



GOVERNOR
GREG GIANFORTE

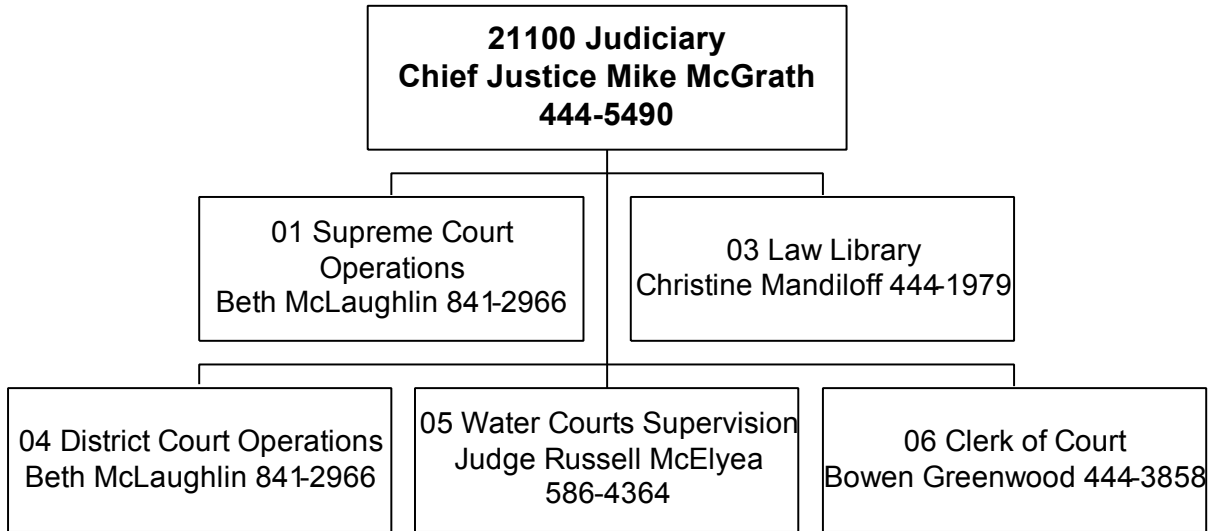
STATE OF MONTANA

SECTION P: PROPRIETARY FUNDS



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Judicial Branch - 21100



Mission Statement - The Judicial Branch's mission is to provide an independent, accessible, responsive, impartial, and timely forum to resolve disputes; to preserve the rule of law; and to protect the rights and liberties guaranteed by the Constitutions of the United States and Montana.

Statutory Authority - Article III, Section 1, and Article VII, Montana Constitution; Title 3, MCA.

Agency Proposed Budget			
Budget Item	Total Exec. Budget Fiscal 2024	Total Exec. Budget Fiscal 2025	Total Exec. Budget 2025 Biennium
Operating Expenses	277,988	285,424	563,412
Total Costs	\$277,988	\$285,424	\$563,412
Proprietary Funds	277,988	285,424	563,412
Total Funds	\$277,988	\$285,424	\$563,412

Judicial Branch - 21100

Law Library - 03

03 Law Library Christine Mandiloff 444-1979

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments	Exec. Budget	Adjustments	Exec. Budget	Budget Request
	Fiscal 2023	Fiscal 2024	Fiscal 2024	Fiscal 2025	Fiscal 2025	2025 Biennium
Operating Expenses	270,414	7,574	277,988	15,010	285,424	563,412
Total Costs	\$270,414	\$7,574	\$277,988	\$15,010	\$285,424	\$563,412
Proprietary Funds	270,414	7,574	277,988	15,010	285,424	563,412
Total Funds	\$270,414	\$7,574	\$277,988	\$15,010	\$285,424	\$563,412

Proprietary Program Description -

Fund Number and Fund Description 06019 – Law Library Lexis Enterprise Account

Program Description

The Law Library contracts with an on-line provider for access to a legal database and ,in turn, bills public and private entities for their usage.

Revenues and Expenses

This enterprise program has only two expenses: 1) charges for searches and research of the on-line data base and 2) an allocation for the statewide indirect cost pool.

Revenues for the services are payments made by the various public and private entities that use the services and are based on the cost of the search performed.

Rate(s) and Rate Explanation

The Law Library staff performs on-line searches/research for public and private entities. The law library is billed by the on-line provider for the air time and the Law Library, in turn, bills the entity requesting the search/research, collects the money and pays the provider. No changes in the rates charged were made. This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for this program.

Projected Fund Balance, Including Cash Fluctuations

This enterprise program does not reserve any fund balance. Any slight balance remaining at the end of any fiscal year is used to pay bills at the beginning of the next fiscal year until revenue can be collected.

Working Capital Analysis

Working Capital Analysis does not apply to enterprise funds

Judicial Branch - 21100

Law Library - 03

2025 Biennium Report on Internal Service and Enterprise Funds						
Agency # 21100	Agency Name: Judicial Branch		Program Name: Law Library			
	Fund	Fund Name				
	06019	Lexis Proprietary Account				
	Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:						
Fee and Charges						
Fee Revenue A	247,465	251,741	263,572	271,479	279,624	288,012
Total Operating Revenues	247,465	251,741	263,572	271,479	279,624	288,012
Expenses:						
Other Operating Expenses	246,767	254,071	261,865	268,943	276,380	283,816
Total Operating Expenses	246,767	254,071	261,865	268,943	276,380	283,816
Operating Income (Loss)	698	(2,330)	1,707	2,536	3,244	4,196
Nonoperating Revenues:						
Nonoperating Expenses:						
Other Expense A	(1,172)	(1,108)	(1,067)	(1,141)	(1,278)	(1,278)
Total Nonoperating Revenues (Expenses)	(1,172)	(1,108)	(1,067)	(1,141)	(1,278)	(1,278)
Income (Loss) Before Contributions and Transfers	(474)	(3,438)	640	1,395	1,966	2,918
Change in Net Position	(474)	(3,438)	640	1,395	1,966	2,918
Beginning Net Position - July 1	42,218	41,744	38,306	38,946	40,341	42,307
Change in Net Position	(474)	(3,438)	640	1,395	1,966	2,918
Ending Net Position - June 30	41,744	38,306	38,946	40,341	42,307	45,225
Net Position (Fund Balance) Analysis						
Restricted Net Pos(Enterprise Fund Only)	41,744	38,306	38,946	40,341	42,308	45,226

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$137
FY 2025	\$0	\$137

SWPL - 2 - Fixed Costs -

The request includes \$137 in FY 2024 and \$137 in FY 2025 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll process, and others. The rates charged for these services are approved in a separate portion of the budget.

