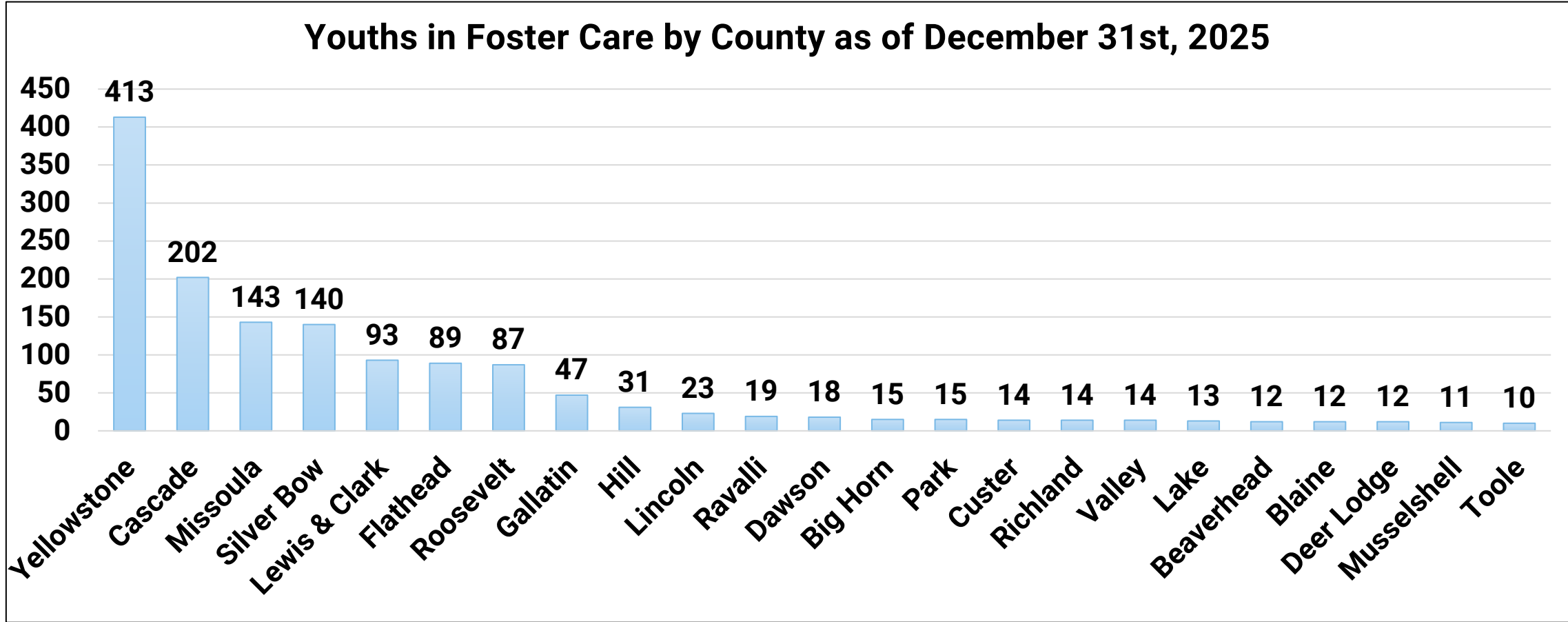
IV-E Claiming for Legal Representation

COUNTY ATTORNEYS	SFY 2025 Payments
BIG HORN COUNTY	\$21,884
BUTTE SILVER BOW CONSOLIDATED GOV	\$33,011
CASCADE COUNTY	\$79,759
COUNTY OF MISSOULA	\$217,862
CUSTER COUNTY TREASURER	\$5,809
YELLOWSTONE COUNTY	\$292,346
OTHER	
DEPARTMENT OF JUSTICE	\$242,849
OFFICE OF THE STATE PUBLIC DEFENDER	\$1,624,599
Grand Total	\$2,518,119



Children in Foster Care by County

(as of December 31, 2025)



Funding Details

Opportunities to increase utilization of funds:

Increase the number of children eligible for IV-E

- Extending the temporary out-of-home protective placement period from 30 to 60 days
- Ensure court orders have the correct language
- Ensure permanency hearings are occurring annually

Expand Kinship Navigator

- Needs to be approved by the Title IV-E Clearing House
- 50% claiming



Conclusion



Department Updates

Interim Budget Committee – Section B

March 18, 2026



DEPARTMENT OF
**PUBLIC HEALTH &
HUMAN SERVICES**

Agenda

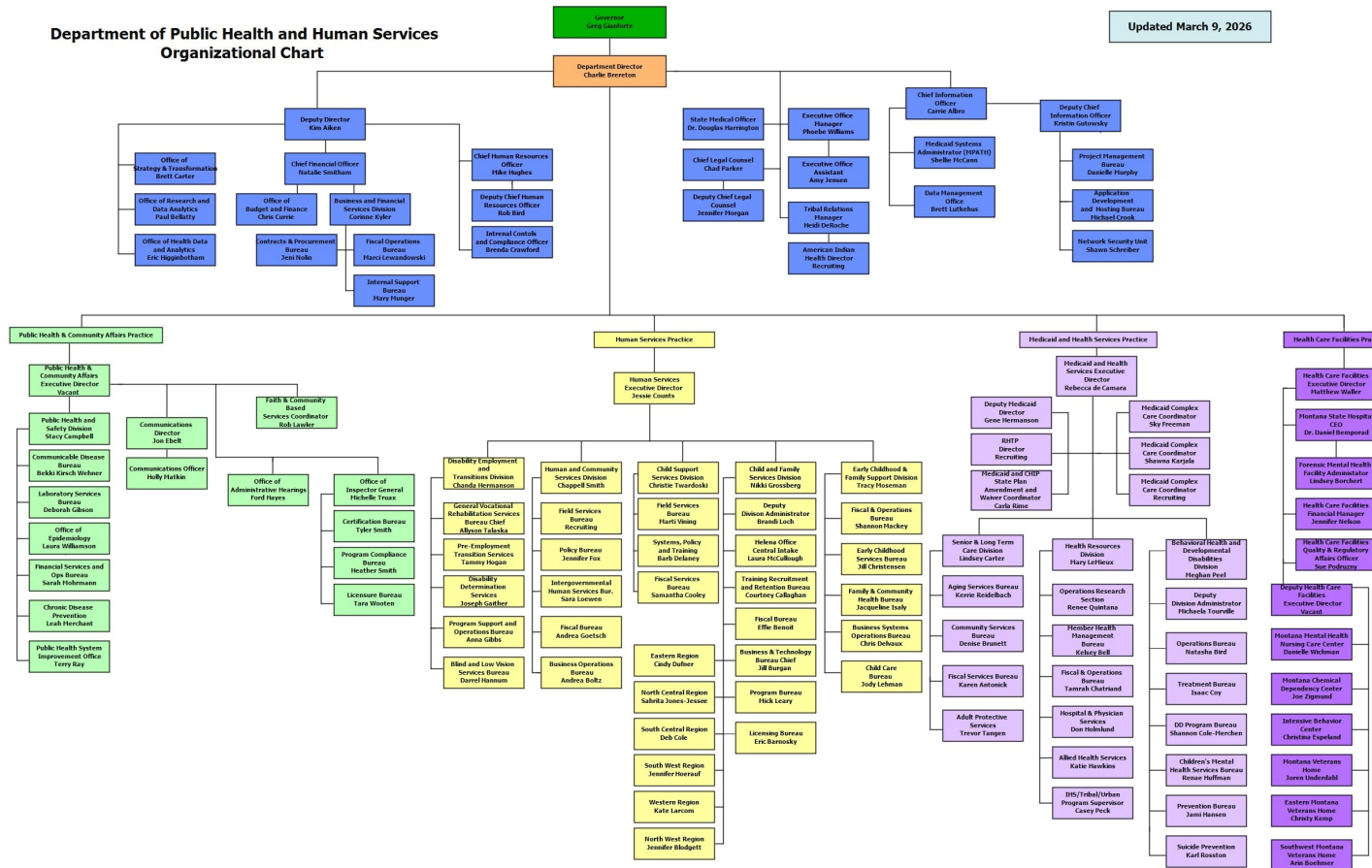
- Agency Financial Update
- Federal Grants/Programs Update
- H.R. 1/HELP 1115 Waiver/SNAP Implementation Update
- Rural Health Transformation Plan (RHTP) Update
- Behavioral Health System for Future Generations (BHSFG) Implementation Status
- Montana State Hospital (MSH): Continuous Improvement and Recertification Update
- Forensic Mental Health Facility Update
- HB 10 and Other IT Modernization Projects Updates
- Centralization Initiatives Update
- Office of Research and Data Analytics (ORDA) Update
- Olmstead Plan Quarterly Update
- Olmstead Cost Considerations: DPHHS Implementation 2027 Biennium



DPHHS Organizational Chart

Department of Public Health and Human Services
Organizational Chart

Updated March 9, 2026



Agency Financial Update

Natalie Smitham, CFO



DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES

Agency Financial Update – by Fund Type

Fund Type		2026				FY 2026 PROJECTED REMAINING
		2025 EXPENSE	BUDGET	EXPENSE	PROJECTIONS	
General Fund	Available	\$ 260,422,925	\$ 287,666,089	\$ 163,317,614	\$ 295,642,943	\$ (7,976,854)
	Restricted	\$ 499,151,126	\$ 535,220,342	\$ 293,255,099	\$ 561,610,660	\$ (26,390,318)
General Fund Total		\$ 759,574,051	\$ 822,886,431	\$ 456,572,713	\$ 857,253,603	\$ (34,367,172)
State Special	Available	\$ 68,105,126	\$ 87,516,113	\$ 36,105,207	\$ 73,885,240	\$ 13,630,873
	Restricted	\$ 183,627,531	\$ 210,837,821	\$ 25,113,087	\$ 203,299,751	\$ 7,538,070
State Special Total		\$ 251,732,657	\$ 298,353,934	\$ 61,218,294	\$ 277,184,992	\$ 21,168,942
Federal	Available	\$ 595,831,360	\$ 638,544,209	\$ 306,341,646	\$ 620,292,247	\$ 18,251,962
	Restricted	\$ 1,799,086,021	\$ 1,792,762,974	\$ 764,089,615	\$ 1,901,714,493	\$ (108,951,519)
Federal Total		\$ 2,394,917,381	\$ 2,431,307,183	\$ 1,070,431,261	\$ 2,522,006,739	\$ (90,699,556)
Grand Total		\$ 3,399,202,779	\$ 3,551,756,248	\$ 1,588,200,529	\$ 3,655,834,034	\$ (104,077,786)



Agency Financial Update – Medicaid

Medicaid Projections - February 2025					
Summary - Traditional Medicaid - Includes Administration					
Fund Type	FY 2025 EXPENSE	FY 2026 BUDGET	FY 2026 YTD EXPENSE	FY 2026 PROJECTIONS	FY 2026 PROJECTED REMAINING
General Fund	\$ 427,789,785	\$ 461,436,132	\$256,871,046	\$ 485,070,374	\$ (23,634,242)
State Special Funds	\$ 119,364,745	\$ 121,926,543	\$17,777,426	\$ 123,871,963	\$ (1,945,420)
Federal Funds	\$ 1,009,630,667	\$ 989,331,725	\$486,793,142	\$ 1,070,219,452	\$ (80,887,727)
TOTAL	\$ 1,556,785,197	\$ 1,572,694,401	\$761,441,613	\$ 1,679,161,790	\$ (106,467,389)
Summary - Expanded Medicaid - Includes Administration					
Fund Type	FY 2025 EXPENSE	FY 2026 BUDGET	FY 2026 YTD EXPENSE	FY 2026 PROJECTIONS	FY 2026 PROJECTED REMAINING
General Fund	\$ 36,401,291	\$ 36,316,644	\$30,493,722	\$ 41,119,817	\$ (4,803,173)
State Special Funds	\$ 59,877,471	\$ 59,432,651	\$3,543,155	\$ 60,173,050	\$ (740,400)
Federal Funds	\$ 899,175,367	\$ 886,208,318	\$328,554,470	\$ 951,620,368	\$ (65,412,050)
TOTAL	\$ 995,454,129	\$ 981,957,613	\$362,591,346	\$ 1,052,913,236	\$ (70,955,623)
Summary - Total Medicaid - includes Administration					
Fund Type	FY 2025 EXPENSE	FY 2026 BUDGET	FY 2026 YTD EXPENSE	FY 2026 PROJECTIONS	FY 2026 PROJECTED REMAINING
General Fund	\$ 464,191,077	\$ 497,752,776	\$287,364,767	\$ 526,190,192	\$ (28,437,416)
State Special Funds	\$ 179,242,216	\$ 181,359,194	\$21,320,581	\$ 184,045,014	\$ (2,685,820)
Federal Funds	\$ 1,908,806,033	\$ 1,875,540,043	\$815,347,611	\$ 2,021,839,821	\$ (146,299,778)
TOTAL	\$ 2,552,239,326	\$ 2,554,652,014	\$1,124,032,960	\$ 2,732,075,026	\$ (177,423,013)

- Projecting shortfalls of:
 - \$28.4 million in General Fund
 - \$146.3 million in Federal Funds
- Utilization is higher than anticipated
 - Increase in key service areas towards the end of SFY 2025. This has continued into SFY 2026.
 - Hospital – Inpatient
 - Critical Access Hospital
 - Nursing Homes
- Decreases in drug rebate percentages have impacted projected spend

Agency Financial Update - Supplemental Pressure – SFY 2026

Area of Concern	Fund Type	FY 2026
Medicaid Shortfall - Federal	Federal	\$ 146,299,778
Medicaid Shortfall - State Special	SS	\$ 2,685,820
Medicaid Shortfall - General Fund	GF	\$ 28,437,416
MSH Operating Shortfall (offset by other divisions)*	GF	\$ 14,950,798
Shift to HMK State Special Fund 02597	SS	
Shift to Help Act SS Fund - 02067	SS	
Projected GF Reversions per BSR*		(9,021,042)
*Only a portion of this GF reversion is available to offset shortfall		
		Projected Shortfall per BSR
	Federal	\$ 146,299,778
	SS	\$ 2,685,820
	GF	\$ 34,367,172

- As noted in LFD's QFR, the projected General Fund deficit for SFY 2026 is approximately **\$34.4 million**.
- The Department is also anticipating shortfalls of approximately **\$2.7 million** in the State Special Revenue category and **\$146.3 million** in the Federal category.

Drivers of Shortfall:

- Medicaid budget approved during the 2025 session was insufficient at passage
- Last-minute HB 2 amendment cut Healthcare Facilities Division by \$15M (FY 26) and \$20M (FY 27), creating an insufficient budget to support 24/7/365 Montana State Hospital operations.



Supplemental Pressure – Department Actions to Minimize Impact

Fund Transfers to Support SFY 2026 Shortfalls

- The Department is planning the following transfers of expenditures from the General Fund to State Special funds.
 - Transfer **\$25 million** in Medicaid Expansion administration costs to the HELP Act Fund (02067)
 - Transfer **\$9.2 million** in eligible expenses to the Healthy Montana Kids Fund (02597).
 - The Department is **not appropriated** for the planned fund switches needed to address SFY 2026 Medicaid and MSH shortfalls. As a result, additional **State Special revenue appropriation must be included as part of the SFY 2026 Supplemental Request.**
 - These two fund transfers will **significantly deplete the cash reserves** in both State Special funds (02067 and 02597).



Supplemental Pressure – Department Actions to Minimize Impact (cont.)

- The Department has identified areas within other divisions where costs can be reduced or postponed to address the shortfall caused by the Medicaid and Montana State Hospital under-appropriation.
 - It is important to highlight that not all potential reversions reflected on the BSR will be available to help cover shortfalls, as many are housed in a restricted subclass. Additionally, the Department is reserving a small portion of this balance as a contingency to cover any unanticipated expenditures in the remainder of this fiscal year.
- Together, the two fund switches and the utilization of funds from other divisions substantially lower the SFY 2026 General Fund risk; however, this is achieved by significantly depleting available State Special balances and limiting activities in other divisions of the Department that are not related to Medicaid or state facilities.



Supplemental Pressure – Impact of Department Actions

Area of Concern	Fund Type	FY 2026	Cost Reduction Within the Agency	Fund Switch - Utilize Cash Reserves in SS		FY 2026 - Total Shortfall
				Funds		
Medicaid Shortfall - Federal	Federal	\$ 146,299,778				\$ 146,299,778
Medicaid Shortfall - State Special	SS	\$ 2,685,820				\$ 2,685,820
Medicaid Shortfall - General Fund	GF	\$ 28,437,416		\$ (25,000,000)		\$ 3,437,416
MSH Operating Shortfall (offset by other divisions)*	GF	\$ 14,950,798	\$ (2,224,643)	\$ (9,189,209)		\$ 3,536,946
Shift to HMK State Special Fund 02597	SS			\$ 9,189,209		\$ 9,189,209
Shift to Help Act SS Fund - 02067	SS			\$ 25,000,000		\$ 25,000,000
Projected GF Reversions per BSR*			(9,021,042)			
*Only a portion of this GF reversion is available to offset shortfall - see chart						
		Projected Shortfall per BSR		Projected Shortfall After Department Action		
		Federal	\$ 146,299,778	Federal	\$ 146,299,778	
		SS	\$ 2,685,820	SS	\$ 34,189,209	
		GF	\$ 34,367,172	GF	\$ 6,974,362	



Supplemental Pressure – Biennial Impact

Area of Concern	Fund Type	FY 2026	FY 2027	Biennium Total
Medicaid Shortfall - Federal	Federal	\$ 146,299,778	\$ 146,299,778	\$ 292,599,556
Medicaid Shortfall - State Special	SS	\$ 2,685,820	\$ 2,685,820	\$ 5,371,640
Medicaid Shortfall - General Fund	GF	\$ 3,437,416	\$ 3,437,416	\$ 6,874,832
Fund Switch	SS	\$ 34,189,209		\$ 34,189,209
Medicaid Expansion Policy Changes	GF		\$ (3,743,935)	\$ (3,743,935)
MSH Operating Shortfall (offset by other divisions)	GF	\$ 3,536,946	\$ 17,726,155	\$ 21,263,101
SNAP Increase in Admin % (effective 10/1/26)	GF	\$ -	\$ 4,600,000	\$ 4,600,000
FMAP Changes	GF	\$ -	\$ 24,200,000	\$ 24,200,000
*Budgeted FMAP is 61.47%; actual FMAP for FY 27 is 60.01%				
			Federal	\$ 292,599,556
			SS	\$ 39,560,849
			GF	\$ 53,193,998

- This estimate assumes that Medicaid shortfalls continue at the same level in FY 2027.
- This also accounts for Federal changes (SNAP Admin % change, FMAP changes, and the potential impact of HR 1 implementation).



Supplemental Pressure – Mitigation Plan

Statutory Requirement:

Agencies requesting a first-year supplemental must provide a plan to reduce expenditures in year two of the biennium (per 17-7-301, MCA)

In addition to Department actions planned for FY 2026 to minimize the impacts of insufficient appropriations, the statute requires a plan for reducing expenditures in FY 2027.

- The Department will consider not implementing provider rate increases in FY 2027.
- The Department will consider the reduction, suspension, or elimination of optional benefits.



Agency Program Transfers/Budget Modifications

- Transfer of \$1.7 million of BHSFG state special revenue authority from the Director's Office to BHDD.
- Transferred authority from all divisions to the Director's Office for end-of-year termination payouts.



