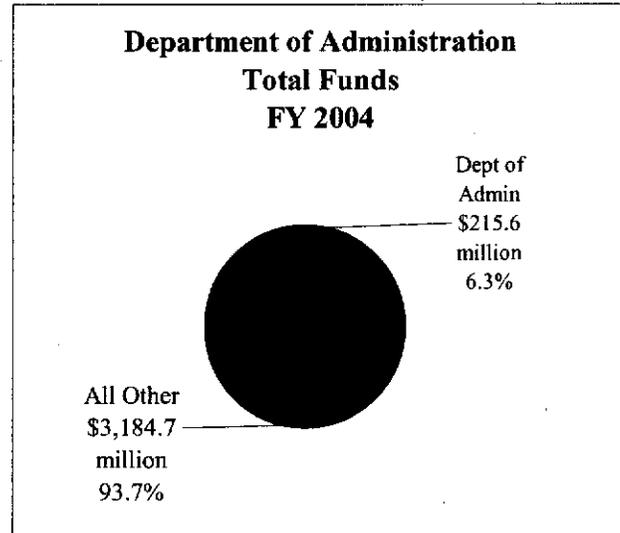
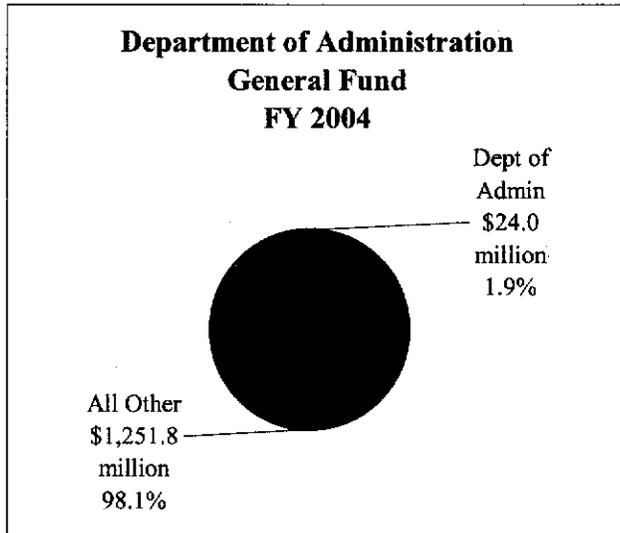


Department of Administration Agency Profile¹



WHAT DOES THE AGENCY DO?

The Department of Administration provides central services for state agencies, local governments, and Montana citizens in the following areas:

- o Accounting and financial reporting
- o Warrant writing
- o Technical assistance and training to local government accounting and financial personnel
- o Audit review and enforcement for local governments
- o Consumer affairs
- o State bonded indebtedness administration
- o State treasury services
- o Capitol complex building maintenance and security
- o State financial institution oversight and regulation
- o Montana State Lottery
- o Insurance coverage and Tort Claims Act administration
- o Information systems development, centralized computer and data network operations, telecommunications, and data processing
- o Personnel management and labor relations
- o Group benefit administration
- o Purchasing and surplus property administration
- o Duplicating, mail, and messenger services

The department also administers the state Long-Range Building Program and state employee group benefits program. The Board of Examiners, State Tax Appeal Board, Appellate Defender, Montana Consensus Council, Public Employee's Retirement Board, and Teachers' Retirement Board are attached

¹ For an explanation of terms used in this profile, consult the

to the department for administrative purposes only, except the State Tax Appeal Board shows as a budgeted program of the department.