Judicial Branch - 21100

Law Library - 03

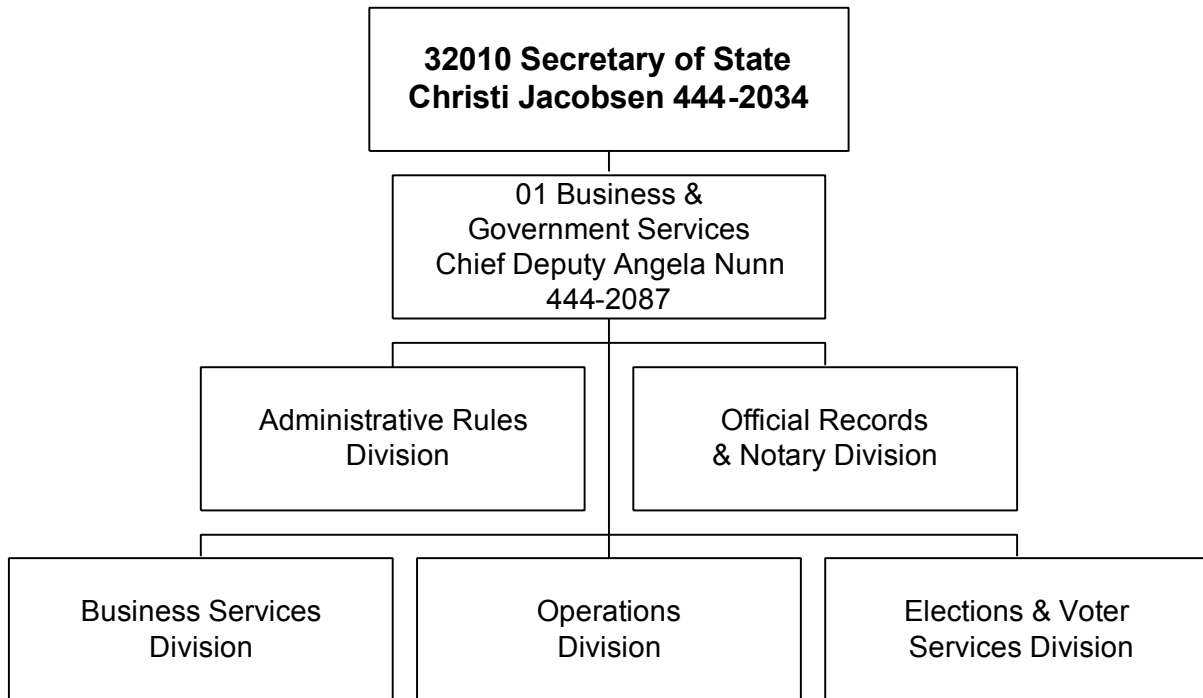
-----**Present Law Adjustments**-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$7,437
FY 2025	\$0	\$14,873

PL - 301 - Increase Proprietary Fund Authority -

This request is for an additional \$22,309 of authority in the Lexis Proprietary Account for the biennium (\$7,437 in FY 2024 and \$14,873 in FY 2025). The Law Library contracts with an on-line provider for access to a legal database and in turn bills public and private entities for their usage. This request will ensure authority is sufficient to meet the needs of the projected contract costs.

Secretary of State - 32010



Mission Statement - The mission of the Office of the Secretary of State is to protect the integrity of elections, be an asset to businesses, and preserve official history.

Statutory Authority - Article VI, Section 1, Montana Constitution; 2-4-311-313, 2-6-1001, and 2-15-401-406, MCA

Secretary of State - 32010

Business & Government Services - 01

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	54.50	(11.50)	43.00	(11.50)	43.00	
Personal Services	4,636,662	(697,741)	3,938,921	(683,516)	3,953,146	7,892,067
Operating Expenses	1,904,582	611,022	2,515,604	586,412	2,490,994	5,006,598
Equipment & Intangible Assets	0	0	0	0	0	0
Debt Service	2,000	(2,000)	0	(2,000)	0	0
Total Costs	\$6,543,244	(\$88,719)	\$6,454,525	(\$99,104)	\$6,444,140	\$12,898,665
Proprietary Funds	6,543,244	(88,719)	6,454,525	(99,104)	6,444,140	12,898,665
Total Funds	\$6,543,244	(\$88,719)	\$6,454,525	(\$99,104)	\$6,444,140	\$12,898,665

Proprietary Program Description - Fund 06053 Office of the Secretary of State

Program Description:

The Office of the Secretary of State's Business and Government Services program provides the following services: elections administration, registration and document filing of Montana businesses, publication of administrative rules, management and safeguarding of public records, and operational support for the office.

Revenues and Expenses:

The Office of the Secretary of State administers one proprietary fund. Revenue is received from fees charged to the following:

- Businesses and corporations for corporate filings and registration of assumed business names and trademarks;
- State agencies and users of the Administrative Rules of Montana (ARM) for publishing and distributing the ARM and the Montana Administrative Register;
- Candidates who file for elections; and
- Montana citizens who apply to be notaries.

The Office of the Secretary of State is funded entirely by proprietary funds and does not receive any direct appropriations provided in HB 2.

