

Agency Budget Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	27,197,540	25,125,150	(2,072,390)	(7.62)%
Operating Expenses	17,680,727	13,239,586	(4,441,141)	(25.12)%
Equipment & Intangible Assets	372,398	100,000	(272,398)	(73.15)%
Local Assistance	53,558	57,958	4,400	8.22%
Transfers	0	17,531,460	17,531,460	0.00%
Debt Service	12,347	13,834	1,487	12.04%
Total Expenditures	\$45,316,570	\$56,067,988	\$10,751,418	23.73%
General Fund	18,413,424	29,722,497	11,309,073	61.42%
State/Other Special Rev. Funds	14,650,289	13,961,538	(688,751)	(4.70)%
Federal Spec. Rev. Funds	28,268	37,070	8,802	31.14%
Proprietary Funds	12,224,589	12,346,883	122,294	1.00%
Total Funds	\$45,316,570	\$56,067,988	\$10,751,418	23.73%
Total Ongoing	\$45,316,570	\$70,141,884	\$24,825,314	54.78%
Total OTO	\$0	(\$14,073,896)	(\$14,073,896)	100.00%

Agency Description

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

Please refer to the agency profile for the Department of Administration at <https://leg.mt.gov/lfd/state-agency-profiles/department-administration/> for additional information about the agency's organization structure, historical expenditures, FY 2020 expenditure dashboard, and recent studies, audits, and legislation.

Agency Highlights

**Department of Administration
Major Budget Highlights**

- Only 6.0% of the department's budget is appropriated through HB 2, with the remainder consisting of non-budgeted proprietary and statutory appropriations
- The Department of Administration's 2023 biennium HB 2 budget is approximately \$10.8 million or 23.7% higher than the 2021 biennium
- The increases in HB 2 general fund appropriations are primarily due to HB 553, which was passed and approved by the 2019 Legislature, and includes:
 - Present law increases in general fund of \$8.6 million in FY 2022 and \$8.9 million in FY 2023 for major repairs projects
 - Present law increases in general fund of \$5.8 million in FY 2022 and \$8.2 million in FY 2023 for transfers to the capital development account. However, the legislature adopted one-time-only reductions to this transfer, which eliminates the transfer for the capitol developments account for the 2023 biennium
- The legislature adopted decreases in HB 2 general fund appropriations of \$3.0 million each fiscal year and 10.00 FTE for the Montana cybersecurity enhancement project. This funding and 10.00 FTE were moved to the proprietary rates. The proprietary funding, specific to cybersecurity, was subsequently reduced by approximately \$421,000 each fiscal year and 4.00 FTE
- Approximately 59.1% of the department's appropriations are non-budgeted proprietary funds. Significant changes to the non-budgeted proprietary funds include increases to:
 - State agency information technology costs of \$7.0 million in FY 2022 and \$7.5 million in FY 2023 when compared to the FY 2021 base
 - The rate for the Human Resources Information System from \$8.89 to \$9.99 per employee processed per pay period
 - State agency risk management and tort defense costs of \$1.9 million in FY 2022 and \$1.9 million in FY 2023 when compared to the FY 2021 base

Agency Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	153.16	153.16	140.76	140.76
Personal Services	12,431,465	13,303,296	13,894,244	12,483,199	12,641,951
Operating Expenses	7,940,946	9,069,423	8,611,304	6,724,394	6,515,192
Equipment & Intangible Assets	296,890	322,398	50,000	50,000	50,000
Local Assistance	3,453	24,579	28,979	28,979	28,979
Transfers	0	0	0	8,589,879	8,941,581
Debt Service	5,188	5,430	6,917	6,917	6,917
Total Expenditures	\$20,677,942	\$22,725,126	\$22,591,444	\$27,883,368	\$28,184,620
General Fund	8,231,819	9,208,395	9,205,029	14,662,274	15,060,223
State/Other Special Rev. Funds	7,091,360	7,293,038	7,357,251	6,962,139	6,999,399
Federal Spec. Rev. Funds	7,093	14,134	14,134	18,535	18,535
Proprietary Funds	5,347,670	6,209,559	6,015,030	6,240,420	6,106,463
Total Funds	\$20,677,942	\$22,725,126	\$22,591,444	\$27,883,368	\$28,184,620
Total Ongoing	\$20,677,942	\$22,725,126	\$22,591,444	\$33,749,213	\$36,392,671
Total OTO	\$0	\$0	\$0	(\$5,865,845)	(\$8,208,051)

Summary of Legislative Action

The legislature approved an increase of 24.1% or approximately \$10.9 million in the 2023 biennium compared to the FY 2021 base appropriation. This increase is primarily due to HB 553 (2019 Legislature), which increases appropriated general fund transfers for major repairs by \$17.5 million over the 2023 biennium in the Director’s Office. This increase was partially offset by the transfer of the Montana cybersecurity enhancement project, which was funded by general fund in HB 2 in the 2021 biennium, to the State Information Technology Services Division’s internal service rates. This transfer reduced HB 2 appropriations by approximately \$6.0 million over the 2023 biennium. Additionally, state special revenue funding of \$848,000 for the administration of the 9-1-1 program and responsibility for administering the program was transferred from the Department of Administration to the Department of Justice.

Funding

The following table shows adopted agency funding by source of authority.

Total Department of Administration Funding by Source of Authority 2023 Biennium Budget Request - Department of Administration						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	43,796,393	(14,073,896)	0	202,613,034	232,335,531	19.72 %
State Special Total	13,961,538	0	0	39,062,376	53,023,914	4.50 %
Federal Special Total	37,070	0	0	7,927,720	7,964,790	0.68 %
Proprietary Total	12,346,883	0	696,854,357	175,752,943	884,954,183	75.11 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$70,141,884	(\$14,073,896)	\$696,854,357	\$425,356,073	\$1,178,278,418	
Percent - Total All Sources	5.95 %	(1.19)%	59.14 %	36.10 %		

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 Resources 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 special revenue funds and proprietary funds will be discussed in further detail at the program level.

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 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	9,205,029	9,205,029	18,410,058	61.94 %	22,591,444	22,591,444	45,182,888	80.59 %
SWPL Adjustments	20,863	(33,174)	(12,311)	(0.04)%	72,092	(104,284)	(32,192)	(0.06)%
PL Adjustments	14,352,790	17,147,811	31,500,601	105.98 %	14,468,632	17,279,062	31,747,694	56.62 %
New Proposals	(8,916,408)	(11,259,443)	(20,175,851)	(67.88)%	(9,248,800)	(11,581,602)	(20,830,402)	(37.15)%
Total Budget	\$14,662,274	\$15,060,223	\$29,722,497		\$27,883,368	\$28,184,620	\$56,067,988	

Other Legislation

HB 5 – Long-Range Building Appropriations

The Long-Range Building Program (LRBP) provides funding for construction, alteration, repair, and maintenance of state-owned buildings and grounds. The program is administered by the Architecture and Engineering Division of the Department of Administration. The Department of Administration received appropriations in HB 5 for major repair and capital development projects. A full list of the projects approved by the legislature is located in HB 5.

HB 10 – Long-Range Information Technology Appropriations

The Long-Range Information Technology Program (LRITP) is a program developed to fund large information technology (IT) projects. The LRITP consolidates large IT investments in one appropriation bill (HB 10) and defines major information technology enterprises as capital projects. The Department of Administration received appropriations in HB 10 for information technology capital projects. Funds are released to agencies once the chief information officer and the budget director approve the plans for the business application systems. A full list of the projects approved by the legislature is located in HB 10.

HB 14 – Long-Range Building Bonding Program

The Long-Range Building Program (LRBP) provides funding for construction, alteration, repair, and maintenance of state-owned buildings and grounds. The program is administered by the Architecture and Engineering Division of the Department of Administration. The Department of Administration received appropriations in HB 14 for capital projects. Although the long-range building bonding bill typically results in the authorization of bonded debt, the legislature chose to not authorize the sale of bonds proposed by the executive and replace that authority with appropriations from other funding sources. A full list of the projects approved by the legislature, along with associated funding sources, is located in HB 14.

HB 609 – Provide for a donation-funded state indigent funeral account

HB 609 creates a statutory state special revenue fund to provide aid to counties for funerals of indigent individuals. The fund receives revenues from donations.

HB 693 – Implement provisions of HB 2 – Section D – Judiciary, Law Enforcement and Justice

The State Information Technology Services Division in the Department of Administration was responsible for administering the 9-1-1 funds. HB 693 transferred the responsibility of administering this fund from the Department of Administration to

the Department of Justice (Note: HB 2 includes a decision package, adopted by the legislature, that removes these funds).

SB 272 – Generally revise Montana Information Technology Act

SB 272 revises the membership of the Information Technology Board and provides exemptions to the Montana Information Technology Act to the Department of Justice and Secretary of State. Potential loss of revenue from fees paid to the State Information Technology Services Division were mitigated by requiring the departments to pay the rate that was set for the 2023 biennium.

Executive Budget Comparison

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2021	Executive Budget Fiscal 2022	Legislative Budget Fiscal 2022	Leg — Exec. Difference Fiscal 2022	Executive Budget Fiscal 2023	Legislative Budget Fiscal 2023	Leg — Exec. Difference Fiscal 2023	Biennium Difference Fiscal 22-23
FTE	153.16	144.16	140.76	(3.40)	144.16	140.76	(3.40)	(3.40)
Personal Services	13,894,244	12,864,439	12,483,199	(381,240)	13,010,185	12,641,951	(368,234)	(749,474)
Operating Expenses	8,611,304	6,839,932	6,724,394	(115,538)	6,624,152	6,515,192	(108,960)	(224,498)
Equipment & Intangible Assets	50,000	50,000	50,000	0	50,000	50,000	0	0
Local Assistance	28,979	28,979	28,979	0	28,979	28,979	0	0
Grants	0	0	0	0	0	0	0	0
Transfers	0	8,589,879	8,589,879	0	8,941,581	8,941,581	0	0
Debt Service	6,917	6,917	6,917	0	6,917	6,917	0	0
Total Costs	\$22,591,444	\$28,380,146	\$27,883,368	(\$496,778)	\$28,661,814	\$28,184,620	(\$477,194)	(\$973,972)
General Fund	9,205,029	14,715,608	14,662,274	(53,334)	15,111,603	15,060,223	(51,380)	(104,714)
State/other Special Rev. Funds	7,357,251	7,373,960	6,962,139	(411,821)	7,395,039	6,999,399	(395,640)	(807,461)
Federal Spec. Rev. Funds	14,134	18,535	18,535	0	18,535	18,535	0	0
Other	6,015,030	6,272,043	6,240,420	(31,623)	6,136,637	6,106,463	(30,174)	(61,797)
Total Funds	\$22,591,444	\$28,380,146	\$27,883,368	(\$496,778)	\$28,661,814	\$28,184,620	(\$477,194)	(\$973,972)
Total Ongoing	\$22,591,444	\$33,836,134	\$33,749,213	(\$86,921)	\$34,912,156	\$36,392,671	\$1,480,515	\$1,393,594
Total OTO	\$0	(\$5,455,988)	(\$5,865,845)	(\$409,857)	(\$6,250,342)	(\$8,208,051)	(\$1,957,709)	(\$2,367,566)

The legislature adopted appropriations that are approximately \$1.0 million lower than the proposed appropriations for the 2023 biennium.

The major differences in the legislative budget compared to the proposed budget include:

- The legislature adopted a transfer of the 9-1-1 program from the State Information Technology Services Division in the Department of Administration to the Department of Justice. This resulted in a decrease of appropriations of approximately \$848,000 over the 2023 biennium for the Department of Administration
- The legislature adopted state special revenue appropriations of \$130,000 over the biennium in the Banking and Financial Institutions Division. This change eliminated 2.0% of the vacancy saving included in personal service expenditures
- The legislature adopted an additional 1.0% vacancy savings, for a total personal services vacancy savings rate of 5.0% for several programs, which reduced general fund, state special revenue, and proprietary fund appropriations for personal services. This reduction totaled approximately \$237,000 over the biennium
- The legislature adopted reductions in general fund, state special revenue, and proprietary funds of approximately \$19,000 over the biennium for the reduction in fixed costs for information technology services, non-office rent, and indirect costs paid to the Director's Office

In addition to changes adopted in the HB 2 budget, the legislature also adopted changes to the proposed proprietary rates. The legislature adopted:

- A reduction in personal services and operating expenses of \$1.0 million each fiscal year, which is used in determining the rate for the State Information Technology Services Division

- A reduction in the non-office rent rate in the General Services Division from \$8,247 in FY 2022 and \$8,259 in FY 2023 to \$7,000 each fiscal year
- A reduction in the rate for the Office of Human Resources in the Director's Office from \$1,113 each fiscal year to \$1,047 in FY 2022 and \$1,090 in FY 2023
- A reduction in the rate for the State Continuity and Emergency Management Office from \$780,770 in FY 2022 and \$780,713 in FY 2023 to \$670,770 in FY 2022 and \$670,713 in FY 2023

Language and Statutory Authority

The legislature included the following language in HB 2:

"It is the intent of the legislature that, for each quarter in fiscal year 2022, the State Information Technology Services Division shall report to the Legislative Finance Committee on: (1) the amount of staff time the division has provided in serving each agency for the most recently completed quarter; and (2) the hourly and sub-hourly rates charged to each agency for each service in that quarter.

The 30-day working capital reserve used to establish State Information Technology Services Division rates for state agencies included in HB 2 must be based on personal services of \$16,928,330 in FY 2022 and \$16,926,864 in FY 2023, operating expenses of \$34,152,168 in FY 2022 and \$34,594,998 in FY 2023, equipment and intangible assets of \$370,861 in FY 2022 and \$370,861 in FY 2023, and debt service of \$2,360,000 in FY 2022 and \$1,170,000 in FY 2023. The State Information Technology Services Division shall report to the Legislative Finance Committee at its June 2021 meeting on how it implemented the state agency rates for information technology services. The State Information Technology Services Division shall also report any adjustments to state agency rates for information technology or changes of 5.0% or greater to each expenditure category at each subsequent meeting of the Legislative Finance Committee.

The Director's Office includes a reduction in general fund of \$50,087 in fiscal year 2022 and \$50,299 in fiscal year 2023. The State Financial Services Division includes a reduction in state special revenue of \$40,985 in fiscal year 2022 and \$38,291 in fiscal year 2023 and proprietary fund of \$28,681 in fiscal year 2022 and \$28,759 in fiscal year 2023. The reduction is the equivalent of an additional 1% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2023 biennium operating plans.

The Director's Office includes a one-time-only general fund reduction of \$5,766,789 in FY 2022 and \$8,208,051 in FY 2023 for the transfer to the capital development account.

It is the intent of the Legislature that the Department of Administration transition all statewide workforce training from the Professional Development Center to the private sector, universities, or colleges by the end of the 2023 biennium. It is the intent of the Legislature that the Professional Development Center be closed by the end of the 2023 biennium."

Program Budget Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	941,161	797,690	(143,471)	(15.24)%
Operating Expenses	215,851	292,161	76,310	35.35 %
Local Assistance	24,192	28,592	4,400	18.19 %
Transfers	0	17,531,460	17,531,460	0.00 %
Total Expenditures	\$1,181,204	\$18,649,903	\$17,468,699	1,478.89 %
General Fund	1,160,190	18,624,489	17,464,299	1,505.30 %
Federal Spec. Rev. Funds	21,014	25,414	4,400	20.94 %
Total Funds	\$1,181,204	\$18,649,903	\$17,468,699	1,478.89 %
Total Ongoing	\$1,181,204	\$32,631,974	\$31,450,770	2,662.60 %
Total OTO	\$0	(\$13,982,071)	(\$13,982,071)	100.00 %

Program Description

The Director's Office provides overall leadership and management support to the Department of Administration's divisions and offers administrative support to attached boards and commissions. The office acts as a liaison among the agency's divisions, administratively attached boards and commissions, the cabinet, the legislature, and the Governor's Office.