Contracted Staffing – FY 2026

Contracted Staffing Report - 07/01/2025 - 02/28/2026								
Division	Division Acronym	Contractor	Staffing Type	Purpose	Due to Vacancy Y/N	Calculated Hours	FTE Equivalent	Expense
01	DETD	EMPLOYBRIDGE HOLDING COMPANY	Administrative	Digitizing/Paperless		1,255	0.90	43,934
02	HCSO	GREAT FALLS INTERPRETING SERVICES LLC	Interpreter's	Work is adhoc		30	0.02	1,033
02	HCSO	CORPORATE TRANSLATION SERVICES LLC	Interpreter's	Work is adhoc		333	0.24	11,656
03	CFSD	EMPLOYBRIDGE HOLDING COMPANY	Administrative	Digitizing/Paperless		159	0.11	5,580
04	DO	BRADY CO INC	Administrative	Program Design - Pediatric complex care		1,827	1.31	63,958
04	DO	EMPLOYBRIDGE HOLDING COMPANY	Administrative	Administrative Hearings		823	0.59	28,797
05	CSSD	CORPORATE TRANSLATION SERVICES LLC	Interpreter's	Work is adhoc		0	0.00	9
06	BFSO	EMPLOYBRIDGE HOLDING COMPANY	Administrative	Internal Support Services		2,347	1.69	82,158
07	PHSD	BRADY CO INC	Administrative	Env. Health and Food Safety Intern		1,052	0.76	36,829
07	PHSD	EMPLOYBRIDGE HOLDING COMPANY	Administrative	Epidemiology PM/Vital Records		4,794	3.44	167,788
09	TSD	EMPLOYBRIDGE HOLDING COMPANY	Administrative	Equipment Replacement/HCBS Data Work		246	0.18	8,625
09	TSD	BRADY CO INC	Administrative	Equipment Replacement/HCBS Data Work		181	0.13	6,338
10	BHDD	BRADY CO INC	Administrative	Administrative		557	0.40	19,482
10	BHDD	GREAT FALLS INTERPRETING SERVICES LLC	Interpreter's	Work is adhoc		14	0.01	503
11	HRD	FRONTIER PSYCHIATRY PLLC	Staff Augmentation	Program Management		4,286	3.08	150,000
22	SLTC	BRADY CO INC	Administrative	Administrative		989	0.71	34,630
25	ECFSD	EMPLOYBRIDGE HOLDING COMPANY	Administrative	Administrative		1,858	1.33	65,040
33	HFD	AYA HEALTHCARE INC	Direct Care	Staff 24/7 facilities		137,392	98.70	11,678,305
33	HFD	AMERGIS HEALTHCARE STAFFING INC	Direct Care	Staff 24/7 facilities		101,128	72.65	8,595,892
33	HFD	CAWDREY AVIS	Administrative	Court Ordered Evaluations		187	0.13	15,923
33	HFD	MICHAEL J SCOLATTI PHD PC	Administrative	Court Ordered Evaluations		240	0.17	20,425
33	HFD	ALBEE PEGGY ANNE	Administrative	Court Ordered Evaluations		1,065	0.77	90,552
33	HFD	FRONTIER PSYCHIATRY PLLC	Direct Care	Locum		186	0.13	15,773
33	HFD	TRADITIONS PSYCHIATRY GROUP PC	Direct Care	Locum		25,522	18.33	2,169,351
33	HFD	SHC SERVICES INC	Direct Care	Staff 24/7 facilities		6,765	4.86	575,001
33	HFD	CIM M LEPROWSE	Direct Care	Staff 24/7 facilities		237	0.17	20,163
33	HFD	ADAPTIVE WORKFORCE SOLUTIONS LLC	Direct Care	Staff 24/7 facilities		8,933	6.42	759,317
33	HFD	AB STAFFING SOLUTIONS LLC	Direct Care	Staff 24/7 facilities		95,825	68.84	8,145,163
33	HFD	WHEELER ANNASTATIA S	Administrative	Court Ordered Evaluations		27	0.02	2,335
33	HFD	SUNBELT STAFFING LLC	Direct Care	Staff 24/7 facilities		26,336	18.92	2,238,534
33	HFD	WASHINGTON UNIVERSITY	Administrative	Court Ordered Evaluations		375	0.27	31,914
33	HFD	LAURA KIRSCH	Administrative	Court Ordered Evaluations		372	0.27	31,584
33	HFD	BARTON & ASSOCIATES INC	Direct Care	Locum		5,735	4.12	1,720,606
33	HFD	MURPHEY JAMES P	Administrative	Court Ordered Evaluations		471	0.34	40,075
33	HFD	ACI FEDERAL INC	Direct Care	Staff 24/7 facilities		621	0.45	52,806
33	HFD	22ND CENTURY TECHNOLOGIES INC	Direct Care	Staff 24/7 facilities		453	0.33	38,469
TOTAL						432,625	310.79	36,968,545



Overtime – FY 2026

HB 2 Overtime Hours by Division 07/01/2025 - 02/28/2026			
Division Name	Hours	FTE Equivalent	Expense
DETD	2	0.00	96
HCSD	7,703	5.53	343,810
CFSD	3,793	2.72	185,370
DO	1,025	0.74	75,182
CSSD	5	0.00	221
BFSD	172	0.12	9,855
PHSD	157	0.11	8,123
OIG	55	0.04	2,999
TSD	1,494	1.07	85,725
BHDD	349	0.25	19,393
HRD	3	0.00	137
OSD	69	0.05	4,219
SLTC	8	0.01	409
ECFSD	552	0.40	33,253
HFD	27,884	20.03	1,187,075
TOTAL	43,271	31.09	1,955,866

Overtime Hours Description

Most overtime hours are concentrated in the following divisions:

HCSD: Overtime hours due to vacancies. The primary staff type accruing overtime is Client Service Coordinator.

CFSD: Overtime hours due to workload associated with caseload. Primary staff type accruing overtime is Child Protection Specialist.

TSD: Overtime hours due to the workload associated with on-call support. The primary staff type accruing overtime is IT Systems Administrator.

HFD: Overtime hours primarily due to vacancies. The primary staff type accruing overtime is Psychiatric Technician.



Federal Grants/Programs Update

Natalie Smitham, CFO



DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES

Grant Applications

Division	Status	Grant	Budget
02 HCSD	Applied	Farm to Food Bank Grant	
07 PHSD	Intend to Apply	Core State Injury Prevention Program (Core SIPP)	Budget Amendment
07 PHSD	Intend to Apply	National Violent Death Reporting System	will request in HB 2
07 PHSD	Awaiting Award	Environmental Health Program	will request in HB 2
07 PHSD	Awaiting Award	Overdose Data to Action	will request in HB 2
07 OGSD	Awaiting Award	ADAP Shortfall	Budget Amendment
08 OIG	Noncompeting Continuation	Rural Hospital Flexibility Program	HB 2
10 BHDD	Intend to Apply	988 Capacity Improvement Grant	will request in HB 2
10 BHDD	Intend to Apply	Post Partum Women aka Strengthening Families Initiative Montana	will request in HB 2
10 BHDD	Intend to Apply	State Opioid Response Grant	HB 2
10 BHDD	Intend to Apply	Rural Communities Opioid Response Program - Overdose Response	HB 2



H.R. 1/HELP 1115 Waiver/SNAP Implementation Updates

Jessie Counts, Human Services Executive Director



DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES

Montana's Commitment to July 1 Implementation of Medicaid Expansion Community Engagement Requirements

Montana state leadership, including the Governor and Legislature, have long signaled their commitment to implementing work requirements (i.e., community engagement (CE) requirements)

- In 2019, the Montana Legislature passed HB 658, which included CE requirements.
- In 2025, Montana submitted an 1115 Demonstration waiver to CMS to align the state's Medicaid Expansion program with HR 1 requirements, including CE, and gain authority to implement them as soon as possible.
 - Based on feedback from CMS, DPHHS now intends to pursue CE requirements in H.R. 1 through a State Plan Amendment, not the 1115 Demonstration waiver.
- Montana intends to use lessons learned from these efforts to effectively implement CE requirements as a national "early adopter" with a go-live date of July 1, 2026.



Renewals

JULY – SEPTEMBER 2026

- DPHHS will implement CE requirements on July 1, 2026. Montana has a 60-day redetermination process. The first **impacted cases are those with renewals initiated in July and due in August.**
 - For these existing client renewals, compliance with CE requirements will be evaluated, **but non-compliant cases will receive an informational notice/warning and will not yet be disenrolled.** A referral will be made to the HELP-Link Program.
 - During this period, clients will be evaluated on an individual basis for verified exemptions.

POST-SEPTEMBER 2026

- **DPHHS will begin disenrolling for noncompliance with CE requirements.**
- **In October 2026,** cases will be evaluated for CE compliance (renewals due in November), and, **in the case of non-compliance, the case will proceed to the 30-day cure period and potential disenrollment.** A referral will be made to the HELP-Link Program.
 - The **first month of potential non-coverage would occur in January 2027,** and the full caseload will be evaluated for CE requirements by July 2027, with any initial disenrollments for non-compliance completed by August 31, 2027.



New Applications

JULY – SEPTEMBER 2026

- DPHHS will implement CE requirements on July 1, 2026, **impacting new applications. New applications received from July 1 through September 30, 2026 will be evaluated for financial eligibility and CE requirements.**
 - Individuals who are financially eligible but do not meet CE requirements **will receive an informational notice/warning and will be approved.** A referral will be made to the HELP-Link Program.
 - During this period, clients will be evaluated on an individual basis for verified exemptions.

POST-SEPTEMBER 2026

- DPHHS will **begin denying new applications for non-compliance with CE requirements.**



DPHHS H.R. 1 Hiring and Training Update

Hiring Overview

- To manage the increased workload from H.R. 1 requirements, DPHHS is hiring 59 new staff members
- **Hiring status as of 2/26/2026:** For 59 funded H.R. 1 positions, 39 are filled and 20 are vacant (10 of the 20 are still in budget approval status)

Hiring Cost

- Anticipated cost for increased staffing is approximately \$4.3M for the first year

Training Timeline

- DPHHS will train two cohorts in 2026 in preparation for July 1st go-live:
 - Cohort 1: Trained from 1/18/2026 - 5/1/2026
 - Cohort 2: Trained from 3/9/2026 – 6/27/2026
 - Cohort 3 + ongoing recruitment: TBD



Communications and Stakeholder Engagement Approach

To effectively communicate to clients and stakeholders prior to the July 1st CE and six-month redetermination go-live, Montana plans to execute the following communications and stakeholder engagement activities:

	Cross-Cutting	Client Outreach	Community Partner Outreach	Provider Outreach [^]	DPHHS Staff
Immediate Priority: Complete by 3/31 (per CMS guidance)	<ul style="list-style-type: none"> Press Release Portal message* DPHHS Website* (single source of truth for information) 	<ul style="list-style-type: none"> Mailed and/or emailed informational notices (Expansion and Traditional Medicaid)* 	<ul style="list-style-type: none"> <i>N/A, direct to website (single source of truth) for information</i> 	<ul style="list-style-type: none"> <i>N/A, direct to website (single source of truth) for information</i> 	<ul style="list-style-type: none"> Department-wide email describing H.R. 1 changes
Future Priority: Complete after 3/31		<ul style="list-style-type: none"> Client-specific flyer/one-pager Medicaid Member Guide updates Standard CHIMES system notices 	<ul style="list-style-type: none"> Community partner webinar Tribal-specific outreach Training and engagement with MT Department of Labor and Industry 	<ul style="list-style-type: none"> Provider notice (letter/email) Provider-specific flyer/one-pager Provider training/webinar 	<ul style="list-style-type: none"> Department-wide email to announce go-live

*Activities used to meet CMS requirements for client communication

Key Takeaways

- Community Engagement
 - DPHHS will implement CE and six-month redeterminations spans, with go-live on July 1, 2026
 - DPHHS is in the process of drafting a State Plan Amendment for CE authority
 - SNAP and TANF data will be leveraged from our integrated eligibility system, CHIMES
 - Six-month redeterminations will be aligned with SNAP due dates when possible
 - Client informational notices will be mailed for arrival before 3/31
- Premiums
 - Pending HELP 1115 waiver will cover premiums authority only
 - CMS has signaled that premiums won't be considered until 2027



SNAP Work Requirement Changes

- CHIMES was updated to reflect H.R. 1 SNAP Work Requirements changes in October 2025.
- Geographic Waivers for SNAP work requirements expired and became unnecessary in Montana due to the new exemption for American Indians / Alaska Natives. Montana only had Geographic Waivers for some reservations based on economic analysis.
 - Montana has not requested geographic waivers for counties since 2022.



SNAP Food Restriction Demonstration Overview

- The goal of this project is to evaluate the impact of restricting nutrient-poor food items on SNAP households in Montana
- Intended Outcomes:
 - Decrease in SNAP-funded purchases of high-sugar beverages, energy drinks, candy, and prepared desserts within the first year
 - Increase in fruit and vegetable purchases
 - Improved health indicators over time, measured through participant surveys, redemption data, and other analyses
- Considerations:
 - Alignment with Montana's State Health Improvement Plan
 - Alignment with Dietary Guidelines for Americans



SNAP Food Restriction Demonstration

Restricted Foods

- The Department intends to restrict the following food categories:
 - Candy
 - High-Sugar Beverages
 - Energy Drinks
 - Prepared Desserts
- Definitions, including exceptions, are in development and nearing finalization.
- DPHHS is considering developing and maintaining a "master product index" for retailers to streamline implementation and ensure consistent application of restrictions statewide, regardless of the size and sophistication of the retailer.



SNAP Food Restriction Demonstration Timeline

- **Jan. 2026-Mar. 2026:** Drafting of Waiver Application and initial communication with stakeholders
- **Mar. 2026 – June 2026:** Submit Waiver Application to FNS and refine based on federal feedback
- **June 2026 - July 2026:** Further communicate to Retailers and Stakeholder groups. Update website and outreach materials
- **Aug. 2026:** Communicate to SNAP households and provide staff training
- **Sept. 15, 2026:** Target date for Retailer readiness
- **Sept. 30, 2026:** Demonstration implementation/Go-Live
- **Jan. 1, 2027:** Retailer full compliance deadline



Rural Health Transformation Plan (RHTP) Update

Gene Hermanson, Deputy Medicaid Director



DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES

Montana is Committed to Five RHTP Initiatives

The \$233M CMS award must be used to support the five initiatives outlined in Montana's original application:

1. Develop **workforce** through recruitment, training, and retention
2. Ensure **rural facility sustainability** and access through partnerships and restructuring
3. Launch **innovative care** delivery and payment models
4. Invest in **community health and preventive** infrastructure
5. Deploy modern health care **technologies** to guide rural health interventions



Definitions for Rural and Frontier Communities

	Options	Number of counties	% population implied
Rural	HRSA (used by CMS)	51	49%
Frontier			
<i>Population density based definition</i>	6 people per square mile (Rural Health Information Network)	47	29%
<i>Distance traveled based definition (USDA)</i>	FAR1: areas up to 50,000 people that are 60 minutes or more from an urban area of 50,000 or more people	36	35%
	FAR2: areas up to 25,000 people that are: 45 minutes or more from an urban area of 25,000-49,999 people; and FAR1	30	17%
	FAR3: areas up to 10,000 people that are: 30 minutes or more from an urban area of 10,000-24,999; and FAR1 and FAR2	30	17%
	FAR4: areas that are: 15 minutes or more from an urban area of 2,500-9,999 people; and FAR1-FAR3	19	6%

Considerations

Through the RHTP award period, DPHHS will **monitor and report funding and program reach across all** of these rural and frontier classifications.

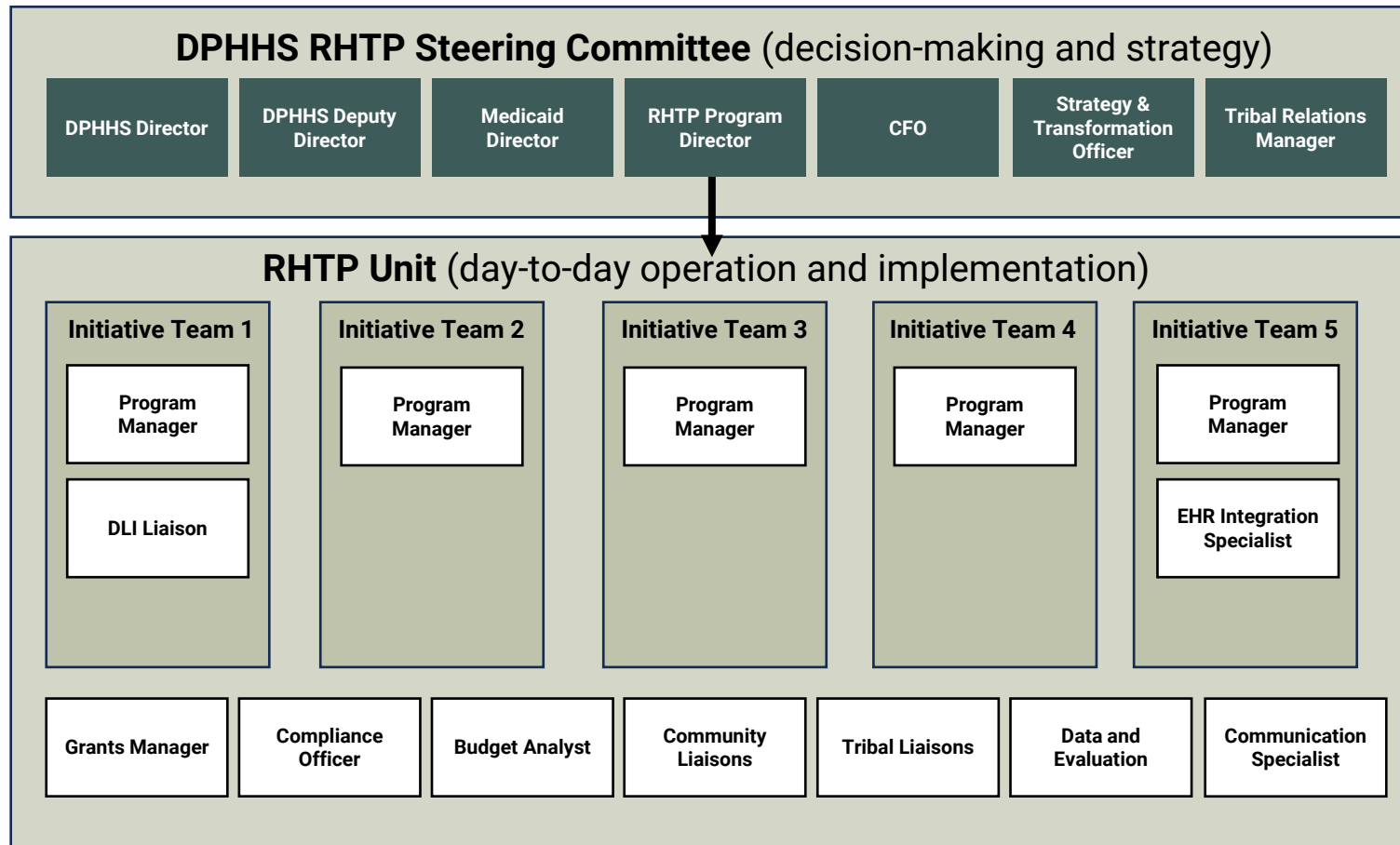
For procurement and implementation purposes, **RFPs and vendor contracts will emphasize the 47-county** frontier definition as the operational standard.

Source: HRSA: How We Define Rural, USDA: Frontier and Remote Area Codes



DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES

DPHHS RHTP Governance Overview



Stakeholder Advisory Committee
(non-decision-making consultative body representing community feedback)

30+ stakeholder member groups

MT Rural Health Center of Excellence
(develop and oversee implementation of data-backed financial sustainability recommendations for rural facilities)

Governance Board

RHTP Implementation

Recent Accomplishments

- CMS approved / lifted restrictions on full FY26 budget (\$233M); DPHHS can now incur costs
- Conducted first **Stakeholder Advisory Committee** – feedback very positive
- Initiated **working relationships** with select implementing partners to define implementation plans and align on program evaluation metrics (e.g., DLI, BSCC, MHA)
- **Vendor Fair conducted** on March 11

Current priorities

- Developing **priority procurements**, including extensions to existing contracts
- Hiring for 21 roles comprising the **RHTP Unit**, and preparing to onboard new staff
- Standing up proactive **stakeholder communications** channels (e.g., monthly RHTP newsletter)
- Designing **CoE Governance**

Upcoming milestones

- Late March:: first **RHTP newsletter** released
- Late March: CoE Strategy and Analytics and CoE Implementation **RFPs** released
- Early April: **RHTP Program Director** onboarded
- Early April: **RHTP Program Managers** onboarded



Select RHTP Milestones: CY 2026

NOT EXHAUSTIVE

	Rest of Q1 (Mar)	Q2 (Apr-Jun)	Q3 (Jul-Sep)	Q4 (Oct-Dec)
Cross-cutting	<ul style="list-style-type: none"> • Priority RHTP roles (incl. Program Director, Program Managers) onboarded • First wave of procurements posted, virtual vendor fair offered 	<ul style="list-style-type: none"> • First CMS Program Officer site visit expected 	<ul style="list-style-type: none"> • CMS Annual Report 1 due • Second Stakeholder Advisory Committee takes place • Policy changes requested (e.g., Treat no Transport coverage, SNAP waiver) 	<ul style="list-style-type: none"> • FFY27 funding awarded by CMS • CMS Quarterly Report 1 due
Initiative-specific	<ol style="list-style-type: none"> 1 Finalize MOU with DLI 2 Finalize IDD telehealth contract expansion 5 Finalize SOW with HIE (BSCC) 	<ol style="list-style-type: none"> 1 Pre-apprenticeship pilots launched 2 Analysis for rural health profile started 5 EHR readiness assessment, stakeholder consultations conducted 	<ol style="list-style-type: none"> 2 COE Board convened; Y1 payments allocated 3 Provider TA for value-based payments started 3 Pharmacist point-of-care testing grants launched 5 EHR modernization grants launched 	<ol style="list-style-type: none"> 1 Clinical training pilots launched 2 Virtual care expansions launched 4 CHAP award distributed 5 HIE tool (e.g., bed registry) development started



Spotlight: Montana Rural Health Center of Excellence

Montana Rural Health Center of Excellence (CoE) will:

- Rapidly create a **rural health supply and demand fact base and develop recommendations** to align care delivery services with rural health needs at the county and facility level
- Develop plans for participating facilities to achieve persistent positive operating margins beyond the RHTP period without any additional State support
- Inform an opt-in program that provides incentive payments to providers that commit to measurable improvements in access, quality, and financial performance
- Be overseen by a governance board that includes impacted stakeholders, such as independent hospitals in rural and frontier communities

Voluntary Participation:

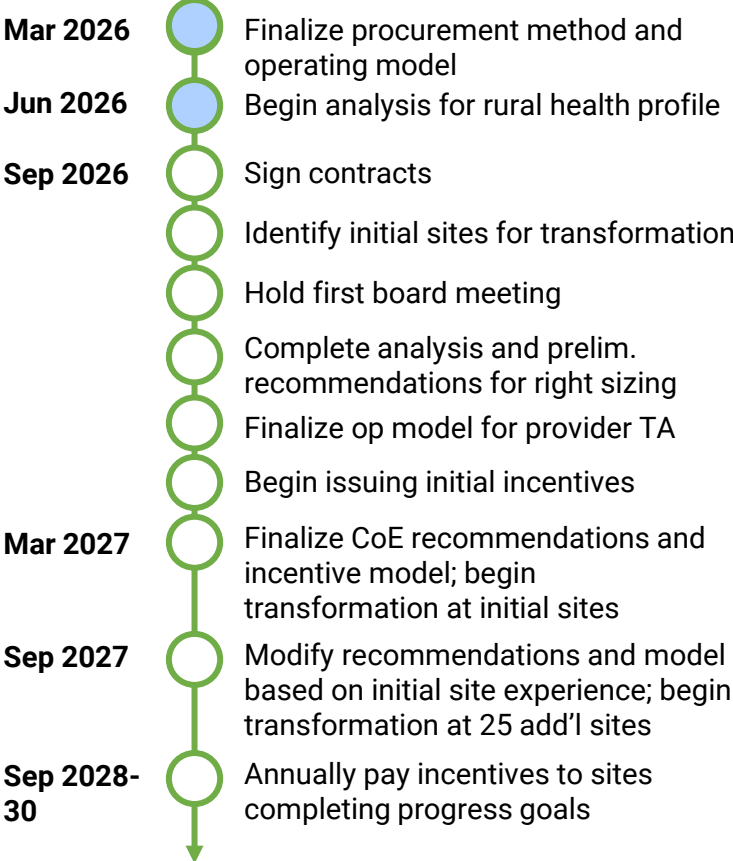
- Facilities that choose to participate and implement these CoE recommendations will receive incentive payments after implementing the recommended changes.

