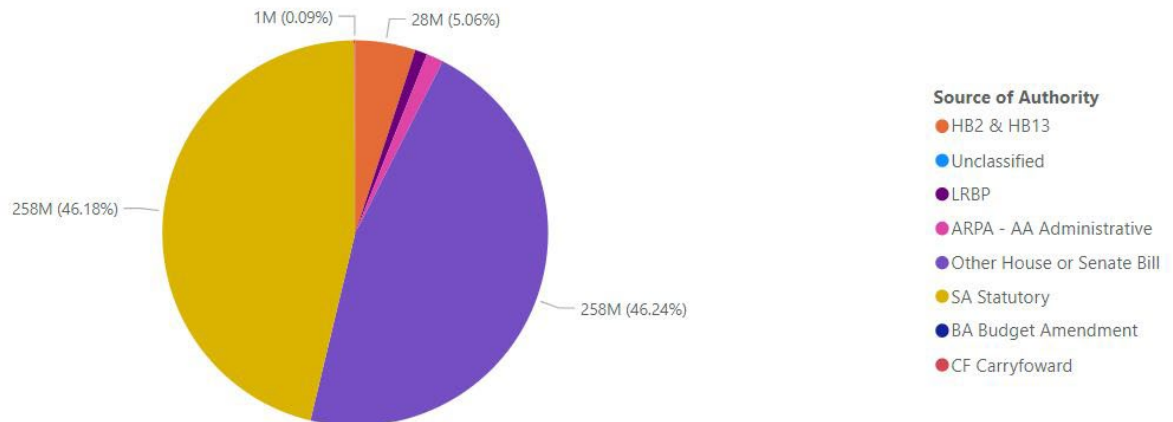


DEPARTMENT OF ADMINISTRATION

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Department of Administration is shown in the pie chart below. HB 2 and HB 13 provide 5.1% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	FYE23 Modified Budget	FYE23 Expended Budget	Percent Expended
HB2 & HB13	28,239,265	27,521,285	97.5%
BA Budget Amendment	0		
CF Carryforward	500,710	427,191	85.3%
LRBP	5,601,301	3,078,530	55.0%
Other House or Senate Bill	258,030,037	532,062	0.2%
SA Statutory	257,698,519	242,815,333	94.2%
Unclassified	581		
ARPA	8,000,184	2,382,861	29.8%
Total	558,070,598	276,757,262	49.6%

Report Period

- ☒ Jul
- ☒ Aug
- ☒ Sep
- ☒ Oct
- ☒ Nov
- ☒ Dec
- ☒ Jan
- ☒ Feb
- ☒ Mar
- ☒ Apr
- ☒ May
- ☒ Jun

Carryforward Authority

The Department of Administration has carryforward authority of approximately \$501,000, which was less than 1.0% of the total appropriation authority. The carryforward authority was comprised of general fund, state special revenue, federal special revenue, and enterprise funds. This includes:

- Approximately \$136,000, or 27.1%, is general fund authority in the Director's Office, State Information Technology Services Division, State Human Resources Division, and the Montana Tax Appeal Board. The general fund carryforward authority was primarily allocated to operating expenses and was 88.8% expended
- Approximately \$204,000, or 40.8%, is state special revenue authority in the Architecture and Engineering Division, and the Division of Banking and Financial Institutions. The state special revenue carryforward authority was primarily allocated to operating expenses and was 89.5% expended

- Approximately \$1,800, or less than 1.0% is federal special revenue authority in the State Financial Services Division. The federal special revenue carryforward authority was allocated to personal services and was 22.4% expended
- Approximately \$159,000, or 31.8%, is enterprise fund authority in the Montana State Lottery. This authority was allocated to personal services and was 77.7% expended

Long-Range Building Program Authority

In FY 2023, funding for the Infrastructure Investment and Jobs Act (IIJA) was approximately \$5.6 million. The Broadband Equity Access and Deployment Program (BEAD) had \$5.0 million in authority, and at fiscal year-end was 51.5% expended. The Digital Equity Act funding had approximately \$601,000 in authority and was 83.7% expended at FYE 2023. The remaining authority continues into FY 2024.

