

**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	25,767,760	(1,429,780)	(5.26)%
Operating Expenses	17,680,727	13,445,206	(4,235,521)	(23.96)%
Equipment & Intangible Assets	372,398	100,000	(272,398)	(73.15)%
Local Assistance	53,558	57,958	4,400	8.22 %
Transfers	0	31,506,300	31,506,300	0.00 %
Debt Service	12,347	13,834	1,487	12.04 %
<b>Total Expenditures</b>	<b>\$45,316,570</b>	<b>\$70,891,058</b>	<b>\$25,574,488</b>	<b>56.44 %</b>
General Fund	18,413,424	43,697,337	25,283,913	137.31 %
State/Other Special Rev. Funds	14,650,289	14,809,768	159,479	1.09 %
Federal Spec. Rev. Funds	28,268	37,070	8,802	31.14 %
Proprietary Funds	12,224,589	12,346,883	122,294	1.00 %
<b>Total Funds</b>	<b>\$45,316,570</b>	<b>\$70,891,058</b>	<b>\$25,574,488</b>	<b>56.44 %</b>
<b>Total Ongoing</b>	<b>\$45,316,570</b>	<b>\$70,990,114</b>	<b>\$25,673,544</b>	<b>56.65 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$99,056)</b>	<b>(\$99,056)</b>	<b>100.00 %</b>

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**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 \$25.6 million or 56.4% 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
- 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 58.0% 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	144.16	144.16
Personal Services	12,431,465	13,303,296	13,894,244	12,804,027	12,963,733
Operating Expenses	7,940,946	9,069,423	8,611,304	6,827,454	6,617,752
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	14,356,668	17,149,632
Debt Service	5,188	5,430	6,917	6,917	6,917
<b>Total Expenditures</b>	<b>\$20,677,942</b>	<b>\$22,725,126</b>	<b>\$22,591,444</b>	<b>\$34,074,045</b>	<b>\$36,817,013</b>
General Fund	8,231,819	9,208,395	9,205,029	20,429,063	23,268,274
State/Other Special Rev. Funds	7,091,360	7,293,038	7,357,251	7,386,027	7,423,741
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
<b>Total Funds</b>	<b>\$20,677,942</b>	<b>\$22,725,126</b>	<b>\$22,591,444</b>	<b>\$34,074,045</b>	<b>\$36,817,013</b>
<b>Total Ongoing</b>	<b>\$20,677,942</b>	<b>\$22,725,126</b>	<b>\$22,591,444</b>	<b>\$34,173,101</b>	<b>\$36,817,013</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$99,056)</b>	<b>\$0</b>

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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	144.16	0.00	144.16	144.16	0.00	0.00
Personal Services	13,894,244	12,864,439	12,804,027	(60,412)	13,010,185	12,963,733	(46,452)	(106,864)
Operating Expenses	8,611,304	6,839,932	6,827,454	(12,478)	6,624,152	6,617,752	(6,400)	(18,878)
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	14,356,668	5,766,789	8,941,581	17,149,632	8,208,051	13,974,840
Debt Service	6,917	6,917	6,917	0	6,917	6,917	0	0
<b>Total Costs</b>	<b>\$22,591,444</b>	<b>\$28,380,146</b>	<b>\$34,074,045</b>	<b>\$5,693,899</b>	<b>\$28,661,814</b>	<b>\$36,817,013</b>	<b>\$8,155,199</b>	<b>\$13,849,098</b>
General Fund	9,205,029	14,715,608	20,429,063	5,713,455	15,111,603	23,268,274	8,156,671	13,870,126
State/other Special Rev. Funds	7,357,251	7,373,960	7,386,027	12,067	7,395,039	7,423,741	28,702	40,769
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)
<b>Total Funds</b>	<b>\$22,591,444</b>	<b>\$28,380,146</b>	<b>\$34,074,045</b>	<b>\$5,693,899</b>	<b>\$28,661,814</b>	<b>\$36,817,013</b>	<b>\$8,155,199</b>	<b>\$13,849,098</b>
<b>Total Ongoing</b>	<b>\$22,591,444</b>	<b>\$33,836,134</b>	<b>\$34,173,101</b>	<b>\$336,967</b>	<b>\$34,912,156</b>	<b>\$36,817,013</b>	<b>\$1,904,857</b>	<b>\$2,241,824</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$5,455,988)</b>	<b>(\$99,056)</b>	<b>\$5,356,932</b>	<b>(\$6,250,342)</b>	<b>\$0</b>	<b>\$6,250,342</b>	<b>\$11,607,274</b>

The legislature adopted appropriations that are approximately \$13.8 million higher than the proposed appropriations for the 2023 biennium.

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

- The legislature did not adopt the executive proposal to eliminate transfers to the capital development account (17-7-208(1) MCA), totaling \$14.0 million over the biennium. This increases general fund transfers to the capitol

- development account, which was established in HB 553 (2019 Legislature)
- 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 services
- The legislature adopted an additional 1.0% vacancy savings, 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

**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	(99,056)	0	202,613,034	246,310,371	20.64 %	
State Special Total	14,809,768	0	0	39,062,376	53,872,144	4.52 %	
Federal Special Total	37,070	0	0	7,927,720	7,964,790	0.67 %	
Proprietary Total	12,346,883	0	696,854,357	175,752,943	884,954,183	74.17 %	
Other Total	0	0	0	0	0	0.00 %	
<b>Total All Funds</b>	<b>\$70,990,114</b>	<b>(\$99,056)</b>	<b>\$696,854,357</b>	<b>\$425,356,073</b>	<b>\$1,193,101,488</b>		
<b>Percent - Total All Sources</b>	<b>5.95 %</b>	<b>(0.01)%</b>	<b>58.41 %</b>	<b>35.65 %</b>			

**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	9,205,029	9,205,029	18,410,058	42.13 %	22,591,444	22,591,444	45,182,888	63.74 %
SWPL Adjustments	20,863	(33,174)	(12,311)	(0.03)%	72,092	(104,284)	(32,192)	(0.05)%
PL Adjustments	14,352,790	17,147,811	31,500,601	72.09 %	14,468,632	17,279,062	31,747,694	44.78 %
New Proposals	(3,149,619)	(3,051,392)	(6,201,011)	(14.19)%	(3,058,123)	(2,949,209)	(6,007,332)	(8.47)%
<b>Total Budget</b>	<b>\$20,429,063</b>	<b>\$23,268,274</b>	<b>\$43,697,337</b>		<b>\$34,074,045</b>	<b>\$36,817,013</b>	<b>\$70,891,058</b>	

**Language and Statutory Authority**

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.