Implementation Support:

- A separate implementation partner will provide hands-on support, technical expertise, and change management resources to participating facilities to ensure that improvements are practical, sustainable, and aligned with the unique circumstances of rural Montana.

1. Not exhaustive; emphasizes nearer-term milestones and long-term milestones tied to impact targets or substantive outputs; milestones due at end of listed month, per implementation plan
 2. Assumes \$233M total RHTP funding in FFY26 and \$200M each in FFY27-30, pending further CMS decisions

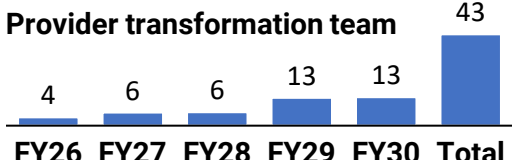
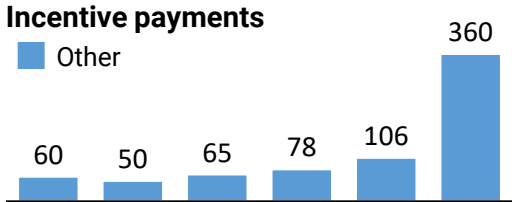
Priority implementation milestones¹



Annual budget (\$M)²

CoE, provider transformation funding disbursed to **contractors**

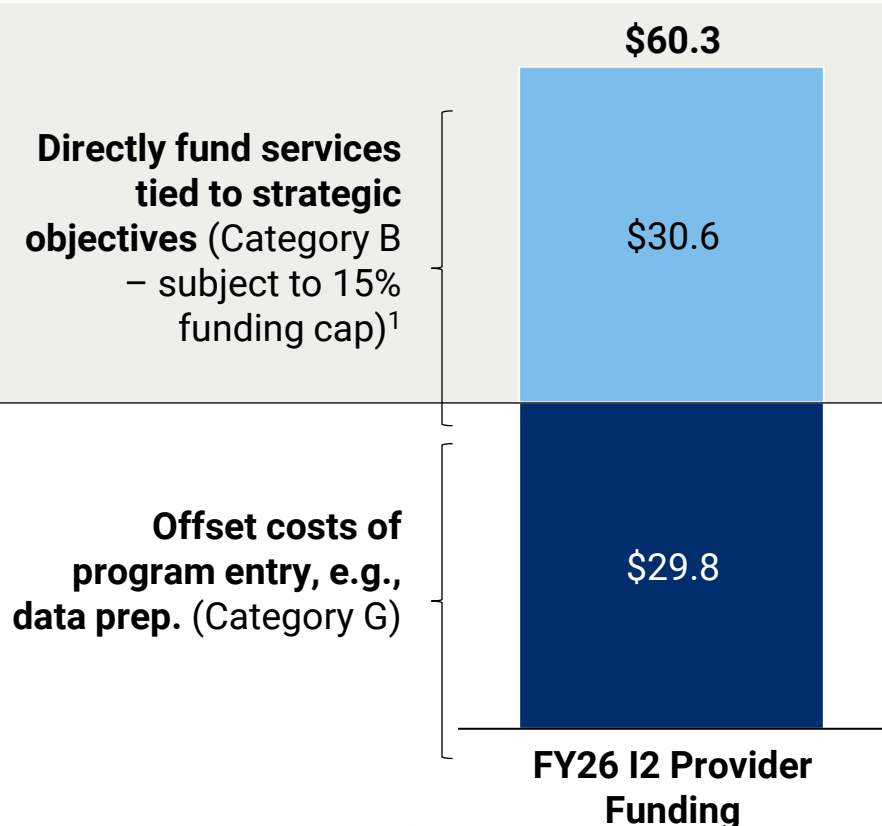
Incentive payments disbursed by DPHHS directly to provider orgs., within **grant agreements** (to be confirmed)



Initiative 2 Funding Approach

Focus of this discussion

Updated I2 funding split per CMS guidance



Approach to determining provider organization-level awards

Application comprising overview of specific services provided and detailed budget to meet one or more of the following RHTP strategic objectives:

- Improving access to primary, specialty, or emergency care
- Improving outcomes (including data collection, preventive care)
- Improve facility operating margins / long-term financial sustainability

Flat stipend (~\$350,000)² per provider organization, to cover program entry costs, including:

- Financial and operational data preparation
- Development of data systems for ongoing reporting
- Administrative submission drafting

1. Category B ("Direct provider payments") subject to cap of 15% of total annual RHTP spend, per CMS requirements
 2. Based on benchmark yearlong health analytics project costs by a boutique service provider ([source](#))

Source: DPHHS-CMS discussion, 4 February 2026; CMS RHTP Notice of Funding Opportunity

Menu of Potential Services

Category	Funded activities / capacity
A Access	A1 Expanded community-based care capacity (e.g., for maternity care, sexual & reproductive health)
	A2 Expanded weekend / holiday coverage for primary care / urgent care / ED
	A3 Capacity for virtual patient care (including behavioral health, specialty)
B Care coordination	B1 Care coordination services for hypertension and diabetes management
	B2 BH clinician collaborative support model for PHQ-9 (depression), GAD-7 (anxiety) screenings
C Primary care	C1 Hospital-at-home / ER-at-home capabilities
	C2 Preventive screenings linked to HEDIS measures (e.g., for breast / colorectal / cervical cancers)
	C3 Post-ED / inpatient discharge phone calls
	C4 Post-discharge home visits for high-risk member populations

1. Assuming ~85 facilities apply

Source: MT RHTP Project and Budget Narrative; CMS RHTP Notice of Funding Opportunity, HEDIS

Proposed program design

Each facility receives a **flat amount** (~\$360,000¹)

Facilities must select at least **two activities** to be funded, and indicate how they will allocate their \$360,000 across activities

Facilities must attest that selected activities are either **new** (not currently done today) or **expansions of current capacity** (e.g., extending facility opening hours, offering more appointment slots)

Participants will report on **uses of funds** and **outcome metric(s)** tied to selected activities after one year

Rationale

Financially sustainable past Year One, given CoE is likely to make similar recommendations for Years Two – Five

Requirement for new / expanded services enables **better progress on RHTP outcome metrics**






Overview of Priority Requests For Proposals

Program	FY26 Budget	RFP launch timeline
A CoE Analytics	\$11.6M	March 2026
B CoE implementation*	\$105.5M	March 2026
C School-based care*	\$5M	April-June 2026
D Talent attraction	\$1.5M	March 2026

* Potential for subawards and/or grants



Planned Procurements By Sub-Initiative¹

PRELIMINARY; SUBJECT TO CHANGE BASED ON CMS APPROVAL AND PROGRAM NEEDS  Planned March 2026 release; detail follows  Planned release by September 2026  Planned procurement, future years

	Planned RFPs		Planned grant programs	
1.1 Recruitment			D Talent attraction	
1.2 Clinical training capacity				
1.3 Workforce retention & upskilling				
2.1 Rural Health CoE	A CoE implementation	B CoE strategy & analytics		
2.2 Clinical partnerships	Interfacility transport, telemedicine*			
2.3 Shared services	Shared services			
3.1 Innovative payment models		Duals care (RFI)		
3.2 EMS modernization		EMD system ³	EMS infrastructure	Community paramedicine Blood storage
3.3 Care access through pharmacists				Point of care testing grants
3.4 Ambulatory svc. optimization	Outpatient expansion			
4.1 Community-based care	Mobile care vans	C School-based care	Tribal awards	
4.2 Health infra. updates	Facility repairs, crisis safe spaces			
4.3 Healthy lifestyles				Community nutrition grants
5.1 Data usability	PHM interventions ²			
5.2 EHR modernization				EHR modernization grants

1. Represents open procurements only; excludes intergovernmental agreements, sole source procurements, and existing contract amendments; excludes sub-recipient opportunities that may be offered by primary recipients sourced from procurements listed here | 2. Population Health Management | 3. Emergency Medical Dispatch



Planned Procurements By Sub-Initiative: Additional Descriptions¹

PRELIMINARY; SUBJECT TO CHANGE BASED ON CMS APPROVAL AND PROGRAM NEEDS

Planned March 2026 release

Planned release by September 2026

Planned procurement, future years

Type	Opportunity	Purpose of funding
RFP	1.1 Talent attraction	Develop a statewide health care workforce talent attraction campaign to recruit new providers to rural Montana
	2.1 CoE implementation	Centrally coordinate provider-facing RHTP programs and provide high-touch technical support to rural facilities
	2.1 CoE strategy & analytics	Create facility and county-level recommendations for restructuring service lines to match projected demand
	4.1 School-based care	Assess provider capacity, select sites, and facilitate site buildouts including renovations, training, billing setup
	3.2 EMD system	Develop and integrate new statewide emergency medical dispatch system across public safety answering points
	3.2 EMS infrastructure	Coordinate acquisition and retrofitting of ambulances and other critical EMS infrastructure across rural agencies
	4.1 Tribal awards	Conduct needs assessments; support planning and disburse funding for tribal CHAP and other training programs
RFI	3.1 Duals care	Propose integrated care models for individuals dually eligible for Medicare and Medicaid
Grant programs	3.2 Community paramedicine	Fund sites to train community paramedics to provide in-home clinical evaluations, chronic disease management, and behavioral health interventions
	3.2 Blood storage	Fund EMS agencies' startup costs for blood storage equipment and placement into ambulances serving rural communities
	3.3 Point of care testing grants	Fund pharmacies' startup costs for point-of-care testing , incl. for medical equipment and rapid diagnostic tests
	4.3 Community nutrition grants	Fund community-submitted projects to create community spaces promoting nutrition and healthy lifestyles
	5.1 EHR modernization grants	Three pools of funding available: <ul style="list-style-type: none"> To establish regional hubs with larger health systems extending EHR access to rural providers (e.g., via community connect), including onboarding, training, and ongoing technical assistance for rural providers For rural providers opting out of hub model to upgrade to HITECH-certified EHR platforms, with funds subsidizing new platform purchases and implementation costs To activate consumer-facing EHR modules for nutrition, disease prevention, and chronic disease management

1. Represents open procurements only; excludes intergovernmental agreements, sole source, and existing contract amendments; excludes sub-recipient opportunities that may be offered by primary recipients



Planned RHTP Funding Opportunities By End Recipient¹

PRELIMINARY; SUBJECT TO CHANGE BASED ON CMS APPROVAL AND PROGRAM NEEDS ■ Funding starts in 2026 ■ Funding starts in future years ■ Program to be managed by DPHHS (vs. vendor / subrecipient)

Provider organizations		Healthcare trainees / professionals	Community groups / other orgs.
● 1.1 Recruitment		Professional training support	
● 1.2 Clinical training capacity	Preceptor incentives and support	Supportive services for workforce	
● 1.3 Workforce retention & upskilling		RHCN participation support ²	RHCN participation support ²
● 2.1 Rural Health CoE	CoE payments ³		
● 2.2 Clinical partnerships	Telehealth capability development		
● 2.3 Shared services			
● 3.1 Innovative payment models			
● 3.2 EMS modernization			EMS infra ■ Community paramedicine, blood storage
● 3.3 Care access through pharmacists	Point-of-care-testing startup		
● 3.4 Ambulatory svc. optimization	Outpatient expansion renovations		
● 4.1 Community-based care	Mobile care vans	Tribal training support – CHAP, Caring For Our Own ⁴	Tribal CHAP startup ⁴
● 4.2 Health infra. updates	Critical repairs, crisis safe space buildouts		
● 4.3 Healthy lifestyles			■ Community nutrition grants
● 5.1 Data usability	PHM intervention pilots ⁵		
● 5.2 EHR modernization	EHR modernization		

1. Immediate cash recipients from the State, not to be conflated with end beneficiaries; excludes intermediaries/service providers (including vendors procured through RFPs listed on prior page) | 2. Rural Health Care Network | 3. Year One payments to fund costs of Rural Health Center of Excellence program entry (e.g., data preparation) and targeted services to improve rural health outcomes/access; payments in future years to be tied to implementation of CoE recommendations for financial sustainability | 4. Community Health Aide Program | 5. Population Health Management



Planned RHTP Funding Opportunities By End Recipient: Additional Descriptions¹

PRELIMINARY; SUBJECT TO CHANGE BASED ON CMS APPROVAL AND PROGRAM NEEDS

Funding starts in 2026

Funding starts in future years

Recipient	Opportunity	Purpose of funding
Provider organizations	1.2 Preceptor incentives and support	Offer financial incentives and training to attract and increase the capacity of qualified preceptors and mentors
	2.1 CoE payments	Fund costs of CoE program entry (e.g., data preparation) and targeted svcs. to improve outcomes / access
	2.2 Telehealth capability development	Fund teleservice equipment, provider onboarding, training, and upfront technology costs (where needed)
	3.3 Point-of-care-testing startup	Cover startup costs for pharmacist point-of-care testing, incl. for medical equipment and rapid diagnostic tests
	3.4 Outpatient expansion renovations	Renovate existing infrastructure and invest in outpatient equipment to restructure outpatient capacity ³
	4.1 Mobile care vans	Purchase and equip mobile care vans to deliver preventive services, screenings, and immunizations
	4.2 Critical repairs, crisis safe space buildouts	Invest in critical repairs and tech to improve rural facility efficiency; set up crisis safe spaces at targeted facilities
	5.1 PHM intervention pilots ⁵	Pilot population health management interventions as identified through HIE-facilitated population health analysis
	5.2 EHR modernization	Extend EHR access through community connect hubs or standalone subsidies; fund activation of consumer-facing nutrition and chronic disease management EHR modules
Healthcare trainees / professionals	1.1 Professional training support	Fund technical instruction for HCPs, including MDs, NPs, PAs, RNs, dental hygienists, midwives, EMTs
	1.2 Supportive services for workforce	Provide time-bound relocation assistance and wellness & resilience programs for HCPs in rural communities
	1.3 RHCN participation support ²	Offer stipends for Rural Health Care leadership to attend national conferences
	4.1 Tribal CHAP training support ⁴	Offset training costs for CHAP participants
	4.1 Tribal "Caring For Our Own" Program	Offset training costs for American Indian nursing students
Community groups / other orgs.	1.3 RHCN participation support ²	Expand RHCN programming, including educational webinars, hosting conferences, and provide cohort trainings
	3.2 EMS infra., community paramedicine, blood storage	Fund EMS infrastructure upgrades, ambulance blood storage equipment, and community paramedic training for in-home care services
	4.1 Tribal CHAP startup ⁴	Cover initial training and development costs for CHAP
	4.3 Community nutrition grants	Create high-impact community spaces promoting nutrition and healthy lifestyles

1. Immediate cash recipients from the State, not to be conflated with end beneficiaries; excludes intermediaries/service providers (including vendors procured through RFPs listed on prior page) | 2. Rural Health Care Network | 3. In line with CoE recommendations to improve rural facility financial sustainability and community health access | 4. Community Health Aide Program | 5. Population Health Management



Behavioral Health System for Future Generations (BHSFG) Implementation Status

*Meghan Peel, Behavioral Health and Developmental Disabilities Division
Administrator*

Gene Hermanson, Deputy Medicaid Director



DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES

Implementation Updates

- Residential Grants NTI #2
 - 72 projects have been completed, and 40 projects will be extended by 6 months due to construction delays
- Wellness Kiosks NTI #9
 - RFP closed on 3/5/2026, vendor contract anticipated by 6/30/2026.
- 988 Marketing Campaign Rec #9
 - Launched statewide Media and Marketing MSA RFP on 1/22/2026, closed on 3/12/2026.
- CCBHC Rec #22
 - SAMHSA released CCBHC Demonstration application, due 4/1/2026
 - Hiring 2 FTE – Program Specialist (posted), Analyst (classification pending)



HB 936 Update

- The HB 936 BHSFG Long-Term Sustainability Study Committee convened on February 5, 2026.
- DPHHS presented BHSFG implementation and financial updates.
- Additionally, the committee was presented with long-term financial projections and began the conversation on BHSFG sustainability.
 - DPHHS and OBPP have no new updates on long-term sustainability strategies at this time.



Near-Term Initiatives – Financial Snapshot and Projections

Project / Initiative	Financial Details				Timeline Details	
	Commission Approved	Obligated	FY24-26 Spend	Biennium Projection	Start Date	End Date
#1: COEs	\$1,000,000	\$1,000,000	\$441,194	\$850,000	7/01/2024	6/30/2026*
#1: Stabilization Grants	\$6,500,000	-	-	-	-	-
#2: Residential Grants	\$15,800,000	\$15,674,650	\$12,192,714	\$7,538,408	9/16/2024	9/16/2026*
#3: MCR	\$3,500,000	\$3,500,00	\$2,369,190	\$1,492,036	1/22/2024	6/30/2026*
#3: Crisis Receiving & Stabilization Services	\$4,000,000	\$4,000,000	-	\$3,650,000	7/1/2024	6/30/2027
#4: Crisis Curriculum	\$500,000	\$439,126	\$305,715	\$205,219	8/1/2024	6/30/2026
#5: Developmental Disabilities Workforce	\$600,000	\$572,035	\$451,875	\$209,734	6/21/2024	9/30/2026
#6: Family Peer Support	\$700,000	\$675,750	\$427,375	\$497,579	1/6/2025	1/5/2027
#7: Tribal and Urban Indian Health Organizations	\$6,500,000	\$6,499,064	\$2,055,968	\$5,981,670	1/1/2025	6/30/2026*
#8: Fair Market Rent	\$315,727	\$315,727	\$315,727	-	9/1/2024	6/30/2025
#9: Wellness Kiosks	\$1,084,273	-	-	\$1,084,273	TBD	6/30/2027
#10: OT Doctorate and PA Programs	\$4,000,000	\$4,000,000	\$981,458	\$3,018,542	2/1/2025	2/1/2027
#11: Local Innovations	\$2,500,000	\$2,500,000	\$745,404	\$2,400,027	6/1/2025	5/31/2027
Total	\$47,000,000	\$40,363,615	\$20,286,620	\$26,927,489		

*Many of these contracts have been or will be extended.



