

# **Cost-Savings Summary: Montana Historical Society**

## **1. Human Resources**

Current costs: For FY 2025, the Montana Historical Society (MHS) has 2.00 FTE for human resources, totaling \$180,723 in annual compensation.

DOA proposed rate: \$1,265 per FTE; MHS has 86.28 FTE. If MHS were to pay for these services based on the Department of Administration's (DOA) proposed rate, it would incur an expense of \$109,144 for FY 2025. Per MHS, the DOA human resources and payroll services, as outlined in the Services Overview, do not include all the duties performed by the MHS human resources staff.

Analysis - Human Resources Assistant 1: The Human Resources Assistant 1 position at MHS covers the tasks offered through DOA human resources and payroll services. The annual compensation rate for this position is \$79,716 for FY 2025.

Estimated costs: (\$29,428)

Analysis - Human Resources Generalist 2: Even if MHS utilized DOA's human resources services, MHS HR staff may still need to perform certain HR functions. Per MHS, HR services that would need to be maintained at MHS include addressing employee relations issues, such as harassment allegations and work complaints; gathering employee feedback and making organizational recommendations based on the data; overseeing responses to grievances; leadership training on human resources topics; and implementing human resources programs. These tasks are within the occupational standard of the Human Resources Generalist 2 position, which has a total annual compensation rate of \$101,006 for FY 2025. However, DOA reports that they offer all of the services performed by the Human Resources Generalist 2 position through their HR services. DOA reports they have an HR manager and three senior HR business partners who regularly provide these same services to the nine DOA divisions and the four administratively attached agencies, none of which have their own HR or payroll staff.

Estimated costs/savings: inconclusive – see Appendix 1

## **2. Budgeting/Accounting**

Current costs: For FY 2025, MHS has 4.68 FTE for budgeting/accounting, totaling \$409,679 in annual compensation. MHS reports that they call on the State Financial Services Division as needed, at no cost, with questions about policy and procedure.

DOA proposed rate: \$1,024 per FTE; MHS has 86.28 FTE. If MHS were to pay for these services based on DOA's proposed rate, it would incur an expense of \$88,351 for FY 2025. These day-to-day budgeting/accounting services would be provided by DOA Director's Office staff at the suggested rate,

but MHS accounting staff would still need to perform all accounting activities that are unique to the agency's operations.

Analysis: Even if MHS utilized DOA's budgeting/accounting services, MHS accounting staff would still need to perform all accounting activities that are unique to the agency's operations. Per MHS, budgeting and accounting procedures for the new Montana Heritage Center (for operations such as event space rentals and café vendor payments) and expected growth in retail sales, memberships, fees, and other revenue streams would not be covered by DOA's budgeting/accounting services. MHS also reports that program managers interface with the accounting staff daily on accounts payable and receivable, budget reporting and analysis, federal grant and private fund management, and general compliance questions. If MHS utilized DOA's budgeting/accounting services, the agency would still likely need to retain its own budgeting/accounting positions for these functions.

Estimated costs: (\$88,351)

### **3. Legal Services**

Current costs: MHS does not employ any legal staff and instead contracts for legal services through the Department of Justice. Over the last two fiscal years, MHS has averaged \$641 in legal costs to (\$750 in FY 2023 and \$532 in FY 2024). MHS reports that DOA historically has not charged a fee for legal services provided to MHS by their legal staff related to procurement, contracting, and labor relations.

DOA proposed rate: \$190 per FTE; MHS has 86.28 FTE. If MHS were to pay for these services based on DOA's proposed rate, it would incur an expense of \$16,393 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 MHS requires more comprehensive legal support involving DOJ's legal services, this could further impact the overall cost comparison.

Estimated costs: (\$15,743)

#### **4. IT Services**

Current costs: MHS 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. MHS utilizes SITSD for support as needed. For FY 2025, MHS also has 3.00 FTE for information technology services, totaling \$279,376 in annual compensation.

Analysis: With the opening of the Montana Heritage Center, MHS reports that their information technology duties will incorporate several tasks not offered as services by DOA's SITSD. MHS information technology staff will be tasked with installation and maintenance of nearly 40 technology-based features in exhibit galleries in the Montana Heritage Center; operation and maintenance of technology in public spaces, including the events center and classrooms; and installation and operation of an agency-wide database software package to create efficiency across programs. A review of these duties with DOA's state chief information officer confirmed that the tasks covered by the MHS IT positions are not services offered by SITSD. Outside of fixed ITSD costs, existing agency information technology costs an average of \$2,218 annually. These costs are for services not offered by SITSD.

Estimated costs/savings: \$0

#### **Summary**

MHS could benefit from using DOA's HR services. However, the current arrangements for budgeting/accounting, legal services, and IT services appear to be most cost-effective for MHS.