**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	31,506,300	31,506,300	0.00 %
<b>Total Expenditures</b>	<b>\$1,181,204</b>	<b>\$32,624,743</b>	<b>\$31,443,539</b>	<b>2,661.99 %</b>
General Fund	1,160,190	32,599,329	31,439,139	2,709.83 %
Federal Spec. Rev. Funds	21,014	25,414	4,400	20.94 %
<b>Total Funds</b>	<b>\$1,181,204</b>	<b>\$32,624,743</b>	<b>\$31,443,539</b>	<b>2,661.99 %</b>
<b>Total Ongoing</b>	<b>\$1,181,204</b>	<b>\$32,631,974</b>	<b>\$31,450,770</b>	<b>2,662.60 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$7,231)</b>	<b>(\$7,231)</b>	<b>100.00 %</b>

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**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	14,356,668	17,149,632
<b>Total Expenditures</b>	<b>\$443,589</b>	<b>\$608,353</b>	<b>\$572,851</b>	<b>\$14,949,051</b>	<b>\$17,675,692</b>
General Fund	442,324	600,046	560,144	14,936,344	17,662,985
Federal Spec. Rev. Funds	1,265	8,307	12,707	12,707	12,707
<b>Total Funds</b>	<b>\$443,589</b>	<b>\$608,353</b>	<b>\$572,851</b>	<b>\$14,949,051</b>	<b>\$17,675,692</b>
<b>Total Ongoing</b>	<b>\$443,589</b>	<b>\$608,353</b>	<b>\$572,851</b>	<b>\$14,956,282</b>	<b>\$17,675,692</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$7,231)</b>	<b>\$0</b>

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**Funding**

*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.

*Statutory Appropriations*

In the Director's Office, statutory appropriations account for the majority of appropriations from all sources of authority. The executive proposes statutory appropriation authority of approximately \$122.9 million in FY 2022 and \$126.2 million in FY 2023. The figure below provides FY 2020 actual expenditures, FY 2021 appropriations, and current HJ 2 estimates for FY 2022 and FY 2023 appropriations, which are \$109.0 million and \$112.1 million. HJ 2 estimates are slightly below the executive's estimates at this time.

Department of Administration Director's Office Statutory Appropriations				
	FY 2020 Actual	FY 2021 Appropriated	FY 2022 Estimated	FY 2023 Estimated
<b>General Fund</b>				
Debt Service	\$ 8,225,527	\$ 10,534,915	\$ 15,252,707	\$ 17,064,950
Local Government PERD Contribution	529,533	541,683	564,512	582,859
School District PERS Contribution	621,944	646,959	663,027	684,575
TRS GABA Contribution	948,966	996,000	1,011,651	1,044,530
TRS Supplemental Contribution	44,999,422	46,015,000	46,320,508	47,013,425
State Fund Division	138,817	200,000	200,000	200,000
Public Employees Retirement Transfer	<u>33,951,150</u>	<u>34,290,660</u>	<u>34,633,568</u>	<u>34,979,904</u>
<b>Total General Fund</b>	<b>89,415,359</b>	<b>93,225,217</b>	<b>98,645,973</b>	<b>101,570,242</b>
<b>State Special Revenue</b>				
Mineral Impact Fees	7,077,769	8,186,000	6,486,000	6,486,000
Debt Service	<u>256,223</u>	<u>338,200</u>	-	-
<b>Total State Special Revenue</b>	<b>7,333,992</b>	<b>8,524,200</b>	<b>6,486,000</b>	<b>6,486,000</b>
<b>Federal Special Revenue</b>				
Taylor Grazing Fees	113,718	125,000	125,000	125,000
Forest Reserve Funds	<u>13,800,949</u>	<u>18,017,000</u>	<u>3,760,270</u>	<u>3,917,450</u>
<b>Total Federal Special Revenue</b>	<b>13,914,667</b>	<b>18,142,000</b>	<b>3,885,270</b>	<b>3,042,450</b>
<b>Total Statutory Appropriations</b>	<b><u>\$ 110,664,018</u></b>	<b><u>\$ 119,891,417</u></b>	<b><u>\$ 109,017,243</u></b>	<b><u>\$ 112,098,692</u></b>

**Program Budget Summary by Category**

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	560,144	560,144	1,120,288	3.44 %	572,851	572,851	1,145,702	3.51 %
SWPL Adjustments	78,128	4,594	82,722	0.25 %	78,128	4,594	82,722	0.25 %
PL Adjustments	14,355,390	17,148,546	31,503,936	96.64 %	14,355,390	17,148,546	31,503,936	96.56 %
New Proposals	(57,318)	(50,299)	(107,617)	(0.33)%	(57,318)	(50,299)	(107,617)	(0.33)%
<b>Total Budget</b>	<b>\$14,936,344</b>	<b>\$17,662,985</b>	<b>\$32,599,329</b>		<b>\$14,949,051</b>	<b>\$17,675,692</b>	<b>\$32,624,743</b>	

**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	(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
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$14,433,518</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,433,518</b>	<b>0.00</b>	<b>\$17,153,140</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,153,140</b>

\*\*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 provide the funding required in the proposed budget to pay increases in 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 5555 - Reduce GF Budget for State Share Holiday	0.00	(7,231)	0	0	(7,231)	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>(\$57,318)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$57,318)</b>	<b>0.00</b>	<b>(\$50,299)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$50,299)</b>

\*\*\*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 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. This change package is contingent on passage and approval of SB 110.

**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.

#### *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.

<b>Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information</b>				
	<b>Estimated FY 2020</b>	<b>Estimated FY 2021</b>	<b>Proposed FY 2022</b>	<b>Proposed FY 2023</b>
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).

*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**

<b>Actual FY 2020</b>	<b>Estimated FY 2021</b>	<b>Proposed FY 2022</b>	<b>Proposed FY 2023</b>
---------------------------	------------------------------	-----------------------------	-----------------------------

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 %
<b>Total Expenditures</b>	<b>\$6,274,701</b>	<b>\$6,484,365</b>	<b>\$209,664</b>	<b>3.34 %</b>
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)%
<b>Total Funds</b>	<b>\$6,274,701</b>	<b>\$6,484,365</b>	<b>\$209,664</b>	<b>3.34 %</b>
<b>Total Ongoing</b>	<b>\$6,274,701</b>	<b>\$6,537,356</b>	<b>\$262,655</b>	<b>4.19 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$52,991)</b>	<b>(\$52,991)</b>	<b>100.00 %</b>

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**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
<b>Total Expenditures</b>	<b>\$2,923,551</b>	<b>\$3,122,356</b>	<b>\$3,152,345</b>	<b>\$3,207,275</b>	<b>\$3,277,090</b>
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
<b>Total Funds</b>	<b>\$2,923,551</b>	<b>\$3,122,356</b>	<b>\$3,152,345</b>	<b>\$3,207,275</b>	<b>\$3,277,090</b>
<b>Total Ongoing</b>	<b>\$2,923,551</b>	<b>\$3,122,356</b>	<b>\$3,152,345</b>	<b>\$3,260,266</b>	<b>\$3,277,090</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$52,991)</b>	<b>\$0</b>

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**Funding**

*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 function.

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).

**Program 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	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)%
<b>Total Budget</b>	<b>\$2,993,348</b>	<b>\$3,059,379</b>	<b>\$6,052,727</b>		<b>\$3,207,275</b>	<b>\$3,277,090</b>	<b>\$6,484,365</b>	

**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
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$137,419</b>	<b>\$10,379</b>	<b>\$4,401</b>	<b>\$177,587</b>	<b>0.00</b>	<b>\$150,459</b>	<b>\$11,450</b>	<b>\$4,401</b>	<b>\$191,795</b>

\*\*\*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 provide the funding required in the proposed budget to pay increases in 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
<b>Total</b>	<b>0.00</b>	<b>(\$52,991)</b>	<b>(\$40,985)</b>	<b>\$0</b>	<b>(\$122,657)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$38,291)</b>	<b>\$0</b>	<b>(\$67,050)</b>

\*\*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. This change package is contingent on passage and approval of SB 110.

**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.

*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 increase for SABHRS when comparing to the 2021 biennium.