Long-Term Recommendations – Financial Snapshot and Projections

Project / Initiative	Financial Details			
	Legislatively Approved	FY 26 Budget	FY 27 Budget	Biennium Projection
#1: 0208 Comprehensive Waiver Services Rates	\$5,026,803	\$437,503	\$4,589,300	\$1,450,003
#3: Expand Service Delivery (Complex Needs)	\$8,875,000	\$1,395,000	\$7,480,000	\$7,500,000
#4: Redefine and Reopen E&D Clinics	\$1,050,000	\$50,000	\$1,000,000	\$1,050,000
#6: Enhance Targeted Case Management	\$1,710,546	\$480,273	\$1,230,273	\$1,710,546
#8: Implement Care Transitions Program	\$1,239,576	\$41,650	\$1,197,926	\$1,239,576
#9: 988 Marketing Campaign	\$1,000,000	\$500,000	\$500,000	\$1,000,000
#17: Youth Residential Services	\$3,401,280	\$150,000	\$3,521,280	\$3,401,280
#18: School-Based Initiatives	\$3,528,290	\$1,764,145	\$1,764,145	\$3,528,290
#19: Workforce Incentives and Dual Enrollment	\$8,280,000	\$7,715,000	\$565,000	\$8,280,000
#22: CCBHCs	\$40,361,355	\$71,500	\$40,289,855	\$40,361,355
Total	\$74,472,850	\$12,605,071	\$61,867,779	\$69,521,050



Long-Term Financial Snapshot and Projections

Beginning Fund Balance (Non-Capital)**	\$	\$185,000,000	\$175,798,661	\$131,142,831	\$93,370,128	\$66,913,619	\$42,848,552	\$18,422,509	(\$9,499,571)
2025 Biennium Transfer of Funds	2024 Amount	2025 Amount	2026	2027	2028	2029	2030	2031	Future Years
To BHSFG Fund	\$225,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ongoing Revenue			\$0	\$0	\$0	\$0	\$0	\$0	
Total	\$225,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Appropriations	Amount								
Systemwide Improvements & Planning	\$10,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Community-Based Investments (Commission Recommendations)	\$30,000,000	\$30,000,000	\$12,073,171	\$22,040,012	\$26,456,509	\$24,065,067	\$24,426,044	\$27,922,080	\$0
Other Legislative items			\$32,582,659	\$15,732,692					
Total	\$40,000,000	\$30,000,000	\$44,655,830	\$37,772,704	\$26,456,509	\$24,065,067	\$24,426,044	\$27,922,080	\$0

Remaining Funds and/or Appropriation Authority	\$185,000,000	\$155,000,000							
Underspent Authority		\$20,798,661							
Subject to appropriation by the future legislatures	\$0	\$175,798,661	\$131,142,831	\$93,370,128	\$66,913,619	\$42,848,552	\$18,422,509	(\$9,499,571)	



Montana State Hospital: Continuous Improvement and Recertification Update

Matt Waller, Health Care Facilities Executive Director



DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES

General MSH Updates

Recruitment Updates

- Permanent Medical Director (non-contracted) started in March 2026
- Planned Executive Governing Board expansion started in January 2026
- 9 State Staff RNs (non-contracted) were hired at MSH between January and March 2026
- 29 net new State RNs (non-contracted) hired between January 2025 and March 2026

Facility Updates

- All HB 5 construction complete as of December 2025
- Initiated planned demolition on Spratt; approximate timeline for FMHF (GBMI) construction is 17 months



MSH Recertification Survey Pathway

- DPHHS filed the CMS certification application on December 23, 2025.
- No formal acknowledgement from CMS as of March 2026 but MSH is still preparing for a late spring to summer 2026 survey.
- Survey preparedness progress briefings occur weekly among MSH and DPHHS leadership.
- As with any CMS certification survey of this scope and breadth, there will likely be findings to resolve, and a cross-functional team will swiftly develop a Plan of Correction to mitigate those issues within the timeframes provided by CMS.

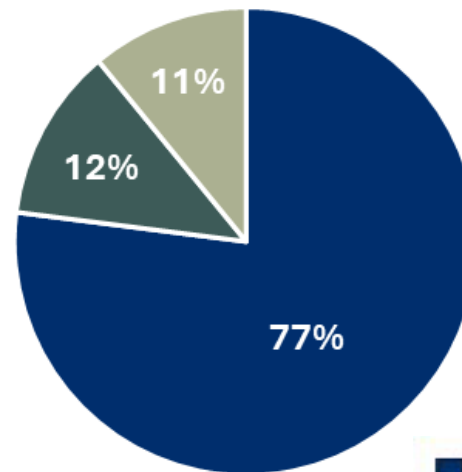


MSH Survey Readiness Progress

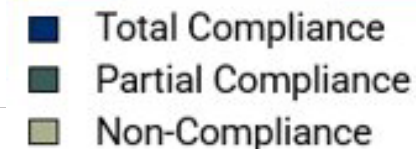
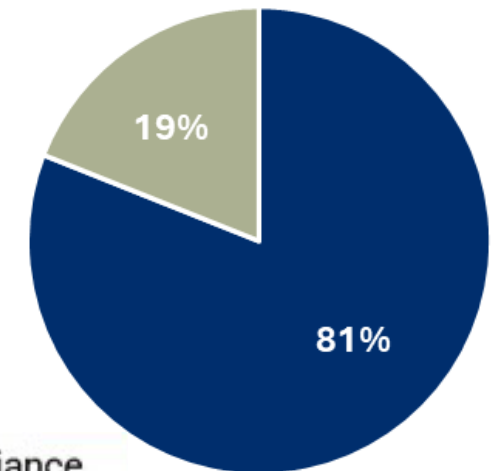
Oversight and Monitoring Improvements

- **81% of the necessary Conditions of Participation (CoPs)** have been met, with continuous daily monitoring conducted by various tools, internal audits, and on-site staff support from Helena. **This work has resulted in a 4% improvement in compliance since October 2025.**
- Helena-based personnel are on-site at MSH at least three days each week to facilitate the progression of CoP implementation activities, monitor compliance, and promote corrective actions.

October 2025 Snapshot



January 2026 Snapshot



Forensic Mental Health Facility Update

Charlie Brereton, Director

Dan Villa, Executive Director Board of Investments



DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES

Project Status (DPHHS)

- Laurel, MT site selection
- Continued coordination with BOI on building requirements and design
 - Scheduled review of 35% design in early April
- Preliminary development of operational (including staffing) models
 - Key component of DPHHS 2029B Executive Planning Process (EPP)
- Addressing project-related misinformation



Project Status (BOI)

- Continuing Due Diligence on physical location
- Geotechnical analysis underway (core samples took place February 27-28)
 - Awaiting results
- Connecting DPHHS with specialists to continue design

Facility Location



Facility Location (cont.)



DRAFT



DRAFT



DRAFT



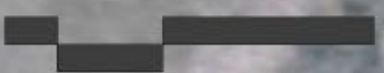
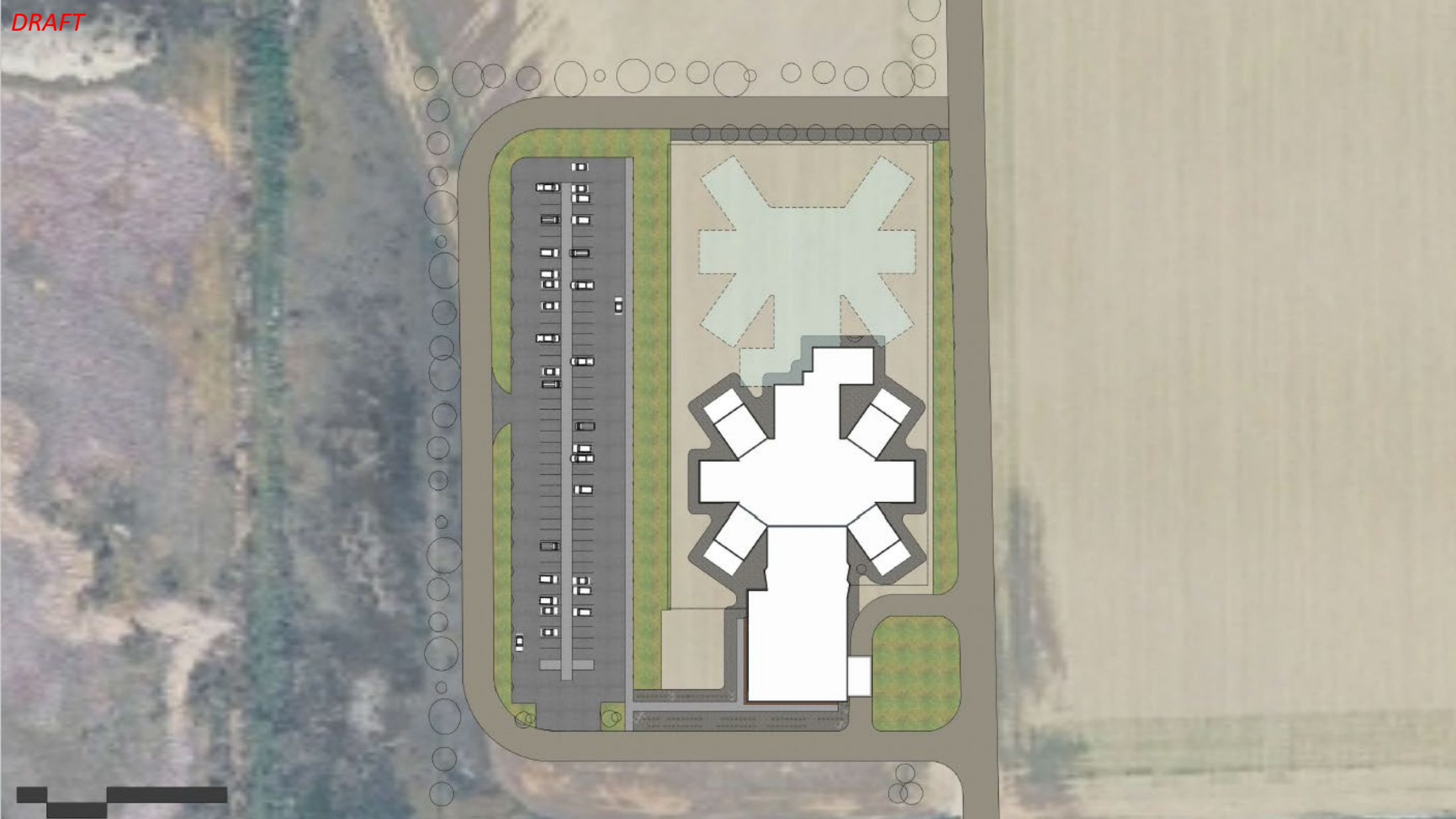
DRAFT



DRAFT



DRAFT



DRAFT

Golf Course Rd

W 9th St

Old U.S. 10

.25 Miles

.5 Miles

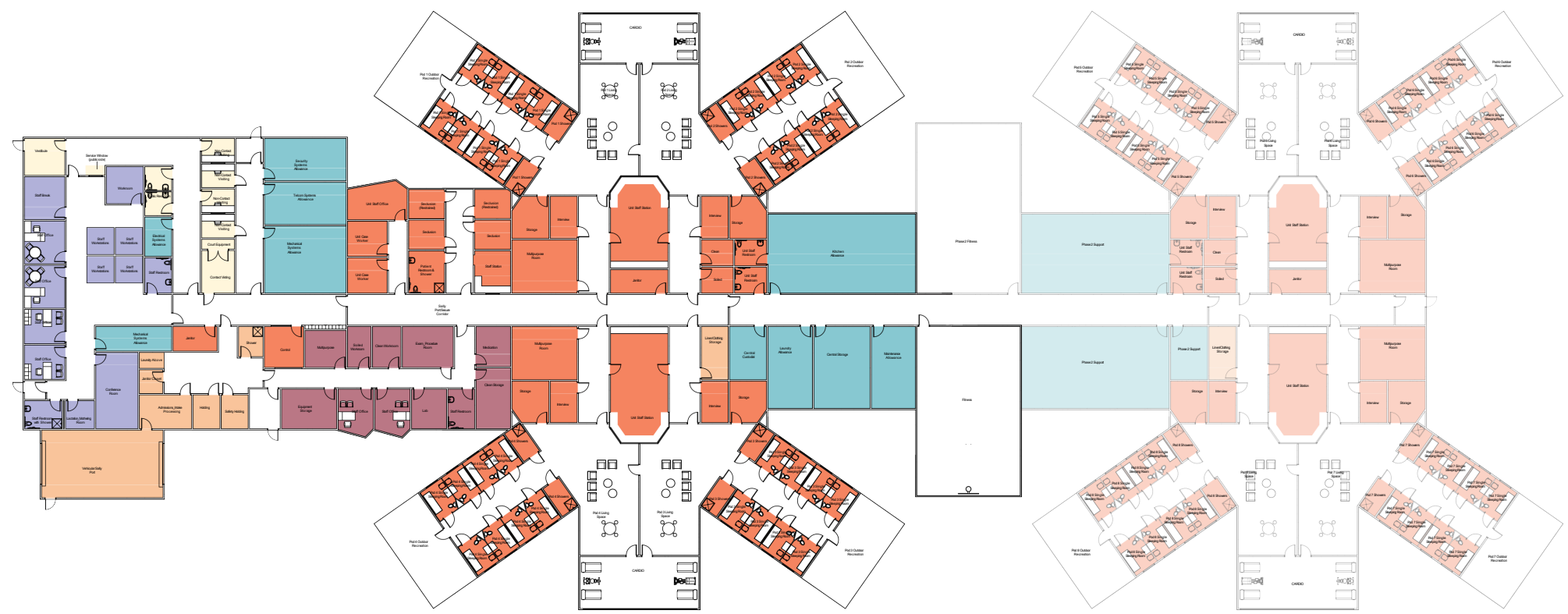
1.0 Miles

Scale



- HOUSING
- STAFF
- PUBLIC
- BUILDING SUPPORT
- ADMIT
- MEDICAL

TOTAL AREA PHASE 1: 32,803 SF
TOTAL AREA PHASE 2: 20,441 SF
TOTAL AREA COMBINED: 53,244 SF



House Bill 10 and Other IT Modernization Projects Updates

Kristin Gutowsky, Deputy Chief Information Officer



DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES

2025B and 2027B HB10 Project Status Updates



Project Status Overview

- DPHHS is actively managing 14 Long-Range Information Technology (LRIT/HB10) projects to modernize legacy systems, improve citizen services, and maintain federal compliance.
- The portfolio continues to advance, with several projects progressing through procurement and early implementation phases.
- Portfolio progress is influenced by federal approvals, vendor performance, and statewide procurement processes.
 - These dependencies can introduce schedule uncertainty and potential delays.
 - Active project oversight and coordination are required to manage risks and maintain project milestones.

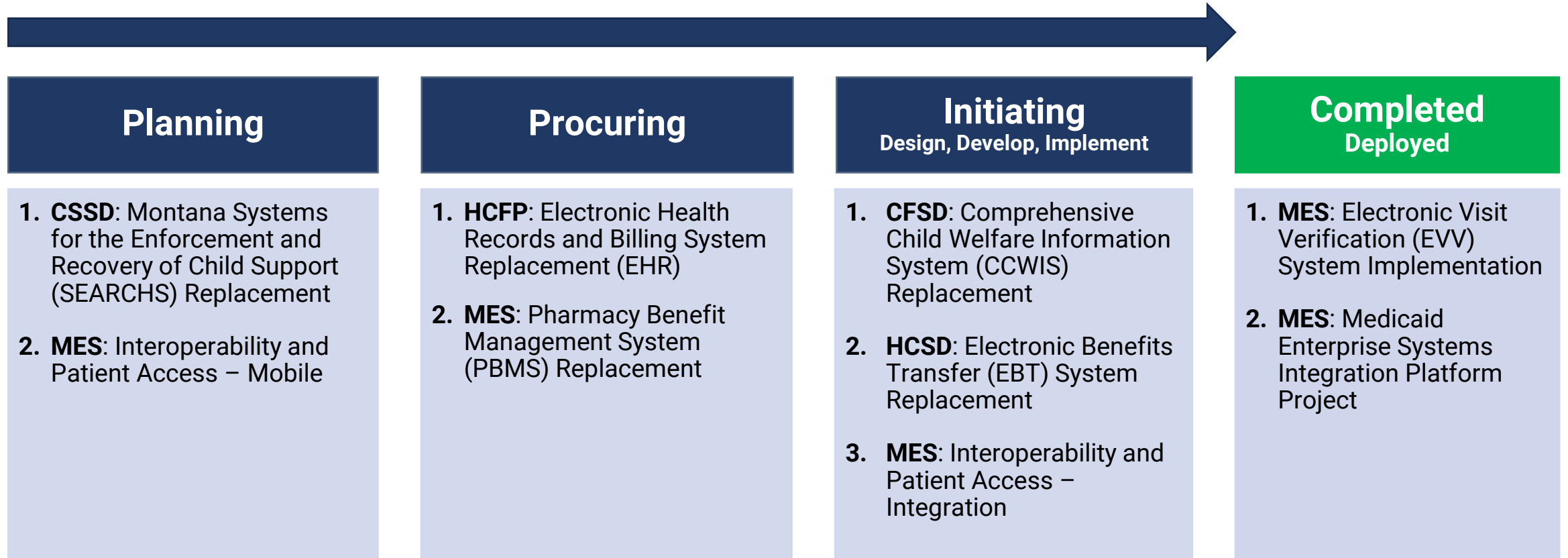


Recent Project Milestones Achieved

1. The WIC EBT system replacement project has entered the Discovery phase.
2. The CCWIS (PEAKS) replacement project has advanced into the Design and Development phase.
3. Two CHIMES modernization initiatives—Secure Data Connections and Public Benefit Notification Improvements—have entered Design and Development.
4. The SNAP EBT modernization project has progressed to User Acceptance Testing (UAT).
5. The State Health Care Facilities Electronic Health Record (EHR) RFP was released on March 6th.
6. Capstone/LEAPS replacement, State Directory of New Hires, CCWIS IV&V services, and Public Benefits System Efficiency Modernization have entered the procurement workstream.



2025B - HB10 Status Overview



2025B LRIT HB10

Projects in Motion

Comprehensive Child Welfare Information System (CCWIS) Replacement

- 4 of 5 project phases have started/completed
 1. Business Process Redesign = 100% complete
 2. Transition & Infrastructure = 50% complete
 3. Discovery = 100% complete
 4. Development = 5% complete
- Target go-live date is JUL 2027.

Montana Systems for the Enforcement and Recovery of Child Support (SEARCHS) Replacement

- Federal approval for Pre-DDI activities was received on February 18, 2026, with activities including:
 - Gap Analysis, Cost-Benefit Analysis, and Feasibility Study
 - Business Requirements and Processes Documents
 - RFP Package
- Project timeline is being re-baselined.

Electronic Benefits Transfer (EBT) System Replacement for SNAP, TANF, and WIC

- SNAP/TANF system testing is in progress.
- Project remains on target for SNAP/TANF go-live April 2026.
- WIC system design is in progress.
- WIC go-live scheduled for September 2026.
- The difference in program go-lives is based on different programmatic and federal requirements.

Electronic Health Records and Billing System Replacement (EHR)

- Pursuing a competitive procurement via a Request for Proposal (RFP)
- The RFP was posted on March 6th and will close on April 17th.

Pharmacy Benefit Management System (PBMS) Replacement

- Participated in a NASPO ValuePoint procurement with Georgia, Missouri, and Alaska
- Conducting vendor system demonstrations.
- Estimated project kickoff August 2026

Interoperability and Patient Access – Integration

- Finalized scope and analysis of the minimum required data elements to support interoperability.
- 7 Application Programming Interfaces (APIs) will be developed.
- Project Kick-off October 2025
 - Requirements Milestone 100% Complete
- Target completion: December 2026.

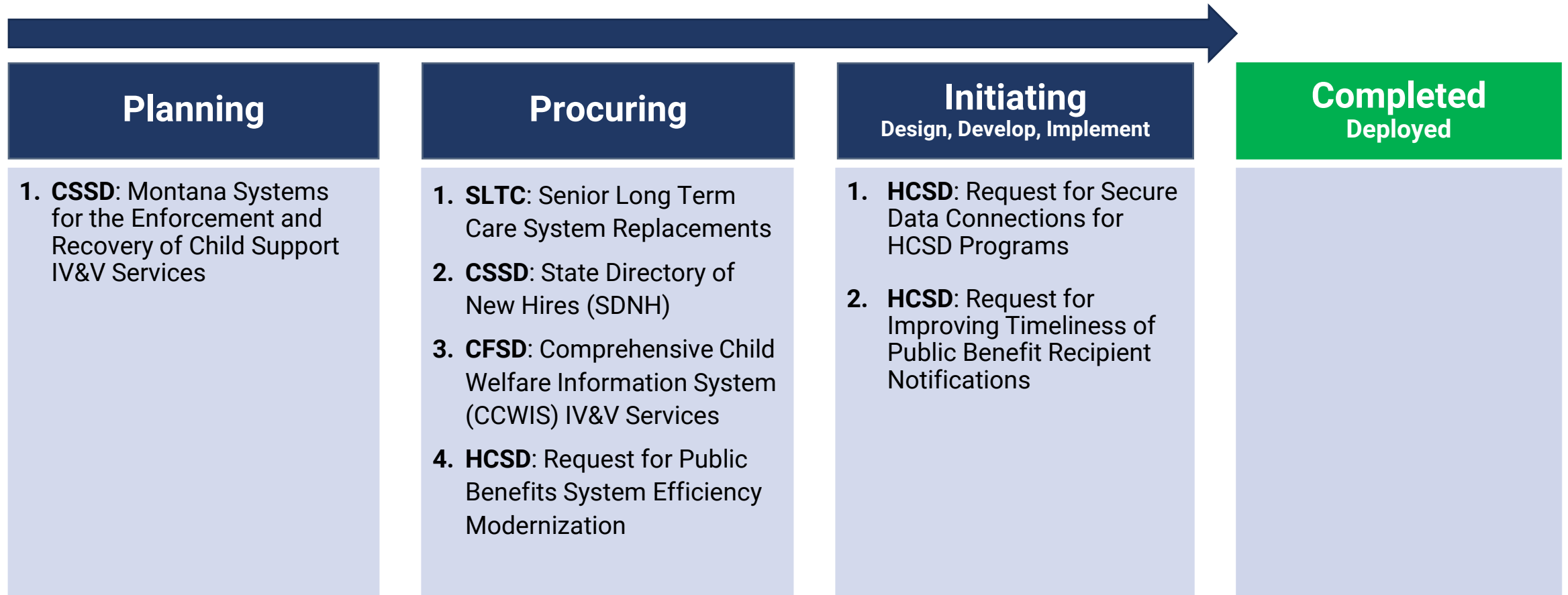
Interoperability and Patient Access – Mobile

- Assessing the feasibility of merging mobile and Customer Care scopes to simplify procurement and technical integration.