MAJOR COST DRIVERS

Expenditures incurred by the office are driven by:

- o Fixed costs incurred by the office
- o Number of businesses within Montana that use business services
- o Elections and additional costs incurred if a recount is required
- o Volume of legislative bills
- o Number of notaries and complaints against notaries

Rate(s) and Rate Explanation:

The program is funded with an enterprise proprietary fund. As such, the legislature does not approve rates or appropriate funds for the proprietary portion of the Secretary of State. Rates for the office are established in administrative rule.

Secretary of State - 32010

Business & Government Services - 01

There are no proposed changes in rates.

Projected Fund Balance, Including Cash Fluctuations:

Administration of this program requires a minimum of a six-month working capital balance, due to the timing of program collections. The program collects the largest amount of revenues on annual report filings during the annual report season.

The Office of the Secretary of State has entered into a \$5.28 million 10-year obligation related to the implementation of a modern information technology system platform to replace the current business corporations, trademarks, bonds, Uniform Commercial Code financing statements, notaries, and apostilles systems. The 10-year contract includes the implementation of all phases and a software maintenance and support agreement. The contract will expire in 2028.

Management's objective is to maintain fund balances sufficient to cover costs incurred. This objective is being achieved through the execution of the office's strategic plan. The Office of the Secretary of State's strategic plan encompasses creating employee engagement, impacting through outreach, informing and educating, ensuring continuous improvement, and building meaningful influence.

Secretary of State - 32010

Business & Government Services - 01

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 32010	Agency Name: Secretary of State			Program Name: Business & Government Services			
	Fund	Fund Name					
	06053	Sec of St Business Services					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		6,901,036	9,104,731	9,975,415	9,082,188	9,240,241	9,590,518
Fee Revenue B		70,605	92,956	73,672	62,300	62,300	62,300
Revenue A		224,973	64,957	39,258	65,000	179,061	179,061
Revenue B		58,631	8,721	13,205	28,045	28,045	28,045
Revenue C		139,459	(8,935)	2,529	12,000	12,000	12,000
Total Operating Revenues		7,394,704	9,262,430	10,104,079	9,249,533	9,521,647	9,871,924
Expenses:							
Personal Services		3,068,513	3,001,160	2,920,781	3,335,683	3,938,921	3,953,146
Other Operating Expenses		2,789,981	3,514,918	5,687,724	4,659,379	2,515,604	2,490,994
Loans and Lease Payments		165	432	-	-	-	-
Total Operating Expenses		5,858,659	6,516,510	8,608,505	7,995,062	6,454,525	6,444,140
Operating Income (Loss)		1,536,045	2,745,920	1,495,574	1,254,471	3,067,122	3,427,784
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		1,536,045	2,745,920	1,495,574	1,254,471	3,067,122	3,427,784
Change in Net Position		1,536,045	2,745,920	1,495,574	1,254,471	3,067,122	3,427,784
Beginning Net Position - July 1		6,336,344	7,872,389	10,617,669	12,117,785	13,372,256	16,439,378
Prior Period Adjustments		-	(640)	4,542	-	-	-
Change in Net Position		1,536,045	2,745,920	1,495,574	1,254,471	3,067,122	3,427,784
Ending Net Position - June 30		7,872,389	10,617,669	12,117,785	13,372,256	16,439,378	19,867,162
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$43,231)
FY 2025	\$0	(\$27,095)

SWPL - 1 - Personal Services -

The budget includes a reduction of \$43,231 in FY 2024 and a reduction of \$27,095 in FY 2025 to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Secretary of State - 32010

Business & Government Services - 01

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$492,295
FY 2025	\$0	\$440,272

SWPL - 2 - Fixed Costs -

The request includes an increase of \$492,295 in FY 2024 and an increase of \$440,272 in FY 2025 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$116,727
FY 2025	\$0	\$144,140

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$116,727 in FY 2024 and an increase of \$144,140 in FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies and materials, communications, repair and maintenance, state motor pool, and other services.

-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$0
FY 2025	\$0	\$0

PL - 4 - Debt Service Reclassification -

This change package reclassifies \$2,000 in fiscal years 2024 and 2025 from debt service to operations. During fiscal year 2022, the state implemented a new accounting policy for recording agency copier leases which eliminated the need for certain leases to be categorized as debt. As a result, the Office of the Secretary of State no longer needs to record the office's copier lease agreements in the debt service account.

-----New Proposals-----

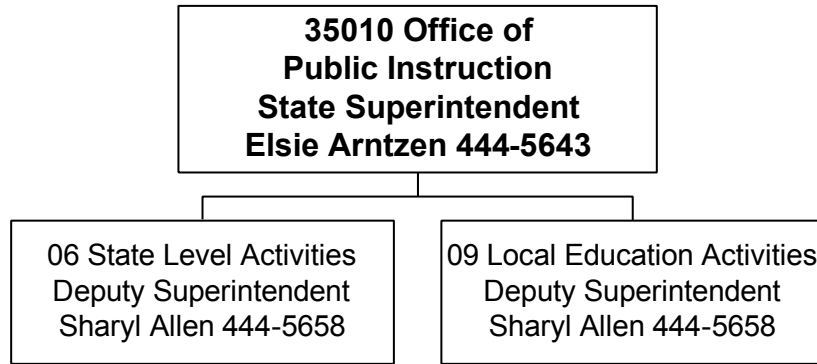
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$654,510)
FY 2025	\$0	(\$656,421)

NP - 1 - SOS FTE Reduction -

Operational efficiencies gained throughout the organization has reduced the number of FTE needed to staff the various functions within SOS. This change package is proposing to reduce the number of authorized positions for the 2025 Biennium by 11.5 FTE.