<b>Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information</b>			
<b>Actual FY 2020</b>	<b>Budgeted FY 2021</b>	<b>Budgeted FY 2022</b>	<b>Budgeted FY 2023</b>
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.

*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.

<b>Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information</b>				
	<b>Actual FY 2020</b>	<b>Budgeted FY 2021</b>	<b>Budgeted FY 2022</b>	<b>Budgeted FY 2023</b>
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.

**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 %
<b>Total Expenditures</b>	<b>\$4,794,643</b>	<b>\$4,800,068</b>	<b>\$5,425</b>	<b>0.11 %</b>
State/Other Special Rev. Funds	4,794,643	4,800,068	5,425	0.11 %
<b>Total Funds</b>	<b>\$4,794,643</b>	<b>\$4,800,068</b>	<b>\$5,425</b>	<b>0.11 %</b>
<b>Total Ongoing</b>	<b>\$4,794,643</b>	<b>\$4,800,068</b>	<b>\$5,425</b>	<b>0.11 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

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**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
<b>Total Expenditures</b>	<b>\$2,292,121</b>	<b>\$2,387,536</b>	<b>\$2,407,107</b>	<b>\$2,393,385</b>	<b>\$2,406,683</b>
State/Other Special Rev. Funds	2,292,121	2,387,536	2,407,107	2,393,385	2,406,683
<b>Total Funds</b>	<b>\$2,292,121</b>	<b>\$2,387,536</b>	<b>\$2,407,107</b>	<b>\$2,393,385</b>	<b>\$2,406,683</b>
<b>Total Ongoing</b>	<b>\$2,292,121</b>	<b>\$2,387,536</b>	<b>\$2,407,107</b>	<b>\$2,393,385</b>	<b>\$2,406,683</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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**Funding**

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.

**Program Budget Summary by Category**

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 %	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 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$2,393,385</b>	<b>\$2,406,683</b>	<b>\$4,800,068</b>	

**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)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$92,916)</b>	<b>\$0</b>	<b>(\$92,916)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$87,747)</b>	<b>\$0</b>	<b>(\$87,747)</b>

\*\*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
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$79,194</b>	<b>\$0</b>	<b>\$79,194</b>	<b>0.00</b>	<b>\$0</b>	<b>\$87,323</b>	<b>\$0</b>	<b>\$87,323</b>

\*"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 last full fiscal year actuals, previous biennium appropriations by year, and current annual biennium budget request 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	10,488,299	9,939,671	(548,628)	(5.23)%
Operating Expenses	34,553,982	34,838,358	284,376	0.82 %
Equipment & Intangible Assets	826,330	826,330	0	0.00 %
Transfers	802,897	444,000	(358,897)	(44.70)%
Debt Service	398,128	432,814	34,686	8.71 %
<b>Total Expenditures</b>	<b>\$47,069,636</b>	<b>\$46,481,173</b>	<b>(\$588,463)</b>	<b>(1.25)%</b>
Proprietary Funds	47,069,636	46,481,173	(588,463)	(1.25)%
<b>Total Funds</b>	<b>\$47,069,636</b>	<b>\$46,481,173</b>	<b>(\$588,463)</b>	<b>(1.25)%</b>
<b>Total Ongoing</b>	<b>\$47,069,636</b>	<b>\$46,481,173</b>	<b>(\$588,463)</b>	<b>(1.25)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**Page Reference**

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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	72.35	72.35	72.35	72.35
Personal Services	5,341,139	5,414,030	5,074,269	4,965,407	4,974,264
Operating Expenses	16,510,818	17,037,921	17,516,061	17,428,656	17,409,702
Equipment & Intangible Assets	101,774	413,165	413,165	413,165	413,165
Transfers	390,250	559,897	243,000	243,000	201,000
Debt Service	223,555	198,474	199,654	216,407	216,407
<b>Total Expenditures</b>	<b>\$22,567,536</b>	<b>\$23,623,487</b>	<b>\$23,446,149</b>	<b>\$23,266,635</b>	<b>\$23,214,538</b>
Proprietary Funds	22,567,536	23,623,487	23,446,149	23,266,635	23,214,538
<b>Total Funds</b>	<b>\$22,567,536</b>	<b>\$23,623,487</b>	<b>\$23,446,149</b>	<b>\$23,266,635</b>	<b>\$23,214,538</b>
<b>Total Ongoing</b>	<b>\$22,567,536</b>	<b>\$23,623,487</b>	<b>\$23,446,149</b>	<b>\$23,266,635</b>	<b>\$23,214,538</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Page Reference**

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**Funding**

*Proprietary Funds*

The General Service Division is entirely supported through proprietary funds. These funds are discussed in the Proprietary Rates section of the narrative.

**Program Budget Summary by Category**

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 %	23,446,149	23,446,149	46,892,298	100.88 %	
SWPL Adjustments	0	0	0	0.00 %	267,222	249,647	516,869	1.11 %	
PL Adjustments	0	0	0	0.00 %	(317,630)	(350,910)	(668,540)	(1.44)%	
New Proposals	0	0	0	0.00 %	(129,106)	(130,348)	(259,454)	(0.56)%	
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$23,266,635</b>	<b>\$23,214,538</b>	<b>\$46,481,173</b>		

**Present Law Adjustments -**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed 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	(108,862)	0.00	0	0	0	(100,005)
DP 2 - Fixed Costs	0.00	0	0	0	376,094	0.00	0	0	0	349,658
DP 3 - Inflation Deflation	0.00	0	0	0	(10)	0.00	0	0	0	(6)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	0	0	0	45,744	0.00	0	0	0	45,744
DP 5 - ServiceNow	0.00	0	0	0	(10,486)	0.00	0	0	0	(10,486)
DP 6 - SCEMO Increase	0.00	0	0	0	6,367	0.00	0	0	0	6,368
DP 50 - SWPLA Fixed Cost Reductions	0.00	0	0	0	(51,008)	0.00	0	0	0	(47,289)
DP 602 - Property Assessments Increase	0.00	0	0	0	35,000	0.00	0	0	0	40,000
DP 605 - SBECF Adjustments	0.00	0	0	0	16,753	0.00	0	0	0	(25,247)
DP 607 - Contracted Services Decrease	0.00	0	0	0	(360,000)	0.00	0	0	0	(360,000)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$50,408)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$101,263)</b>

\*\*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 provide the funding required in the proposed budget to pay increases in 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 General Services Division is anticipating operating efficiencies and other savings by using ServiceNow.

DP 6 - SCEMO Increase -

The legislature reviewed an increase in proprietary funds for the General Services Division's portion of the costs paid to the State Continuity and Emergency Office.

DP 50 - SWPLA Fixed Cost Reductions -

The legislature reviewed reductions to fixed costs for warehouses, storage rooms, information technology, and the State Continuity and Emergency Management Office.

DP 602 - Property Assessments Increase -

The legislature reviewed an increase in proprietary funding for assessment paid to the City of Helena.

DP 605 - SBECF Adjustments -

The legislature reviewed an increase in proprietary funding in FY 2022 and a decrease in FY 2023 to adjust for payments made by Capitol Facilities Management to the state building energy conservation program.

DP 607 - Contracted Services Decrease -

The legislature reviewed a decrease in proprietary funding to reflect savings in contracted services expense. In FY 2021 Capitol Facilities Management took over the state's mechanical contract, which resulted in savings to this program.