2027B - HB10 Status Overview

Projects in Motion



2027B LRIT HB10 Status Update

Projects in Motion

Comprehensive Child Welfare Information System (CCWIS) IV&V Services

- Statement of Work is complete. Final reviews of procurement work products are in progress.
- IV&V may be procured as a Contractor Engagement Proposal (CEP) in coordination with DOA SPSD.
- An unforeseen issue has delayed the release of the CEP. The Steering Committee will revisit this issue in May to determine the next steps.

Montana Systems for the Enforcement and Recovery of Child Support IV&V Services

- Planning activities are in motion.
- Reviewing guidance from OCSS for requirements and cadence of IV&V services.
- IV&V will be procured as a CEP in coordination with DOA procurement.
- Procurement next steps are on hold awaiting required guidance from OCSS.

State Directory of New Hires (SDNH)

- In the procurement stage(s) of the project.
- Will proceed with a Request for Proposal (RFP), which is being drafted.
- Target posting is April 2026.

Request for Secure Data Connections for HCSD Programs

- HCSD is working with the vendor to confirm final scope, requirements, resources, and project kick-off timeline.
- Target implementation is October 2026.

Improving Timeliness of Public Benefit Recipient Notifications

- This project is currently in the requirements and analysis phase.
- Target implementation is MAY 2026.

Public Benefits System Efficiency Modernization

- HCSD needs to migrate its benefits system, CHIMES, which supports Montana families through programs such as SNAP, TANF, Medicaid, and LIHEAP, to a modern and cost-effective technology platform.
- HCSD is working with the vendor to confirm final scope, requirements, resources, and project kick-off timeline.

Senior Long-Term Care (SLTC) Legacy System Replacements

- In the procurement stage(s) of the project.
- Will proceed with a Request for Proposal
- Target posting is May 2026.



Additional IT Modernization Project Updates



Early Childhood and Family Support Division (ECFSD) Child Care Under the Big Sky (CCUBS) System Replacement

- In February 2026, the Early Childhood and Family Support Division decommissioned the 25-year-old CCUBS system and implemented the Montana Access to Quality Child Care System (MAQCS).
- MAQCS modernizes child care licensing, applications, invoicing, and payments for families and providers statewide.
- The system includes provider and parent portals that support licensing activities and Best Beginnings Scholarship (BBS) program services.
- The modernization enables online applications, document submission, and benefit tracking for families and providers.
- Five legacy systems were retired, reducing system complexity, maintenance costs, and security risks.



Early Childhood and Family Support Division (ECFSD) Healthy Montana Families (HMF) System Replacement

- Healthy Montana Families (HMF) is a home visiting program supporting pregnant women and families with young children to improve maternal and child health outcomes.
- The program is pursuing digital modernization to streamline services and improve operational agility.
- HMF is replacing the legacy Clinisys data system with a modern, configurable platform.
- The new system will streamline business processes, reduce manual effort, and improve program reporting and responsiveness.
- Planned system go-live: September 2026.



Early Childhood & Family Support Division (ECFSD) Montana Milestones

- Montana Milestones provides early intervention services supporting Part C of the Individuals with Disabilities Education Act (IDEA) for children ages 0–3, and Family Education and Support (FES) services for ages 3–16.
- The program is replacing the legacy MedCompass system used for Part C and FES program operations.
- The new platform will improve data collection, integration, and reporting to support federal program oversight and compliance.
- The modernization will simplify business processes, improve data accuracy and accessibility, and enhance service delivery.
- Planned system go-live: July 13, 2026.



Public Health and Community Affairs

Vital Statistics Information Management System Replacement (VSIMS)

- VSIMS is the legacy system used to manage Montana's vital records, including birth, death, and marriage certificates.
- The system supports state and county offices responsible for registering and issuing official vital records.
- The legacy system is being replaced with the Vital Event Registration System (VERS) to modernize vital records management.
- The new system will improve electronic registration, data access, and coordination with hospitals, physicians, coroners, and funeral homes.
- Implementation is occurring in three phases:
 - Death module: Went live on August 11, 2025
 - Birth module: Planned go-live September 2026
 - Marriage module: Planned go-live Q3 2027



Centralization Initiatives Update

Misty Ann Giles, Department of Administration Director



DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES



Health & Human Services – Section B

Department of Administration

Director Misty Ann Giles

March 18, 2026

DEPARTMENT OF ADMINISTRATION

WHAT WE DO

We provide essential enterprise services to MT state agencies and support initiatives that cultivate expertise and enhance cooperative partnerships across State government.

MISSION

Serving state government by providing effective, efficient, and customer driven solutions to benefit Montanans.

DIVISIONS

- Architecture and Engineering
- Banking and Financial Institutions
- General Services
- Health Care and Benefits
- Risk Management and Tort Defense
- State Financial Services
- State Human Resources
- State Information Technology Services
- State Procurement Services

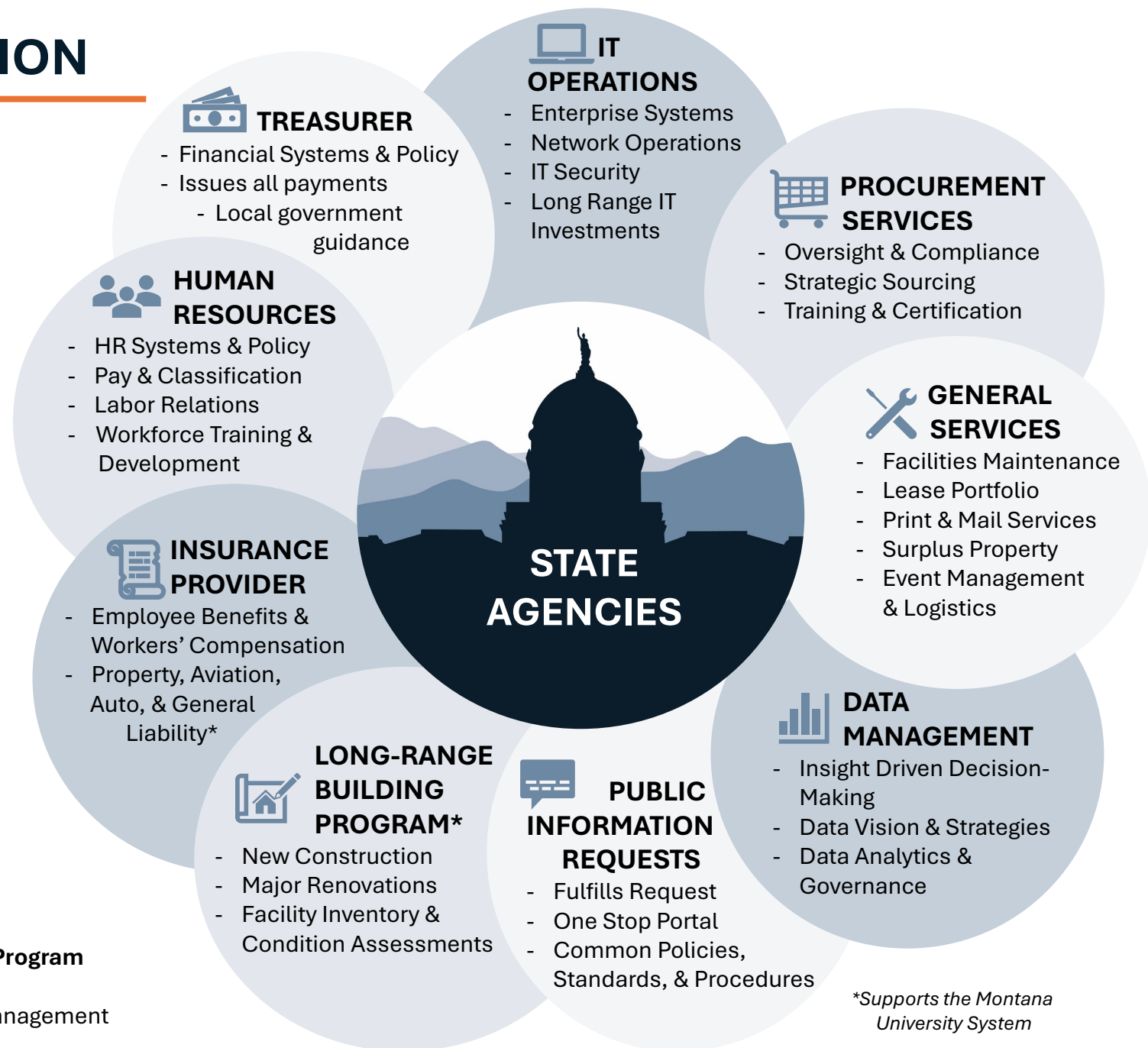
EXTERNAL FACING SERVICES & FUNCTIONS



**Financial Services
Regulation & Licensing**



MT Broadband Program
- ConnectMT
- IJJA / Grant Management



**Supports the Montana University System*



CENTRALIZATION INITIATIVES

CENTRALIZATION INITIATIVES / BENEFITS



PROCUREMENT



HUMAN
RESOURCES



INFORMATION
TECHNOLOGY

ELEVATED AGENCY SUPPORT: Enables responsive, flexible, and overall improved service quality for agencies.

COST EFFICIENCIES: Reduces duplication, increases cost efficiencies, and drives better resource utilization.

DATA-DRIVEN DECISION MAKING: Integrated systems and processes deliver reliable data and real-time insights to support better decision making.

UNIFIED COLLABORATION: Seamless cross-agency knowledge sharing and adoption of best practices. Allows for focus on agency-specific needs and solutions.

OPERATIONAL EFFICIENCIES: Centralized policies, procedures, and tools reduces the administrative burden in the agency and frees up capacity for high-impact strategic work.

CONSISTENT CUSTOMER EXPERIENCE: Standardized processes, practices, and messaging ensures the same customer/vendor/employee experience across all agencies.

PROFESSIONAL DEVELOPMENT: Enterprise-wide training and development opportunities strengthening employee capabilities in these critical function areas.

REDUCED RISK: Provides for a more proactive approach and reduces legal and compliance risk.

The centralization initiative **DOES NOT** include plans for reduction in force activities.

- Supporting employees is a top priority.
- Centralization as an opportunity to enable agencies to elevate the importance of these functions and providing more opportunities for career enhancement.



CENTRALIZATION INITIATIVES

This well-established solution-based best practice is used across all sectors of industry, including state governments. On our state level, centralization translates into greater government efficiency through responsible collaboration.



INFORMATION TECHNOLOGY

29 states report initiatives to consolidate or centralize IT services.



HUMAN RESOURCES

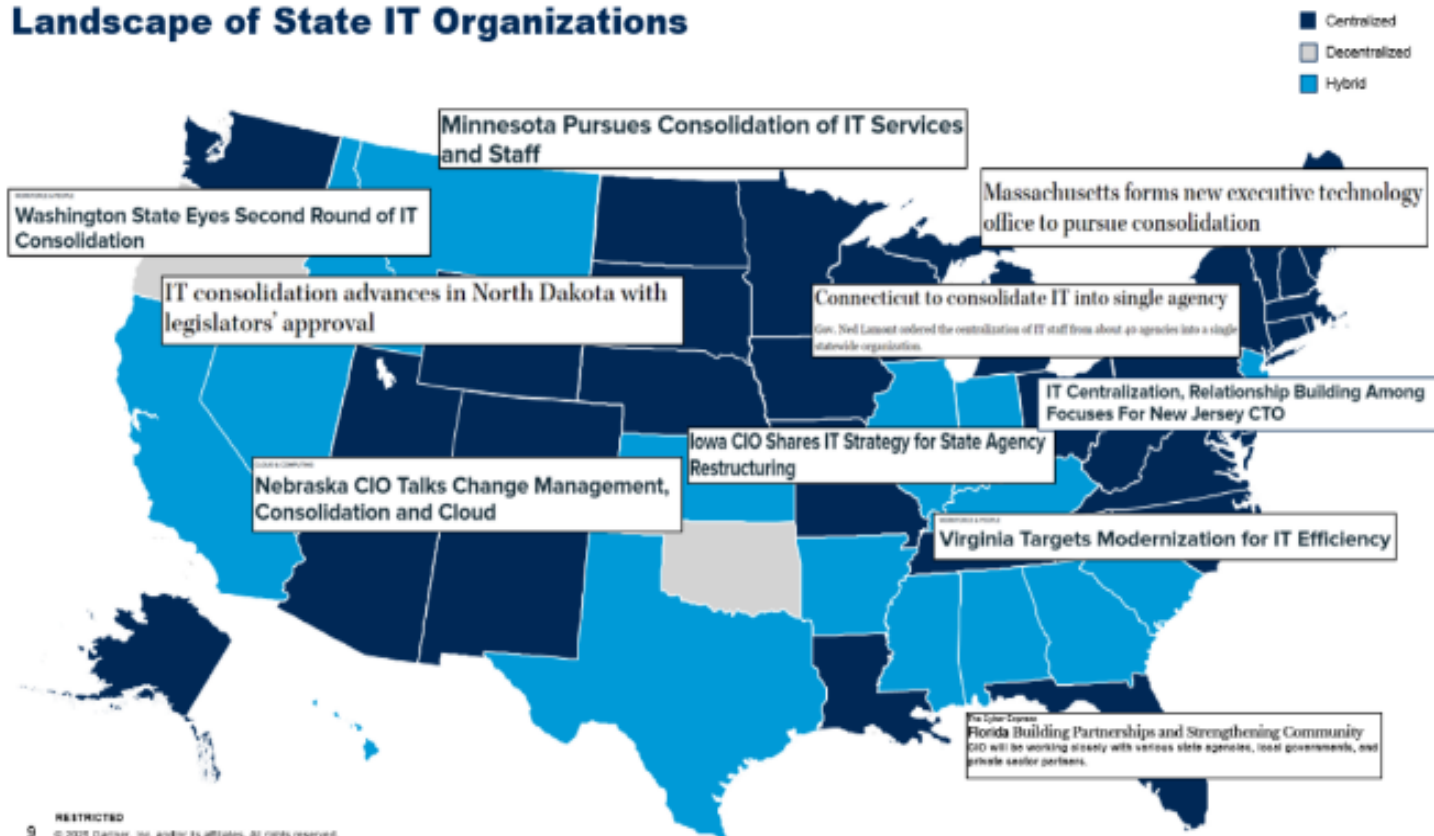
23 states report initiatives to consolidate or centralize services. 17 have implemented 'shared services' models as part of these initiatives.



PROCUREMENT

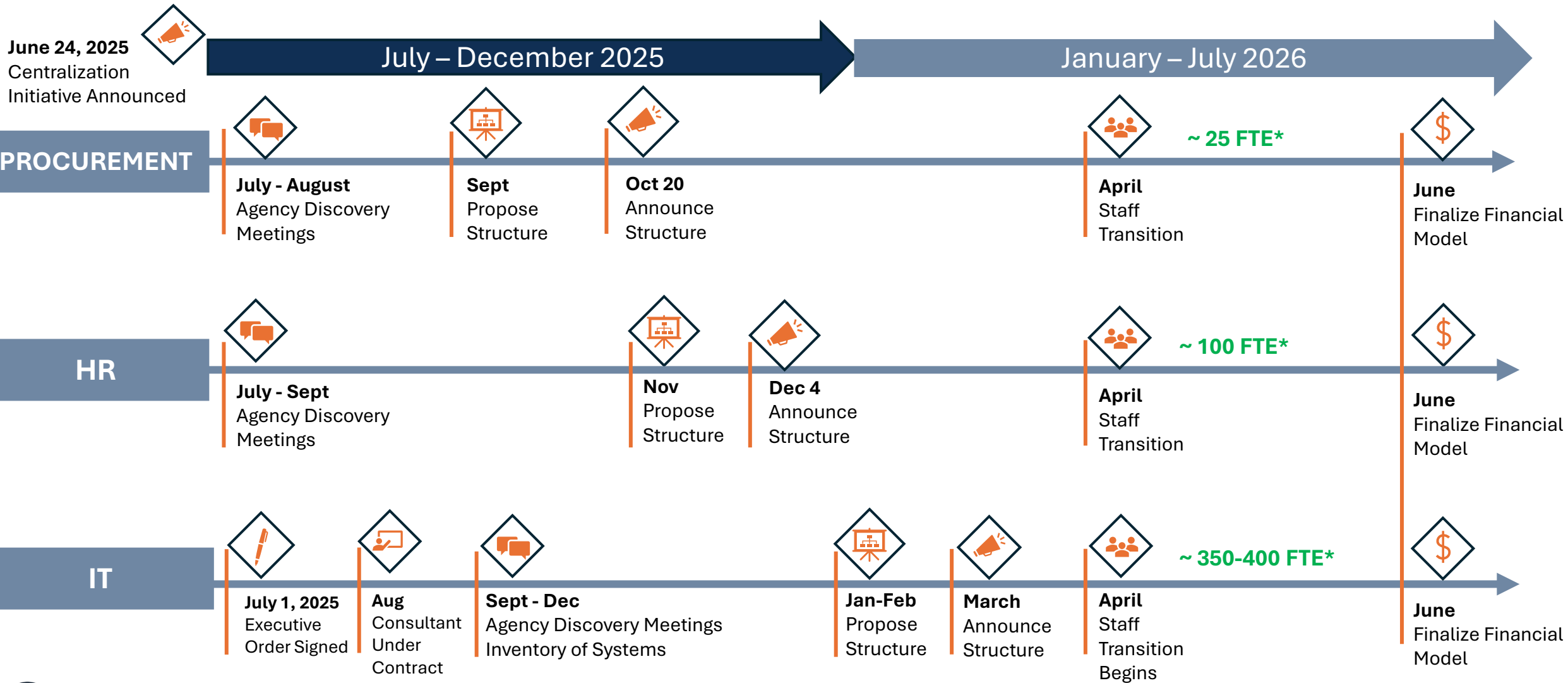
34 states report having a central procurement office with statutory purchasing authority—similar to MT. 12 states have or are in the process of further centralizing these services.

Landscape of State IT Organizations



Source: The Center for Digital Government

CENTRALIZATION INITIATIVES: TIMELINE



*Staff to be transitioned identified during the discovery phase for each function.





STATE OF MONTANA CENTRALIZATION INITIATIVE

FAQS & RESOURCES

PROCUREMENT

HUMAN RESOURCES

INFORMATION TECHNOLOGY

Centralization Information

The decision to centralize these three functional areas was made to achieve the following benefits:

- Improve service quality for agencies
- Increase support for agency-specific needs
- Create consistency in services and policy application
- Reduce legal and compliance risk
- Increase cost efficiency and create better resource utilization
- Improve workforce analytics for strategic decisions
- Create efficiency in talent acquisition and management
- Reduce agency administrative burden

As the centralization process proceeds, you can expect to receive regular communications specific to your area – IT, procurement, and human resources.

“

Centralization of Montana's functional areas within executive branch agencies underscores the need to truly function as one government, driven by dedicated civil servants working together to support one another, our specialized agencies, and, most of all, our citizens.

This well-established solution-based best practice is used across all sectors of industry, including state government. On our state level, centralization translates into greater government efficiency through responsible collaboration.

- Misty Ann Giles, Director
Department of Administration

”

Centralization Resource Center

Please see the below areas for more information.

FAQS & RESOURCES

AGENCY DISCOVERY MEETINGS



PROCUREMENT



HUMAN
RESOURCES



INFORMATION
TECHNOLOGY



PROCUREMENT

WHAT IS STATE PROCUREMENT?

- State procurement refers to the process by which the government selects goods, services, and construction projects.
- Allows for economies of scale, better coordination between state agencies, and ensures fairness and transparency in the contractual expenditure of taxpayer dollars.



MONTANA PROCUREMENT ACT

TITLE 18, CHAPTER 4

- Designates the Department of Administration as the sole contracting officer for the state of Montana for all branches, agencies, divisions and subparts unless an agency has a specific exception.
- All statewide contracts, except infrastructure, must follow the Procurement Act.
- DOA currently delegates contracting authority to entities, in good standing, up to \$200,000.
- All contracting above \$200,000 must come through DOA.



STATE PROCUREMENT STRUCTURE

DOA

State Procurement Division

Statewide Contracting

Procurement Support

Procurement Operations

**Complex
Procurements**

**Strategic
Sourcing**

**Special
Projects**

**Contract
Tracking &
Advising**

**Policy
Management**

**Training &
Certification**

**Delegation
Management**

**Systems
Support**

**Agency
Compliance
Reviews**



PROCUREMENT CENTRALIZATION

Our procurement centralization initiative is intended to improve our processes, create efficiencies, and enhance our procurement teams' knowledge across all agencies.

GOALS / STRATEGIES

- Eliminate or streamline duplicative contracts.
- Evaluate current processes and procedures for IT Procurement and identify efficiencies and potential cost savings.
- Procurement Certification Program will develop expertise across the enterprise.
- Finalize solicitation and contract templates and utilize enterprise-wide.
- Procurement Planning – agencies must submit a procurement plan by September 15th of each year.