Other Bills

The Department of Administration had approximately \$258.0 million of appropriation authority in other bills. The appropriation authority in other bills increased by \$156.9 million in FY 2023. This increase was due to Long-Range Information Technology Program (LRITP) projects added in FY 2023 by the 2023 Legislature in HB 10 and include:

- Department of Administration/State Information Technology Services Division:
 - Montana Cybersecurity Enhancement Project - \$19.4 million in capital project funds
 - E-Discovery/Public Information Request Software - \$1.8 million in capital project funds
- Department of Agriculture:
 - Commodity Assessment System - \$370,000, which includes \$20,000 state special revenue funds and \$350,000 capital project funds
 - SAFHER Federal System - \$200,000, which includes approximately \$167,000 in state special revenue funds and \$33,000 in federal special revenue funds
 - Grant management System - \$60,000, which includes \$40,000 in state special revenue funds and \$20,000 federal special revenue funds
- Department of Livestock:
 - Animal Health System - \$450,000 in state special revenue funds
 - Snowflake Integration - \$125,000 in state special revenue funds
 - Google AI - \$425,000 in state special revenue funds
- Public Service Commission Software Modernization (REDDI) approximately \$1.5 million in state special revenue funds
- Department of Natural Resources and Conservation:
 - Financial Management System - approximately \$1.2 million, which includes approximately \$600,000 in capital project funds and \$600,000 in state special revenue funds
 - Fire Finance Processing System - \$500,000 in capital project funds
 - Flathead Reservation Information Technology System - approximately \$657,000 in capital project funds
 - Trust Land Management System Customer Portal - \$2.0 million in capital project funds
- Department of Corrections Offender Management System - approximately \$17.8 million in capital project funds
- Department of Public Health and Human Services:

- Comprehensive Child Welfare Information System - approximately \$25.0 million, which includes approximately \$12.5 million in capital project funds and \$12.5 million in federal special revenue funds
- Montana Child Support Enforcement Automated System - approximately \$31.5 million, which includes approximately \$4.4 million in capital project funds, \$6.3 million in state special revenue funds, and \$20.8 million in federal special revenue funds
- Electronic Health Records and Billing – State Facilities - approximately \$27.6 million, which includes \$25.0 million in capital project funds, approximately \$2.3 million in state special revenue funds, and approximately \$286,000 in federal special revenue funds
- Montana Healthcare Programs Modularity Project - approximately \$49.4 million, which includes approximately \$4.9 million in capital project funds and approximately \$44.4 million in federal special revenue funds
- SNAP Employment and Training Enterprise Solution - \$2.8 million, which includes \$1.4 million in capital project funds and \$1.4 million in federal special revenue funds
- Electronic Benefits Transfer System Replacement - \$2.5 million, which includes \$1,250,000 in capital project funds and \$1,250,000 in federal special revenue funds

These projects are typically approved in HB 10 and authority is established in the State Information Technology Services Division. LRITP projects often take multiple years to complete, which was the reason for the low expenditures. As state agencies work on these projects, appropriation authority is transferred to that agency. Additional information on the Long-Range Information Technology Program can be found here:

<https://leg.mt.gov/lfd/interim-budget-committee-section-f/>.

Statutory Appropriations

Statutory appropriations in the Department of Administration totaled approximately \$257.7 million in FY 2023, which was 46.2% of the total appropriation authority for the agency. Statutory appropriation authority consisted of \$104.0 million general fund, \$9.1 million state special revenue funds, \$14.4 million federal special revenue funds, and \$130.3 million proprietary funds. The table below shows appropriations, expenditures, remaining appropriations, and the percent expended for individual statutory appropriations in the Department of Administration.

Department of Administration Statutory Appropriations and Expenditures FYE 2023				
	Appropriations	Expenditures	Remaining Appropriations	Percent Expended
General Fund				
Debt Service	\$ 15,652,900	\$ 15,431,224	\$ 221,676	98.6%
Local Government PERS Contribution	626,000	624,028	1,972	99.7%
School District PERS Contribution	706,000	694,076	11,924	98.3%
TRS GABA Contribution	1,080,000	1,059,274	20,726	98.1%
TRS Supplemental Contribution	47,750,000	47,378,581	371,419	99.2%
State Fund Dividend	255,026	255,025	1	100.0%
Public Employees Retirement Transfer	34,979,900	34,979,900	-	100.0%
Bank Charges	2,636,070	1,888,889	747,181	71.7%
Cash Management Interest	744	744	-	100.0%
Federal Rebates	300,000	290,481	9,519	96.8%
Total General Fund	103,986,640	102,602,222	1,384,418	98.7%
State Special Revenue				
Exoneree Compensation	2,525,000	2,525,000	-	100.0%
Mineral Impact Fees	6,486,000	6,267,992	218,008	96.6%
Insurance Proceeds	45,500	-	45,500	0.0%
Total State Special Revenue	9,056,500	8,792,992	263,508	97.1%
Federal Special Revenue				
Taylor Grazing Fees	125,000	101,321	23,679	81.1%
Forest Reserve Funds	14,255,026	14,255,025	1	100.0%
Total Federal Special Revenue	14,380,026	14,356,347	23,679	99.8%
Enterprise Funds				
Lottery Prizes	109,377,757	98,967,477	10,410,280	90.5%
Lottery Commissions	9,804,246	8,377,913	1,426,333	85.5%
Lottery Vendor Fees	11,093,350	9,718,383	1,374,967	87.6%
Total Enterprise Funds	130,275,353	117,063,772	13,211,581	89.9%
Total Statutory Appropriations	\$ 257,698,519	\$ 242,815,333	\$ 14,883,186	94.2%