The Director's Office has 4.50 FTE funded through HB 2 and 26.51 FTE funded by the revenues generated from the internal fees charged to the Department of Administration's divisions and its attached-to agencies. These FTE provide services in the areas of legal, human resources, financial management, labor relations, project management and communications, continuity of government, emergency management, and homeland security. There are several programs within the Director's Office, including:

- The Office of Legal Services, which advises the divisions on legal matters
- The Office of Human Resources, which partners with DOA leadership and employees to enhance agency performance through strategic human resource programs and effective administrative processes (e.g., payroll administration, talent acquisition, policy development, etc.)
- The Office of Finance and Budget, which prepares and presents the biennial budget, processes budget change documents, monitors approved budgets for compliance with state law and legislative intent, and provides accounting assistance
- Labor Relations, which provides labor relations services for managers and human resource officers and is the Governor's designated representative in collective bargaining
- The State Continuity and Emergency Management Office, which provides leadership and support for the enterprise continuity of government, emergency management, and homeland security programs
- The Office of Program and Information Management, which provides communication and project management services

The customers served are internal to the department and its attached-to agencies, with the exception of the Office of Labor Relations and the State Continuity and Emergency Management Office, which serve the enterprise.

Program Highlights

Director's Office Major Budget Highlights
<ul style="list-style-type: none"> • The Director's Office 2023 biennium appropriations are approximately \$17.5 million higher than the 2021 biennium • The increases in general fund are primarily due to HB 553, which was passed and approved by the 2019 Legislature, and includes: <ul style="list-style-type: none"> ◦ Increases in general fund of \$8.6 million in FY 2022 and \$8.9 million in FY 2023 for major repairs projects ◦ Increases in general fund of \$5.8 million in FY 2022 and \$8.2 million in FY 2023 for capital development. This transfer was subsequently eliminated for the 2023 biennium • The Director's Office has the management services internal service fund and the continuity and emergency management internal service fund that are approved as rates in HB 2. The legislature approved rate increases for the management services internal services fund and rate decreases for the continuity and emergency management internal service fund

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	4.50	4.50	4.50	4.50
Personal Services	364,242	456,161	485,000	394,714	402,976
Operating Expenses	78,082	142,296	73,555	183,373	108,788
Local Assistance	1,265	9,896	14,296	14,296	14,296
Transfers	0	0	0	8,589,879	8,941,581
Total Expenditures	\$443,589	\$608,353	\$572,851	\$9,182,262	\$9,467,641
General Fund	442,324	600,046	560,144	9,169,555	9,454,934
Federal Spec. Rev. Funds	1,265	8,307	12,707	12,707	12,707
Total Funds	\$443,589	\$608,353	\$572,851	\$9,182,262	\$9,467,641
Total Ongoing	\$443,589	\$608,353	\$572,851	\$14,956,282	\$17,675,692
Total OTO	\$0	\$0	\$0	(\$5,774,020)	(\$8,208,051)

Funding

The following table shows adopted program funding by source of authority.

Department of Administration, 01-Director's Office Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	18,624,489	0	197,340,894	215,965,383	89.11 %	
02858 Mineral Impact	0	0	12,972,000	12,972,000	100.00 %	
02936 2020C Bond Proceeds AcctHB652	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$12,972,000	\$12,972,000	5.35 %	
03095 Taylor Grazing Act Dist.	0	0	250,000	250,000	3.14 %	
03369 Flood Control Payments	25,414	0	0	25,414	0.32 %	
03425 Forest Reserve Shared Revenue	0	0	7,677,720	7,677,720	96.54 %	
03675 Coronavirus Relief Fund DOA	0	0	0	0	0.00 %	
Federal Special Total	\$25,414	\$0	\$7,927,720	\$7,953,134	3.28 %	
06534 Management Services	0	4,164,756	0	4,164,756	76.18 %	
06535 Continuity Emergency Mgmt	0	1,302,165	0	1,302,165	23.82 %	
Proprietary Total	\$0	\$5,466,921	\$0	\$5,466,921	2.26 %	
Total All Funds	\$18,649,903	\$5,466,921	\$218,240,614	\$242,357,438		

HB 2 Appropriations

The general fund appropriations provide the majority of the funding in HB 2. This is primarily comprised of the transfer to the major repairs project account. General fund also supports the Burial Preservation Board and the Office of Labor Relations.

Federal special revenue provides the remaining funding in HB 2 and supports the allocation of federal flood control payments. These funds are received by the department from the U.S. Army Corp. of Engineers. Funds are directed to specific counties for reimbursement for 75.0% of receipts from the leasing of lands acquired for flood control, navigation, and allied purposes pursuant to 33 U.S.C .701c-3.

Non-Budgeted Proprietary Appropriations

A portion of the Director's Office functions are supported by non-budgeted proprietary funds. These funds are discussed in the Proprietary Rates section of the narrative.

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 Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	560,144	560,144	1,120,288	6.02 %	572,851	572,851	1,145,702	6.14 %
SWPL Adjustments	78,128	4,594	82,722	0.44 %	78,128	4,594	82,722	0.44 %
PL Adjustments	14,355,390	17,148,546	31,503,936	169.15 %	14,355,390	17,148,546	31,503,936	168.92 %
New Proposals	(5,824,107)	(8,258,350)	(14,082,457)	(75.61)%	(5,824,107)	(8,258,350)	(14,082,457)	(75.51)%
Total Budget	\$9,169,555	\$9,454,934	\$18,624,489		\$9,182,262	\$9,467,641	\$18,649,903	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
DP 1 - Personal Services	0.00	(32,968)	0	0	(32,968)	0.00	(31,725)	0	0	(31,725)
DP 2 - Fixed Costs	0.00	111,096	0	0	111,096	0.00	36,319	0	0	36,319
DP 3 - Inflation Deflation	0.00	0	0	0	0	0.00	0	0	0	0
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	701	0	0	701	0.00	696	0	0	696
DP 5 - ServiceNow	0.00	(976)	0	0	(976)	0.00	(976)	0	0	(976)
DP 50 - SWPLA Fixed Cost Reductions	0.00	(1,003)	0	0	(1,003)	0.00	(806)	0	0	(806)
DP 103 - General Fund Transfer to Capital Development Authority	0.00	5,766,789	0	0	5,766,789	0.00	8,208,051	0	0	8,208,051
DP 104 - Establish Minimum Funding for Major Repair Projects	0.00	8,589,879	0	0	8,589,879	0.00	8,941,581	0	0	8,941,581
Grand Total All Present Law Adjustments	0.00	\$14,433,518	\$0	\$0	\$14,433,518	0.00	\$17,153,140	\$0	\$0	\$17,153,140

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature adopted an increase in general fund to provide the funding to pay the Department of Administration's indirect costs. These costs are charged to the department's programs for services provided, which include accounting, human resources, and legal support.

DP 5 - ServiceNow -

The legislature adopted a decrease in general fund because of the purchase of ServiceNow licenses and programs for the 2023 biennium. The Director's Office is anticipating operating efficiencies and other savings by using ServiceNow.

DP 50 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warehouses, storage rooms, and information technology.

DP 103 - General Fund Transfer to Capital Development Authority -

The legislature adopted an increase in general fund for a transfer to the capital developments long-range building program account as required by 17-7-208, MCA.

DP 104 - Establish Minimum Funding for Major Repair Projects -

The legislature adopted an increase in general fund for a transfer to the major repair long-range building program account as required by 17-7-222, MCA.

New Proposals

The New Proposals table shows new changes to spending

New Proposals	Fiscal 2022					Fiscal 2023				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51 - Additional 1.0% Vacancy Savings	0.00	(50,087)	0	0	(50,087)	0.00	(50,299)	0	0	(50,299)
DP 111 - Adjust Transfer for Capital Development Account (OTO)	0.00	(5,766,789)	0	0	(5,766,789)	0.00	(8,208,051)	0	0	(8,208,051)
DP 5555 - Reduce GF Budget for State Share Holiday	0.00	(7,231)	0	0	(7,231)	0.00	0	0	0	0
Total	0.00	(\$5,824,107)	\$0	\$0	(\$5,824,107)	0.00	(\$8,258,350)	\$0	\$0	(\$8,258,350)

***Total Funds** amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51 - Additional 1.0% Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings, which reduces general fund appropriations for personal services.

DP 111 - Adjust Transfer for Capital Development Account (OTO) -

The legislature adopted a one-time-only decrease in general fund transfers to the capital developments long-range building program account included in the present law decision package 103.

DP 5555 - Reduce GF Budget for State Share Holiday -

The legislature adopted a reduction in general fund appropriations for a two-month state share holiday for employer contributions into the state health insurance fund. This change removes the general fund portion of the savings generate by the contribution holiday. Savings from other funding sources remain in the agency to be able to address ongoing functions of the agency.

Other Issues

Proprietary Rates

There are two proprietary funds in the Director’s Office, which include:

- Management Services Fund – the Director’s Office provides management services to other divisions within the agency
- Continuity and Emergency Management – the Director’s Office prepares to manage and coordinate state government in the event of a major catastrophic disruption

These programs are funded with internal service type proprietary funds. As such, the legislature approves the maximum rates that the programs can charge during the biennium.

Management Services Fund – 06534*Proprietary Program Description*

The Director's Office provides the following functions with the management services fund:

- Office of Human Resources
 - Processes payroll
 - Assists with recruitment, selection, and orientation of new employees
 - Classifies positions
 - Develops policies for the department
- Office of Legal Services
 - Advises on legal matters
- Office of Finance and Budget
 - Prepares and presents the biennial budget
 - Processes budget change documents
 - Monitors budgets for compliance with state law and legislative intent
 - Provides accounting assistance

The management services fund supports 21.51 FTE.

Proprietary Program Narrative

The following 2023 Biennium Report on Internal Service and Enterprise Funds shows the actual and projected expenditures and related revenues associated with the management services fund.

2023 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
06534	Management Services	61010	Director's Office

	Actual FY 20	Budgeted FY 21	Budgeted FY 22	Budgeted FY 23
Operating Revenues				
Fees and Charges				
Fee Revenue A	1,964,050	1,964,050	2,121,657	2,147,244
Fee Revenue B	805	12	12	12
Total Operating Revenues	<u>1,964,855</u>	<u>1,964,062</u>	<u>2,121,669</u>	<u>2,147,256</u>
Expenses				
Personal Services	1,836,368	1,832,558	1,786,105	1,820,639
Other Operating Expense	272,061	258,729	279,256	276,138
Total Operating Expense	<u>2,108,429</u>	<u>2,091,287</u>	<u>2,065,361</u>	<u>2,096,777</u>
Operating Income (Loss)	<u>(143,574)</u>	<u>(127,225)</u>	<u>56,308</u>	<u>50,479</u>
Nonoperating Revenues				
Other Revenue A				
Nonoperating Expenses				
Total Nonoperating Revenues (Expenses)	-	-	-	-
Income (Loss) Before Contributions and Transfers	<u>(143,574)</u>	<u>(127,225)</u>	<u>56,308</u>	<u>50,479</u>
Capital Contributions				
Transfers In				
Transfers Out				
Debt Service	(48)	(1,309)	(1,309)	(1,309)
Change in Net Position	<u>(143,622)</u>	<u>(128,534)</u>	<u>54,999</u>	<u>49,170</u>
Beginning Net Position - July 1	276,323	132,702	4,168	59,167
Prior Period Adjustments				
Change in Net Position	(143,622)	(128,534)	54,999	49,170
Ending Net Position - June 30	<u>132,702</u>	<u>4,168</u>	<u>59,167</u>	<u>108,337</u>

Expenses

The decrease in expenses in the management services fund is approximately \$160,000 in FY 2022 and approximately

\$129,000 in FY 2023 when compared to the FY 2021 base budget.

The statewide present law adjustment for personal services increases appropriations by approximately \$18,000 in FY 2022 and \$26,000 in FY 2023 in the management services fund. This increase is more than offset by a decrease in personal services of \$159,000 in FY 2022 and \$159,000 in FY 2023. This decrease is proposed to more closely align personal services expenditures with agency projections.

Revenues

All divisions of the agency and some administratively attached boards and agencies use the services provided by the Director's Office. Administratively attached agencies or boards are not charged a fee if they do not use some of the services because they have staff to perform these functions.

The revenues for this program are allocated in three ways:

- A percentage of base year expenses by the division
- The number of FTE within a program
- The Office of Legal Services costs are allocated to divisions based on a time use study

Proprietary Rates

The figure below shows the rates adopted by the legislature for the 2023 biennium.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 2020	Estimated FY 2021	Budgeted FY 2022	Budgeted FY 2023
Fee Description:				
Total Allocation of Costs	\$1,408,903	\$1,408,903	\$1,498,454	\$1,498,454
FTE Component	\$947	\$947	\$1,047	\$1,090

This program is funded with an internal service type proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Continuity and Emergency Management – 06535

Proprietary Program Description

The Department of Administration is responsible for providing centralized management and coordination of the continuity, emergency preparedness, and security program for state agencies to ensure the ability to protect and recover state essential functions of government at the time of an event. The emergency preparedness activities are no longer focused only on the Helena area but have been expanded to cover state government facilities and employees across the state.

There are currently 5.00 FTE in the State Continuity and Emergency Management Office (SCEMO).

Proprietary Program Narrative

The following 2023 Biennium Report on Internal Service and Enterprise Funds shows the actual and projected expenditures and related revenues associated with the continuity and emergency management fund.

2023 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
06535	SCEMO	61010	Continuity and Emergency Mgmt.

	Actual FY 20	Budgeted FY 21	Budgeted FY 22	Budgeted FY 23
Operating Revenues				
Fees and Charges				
Fee Revenue A	758,029	757,972	670,770	670,713
Other Operating Revenues	1,877		-	-
Total Operating Revenues	<u>759,906</u>	<u>757,972</u>	<u>670,770</u>	<u>670,713</u>
Expenses				
Personal Services	568,974	571,510	441,191	445,223
Other Operating Expense	183,899	203,845	207,281	206,356
Debt Service	38	1,057	1,057	1,057
Total Operating Expense	<u>752,911</u>	<u>776,412</u>	<u>649,529</u>	<u>652,636</u>
Operating Income (Loss)	<u>6,995</u>	<u>(18,440)</u>	<u>21,241</u>	<u>18,077</u>
Nonoperating Revenues				
Nonoperating Expenses				
Total Nonoperating Revenues (Expenses)	-	-	-	-
Income (Loss) Before Contributions and Transfers	<u>6,995</u>	<u>(18,440)</u>	<u>21,241</u>	<u>18,077</u>
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments				
Change in Net Position	<u>6,995</u>	<u>(18,440)</u>	<u>21,241</u>	<u>18,077</u>
Beginning Net Position - July 1	20,327	27,322	8,882	30,123
Prior Period Adjustments				
Change in Net Position	<u>6,995</u>	<u>(18,440)</u>	<u>21,241</u>	<u>18,077</u>
Ending Net Position - June 30	<u>27,322</u>	<u>8,882</u>	<u>30,123</u>	<u>48,200</u>

Expenses

The decrease in expenses in the SCEMO is approximately \$126,000 in FY 2022 and approximately \$123,000 in FY 2023. The decrease is due to the present law adjustment for personal services, ServiceNow, and the rate adopted by the legislature.