**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 608 - Adjust Facility Management Proprietary - Non-Office Rent	0.00	0	0	0	(129,106)	0.00	0	0	0	(130,348)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$129,106)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$130,348)</b>

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

DP 608 - Adjust Facility Management Proprietary - Non-Office Rent -



The legislature adopted an adjustment to the non-office rent rate.

#### Other Issues -

#### Proprietary Rates

The General Services Division provides the following functions supported by proprietary rates:

- Capitol Facilities Management (rent and maintenance)
- Print and mail services
- Surplus property and recycling

#### Capitol Facilities Management – Rent and Maintenance (06528)

##### *Proprietary Program Description*

The Capitol Facilities Management is the custodian of all state property and grounds in the state capitol area, which is the geographic area within a 10-mile radius of the state Capitol. Services include providing all utilities on the complex (including water, sewer, electricity, natural gas, and garbage collection), locksmith services, repair and maintenance, construction, construction management, grounds maintenance, leasing services, emergency response and management, and security. The bureau manages several service contracts for the capitol complex including security, pest control, mechanical maintenance, janitorial services, elevator repair and maintenance, fire sprinkler systems maintenance, and access control.

Operational authority for the bureau is provided by Title 2, Chapter 17, Part 8, Section 811, MCA. The bureau currently has 34.00 FTE.

##### *Expenses*

The decrease in total expenses is approximately \$295,000 in FY 2022 and \$340,000 in FY 2023 when compared to the FY 2021 base budget. Increased expenditures are due, in part, to the statewide present law adjustment for fixed costs. Capitol Facilities Management is responsible for paying the property insurance on the buildings within the capitol complex. The increase in fixed costs for this program are primarily because of the rate increase from Risk Management and Tort Defense.

The proposed increases are more than offset by proposed decreases in expenditures. The most significant decrease is due to contracted services. In FY 2021, CFM took over the state's Capitol complex mechanical contract, which resulted in savings of \$360,000 each fiscal year. Additionally, the legislature adopted a decrease in the non-office rent rate which has a corresponding reduction in operating expenses.

##### *Revenues*

Revenues are based on square footage rental rates charged for office and non-office space billed to agencies occupying space in state owned buildings overseen by the Department of Administration.

##### *Proprietary Rates*

Rent is based on the number of square feet occupied and is assessed to each agency in the buildings controlled by the Department of Administration. The rates are established to cover the cost of personal services, operating expenses, maintenance and equipment. Grounds maintenance is included in the rate, with one exception.

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.

<b>Requested Rates for Internal Service Funds Fee/Rate Information</b>				
	<b>Actual FY 2020</b>	<b>Actual FY 2021</b>	<b>Projected FY 2022</b>	<b>Projected FY 2023</b>
Fee Description:				
Office Rent (per sq. ft.)	\$ 10.540	\$ 10.736	\$ 11.357	\$ 11.369
Non-office Rent (per sq. ft.)	\$ 5.546	\$ 5.546	\$ 7.000	\$ 7.000
Grounds Maintenance (per sq. ft.)	\$ 0.615	\$ 0.615	\$ 0.615	\$ 0.615
Project Mgmt. (In-house)	15%	15%	15%	15%
Project Mgmt. (Consultation)	Actual Cost	Actual Cost	Actual Cost	Actual Cost
State Employee Access ID Card	Actual Cost	Actual Cost	Actual Cost	Actual Cost

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.

**Print and Mail Bureau - 06530**

*Proprietary Program Description*

The State Print and Mail Bureau provides printing and mail services to all agencies within state government. The bureau has seven components: 1) internal printing; 2) external (contracted) printing; 3) managed print; 4) mail preparation; 5) central mail operations; 6) inter-agency (deadhead) mail; and 7) the postal station in the Capitol. All printing or purchasing of printing is requested through print and mail services, which determines the most cost-effective method of project completion. Approximately 47.7% of printing expenditures are procured through commercial vendors.

Section 18-7-101, MCA, requires the Department of Administration to supervise and attend to all public printing within the state and to contract for any printing used by the state. Section 2-17-301, MCA, charges the department with the responsibility of administering the state managed print program. Section 2-17-301, MCA, also requires the department to maintain and supervise any central mailing messenger service.

The State Print and Mail Bureau has authority for 32.60 FTE.

*Expenses*

The increase in expenditures is approximately \$141,000 in FY 2022 and \$133,000 in FY 2023 when compared to the FY 2021 base year. Increases are primarily due to statewide present law adjustments for fixed costs. State Information Technology Services Division (SITSD) costs are increasing by approximately \$82,000 each fiscal year. The State Print and Mail Bureau is enhancing its print management information system and it is anticipated that more SITSD services will be required.

*Revenues*

All state agencies in Helena use the services of the State Print and Mail Bureau depending on their printing and mail needs. Printing revenue is based on the actual type and volume of printing provided and mail services is based on agency service frequency.

*Proprietary Rates*

All print and mail services projects are unique, and the State Print and Mail Bureau has many rates to provide services to agencies. Direct and administrative overhead is allocated to each program, and costs are recovered by charging for each unit of service provided. External printing and the managed print program recover costs by charging a percentage markup

on the invoice for the printing job and/or multi-function device.

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**

	<b>Actual FY 2020</b>	<b>Budgeted FY 2021</b>	<b>Proposed FY 2022</b>	<b>Proposed FY 2023</b>
Fee Description:				
<b>Internal Printing</b>				
Impressions	Cost + 25%	Cost + 25%	Cost + 25%	Cost + 25%
Large Format Color per ft.	Cost + 25%	Cost + 25%	Cost + 25%	Cost + 25%
Ink	Cost + 25%	Cost + 25%	Cost + 25%	Cost + 25%
Bindery work	Cost + 25%	Cost + 25%	Cost + 25%	Cost + 25%
Variable data printing	Cost + 25%	Cost + 25%	Cost + 25%	Cost + 25%
Pick and Pack Fulfillment	\$1.00	\$1.00	\$1.00	\$1.00
Overtime	\$30.00	\$30.00	\$30.00	\$30.00
Desktop	\$75.00	\$75.00	\$75.00	\$75.00
Scan	Cost + 25%	Cost + 25%	Cost + 25%	Cost + 25%
IT Programming	\$95.00	\$95.00	\$95.00	\$95.00
File Transfer	\$25.00	\$25.00	\$25.00	\$25.00
Mainframe Print	\$0.071	\$0.071	\$0.071	\$0.071
Warrant Printing	\$0.250	\$0.250	\$0.250	\$0.250
CD/DVD duplicating	Cost + 25%	Cost + 25%	Cost + 25%	Cost + 25%
Pre-Press work	Cost + 25%	Cost + 25%	Cost + 25%	Cost + 25%
Inventory Mark Up	20.00%	20.00%	20.00%	20.00%
<b>External Printing</b>				
Percent of Invoice Mark-Up	8.8%	8.8%	8.8%	8.8%
<b>Managed Print</b>				
Percent of Invoice Mark-Up	15.9%	15.9%	15.9%	15.9%
<b>Mail Preparation</b>				
Tabbing	\$0.023	\$0.023	\$0.023	\$0.023
Labeling	\$0.023	\$0.023	\$0.023	\$0.023
Ink Jet	\$0.036	\$0.036	\$0.036	\$0.036
Inserting	\$0.045	\$0.045	\$0.045	\$0.045
Waymark	\$0.069	\$0.069	\$0.069	\$0.069
Permit mailings	\$0.069	\$0.069	\$0.069	\$0.069
<b>Mail Operations</b>				
Machinable	\$0.043	\$0.043	\$0.043	\$0.043
Non-Machinable	\$0.110	\$0.110	\$0.110	\$0.110
Seal Only	\$0.020	\$0.020	\$0.020	\$0.020
Postcards	\$0.070	\$0.070	\$0.070	\$0.070
Certified Mail	\$0.620	\$0.620	\$0.620	\$0.620
Registered Mail	\$0.614	\$0.614	\$0.614	\$0.614
International Mail	\$0.510	\$0.510	\$0.510	\$0.510
Flats	\$0.150	\$0.150	\$0.150	\$0.150