Statutory general fund appropriations in the Department of Administration increased by approximately \$1.5 million in FY 2023. The increase in appropriations was primarily due to statutory requirements for several retirement systems and debt service obligation fees and costs. Contributions for retirement systems to local governments and school districts increased by approximately \$63,000 in order to meet the requirements of 19-3-319, MCA. The Teacher Retirement System (TRS) Guaranteed Annual Benefit Adjustment (GABA) and supplemental contributions increased by \$50,000 and \$800,000, respectively. These adjustments were made to meet the requirements of 19-20-604, MCA and 19-20-607, MCA. Debt service costs were increased by approximately \$520,000. Additionally, the state fund dividend federal payment authority required an increase of approximately \$55,000.

Unclassified

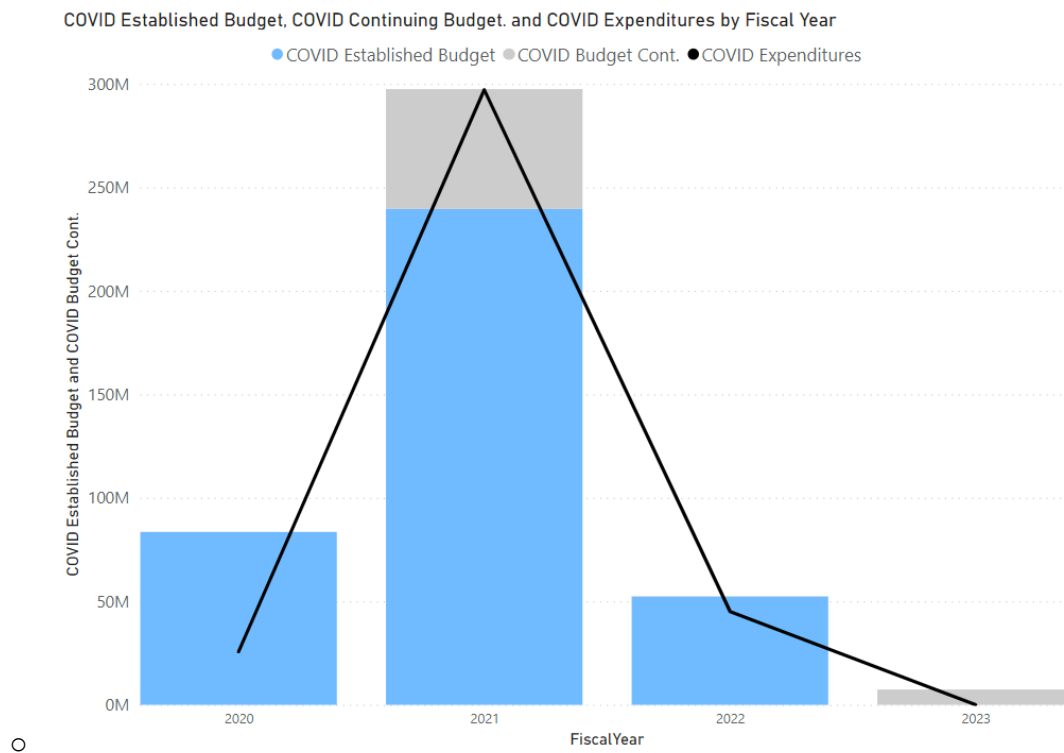
The Department of Administration has unclassified appropriation authority of \$581 because of lower workers' compensation premiums. Per 39-71-403(1)(b)(iv), MCA, when workers' compensation premiums are lower than the previous year, state agencies shall reduce personal services appropriations by the amount of the premium reduction. To track the changes in appropriation authority, total appropriations are not reduced, instead the Governor's Office of Budget and Program Planning (OBPP) requires state agencies to:

- Reduce HB 2, statutory, and proprietary appropriations
- Create a separate offsetting entry on the financial statements in the same amount using an identifying number for workers' compensation entries

The offsetting entries are identified as "frozen" appropriations, which means the appropriations will not be spent unless authorized by OBPP.

COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts.



The Department of Administration received funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which totaled \$83.5 million, in FY 2020. Of this funding, \$80.0 million was for reimbursing local governments for COVID-19 related expenses. Local governments submitted requests to the Department of Administration for reimbursement for items like medical expenses, public health expenses, or employees' regular and overtime hours that were substantially related to mitigating or responding to COVID-19. In FY 2020, the appropriations for reimbursing local governments were 27.2% expended, and remaining budget authority was carried forward to FY 2021.

In FY 2021, the department had authority of approximately \$254.6 million from the CARES Act and \$43.2 million from the American Rescue Plan Act (ARPA). This authority was 99.9% expended at the end of the fiscal year. Significant expenditures included:

- Approximately \$171.0 million in CARES Act funding for reimbursing local governments for COVID-19 related expenses (additional details included above)
- Approximately \$81.8 million in CARES Act funding for the School Funding for COVID Related Impacts Program
- Approximately \$43.1 million in ARPA local government recovery funds, distributed to ARPA-designated non-entitlement units of local governments based upon federal formulas

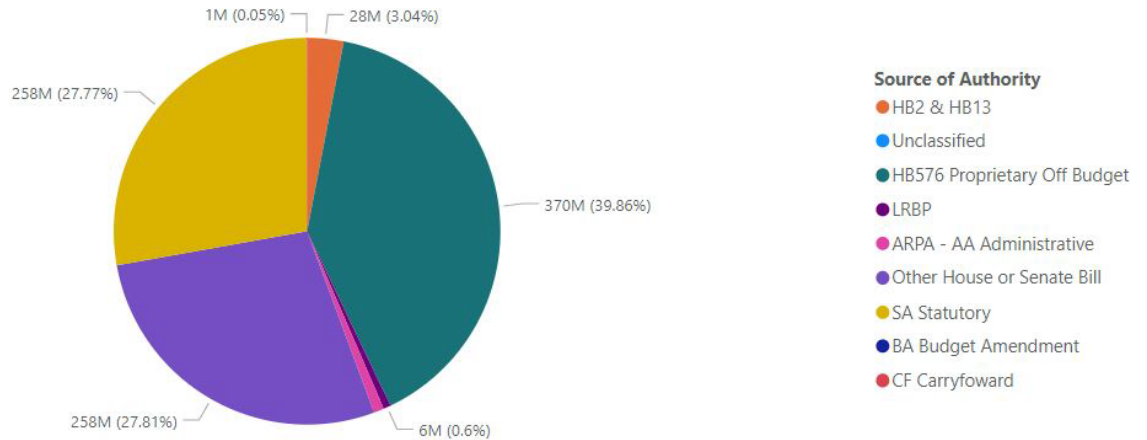
In FY 2022, funding from the CARES Act totaled approximately \$344,000 and was 100.0% expended at the end of the fiscal year. Funding from ARPA totaled \$52.3 million at the end of the fiscal year. Overall, the ARPA funding was 85.8% expended and remaining funding was continued into FY 2023.

In FY 2023, the most significant portion of ARPA funding continued into FY 2023 was \$7.3 million for administering the broadband program. The State Information Technology Services Division (SITSD) also had approximately \$653,000 budgeted in FY 2023 for the contact center. As of fiscal year-end, the authority was 29.8% expended and the remaining funding was continued into FY 2024. Current guidance for these ARPA funds indicates that it must be obligated by December 31, 2024, and expended by December 31, 2026.

EXPENDITURE AUTHORITY

The total expenditure authority for the agency is shown in the following pie chart. Total expenditure authority includes non-budgeted proprietary funding and non-budgeted expenditures such as transfers or indirect costs which are not included in the previous pie chart as the expenditures are not appropriated.