The rate reduction is primarily contributing to the reduction in expenses in the office. Additionally, the statewide present law adjustment for personal services is contributing to the decrease in expenditures. The State Continuity and Emergency Management Office had 1.00 FTE retire. This position was reclassified, and a new staff member was hired at a lower pay rate.

Revenues

The SCEMO bills the State Information Technology Services Division and the General Services Division quarterly for their services. Fees are collected by both divisions through their respective enterprise rates charged to all agencies.

Proprietary Rates

The figure below shows the rates adopted by the legislature for the 2023 biennium.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 2020	Estimated FY 2021	Budgeted FY 2022	Budgeted FY 2023
Fee Description:				
Total Allocation of Costs	\$ 758,029	\$ 757,972	\$ 670,770	\$ 670,713

This program is funded with an internal service type proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Program Budget Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	4,747,509	4,901,814	154,305	3.25 %
Operating Expenses	1,521,865	1,576,739	54,874	3.61 %
Debt Service	5,327	5,812	485	9.10 %
Total Expenditures	\$6,274,701	\$6,484,365	\$209,664	3.34 %
General Fund	5,786,053	6,052,727	266,674	4.61 %
State/Other Special Rev. Funds	370,648	315,803	(54,845)	(14.80)%
Federal Spec. Rev. Funds	7,254	11,656	4,402	60.68 %
Proprietary Funds	110,746	104,179	(6,567)	(5.93)%
Total Funds	\$6,274,701	\$6,484,365	\$209,664	3.34 %
Total Ongoing	\$6,274,701	\$6,537,356	\$262,655	4.19 %
Total OTO	\$0	(\$52,991)	(\$52,991)	100.00 %

Program Description

The State Financial Services Division performs many centralized functions and administers state and federal programs to state agencies, local government entities, and Montana citizens and businesses. The division consists of four bureaus – Statewide Accounting, State Procurement, Financial Services Technology, and Local Government Services, which includes the Social Security Administrator.

The Division Strategies and Solutions Team (DSST) provides resources at the division level and focuses on operational business strategies and technology solutions to support division-wide initiatives.

The Statewide Accounting Bureau (SAB) prepares and publishes the state’s annual comprehensive financial report (CAFR) and maintains a statewide accounting structure with related policies and procedures to allow all branches of government to meet their individual reporting needs. The Daily Operations Unit includes both the Treasury and Warrant Writer services. The Treasury responsibilities include central banking functions and maintaining accountability of all money and securities belonging to or held in trust by the state. The Warrant Writer services include management of the state payment processes and state vendor file, and issuance of 1099 miscellaneous and 1042 forms. The bureau also serves as the process owner of the Statewide Accounting Budgeting & Human Resources System (SABHRS) financial modules and assists state agencies in operating the state’s accounting system. The Department of Administration and the Board of Investments (BOI) work jointly to manage the State of Montana’s cash. The Treasury within DOA reconciles the state’s banking activity and movement of cash, manages bank contracts, and provides support to BOI and other agencies.

The State Procurement Bureau (SPB) provides professional procurement services to all state agencies for the acquisition of supplies and services. SPB advocates for compliance with all state statutes and procurement requirements, establishes statewide contracts for commonly used goods and services, manages the state’s fuel and procurement card programs, and offers procurement and contract management training to state agencies. In addition, SPB promotes compliance with the Montana Procurement Act (MCA Title 18-4) and is the business process owner of the Montana Acquisition and Contracting System (eMACS).

The Financial Services Technology Bureau (FSTB) provides system analysis, support, configuration, development, and maintenance of the state’s enterprise accounting and budgeting systems. The bureau also manages system architecture and provides database administration for the entire SABHRS application. FSTB partners with the Statewide Accounting Bureau, Governor’s Office of Budget and Program Planning, Legislative Fiscal Division, and the State Human Resources Division to gather business requirements and develop application strategies. In addition, FSTB supports eMACS.

Local Government Services Bureau (LGSB) works with local governments (counties, cities and towns, school districts, and special districts) to support uniform financial accountability and to assist the local governments in complying with their statutory, financial, and budgetary reporting requirements, including provisions of the Montana Single Audit Act. LGSB receives and makes the local government financial, budget, and audit reports available to the public.

The State Social Security Administrator is a part of the Local Government Services Bureau. The State Social Security Administrator is responsible for administering Section 218 of the Social Security Act by providing education and outreach and ensuring proper application of Social Security coverage to all state and local government employees.

Program Highlights

State Financial Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The State Financial Services Division’s 2023 biennium appropriations are approximately \$210,000 or 3.3% higher than the 2021 biennium • The increase in general fund is primarily due to the statewide present law adjustment for personal services and a present law adjustment for indirect costs paid to the Director’s Office • The legislature approved a fund switch from general fund to a budgeted proprietary fund to fund a position in the program entirely with proprietary funding • The majority of the funding in the division is from non-budgeted proprietary funds. The legislature approves the rates for the SABHRS and warrant writing internal service funds in HB 2 and reviews the local government services enterprise fund. There were no changes to the rates for the 2023 biennium

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	28.92	28.92	28.92	28.92
Personal Services	2,440,912	2,359,146	2,388,363	2,416,544	2,485,270
Operating Expenses	480,460	760,789	761,076	787,825	788,914
Debt Service	2,179	2,421	2,906	2,906	2,906
Total Expenditures	\$2,923,551	\$3,122,356	\$3,152,345	\$3,207,275	\$3,277,090
General Fund	2,688,683	2,877,133	2,908,920	2,993,348	3,059,379
State/Other Special Rev. Funds	173,666	184,023	186,625	156,019	159,784
Federal Spec. Rev. Funds	5,828	5,827	1,427	5,828	5,828
Proprietary Funds	55,374	55,373	55,373	52,080	52,099
Total Funds	\$2,923,551	\$3,122,356	\$3,152,345	\$3,207,275	\$3,277,090
Total Ongoing	\$2,923,551	\$3,122,356	\$3,152,345	\$3,260,266	\$3,277,090
Total OTO	\$0	\$0	\$0	(\$52,991)	\$0

Funding

The following table shows adopted program funding by source of authority.

Department of Administration, 03-State Financial Services Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	6,052,727	0	5,272,140	11,324,867	47.02 %
02211 Procurement Special Revenue	315,803	0	0	315,803	100.00 %
State Special Total	\$315,803	\$0	\$0	\$315,803	1.31 %
03320 CMIA Funds	11,656	0	0	11,656	100.00 %
03675 Coronavirus Relief Fund DOA	0	0	0	0	0.00 %
Federal Special Total	\$11,656	\$0	\$0	\$11,656	0.05 %
06042 Local Govt Svcs AuditRportng	0	1,643,857	0	1,643,857	13.22 %
06511 SABHRS	0	9,160,758	0	9,160,758	73.67 %
06527 Investment Division	104,179	0	0	104,179	0.84 %
06564 Warrant Writing	0	1,525,807	0	1,525,807	12.27 %
Proprietary Total	\$104,179	\$12,330,422	\$0	\$12,434,601	51.62 %
Total All Funds	\$6,484,365	\$12,330,422	\$5,272,140	\$24,086,927	

HB 2 Appropriations

General fund is the primary funding source for the functions approved in HB 2. General fund supports the development of statewide accounting standards, treasury functions, procurement functions, accounting assistance for local governments, and the State Social Security Administrator functions.

The procurement state special revenue fund receives revenue from all rebates credited to the department from using state procurement cards and term contracts. The revenue must be used to administer the state’s procurement card programs, administer term contracts established by the department, and reimburse applicable funds to the federal government. The unreserved, unexpended balance of the funds collected must be deposited in the general fund by the end of the fiscal year.

Federal special revenues provide for cash management services related to the federal Cash Management Improvement Act. These funds are deposited into the general fund.

Proprietary funding in HB 2 is a direct appropriation from the Board of Investments proprietary fund for services the Treasury Unit provides to the BOI.

Non-Budgeted Proprietary Funds

Approximately half of the SFSD functions are supported with non-budgeted proprietary funds. These funds are discussed in the Proprietary Rates section of the narrative.

Statutory Appropriations

The state treasurer may contract with a financial institution to provide general depository banking services. The cost of contracting for banking services is statutorily appropriated from the general fund (17-6-101, MCA). In addition, the state treasurer has statutory authority to return any federal funds and the interest earned on the funds that may not be retained by the state according to federal law or the terms of the federal grant (17-3-106, MCA).

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 Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	2,908,920	2,908,920	5,817,840	96.12 %	3,152,345	3,152,345	6,304,690	97.23 %
SWPL Adjustments	138,082	150,057	288,139	4.76 %	156,984	170,002	326,986	5.04 %
PL Adjustments	(663)	402	(261)	(0.00)%	20,603	21,793	42,396	0.65 %
New Proposals	(52,991)	0	(52,991)	(0.88)%	(122,657)	(67,050)	(189,707)	(2.93)%
Total Budget	\$2,993,348	\$3,059,379	\$6,052,727		\$3,207,275	\$3,277,090	\$6,484,365	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2022-----				-----Fiscal 2023-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	133,546	4,182	0	146,437	0.00	145,366	5,434	0	159,556
DP 2 - Fixed Costs	0.00	4,632	6,017	0	10,649	0.00	4,751	5,759	0	10,510
DP 3 - Inflation Deflation	0.00	(96)	(6)	0	(102)	0.00	(60)	(4)	0	(64)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	24,179	738	0	24,917	0.00	24,148	738	0	24,886
DP 5 - ServiceNow	0.00	(6,272)	(390)	0	(6,662)	0.00	(6,272)	(390)	0	(6,662)
DP 50 - SWPLA Fixed Cost Reductions	0.00	(1,891)	(162)	0	(2,053)	0.00	(745)	(87)	0	(832)
DP 301 - Treasury Position Funding Adjustment	0.00	(16,679)	0	0	0	0.00	(16,729)	0	0	0
DP 303 - Increase CMIA authority	0.00	0	0	4,401	4,401	0.00	0	0	4,401	4,401
Grand Total All Present Law Adjustments	0.00	\$137,419	\$10,379	\$4,401	\$177,587	0.00	\$150,459	\$11,450	\$4,401	\$191,795

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature adopted an increase in general fund and state special revenue to provide the funding to pay the Department of Administration's indirect costs. These costs are charged to the department's programs for services provided, which include accounting, human resources, and legal support.

DP 5 - ServiceNow -

The legislature adopted a decrease in general fund and state special revenue because of the purchase of ServiceNow licenses and programs for the 2023 biennium. The State Financial Services Division is anticipating operating efficiencies and other savings by using ServiceNow.

DP 50 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warehouses, storage rooms, and information technology.

DP 301 - Treasury Position Funding Adjustment -

The legislature adopted a decrease in general fund and an increase in budgeted proprietary funds for a position in the division. This change will ensure that this position is fully funded in the proprietary fund.

DP 303 - Increase CMIA authority -

The legislature adopted an increase in federal special revenue for expenditures related to the federal Cash Management Improvement Act (CMIA) agreement. The federal government reimburses the costs for staff time spent reviewing the CMIA agreement.

New Proposals

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51 - Additional 1.0% Vacancy Savings	0.00	0	(40,985)	0	(69,666)	0.00	0	(38,291)	0	(67,050)
DP 5555 - Reduce GF Budget for State Share Holiday	0.00	(52,991)	0	0	(52,991)	0.00	0	0	0	0
Total	0.00	(\$52,991)	(\$40,985)	\$0	(\$122,657)	0.00	\$0	(\$38,291)	\$0	(\$67,050)

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51 - Additional 1.0% Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings, which reduces state special revenue and proprietary fund appropriations for personal services.

DP 5555 - Reduce GF Budget for State Share Holiday -

The legislature adopted a reduction in general fund appropriations for a two-month state share holiday for employer contributions into the state health insurance fund. This change removes the general fund portion of the savings generate by the contribution holiday. Savings from other funding sources remain in the agency to be able to address ongoing functions of the agency.

Other Issues

Proprietary Rates

The State Financial Services Division provides the following functions with proprietary funds:

- Statewide Accounting, Budgeting, and Human Resources System (SABHRS)
- Warrant writer
- Local government audit and reporting

SABHRS - 06511

Proprietary Program Description

The Financial Services Technology Bureau is responsible for the operational support and maintenance of the enterprise financial (SABHRS Financials) and budget development (IBARS) information systems and for supporting the enterprise acquisition and contracting system (eMACS). FSTB is also responsible for providing database administration services, system architecture, and maintenance for the SABHRS HR information system for the HR Information Systems Bureau.

FSTB has a total of 21.00 FTE supporting these applications, including upgrades, enhancements, testing, user training, database maintenance, and system architecture.

Proprietary Program Narrative

The following 2023 Biennium Report on Internal Service and Enterprise Funds shows the actual and projected expenditures and related revenues associated with the SABHRS fund.

2023 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
06511	SABHRS	61010	State Financial Services Division

	Actual FY20	Budgeted FY21	Budgeted FY22	Budgeted FY23
Operating Revenues				
Fees and Charges				
SABHRS Services	4,168,577	3,971,661	4,168,577	3,971,661
Other Operating Revenues	204,980	203,120	203,120	203,120
Other Revenue	6,900			
Total Operating Revenues	<u>4,380,457</u>	<u>4,174,781</u>	<u>4,371,697</u>	<u>4,174,781</u>
Expenses				
Personal Services	1,929,163	2,064,035	1,975,664	1,923,135
Other Operating Expense	2,309,852	2,713,434	2,554,699	2,704,928
	<u>4,239,015</u>	<u>4,777,469</u>	<u>4,530,363</u>	<u>4,628,063</u>
Operating Income (Loss)	<u>141,442</u>	<u>(602,688)</u>	<u>(158,666)</u>	<u>(453,282)</u>
Nonoperating Revenues				
Nonoperating Expenses				
Total Nonoperating Revenues (Expenses)	-	-	-	-
Income (Loss) Before Contributions and Transfers	<u>141,442</u>	<u>(602,688)</u>	<u>(158,666)</u>	<u>(453,282)</u>
Capital Contributions				
Transfers In				
Transfers Out				
Debt Service	(42)	(1,166)	(1,166)	(1,166)
Change in Net Position	<u>141,400</u>	<u>(603,854)</u>	<u>(159,832)</u>	<u>(454,448)</u>
Beginning Net Position - July 1	1,168,697	1,310,097	706,243	546,411
Prior Period Adjustments				
Change in Net Position	<u>141,400</u>	<u>(603,854)</u>	<u>(159,832)</u>	<u>(454,448)</u>
Ending Net Position - June 30	<u>1,310,097</u>	<u>706,243</u>	<u>546,411</u>	<u>91,963</u>

Expenses

The expenses in the SABHRS fund decreased by approximately \$385,000 in FY 2022 and approximately \$287,000 in FY 2023 when compared to the FY 2021 base budget. The decrease is primarily due to an adjustment to more closely align

personal service and operating expenditures with projections.

Revenues

All state agencies are required to use the SABHRS program to ensure consistent, accurate, and transparent financial and budgeting information. Revenues are based on the costs to operate.