Priority	\$0.614	\$0.614	\$0.614	\$0.614
Express Mail	\$0.614	\$0.614	\$0.614	\$0.614
USPS Parcels	\$0.510	\$0.510	\$0.510	\$0.510
Insured mail	\$0.614	\$0.614	\$0.614	\$0.614
Media Mail	\$0.320	\$0.320	\$0.320	\$0.320
Standard Mail	\$0.200	\$0.200	\$0.200	\$0.200
Postage Due	\$0.061	\$0.061	\$0.061	\$0.061
Fee Due	\$0.061	\$0.061	\$0.061	\$0.061
Tapes	\$0.245	\$0.245	\$0.245	\$0.245
Express Services	\$0.500	\$0.500	\$0.500	\$0.500
Mail tracking	\$0.250	\$0.250	\$0.250	\$0.250
Cass letters/postcards	\$0.047	\$0.047	\$0.047	\$0.047
Cass flats	\$0.100	\$0.100	\$0.100	\$0.100
Flat sorter	\$0.250	\$0.250	\$0.250	\$0.250
<b>Interagency Mail</b>				
Dollars-yearly	\$362,325	\$362,325	\$376,025	\$376,025
<b>Postal Contract (Capitol)</b>				
Dollars-yearly	\$38,976	\$38,976	\$38,976	\$38,976

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	2,524,275	827,875	(1,696,400)	(67.20)%
Operating Expenses	4,880,102	400,003	(4,480,099)	(91.80)%
Equipment & Intangible Assets	201,000	0	(201,000)	(100.00)%
<b>Total Expenditures</b>	<b>\$7,605,377</b>	<b>\$1,227,878</b>	<b>(\$6,377,499)</b>	<b>(83.86)%</b>
General Fund	6,709,153	379,648	(6,329,505)	(94.34)%
State/Other Special Rev. Funds	896,224	848,230	(47,994)	(5.36)%
<b>Total Funds</b>	<b>\$7,605,377</b>	<b>\$1,227,878</b>	<b>(\$6,377,499)</b>	<b>(83.86)%</b>
<b>Total Ongoing</b>	<b>\$7,605,377</b>	<b>\$1,229,986</b>	<b>(\$6,375,391)</b>	<b>(83.83)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$2,108)</b>	<b>(\$2,108)</b>	<b>100.00%</b>

**Page Reference**

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**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	4.49	4.49
Personal Services	784,738	1,082,426	1,441,849	412,371	415,504
Operating Expenses	2,325,182	2,525,494	2,354,608	200,157	199,846
Equipment & Intangible Assets	200,979	201,000	0	0	0
<b>Total Expenditures</b>	<b>\$3,310,899</b>	<b>\$3,808,920</b>	<b>\$3,796,457</b>	<b>\$612,528</b>	<b>\$615,350</b>
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	423,888	424,342
<b>Total Funds</b>	<b>\$3,310,899</b>	<b>\$3,808,920</b>	<b>\$3,796,457</b>	<b>\$612,528</b>	<b>\$615,350</b>
<b>Total Ongoing</b>	<b>\$3,310,899</b>	<b>\$3,808,920</b>	<b>\$3,796,457</b>	<b>\$614,636</b>	<b>\$615,350</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,108)</b>	<b>\$0</b>

**Page Reference**

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**Funding**

*HB 2 Appropriations*

General fund appropriations provide funding for the administrative portion of the Public Safety Bureau. State special revenue appropriations provide support for the administrative costs related to 911 services. Fees are imposed on a per month, per access line basis for each telephone subscriber in the state using either landline or wireless services.

*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.

*Statutory Appropriations*

The majority of the state special revenue funding in the division is statutorily appropriated for 911 services. 911 surcharges are collected by the state and statutorily appropriated for distribution to counties and telecommunication providers.

**Program 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	618.38 %
SWPL Adjustments	(149,147)	(148,311)	(297,458)	(78.35)%	(179,736)	(178,585)	(358,321)	(29.18)%
PL Adjustments	(3,500)	(3,459)	(6,959)	(1.83)%	1,112	1,292	2,404	0.20 %
New Proposals	(3,005,305)	(3,003,814)	(6,009,119)	(1,582.81)%	(3,005,305)	(3,003,814)	(6,009,119)	(489.39)%
<b>Total Budget</b>	<b>\$188,640</b>	<b>\$191,008</b>	<b>\$379,648</b>		<b>\$612,528</b>	<b>\$615,350</b>	<b>\$1,227,878</b>	

**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)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$152,647)</b>	<b>(\$25,977)</b>	<b>\$0</b>	<b>(\$178,624)</b>	<b>0.00</b>	<b>(\$151,770)</b>	<b>(\$25,523)</b>	<b>\$0</b>	<b>(\$177,293)</b>

\*\*\*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 provide the funding required in the proposed budget to pay increases in 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 5555 - Reduce GF Budget for State Share Holiday	0.00	(2,108)	0	0	(2,108)	0.00	0	0	0	0
<b>Total</b>	<b>(10.00)</b>	<b>(\$3,005,305)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,005,305)</b>	<b>(10.00)</b>	<b>(\$3,003,814)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,003,814)</b>

\*"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 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. This change package is contingent on passage and approval of SB 110.

**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

### 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 included in the executive proposal 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.

<b>Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information</b>				
	<b>Actual FY 20</b>	<b>Estimated FY 21</b>	<b>Proposed FY 22</b>	<b>Proposed FY 23</b>
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.

**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 %
<b>Total Expenditures</b>	<b>\$8,588,774</b>	<b>\$8,845,667</b>	<b>\$256,893</b>	<b>2.99 %</b>
State/Other Special Rev. Funds	8,588,774	8,845,667	256,893	2.99 %
<b>Total Funds</b>	<b>\$8,588,774</b>	<b>\$8,845,667</b>	<b>\$256,893</b>	<b>2.99 %</b>
<b>Total Ongoing</b>	<b>\$8,588,774</b>	<b>\$8,845,667</b>	<b>\$256,893</b>	<b>2.99 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

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**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
<b>Total Expenditures</b>	<b>\$4,179,479</b>	<b>\$4,275,120</b>	<b>\$4,313,654</b>	<b>\$4,412,735</b>	<b>\$4,432,932</b>
State/Other Special Rev. Funds	4,179,479	4,275,120	4,313,654	4,412,735	4,432,932
<b>Total Funds</b>	<b>\$4,179,479</b>	<b>\$4,275,120</b>	<b>\$4,313,654</b>	<b>\$4,412,735</b>	<b>\$4,432,932</b>
<b>Total Ongoing</b>	<b>\$4,179,479</b>	<b>\$4,275,120</b>	<b>\$4,313,654</b>	<b>\$4,412,735</b>	<b>\$4,432,932</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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**Funding**

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.