BENEFITS

- Leverage strategic sourcing and contracting, resulting in efficiencies and cost savings.
- Improved overall contract management.
- Enhance procurement skills and knowledge across the enterprise to drive consistency and compliance.
- Opportunities for staff to develop skills and knowledge in the area of procurement as part of a larger community of procurement professionals.
- Build consistency across the enterprise.



PROCUREMENT CENTRALIZATION

The planning and solicitation development phase helps ensure a successful outcome by:

- Identifying the business need;
 - Is there a need across the enterprise for same or similar goods/services?
 - Is there a cooperative contract already available?
- Establishing a timeline and budget;
 - Planning includes approvals are in place, subject matter experts are engaged, and resources allocated.
- Requesting information – a Request for Information (RFI) is a great tool to assist agencies in identifying requirements, selecting the appropriate process, and identifying potential vendors;
- Determining if the need is complex or detailed;
- Determining if cost is the driving factor or if there are other factors necessary to make an award;
- Determining if there will be a need to clarify proposals or seek revisions;
- Discussing the project with legal – create a draft contract with their input;
- Submitting ITPR requests (when applicable) as early as possible.



ROLES & RESPONSIBILITIES

DOA

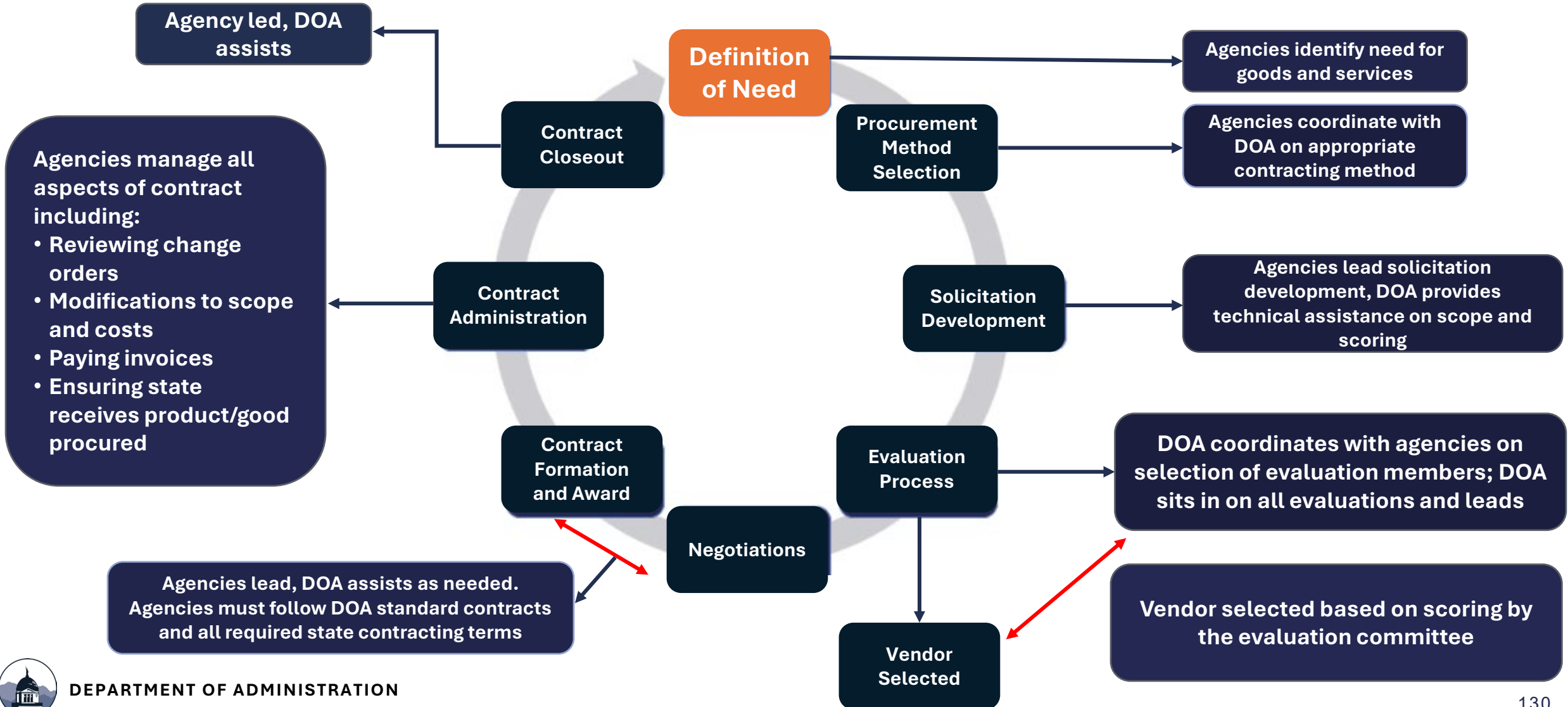
- ✓ Ensure all entities comply with the Montana Procurement Act
- ✓ Issue policies and procedures for contracting
- ✓ Create statewide contract templates
- ✓ Conduct compliance reviews
- ✓ Lead all procurement actions above the current \$200K threshold
- ✓ Lead all sole source actions for the enterprise
- ✓ Issue and manage delegated agreements
- ✓ Provide technical assistance to agencies on all contracts and contracting actions
- ✓ Manage the statewide vendor system
- ✓ Oversee all evaluation committees, ensure fairness, transparency, and compliance with all laws
- ✓ Document retention
- ✓ Manage protests and litigation
- ✓ Statewide sourcing for enterprise contracts

AGENCIES

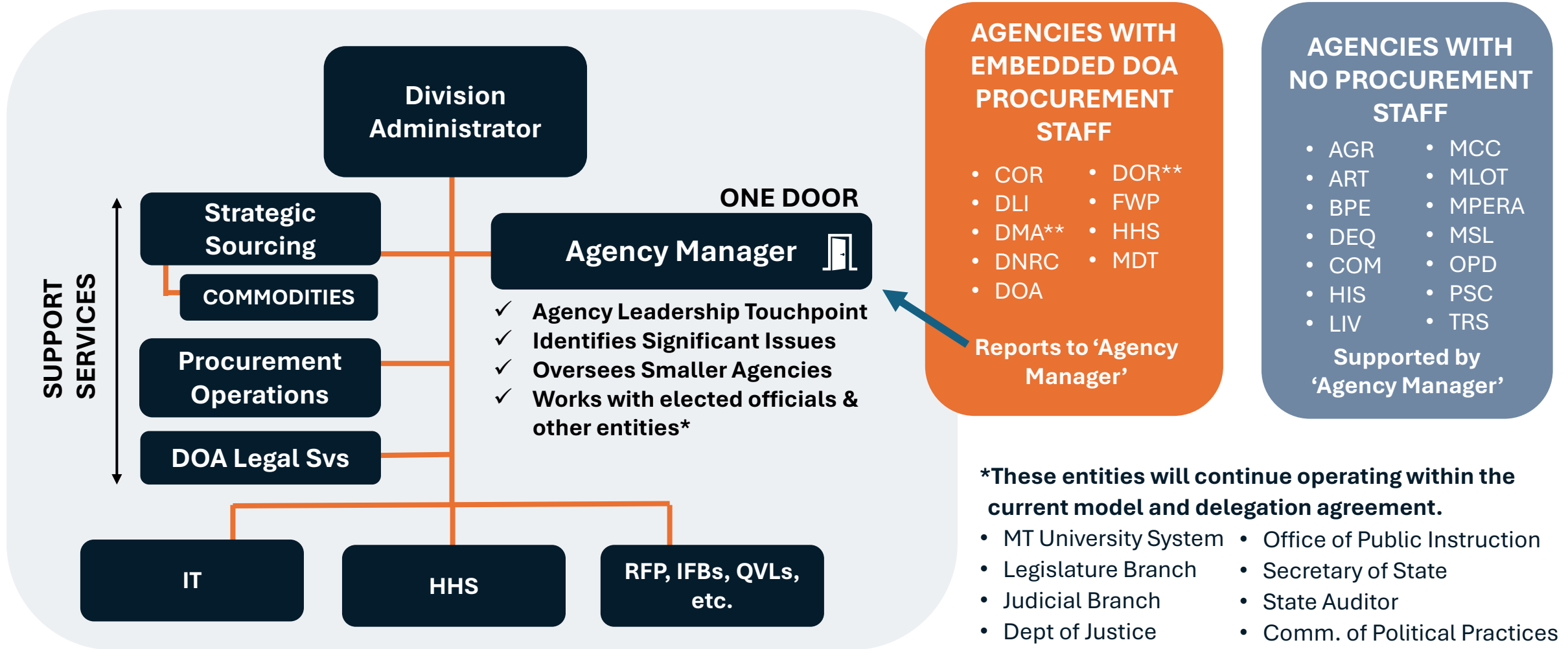
- ✓ Comply with the Montana Procurement Act and the DOA Delegation Agreement
- ✓ Comply with all policies and procedures as required by DOA
- ✓ Participate in compliance reviews
- ✓ Purchase goods and services under \$200K in accordance with the procurement act
- ✓ Maintain records of all procurement actions
- ✓ Submit any contracting actions above \$200K to DOA for review and management through the procurement process
- ✓ Payment of all invoices to vendors
- ✓ Management of contracts and vendors, report any contract issues to DOA
- ✓ Submit any sole source requests to DOA for consideration
- ✓ Manage contract renewals in compliance with the law and DOA policies



EXAMPLE PROCESS: DOA VS. AGENCIES



PROCUREMENT – NEW ORGANIZATIONAL STRUCTURE





SPENDING OVER THRESHOLD LIMITS COME TO DOA

CURRENT SPENDING AUTHORITY MODEL:

\$100K DELEGATION

- All Sole Source to DOA
- All Contracts > \$100K to DOA

\$200K DELEGATION

- All Sole Source to DOA
- All Contracts > \$200K to DOA

PROPOSED BUYING POWER MODEL:

AGENCY RISK ASSESSMENT

BUYING THRESHOLD BASED ON THESE FACTORS:



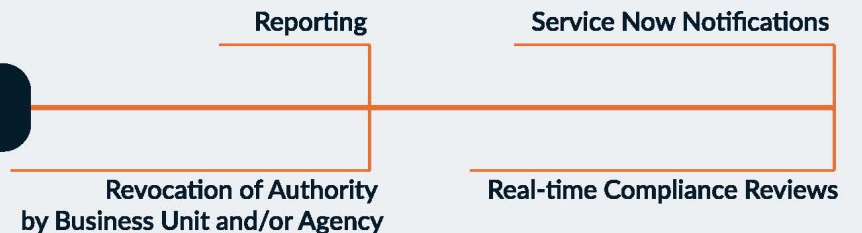
AGENCY RISK ASSESSMENT THROUGH REQUISITION FILTERS TO DOA:

- CONTRACTS OVER THE X THRESHOLD TO DOA
- RFPs
- ACTIONS ABOVE \$X DEPENDING ON RISK SCORE
- SOLE SOURCES

CONTRACTS FOR DOA REVIEW & APPROVAL

EXCEPT

DOA COMPLIANCE REVIEW OF AGENCIES



RISK ASSESSMENT / STAFF KNOWLEDGE & EXPERIENCE

As part of the ‘**Agency Risk Assessment**’ that would establish buying threshold limits, we need to better understand the knowledge and experience of current procurement staff. This information will also allow us to develop additional training in target areas, as needed.

SUGGESTED APPROACH

Use a self-evaluation process and allow individual procurement staff to speak to their current knowledge and experience.

Procurement topics/process areas would include:

- Knowledge of procurement laws, rules, and policies.
- Oversight of RFP process from beginning to award.
- Oversight of RFQ process from beginning to award.
- Oversight of an RFI process.
- Cooperative Purchasing Availability (process, contracts, and methods)
- IT Procurement Process, including ITPR requirements
- Sole Source and Exigency requirements and process for approval.
- and others. . .

SELF-EVALUATION CATEGORIES:

Overall # of years of MT or other government-based procurement experience.

- Less than one year
- 1-2 years
- 3-5 years
- 5 or more years

Procurement Process Knowledge/Experience

- 1 – No experience or knowledge of this topic.
- 2 – Trained in concepts and process but have not had the opportunity to apply my knowledge.
- 3 – Familiar with this process and have applied my knowledge and understanding often.
- 4 – Fully proficient in this topic and have provided training or successfully coached others to complete the process.



KNOWLEDGE & EXPERIENCE SURVEY



Received insightful inputs and feedback from procurement staff at the agencies and DOA's central team.

TOOLS AND RESOURCES

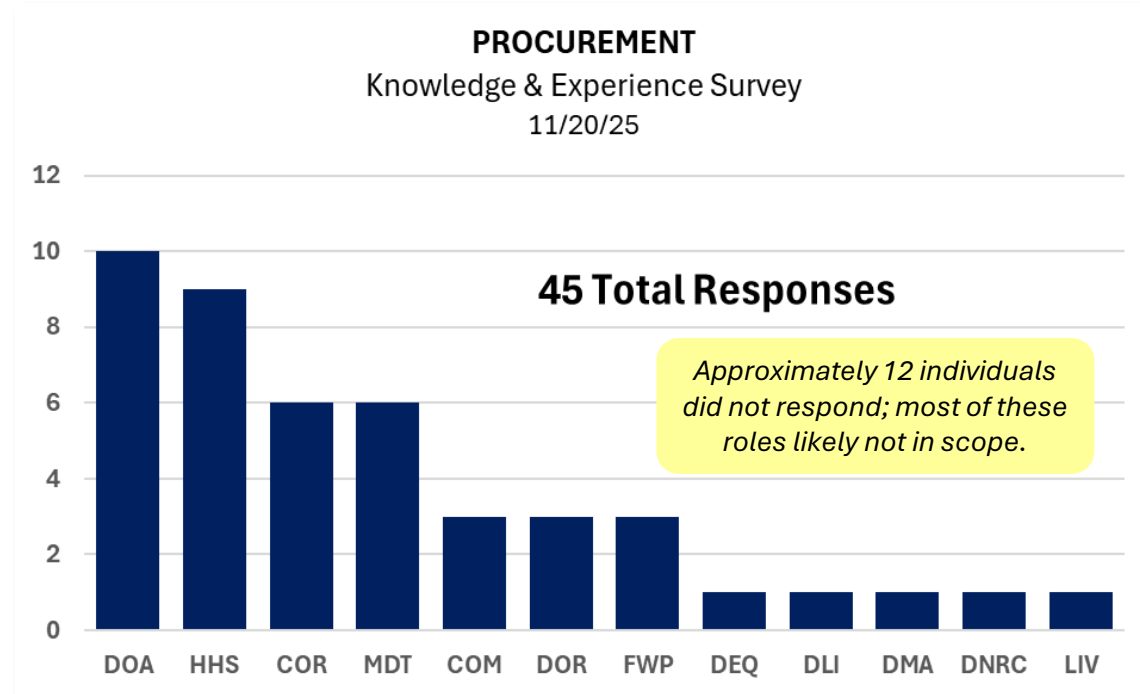
Majority of participants said they have the tools and resources needed, but a small number felt under-resourced, especially for IT-related procurement.

TRAINING NEEDS

Majority said they would benefit from additional training and see ongoing education as essential because procurement rules and practices change frequently. Desired topics included core procurement processes, changes to sole source and term contracts, IT procurement procedures, and step-by-step guidance on RFPs, RFIs, IFBs, and sole source work.

AREAS OF INTEREST TO GAIN MORE EXPERIENCE

Respondents want deeper experience in complex procurements and specialized areas such as RFPs, RFIs, IFBs, IT procurement, cooperative purchasing, statewide term contracts, limited solicitations, and task orders. Many also highlighted needs around information security, intellectual property, AI-related procurement, cooperative contracts, and understanding centralized processes.

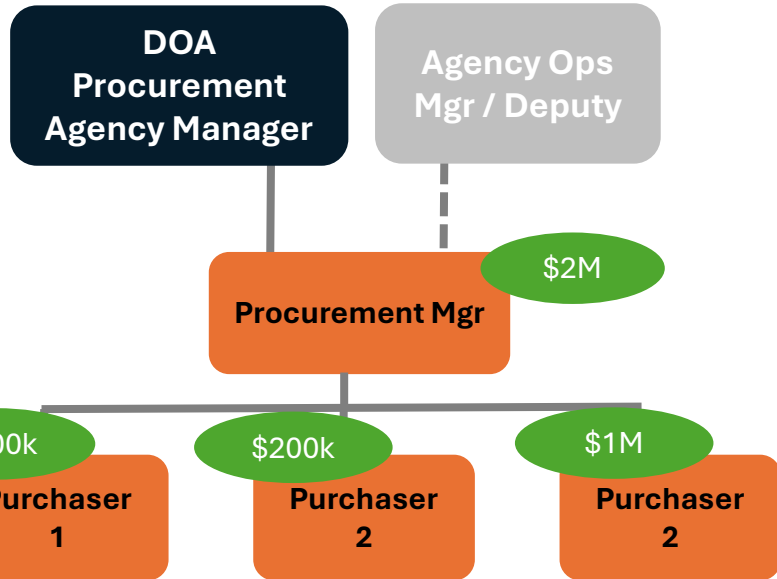




AGENCY SPENDING LEVEL / TIED TO STAFF

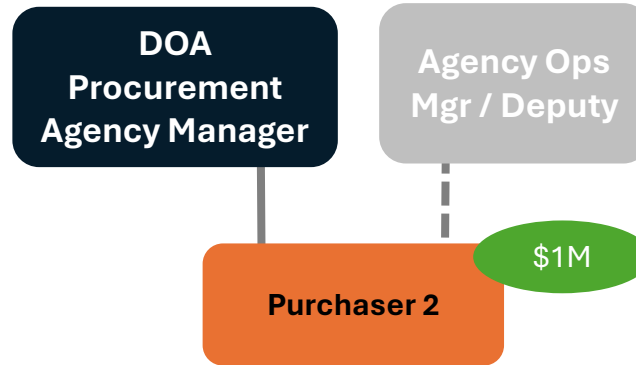
Established agency **SPENDING LEVELS** are directly tied to embedded DOA staff knowledge, training, and experience. If member of the team leaves, spending level could be re-evaluated.

LARGE AGENCY



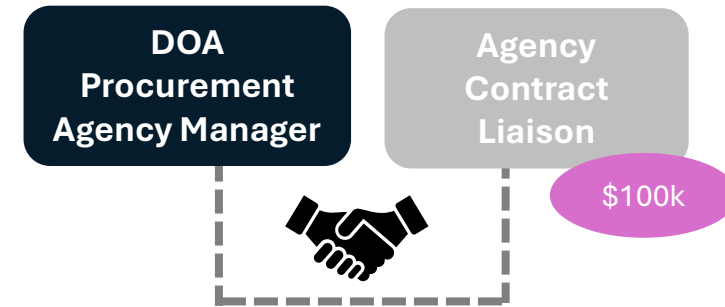
- Team model within larger agencies.
- In this example, if Procurement Manager resigns, spending level would be reviewed and likely reduced to \$1M. When position is filled knowledge/experience of new manager will be evaluated.
- If experienced staff members leaves, spending level remains at \$2M.

MEDIUM-SIZED AGENCY



- One-person support model.
- If individual resigns—potential scenarios:
 - Spending level reduced to \$100k (no staff); DOA central staff supports agency
 - DOA assigns new team member to support agency, spending level remains unchanged
- When position is permanently filled knowledge/experience of new individual will be evaluated and spending level re-established.

SMALL AGENCY



- No procurement staff at agency.
- Smaller agencies retain their delegated \$100k spending authority.
- For purchases above \$100k, Agency Contract Liaison works with DOA Procurement Agency Manager on procurement request.
- DOA Procurement Agency Manager assigns appropriate contracting staff and resources from central team to work with agency staff to complete procurement process.

NOTE: Spending thresholds are only for currently allowed unlimited commodities.

PROCUREMENT SERVICE AGREEMENTS / AUTHORITY

AGENCIES WITH EMBEDDED DOA PROCUREMENT STAFF

- COR
- DLI
- DMA
- DNRC
- DOA
- DOR
- FWP
- HHS
- MDT

Staff Report to
Agency Manager

- DOA employees sitting with agencies – selected and agreed upon.
- New **SERVICE LEVEL AGREEMENTS** executed
- New Spending Levels Identified by 'RISK' Score.
- All actions above spending limits and set thresholds go to DOA Central Procurement for approval.
- Statutory exemption procurement activities remain with the agency (e.g., grants, alcohol, human services, construction, etc.).

AGENCIES WITH NO PROCUREMENT STAFF

- AGR
- ART
- BPE
- DEQ
- COM
- HIS
- LIV
- MCC
- MLOT
- MPERA
- MSL
- OPD
- PSC
- TRS

Supported by
Agency Manager
& Central DOA
Team

- No dedicated procurement staff – DOA is the APO for these agencies.
- New **DELEGATION AGREEMENTS** executed.
- Remain at current delegated level (e.g., \$100k, \$200k).
- Statutory exemption procurement activities remain with the agency (e.g., grants, alcohol, human services, construction, etc.).
- May not hire procurement staff.