Proprietary Rates

The figure below shows the rates adopted by the legislature for the 2023 biennium. The rates charged in the base year are shown for comparison purposes. There is not an increase in the rate for SABHRS when comparing to the 2021 biennium.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information			
Actual FY 2020	Budgeted FY 2021	Budgeted FY 2022	Budgeted FY 2023
SABHRS Services	\$4,168,579	\$3,974,661	\$4,168,579 \$3,974,661

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

Warrant Writer - 06564

Proprietary Program Description

The Warrant Writer Unit (WWU) provides payment processing services for most state agencies, including the university system. The WWU generates, tracks, and reconciles each approved agency payment generated in SABHRS. Warrant printing is provided to the WWU by Print and Mail Services within the General Services Division.

The services the WWU offers include direct deposit, warrant consolidation, stopping of payments, warrant cancellations, emergency warrants, duplicate warrants, warrant certification, warrant reissues, warrant research, supplier file maintenance, stale-dated payment processing, and IRS 1099-MISC and 1042 tax reporting.

The program funds 4.33 FTE and is authorized through 17-8-305, MCA.

Proprietary Program Narrative

The following 2023 Biennium Report on Internal Service and Enterprise Funds shows the actual and projected expenditures and related revenues associated with the warrant writing proprietary fund.

2023 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Program Name			
06564	Warrant Writing	61010	State Financial Services Division			
			Actual FY 20	Budgeted FY 21	Budgeted FY 22	Budgeted FY 23
Operating Revenues						
Fees and Charges						
	Warrant Writing Revenue		749,372	732,912	728,632	730,491
Total Operating Revenues			749,372	732,912	728,632	730,491
Expenses						
	Personal Services		245,174	263,731	271,322	273,009
	Other Operating Expense		526,205	489,656	483,772	483,186
	Debt Service		24	655	655	655
Total Operating Expense			771,403	754,042	755,749	756,850
Operating Income (Loss)			(22,031)	(21,130)	(27,117)	(26,359)
Total Nonoperating Revenues (Expenses)			-	-	-	-
Income (Loss) Before Contributions and Transfers			(22,031)	(21,130)	(27,117)	(26,359)
	Capital Contributions					
	Transfers In					
	Transfers Out					
Change in Net Position			(22,031)	(21,130)	(27,117)	(26,359)
Beginning Net Position - July 1			200,750	178,719	157,589	130,472
	Prior Period Adjustments			-		-
	Change in Net Position		(22,031)	(21,130)	(27,117)	(26,359)
Ending Net Position - June 30			178,719	157,589	130,472	104,113

Expenses

The increase in expenses in the warrant writing fund is approximately \$9,000 in FY 2022 and \$10,000 in FY 2023 when compared to the FY 2021 base budget.

The increases are primarily due to the statewide present law adjustment for personal services. These present law adjustments include increases related to the reclassification of positions. There was a full classification review conducted in the WWU which resulted in classification changes to more accurately reflect duties performed. There was also a market adjustment for one position in the unit.

Revenues

Revenues are derived from monthly billing based on the number of actual warrants issued. Budget authority to pay the costs is a fixed cost item in state agency budgets.

Proprietary Rates

The figure below shows the rates adopted by the legislature for the 2023 biennium. The rates charged in the base year are shown for comparison purposes. The rates did not increase for the warrant writing proprietary fund when comparing to the 2021 biennium.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 2020	Budgeted FY 2021	Budgeted FY 2022	Budgeted FY 2023
Mailer	\$0.83386	\$0.83386	\$0.83386	\$0.83386
Non-Mailer	\$0.36059	\$0.36059	\$0.36059	\$0.36059
Emergency	\$13.52212	\$13.52212	\$13.52212	\$13.52212
Duplicate	\$9.01475	\$9.01475	\$9.01475	\$9.01475
Payroll - Printed Warrants	\$0.15206	\$0.15206	\$0.15206	\$0.15206
External - University System	\$0.12170	\$0.12170	\$0.12170	\$0.12170
Direct Deposit Mailer	\$0.99162	\$0.99162	\$0.99162	\$0.99162
Direct Deposit Non-mailer	\$0.13522	\$0.13522	\$0.13522	\$0.13522
UI - Warrant Printing Only	\$0.11847	\$0.11847	\$0.11847	\$0.11847
UI - Direct Deposit	\$0.02982	\$0.02982	\$0.02982	\$0.02982

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

Local Government Audit and Reporting – 06042

Proprietary Program Description

The Local Government Audit and Reporting Program is responsible for administering the provisions of the Montana Single Audit Act, which specifies the financial reporting and audit requirements for all Montana local government entities.

The work of the program is mandated primarily in Title 2, Chapter 7, Part 5, and funds 6.00 FTE. The program performs the following services:

- Receives and reviews local government annual financial reports, budgets, audits and posts them to the transparency website for public viewing

- Provides technical assistance on accounting, reporting, auditing, and legal compliance matters to local governments and certified public accountants conducting local government audits
- Maintains the roster of independent auditors authorized to conduct local government audits
- Maintains the legal compliance supplement for use by independent auditors in conducting local government audits
- Verifies that all local governments that are required to have audits do so
- Receives and reviews local government audit reports to determine whether the audits have been conducted in accordance with required standards
- Receives and reviews each local government's response to the audit report findings; follows up on corrective plans as necessary

Proprietary Program Narrative

The following 2023 Biennium Report on Internal Service and Enterprise Funds shows the actual and projected expenditures and related revenues associated with the local government audit and reporting proprietary fund.

2021 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
06042	Single Audit Review - HB328	61010	State Financial Services Division

	Actual FY 20	Budgeted FY 21	Budgeted FY 22	Budgeted FY 23
Operating Revenues				
Fees and Charges				
Revenue from Audit Review Roster Fee				
Revenue from Annual Report Filing Fee	654,462	635,000	635,000	635,000
Other Operating Revenues				
Revenue from Delinquent Report Submissions	50,524	80,000	80,000	80,000
Miscellaneous Revenue	25,574			
Total Operating Revenues	<u>730,560</u>	<u>715,000</u>	<u>715,000</u>	<u>715,000</u>
Expenses				
Personal Services	524,083	500,040	530,585	531,301
Other Operating Expense	273,303	286,193	291,004	290,205
Debt Service	14	381	381	381
Total Operating Expense	<u>797,400</u>	<u>786,614</u>	<u>821,970</u>	<u>821,887</u>
Operating Income (Loss)	<u>(66,840)</u>	<u>(71,614)</u>	<u>(106,970)</u>	<u>(106,887)</u>
Nonoperating Revenues				
Nonoperating Expenses				
Total Nonoperating Revenues (Expenses)	-	-		
Income (Loss) Before Contributions and Transfers	<u>(66,840)</u>	<u>(71,614)</u>	<u>(106,970)</u>	<u>(106,887)</u>
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments				
Change in Net Position	<u>(66,840)</u>	<u>(71,614)</u>	<u>(106,970)</u>	<u>(106,887)</u>
Beginning Net Position - July 1	380,416	313,576	241,962	134,992
Prior Period Adjustments				
Change in Net Position	(66,840)	(71,614)	(106,970)	(106,887)
Ending Net Position - June 30	<u>313,576</u>	<u>241,962</u>	<u>134,992</u>	<u>28,105</u>

Expenses

The increase in expenses in the Local Government Audit and Reporting Program is approximately \$36,000 in FY 2022 and \$36,000 in FY 2023. The increases are primarily due to the statewide present law adjustment for personal services. These present law adjustments include increases related to the reclassification of positions. There was a full classification review conducted in the Local Government Audit and Reporting Program which resulted in classification changes to more accurately reflect duties performed. There was also a supervisory adjustment for one position in the program.

Revenues

The program is funded with enterprise funds, as it serves entities outside of state government. The fund receives revenues from the following:

- A report filing fee as required by 2-7-514, MCA, and defined in ARM 2.4.402. All local government entities that are required to submit audits pay the filing fee
- As provided by 2-7-503, MCA, a fee is collected from local governments that are required to submit financial reviews. The fee has been adopted in ARM 2.4.410. The current fee in the rule is \$75
- A roster fee is collected from certified public accountants for inclusion on a roster of independent auditors who are authorized to audit local government entities in Montana. The annual auditor roster fee has been adopted in ARM 2.4.406. The current fee in the rule is \$100 per year
- As provided by 2-7-517, MCA, when a local government entity fails to file a report as required by 2-7-503, MCA, or to make the payment within 60 days as required by 2-7-514, MCA, the department may charge a late payment penalty. The penalty has been adopted in ARM 2.4.404 and is currently 10.0% of the filing fee per month
- A fine for failure to file audits or reports required by 2-7-503, MCA, is also provided by 2-7-517, MCA. When a local government entity fails to file an audit or report within 180 days of the required date, the department must notify the entity of the fine due and provide public notice of the delinquent report. The fine has been adopted in ARM 2.4.403. The current fine in the rule is \$75 per publication

Proprietary Rates

The figure below shows the rates reviewed by the legislature for the 2023 biennium. The rates charged in the base year are shown for comparison purposes. The rates charged by the Local Government Audit and Reporting Program did not increase when compared to the 2021 biennium.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
Fee Description:	Actual FY 2020	Budgeted FY 2021	Budgeted FY 2022	Budgeted FY 2023
Annual revenues equal to or greater than \$750,000 but less than \$1,000,000	\$550	\$550	\$550	\$550
Annual revenues equal to or greater than \$1,000,000 but less than \$1,500,000	\$800	\$800	\$800	\$800
Annual revenues equal to or greater than \$1,500,000 but less than \$2,500,000	\$950	\$950	\$950	\$950
Annual revenues equal to or greater than \$2,500,000 but less than \$5,000,000	\$1,300	\$1,300	\$1,300	\$1,300
Annual revenues equal to or greater than \$5,000,000 but less than \$10,000,000	\$1,700	\$1,700	\$1,700	\$1,700
Annual revenues equal to or greater than \$10,000,000 but less than \$50,000,000	\$2,500	\$2,500	\$2,500	\$2,500
Annual revenues equal to or greater than \$50,000,000	\$3,000	\$3,000	\$3,000	\$3,000
Local Government Financial Review Fee	\$75	\$75	\$75	\$75
Roster Fee	\$100	\$100	\$100	\$100

The funding for this program is provided through an enterprise fund. As such, the legislature does not approve rates or appropriate funds for this proprietary fund.

Program Budget Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	3,521,042	3,473,384	(47,658)	(1.35)%
Operating Expenses	1,270,503	1,323,144	52,641	4.14 %
Debt Service	3,098	3,540	442	14.27 %
Total Expenditures	\$4,794,643	\$4,800,068	\$5,425	0.11 %
State/Other Special Rev. Funds	4,794,643	4,800,068	5,425	0.11 %
Total Funds	\$4,794,643	\$4,800,068	\$5,425	0.11 %
Total Ongoing	\$4,794,643	\$4,800,068	\$5,425	0.11 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Architecture and Engineering Division manages renovation and construction of state buildings. Its functions include:

- Planning new renovation projects
- Advertising, bidding, and awarding construction contracts
- Administering contracts with architects, engineers, and contractors
- Disbursing building construction payments
- Providing design services for small projects

The division also formulates a long-range building plan for legislative consideration each session. This division operates under the authority found in Titles 17 and 18, MCA, as well as other state mandates.

Program Highlights

Architecture and Engineering Division Major Budget Highlights
<ul style="list-style-type: none"> • The Architecture and Engineering Division’s 2023 biennium appropriations are approximately \$5,000 or 0.1% higher than the 2021 biennium • The decreases in state special revenue funding are primarily due to statewide present law adjustments for personal services and fixed costs • The legislature approved an increase in state special revenue funding for licensing a new software system for facility condition assessments and indirect costs paid to the Director’s Office

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the

2023 biennium adopted budget by year, type of expenditure, and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	17.50	17.50	17.50	17.50
Personal Services	1,644,952	1,749,892	1,771,150	1,733,538	1,739,846
Operating Expenses	645,841	636,316	634,187	658,077	665,067
Debt Service	1,328	1,328	1,770	1,770	1,770
Total Expenditures	\$2,292,121	\$2,387,536	\$2,407,107	\$2,393,385	\$2,406,683
State/Other Special Rev. Funds	2,292,121	2,387,536	2,407,107	2,393,385	2,406,683
Total Funds	\$2,292,121	\$2,387,536	\$2,407,107	\$2,393,385	\$2,406,683
Total Ongoing	\$2,292,121	\$2,387,536	\$2,407,107	\$2,393,385	\$2,406,683
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

The following table shows adopted program funding by source of authority.

Department of Administration, 04-Architecture & Engineering Pgm Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02030 Arch & Engin Construction	4,800,068	0	0	4,800,068	100.00 %	
State Special Total	\$4,800,068	\$0	\$0	\$4,800,068	100.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$4,800,068	\$0	\$0	\$4,800,068		

The Architecture and Engineering Division is funded entirely with state special revenue funds. Funds are transferred from the long-range building major repairs fund to the state special revenue fund, which was established for administrative expenses related to the support of the state Long-Range Building Program.

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 Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	0	0	0	0.00 %	2,407,107	2,407,107	4,814,214	100.29 %
SWPL Adjustments	0	0	0	0.00 %	(97,716)	(93,252)	(190,968)	(3.98)%
PL Adjustments	0	0	0	0.00 %	4,800	5,505	10,305	0.21 %
New Proposals	0	0	0	0.00 %	79,194	87,323	166,517	3.47 %
Total Budget	\$0	\$0	\$0		\$2,393,385	\$2,406,683	\$4,800,068	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	(37,612)	0	(37,612)	0.00	0	(31,304)	0	(31,304)
DP 2 - Fixed Costs	0.00	0	(56,496)	0	(56,496)	0.00	0	(59,685)	0	(59,685)
DP 3 - Inflation Deflation	0.00	0	(3,608)	0	(3,608)	0.00	0	(2,263)	0	(2,263)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	0	11,616	0	11,616	0.00	0	11,595	0	11,595
DP 5 - ServiceNow	0.00	0	(3,795)	0	(3,795)	0.00	0	(3,795)	0	(3,795)
DP 50 - SWPLA Fixed Cost Reductions	0.00	0	(3,021)	0	(3,021)	0.00	0	(2,295)	0	(2,295)
Grand Total All Present Law Adjustments	0.00	\$0	(\$92,916)	\$0	(\$92,916)	0.00	\$0	(\$87,747)	\$0	(\$87,747)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature adopted an increase in state special revenue to provide the funding to pay the Department of Administration's indirect costs. These costs are charged to the department's programs for services provided, which include accounting, human resources, and legal support.

DP 5 - ServiceNow -

The legislature adopted a decrease in state special revenue because of the purchase of ServiceNow licenses and programs for the 2023 biennium. The Architecture and Engineering Division is anticipating operating efficiencies and other savings by using ServiceNow.

DP 50 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warehouses, storage rooms, and information technology.

New Proposals

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 401 - Facility Condition Software	0.00	0	79,194	0	79,194	0.00	0	87,323	0	87,323
Total	0.00	\$0	\$79,194	\$0	\$79,194	0.00	\$0	\$87,323	\$0	\$87,323

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 401 - Facility Condition Software -

The legislature adopted an increase in state special revenue for software licensure and subscription costs. The Architecture and Engineering Division is required by statute (17-7-202, MCA) to provide:

- The location, agency, and usage of all of buildings within the state's building inventory
- A statewide facility condition assessment for all buildings that are eligible for Long-Range Building Program funds. The condition assessments must be provided in an itemized format of the deficiencies in every building, a calculation of the deferred maintenance backlog for each building, and the deficiency ratios for each building

There are currently no platforms available within the enterprise services offering or by other agencies that can provide this functionality. The division has selected the Archibus platform as the most economical and efficient tool readily available to meet the statute's requirements.