Program 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 %	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 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$4,412,735</b>	<b>\$4,432,932</b>	<b>\$8,845,667</b>	

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
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$99,081</b>	<b>\$0</b>	<b>\$99,081</b>	<b>0.00</b>	<b>\$0</b>	<b>\$119,278</b>	<b>\$0</b>	<b>\$119,278</b>

\*\*"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 provide the funding required in the proposed budget to pay increases in 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 %
<b>Total Expenditures</b>	<b>\$12,113,843</b>	<b>\$12,242,704</b>	<b>\$128,861</b>	<b>1.06 %</b>
Proprietary Funds	12,113,843	12,242,704	128,861	1.06 %
<b>Total Funds</b>	<b>\$12,113,843</b>	<b>\$12,242,704</b>	<b>\$128,861</b>	<b>1.06 %</b>
<b>Total Ongoing</b>	<b>\$12,113,843</b>	<b>\$12,242,704</b>	<b>\$128,861</b>	<b>1.06 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

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**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
<b>Total Expenditures</b>	<b>\$5,292,296</b>	<b>\$6,154,186</b>	<b>\$5,959,657</b>	<b>\$6,188,340</b>	<b>\$6,054,364</b>
Proprietary Funds	5,292,296	6,154,186	5,959,657	6,188,340	6,054,364
<b>Total Funds</b>	<b>\$5,292,296</b>	<b>\$6,154,186</b>	<b>\$5,959,657</b>	<b>\$6,188,340</b>	<b>\$6,054,364</b>
<b>Total Ongoing</b>	<b>\$5,292,296</b>	<b>\$6,154,186</b>	<b>\$5,959,657</b>	<b>\$6,188,340</b>	<b>\$6,054,364</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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**Funding***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

**Program Budget Summary by Category**

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 %	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 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$6,188,340</b>	<b>\$6,054,364</b>	<b>\$12,242,704</b>	

**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)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$146,715</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,797</b>

\*\*\*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 adopted adjustments to 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
<b>Total</b>	<b>1.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$81,968</b>	<b>1.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$81,910</b>

\*"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 last full fiscal year actuals, previous biennium appropriations by year, and current annual biennium budget request 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	3,896,122	3,783,910	(112,212)	(2.88)%
Operating Expenses	30,859,701	30,143,112	(716,589)	(2.32)%
Benefits & Claims	412,514,460	417,058,808	4,544,348	1.10 %
Debt Service	5,058	5,518	460	9.09 %
<b>Total Expenditures</b>	<b>\$447,275,341</b>	<b>\$450,991,348</b>	<b>\$3,716,007</b>	<b>0.83 %</b>
Proprietary Funds	447,275,341	450,991,348	3,716,007	0.83 %
<b>Total Funds</b>	<b>\$447,275,341</b>	<b>\$450,991,348</b>	<b>\$3,716,007</b>	<b>0.83 %</b>
<b>Total Ongoing</b>	<b>\$447,275,341</b>	<b>\$450,991,348</b>	<b>\$3,716,007</b>	<b>0.83 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**Page Reference**

LFD Budget Analysis HCBD-1

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	21.87	21.87	21.87	21.87
Personal Services	1,786,528	1,943,989	1,952,133	1,888,389	1,895,521
Operating Expenses	14,091,821	15,436,283	15,423,418	15,042,383	15,100,729
Benefits & Claims	178,367,045	184,807,230	227,707,230	202,248,256	214,810,552
Debt Service	2,300	2,299	2,759	2,759	2,759
<b>Total Expenditures</b>	<b>\$194,247,694</b>	<b>\$202,189,801</b>	<b>\$245,085,540</b>	<b>\$219,181,787</b>	<b>\$231,809,561</b>
Proprietary Funds	194,247,694	202,189,801	245,085,540	219,181,787	231,809,561
<b>Total Funds</b>	<b>\$194,247,694</b>	<b>\$202,189,801</b>	<b>\$245,085,540</b>	<b>\$219,181,787</b>	<b>\$231,809,561</b>
<b>Total Ongoing</b>	<b>\$194,247,694</b>	<b>\$202,189,801</b>	<b>\$245,085,540</b>	<b>\$219,181,787</b>	<b>\$231,809,561</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Page Reference**

LFD Budget Analysis HCBD-2

**Funding**

The Health Care and Benefits Division is funded entirely with proprietary funds which are not appropriated in HB 2. The three funds provide funding for two programs and a third function within the HCBD:

- Employee Benefits Program – provides oversight and administrative functions for the state employee group health plan including administration of the health, dental, vision, and life insurance. It is funded from the group benefits claims proprietary fund, which is an account used for the administrative costs of the program as well as benefits and claims costs
- Workers’ Compensation Management Bureau – is the central resource for state agencies in working to enhance

worker safety, provide loss preventions, develop and provide return-to-work programs, and coordinate workers' compensation coverage and policy management issues. It is funded from workers' compensation management program fees which are fixed costs allocated to each state agency

- Flexible Spending Funds – accounts for employee deductions for flexible spending including medical and childcare

These funds are discussed in the Proprietary Rates section of the narrative.

**Program Budget Summary by Category**

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 %	245,085,540	245,085,540	490,171,080	108.69 %	
SWPL Adjustments	0	0	0	0.00 %	(498,985)	(497,223)	(996,208)	(0.22)%	
PL Adjustments	0	0	0	0.00 %	(25,404,768)	(12,778,756)	(38,183,524)	(8.47)%	
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %	
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$219,181,787</b>	<b>\$231,809,561</b>	<b>\$450,991,348</b>		

**Present Law Adjustments -**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed 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	(63,744)	0.00	0	0	0	(56,612)
DP 2 - Fixed Costs	0.00	0	0	0	(434,870)	0.00	0	0	0	(440,378)
DP 3 - Inflation Deflation	0.00	0	0	0	(371)	0.00	0	0	0	(233)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	0	0	0	(5,107)	0.00	0	0	0	(5,107)
DP 5 - ServiceNow	0.00	0	0	0	(4,062)	0.00	0	0	0	(4,062)
DP 50 - SWPLA Fixed Cost Reductions	0.00	0	0	0	(1,602)	0.00	0	0	0	(678)
DP 2101 - Health Plan Claims	0.00	0	0	0	(25,400,897)	0.00	0	0	0	(12,776,429)
DP 2102 - Workers Comp Management Bureau Operating Increase	0.00	0	0	0	6,900	0.00	0	0	0	7,520
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$25,903,753)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$13,275,979)</b>

\*\*\*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 a decrease 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 5 - ServiceNow -

The legislature reviewed a decrease in proprietary funds because of the purchase of ServiceNow licenses and programs for the 2023 biennium. The Health Care and Benefits Division is anticipating operating efficiencies and other savings by using ServiceNow.

DP 50 - SWPLA Fixed Cost Reductions -

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

DP 2101 - Health Plan Claims -

The legislature reviewed a decrease in proprietary funds to align the budget with projected claims expenses. The State of Montana employee benefits plan projects an average annual trend of 6.0% in medical claims and 9.0% in prescription drug costs. The decrease in budget authority totals \$25.4 million in FY 2022 and \$12.8 million in FY 2023.