REQUIRES DOA CENTRAL OFFICE APPROVAL

- All Sole Sources
- All RFPs Above \$1M
- All Cooperative Purchases Above \$100k
- Any Action Above Agency Established Limit
- Vehicle Purchases

NEW PROCUREMENT INTAKE / APPROVAL WORKFLOW SYSTEM

In support of the Procurement Centralization initiative, a new intake and approval workflow will be implemented.

This system was built with internal resources and will be used by all agencies.

Covers all categories of procurement processes:

- *RFPs*
- *IT Review / Approval (ITPR)*
- *Cooperative Purchases*
- *Sole Source Approval*
- *and others.*

The screenshot displays the 'Request Workflow' interface. At the top, a progress bar shows six stages: Draft (active), Intake, Refinement, Legal Review, Submitted, and Approved. Below the progress bar is a 'Quick Entry' section with a text input field for 'Enter the essential details for your procurement request.' and a 'Quick Entry' button. The breadcrumb trail shows 'Unknown User - Department of Administration - Draft Request'. The main form is divided into two columns: 'Purchase Details' and 'Financials'. The 'Purchase Details' column includes a 'Category*' dropdown menu, an 'Item Name*' text field containing 'Draft Request', a 'Department*' text field, and a 'Description*' text area containing 'Draft request in progress'. The 'Financials' column is titled 'How will this be paid for?' and contains four options: 'One-time Purchase' (selected), 'Subscription / Contract', 'Hourly / Time-based', and 'I know the total'. The footer of the interface includes links for 'Privacy & Security' and 'Accessibility'.

PROCUREMENT KEY PERFORMANCE INDICATORS

STRATEGIC SOURCING

KPI: Identify and reduce duplicative contracts. Utilize current strategic contracts to optimize spending and develop new strategic contracts for services and commodities where strategic sourcing has not yet been applied within the first year of centralization.

Impact: Reduce costs, improve supplier performance, manage risk, and increase controlled spending.

REQUISITION TO PO CYCLE TIME FOR STRATEGIC SOURCING CONTRACTS

KPI: Identify current cycle times for executing POs under current strategic sourcing contracts. Reduce cycle times by 10% by implementing SPSD's new requisitioning system and strategic catalog.

Impact: Faster fulfillment, reduced administrative costs per purchase, improved supplier relationships, and higher internal satisfaction.

REQUEST FOR PROPOSAL (RFP) CYCLE TIME

KPI: Reduce average RFP Cycle Time for sourcing events over \$100k to 55 days, while maintaining quality and compliance.

Impact: Faster time-to-contract, Higher process efficiency, lower risk of non-compliant or rushed deals, and improved stakeholder satisfaction.

INVITATION FOR BID (IFB) CYCLE TIME

KPI: Reduce IFB Cycle Time for sourcing events over 100k to 40 days while maintaining quality and compliance.

Impact: Faster time-to-contract, Higher process efficiency, lower risk of non-compliant or rushed deals, and improved stakeholder satisfaction.

CONTRACT AWARD RATE

KPI: Identify current award rates and common delays.

Impact: Fewer project delays and bridge buys, better budget execution, higher stakeholder confidence, and improved supplier experience.

NUMBER OF CONTRACTS AWARDED THROUGH COMPETITIVE BIDDING

KPI: Identify contracts awarded through sole-source or non-competitive methods, excluding non-addressable items (exemptions).

Impact: Better pricing and terms, lower fairness and integrity risk, stronger audit and public defensibility, healthier supplier market, better data for category strategies.

REDUCE EXIGENCY SPEND

KPI: Identify purchases made utilizing the exigency process, identify common purchases, and attempt to redirect spending on strategic sourcing contracts or other available resources.

Impact: Lower prices and fees, better budget predictability, reduced policy and audit risk.

PROCUREMENT KPIs (continued)

REDUCED SOLE SOURCE SPEND

KPI: Identify spend with suppliers classified as sole source providers to better understand the state's reliance on these suppliers. Identify alternatives with agency stakeholders.

Impact: Better pricing and terms, demonstrable value for money, more innovative options.

CONTRACT COMPLIANCE

KPI: Identify the State's current compliance rate within the enterprise contracts by reviewing purchases that follow statute, rule, policy, and contract-negotiated terms .

Impact: Stronger policy and audit compliance, better control of obligations, and stronger supplier performance.

NUMBER OF CONTRACTS MANAGED PER EMPLOYEE

KPI: Identify current workload and productivity of centralized staff and identify potential workload rebalancing across categories while maintaining quality and compliance.

Impact: Workload visibility, productivity, employee engagement, and organizational design.

NUMBER OF TRAINING HOURS PER EMPLOYEE

KPI: Identify the average number of completed formal training hours per employee over a set period of time for targeted groups (contract officers, supervisors, or new managers).

Impact: Skills and role readiness, change adoption, regulatory and policy compliance, fewer errors and incidents, and identifying gaps.

COMPLIANCE RATE OF VENDORS

KPI: Identify current vendor compliance rates.

Impact: Less value leakage, lower rework and waste, stronger audit readiness, and more reliable operations.

PROTESTS AND DISPUTES

KPI: Identify the current bid/proposal protest and contract dispute rate. Identify common variables and develop clearer solicitations, assess evaluations, and better contract drafting/relationship management.

Impact: Fewer delays and administrative costs, less rework and corrective action, reduced legal and audit exposure, better public and market trust, better solicitation and contract quality, and healthier supplier relationships.



HUMAN RESOURCES

STATE HR DIVISION / STATUTORY RESPONSIBILITIES

Mont. Code Ann. § 2-18-101 et seq.

These statutes assign the Department of Administration statewide leadership and authority over key HR functions for state government.

- Lead development of effective personnel administration practices for all state agencies and make HR expertise and resources available to them.
- Apply and carry out the personnel statutes under Mont. Code Ann. Title 2, ch. 18, pts. 1–3, including any actions needed to fulfill their purposes.
- Develop and issue statewide personnel policies.
- Develop and foster programs for recruitment, selection, training, safety, health, counseling, discipline, grievance handling, performance evaluation, and retention of employees.
- Develop model rules of conduct for all state employees based on the state ethics laws (Mont. Code Ann. Title 2, ch. 2).
- Investigate how personnel statutes and policies are working in practice and report findings and recommendations to the governor.



CENTRAL HR ROLES AND RESPONSIBILITIES

ENTERPRISE HR PROGRAMS, POLICIES, AND BUSINESS SERVICES

- Compensation and Classification
- ADA/EEO
- Enterprise Learning and Development
- Employee Assistance Program
- Policy and Process Development
- Advising Agency HR Leaders on state policy, rules, statutes, and practices.



HR INFORMATION SYSTEMS (HRIS)

Manage and maintain the following enterprise systems.

- Core HRIS System (SABHRS)
- Performance Management and Training (TALENT / LEARN)
- Recruitment System (SOMRS)



LABOR RELATIONS



- Negotiate the biennial pay package for state employees.
- Negotiate collective bargaining agreements for each of the state's bargaining units.
- Assist agencies administering collective bargaining agreements.
- Represent state government in administrative hearings and labor arbitrations.

CENTRAL PAYROLL PROCESSING

- State/federal payroll tax management.
- Deductions management.
- Manage biweekly processing of enterprise payroll.



AGENCY HR TEAMS - ROLES AND RESPONSIBILITIES

The support provided by agency assigned HR staff is not changing. Agency HR teams will continue to offer the same core support and services to their assigned agency while proactively engaging with the HR Business Services Bureau. **There will be an expectation that items will be elevated to the HR Business Services Bureau for awareness.**

- Recruiting / New Hire Onboarding
- Employee Offboarding / Exit Interviews
- Agency Level Workforce Planning / Strategies
- Agency Level Pay / Compensation Strategies and Requests
- Position Classification
- Leave Management
- Advising on HR Policy & Labor Law
- Labor Relations / CBA Adherence & Support/LMCs
- Ensures Alignment with Enterprise HR Policy / Strategies
- Agency Specific Training & Development
- Employee Safety / Workers' Compensation
- Bi-Weekly Timesheets / Payroll Verification



DISCOVERY DETAILS



100 DATA POINTS



**15 AGENCY
DISCOVERY
SESSIONS**



**5 SHRD FOCUS
GROUPS**



3 STATES



HR CENTRALIZATION – DISCOVERY PHASE

CURRENT STATE SUMMARY

PEOPLE

- Current HR agency staff primarily operate in siloes, which has led to limited knowledge sharing and limited standardization in HR operations.
- HR Staff are developed through a mix of in-house training, peer support, and external resources, but agencies noted inconsistencies with access to professional development opportunities.
- Agencies described ongoing staffing challenges, including seasonal fluctuations and high turnover, which currently places additional pressure on HR teams – particularly those with smaller staffs.

PROCESS / POLICY

- Limited process standardization exists across the agencies – HR staff follow the precedence established in their individual agencies, and limited sharing of best practices occurs across the agencies.
- Many agencies follow more manual processes for key HR functions, which highlights the need for greater consistency and automation.
- Policies are not always standard from agency to agency, as policy governance is difficult to enforce with the current org structure and State HR team bandwidth.

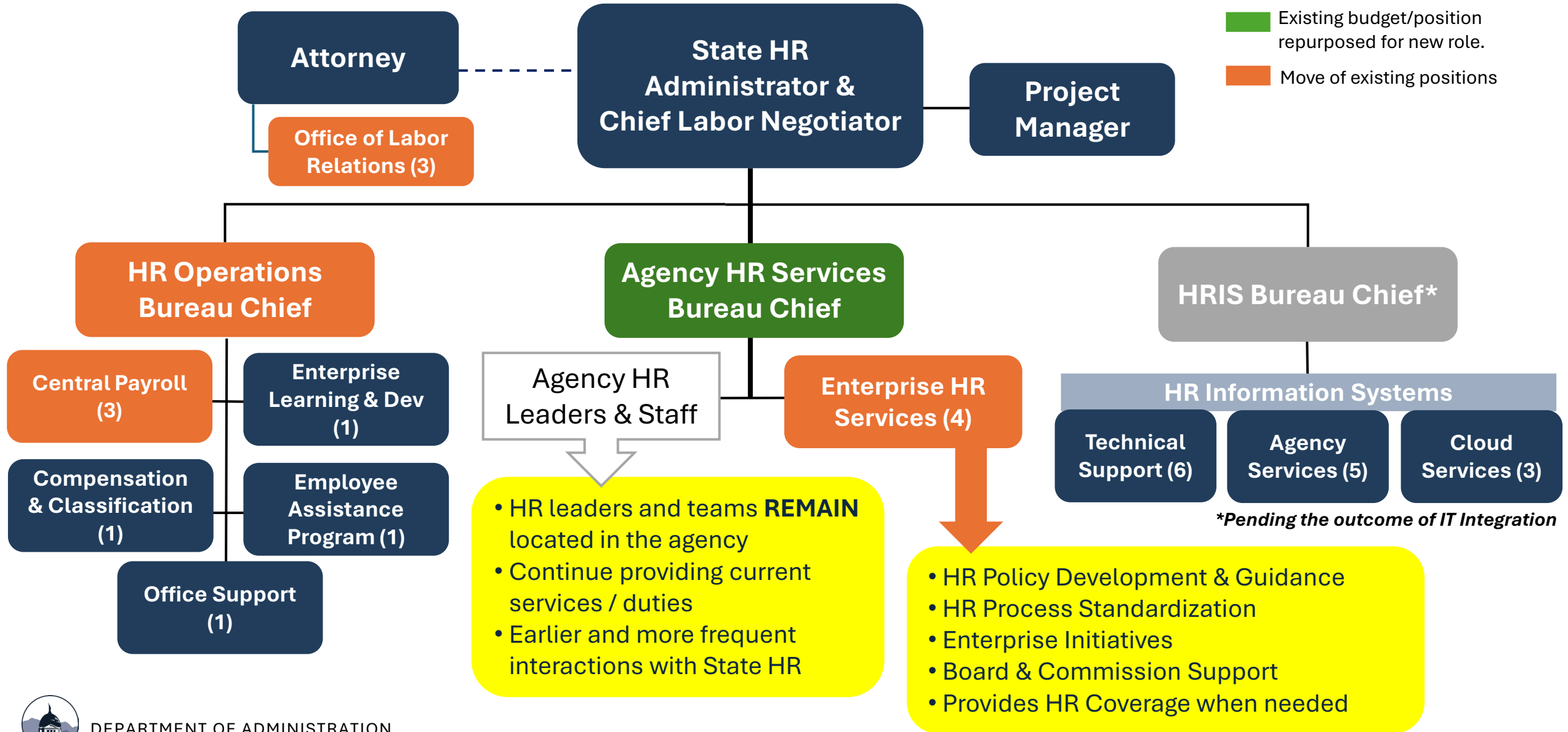
TECHNOLOGY

- Agencies use a variety of HR tools (including “homegrown” solutions), as to-date, they have been acting autonomously in their technology selection. Integration across tools and platforms remains a challenge
- Agencies are in various states of migrating to digital record-keeping, but few use digital solutions that are more sophisticated than a centralized shared drive.
- Concerns exist about maintaining data integrity and consistency, particularly as agencies juggle multiple platforms and legacy systems.



STATE HR - NEW ORGANIZATIONAL STRUCTURE

■ Existing budget/position repurposed for new role.
■ Move of existing positions



HUMAN RESOURCE

Key Performance Indicators

HR Centralization Success Measures

As HR functions are centralized, we will establish baselines for each measure during the first year. These KPIs define how we will track success, manage risk, and improve service quality over time.

CUSTOMER SATISFACTION

KPI: Establish a statewide HR customer satisfaction survey to measure service quality and responsiveness among state employees and managers within the first year of centralization.

Definition: Develop, launch, and complete the first annual customer satisfaction survey for agency managers and employees who use HR services, assessing satisfaction with timeliness, communication, problem resolution, professionalism, and overall service quality.

Impact: Direct feedback from employees and managers shows how well centralized HR meets agency needs, supports continuous improvement of core HR services, and strengthens accountability for service standards across the enterprise.

HR SERVICE STANDARDS

KPI: Establish best-practice service targets for core HR services within the first year of centralization.

Definition: Develop and adopt clear service standards for recruitment, employee relations, investigations, and other core HR processes.

Impact: Agencies will have transparent expectations for what “good” HR service looks like statewide, which supports consistent expectations and accountability.

TRAINING AND CERTIFICATION FOR HIGH-RISK FUNCTIONS

KPI: Implement training and certification programs for high-risk HR functions (labor relations, corrective action, investigations, ADA).

Definition: Within the first year of centralization, design and implement standardized training and proficiency requirements for at least one high-risk HR function, with a plan and timeline to expand to the remaining areas.

Impact: Centralized, consistent training reduces legal and compliance risk and builds confidence that complex HR issues are handled by qualified professionals.

POLICY ALIGNMENT AND SIMPLIFICATION

KPI: Reduce the number of agency-specific HR policies that duplicate or conflict with statewide HR policy by 10% within the first full year of centralization.

Definition: SHRD will inventory all agency-specific HR policies, establish a baseline count, and then decrease policies that are redundant or inconsistent with statewide policy by 10% within the first year of centralization.

Impact: Fewer conflicting policies lead to clearer expectations for employees and managers, more consistent treatment across agencies, and lower risk of grievances and legal challenges.

HR KEY PERFORMANCE INDICATORS (continued)

HR-RELATED SETTLEMENT COSTS

KPI: Reduce the total number of HR-related settlements over \$10,000 by 5% over two years.

Definition: Track and compare the number of employment-related settlements exceeding \$10,000 before and after centralization, with a target of a 5% reduction within two years.

Impact: Fewer high-dollar settlements indicate better compliance, improved decision-making, more effective early resolution of issues, sound HR practices.

SUBSTANTIATED HRB/EEO CLAIMS

KPI: Reduce the total number of substantiated HRB/EEO claims by 10% over two years.

Definition: Measure the number of substantiated human rights and EEO claims each year and decrease that number by at least 10% within two years of centralization.

Impact: Fewer substantiated claims indicate better prevention, better support for supervisors, and stronger early resolution of workplace concerns before they become violations.

GRIEVANCE RESOLUTION TIME

KPI: Reduce the average time to resolve grievances (days from filing to resolution) by 10% over two years.

Definition: Calculate the average number of days from grievance filing to final resolution and improve this metric by 10% in two years.

Impact: Faster, fair resolution of grievances improves employee trust, reduces workplace disruption, and is a recognized best-practice indicator of HR effectiveness.

REPEAT DISCIPLINE RATE

KPI: Reduce the percentage of disciplined employees who receive a similar action within 12–18 months by 5% over two years.

Definition: Track the proportion of employees who experience another similar disciplinary action within 12–18 months of a prior action and reduce that percentage by 5%.

Impact: Lower repeat discipline suggests that corrective actions, coaching, and support are effective, helping employees improve performance and behavior instead of cycling through repeated discipline.

INVESTIGATION TIMELINESS AND BACKLOG

KPI: Reduce the number of HR investigations open more than 30 days by 10% within the first full year of centralization.

Definition: Establish a baseline count of investigations exceeding 30 days, then reduce that backlog by at least 10% in the first full year, while maintaining investigation quality standards.

Impact: Timely, thorough investigations are essential to safety, fairness, and compliance. Reducing the backlog shows the centralized HR model is more responsive and effective.

HUMAN RESOURCE SERVICE STANDARDS



HR SERVICE STANDARDS

Establish best-practice service targets for core HR services. Examples include:

REQUEST FOR RECRUITMENT

Service: Manager submits recruitment request to HR.
Standard: Within 2 workdays, HR schedules recruitment strategy meeting with manager. Strategy meeting includes discussion of position, candidate requirements, timeline, and posting announcement.

REQUEST TO HIRE — OFFER LETTER ISSUANCE

Service: Manager approves final candidate and completes hiring authority chain; HR prepares and sends offer letter.
Standard: Within 2 workdays of hiring approval, offer letter is sent to candidate.

SEPARATION NOTICE — OFFBOARDING INITIATION

Service: Manager notifies HR of employee resignation, termination, or layoff.
Standard: Within 3 workdays of separation notice, HR initiates exit checklist, coordinates IT/Payroll deprovisioning, and schedules exit interview.

GENERAL HR INQUIRY — INITIAL RESPONSE

Service: Employee or manager submits general HR question (leave, FMLA, policy interpretation, process question, employment verification request, etc.).
Standard: Within 2 workdays, HR provides initial response, even if full answer requires additional research.



INFORMATION TECHNOLOGY

MONTANA EXECUTIVE ORDER - IT INTEGRATION

The executive order from Governor aims to transform how technology services are delivered to state agencies and citizens.



Central oversight of all executive branch IT personnel by the State CIO



Creation of the Integration Management Office (IMO) under the Department of Administration (DOA)



Empowerment of DOA to direct integration activities, restructure delivery models, and align budgets.



Bi-Weekly steering committee (Cabinet)

Core Project Objective: Transition from the current decentralized IT environment to an integrated model that enhances efficiency, strengthens cybersecurity, and improves the delivery of digital services

INITIAL SCOPE FOR IT INTEGRATION

Discovery discussions resulted in the following agencies and SITSD divisions being considered in-scope.

16 State Agencies

- Department of Administration (DOA)
- Department of Agriculture (AGR)
- Department of Commerce (COM)
- Department of Corrections (COR)
- Department of Environmental Quality (DEQ)
- Department of Fish, Wildlife and Parks (FWP)
- Department of Labor and Industry (DLI)
- Department of Livestock (LIV)
- Department of Military Affairs (DMA)
- Department of Natural Resources and Conservation (DNRC)
- Department of Public Health and Human Services (DPHHS)
- Department of Revenue (DOR)
- Department of Transportation (MDT)
- Montana Historical Society (HIS)
- Montana State Library (MSL)
- Office of Public Defender (OPD)

5 SITSD Divisions

- Chief Digital Infrastructure Office (CDIO)
- Chief Information Security Office (CISO)
- Chief Innovation & Transformation Office (CITO)
- Chief Operating Office (COO)
- Chief Technology Office (CTO)



WHAT WE HEARD

Over the course of phase 1, Slalom partnered with the IT integration IMO to interview Montana state agency leadership and stakeholders to understand agency strategic objectives and IT service needs, compiled a system inventory, identified IT resources, and gained an understanding of current state IT service delivery capabilities.

16 Agency Interviews and Follow-ups

+60 Stakeholders Engaged

We engaged with over 60 Montana stakeholders through agency questionnaires and interviews across 16 Montana state agencies.

492 Agency Technology Cataloged

Systems and applications were identified across 16 agencies.

59 IT Capabilities Identified

Core business capabilities identified and defined.

678 Current IT Resources Identified

We partnered with HR to identify 678 IT resources across 16 state agencies that support IT services.

SAMPLE QUOTES *(lightly edited)*



Citizen + State Agency Experience

"Meet our business where they are ... IT should be an enabler not a dictator."



IT Capabilities, Technology + Data

"We've worked hard to change how we do things - and now want to learn from other agencies."