Total FY 2004 FTE: 478.12 FTE all sources of authority (151.07 FTE HB 2 only)

How Services Are Provided

The department consists of ten divisions with the following functions:

1. **Governor Elect** - provides the Governor-elect and his necessary staff with suitable office space in the capitol building, together with furnishings, supplies, equipment, and telephone service for the period between the general election and the inauguration. The program is only funded for one year every other biennium.
2. **Admin Financial Services** – provides overall agency supervision and coordination, and centralized administration for agency programs and administratively attached boards and agencies. The centralized administration function provides legal services, accounting and budgeting, personnel, payroll, and data processing for all divisions of the agency and administratively attached boards and agencies. The division also provides the state treasury functions and houses the Local Government Services Bureau and the Consumer Affairs Office. (50.75 FTE all authority types comprised of 28.34 FTE funded in HB 2 and 22.41 FTE funded with proprietary funds)
3. **Architecture and Engineering** – manages remodeling and construction of state buildings, and formulates a long-range building plan for legislative consideration. (17.00 FTE all funded in HB 2)
4. **General Services** – provides facilities management and maintenance for state property in the state capitol area. The division also manages the state procurement, printing and photocopy pool, publications and graphics, mail distribution, surplus property, central stores, statewide fueling network, and procurement card functions. (94.50 FTE all authority types comprised of 9.95 FTE funded in HB 2 and 84.55 FTE funded with proprietary funds)
5. **Information Technology Services** – manages the central computing and telecommunications services for state government. The division provides:
 - o Central mainframe and mid-tier computer services
 - o The statewide data network
 - o Local and long-distance telephone network services
 - o The statewide video network
 - o The state Internet address and coordination of electronic government services through the state Internet address
 - o Coordination of geographic information systems and public safety communications issues
 - o The statewide accounting and budgeting systems
 - o Development of the statewide information technology (IT) strategic plan and coordination of agency IT strategic plans
 - o Development and oversight of state IT standards and policies
 - o Review and approval of IT equipment and software acquisitions, including an IT project management office

(187.00 FTE all authority types comprised of 5.00 FTE funded in HB 2 and 182.00 FTE funded with proprietary funds)

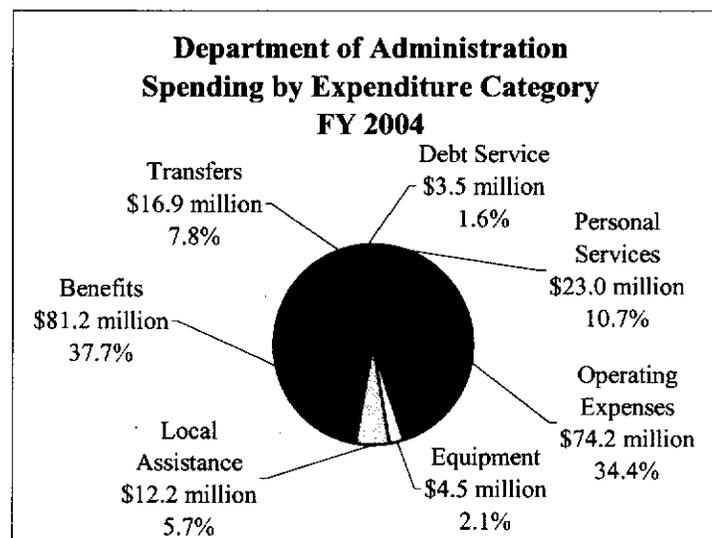
6. **Banking and Financial** – licenses, supervise, regulates, and examines a variety of financial institutions operating in Montana. (31.75 FTE all funded in HB 2)

7. **Montana State Lottery** – designs, markets, and administers lottery games operating in Montana. (31.50 FTE all funded in HB 2)

8. **State Personnel** – provides state agencies with a variety of human resource management programs including: training, position classification and pay, collective bargaining, employee relations, and assistance with compliance with state and federal employment law. The division publishes state rules, standards and policies relating to recruitment, selection, discipline, grievance, performance appraisal, leave, and other matters. The division administers benefits plans that include health, life, dental, and vision insurance, flexible spending accounts, a sick leave fund, employee incentive awards, and health promotion. The division also operates the central human resources and payroll system to provide biweekly payroll for all non-university system state employees. (42.62 FTE all authority types comprised of 20.53 FTE funded in HB 2 and 22.09 FTE funded with proprietary funds)