Modified Budget and Expended Budget by Source of Authority



Source of Authority	FYE23 Modified Budget	FYE23 Expended Budget	Percent Expended
HB2 & HB13	28,239,265	27,521,285	97.5%
BA Budget Amendment	0		
CF Carryforward	500,710	427,191	85.3%
HB576 Proprietary Off Budget	369,886,237	353,647,569	95.6%
LRBP	5,601,301	3,078,530	55.0%
NB Non-Budgeted		118,767,290	Infinity
Other House or Senate Bill	258,030,037	532,062	0.2%
SA Statutory	257,698,519	242,815,333	94.2%
Unclassified	581		
ARPA	8,000,184	2,382,861	29.8%
Total	927,956,834	749,172,122	80.7%

Report Period

- ☒ Jul
- ☒ Aug
- ☒ Sep
- ☒ Oct
- ☒ Nov
- ☒ Dec
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Non-budgeted Proprietary Fund Authority

A significant portion, or 39.9%, of the funding for the Department of Administration is from non-budgeted proprietary funds and totals \$369.9 million through FY 2023. These funds support the operations of several programs in the Department of Administration, as shown in the table below. Overall, the department has expended 95.6% of the non-budgeted proprietary funds. The table below shows the budget, expenditures, remaining budget, and percent expended for each of the non-budgeted proprietary funds for FY 2023.

Department of Administration Non-Budgeted Proprietary Funds FYE 2023					
	Appropriations	Expenditures	Remaining Appropriations	Percent Expended	
Director's Office					
Management Services	\$ 2,198,913	\$ 2,008,165	\$ 190,748	91.3%	
Continuity Emergency Management	354,908	37,556	317,352	10.6%	
Program Total	2,553,821	2,045,721	508,100	80.1%	
State Financial Services Division					
Local Government Services Bureau	828,036	551,310	276,726	66.6%	
SABHRS Financials	4,700,884	3,929,031	771,853	83.6%	
Warrant Writing	967,159	965,683	1,476	99.8%	
Program Total	6,496,078	5,446,023	1,050,054	83.8%	
General Services Division					
Facilities Management	12,269,271	12,084,065	185,206	98.5%	
Print and Mail Services	12,414,595	12,404,469	10,126	99.9%	
Surplus Property	864,893	864,068	825	99.9%	
Program Total	25,548,759	25,352,602	196,157	99.2%	
State Information Technology Services					
Electronic Government Services	1,153,034	858,423	294,611	74.4%	
SITSD Proprietary	63,360,350	62,745,167	615,183	99.0%	
Program Total	64,513,384	63,603,590	909,794	98.6%	
Health Care and Benefits Division					
Flexible Spending Funds	7,879,093	7,340,797	538,296	93.2%	
Group Benefits Claims	223,603,200	220,420,853	3,182,348	98.6%	
Workers' Compensation Management	352,288	204,148	148,140	57.9%	
Program Total	231,834,581	227,965,797	3,868,784	98.3%	
State Human Resources Division					
Group Benefits Claims	353,612	207,680	145,932	58.7%	
Human Resources Information Services	3,516,696	3,485,803	30,893	99.1%	
Professional Development Center	457,639	341,326	116,313	74.6%	
Program Total	4,327,947	4,034,809	293,137	93.2%	
Risk Management and Tort Defense Division					
Agency Insurance	34,611,668	25,199,027	9,412,641	72.8%	
Program Total	34,611,668	25,199,027	9,412,641	72.8%	
Total	<u>\$ 369,886,237</u>	<u>\$ 353,647,569</u>	<u>\$ 16,238,667</u>	<u>95.6%</u>	

Non-budgeted proprietary funds in the Department of Administration decreased by approximately \$2.4 million in FY 2023, when compared to the beginning of FY 2023. This includes decreases in all divisions, except the

Director's Office, the General Services Division, and the State Information Technology Services Division. Significant changes include:

- An increase of \$2.2 million in the General Services Division (GSD) proprietary funds. This includes an increase of approximately \$1.0 million in personal services, \$1.0 million in operating expenses, and approximately \$225,000 in equipment, intangible assets, and capital outlays. Approximately \$200,000 remained in the FY 2023 budget
- An increase of \$1.7 million in the State Information Technology Services Division (SITSD) proprietary fund. This includes an increase of approximately \$1.5 million in personal services, \$1.1 million in operating expenses, approximately \$197,000 in equipment and intangible assets, offset by a \$1.1 million decrease in debt service. Approximately \$910,000 remained in the FY 2023 budget
- A decrease in authority of approximately \$5.4 million to the Health Care and Benefits Division proprietary fund. This decrease includes an approximately \$3.1 million decrease in the operational costs of claims and premiums, and a \$2.4 million decrease in actual claims and premiums