0.50 FTE – Legal Secretary
0.75 FTE – Accounting Technician
1.00 FTE – License Permit Technician
0.75 FTE – Human Resources Specialist
1.00 FTE – Program Specialist
2.00 FTE – Customer Service Assistant
1.00 FTE – Warehouse Worker
1.00 FTE – Business Analyst
1.00 FTE – Records Assistant
1.50 FTE – Document Imaging Operator
1.00 FTE – Computer All Other

Office of Public Instruction - 35010



Mission Statement - The Office of Public Instruction serves Montana’s students, parents, schools, and communities as we prepare each generation for success in careers and college.

Statutory Authority - Title 20, MCA.

Agency Proposed Budget	Total Exec. Budget Fiscal 2024	Total Exec. Budget Fiscal 2025	Total Exec. Budget 2025 Biennium
Budget Item			
FTE	27.53	27.53	
Personal Services	2,233,436	2,247,578	4,481,014
Operating Expenses	1,513,208	1,394,149	2,907,357
Equipment & Intangible Assets	11,635	11,635	23,270
Debt Service	25,283	25,283	50,566
Total Costs	\$3,783,562	\$3,678,645	\$7,462,207
Proprietary Funds	3,783,562	3,678,645	7,462,207
Total Funds	\$3,783,562	\$3,678,645	\$7,462,207

Office of Public Instruction - 35010

State Level Activities - 06

**06 State Level Activities
Deputy Superintendent
Sharyl Allen 444-5658**

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	27.53	0.00	27.53	0.00	27.53	
Personal Services	2,196,603	36,833	2,233,436	50,975	2,247,578	4,481,014
Operating Expenses	1,207,166	306,042	1,513,208	186,983	1,394,149	2,907,357
Equipment & Intangible Assets	11,635	0	11,635	0	11,635	23,270
Debt Service	25,283	0	25,283	0	25,283	50,566
Total Costs	\$3,440,687	\$342,875	\$3,783,562	\$237,958	\$3,678,645	\$7,462,207
Proprietary Funds	3,440,687	342,875	3,783,562	237,958	3,678,645	7,462,207
Total Funds	\$3,440,687	\$342,875	\$3,783,562	\$237,958	\$3,678,645	\$7,462,207

Proprietary Program Description -

The State Level Activities program provides two functions funded with proprietary funds. These programs are described separately along with a discussion of program expenses, revenues, and rates being requested to finance the program. There are two proprietary programs: Advanced Driver Education Program and Indirect Cost Pool.

Fund 06067 Advanced Drivers (Montana DRIVE) Program in Lewistown

Program Description

The Advanced Driver Education program (also known as Montana DRIVE) is a seasonal hands-on behind-the wheel crash avoidance program operated by the Health Enhancement and Safety Division of the Office of Public Instruction at their training facility in Lewistown. The one-day and half-day refresher courses provide training to school bus drivers, driver education teachers, state employees, ambulance drivers, firefighters, road crews, and others who drive as a part of their employment. In operation since 1979, this program offers its services to employees of government services, fleet managers, and to the general public.

Revenues and Expenses

Revenues are generated from workshop fees collected from program users. Typically, the program serves 450-500 participants a season. The current fee is \$315 per person for a full-day workshop. Program fees should remain within a range of \$315 - \$350 for the biennium. This should cover any unusual maintenance costs that are incurred during a season. It is anticipated that services will remain approximately the same as present for the 2025 Biennium.

Cost drivers for fees include instructor expenses (salaries, travel, and per diem); vehicle maintenance and operating expenses (fuel and repairs); classroom and track supplies; track lease; program advertising; and administration (planning, scheduling, registrations, advertising, professional development of staff, support services, etc.). The program continues to consider facility options to administer the program. Continued facility maintenance is anticipated to be an on-going cost.

Rates and Rate Explanation

Workshop rates are fixed rates evaluated against workshop personnel expenses, operating expenses, and depreciated vehicle costs on a seasonal basis to ensure workshop operating expenses are covered. Inflationary influences are anticipated as best as possible to ensure that inflation does not leave the program in a deficit situation. All attempts are made to keep workshop fees as low as possible.

Office of Public Instruction - 35010

State Level Activities - 06

Fund Balance, Including Cash Fluctuations

In addition to operating expenses during non-revenue months, the program also incurs periodic (every 2 - 5 years) expenditures for replacement of vehicles and facility maintenance/improvement. Payment of these services requires accumulation and carryover of revenue from year to year in an amount of approximately 10% - 20% of its annual budget.

Working Capital Analysis

This program is a summer seasonal program that operates 45 - 55 days during June, July, and August utilizing 13 - 16 vehicles. The program typically employs four professional instructors for each workshop (10 - 11 hours per day each) totaling 1.62 FTE. Most revenue is received in April - June through pre-paid workshop registrations. Most expenses are realized June through August, with continuing administrative expenses during the remainder of the year. The program requires 30% - 45% of its annual budget to be carried over into the next fiscal year to cover working expenses paid out July - March.

Fund 06512 Indirect Cost Pool

Program Description

OPI's internal service fund is used to pool internal and statewide central service type costs that are charged back to all the agency's state and federally funded programs using a pre-approved indirect cost rate.

Revenues and Expenses

Indirect cost pool revenues are a function of the amount of expenditures recorded in the State Level Activities Program. Revenues are generated monthly by applying the approved indirect cost rate to the prior month's direct personal services and operating expenditures in both state and federally funded programs. In FY 2020, OPI federal programs contributed \$1,990,892 toward the cost of "indirects"; general and other state-funded programs contributed \$1,153,526. State and federal program payments to the indirect cost pool are recorded using SABHRS account 62827. OPI negotiates an annual "predetermined rate" with the U.S. Department of Education. In FY 2020, OPI negotiated a one-year rate of 16.7% for FY 2022 and FY 2023. It is anticipated this rate will be consistent with previous years and remain around 17% which is consistent with the current legislatively approved rate of 17%. The rate is calculated in accordance with federal regulations and section 17-3-111(1), MCA.

