

**Department of Administration
Major Budget Highlights**

- The Department of Administration's 2025 biennium HB 2 budget request is approximately \$4.4 million or 6.9% lower than the 2023 biennium
- Only 4.7% of the department's budget is appropriated through HB 2, with the remainder consisting of non-budgeted proprietary and statutory appropriations. Significant proposals in HB 2 include:
 - Present law increases in general fund of approximately \$15.0 million in FY 2024 and \$16.0 million in FY 2025 for the statutorily required transfer to the capital development account. However, the executive proposes reductions of \$23.1 million in FY 2024 and \$24.2 million in FY 2025, which eliminates the base budget and present law increase for this transfer (allowed by statute)
 - Increase state special revenue funding of \$195,000 in each fiscal year for 2.00 FTE for information technology examiners in the Division of Banking and Financial Institutions
 - Increase in budgeted proprietary funding of \$109,000 in FY 2024 and \$76,000 in FY 2025 in the Montana State Lottery. This request includes funding for 1.00 FTE for a sales representative
- Approximately 59.6% of the department's appropriations are non-budgeted proprietary funds. Significant changes to the DOA non-budgeted proprietary funds include:
 - Transfer of the State Continuity and Emergency Management Office (SCEMO) to the Department of Military Affairs Disaster and Emergency Services (DES) program. The transfer reduces DOA's non-budgeted proprietary appropriation by approximately \$354,000 in each fiscal year
 - Elimination of the Professional Development Center (PDC) program and establishment of the State Management Training Center. This request results in a net increase of \$24,000 in FY 2024 and \$21,000 in FY 2025 or total proposed funding of \$400,000 each fiscal year for the State Management Training Center
 - Elimination of the insurance premiums paid by state agencies to Risk Management and Tort Defense in the 2025 biennium
 - Increased information technology costs paid by state agencies by \$11.6 million in FY 2024 and \$12.0 million in FY 2025

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Agency Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	25,047,054	26,904,421	1,857,367	7.42 %
Operating Expenses	12,367,182	13,811,611	1,444,429	11.68 %
Equipment & Intangible Assets	106,605	135,000	28,395	26.64 %
Local Assistance	57,958	57,958	0	0.00 %
Transfers	25,739,511	17,952,258	(7,787,253)	(30.25)%
Debt Service	839,750	839,750	0	0.00 %
Total Expenditures	\$64,158,060	\$59,700,998	(\$4,457,062)	(6.95)%
General Fund	37,718,724	31,160,555	(6,558,169)	(17.39)%
State/Other Special Rev. Funds	14,024,858	15,391,477	1,366,619	9.74 %
Federal Spec. Rev. Funds	37,065	37,070	5	0.01 %
Proprietary Funds	12,377,413	13,111,896	734,483	5.93 %
Total Funds	\$64,158,060	\$59,700,998	(\$4,457,062)	(6.95)%
Total Ongoing	\$64,158,060	\$59,625,998	(\$4,532,062)	(7.06)%
Total OTO	\$0	\$75,000	\$75,000	100.00 %

Mission Statement

The Department of Administration's mission is serving state government to benefit the citizens of Montana.

Agency Highlights

Department of Administration Major Budget Highlights
<ul style="list-style-type: none"> • The Department of Administration’s 2025 biennium HB 2 budget request is approximately \$4.4 million or 6.9% lower than the 2023 biennium • Only 4.7% of the department’s budget is appropriated through HB 2, with the remainder consisting of non-budgeted proprietary and statutory appropriations. Significant proposals in HB 2 include: <ul style="list-style-type: none"> ◦ Present law increases in general fund of approximately \$15.0 million in FY 2024 and \$16.0 million in FY 2025 for the statutorily required transfer to the capital development account. However, the executive proposes reductions of \$23.1 million in FY 2024 and \$24.2 million in FY 2025, which eliminates the base budget and present law increase for this transfer (allowed by statute) ◦ Increase state special revenue funding of \$195,000 in each fiscal year for 2.00 FTE for information technology examiners in the Division of Banking and Financial Institutions ◦ Increase in budgeted proprietary funding of \$109,000 in FY 2024 and \$76,000 in FY 2025 in the Montana State Lottery. This request includes funding for 1.00 FTE for a sales representative • Approximately 59.6% of the department’s appropriations are non-budgeted proprietary funds. Significant changes to the DOA non-budgeted proprietary funds include: <ul style="list-style-type: none"> ◦ Transfer of the State Continuity and Emergency Management Office (SCEMO) to the Department of Military Affairs Disaster and Emergency Services (DES) program. The transfer reduces DOA’s non-budgeted proprietary appropriation by approximately \$354,000 in each fiscal year ◦ Elimination of the Professional Development Center (PDC) program and establishment of the State Management Training Center. This request results in a net increase of \$24,000 in FY 2024 and \$21,000 in FY 2025 or total proposed funding of \$400,000 each fiscal year for the State Management Training Center ◦ Elimination of the insurance premiums paid by state agencies to Risk Management and Tort Defense in the 2025 biennium ◦ Increased information technology costs paid by state agencies by \$11.6 million in FY 2024 and \$12.0 million in FY 2025