9. **Risk Management and Tort Defense** – insures state agencies against risk of loss for property, vehicles, boilers, airports, fidelity bonds, and fine arts. The division also provides risk management and safety training, consultation services, claims administration, and legal defense to prevent or minimize the adverse effects of physical or financial loss. (16.00 FTE all funded with proprietary funds)

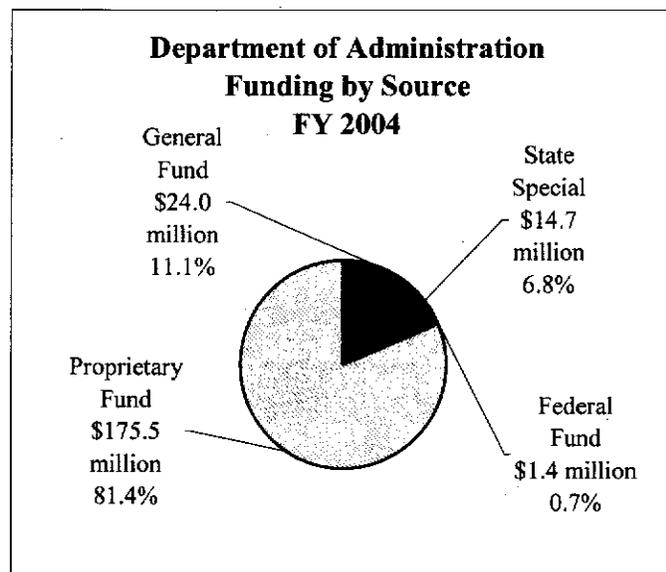
10. **State Tax Appeals Board** – provides a tax appeal system for all actions of the Department of Revenue. It hears appeals from decision of the 56 county tax appeal boards and takes original jurisdiction in matters involving income taxes, corporate taxes, severance taxes, centrally assessed property and new industry property, motor fuel taxes, vehicle taxes, and cabin site leases. (7.00 FTE all funded in HB 2)



How Services are Funded

Services of the department are funded from a variety of funding sources² with 81.4 percent of the funding from proprietary funds. Proprietary funding is derived from fees charged for services provided to state government entities and local governments, from revenues received from sales of items to the public, such as sales of lottery tickets and other games of chance by the Montana State Lottery, or from human source related activities, such as group benefit premiums.

Governmental funds, such as general fund, state special revenue, and federal special revenue, provide nearly 18.6 percent of the funding for the department. Of the governmental funds, 70.0 percent are authorized through statutory appropriations and 17.9 percent authorized in the general appropriations act and the pay plan bill. Transfers of general fund contributed additional 10.7 percent to FY 2004 governmental fund expenditures.