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget from July 1, 2022, through June 30, 2023. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	HB 2 Budget	FYE23 Modified Budget	Net Modifications	
Department of Administration	28,322,016	28,239,265	-82,751	
ARCHITECTURE & ENGINEERING DIV	2,429,672	2,398,107	-31,565	
DIRECTORS OFFICE	9,471,592	9,239,205	-232,387	
DIV OF BANKING & FINANCIAL INS	4,466,337	4,423,601	-42,736	
MONTANA STATE LOTTERY	6,086,089	6,106,048	19,959	
MONTANA TAX APPEAL BOARD	689,982	684,713	-5,269	
STATE FINANCIAL SERVICES DIV	3,304,918	3,389,102	84,184	
STATE HUMAN RESOURCES DIVISION	1,681,429	1,998,489	317,060	
STATE IT SERVICES DIVISION	191,997	0	-191,997	
Total	28,322,016	28,239,265	-82,751	

Acct & Lvl 1 DESC	HB 2 Budget	FYE23 Modified Budget	Net Modifications	
61000 Personal Services	12,779,347	12,530,467	-248,880	
62000 Operating Expenses	6,515,192	5,799,941	-715,251	
63000 Equipment & Intangible Assets	50,000	115,690	65,690	
65000 Local Assistance	28,979	28,979		
68000 Transfers-out	8,941,581	8,941,581		
69000 Debt Service	6,917	822,608	815,691	

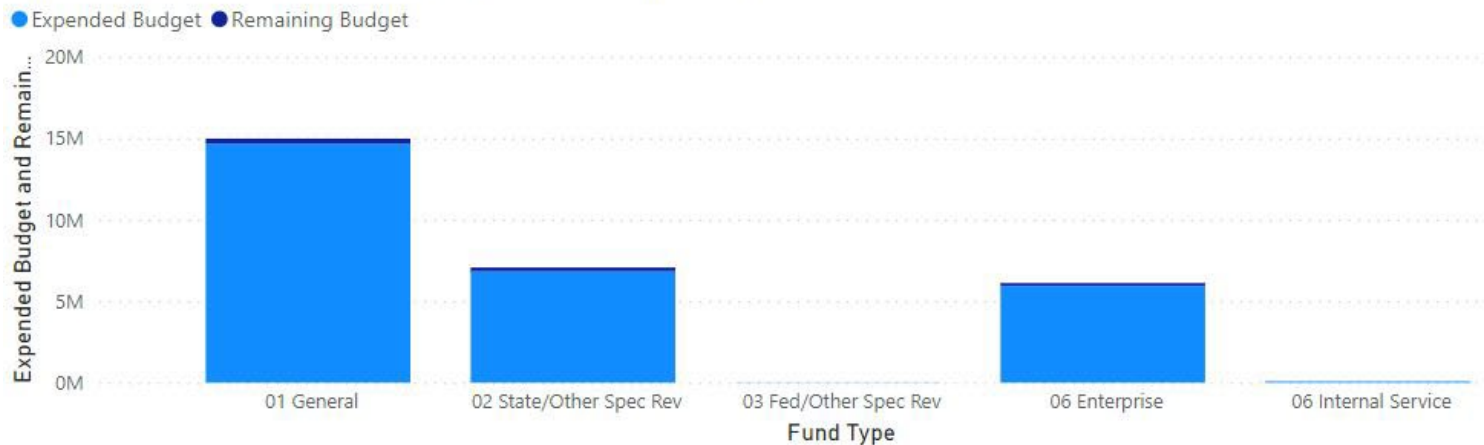
Fund Type	HB 2 Budget	FYE23 Modified Budget	Net Modifications	
01 General	15,106,220	14,968,447	-137,773	
02 State/Other Spec Rev	7,058,134	7,065,145	7,011	
03 Fed/Other Spec Rev	18,535	18,535		
06 Enterprise	6,086,089	6,106,048	19,959	
06 Internal Service	53,038	81,090	28,052	

The Department of Administration's overall HB 2 authority decreased by approximately \$83,000 in FY 2023. The decrease is primarily attributed to the State Information Technology Services Division transferring the administration of the state's 9-1-1 program to the Department of Justice. The transfer decreased the Department of Administration's overall HB 2 authority by approximately \$191,000. The reduction is offset by the remaining biennial legislative audit appropriation of \$108,000 that continued into FY 2023. The most significant modifications included the transfer of personal services and operating authority to debt service authority to comply with the updated accounting standards for leases. The Architecture and Engineering Division also moved operating authority to equipment in order to capitalize office equipment.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through FYE 2023.

