



To: Education Interim Budget Committee
Rep. David Bedey, Chair
From: Molly Kruckenberg, Director
Re: HB946 Study – Estimated Cost Saving with Department of Administration Services
Date: May 15, 2024

Re: Estimate of Cost Savings to Utilize Department of Administration Services

The Montana Historical Society presents the information below in response to a request from the Legislative Fiscal Division to provide estimated cost savings if the Montana Historical Society utilized the Department of Administration's services as outlined in their March 2024 Services Overview.

The potential cost savings indicated here are an estimate based upon agency operations and the information provided in the Department of Administration Services Overview. Without additional information on fees charged by the Department of Administration (DoA), the Montana Historical Society (MTHS) cannot calculate accurate cost savings.

MTHS has a total of 74.96 FTE in FY2024 and 86.28 FTE in FY2025 (these include legislatively approved, statutory, and temporary positions). 7.68 FTE, located in the Administration program, provide human resources, budget and accounting, and information technology services for the agency in FY2024, increasing to 9.68 in FY2025.

Potential Cost Savings for Human Resource Services: \$-29,428 annually

MTHS has 2 human resources staff, a Human Resources Assistant1 and a Human Resources Generalist 1. Total annual compensation for these employees is \$180,723.

In their Services Overview, DoA indicated that Human Resources and Payroll Services are charged at \$1,265 per FTE. MTHS will have 86.28 FTE in FY2025. Department of Administration fees for this service would be \$109,144 annually (\$1,265 x 86.28). DoA Human Resources and Payroll Services, as outlined in the Services Overview, do not include all the duties performed by the MTHS human resources staff. Examples of the HR services that would need to be maintained at MTHS 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, which has a total annual compensation rate of \$101,006 in FY2025. The Human Resources Assistant 1 covers the tasks offered through DoA Human Resources and Payroll Services. The annual compensation rate for the Human Resources Assistant 1 is \$79,716 in FY2025, which is \$29,428 lower than the \$109,144 that would be charged by DoA for those services.

MTHS currently utilizes the following services through DoA at no cost: position classification, labor relations and collective bargaining support, and advising leadership on policy and labor laws.

Potential Cost Savings for Budget / Accounting Services: Unknown

MTHS has 3.68 budget and accounting services staff that are part of the Administration program. The budget and accounting services staff consist of an Accounting Supervisor, two Accountants, and a part-time Accounting Technician. An additional accountant will be hired in FY2025. Total annual compensation in FY2025 for these employees is \$409,679.

DoA did not provide a fee for Budget and Accounting services in their Services Overview, so it is not possible to determine cost savings.

The operations of the Montana Heritage Center require dedicated MTHS accounting staff to ensure proper accounting for new revenue streams, such as event space rental fees and café vendor payments. Expected growth in retail sales, membership, fees, and other revenue streams will increase the workload of accounting staff. Additionally, MTHS 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. MTHS calls on the State Financial Services Division as needed, at no cost, with questions about policy and procedure.

Potential Cost Savings for Legal Services: Unknown

MTHS does not employ any legal staff.

DoA did not provide a fee for Legal Services in the Services Overview, so it is not possible to determine an estimated cost savings. Over the last two fiscal years, MTHS has averaged \$641 in legal costs to Agency Legal Services (\$750.20 in FY2023 and \$532.40 in FY2024).

DoA historically has not charged a fee for Legal Services provided to MTHS by their legal staff. MTHS also utilizes the following legal services provided through DoA at no cost: procurement, contracting, and labor relations.

Potential Cost Savings for IT Services: None

MTHS has 2 information technology staff, consisting of an IT Systems Administrator and an IT Systems Support person. An additional IT Systems Support FTE will be hired in FY2025. Total annual compensation in FY2025 for these employees is \$279,376.

With the opening of the Montana Heritage Center, information technology duties at MTHS will incorporate several tasks not offered as services by SITSD. 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 our 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 the state CIO confirmed that the tasks covered by the IT Systems Administrator and IT Systems Support positions are not services offered by SITSD. MTHS utilizes SITSD for support as needed.

SITSD costs are calculated as part of the agency's information technology fixed costs or as part of the agency's annual operating budget. 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.