Program Budget Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	2,524,275	185,265	(2,339,010)	(92.66)%
Operating Expenses	4,880,102	194,383	(4,685,719)	(96.02)%
Equipment & Intangible Assets	201,000	0	(201,000)	(100.00)%
Total Expenditures	\$7,605,377	\$379,648	(\$7,225,729)	(95.01)%
General Fund	6,709,153	379,648	(6,329,505)	(94.34)%
State/Other Special Rev. Funds	896,224	0	(896,224)	(100.00)%
Total Funds	\$7,605,377	\$379,648	(\$7,225,729)	(95.01)%
Total Ongoing	\$7,605,377	\$381,756	(\$7,223,621)	(94.98)%
Total OTO	\$0	(\$2,108)	(\$2,108)	100.00 %

Program Description

The State Information Technology Services Division (SITSD) is primarily a proprietary program that provides central computing, data network, and telecommunications services to more than 100 government customers throughout the state. SITSD manages two data centers, a statewide data network, and provides information technology (IT) services to all branches of state government, the Office of Public Instruction, and various city and county municipalities.

Program Highlights

State Information Technology Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The State Information Technology Division’s 2023 biennium appropriations are approximately \$7.2 million or 95.0% lower than the 2021 biennium • The decreases in general fund are primarily due to moving the Montana cybersecurity enhancement project from HB 2 to the proprietary rates • The decreases in state special revenue are primarily due to the transfer of the 9-1-1 program from the State Information Technology Services Division to the Department of Justice • The majority of the funding in the State Information Technology Services Division is from non-budgeted proprietary funds <ul style="list-style-type: none"> ◦ State agency information technology costs increased by \$7.0 million in FY 2022 and \$7.5 million in FY 2023 ◦ There is a new eGovernment services enterprise fund

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	14.49	14.49	1.09	1.09
Personal Services	784,738	1,082,426	1,441,849	91,543	93,722
Operating Expenses	2,325,182	2,525,494	2,354,608	97,097	97,286
Equipment & Intangible Assets	200,979	201,000	0	0	0
Total Expenditures	\$3,310,899	\$3,808,920	\$3,796,457	\$188,640	\$191,008
General Fund	2,864,805	3,362,561	3,346,592	188,640	191,008
State/Other Special Rev. Funds	446,094	446,359	449,865	0	0
Total Funds	\$3,310,899	\$3,808,920	\$3,796,457	\$188,640	\$191,008
Total Ongoing	\$3,310,899	\$3,808,920	\$3,796,457	\$190,748	\$191,008
Total OTO	\$0	\$0	\$0	(\$2,108)	\$0

Funding

The following table shows adopted program funding by source of authority.

Department of Administration, 07-State Information Technology Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	379,648	0	0	379,648	0.28 %	
02594 Statewide 911 Services Admin	0	0	0	0	0.00 %	
02997 911 Distribution	0	0	19,499,532	19,499,532	75.00 %	
02998 911 Grants	0	0	6,499,844	6,499,844	25.00 %	
State Special Total	\$0	\$0	\$25,999,376	\$25,999,376	18.91 %	
03276 DES Project Grants	0	0	0	0	0.00 %	
03254 Coronavirus Relief Fund DOA SI	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06522 ISD Proprietary	0	106,874,082	0	106,874,082	96.17 %	
06004 Electronic Government Services	0	4,256,068	0	4,256,068	3.83 %	
Proprietary Total	\$0	\$111,130,150	\$0	\$111,130,150	80.82 %	
Total All Funds	\$379,648	\$111,130,150	\$25,999,376	\$137,509,174		

HB 2 Appropriations

General fund appropriations provide funding for the administrative portion of the Public Safety Bureau.

Non-Budgeted Proprietary Appropriations

The majority of the functions within State Information Technology Services Division are funded with non-budgeted proprietary funds. The executive has an internal service fund that receives revenues from information technology costs charged to state agencies. The executive also has a newly created enterprise fund for eGovernment Services.

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 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	3,346,592	3,346,592	6,693,184	1,763.00 %	3,796,457	3,796,457	7,592,914	1,999.99 %
SWPL Adjustments	(149,147)	(148,311)	(297,458)	(78.35)%	(179,736)	(178,585)	(358,321)	(94.38)%
PL Adjustments	(3,500)	(3,459)	(6,959)	(1.83)%	1,112	1,292	2,404	0.63 %
New Proposals	(3,005,305)	(3,003,814)	(6,009,119)	(1,582.81)%	(3,429,193)	(3,428,156)	(6,857,349)	(1,806.24)%
Total Budget	\$188,640	\$191,008	\$379,648		\$188,640	\$191,008	\$379,648	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(147,256)	(36,917)	0	(184,173)	0.00	(146,568)	(35,963)	0	(182,531)
DP 2 - Fixed Costs	0.00	(1,620)	6,328	0	4,708	0.00	(1,573)	5,689	0	4,116
DP 3 - Inflation Deflation	0.00	(271)	0	0	(271)	0.00	(170)	0	0	(170)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	(3,479)	4,910	0	1,431	0.00	(3,479)	4,906	0	1,427
DP 50 - SWPLA Fixed Cost Reductions	0.00	(21)	(298)	0	(319)	0.00	20	(155)	0	(135)
Grand Total All Present Law Adjustments	0.00	(\$152,647)	(\$25,977)	\$0	(\$178,624)	0.00	(\$151,770)	(\$25,523)	\$0	(\$177,293)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature adopted a decrease in general fund and an increase in state special revenue to provide the funding to

pay the Department of Administration's indirect costs. These costs are charged to the department's programs for services provided, which include accounting, human resources, and legal support.

DP 50 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warehouses, storage rooms, and information technology.

New Proposals

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 703 - Move SITSD Cybersecurity to Proprietary	(10.00)	(3,003,197)	0	0	(3,003,197)	(10.00)	(3,003,814)	0	0	(3,003,814)
DP 705 - Transfer of 911 Program to Department of Justice	(3.40)	0	(423,888)	0	(423,888)	(3.40)	0	(424,342)	0	(424,342)
DP 5555 - Reduce GF Budget for State Share Holiday	0.00	(2,108)	0	0	(2,108)	0.00	0	0	0	0
Total	(13.40)	(\$3,005,305)	(\$423,888)	\$0	(\$3,429,193)	(13.40)	(\$3,003,814)	(\$424,342)	\$0	(\$3,428,156)

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 703 - Move SITSD Cybersecurity to Proprietary -

The legislature adopted a decrease in general fund to move the State Information Technology Services Division's cybersecurity costs to proprietary rates in the 2023 biennium.

DP 705 - Transfer of 911 Program to Department of Justice -

The legislature adopted the transfer of appropriations for the administrative costs related to 9-1-1 services and 3.40 FTE from the State Information Technology Services Division in the Department of Administration to the Justice Information Technology Services Division in the Department of Justice.

DP 5555 - Reduce GF Budget for State Share Holiday -

The legislature adopted a reduction in general fund appropriations for a two-month state share holiday for employer contributions into the state health insurance fund. This change removes the general fund portion of the savings generate by the contribution holiday. Savings from other funding sources remain in the agency to be able to address ongoing functions of the agency.

Other Issues

Proprietary Rates

The State Information Technology Services Division provides the following functions with proprietary funds:

- State Information Technology Services
- eGovernment Services

SITSD Proprietary Fund - 06522

Proprietary Program Description

SITSD is a proprietary program that provides central computing, data network, and telecommunications services to more than 100 government customers throughout the state. SITSD manages two data centers, a statewide data network, and provides information technology (IT) services to all branches of state government, the Commissioner of Higher Education, and various city and county municipalities. Responsibilities include:

- Information Systems Security
 - Manages solutions and services to ensure continuity of enterprise operations and security of data through risk assessment and mitigation, planning and monitoring, detailed recovery planning, incident response, and periodic testing
 - Coordinates security policies and procedures
- Network Technology Services
 - Manages the statewide network which connects 22,000 devices at over 600 locations and provides prioritized voice, video, data, and wireless services
 - Develops and implements network solutions that support customer needs for bandwidth and connectivity
- Enterprise Technology Services
 - Designs, implements and manages shared IT hardware and software infrastructure in a highly efficient virtualized environment
 - Provides platforms for application and database hosting services using enterprise-class computing and storage capacity
- Enterprise Support Services
 - Manages the service desk to assist customers regarding hardware and software applications, including email and telecommunications
 - Manages desktop lifecycle for customers, including software and hardware ordering, deployment, updates, remote control, and disposal
- Montana Data Centers
 - Manages state data center facilities in Helena (primary) and Miles City (disaster recovery)
 - Maintains the reliability, efficiency, security, and availability of computer processing and storage for all customers
- Application Technology Services
 - Supports the state's mt.gov websites
 - Assists customers with designing and deploying customized applications and online services, including eGovernment applications
- Public Safety Communications Services
 - Supports the Statewide Interoperability Governing Board and 9-1-1 Advisory Council in the areas of governance, policy, and planning
 - Manages federal and state funding sources to support maintenance of public safety communications systems and equipment
 - Manages statewide licenses for mutual aid frequencies
- Strategic Planning Services
 - Ensures IT operations are conducted in an organized, deliberative, and cost-effective manner through planning, periodic performance reports, and oversight of agency IT procurements and plans
 - Publishes the State IT Strategic Plan and Biennial Report
- Financial Management Services
 - Manages budget, billing, acquisition, and contract management services for SITSD
 - Sets rates and manages the revenues and expenses for more than 200 enterprise services provided to state and local government IT customers
- State IT Project Management Services
 - Provides expertise, assistance, tools, methodologies, and training to customers to ensure IT projects are conducted in an organized, deliberative, and cost-effective manner

Proprietary Program Narrative

The following 2023 Biennium Report on Internal Service and Enterprise Funds shows the actual and projected expenditures and related revenues associated with the SITSD proprietary fund.

2023 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
06522	SITSD Proprietary	61010	State Information Technology Services Div.

	Actual FY 20	Budgeted FY 21	Budgeted FY 22	Budgeted FY 23
Operating Revenues				
Fees and Charges				
Charges for Services - Agency	47,470,836	47,173,114	47,711,695	47,711,695
Charges for Services - Additional			106,813	552,693
ServiceNow - Agency Offset			2,405,133	2,405,133
Cybersecurity			2,135,992	2,135,992
Charges for Services - Outside Revenues	653,484	526,973	573,715	573,715
Other Operating Revenues	-	860,027		
Total Operating Revenues	48,124,320	48,560,114	52,933,348	53,379,228
Expenses				
Personal Services	17,833,084	16,220,371	16,928,330	16,926,864
Operating Expense	31,100,945	26,581,603	34,152,168	34,594,998
Equipment	-	370,861	370,861	370,861
Total Operating Expense	48,934,029	43,172,835	51,451,359	51,892,723
Operating Income (Loss)	(809,709)	5,387,279	1,481,989	1,486,505
Nonoperating Revenues				
Nonoperating Expenses				
Total Nonoperating Revenues (Expenses)	-	-	-	-
Income (Loss) Before Contributions and Transfers	(809,709)	5,387,279	1,481,989	1,486,505
Capital Contributions				
Transfers In	146,955	146,955	150,629	150,629
Transfers Out	(430)	4,263,000	2,473,000	1,422,000
Loans and Lease Payments	(235,901)	(3,950,000)	(2,360,000)	(1,170,000)
Change in Net Position	(899,085)	5,847,234	1,745,618	1,889,134
Beginning Net Position - July 1	(910,248)	(1,809,333)	4,037,901	5,783,519
Prior Period Adjustments				
Change in Net Position	(899,085)	5,847,234	1,745,618	1,889,134
Ending Net Position - June 30	(1,809,333)	4,037,901	5,783,519	7,672,653

Expenses

The increase in expenses is approximately \$6.7 million in FY 2022 and \$5.9 million in FY 2023 when compared to the FY 2021 base budget.

There are three primary factors contributing to the increase in expenses, which include:

- Statewide present law adjustment for personal services
- Adjusting the SABHRS proprietary fund expenses
- Moving the Montana cybersecurity enhancement project funding from general fund in HB 2 to non-budgeted proprietary funds

The statewide present law adjustment for personal services increases appropriations by \$836,000 in FY 2022 and \$904,000 in FY 2023. Increases in personal services are primarily due to the legislatively approved pay plan and management decisions regarding pay adjustments. Increases in pay were the result of market adjustments, reclassifications, and progression in training assignments.

The legislature adopted a present law adjustment that increases appropriations by \$3.7 million in FY 2022 and \$2.9 million in FY 2023. This adjustment decreases personal services and debt service and increases operating expenses. This adjustment was made to align expenses with established rates and budgetary need for SITSD.

The legislature adopted a new proposal that moves the Montana cybersecurity enhancement project from HB 2 to the proprietary rates. This increases appropriations by \$3.0 million each fiscal year. The 2019 Legislature approved this project in HB 2 and included language stating, "It is the intent of the legislature that funding for the Montana Cybersecurity Enhancement Project be moved to the State Information Technology Services Division's proprietary rates in the 2023 biennium if the project is successful." This action reduces general fund appropriations in HB 2 and creates a cybersecurity enterprise rate that will be charged to agencies.

These increases are partially offset by decreases in personal services and operating expenses of \$1.0 million each year adopted by the legislature in order to impact the rates charged to state agencies for information technology costs.

Revenues

Budget authority to pay the SITSD allocation is a fixed cost item in each agency's budget. The statewide fixed costs for information technology are \$7.0 million higher in FY 2022 and \$7.5 million higher in FY 2023 when compared to the FY 2021 base year.

The State Information Technology Services Division has revised the rate structure for the 2023 biennium. In the 2021 biennium there were three established rates:

- Enterprise rates:
 - Enterprise service allocation (ESA)
 - Microsoft enterprise agreement
- Service rates:
 - TechBudget

In the 2023 biennium, there will be five established rates:

- Enterprise Rates:
 - Enterprise service allocation
 - Microsoft enterprise agreement
 - Cybersecurity enterprise rate
 - ServiceNow enterprise agreement
- Service rates:
 - TechBudget

Proprietary Rates

For the 2023 biennium the following rate was adopted by the legislature. The rates charged in the base year are shown for comparison purposes.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 2020	Budgeted FY 2021	Budgeted FY 2022	Budgeted FY 2023
Fee Description:				
	30-day working capital reserve	30-day working capital reserve	30-day working capital reserve	30-day working capital reserve

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

eGovernment Services - 06004

Proprietary Program Description

Digital government services include permitting, registration, licensing, inspections, financial reconciliation, reporting, point of sale card swipe devices and mobile payments, monthly billing, and management and collection of customer accounts. Currently, Montana Interactive operates and maintains more than 400 digital government services for Montana agencies and local governments.

The current contract with Montana Interactive expired on December 31, 2020. Upon expiration, the transaction fund that supports digital government transferred to the Department of Administration. The State Information Technology Services Division has established an enterprise fund for the management of these fees.

Proprietary Program Narrative

The following 2023 Biennium Report on Internal Service and Enterprise Funds shows the actual and projected expenditures and related revenues associated with the eGovernment services proprietary fund.

2023 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
06004	eGovernment Services	61010	State Information Technology Services Div.