DP 2102 - Workers Comp Management Bureau Operating Increase -

The legislature reviewed an increase in propriety funds for operating expenses in the Workers' Compensation Management Bureau. The increases are for an Occupational Safety and Health Administration (OSHA) training, rent and computer replacement scheduled for the 2023 biennium.

**Other Issues -**

**Proprietary Rates**

The Health Care and Benefits Division manages two proprietary programs:

- Employee benefits, which includes
  - State's health and other benefit insurance plans
  - Contract administration of the flexible spending account
- Management of the state agency workers' compensation insurance

**Employee Benefits Program – Group Benefits and Claims – 06559**

*Proprietary Program Description*

The employee benefits program is charged with providing state employees, retirees, members of the legislature, judges,

Judicial Branch employees, and their families with adequate medical, dental, prescription drug, life, and other related group benefits in an efficient manner and at an affordable cost. The program operates a self-funded health, prescription drug, dental, and vision plan. Life and long-term disability are purchased from private sector vendors on a fully-insured basis. The program contracts with private companies to provide claims processing services, health screenings, and wellness plan administration.

The core service provided by the program is a medical plan, which includes prescription drug, vision exam coverage, dental, and basic life insurance benefits. The medical plan is administered by Allegiance, the pharmacy plan is administered by Navitus, and the dental plan is administered by Delta Dental, through their provider networks. The life and long-term disability are fully insured products offered through Standard Insurance.

The division has developed on-site employee health centers in Helena, Billings, Missoula, Butte, and Anaconda. The division has contracted with CareHere to staff and operate the health centers.

The program is funded by the state contribution for group benefits and by contributions and fees paid by plan members. The program currently supports 18.73 FTE.

### *Expenses*

The COVID-19 pandemic impacted expenses in FY 2020 and is causing uncertainty with determining claims in the relatively near future. When the Governor ordered the stay at home order in March 2020, HCBD noticed an immediate impact on the reduction of services and claims costs. There was an increase in medical claims for a few months in late summer and early fall 2020; however, many hospital facilities are nearing capacity in late fall 2020, which may result in a decrease in medical claims again. HCBD does expect those members that delayed procedures and services during this time will still receive them, and there may be a delayed increase in claims as a result.

The HCBD is also tracking COVID-19 related expenses to the plan and there have been additional costs. However, these additional costs have not outpaced the savings related to delayed procedures.

HCBD is seeing an increase in pharmacy trends which occurred slowly over 2019. The analysis showed that there were additional specialty medication utilizers. Since specialty medication are more expensive, this has had a large impact. Additionally, when the COVID-19 pandemic began and the shutdown started, the rules were relaxed regarding filling prescriptions early and many members moved to 90-day prescription fills. This resulted in larger expenditures in March 2020 but has since leveled off.

The Health Care and Benefits Division receives an actuarial analysis from Actuaries Northwest, LLC that analyzes both medical and prescription drug claims. The tables below show two trend scenarios that were included in the June 2020 actuarial report. One scenario calculates projections based on an increase in medical costs of 6.0% and prescription costs of 9.0%. A second scenario calculates projections based on an increase in medical costs of 9.0% and prescription costs of 11.0%.

Health Care and Benefits Division Group Benefits Claims 6.0% Medical Trend and 9.0% Prescription Trend Trend Assumptions by Actuaries Northwest, LLC						
	Projected Plan Year 2020	Projected Plan Year 2021	Projected Plan Year 2022	Projected Plan Year 2023	\$ Change 21B - 23B	% Change 21B - 23B
Medical Claims	\$ 136,132,654	\$ 147,023,266	\$ 155,844,662	\$ 165,195,342	\$ 37,884,084	13.4%
Rx Claims	36,757,459	40,433,205	44,072,193	48,038,691	14,920,220	19.3%
Part D	(12,819,488)	(14,101,436)	(15,370,566)	(16,753,917)	(5,203,559)	19.3%
Dental Claims	6,106,667	7,222,668	7,511,574	7,812,037	1,994,276	15.0%
Change in IBNR	33,534	-	-	-	(33,534)	-100.0%
<b>Total Claims Expense</b>	<b>\$ 166,210,826</b>	<b>\$ 180,577,703</b>	<b>\$ 192,057,863</b>	<b>\$ 204,292,153</b>	<b>\$ 49,561,487</b>	<b>14.3%</b>

Health Care and Benefits Division Group Benefits Claims 9.0% Medical Trend and 11.0% Prescription Trend Trend Assumptions by Actuaries Northwest, LLC						
	Projected Plan Year 2020	Projected Plan Year 2021	Projected Plan Year 2022	Projected Plan Year 2023	\$ Change 21B - 23B	% Change 21B - 23B
Medical Claims	\$ 137,074,626	\$ 152,152,835	\$ 165,846,590	\$ 180,772,784	\$ 57,391,913	19.8%
Rx Claims	36,949,211	41,752,609	46,762,922	52,374,472	20,435,574	26.0%
Part D	(12,819,488)	(14,101,436)	(15,370,566)	(16,753,917)	(5,203,559)	19.3%
Dental Claims	6,138,791	7,259,610	7,695,186	8,156,897	2,453,682	18.3%
Change in IBNR	33,534	-	-	-	(33,534)	-100.0%
<b>Total Claims Expense</b>	<b>\$ 167,376,674</b>	<b>\$ 187,063,618</b>	<b>\$ 204,934,132</b>	<b>\$ 224,550,236</b>	<b>\$ 75,044,076</b>	<b>21.2%</b>

*Revenues*

The state employee group benefit plan (SEGBP) is self-funded, and as such is responsible for medical costs incurred by its members. SEGBP is funded through a combination of state share paid by the State of Montana as an employer and member (employee and retiree) contribution payments. The state share is \$1,054 per month and is established in 2-18-703(2), MCA. As a component of employee compensation, the state share contribution amount is a subject of collective bargaining and is negotiated as part of the overall pay package for state employees.

Plan revenues are estimated at approximately \$220.0 million each fiscal year.

*Proprietary Rates*

For the 2023 biennium the following rates were reviewed 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 20	Budgeted FY 21	Proposed FY 22	Proposed FY23
Fee Description:				
State Share Contribution	\$1,054	\$1,054	\$1,054	\$1,054
Rates are established to maintain adequate reserves. Actual state share rates are set for each calendar year as opposed to a fiscal year. This table shows the average month state share rate for each fiscal year				

The amounts shown as rates above are the state share contribution for each state employee each month. The state share contribution amounts are contained in statute. For the 2023 biennium the executive is not proposing any additional funding for the state share contribution in the pay plan. The various contribution costs for the program are not limited through the legislative process but are determined by the division based on actuarial estimates of the claim costs for each insurance type. Any difference between the state share contribution and actual costs are made up by employee and retiree contributions and investment income. As the plan year for the state employee health insurance is a calendar year, the revenues for the plans are a combination of contributions for two years.

**Workers' Compensation Management Program – 06575**

*Proprietary Program Description*

The Health Care and Benefits Division manages the workers' compensation management program. The program assists employees and agencies in ensuring a safe working environment, reduces on-the-job injuries and accidents in the workplace, and assists employees who are injured in returning to meaningful and productive work. The program is the central resource in working with the state's workers' compensation insurer, Montana State Fund, to coordinate workers' compensation coverage and policy management issues.

The program is funded through a fixed cost rate charged to state agencies. The program currently supports 3.14 FTE.

*Expenses*

The increase in expenses is approximately \$18,000 in FY 2022 and \$19,000 in FY 2023 when compared to the FY 2021 base year.