Costs of OPI operations that are paid from the indirect cost pool include:

- Termination payouts (vacation/comp time/sick leave) for all staff (except the state superintendent and personal staff).
- Services provided to OPI by other state agencies known as fixed costs.
- Payroll, personnel, accounting, budgeting, data management, cash management, financial reporting, purchasing, mail delivery, and resource center services to all OPI programs.
- Operating costs associated with 25.91 FTE are paid from the pool, including the cost of rent for space occupied, office supplies, postage, equipment, training, travel, photocopy charges, etc.
- General-use items such as paper, FAX lines, and shared equipment, including maintenance contracts on equipment.

It should be noted that the legislative audit costs are appropriated on a biennial basis causing expenditures for the OPI indirect cost pool to be higher in the first year of the biennium.

Rate and Rate Explanation

OPI negotiates an annual "predetermined rate" with the U.S. Department of Education. The rate is calculated in accordance with federal regulations and section 17-3-111, MCA. The approved rate for FY 2022 and FY 2023 is 16.7%. A new rate will be negotiated in December of 2023 and will be applicable for FY 2024.

Office of Public Instruction - 35010

State Level Activities - 06

Projected Fund Balance, Including Cash Fluctuations

There is no requirement to reserve fund balance. Management's objective is to maintain the minimum balance necessary for on-going operations. If a significant balance accumulates because direct expenses increase at a faster rate than indirect expenses, the approved rate will adjust downward to reduce the excess over time.

Working Capital and Fees Commensurate Analysis

Working Capital is not considered in the rate determination. Sufficient working capital is needed for cashflow during the first 30 - 60 days of the fiscal year.

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 35010	Agency Name: Office of Public Instruction			Program Name: State Level Activities			
	Fund 06512	Fund Name Indirect Cost Pool					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		1,153,526	1,167,701	1,229,780	2,213,235	2,132,070	2,145,864
Fee Revenue B		1,990,892	1,845,792	1,656,986	1,192,096	1,414,970	1,294,668
Total Operating Revenues		3,144,418	3,013,493	2,886,766	3,405,331	3,547,040	3,440,532
Expenses:							
Personal Services		2,338,058	2,134,619	1,669,984	2,085,839	2,132,070	2,145,864
Other Operating Expenses		1,147,543	959,188	870,428	1,167,166	1,390,040	1,269,738
Loans and Lease Payments		-	-	1,386	24,930	24,930	24,930
Total Operating Expenses		3,485,601	3,093,807	2,541,798	3,277,935	3,547,040	3,440,532
Operating Income (Loss)		(341,183)	(80,314)	344,968	127,396	-	-
Nonoperating Revenues:							
Other Revenue A		7,272	578	4,180	-	-	-
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		7,272	578	4,180	-	-	-
Income (Loss) Before Contributions and Transfers		(333,911)	(79,736)	349,148	127,396	-	-
Change in Net Position		(333,911)	(79,736)	349,148	127,396	-	-
Beginning Net Position - July 1		(62,897)	(396,808)	(476,544)	(127,396)	-	-
Change in Net Position		(333,911)	(79,736)	349,148	127,396	-	-
Ending Net Position - June 30		(396,808)	(476,544)	(127,396)	-	-	-
Net Position (Fund Balance) Analysis							

Office of Public Instruction - 35010

State Level Activities - 06

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 35010	Agency Name: Office of Public Instruction			Program Name: State Level Activities			
	Fund 06067	Fund Name Advanced Drivers Education					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
Total Operating Revenues							
Expenses:							
Personal Services							
Other Operating Expenses							
Expense B							
Loans and Lease Payments							
Total Operating Expenses							
Operating Income (Loss)							
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
Income (Loss) Before Contributions and Transfers							
Change in Net Position							
Beginning Net Position - July 1							
Change in Net Position							
Ending Net Position - June 30							
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$36,833
FY 2025	\$0	\$50,975

SWPL - 1 - Personal Services -

This budget includes funding to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Office of Public Instruction - 35010

State Level Activities - 06

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$246,813
FY 2025	\$0	\$116,504

SWPL - 2 - Fixed Costs -

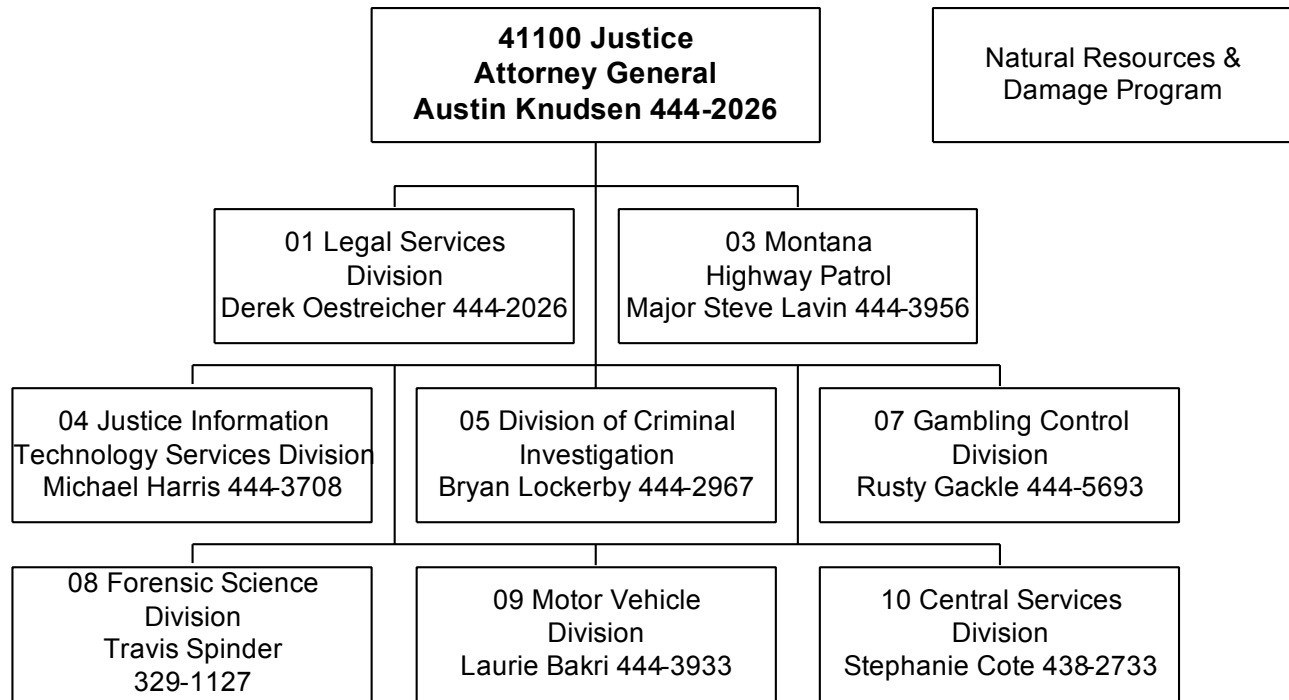
The request includes funding to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$59,229
FY 2025	\$0	\$70,479