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	140.44	140.44	144.42	144.42
Personal Services	11,944,380	12,241,395	12,805,659	13,414,639	13,489,782
Operating Expenses	6,341,615	6,357,234	6,009,948	7,011,964	6,799,647
Equipment & Intangible Assets	(6,604)	56,605	50,000	85,000	50,000
Local Assistance	11,896	28,979	28,979	28,979	28,979
Transfers	8,589,879	8,589,879	17,149,632	8,697,468	9,254,790
Debt Service	419,873	419,875	419,875	419,875	419,875
Total Expenditures	\$27,301,039	\$27,693,967	\$36,464,093	\$29,657,925	\$30,043,073
General Fund	14,336,458	14,470,427	23,248,297	15,301,220	15,859,335
State/Other Special Rev. Funds	6,884,636	6,966,724	7,058,134	7,701,808	7,689,670
Federal Spec. Rev. Funds	11,307	18,530	18,535	18,535	18,535
Proprietary Funds	6,068,638	6,238,286	6,139,127	6,636,362	6,475,533
Total Funds	\$27,301,039	\$27,693,967	\$36,464,093	\$29,657,925	\$30,043,073
Total Ongoing	\$27,301,039	\$27,693,967	\$36,464,093	\$29,657,925	\$29,968,073
Total OTO	\$0	\$0	\$0	\$0	\$75,000

Agency Discussion

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Department of Administration expended 98.6% of its \$27.7 million HB 2 modified budget through the end of FY 2022. This is in line with anticipated expenditures at the end of the fiscal year. Appropriations for general fund, state special revenue funds, and enterprise funds comprise 99.9% of total HB 2 authority. General fund was 99.1% expended, state special revenue was 98.8% expended, and enterprise funds were 97.3% expended.

FY 2022 Appropriations Compared to FY 2023 Appropriations

Overall, the FY 2023 appropriation is approximately \$8.8 million or 31.7% higher than the FY 2022 appropriation. During the 2021 Session, the legislature approved a one-time-only reduction to transfers in the capital development account in FY 2022 and FY 2023. Because this reduction was one-time-only, the FY 2023 base budget was increased to include the \$8.2 million that was temporarily reduced. This same adjustment was not applied to the FY 2022 appropriations and is the primary reason for the difference in the appropriations.

Comparison of FY 2023 Legislative Budget to FY 2023 Base

The figure below illustrates the beginning FY 2023 budget as adopted by the 2021 Legislature compared to the FY 2023 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2023 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2025 biennium budgeting process.

Department of Administration Personal Services Present Law DP 1 - FY 2024				
Program	Legislative Changes	Management Changes	Total Budget Modification	DP1 FY 2024
01 Director's Office	\$ (11,913)	\$ (16,258)	\$ -	\$ (28,171)
03 State Financial Services Division	20,351	(15,518)	-	4,834
04 Architecture & Engineering Div	16,121	94,786	-	110,907
14 Banking & Financial Division	(39,417)	(9,331)	-	(48,748)
15 Montana State Lottery	(5,757)	88,116	-	82,359
23 State Human Resources Division	36,379	75,261	-	111,640
37 Montana Tax Appeal Board	1,504	(1,266)	-	238
Agency Total	\$ 17,269	\$ 215,790	\$ -	\$ 233,059

Personal services were \$12.8 million or 35.1% of total FY 2023 HB 2 base appropriations. The executive proposes an increase of approximately \$588,000 in FY 2024 and \$663,000 in FY 2025 when compared to the FY 2023 base appropriations. This increase is due to new proposals and the statewide present law adjustment for personal services. Significant factors included in the statewide present law adjustments for personal services and other requested changes to personal services include the following:

- The pay plan change approved in the 2021 Legislative Session
- Longevity overall decreased as a result of the retirements of long-term staff
- Management changes include career ladder changes, market changes, performance adjustments, promotion adjustments, retention, and training assignments

Additional details of significant factors included in the executive request for personal services will be discussed at the program level.

Funding

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

Total Department of Administration Funding by Source of Authority 2025 Biennium Budget Request - Department of Administration						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	31,085,555	75,000	0	212,324,675	243,442,613	19.15 %
State Special Total	15,391,478	0	0	14,926,000	30,317,478	2.38 %
Federal Special Total	37,070	0	0	24,763,900	24,800,970	1.95 %
Proprietary Total	13,111,895	0	757,861,371	201,828,700	972,801,966	76.52 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$59,625,998	\$75,000	\$757,861,371	\$453,843,275	\$1,271,363,027	
Percent - Total All Sources	4.69 %	0.01 %	59.61 %	35.70 %		

The majority of the Department of Administration is funded with non-budgeted proprietary funds. These funds support the operations of the Director’s Office, State Financial Services Division, General Services Division, State Information Technology Services Division, Healthcare and Benefits Division, State Human Resource Division, and Risk Management and Tort Defense.

Statutory appropriations also comprise a significant portion of appropriations for the Department of Administration. These primarily include appropriations related to transfers to the teachers’ retirement and public employees’ retirement system, and lottery prizes.

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

COVID-19 Authority

The Department of Administration has expended all of the CARES Act funds received by the end of FY 2022. At the end of FY 2022, the department had \$52.6 million in ARPA funds remaining. Current guidance for these ARPA funds indicates that it must be obligated by December 31, 2024 and expended by December 31, 2026.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	23,248,297	23,248,297	46,496,594	149.22 %	36,464,093	36,464,093	72,928,186	122.16 %
SWPL Adjustments	474,385	400,178	874,563	2.81 %	1,164,932	951,200	2,116,132	3.54 %
PL Adjustments	14,511,856	16,396,139	30,907,995	99.19 %	14,602,415	16,486,698	31,089,113	52.07 %
New Proposals	(22,933,318)	(24,185,279)	(47,118,597)	(151.21)%	(22,573,515)	(23,858,918)	(46,432,433)	(77.78)%
Total Budget	\$15,301,220	\$15,859,335	\$31,160,555		\$29,657,925	\$30,043,073	\$59,700,998	

HB 2 Language -

The executive is not proposing HB 2 language for the Department of Administration.