Expended Budget and Remaining Budget by Fund Type - HB 2 Only



acclv1_desc	Modified Budget	Expended Budget	Percent Expended
Personal Services	12,530,467	12,151,917	97.0%
Operating Expenses	5,799,941	5,476,570	94.4%
Equipment & Intangible Assets	115,690	115,687	100.0%
Local Assistance	28,979	12,924	44.6%
Transfers-out	8,941,581	8,941,581	100.0%
Debt Service	822,608	822,607	100.0%

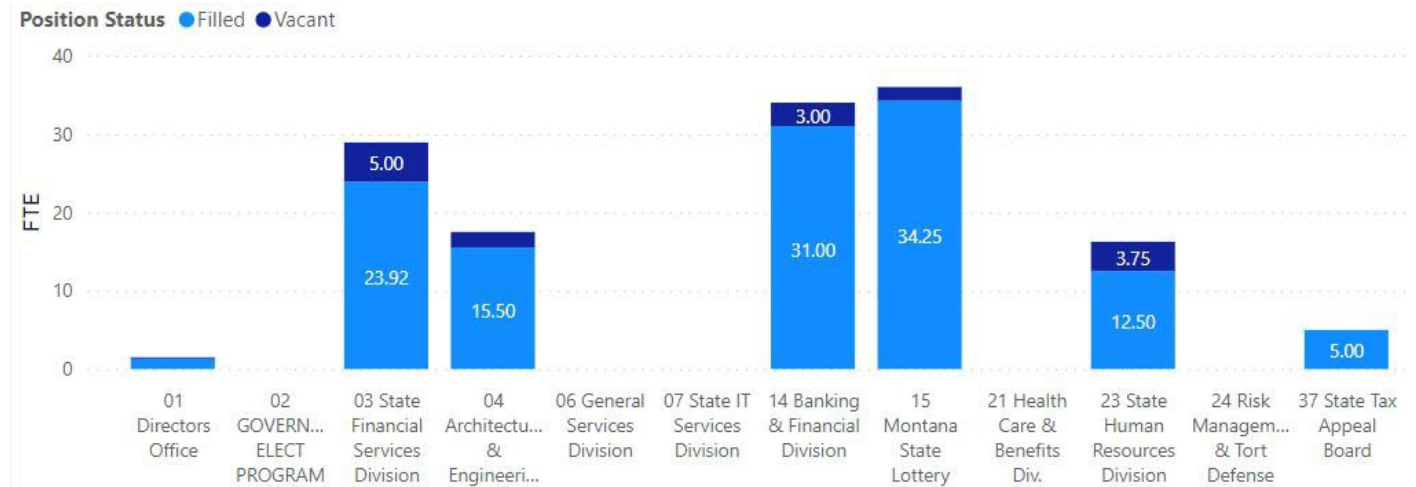
Program Name	Modified Budget	Expended Budget	Percent Expended
ARCHITECTURE & ENGINEERING DIV	2,398,107	2,214,492	92.3%
DIRECTORS OFFICE	9,239,205	9,180,564	99.4%
DIV OF BANKING & FINANCIAL INS	4,423,601	4,372,448	98.8%
MONTANA STATE LOTTERY	6,106,048	5,935,648	97.2%
MONTANA TAX APPEAL BOARD	684,713	592,522	86.5%
STATE FINANCIAL SERVICES DIV	3,389,102	3,382,183	99.8%
STATE HUMAN RESOURCES DIVISION	1,998,489	1,843,428	92.2%
STATE IT SERVICES DIVISION	0		
Total	28,239,265	27,521,285	97.5%

The Department of Administration expended 97.5% of its \$28.2 million HB 2 modified budget through the 2023 FYE. 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 99.6% of total HB 2 authority. General fund was 98.0% expended, state special revenue was 96.7% expended, and enterprise funds were 97.2% expended.

Personal Services

Appropriations for personal services in the Department of Administration total \$12.5 million and were 97.0% expended through FYE. The department has 139.17 HB 2 FTE and 88.7% of these positions were filled as of June 1, 2023. Of the 15.67 FTE that are vacant, 10.50 FTE have been vacant for six months or less (since January 2022). As of July 20, 2022, the department was in the process of recruiting for 7.00 FTE. The following chart shows the filled and vacant FTE within the agency.