SWPL - 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies & materials, communications, repair & maintenance, state motor pool, and other services.

Department of Justice - 41100



Mission Statement - The mission of the Department of Justice is to pursue activities and programs that seek to ensure and promote the public interest, safety, and well-being through leadership, advocacy, education, regulation and enforcement.

Statutory Authority - Statutory authority is provided in 2-15-501, 2-15-2001-2021, MCA, and Titles 44 & 61.

Agency Proposed Budget			
Budget Item	Total Exec. Budget Fiscal 2024	Total Exec. Budget Fiscal 2025	Total Exec. Budget 2025 Biennium
FTE	14.00	14.00	
Personal Services	1,572,521	1,579,596	3,152,117
Operating Expenses	193,666	194,178	387,844
Debt Service	2,080	2,080	4,160
Total Costs	\$1,768,267	\$1,775,854	\$3,544,121
Proprietary Funds	1,768,267	1,775,854	3,544,121
Total Funds	\$1,768,267	\$1,775,854	\$3,544,121

Department of Justice - 41100

Agency Legal Services - 06

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments	Exec. Budget	Adjustments	Exec. Budget	Budget Request
	Fiscal 2023	Fiscal 2024	Fiscal 2024	Fiscal 2025	Fiscal 2025	2025 Biennium
FTE	14.00	0.00	14.00	0.00	14.00	
Personal Services	1,523,335	49,186	1,572,521	56,261	1,579,596	3,152,117
Operating Expenses	179,691	13,975	193,666	14,487	194,178	387,844
Debt Service	2,080	0	2,080	0	2,080	4,160
Total Costs	\$1,705,106	\$63,161	\$1,768,267	\$70,748	\$1,775,854	\$3,544,121
Proprietary Funds	1,705,106	63,161	1,768,267	70,748	1,775,854	3,544,121
Total Funds	\$1,705,106	\$63,161	\$1,768,267	\$70,748	\$1,775,854	\$3,544,121

Proprietary Program Description - Program Description

The Agency Legal Services Bureau (ALS) within Department of Justice provides legal, hearing examiner, and investigative services to state agency clients on a contract basis. ALS attorneys and investigators bill clients for their services, case-related, and incidental costs. ALS FTE are funded from the revenues generated. The customers served are state agencies, boards, and commissions that have entered into contracts with ALS.

Revenues and Expenses

Revenues are generated by fees charged by the Department of Justice to other state agencies for services provided. The primary expenses for the division are personal services and operating costs. Factors that influence expenses include the state pay plan, the ability to recruit and retain staff, and general inflationary pressures that increase costs for items such as utilities, rent, supplies, and equipment. There are no changes in services provided or fees collected upon.

Rate and Rate Explanation

The rates for the 2025 biennium are as follows:

- Attorney, \$121.00 per hour
- Investigator, \$71.00 per hour

The rates are determined using the fee revenue collected then applying the increase to the average amounts of billable hours compared to known levels of expenditures.

Projected Fund Balance, Including Cash Fluctuations

The proposed rates allow the agency to continue to work toward the 60 day working capital requirement. The proprietary rate table illustrates that net assets and cash balance using the proposed rates will remain positive thru FY 2025. Upon review of the current service fees, the rate was found insufficient to sustain operations and cash requirements to ensure compliance of 17-8-101, MCA. The proposed rate methodology is based on current operating expenses, projected increases to operating expenses, and expected revenue receivable.

Department of Justice - 41100

Agency Legal Services - 06

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 41100	Agency Name: Department of Justice		Program Name: Agency Legal Services				
	Fund 06500	Fund Name Agency Legal Services					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
Total Operating Revenues							
Expenses:							
Personal Services							
Other Operating Expenses							
Total Operating Expenses							
Operating Income (Loss)							
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
Income (Loss) Before Contributions and Transfers							
Change in Net Position							
Beginning Net Position - July 1							
Prior Period Adjustments							
Change in Net Position							
Ending Net Position - June 30							
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$49,186
FY 2025	\$0	\$56,261

SWPL - 1 - Personal Services -

The budget includes \$49,186 in FY 2024 and \$56,261 in FY 2025 to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Justice - 41100

Agency Legal Services - 06

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$8,103)
FY 2025	\$0	(\$8,148)