	Actual FY 20	Budgeted FY 21	Budgeted FY 22	Budgeted FY 23
Operating Revenues				
Fees and Charges				
Fee Revenue A	-	2,814,855	5,629,710	5,629,710
Fee Revenue B	-	-		
Other Operating Revenues				
Total Operating Revenues	-	2,814,855	5,629,710	5,629,710
Expenses				
Personal Services				
Other Operating Expense		3,800,352	3,103,034	1,153,034
Total Operating Expense	-	3,800,352	3,103,034	1,153,034
Operating Income (Loss)	-	(985,497)	2,526,676	4,476,676
Nonoperating Revenues				
Nonoperating Expenses				
Total Nonoperating Revenues (Expenses)	-	-		
Income (Loss) Before Contributions and Transfers	-	(985,497)	2,526,676	4,476,676
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments				
Change in Net Position	-	(985,497)	2,526,676	4,476,676
Beginning Net Position - July 1	-	-	(985,497)	1,541,179
Prior Period Adjustments				
Change in Net Position	-	(985,497)	2,526,676	4,476,676
Ending Net Position - June 30	-	(985,497)	1,541,179	6,017,855

Expenses

Fees earned will be used to help offset the costs for a new vendor, as well as for costs to administer the program and other expenses associated with the development of enterprise electronic government services.

Revenues

Revenues will be earned through a fee that is charged to each eGovernment transaction.

Proprietary Rates

Transaction fees can either be a set rate per transaction or a percentage of the total transaction costs. Once the State Information Technology Services Division takes over the administration of the eGovernment Program, both possibilities will be analyzed to determine the best rate to use.

The funding for this program is provided through an enterprise fund. As such, the legislature does not approve rates or appropriate funds for this proprietary fund.

Program Budget Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	6,629,328	6,842,342	213,014	3.21 %
Operating Expenses	1,884,786	1,999,597	114,811	6.09 %
Equipment & Intangible Assets	71,398	0	(71,398)	(100.00)%
Debt Service	3,262	3,728	466	14.29 %
Total Expenditures	\$8,588,774	\$8,845,667	\$256,893	2.99 %
State/Other Special Rev. Funds	8,588,774	8,845,667	256,893	2.99 %
Total Funds	\$8,588,774	\$8,845,667	\$256,893	2.99 %
Total Ongoing	\$8,588,774	\$8,845,667	\$256,893	2.99 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Division of Banking and Financial Institutions licenses, supervises, regulates, and examines financial institutions doing business in Montana. Those institutions include 39 banks and trust companies, with 469 branch banks, 10 credit unions, 335 consumer finance companies, 161 sales finance companies, and 8 escrow businesses. The division also licenses and examines 5,245 residential mortgage loan service providers. All program functions are statutorily mandated in Title 32, Chapters 1-11, and Title 31, Chapter 1, Parts 2 & 7, MCA.

The State Banking Board is administratively attached to the division. The board is responsible for making final determinations on applications for new bank charters and trust companies, hearing appeals of division decisions on branch bank, merger, or relocation applications, and may also act in an advisory capacity with respect to the duties and powers given by statute to the department when requested by the division.

Program Highlights

Division of Banking and Financial Institutions Major Budget Highlights
<ul style="list-style-type: none"> • The Banking and Financial Institutions Division’s 2023 biennium appropriations are approximately \$257,000 or 3.0% higher than the 2021 biennium • Increases in state special revenue funding are primarily due to the statewide present law adjustment for fixed costs, the indirect costs paid to the Director’s Office, and the removal of 2.0% vacancy savings

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	34.00	34.00	34.00	34.00
Personal Services	3,185,893	3,268,482	3,360,846	3,409,734	3,432,608
Operating Expenses	920,792	933,842	950,944	1,001,137	998,460
Equipment & Intangible Assets	71,396	71,398	0	0	0
Debt Service	1,398	1,398	1,864	1,864	1,864
Total Expenditures	\$4,179,479	\$4,275,120	\$4,313,654	\$4,412,735	\$4,432,932
State/Other Special Rev. Funds	4,179,479	4,275,120	4,313,654	4,412,735	4,432,932
Total Funds	\$4,179,479	\$4,275,120	\$4,313,654	\$4,412,735	\$4,432,932
Total Ongoing	\$4,179,479	\$4,275,120	\$4,313,654	\$4,412,735	\$4,432,932
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

The following table shows adopted program funding by source of authority.

Department of Administration, 14-Banking and Financial Institutions Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02077 Financial Institutions Div	8,845,667	0	0	8,845,667	100.00 %	
State Special Total	\$8,845,667	\$0	\$0	\$8,845,667	100.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$8,845,667	\$0	\$0	\$8,845,667		

The Division of Banking and Financial Institutions is funded entirely by state special revenues generated from assessments, application fees, and examination fees paid by the regulated financial institutions.

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 Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	0	0	0	0.00 %	4,313,654	4,313,654	8,627,308	97.53 %
SWPL Adjustments	0	0	0	0.00 %	26,909	34,150	61,059	0.69 %
PL Adjustments	0	0	0	0.00 %	72,172	85,128	157,300	1.78 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$4,412,735	\$4,432,932	\$8,845,667	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide

Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	(10,453)	0	(10,453)	0.00	0	865	0	865
DP 2 - Fixed Costs	0.00	0	43,890	0	43,890	0.00	0	37,379	0	37,379
DP 3 - Inflation Deflation	0.00	0	(6,528)	0	(6,528)	0.00	0	(4,094)	0	(4,094)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	0	15,247	0	15,247	0.00	0	15,206	0	15,206
DP 5 - ServiceNow	0.00	0	(7,374)	0	(7,374)	0.00	0	(7,374)	0	(7,374)
DP 50 - SWPLA Fixed Cost Reductions	0.00	0	(2,808)	0	(2,808)	0.00	0	(1,367)	0	(1,367)
DP 1401 - Contracted Rent Increase	0.00	0	7,766	0	7,766	0.00	0	7,766	0	7,766
DP 1403 - Remove Vacancy Savings	0.00	0	59,341	0	59,341	0.00	0	70,897	0	70,897
Grand Total All Present Law Adjustments	0.00	\$0	\$99,081	\$0	\$99,081	0.00	\$0	\$119,278	\$0	\$119,278

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature adopted an increase in state special revenue to provide the funding to pay the Department of Administration's indirect costs. These costs are charged to the department's programs for services provided, which include accounting, human resources, and legal support.

DP 5 - ServiceNow -

The legislature adopted a decrease in state special revenue funds because of the purchase of ServiceNow licenses and programs for the 2023 biennium. The Banking and Financial Institutions Division is anticipating operating efficiencies and other savings by using ServiceNow.

DP 50 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warehouses, storage rooms, and information technology.

DP 1401 - Contracted Rent Increase -

The legislature adopted an increase in state special revenue funds for an increase in rent. The Banking and Financial Institutions Division leases office space. The current contract term is December 1, 2019 through November 30, 2039, with an incremental rate increase beginning in year two and then occurring every fifth year for the duration of the agreement.

DP 1403 - Remove Vacancy Savings -

The legislature adopted the removal of 2.0% vacancy savings. This change increases state special revenue expenditures in the Banking and Financial Institutions Division.

Program Budget Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	5,293,516	5,401,540	108,024	2.04 %
Operating Expenses	6,720,327	6,741,164	20,837	0.31 %
Equipment & Intangible Assets	100,000	100,000	0	0.00 %
Total Expenditures	\$12,113,843	\$12,242,704	\$128,861	1.06 %
Proprietary Funds	12,113,843	12,242,704	128,861	1.06 %
Total Funds	\$12,113,843	\$12,242,704	\$128,861	1.06 %
Total Ongoing	\$12,113,843	\$12,242,704	\$128,861	1.06 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Montana State Lottery was created in November 1986 by a referendum vote of the people of Montana. The general purpose is to allow lottery games in which players purchase from the state, through the administration of the lottery, a chance to win a prize. A five-member Lottery Commission, appointed by the Governor, sets policy and oversees program activities and procedures. Lottery’s operations are accounted for in an enterprise fund. Lottery is required to transfer its net revenue to the general fund on a quarterly basis. The Montana State Lottery is attached to the Department of Administration for administrative purposes only.

Program Highlights

Montana State Lottery Major Budget Highlights
<ul style="list-style-type: none"> • The Montana State Lottery’s 2023 biennium appropriations are approximately \$129,000 or 1.1% higher than the 2021 biennium • Increases in proprietary funding is primarily due to the statewide present law adjustment for fixed costs and a present law adjustment for indirect costs paid to the Director’s Office • The legislature also approved increases in proprietary funding for 1.00 FTE for a network administrator position

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	35.00	35.00	36.00	36.00
Personal Services	2,405,667	2,627,900	2,665,616	2,697,158	2,704,382
Operating Expenses	2,862,114	3,476,286	3,244,041	3,441,182	3,299,982
Equipment & Intangible Assets	24,515	50,000	50,000	50,000	50,000
Total Expenditures	\$5,292,296	\$6,154,186	\$5,959,657	\$6,188,340	\$6,054,364
Proprietary Funds	5,292,296	6,154,186	5,959,657	6,188,340	6,054,364
Total Funds	\$5,292,296	\$6,154,186	\$5,959,657	\$6,188,340	\$6,054,364
Total Ongoing	\$5,292,296	\$6,154,186	\$5,959,657	\$6,188,340	\$6,054,364
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

The following table shows adopted program funding by source of authority.

Department of Administration, 15-Montana State Lottery Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02029 Board of Horse Racing	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06001 State Lottery Fund	12,242,704	0	175,752,943	187,995,647	100.00 %	
Proprietary Total	\$12,242,704	\$0	\$175,752,943	\$187,995,647	100.00 %	
Total All Funds	\$12,242,704	\$0	\$175,752,943	\$187,995,647		

HB 2

The lottery is funded entirely with proprietary funds derived from lottery game revenues. Net revenue is transferred quarterly to the general fund.

The 2019 Legislature passed SB 60 which revised laws related to financial aid for resident Montana students. This bill clarified the funding and distribution of science, technology, engineering, and math (STEM) scholarships. The statutory appropriation for STEM scholarships continue to be funded with revenue from lottery proceeds; however, STEM scholarships are now funded with the first dollars before the remaining lottery proceeds are transferred to the general fund.

Statutory Appropriations

The Montana State Lottery has statutory appropriations for expenditures in three main areas:

- Lottery prizes
- Commissions paid to lottery ticket or chance sales agents
- Lottery contractor fees

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 Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	0	0	0	0.00 %	5,959,657	5,959,657	11,919,314	97.36 %
SWPL Adjustments	0	0	0	0.00 %	133,723	(1,679)	132,044	1.08 %
PL Adjustments	0	0	0	0.00 %	12,992	14,476	27,468	0.22 %
New Proposals	0	0	0	0.00 %	81,968	81,910	163,878	1.34 %
Total Budget	\$0	\$0	\$0		\$6,188,340	\$6,054,364	\$12,242,704	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	(50,426)	0.00	0	0	0	(43,144)
DP 2 - Fixed Costs	0.00	0	0	0	184,160	0.00	0	0	0	41,472
DP 3 - Inflation Deflation	0.00	0	0	0	(11)	0.00	0	0	0	(7)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	0	0	0	15,934	0.00	0	0	0	15,891
DP 50 - SWPLA Fixed Cost Reductions	0.00	0	0	0	(2,942)	0.00	0	0	0	(1,415)
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$146,715	0.00	\$0	\$0	\$0	\$12,797

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature adopted an increase in proprietary funds to provide the funding to pay the Department of Administration's

indirect costs. These costs are charged to the department's programs for services provided, which include accounting, human resources, and legal support.

DP 50 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warehouses, storage rooms, and information technology.

New Proposals

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1501 - Make Modified Lottery Position Permanent	1.00	0	0	0	81,968	1.00	0	0	0	81,910
Total	1.00	\$0	\$0	\$0	\$81,968	1.00	\$0	\$0	\$0	\$81,910

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1501 - Make Modified Lottery Position Permanent -

The legislature adopted an increase in proprietary funding and 1.00 FTE for a network administrator. The 2019 Legislature provided funding for this position but eliminated 1.00 FTE. The position is responsible for the administration of network and computer systems, user support, system operation, documentation and testing in support of the Lottery. The position also manages the network infrastructure, computer systems and information technology equipment as well as provides technical support and training to all Lottery users. The information technology department at the Lottery is made up of five people with one position dedicated to network support.

Program Budget Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	2,515,741	2,523,589	7,848	0.31 %
Operating Expenses	879,547	783,217	(96,330)	(10.95)%
Debt Service	660	754	94	14.24 %
Total Expenditures	\$3,395,948	\$3,307,560	(\$88,388)	(2.60)%
General Fund	3,395,948	3,307,560	(88,388)	(2.60)%
Total Funds	\$3,395,948	\$3,307,560	(\$88,388)	(2.60)%
Total Ongoing	\$3,395,948	\$3,333,519	(\$62,429)	(1.84)%
Total OTO	\$0	(\$25,959)	(\$25,959)	100.00 %

Program Description

The State Human Resources Division provides statewide human resource services and programs under the authority of Title 2, Chapter 18, and 39-31-301, MCA. The division houses:

- The Human Resources Policy and Programs Bureau, which establishes the human resource rules, policies, and standards for Montana’s executive branch
- The Professional Development Center, offering training and other professional development services to Montana state government and other organizations
- The Human Resources Information Systems Bureau, which processes the biweekly payroll, and other human resources information systems, for all branches of state government

Program Highlights

State Human Resources Division Major Budget Highlights
<ul style="list-style-type: none"> • The State Human Resources Division’s 2023 biennium appropriations are approximately \$88,000 or 2.6% lower than the 2021 biennium • The decreases in general fund are primarily due to the statewide present law adjustment for fixed costs and the state share insurance holiday • The majority of the funding in the division is from non-budgeted proprietary funds. The legislature approves the rates for the Professional Development Center and the human resource information system internal service funds in HB 2. The legislature approved a rate increase for the human resource information system internal service fund

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	13.25	13.25	13.25	13.25
Personal Services	1,164,368	1,250,247	1,265,494	1,246,167	1,277,422
Operating Expenses	505,910	439,432	440,115	391,292	391,925
Debt Service	283	283	377	377	377
Total Expenditures	\$1,670,561	\$1,689,962	\$1,705,986	\$1,637,836	\$1,669,724
General Fund	1,670,561	1,689,962	1,705,986	1,637,836	1,669,724
Total Funds	\$1,670,561	\$1,689,962	\$1,705,986	\$1,637,836	\$1,669,724
Total Ongoing	\$1,670,561	\$1,689,962	\$1,705,986	\$1,663,795	\$1,669,724
Total OTO	\$0	\$0	\$0	(\$25,959)	\$0

Funding

The following table shows adopted program funding by source of authority.

Department of Administration, 23-State Human Resources Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	3,307,560	0	0	3,307,560	28.06 %
State Special Total	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
06525 Intergovernmental Training	0	908,517	0	908,517	10.71 %
06559 Group Benefits Claims A/C	0	703,467	0	703,467	8.30 %
06563 HR Info Services	0	6,868,210	0	6,868,210	80.99 %
Proprietary Total	\$0	\$8,480,194	\$0	\$8,480,194	71.94 %
Total All Funds	\$3,307,560	\$8,480,194	\$0	\$11,787,754	

HB 2 Appropriations

The general fund appropriations in HB 2 support the Human Resources Policy and Programs Bureau. This bureau establishes the human resource rules, policies, and standards for Montana’s executive branch.

Non-Budgeted Proprietary

The majority of the State Human Resources Division’s operations are supported by proprietary funds. This includes:

- Professional Development Center (PDC)
- Human Resource Information Services (HRIS) Bureau

The PDC is supported through fees in the form of tuition paid by state agencies that enroll employees in various classes provided by the PDC and fees for other services offered by the PDC. The HRIS Bureau is funded through a fee charged to state agencies for each employee payroll processed in a pay period. Both funds are considered and approved as rates charged to other state agencies and are discussed in the Proprietary Rates section of the narrative.

