

Cost-Savings Summary: Montana Arts Council

1. Human Resources

Current costs: The Montana Arts Council (MAC) reports that they have 1.00 FTE as their chief financial officer, totaling \$119,666 in annual compensation. However, the position only has partial HR duties (5% of time allocation for that FTE). MAC reports that they also currently use the Department of Administration's (DOA) state HR at no cost.

DOA proposed rate: \$1,265 per FTE; MAC has 7.00 FTE. If MAC were to pay for these services based on DOA's proposed rate, it would incur an expense of \$8,855 for FY 2025. These HR services would be provided by DOA at the suggested rate, but MAC's CFO would still need to perform all other roles and responsibilities that are unique to the agency's operations. However, MAC reports that some of the CFO duties listed under HR could be eliminated if the agency started using DOA's HR services full-time (other than the biweekly timesheet/payroll verification).

Analysis: MAC reports they are interested in all the HR services provided by DOA except for the biweekly timesheet/payroll verification, as they already have a good process and will continue to complete that task in house regardless of where other HR services are being provided. DOA reports that their HR office oversees and completes the bi-weekly payroll verification process for approximately 670 employees and does not recommend separating timesheet processing from other HR services. However, based on the cost DOA staff time required to complete the payroll verification per each timesheet, DOA could reduce the rate by \$152 annually if MAC chooses not to utilize their biweekly timesheet/payroll verification. If MAC utilized DOA's budgeting/accounting services, the agency would still likely need to retain its own budgeting/accounting positions for these functions.

Estimated costs: (\$8,703)

2. Budgeting/Accounting

Current costs: MAC reports that they have 1.00 FTE as their chief financial officer, totaling \$119,666 in annual compensation.

MAC reports they also use a private CPA for internal audits at \$60 per hour, for a typical cost of \$180 to do the internal audit.

DOA proposed rate: \$1,024 per FTE; MAC has 7.00 FTE. If MAC were to pay for these services based on DOA's proposed rate, it would incur an expense of \$7,168 for FY 2025. These day-to-day budgeting/accounting services would be provided by DOA Director's Office staff at the suggested rate,

but MAC's CFO would still need to perform all other roles and responsibilities that are unique to the agency's operations.

DOA also reports that they could partner with MAC through an MOU to provide only the internal audit services at actual cost of staff time at a rate of \$45 per hour. The estimated cost of these services would be \$135.

Analysis: MAC reports that they employ a full-time CFO whose duties include most of the services provided by DOA's budgeting/accounting staff, in addition to other roles and responsibilities that are integral to the daily operations of the agency. If MAC utilized DOA's budgeting/accounting services, the agency would still likely need to retain its own budgeting/accounting positions for these functions.

The only service under budget/accounting that Montana Arts Council reports they would like to utilize is the internal audit, as the private CPA that MAC uses for internal audits will be retiring in the next year or two.

Estimated costs (general): (\$7,168)

Estimated savings (internal audit): \$45

3. Legal Services

Current costs: MAC does not employ any legal staff and instead contracts for legal services through the Department of Justice. MAC averages \$2,904 per year in legal costs (\$121 per hour for an average of 24 hours per year).

DOA proposed rate: \$190 per FTE; MAC has 7.00 FTE. If MAC were to pay for these services based on DOA's proposed rate, it would incur an expense of \$1,330 for FY 2025. DOA reports that the cost of the legal resources/staff within the Director's Office at DOA is allocated across the nine DOA divisions and attached agencies requiring services. Historically, the costs have been allocated by size of a division/agency. Services provided include day-to-day counsel, procurement/contracting, ARM implementation, etc. If a need arises to address a more in-depth legal issue, there are times when that work could be provided in-house by DOA attorneys at no additional cost or the issue may require engaging with Agency Legal Services at the Department of Justice or other outside counsel.

Analysis: DOA reports they are open to reducing the annual rate suggested of \$190 per FTE to a lower agreed upon amount based on the projected services needed for each year within the biennium. However, if MAC requires more comprehensive legal support involving DOJ's legal services, this could further impact the overall cost comparison.

Estimated savings: \$1,574

4. IT Services

Current costs: MAC already uses DOA's SITSD information technology services. SITSD costs are calculated as part of the agency's information technology fixed costs or as part of the agency's annual operating budget. MAC utilizes SITSD for support as needed.

Estimated costs/savings: \$0

Summary

MAC could benefit from using DOA for their internal audit and for legal services. However, the current arrangements for HR services, general budgeting/accounting, and IT services appear to be most cost-effective for MAC.