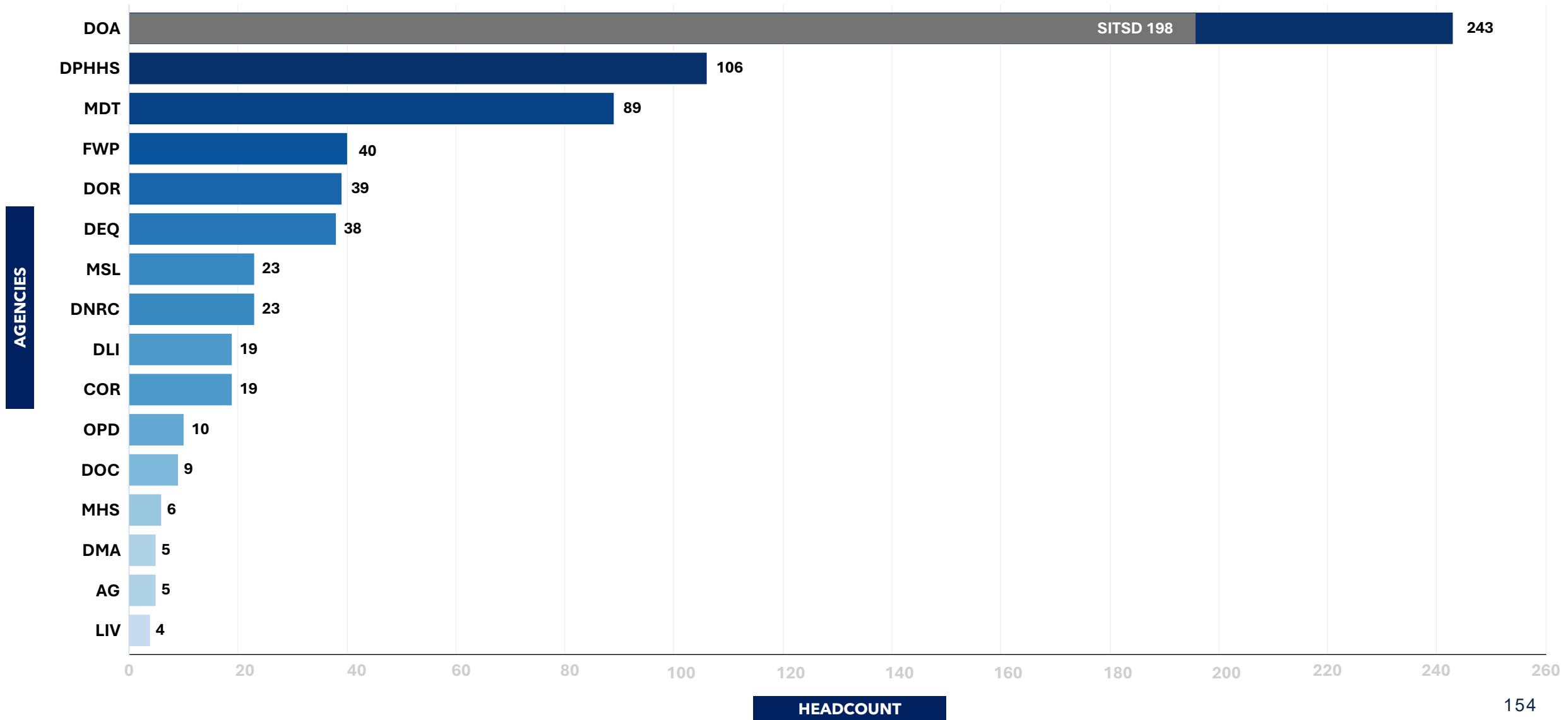


Culture & Change

"Culture has kept me here 22 years - not pay."

IT RESOURCE HEADCOUNT BY AGENCY

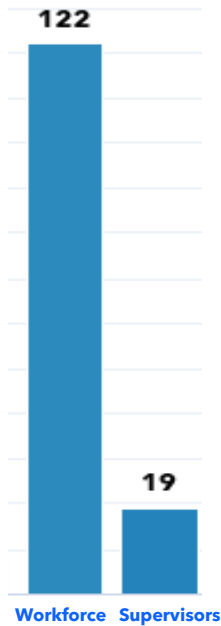
In partnership with DOA and State HR, we have identified **678 IT Resources** across 16 agencies.



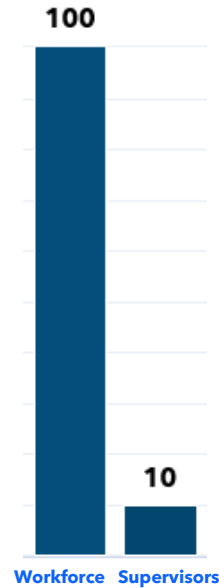
IT RESOURCE HEADCOUNT BY ROLE CATEGORY

The headcount data provided insights into the headcount by role categories across the state.

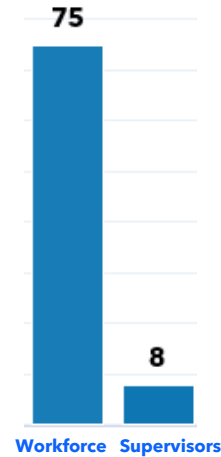
Systems Administrators
Headcount: **141**



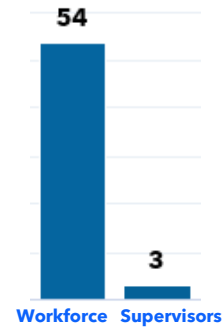
Software Developers
Headcount: **110**



Systems Analysts
Headcount: **83**



Systems Support
Headcount: **57**



GIS Specialists
Headcount: **44**



Security Specialists
Headcount: **44**



Database Administrators
Headcount: **34**



Systems Architects
Headcount: **19**



Computer and All: **9**



Research Analysts: **3**



Communications Technologist: **2**



Customer Service Assistant: **2**



Facilities Specialist: **2**



Project Supervisor, Training Supervisor, Trainer: **1 each**



Note: This does not include IT Executives, Managers and business classified roles within IT teams

PHASED APPROACH



Objective: Establish future state direction and conduct a thorough assessment of the current state IT landscape across in scope agencies.

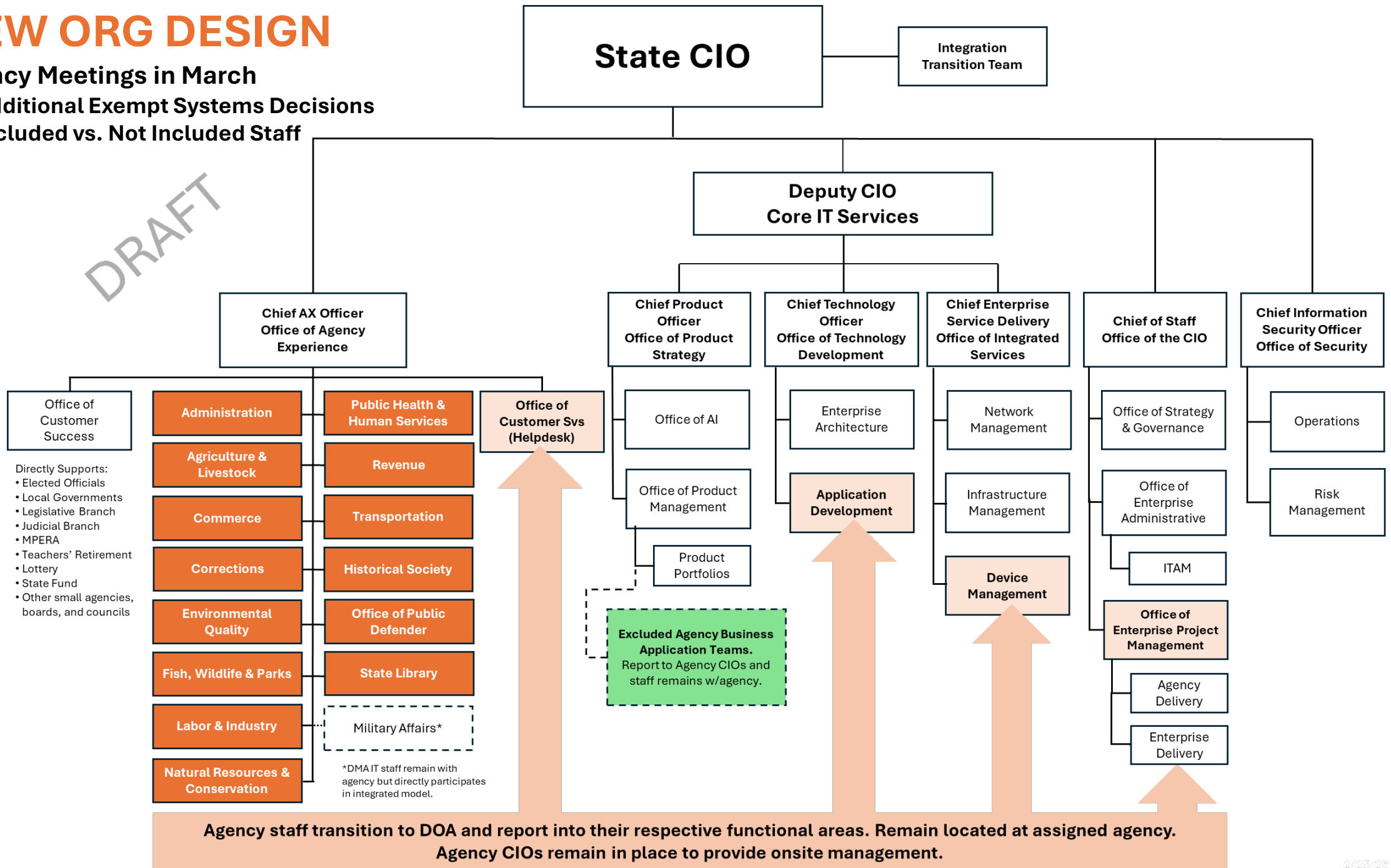
Objective: Design the future-state Montana IT Operating Model that will result in IT priorities supporting the States goals of being a digital-first government.

Objective: Support the state with change management, project management, and CIO advisory support to implement roadmaps and conceptual operating model design.

NEW ORG DESIGN

Agency Meetings in March

- Additional Exempt Systems Decisions
- Included vs. Not Included Staff



WHAT SYSTEMS STAY WITH THE AGENCIES?

EXCEPTION CRITERIA

- Is the system or data regulated?
- Is the system/product scalable to meet multiple agency missions and objectives?
- Is this technology a core agency service?
- How complex is the funding of technology and supporting staff?
- How large is the team supporting the technology?
- How much does this integrate with other state systems?
- How many similar systems exist across the state? (i.e. case management)
- How complex is the system and support model? Does it need enterprise level support.

CURRENT EXEMPTED SYSTEMS

- GenTax
- SEARCHS
- CHIMES
- ALS (FWP)
- Unemployment Insurance (UI)
- SABHRS (Peoplesoft)
- Offender Management
- MES (MPATH)
- PEAKS/CAPS (Child Welfare)
- EBT (SNAP/TANF/WIC)



IT KEY PERFORMANCE INDICATORS (KPIs)

TICKET BACKLOG (UNRESOLVED TICKETS)

Target: Number of Unresolved Tickets (Ticket Backlog)

Target: End-of-day backlog \leq 10% of average daily ticket volume (service desk)

This metric tracks the number of open, unresolved tickets in the queue at the end of the day, with emphasis on tickets that exceed normal resolution time. A healthy backlog shows that teams are keeping pace with demand and not allowing issues to age out and impact agency operations.

AVERAGE TIME TO RESOLVE HIGH PRIORITY TICKETS

Target: Average time to resolve 8 hours (80%), Not to exceed 24 hours (100%)

This metric tracks the average time from when a high-priority support ticket is opened until it's fully resolved. Faster resolution means agencies spend less time waiting and more time serving Montanans.

CUSTOMER SATISFACTION SCORE (CSAT)

Target: 4.0 or higher (5-point scale)

CSAT measures satisfaction on a 5-point scale through regular surveys. Scores above 4 are considered excellent. Centralization aims to deliver consistent, professional support across all agencies—proving that consolidated IT performs as well or better than the current fragmented model.

CUSTOMER EFFORT SCORE (CES)

Target: 2.0 or lower (7-point scale)

CES measures the effort required to resolve an issue, with higher scores indicating more friction. Currently, employees can face hand-offs between multiple IT teams, unclear escalation paths, and inconsistent service levels. A centralized service desk with end-to-end ownership reduces effort by eliminating these handoffs and creating a single point of contact that sees issues through resolution.

IT COST PER USER (IMPACTED AGENCIES)

Target: TBD (Need Enterprise Benchmark to Set)

This metric divides total IT expenditures by the number of users supported. Centralization should drive this number down through economies of scale—consolidated purchasing power, elimination of duplicate systems, shared infrastructure, and standardized service delivery models.

OUTDATED/DUPLICATE SYSTEMS RETIRED

Target: Retire 10 outdated, end-of-life, or duplicative systems annually
Centralized governance enables comprehensive portfolio management—identifying duplicate systems and systems that no longer deliver value, consolidating scattered applications, and migrating agencies to shared platforms. Retiring 10 outdated systems annually tracks the steady reduction of technical debt and unnecessary spending.

IT KPIs (continued)

PROJECTS DELIVERED ON TIME

Target: At least 90% of projects are delivered on or before their approved baseline end date.

This metric measures the percentage of completed projects that are finished on or before the approved baseline schedule. Higher on-time delivery indicates effective planning, realistic estimating, and disciplined schedule management across the project portfolio, helping agencies receive value when promised and reducing disruption to business operations.

PROJECTS DELIVERED ON BUDGET

Target: At least 90% of projects are completed within 10% of their approved budget.

This metric measures the percentage of completed projects whose actual total cost remains within a defined variance (for example $\pm 5\%$) of the approved baseline budget. Strong on-budget performance reflects mature cost estimation, scope discipline, and financial controls, demonstrating responsible stewardship of taxpayer funds and predictable financial performance across the IT portfolio.

SYSTEM AVAILABILITY (UPTIME)

Target: 99.9% availability for critical enterprise systems

This metric tracks the percentage of time that critical systems are available and functioning as expected. Reliable technology is essential for agencies to deliver services to Montanans without interruption. Centralized IT operations improve availability by standardizing infrastructure, proactively monitoring, coordinating incident response, and maintaining consistent practices across agencies.

SECURITY AWARENESS TRAINING COMPLETION RATE

Target: 100%

Percentage of state workforce that completed required cybersecurity awareness training within the defined cycle (for example annually or quarterly).

PATCHING COMPLIANCE RATE (CRITICAL UPDATES)

Target: At least 95% of in-scope systems meet the State's standards for applying critical security updates within the required timeframes.

This metric measures the percentage of eligible assets that are compliant with patching policies for critical vulnerabilities within defined time windows. Higher compliance reduces the window of exposure to known vulnerabilities and lowers the likelihood that attackers can exploit unpatched systems.

PHISHING SIMULATION CLICK-RATE TREND

Target: Reduce employee susceptibility to simulated phishing emails to below 10% in the near term, with a long-term goal of sustaining rates under 5%.

This metric tracks the percentage of users who click on or otherwise engage with simulated phishing messages during controlled security exercises, reported as a trend over time. Lower click rates demonstrate increased user vigilance and the effectiveness of ongoing security awareness efforts in reducing the risk of successful phishing attacks.



QUESTIONS?

Office of Research and Data Analytics (ORDA) Update

Paul Bellatty, Chief Analytics Officer



DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES

Priority ORDA Projects

- Analytic plans for Rural Health Transformation and BHSFG
 - Identifying what works?
 - Who are we effective with?
- Creating the longitudinal database
 - Where to concentrate the research?
- Performance metrics
 - Is physical health and mental health of Montanans really improving?



Olmstead Plan Quarterly Update

Lindsey Carter, Senior and Long-Term Care Division Administrator



DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES

Activities Since Last Update

- Synthesized feedback from 81 survey respondents to refine project scope, resulting in the addition of two new activities and the modification of one existing activity.
- The project team delivered the comprehensive monitoring plan and draft Olmstead Plan to DPHHS on March 2. The Rural Institute is currently finalizing a plain-language version.
- DPHHS completed cost mapping for all DPHHS-specific 2027 Biennium initiatives.
- Collaboration with the Department of Transportation, Department of Commerce, and the Statewide Independent Living Council (SILC).



Fiscal Impact Analysis

HB 922 funded the development of the first Olmstead Plan. To implement the plan's identified goals and objectives, some activities require additional dedicated funding. Objectives and activities are classified into one of four funding categories:

FUNDING CATEGORIES	DETAILS
External Agency Implementation	May require funding, but implementation falls under the Department of Transportation or Commerce; DPHHS will not manage the associated funding requests.
Existing Funding/ No Additional Cost	No additional appropriation required; activities are sustained through BHSFG, other existing Department initiatives, or current resources
Future Implementation (Post-2029)	May require funding, but implementation is deferred until after the 2029 biennium.
DPHHS Implementation (2027 Biennium)	Requires new funding and falls under DPHHS purview; per the Olmstead plan, implementation is scheduled to initiate during the 2027 biennium.



Olmstead Cost Considerations: DPHHS Implementation 2027 Biennium





DPHHS Implementation (2027 Biennium) Cross-Goals

Objective: Secure funding for a full-time Olmstead Coordinator to oversee advisory group, monitor timeline and quality assurance, and drive progress toward goals and objectives.

Cost estimate: 1.0 PB Program Specialist \$100,440 per year

Objective: Secure funding to develop an Olmstead advisory group to ensure goals and objectives are being met on the expected timeline.

Cost estimate: \$7,500 per year

*Completion of cost analysis does not signify formal inclusion of these items in the 2027 biennium executive planning process.



DPHHS Implementation (2027 Biennium)

Cross-Goals (cont.)

Objective: Partner with disability-serving providers, organizations, and other state departments to create a public service campaign raising awareness about disability issues and addressing disability stigma – Supports Behavioral Health Systems for Future Generations (BHSFG) Recommendation 14.

Cost estimate: \$30,000 per year

Objective: Host a yearly solutions-focused Olmstead Disability Summit between the Department of Public Health and Human Services (DPHHS) waiver and state plan staff, Vocational Rehabilitation, Centers for Independent Living/Statewide Independent Living Council, disability service providers, Department of Commerce, Department of Transportation, and people with disabilities and their families.

Cost estimate: \$5,000 per year

*Completion of cost analysis does not signify formal inclusion of these items in the 2027 biennium executive planning process.



DPHHS Implementation (2027 Biennium)

Goal 1 (cont.)

Objective: Expand access to choice in decision-making for people with disabilities.

Activity: Develop an implementation and reporting plan to ensure all team members (e.g., case managers, community rehabilitation program staff, designated provider agency team members) supporting Montanans with disabilities will have ready access to training in the person-centered planning (PCP) process, including how to transfer PCP goals into a plan of care and how to provide informed choice in employment and independent living. In subsequent years, a modified training will be developed for use with the client, parent/guardian, and/or designated support person (*aligns with/builds on BHSFG NTI 5, Recommendation 3, and Recommendations 7 and 20*)

Cost estimate: \$38,000 per year

Activity: Expand timely education on supported decision making and less restrictive options to guardianship that is accessible to all ages (e.g., students leaving school, older adults with cognitive challenges, people with mental health diagnoses)

Cost estimate: \$16,500 per year

*Completion of cost analysis does not signify formal inclusion of these items in the 2027 biennium executive planning process.





DPHHS Implementation (2027 Biennium)

Goal 2

Objective: Strengthen and expand accessible transportation systems for individuals with disabilities and aging populations.

Activity: Train an additional 500 health care workers using “Curriculum in IDD (intellectual or developmental disability) Healthcare” to help providers better understand and support individuals with intellectual or developmental disabilities when they need medical and behavioral care.

Cost estimate: \$38,000 per year

*Completion of cost analysis does not signify formal inclusion of these items in the 2027 biennium executive planning process.



DPHHS Implementation (2027 Biennium)

Goal 3

Objective: Reduce caregiver burden.

Activity: Enhance promotion of respite services and eligibility criteria for caregivers through targeted messaging to providers across populations who can benefit, i.e., aging services, child care resource agencies, regional waiver case managers, and medical providers serving adults with I/DD and older adults with memory impairment (Supports BHSFG Recommendation 16)

Cost estimate: \$75,000 per year

*Completion of cost analysis does not signify formal inclusion of these items in the 2027 biennium executive planning process.



DPHHS Implementation (2027 Biennium)

Goal 4

Objective: Improve accessibility and transparency of public-facing information.

Activity: Seek funding for dedicated FTE for knowledge translation, housed in DPHHS' Communications Office

Cost estimate: 1.0 PB Program Specialist \$99,650 per year

Objective: Build internal capacity for creating and maintaining accessible materials.

Activity: Use external accessibility expert to develop consistent plain language policies for information dissemination, online content, and transparency of services

Cost estimate: \$60,675 per year

*Completion of cost analysis does not signify formal inclusion of these items in the 2027 biennium executive planning process.



Olmstead Plan Next Steps

- Finalize all components of Montana's Olmstead Plan, including the Quality Assurance & Monitoring Plan and the Plain Language version for dissemination before the state fiscal year-end.
- Facilitate DPHHS-led discussions with the Departments of Commerce and Transportation to ensure key partners are informed of the plan's scope and future development needs
- Coordinate with the SILC to identify an interim Lead until a permanent Olmstead Coordinator position can be established.



Conclusion