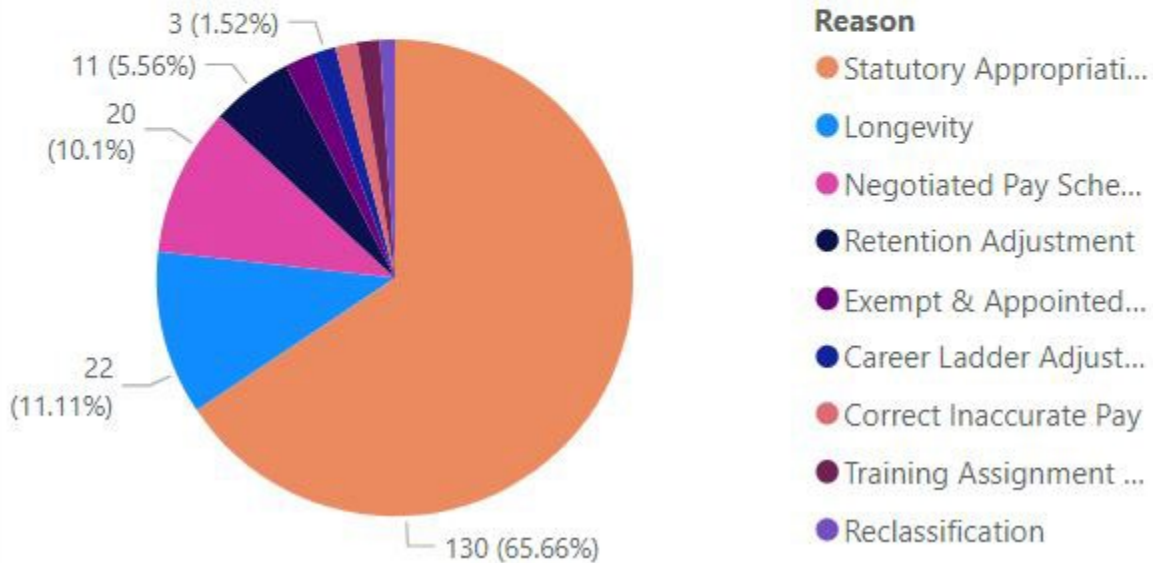


According to the department, voluntary turnover has improved in FY 2023; however, it has not fallen back to the levels experienced prior to FY 2020. As reported previously, the turnover rate in FY 2022 was 24.0%. The turnover rate fell to 19.3% in FY 2023.

Utilization Rate

The Department of Administration utilized 90.6% of its budgeted personal service hours in FY 2023.

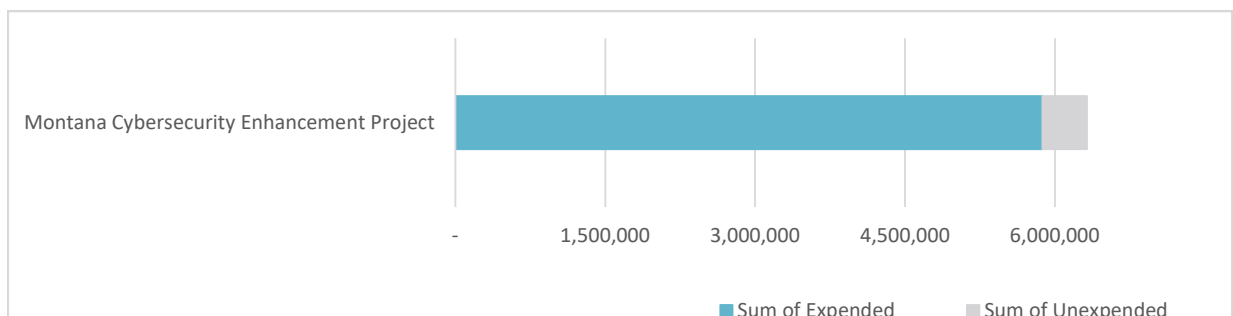
Number of Positions that Received Pay Changes



OTHER ISSUES

Information Technology Project Expenditures

The Department of Administration has one large information technology project. The chart below shows total expenditures for the Montana Cybersecurity Enhancement Project. The approximately \$6.3 million appropriation for this project is 93.0% expended.



The 2019 Legislature approved funding of approximately \$6.3 million in HB 2 for the 2021 biennium for the Montana Cybersecurity enhancement project. The State Information Technology Services Division (SITSD) has expended approximately \$5.9 million to date. The three projects completed in FY 2023 include:

- The Configuration Management Data Base (CMDB) SecOps, was 100.0% completed as of June 2023, and the remaining approximate \$1,800 in authority was not needed. SITSD is implementing the
- June 2023 - FYE

hardware/software asset management tool that provides a central, accurate, and up-to-date enterprise view of all information technology

- The RSA Archer project was 100.0% completed as of July 2022, and the final payment of approximately \$7,000 was paid in August 2022. This solution streamlines the security assessment process and provides real-time and holistic visibility of risks
- The Enterprise Risk Assessment, was 100.0% completed as of October 2022, and the final payment of approximately \$7,000 was paid in November 2022