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 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	1,705,986	1,705,986	3,411,972	103.16 %	1,705,986	1,705,986	3,411,972	103.16 %
SWPL Adjustments	(44,965)	(39,568)	(84,533)	(2.56)%	(44,965)	(39,568)	(84,533)	(2.56)%
PL Adjustments	2,774	3,306	6,080	0.18 %	2,774	3,306	6,080	0.18 %
New Proposals	(25,959)	0	(25,959)	(0.78)%	(25,959)	0	(25,959)	(0.78)%
Total Budget	\$1,637,836	\$1,669,724	\$3,307,560		\$1,637,836	\$1,669,724	\$3,307,560	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	6,632	0	0	6,632	0.00	11,928	0	0	11,928
DP 2 - Fixed Costs	0.00	(51,556)	0	0	(51,556)	0.00	(51,470)	0	0	(51,470)
DP 3 - Inflation Deflation	0.00	(41)	0	0	(41)	0.00	(26)	0	0	(26)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	5,420	0	0	5,420	0.00	5,404	0	0	5,404
DP 5 - ServiceNow	0.00	(2,874)	0	0	(2,874)	0.00	(2,874)	0	0	(2,874)
DP 50 - SWPLA Fixed Cost Reductions	0.00	228	0	0	228	0.00	776	0	0	776
Grand Total All Present Law Adjustments	0.00	(\$42,191)	\$0	\$0	(\$42,191)	0.00	(\$36,262)	\$0	\$0	(\$36,262)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature adopted an increase in general fund to provide the funding to pay the Department of Administration's indirect costs. These costs are charged to the department's programs for services provided, which include accounting, human resources, and legal support.

DP 5 - ServiceNow -

The legislature adopted a decrease in general fund because of the purchase of ServiceNow licenses and programs for the 2023 biennium. The State Human Resources Division is anticipating operating efficiencies and other savings by using ServiceNow.

DP 50 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warehouses, storage rooms, and information technology.

New Proposals

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5555 - Reduce GF Budget for State Share Holiday	0.00	(25,959)	0	0	(25,959)	0.00	0	0	0	0
Total	0.00	(\$25,959)	\$0	\$0	(\$25,959)	0.00	\$0	\$0	\$0	\$0

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 5555 - Reduce GF Budget for State Share Holiday -

The legislature adopted a reduction in general fund appropriations for a two-month state share holiday for employer contributions into the state health insurance fund. This change removes the general fund portion of the savings generate by the contribution holiday. Savings from other funding sources remain in the agency to be able to address ongoing functions of the agency.

Other Issues

Proprietary Rates

The State Human Resources Division provides the following programs funded through proprietary rates:

- Professional Development Center
- Human Resources Information Services Bureau

Professional Development Center / Training Program - 06525

Proprietary Program Description

The Professional Development Center program provides training and related services throughout locations in the State of Montana. The PDC offers training directed towards improving state practices, meeting state and federal regulations, and providing professional services such as facilitation, mediation, or curriculum design. The statutory authority for this program comes from 2-18-102, MCA.

The PDC also contracts with individual agencies to provide training for their staff. The agency schedules, promotes, and

provides the facility for training. The PDC provides the instruction and class materials.

The program is an internal service fund and has 3.00 FTE.

Proprietary Program Narrative

The following 2023 Biennium Report on Internal Service and Enterprise Funds shows the actual and projected expenditures and related revenues associated with the PDC/training program fund.

2023 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
06525	Intergovernmental Training	61010	State Human Resources Division

	Actual FY 20	Budgeted FY 21	Budgeted FY 22	Budgeted FY 23
Operating Revenues				
Fees and Charges				
Fee Revenue A	362,136	370,000	415,000	415,000
Fee Revenue B	90	48,500	2,500	2,500
Other Operating Revenues				
Total Operating Revenues	362,226	418,500	417,500	417,500
Expenses				
Personal Services	208,562	287,480	299,571	300,456
Other Operating Expense	208,968	144,059	154,116	153,642
Total Operating Expense	417,530	431,539	453,687	454,098
Operating Income (Loss)	(55,303)	(13,039)	(36,187)	(36,598)
Nonoperating Revenues				
Nonoperating Expenses				
Total Nonoperating Revenues (Expenses)	-	-	-	-
Income (Loss) Before Contributions and Transfers	(55,303)	(13,039)	(36,187)	(36,598)
Capital Contributions				
Transfers In	72,928	47,400	62,400	62,400
Transfers Out				
Loans and Lease Payments	(13)	(366)	(366)	(366)
Change in Net Position	17,611	33,995	25,847	25,436
Beginning Net Position - July 1	26,417	44,028	78,023	103,870
Prior Period Adjustments				
Change in Net Position	17,611	33,995	25,847	25,436
Ending Net Position - June 30	44,028	78,023	103,870	129,306

Expenses

The increase in total expenses is approximately \$23,000 each fiscal year when compared to the FY 2021 base budget.

This increase is primarily due to the statewide present law adjustment for personal services and fixed costs. Of the

approximately \$10,000 increase in fixed costs in FY 2022 and FY 2023, approximately \$7,000 is due to SITSD costs. The PDC anticipates holding more virtual classes, which is causing the increase in SITSD costs.

The statewide present law adjustment for personal services increases appropriations by approximately \$12,000 in FY 2022 and \$13,000 in FY 2023. There are primarily two reasons for this increase, which include:

- One position was vacant in the snapshot for the last biennium and filled for the 2023 biennium snapshot. Vacant positions are not included in the budget at the full market rate, so when this position was filled the pay rate increased
- One position received a market adjustment to align the pay rate for this position with peers having similar duties

Revenues

Funding for the PDC is generated through two rates:

- Open-enrollment fees, which are a per-person tuition charged for attendance. Tuition rates are based on two factors: projected attendance and competitive pricing. Tuition rates for the 2023 biennium are based on the proportion of fixed and personal services costs to the overall anticipated program cost. The amount per person varies by length of the course and number of people attending from a single agency
- Contract fees, which are a flat fee charged for providing a service. The amount per service varies by length of the service and number of services arranged in a single contract

Proprietary Rates

The figure below shows the rates adopted by the legislature for the 2023 biennium. The rates charged in the 2021 biennium are shown for comparison purposes.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 2020	Budgeted FY 2021	Proposed FY 2022	Proposed FY 2023
Fee Description:				
Open Enrollment Courses				
Two-Day Course (per participant)	\$190	\$190	\$190	\$190
One-Day Course (per participant)	\$123	\$123	\$123	\$123
Half-Day Course (per participant)	\$95	\$95	\$95	\$95
Eight-Day Management Series (per participant)	\$800	\$800	\$800	\$800
Six-Day Management Series (per participant)	\$600	\$600	\$600	\$600
Four-Day Management Series (per participant)	\$400	\$400	\$400	\$400
Contract Courses				
Full Day Training (flat fee)	\$830	\$830	\$830	\$830
Half Day Training (flat fee)	\$570	\$570	\$570	\$570
Computer Maintenance Charge (course specific)	\$10	\$10	\$10	\$10

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

Human Resources Information System Bureau (HRIS) - 06563*Proprietary Program Description*

The HRIS Bureau operates the SABHRS-HR payroll, benefits, and human resources system to process, distribute, report, and account for payroll, benefits, and associated withholding and deductions for almost 14,000 state employees in the executive, legislative, and judicial branches. The bureau is also responsible for the administration and maintenance of the State of Montana Recruitment System (SOMRS) which is used by all state agencies in the recruitment and selection of applicants.

The bureau establishes and maintains standards, processes, and procedures to be followed by state agencies in preparing and submitting payroll, benefits, and related HR data into the system. The system operated by the bureau provides information and processing in support of division and statewide functions and programs, including employee benefits (group insurance, flexible spending account, Affordable Care Act compliance, deferred compensation, and pension), classification, pay, labor relations, policy and training.

The program staff consists of 21.25 FTE. Statutory authority is 2-18-401, MCA, and 2-18-403, MCA.

Proprietary Program Narrative

The following 2023 Biennium Report on Internal Service and Enterprise Funds shows the actual and projected expenditures and related revenues associated with the HRIS fund.

2023 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
06563	Human Resources Information Services	61010	State Human Resources Division

	Actual FY 20	Budgeted FY 21	Budgeted FY 22	Budgeted FY 23
Operating Revenues				
Fees and Charges				
Revenue from HRIS Fees	3,228,135	3,241,775	3,597,099	3,607,489
Revenue from HCBF	160,000	120,000		
Other Operating Revenues				
Revenue A	29		500	500
Total Operating Revenues	<u>3,388,164</u>	<u>3,361,775</u>	<u>3,597,599</u>	<u>3,607,989</u>
Expenses				
Personal Services	2,151,413	2,141,480	2,075,852	2,079,483
Other Operating Expense	1,264,902	1,312,427	1,397,413	1,313,472
Total Operating Expense	<u>3,416,315</u>	<u>3,453,907</u>	<u>3,473,265</u>	<u>3,392,955</u>
Operating Income (Loss)	<u>(28,151)</u>	<u>(92,132)</u>	<u>124,334</u>	<u>215,034</u>
Nonoperating Revenues				
Nonoperating Expenses				
Total Nonoperating Revenues (Expenses)	-	-		
Income (Loss) Before Contributions and Transfers	<u>(28,151)</u>	<u>(92,132)</u>	<u>124,334</u>	<u>215,034</u>
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments	(36)	(995)	(995)	(995)
Change in Net Position	<u>(28,187)</u>	<u>(93,127)</u>	<u>123,339</u>	<u>214,039</u>
Beginning Net Position - July 1	216,760	175,813	82,686	206,025
Prior Period Adjustments	(12,760)			
Change in Net Position	<u>(28,187)</u>	<u>(93,127)</u>	<u>123,339</u>	<u>214,039</u>
Ending Net Position - June 30	<u>175,813</u>	<u>82,686</u>	<u>206,025</u>	<u>420,064</u>

Expenses

The decrease in appropriations is approximately \$207,000 in FY 2022 and \$288,000 in FY 2023 when compared to the FY 2021 base year.

The decreases are primarily due to:

- The statewide present law adjustment for personal services that reduces the budget by \$108,000 in FY 2022 and \$105,000 in FY 2023. The bureau had several positions that were vacant due to resignations and a retirement. These positions were reclassified, and new staff members were hired at a lower pay rate
- The present law adjustment to the operating budget that reduces appropriations by \$325,000 each fiscal year. The HRIS Bureau no longer contracts with the Health Care and Benefits Division to provide certain payroll services. This reduction in the operating budget reflects the costs associated with administering this contract

These decreases are partially offset by increases due to:

- Approximately \$87,000 for audit costs in FY 2022
- Approximately \$42,000 in FY 2022 and \$45,000 in FY 2023 for the Oracle software contract. A 5.0% increase in license fees and maintenance costs are projected. License, subscription, and maintenance fees are needed for continued support and updates to the enterprise’s payroll, benefit administration, time and labor, human resources, recruitment, and talent management products supporting SABHRS-HR
- Approximately \$80,000 in each fiscal year for an online learning system. The online enterprise learning management system costs are going to be paid for by the HRIS Bureau starting May 2021. The costs were previously paid for by SITSD but are going to be transferred to HRIS

Revenues

HRIS fees charged to state agencies are determined by projecting the cost of operating the HRIS Bureau through the next biennium. HRIS rates are set as a fixed cost and allocated out to each agency based on the number of paychecks processed during the two prior fiscal years.

Proprietary Rates

The figure below shows the rates adopted by the legislature for the 2023 biennium. The rates charged in the 2021 biennium are shown for comparison purposes.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Estimated FY 2020	Estimated FY 2021	Proposed FY 2022	Proposed FY 2023
Fee Description:				
HRIS Fees (per employee process per pay period) \$	8.89	\$ 8.89	\$ 9.99	\$ 9.99

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

Program Budget Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	3,396,718	3,518,422	121,704	3.58 %
Operating Expenses	22,468,684	26,941,347	4,472,663	19.91 %
Grants	1,040,226	1,040,226	0	0.00 %
Benefits & Claims	28,470,174	30,470,174	2,000,000	7.02 %
Debt Service	3,482	3,980	498	14.30 %
Total Expenditures	\$55,379,284	\$61,974,149	\$6,594,865	11.91 %
Proprietary Funds	55,379,284	61,974,149	6,594,865	11.91 %
Total Funds	\$55,379,284	\$61,974,149	\$6,594,865	11.91 %

Program Description

The Risk Management and Tort Defense Division (RMTD) administers a comprehensive plan of property/casualty insurance protection on behalf of state government. The division purchases commercial insurance, where cost-effective, to cover catastrophic losses above high deductibles. State risks that are currently insured through commercial insurance carriers include aircraft, airports, boilers & machinery, bonds (various), crime, cyber/information security, fine art, foreign specialties, foster care, Health Insurance Portability and Accountability Act (HIPAA), medical malpractice, property, professional liability, and miscellaneous.

The state self-insures most commercial insurance risks under \$2.0 million per occurrence as well as auto, general liability, inland marine (i.e. property in-transit), and mobile/specialized equipment. The division also provides consultative services that include training, inspections, program reviews, contract administration, claims administration, and legal defense to prevent or minimize the adverse effects of physical or financial loss.

The division investigates, evaluates, and resolves tort liability claims (i.e. personal injury or property damage to third parties) and coordinates the adjudication and settlement of other claims involving property damage. This division operates under the authority of 2-9-101 through 2-9-305, MCA.

Program Highlights

Risk Management and Tort Defense Division Major Budget Highlights
<ul style="list-style-type: none"> • The Risk Management and Tort Defense Division’s 2023 biennium appropriations are approximately \$6.6 million or 11.9% higher than the 2021 biennium • Increases in proprietary funds are primarily for insurance premiums. This increase is due to unfavorable market conditions and significant loss in the recent past • The majority of the funding in the division is from non-budgeted proprietary funds. The legislature approves the rates in HB 2 and approved a rate increase for the 2023 biennium

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	17.00	17.00	17.00	17.00
Personal Services	1,717,924	1,686,480	1,710,238	1,757,377	1,761,045
Operating Expenses	9,056,179	10,463,756	12,004,928	13,476,025	13,465,322
Grants	236,350	520,113	520,113	520,113	520,113
Benefits & Claims	12,899,826	13,235,087	15,235,087	15,235,087	15,235,087
Debt Service	1,492	1,492	1,990	1,990	1,990
Total Expenditures	\$23,911,771	\$25,906,928	\$29,472,356	\$30,990,592	\$30,983,557
Proprietary Funds	23,911,771	25,906,928	29,472,356	30,990,592	30,983,557
Total Funds	\$23,911,771	\$25,906,928	\$29,472,356	\$30,990,592	\$30,983,557

Funding

The following table shows adopted program funding by source of authority.

Department of Administration, 24-Risk Management and Tort Defense Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0.00 %
02098 Insurance Proceeds - State Bld	0	0	91,000	91,000	100.00 %
State Special Total	\$0	\$0	\$91,000	\$91,000	0.15 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
06532 Agency Insurance Int. Svc.	0	61,974,149	0	61,974,149	100.00 %
Proprietary Total	\$0	\$61,974,149	\$0	\$61,974,149	99.85 %
Total All Funds	\$0	\$61,974,149	\$91,000	\$62,065,149	

Non-Budgeted Proprietary Appropriations

The majority of the Risk Management and Tort Defense's budget is comprised of proprietary funds that are derived from premium assessments on insurance risks paid by state agencies and the Montana University System. These funds are considered and approved as rates charged to other state agencies and are discussed in the Proprietary Rates section of the narrative.