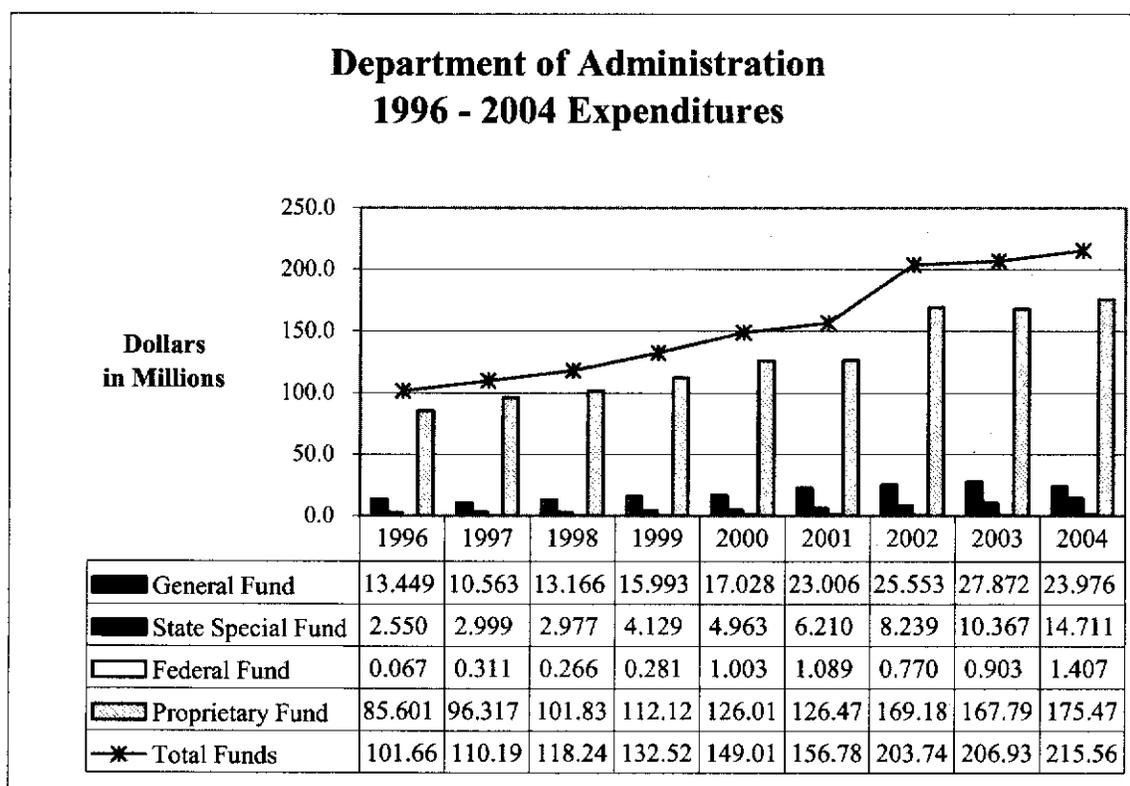
Related Data and Statistics

<i>Element</i>	<i>1998</i>	<i>2004</i>	<i>Significance of Data</i>
On-site assistance to local governments (hours)	3,808	5,028	Local Government Services workload
Local government audits reviewed	429	488	Local Government Services workload
Central training program – training delivered (hours)	26,099	26,839	Professional Development Center training utilization
State benefits plan – monthly average total cost per member	\$305	\$453	Cost growth for state benefits and activity of State Personnel Benefits Bureau
Lottery transfers to the state general fund	\$6.6 million	\$8.1 million	Lottery profits
Number of insurance claims or suits received	799	875	Risk Management and Tort Defense workload

² Total funding here only includes general fund, state special revenue, federal special revenue, and proprietary funds.

Number of insurance claims or suits resolved	703	826	Risk Management and Tort Defense workload
Number of pay plan classification appeals processed	200 (2000)	4	State Personnel pay plan administration workload impacted by alternative classification systems
Number of employees covered by an alternative classification plan	2500 (2000)	5907	State movement to alternative classification systems
Number of payroll checks issued	370,279 (2002)	338,534	State Personnel payroll workload and impacts of electronic fund transfers
Number of financial or lending institution examinations	59 (2002)	132	Banking and Financial Institutions workload
Number of active building leases	258 (1996)	276	General Services facilities workload
Number of buildings services by General Services Division staff	39 (1996)	45	General Services facilities workload

Expenditure History



Dept of Admin		
Fund	Percent of Total (2004)	Average Growth (1996 - 2004)
General Fund	11.1%	7.5%
State Special Fund	6.8%	24.5%
Federal Fund	0.7%	46.4%
Proprietary Fund	81.4%	9.4%
Total Funds	100.0%	9.8%

Total fund expenditures of governmental funds derived from all sources of appropriations authority have increased by 149.6 percent from FY 1996 to FY 2004. While, general fund expenditures have increased by 78.3 percent, from \$13.4 million to nearly \$24.0 million, during this same period, general fund has been reduced from 83.7 percent to 59.8 percent of total governmental funds. Simultaneously, state special and federal funds have increased as a percentage of total governmental funds from 15.9 percent to 36.7 percent and from 0.4 percent to 3.5 percent, respectively. Proprietary funding in the agency has more than doubled over the same period.