SWPL - 2 - Fixed Costs -

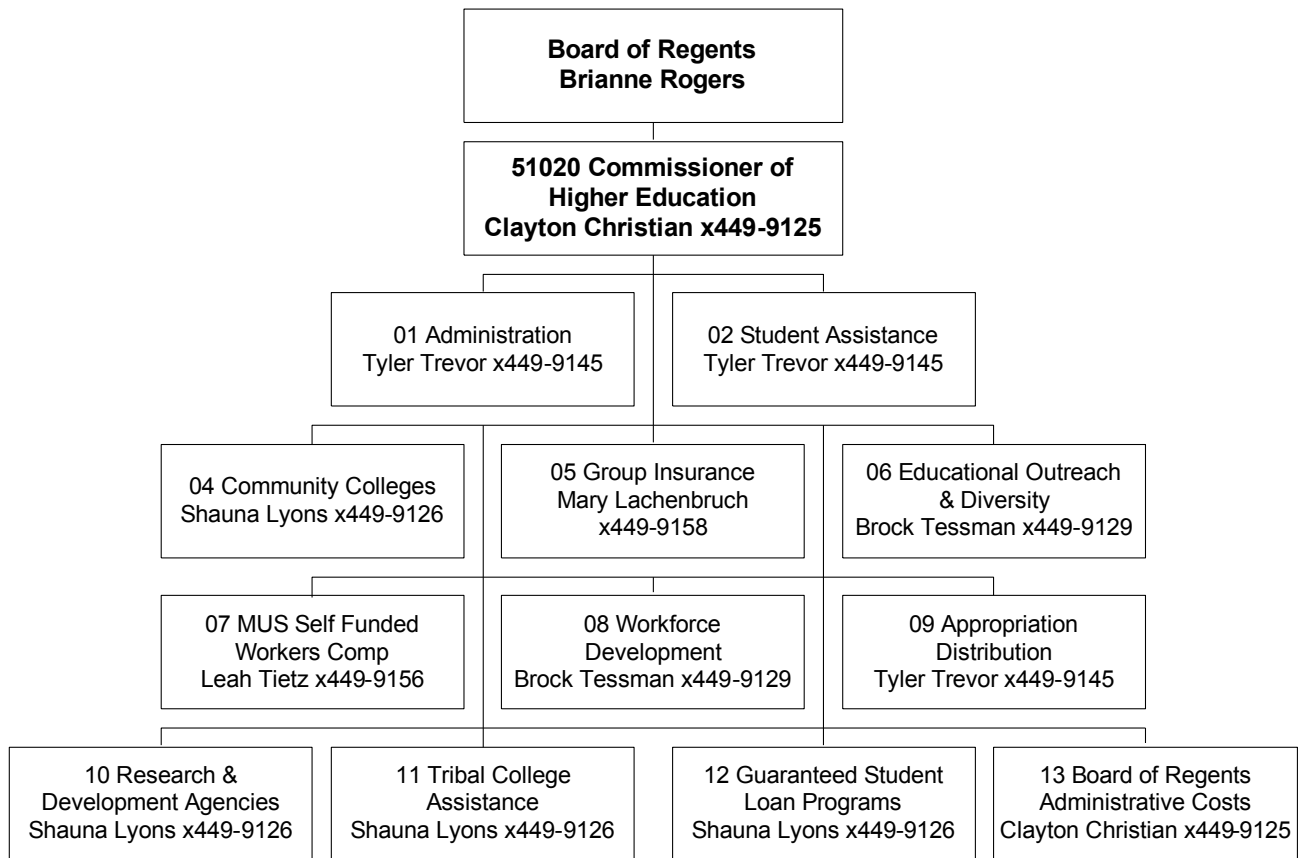
The request includes \$2,182 in FY 2024 and \$2,805 in FY 2025 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$22,078
FY 2025	\$0	\$22,635

SWPL - 3 - Inflation Deflation -

The request includes \$22,078 in FY 2024 and \$22,635 in FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies & materials, communications, repair & maintenance, state motor pool, and other services.

Commissioner of Higher Education - 51020



Mission Statement - To serve students through the delivery of high quality, accessible postsecondary educational opportunities, while actively participating in the preservation and advancement of Montana's economy and society.

Statutory Authority - Article X, Section 9, Montana Constitution and 2-15-1506, MCA.

Agency Proposed Budget			
Budget Item	Total Exec. Budget Fiscal 2024	Total Exec. Budget Fiscal 2025	Total Exec. Budget 2025 Biennium
FTE	11.00	11.00	
Personal Services	1,059,570	1,066,133	2,125,703
Operating Expenses	24,239,416	24,432,428	48,671,844
Benefits & Claims	149,872,471	149,872,471	299,744,942
Debt Service	44,719	44,719	89,438
Total Costs	\$175,216,176	\$175,415,751	\$350,631,927
Proprietary Funds	175,216,176	175,415,751	350,631,927
Total Funds	\$175,216,176	\$175,415,751	\$350,631,927

Commissioner of Higher Education - 51020

Mus Group Insurance Program - 05

**06 Educational Outreach
& Diversity
Brock Tessman x449-9129**

Program Proposed Budget						
Budget Item	Starting Point Fiscal 2023	Budget Adjustments Fiscal 2024	Total Exec. Budget Fiscal 2024	Budget Adjustments Fiscal 2025	Total Exec. Budget Fiscal 2025	Executive Budget Request 2025 Biennium
FTE	7.00	3.00	10.00	3.00	10.00	
Personal Services	737,542	208,784	946,326	213,551	951,093	1,897,419
Operating Expenses	22,096,947	535,401	22,632,348	712,628	22,809,575	45,441,923
Benefits & Claims	146,872,471	0	146,872,471	0	146,872,471	293,744,942
Debt Service	39,135	0	39,135	0	39,135	78,270
Total Costs	\$169,746,095	\$744,185	\$170,490,280	\$926,179	\$170,672,274	\$341,162,554
Proprietary Funds	169,746,095	744,185	170,490,280	926,179	170,672,274	341,162,554
Total Funds	\$169,746,095	\$744,185	\$170,490,280	\$926,179	\$170,672,274	\$341,162,554

Proprietary Program Description -

The Group Insurance Program is funded with two enterprise type proprietary funds: MUS Group Insurance and MUS Flexible Spending.