The largest increases are from statewide present law adjustments for personal services and a present law change for operating expenses. The statewide present law increases personal services by approximately \$7,000 in FY 2022 and \$7,000 in FY 2023 and is primarily due to the legislatively approved pay plan, benefits changes, and the movement of 0.07 FTE into the program.

The present law adjustment for operating expense increases totals approximate \$7,000 in FY 2022 and \$7,500 in FY 2023. These increases are for an Occupational Safety and Health Administration (OSHA) training, an increase in rent, and scheduled computer replacement.

*Revenues*

The workers' compensation management program fees are composed of a fixed cost rate allocated to each state agency based on the average number of payroll warrants issued each pay period.

*Proprietary Rates*

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

<b>Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information</b>				
	<b>Actual FY 20</b>	<b>Budgeted FY 21</b>	<b>Proposed FY 22</b>	<b>Proposed FY 23</b>
Fee Description:				
Workers' Compensation Management	\$0.95	\$0.95	\$0.97	\$0.97

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	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 %
<b>Total Expenditures</b>	<b>\$3,395,948</b>	<b>\$3,307,560</b>	<b>(\$88,388)</b>	<b>(2.60)%</b>
General Fund	3,395,948	3,307,560	(88,388)	(2.60)%
<b>Total Funds</b>	<b>\$3,395,948</b>	<b>\$3,307,560</b>	<b>(\$88,388)</b>	<b>(2.60)%</b>
<b>Total Ongoing</b>	<b>\$3,395,948</b>	<b>\$3,333,519</b>	<b>(\$62,429)</b>	<b>(1.84)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$25,959)</b>	<b>(\$25,959)</b>	<b>100.00 %</b>

**Page Reference**

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**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
<b>Total Expenditures</b>	<b>\$1,670,561</b>	<b>\$1,689,962</b>	<b>\$1,705,986</b>	<b>\$1,637,836</b>	<b>\$1,669,724</b>
General Fund	1,670,561	1,689,962	1,705,986	1,637,836	1,669,724
<b>Total Funds</b>	<b>\$1,670,561</b>	<b>\$1,689,962</b>	<b>\$1,705,986</b>	<b>\$1,637,836</b>	<b>\$1,669,724</b>
<b>Total Ongoing</b>	<b>\$1,670,561</b>	<b>\$1,689,962</b>	<b>\$1,705,986</b>	<b>\$1,663,795</b>	<b>\$1,669,724</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$25,959)</b>	<b>\$0</b>

**Page Reference**

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**Funding***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.

Program 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)%
<b>Total Budget</b>	<b>\$1,637,836</b>	<b>\$1,669,724</b>	<b>\$3,307,560</b>		<b>\$1,637,836</b>	<b>\$1,669,724</b>	<b>\$3,307,560</b>	

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
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$42,191)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$42,191)</b>	<b>0.00</b>	<b>(\$36,262)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$36,262)</b>

\*\*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 provide the funding required in the proposed budget to pay increases in 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
<b>Total</b>	<b>0.00</b>	<b>(\$25,959)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$25,959)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*\*\*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. This change package is contingent on passage and approval of SB 110.

**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.

*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.

<b>Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information</b>				
	<b>Actual FY 2020</b>	<b>Budgeted FY 2021</b>	<b>Proposed FY 2022</b>	<b>Proposed FY 2023</b>
Fee Description:				
<b>Open Enrollment Courses</b>				
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
<b>Contract Courses</b>				
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, FSA, ACA 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.

*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 program 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.

<b>Requested Rates for Internal Service or Enterprise Funds</b>				
<b>Fee/Rate Information</b>				
	<b>Estimated FY 2020</b>	<b>Estimated FY 2021</b>	<b>Proposed FY 2022</b>	<b>Proposed FY 2023</b>
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 %
<b>Total Expenditures</b>	<b>\$55,379,284</b>	<b>\$61,974,149</b>	<b>\$6,594,865</b>	<b>11.91 %</b>
Proprietary Funds	55,379,284	61,974,149	6,594,865	11.91 %
<b>Total Funds</b>	<b>\$55,379,284</b>	<b>\$61,974,149</b>	<b>\$6,594,865</b>	<b>11.91 %</b>

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**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
<b>Total Expenditures</b>	<b>\$23,911,771</b>	<b>\$25,906,928</b>	<b>\$29,472,356</b>	<b>\$30,990,592</b>	<b>\$30,983,557</b>
Proprietary Funds	23,911,771	25,906,928	29,472,356	30,990,592	30,983,557
<b>Total Funds</b>	<b>\$23,911,771</b>	<b>\$25,906,928</b>	<b>\$29,472,356</b>	<b>\$30,990,592</b>	<b>\$30,983,557</b>

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**Funding***Non-Budgeted Proprietary Appropriations*

The majority of the Risk Management and Tort Defense's (RMTD) 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.

**Program 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 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$30,990,592</b>	<b>\$30,983,557</b>	<b>\$61,974,149</b>	

**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
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,518,236</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,511,201</b>

\*\*\*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 provide the funding required in the proposed budget to pay increases in 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.

*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. This 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 4 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.

<b>Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information</b>				
	<b>Actual FY 20</b>	<b>Budgeted FY 21</b>	<b>Proposed FY 22</b>	<b>Proposed FY 23</b>
<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 %
<b>Total Expenditures</b>	<b>\$1,362,080</b>	<b>\$1,358,073</b>	<b>(\$4,007)</b>	<b>(0.29)%</b>
General Fund	1,362,080	1,358,073	(4,007)	(0.29)%
<b>Total Funds</b>	<b>\$1,362,080</b>	<b>\$1,358,073</b>	<b>(\$4,007)</b>	<b>(0.29)%</b>
<b>Total Ongoing</b>	<b>\$1,362,080</b>	<b>\$1,368,840</b>	<b>\$6,760</b>	<b>0.50 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$10,767)</b>	<b>(\$10,767)</b>	<b>100.00 %</b>

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**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
<b>Total Expenditures</b>	<b>\$565,446</b>	<b>\$678,693</b>	<b>\$683,387</b>	<b>\$672,895</b>	<b>\$685,178</b>
General Fund	565,446	678,693	683,387	672,895	685,178
<b>Total Funds</b>	<b>\$565,446</b>	<b>\$678,693</b>	<b>\$683,387</b>	<b>\$672,895</b>	<b>\$685,178</b>
<b>Total Ongoing</b>	<b>\$565,446</b>	<b>\$678,693</b>	<b>\$683,387</b>	<b>\$683,662</b>	<b>\$685,178</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$10,767)</b>	<b>\$0</b>

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**Funding**

The Montana Tax Appeal Board (MTAB) 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.

**Program Budget Summary by Category**

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)%
<b>Total Budget</b>	<b>\$672,895</b>	<b>\$685,178</b>	<b>\$1,358,073</b>		<b>\$672,895</b>	<b>\$685,178</b>	<b>\$1,358,073</b>	

**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)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$2,446)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,446)</b>	<b>0.00</b>	<b>(\$930)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$930)</b>

\*\*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 provide the funding required in the proposed budget to pay increases in 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
<b>Total</b>	<b>0.00</b>	<b>(\$8,046)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$8,046)</b>	<b>0.00</b>	<b>\$2,721</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,721</b>

\*"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. This change package is contingent on passage and approval of SB 110.