Reasons for Expenditure Growth/Change

Two major factors have contributed to the growth in expenditures over the period:

- o State debt financing
- o Commerce reorganization of SB 445 in the 2001 Legislature

General fund for debt service doubled from \$4.4 million in FY 1998 to \$9.7 million in FY 1999, then jumped from \$11.1 million in FY 2000 to \$16.2 million in FY 2001 and ended FY 2004 at \$16.3 million.

The 2001 Legislature reorganized the Department of Commerce and transferred several programs to the Department of Administration including: 1) Consumer Protection; 2) Local Government Assistance; 3) Banking and Financial Division; and 4) the Montana State Lottery. The addition of these programs added 67.5 FTE to the department, of which 36.1 FTE were funded with the governmental funds shown in the above historical expenditure chart. The movement of these existing programs to the department contributed to the growth from FY 2001 to FY 2002 and a steeper than previous expenditure pattern in FY 2003 and beyond. The SB 445 impact on department expenditures is \$2.2 million total funds for the FY 2002. Likewise, the SB 445 would have reduced expenditures in the Department of Commerce by similar amounts. The SB 445 expenditures accounted for 6.5 percent of total fund expenditures in FY 2002 and 30.6 percent of the growth from FY 2001 to FY 2002. The movement into the department of the Local Government Assistance Program and the Montana State Lottery were significant factors for the stepped growth in proprietary fund expenditures from FY 2001 to FY 2002. Alone, the Montana State Lottery added \$34 million of proprietary fund expenditures in FY 2002 that in FY 2001 were recorded in the Department of Commerce. An abnormally high year for insurance claims paid by the state caused about \$10.5 million of the increase in proprietary fund expenditures from FY 2001 to FY 2002. However, the decline in proprietary fund expenditures from FY 2002 to FY 2003 were due in part to the FY 2003 insurance claims returned to nearly the FY 2001 level.

Agency Functions, State Purposes Served, and Customers

The Department of Administration is structured to perform certain functions. The functions are in support of overarching policy objectives. The following lists the major functions, overarching policy objectives, and primary customers served. Please note that LFD staff has both identified general state overarching policy objectives and assigned functions. For an explanation of the overarching policy objectives and how they were derived, please refer to the "Background on the Agency Profiles" document.

<i>Policy Objectives</i>	<i>Major Agency Functions</i>	<i>Customers</i>
Provision of Justice and Protection of Life and Property	o Building security	State agencies, general public
	o Local government audit assistance	Local government
	o State Tax Appeals Board	Taxpayers
Workforce Support	o Local government pension contribution	Local government employees
Consumer/Citizen Protection	o Consumer protection	State government, state citizens
	o Banking and financial institutions regulation and oversight	Banking and other financial institutions, general public
	o 911 coordination and planning	General public
	o Public safety radio	General public
General Operation of State Government	o Cash Management Improvement Act	State agencies, federal government
	o Central Stores	State agencies
	o Enterprise IT policy, planning, and administration	Local government, state agencies
	o Geographic information system	General public, state agencies, local and federal governments
	o Intergovernmental training	State agencies
	o Montana State Lottery	General public
	o Office paper recycling	State agencies
	o Publications, graphics, printing, and copying services	State agencies
	o State personnel policy and administration	State agencies
	o State procurement card administration	State agencies
	o State support for Helena daycare	State agencies, qualified recipients of state support
	o Statewide accounting standards and systems	State agencies
	o Statewide fueling program administration	State agencies
	o Statewide procurement	State agencies
	o Surplus property	State agencies, local government
o Warrant writer	State agencies	
Infrastructure – General and Physical	o Architecture and engineering	State agencies
	o Computer security and disaster recovery	State agencies
	o Employee group benefits and wellness	State employees and retirees
	o Enterprise computer operations	State agencies
	o Enterprise Internet/Intranet support	General public, state agencies
	o Enterprise telecommunications, data, and video	State agencies
	o Facilities maintenance and management	State agencies
	o Mail services	State agencies