Statutory Appropriations

Statutory appropriations comprise less than 1.0% of total appropriations for RMTD. The statutory appropriation is for the receipt of insurance proceeds for claims that fall above the amount that the state self-insures.

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 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	
2021 Base Budget	0	0	0	0.00 %	29,472,356	29,472,356	58,944,712	95.11 %	
SWPL Adjustments	0	0	0	0.00 %	145,037	137,262	282,299	0.46 %	
PL Adjustments	0	0	0	0.00 %	1,373,199	1,373,939	2,747,138	4.43 %	
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %	
Total Budget	\$0	\$0	\$0		\$30,990,592	\$30,983,557	\$61,974,149		

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	47,139	0.00	0	0	0	50,807
DP 2 - Fixed Costs	0.00	0	0	0	99,208	0.00	0	0	0	87,276
DP 3 - Inflation Deflation	0.00	0	0	0	(1,310)	0.00	0	0	0	(821)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	0	0	0	5,803	0.00	0	0	0	5,782
DP 5 - ServiceNow	0.00	0	0	0	(4,554)	0.00	0	0	0	(4,554)
DP 50 - SWPLA Fixed Cost Reductions	0.00	0	0	0	(2,524)	0.00	0	0	0	(1,763)
DP 2401 - Increase Commercial Insurance Premium	0.00	0	0	0	1,374,474	0.00	0	0	0	1,374,474
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$1,518,236	0.00	\$0	\$0	\$0	\$1,511,201

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature reviewed adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature reviewed adjustments to fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature reviewed adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature reviewed an increase in proprietary funding to provide the funding to pay the Department of Administration's

indirect costs. These costs are charged to the department's programs for services provided, which include accounting, human resources, and legal support.

DP 5 - ServiceNow -

The legislature reviewed a decrease in proprietary funding because of the purchase of ServiceNow licenses and programs for the 2023 biennium. The Risk Management and Tort Defense Division is anticipating operating efficiencies and other savings by using ServiceNow.

DP 50 - SWPLA Fixed Cost Reductions -

The legislature reviewed reductions to fixed costs for warehouses, storage rooms, and information technology.

DP 2401 - Increase Commercial Insurance Premium -

The legislature reviewed an increase in proprietary funding for anticipated increases in commercial insurance premium charges for FY 2022 and FY 2023.

Other Issues

Proprietary Rates

Agency Insurance Fund - 06532

Proprietary Program Description

The Risk Management and Tort Defense Division administers a comprehensive plan of property/casualty insurance protection on behalf of state government. The division purchases commercial insurance, where cost-effective, to cover catastrophic losses above high deductibles.

State risks that are currently insured through commercial insurance carriers include aircraft, airports, boilers and machinery, bonds (various), crime, cyber/information security, fine art, foreign specialties, foster care, HIPAA, medical malpractice, property, professional liability, and other miscellaneous risks. The state self-insures most commercial insurance risks under \$2.0 million per occurrence as well as auto, general liability, inland marine (i.e. property in-transit), and mobile/ specialized equipment. The division also provides consultative services that include training, inspections, program reviews, contract administration, claims administration, and legal defense to prevent or minimize the adverse effects of physical or financial loss.

The division investigates, evaluates, and resolves tort liability claims (i.e. personal injury or property damage to third parties) and coordinates the adjudication and settlement of other claims involving property damage. This division operates under the authority of 2-9-101, MCA, through 2-9-305, MCA.

Proprietary Program Narrative

The following 2023 Biennium Report on Internal Service and Enterprise Funds shows the actual and projected expenditures and related revenues associated with the agency insurance fund.

2023 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
06532	Agency Insurance	61010	Risk Management & Tort Defense Division

	Actual FY 20	Budgeted FY 21	Budgeted FY 22	Budgeted FY 23
Operating Revenues				
Fees and Charges				
Premium	22,483,041	23,735,573	25,612,316	25,612,316
Other Operating Revenues - Motorcycle Training	3,362	6,000	6,000	6,000
Investment Earnings	636,033	590,000	590,000	590,000
Total Operating Revenues	<u>23,122,436</u>	<u>24,331,573</u>	<u>26,208,316</u>	<u>26,208,316</u>
Expenses				
Personal Services	1,747,751	1,710,238	1,757,377	1,761,045
Other Operating Expense	4,204,685	5,479,050	5,571,664	5,560,961
Insurance Premiums	5,319,557	7,050,000	8,424,474	8,424,474
Claims	50,579,100	15,235,087	15,235,087	15,235,087
Total Operating Expense	<u>61,851,093</u>	<u>29,474,375</u>	<u>30,988,602</u>	<u>30,981,567</u>
Operating Income (Loss)	<u>(38,728,657)</u>	<u>(5,142,802)</u>	<u>(4,780,286)</u>	<u>(4,773,251)</u>
Nonoperating Revenues				
Other Revenue A - Subrogation Proceeds	150,517	205,000	205,000	205,000
Other Revenue B				
Nonoperating Expenses				
Other Expense A				
Other Expense B				
Total Nonoperating Revenues (Expenses)	<u>150,517</u>	<u>205,000</u>	<u>205,000</u>	<u>205,000</u>
Income (Loss) Before Contributions and Transfers	<u>(38,578,140)</u>	<u>(4,937,802)</u>	<u>(4,575,286)</u>	<u>(4,568,251)</u>
Capital Contributions				
Transfers In - Insurance Proceeds Transfer	34,086,792	45,500	45,500	45,500
Transfers Out				
Loans and Lease Payments	(72)	(1,990)	(1,990)	(1,990)
Change in Net Position	<u>(4,491,420)</u>	<u>(4,894,292)</u>	<u>(4,531,776)</u>	<u>(4,524,741)</u>
Beginning Net Position - July 1	11,378,233	6,479,261	1,584,969	(2,946,807)
Prior Period Adjustments	(407,552)			
Change in Net Position	<u>(4,491,420)</u>	<u>(4,894,292)</u>	<u>(4,531,776)</u>	<u>(4,524,741)</u>
Ending Net Position - June 30	<u>6,479,261</u>	<u>1,584,969</u>	<u>(2,946,807)</u>	<u>(7,471,548)</u>

Expenses

The increase in personal services and operating expenses is \$1.5 million in each fiscal year. The increases in personal services totals approximately \$47,000 in FY 2022 and \$51,000 in FY 2023. The increase is primarily due to the legislatively approved pay plan and management decisions for market increases.

The increase in operating expenses is due to an increase in insurance premiums. The state’s commercial excess insurance premiums are projected to increase due to unfavorable market conditions. In addition, state government and the university system have experienced historically significant events such as the Montana State University - Bozeman roof collapse which is expected to increase the states premium by at least 30.0%.

Revenues

Montana self-insures its insurance risks for automobile, aviation, general liability, and property via this program. All state agencies pay insurance premiums to the Risk Management and Tort Defense Division.

Overall, revenues generated through premiums allocated to state agencies increased by 8.1%. Depending on the number and types of assets owned and/or the agency’s loss history, insurance premiums paid by agencies may vary. Premium amounts for state agencies are determined based on the predicted costs of losses the state may incur as a result of claims and the costs for operating the division. The division utilizes industry standards and practices employed by other municipalities and municipal risk pools in setting rates. Budgeted authority to pay insurance premiums is a fixed cost item in agency budgets.

Premiums for the 2023 biennium are apportioned based upon exposure and loss experience as follows:

- **Automobile** – comprised of two separate components 1) comprehensive and collision based upon total values of reported vehicles; and 2) auto liability premium based on agency losses over the past four years and number of vehicles reported
- **Aviation** – allocated to those agencies that have aircraft based on charges on commercial insurance carriers for each aircraft, depending on the year, make, model, and value of the aircraft. Airport premium is apportioned to those agencies that have airports based upon the number of airports
- **General Liability** – comprised of commercial coverage negotiated with commercial insurance carriers and self-insurance for those risks that are not insurable through commercial coverage based on number of exposures
- **Property** – allocated to each agency based on its percentage of reported exposures (e.g. building replacement cost values, boilers and machinery, etc.)

Proprietary Rates

The figure below shows the rates adopted by the legislature for the 2023 biennium. The rates charged in the 2021 biennium are shown for comparison purposes.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 2020	Budgeted FY 2021	Budgeted FY 2022	Budgeted FY 2023
<i>Fee Description:</i>				
Auto - Comprehensive/Collision	\$2,022,570	\$2,022,570	\$1,820,313	\$1,820,313
Aviation	\$169,961	\$169,961	\$169,961	\$169,961
General Liability	\$14,573,235	\$14,573,236	\$14,613,042	\$14,613,042
Property/Miscellaneous	\$6,930,000	\$6,930,000	\$9,009,000	\$9,009,000

The changes in rates, when compared to the base year of FY 2021, result in a:

- Decrease of 10.0% for automobile premiums
- Increase of 0.3% for general liability premiums
- Increase of 30.0% for property and miscellaneous premiums

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

Program Budget Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	1,024,968	999,526	(25,442)	(2.48)%
Operating Expenses	307,746	329,181	21,435	6.97 %
Local Assistance	29,366	29,366	0	0.00 %
Total Expenditures	\$1,362,080	\$1,358,073	(\$4,007)	(0.29)%
General Fund	1,362,080	1,358,073	(4,007)	(0.29)%
Total Funds	\$1,362,080	\$1,358,073	(\$4,007)	(0.29)%
Total Ongoing	\$1,362,080	\$1,368,840	\$6,760	0.50 %
Total OTO	\$0	(\$10,767)	(\$10,767)	100.00 %

Program Description

The Montana Tax Appeal Board (MTAB) was established by the authority granted in Article VIII, Section 7 of the Montana Constitution and operates under statutes found in 15-2-101 of the MCA. MTAB is an administrative court that is independent of the Montana Department of Revenue (DOR). The board consists of three members, who hear appeals as full-time state employees, with two support staff. Board members are appointed by the Governor to rotating six-year terms and are subject to legislative confirmation after a hearing before the Senate Taxation Committee and a recorded vote of the full Montana Senate.

MTAB executes the only state tax appeal system for citizens to dispute any action of the Montana DOR or other state agencies with taxing authority. It is the only fact-finding court of record in tax disputes, and as such holds formal hearings in cases to find facts and resolve the disputes through written opinions which can be appealed to Montana District Courts. The board hears appeals from decisions of the 56 county tax appeal boards, primarily involving residential and commercial property valuation and classification. It also takes original jurisdiction cases in matters involving income taxes, corporate taxes, severance taxes, centrally assessed property, new industry property, motor fuels taxes, vehicle taxes, and cabin site leases.

The duties of the board also include funding, administering and training the county tax appeal boards required by the Constitution. The Montana Tax Appeal Board trains and supports the 56 county tax appeal boards, reimbursing counties for expenses associated with the county tax appeal function. Specifically, secretary wages, office supplies, and mileage/per diem for county board members are reimbursed from the MTAB budget approved by the legislature.

Program Highlights

Montana Tax Appeal Board Major Budget Highlights
<ul style="list-style-type: none"> • The Montana Tax Appeal Board's 2023 biennium appropriations are approximately \$4,000 or 0.3% lower than the 2021 biennium • The decreases in general fund are primarily due to the statewide present law adjustment for personal services and the state share insurance holiday

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	5.50	5.50	5.50	5.50
Personal Services	440,693	509,042	515,926	493,801	505,725
Operating Expenses	122,565	154,968	152,778	164,411	164,770
Local Assistance	2,188	14,683	14,683	14,683	14,683
Total Expenditures	\$565,446	\$678,693	\$683,387	\$672,895	\$685,178
General Fund	565,446	678,693	683,387	672,895	685,178
Total Funds	\$565,446	\$678,693	\$683,387	\$672,895	\$685,178
Total Ongoing	\$565,446	\$678,693	\$683,387	\$683,662	\$685,178
Total OTO	\$0	\$0	\$0	(\$10,767)	\$0

Funding

The following table shows adopted program funding by source of authority.

Department of Administration, 37-Montana Tax Appeal Board Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,358,073	0	0	1,358,073	100.00 %
State Special Total	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$1,358,073	\$0	\$0	\$1,358,073	

The Montana Tax Appeal Board is fully funded with general fund. General fund provides support for travel expenses, compensation, and all other incidental expenses of the country tax boards. Office space and equipment for the county tax appeal boards must be furnished by the county.

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 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	683,387	683,387	1,366,774	100.64 %	683,387	683,387	1,366,774	100.64 %
SWPL Adjustments	(1,235)	54	(1,181)	(0.09)%	(1,235)	54	(1,181)	(0.09)%
PL Adjustments	(1,211)	(984)	(2,195)	(0.16)%	(1,211)	(984)	(2,195)	(0.16)%
New Proposals	(8,046)	2,721	(5,325)	(0.39)%	(8,046)	2,721	(5,325)	(0.39)%
Total Budget	\$672,895	\$685,178	\$1,358,073		\$672,895	\$685,178	\$1,358,073	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(11,358)	0	0	(11,358)	0.00	(10,201)	0	0	(10,201)
DP 2 - Fixed Costs	0.00	10,152	0	0	10,152	0.00	10,273	0	0	10,273
DP 3 - Inflation Deflation	0.00	(29)	0	0	(29)	0.00	(18)	0	0	(18)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	542	0	0	542	0.00	535	0	0	535
DP 5 - ServiceNow	0.00	(1,193)	0	0	(1,193)	0.00	(1,193)	0	0	(1,193)
DP 50 - SWPLA Fixed Cost Reductions	0.00	(560)	0	0	(560)	0.00	(326)	0	0	(326)
Grand Total All Present Law Adjustments	0.00	(\$2,446)	\$0	\$0	(\$2,446)	0.00	(\$930)	\$0	\$0	(\$930)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature adopted adjustments to fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature adopted adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature adopted an increase in general fund to provide the funding to pay the Department of Administration's indirect costs. These costs are charged to the department's programs for services provided, which include accounting, human

resources, and legal support.

DP 5 - ServiceNow -

The legislature adopted a decrease in general fund because of the purchase of ServiceNow licenses and programs for the 2023 biennium. The Montana Tax Appeal Board is anticipating operating efficiencies and other savings by using ServiceNow.

DP 50 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warehouses, storage rooms, and information technology.

New Proposals

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 37 - NRIS/GIS Fixed Costs	0.00	2,721	0	0	2,721	0.00	2,721	0	0	2,721
DP 5555 - Reduce GF Budget for State Share Holiday	0.00	(10,767)	0	0	(10,767)	0.00	0	0	0	0
Total	0.00	(\$8,046)	\$0	\$0	(\$8,046)	0.00	\$2,721	\$0	\$0	\$2,721

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 37 - NRIS/GIS Fixed Costs -

The 2019 Legislature enacted HB 633 requiring the Legislative Finance Committee (LFC) to conduct a study of the funding of digital library services. The LFC recommended that the Office of Budget and Program Planning include an assessment for the natural resource information system (NRIS) and the geographic information system (GIS) as a fixed cost to state agencies beginning in the 2023 biennium. The assessment is made to those agencies that utilize the NRIS/GIS.

DP 5555 - Reduce GF Budget for State Share Holiday -

The legislature adopted a reduction in general fund appropriations for a two-month state share holiday for employer contributions into the state health insurance fund. This change removes the general fund portion of the savings generate by the contribution holiday. Savings from other funding sources remain in the agency to be able to address ongoing functions of the agency.