Fund 06008 MUS Group Insurance

Program Description

The Board of Regents provides faculty and staff with group benefits through the MUS Group Insurance Program. The commissioner is authorized by Board of Regents policy to administer the program as a self-insured, group insurance plan. All university system employees, retirees, and eligible dependents are offered medical, dental, vision, and group life insurance, as well as, long-term disability benefits. Retirees and their enrolled dependents are eligible to continue medical and pharmacy coverage on a self-pay basis. The community colleges also participate in this program.

Revenues and Expenses

Revenue in this program comes from:

- Employer-paid contributions toward insurance premiums
- Employee-paid contributions toward insurance premiums
- Investment earnings on the program fund

The agency is projecting relatively level revenues in the 2025 biennium. The revenue projections exclude any premium rate increases or state share increase. The projected increase is due primarily to anticipated growth in retirees age 65 and over.

Significant costs for the program are for:

- Insurance claims payments
- Claims management
- Program administration

The agency projects non-personnel expenses to increase on average 4 to 6% per year between FY 2024 and FY 2025. The primary cost drivers impacting claims expense increases are medical provider cost increases and increased utilization due to the increasing average age of insured covered in the plan.

Commissioner of Higher Education - 51020

Mus Group Insurance Program - 05

Rates and Rate Explanation

The employer-paid portion of the group insurance premium is statutorily established in 2-18-703, MCA, and is presently \$1,054 per month per eligible, participating employee. The employee-paid portion of the group insurance premium is adjusted as needed by the Montana University System to cover the premium requirements of a variety of benefit options and to maintain employee group benefit plans on an actuarially sound basis.

Fund Balance, Including Cash Fluctuations

The plan is managed on an actuarially sound basis.

Working Capital Analysis

As a self-insured plan, the group insurance program must maintain sufficient working capital necessary to pay outstanding claims. The amount of cash needed to maintain an ongoing operation is dependent on many variables including projected premiums, claims costs, and timing. The program engages the services of an actuary to project these amounts and calculate the incurred but not reported amounts. The plan is managed on an actuarially sound basis as required by state law.

Fund 06009 MUS Flex Spending Account

Program Description

The Flexible Spending Account is an optional selection for each employee to participate in or not. The funds are managed by a 3rd party and are distributed to employees as claims are made.

Revenues and Expenses

Revenue in this program comes from:

- Employee payments to flexible spending accounts

The agency is projecting level revenues in the 2023 biennium.

Rates and Rate Explanation

The 3rd party vendor charges an administrative fee for managing the accounts.

Commissioner of Higher Education - 51020

Mus Group Insurance Program - 05

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 51020	Agency Name: Commissioner of Higher Education			Program Name: Mus Group Insurance Program			
	Fund 06009	Fund Name MUS Flexible Spending Account					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
Total Operating Revenues							
Expenses:							
Expense B							
Expense C							
Total Operating Expenses							
Operating Income (Loss)							
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
Income (Loss) Before Contributions and Transfers							
Change in Net Position							
Beginning Net Position - July 1							
Change in Net Position							
Ending Net Position - June 30							
Net Position (Fund Balance) Analysis							

Commissioner of Higher Education - 51020

Mus Group Insurance Program - 05

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 51020	Agency Name: Commissioner of Higher Education			Program Name: Mus Group Insurance Program			
	Fund 06008	Fund Name MUS Group Insurance Program					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		108,623,636	105,335,635	102,059,462	156,000,000	157,098,716	157,275,001
Fee Revenue B		3,388,993	10,570,368	7,122,825	11,000,000	11,500,000	115,000,000
Total Operating Revenues		112,012,629	115,906,003	109,182,287	167,000,000	168,598,716	272,275,001
Expenses:							
Personal Services		722,389	734,164	701,971	737,542	943,326	951,093
Expense B		8,058,509	8,713,200	16,398,327	21,396,947	21,915,206	22,086,724
Expense C		92,323,605	96,654,836	103,567,909	134,198,049	134,198,049	134,198,049
Loans and Lease Payments		-	-	5,991	39,135	39,135	39,135
Total Operating Expenses		101,104,503	106,102,200	120,674,198	156,371,673	157,095,716	157,275,001
Operating Income (Loss)		10,908,126	9,803,803	(11,491,911)	10,628,327	11,503,000	115,000,000
Nonoperating Revenues:							
Other Revenue A		2,384,419	338,538	(93,413)	700,000	750,000	800,000
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		2,384,419	338,538	(93,413)	700,000	750,000	800,000
Income (Loss) Before Contributions and Transfers		13,292,545	10,142,341	(11,585,324)	11,328,327	12,253,000	115,800,000
Change in Net Position		13,292,545	10,142,341	(11,585,324)	11,328,327	12,253,000	115,800,000
Beginning Net Position - July 1		74,724,405	88,016,950	98,159,291	86,573,967	97,902,294	110,155,294
Change in Net Position		13,292,545	10,142,341	(11,585,324)	11,328,327	12,253,000	115,800,000
Ending Net Position - June 30		88,016,950	98,159,291	86,573,967	97,902,294	110,155,294	225,955,294
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$17,906)
FY 2025	\$0	(\$12,750)

SWPL - 1 - Personal Services -

The budget includes a reduction of \$17,906 in FY 2024 and a reduction of \$12,750 in FY 2025 to annualize various personal services costs including FY 2022 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the personal services snapshot, and vacancy savings.

Commissioner of Higher Education - 51020

Mus Group Insurance Program - 05

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$535,401
FY 2025	\$0	\$712,628

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$535,401 in FY 2024 and \$712,628 in FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies & materials, communications, repair & maintenance, state motor pool, and other services.

-----New Proposals-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$226,690
FY 2025	\$0	\$226,301

NP - 501 - MUS Group Insurance Wellness Program -

This decision package includes 3.00 FTE funded entirely with proprietary funds. The positions support the Wellness Program of the MUS Group Insurance Program. The Wellness Program is undergoing strategic changes and these positions were formerly held by Montana State University as part of a service agreement that has ended.

Commissioner of Higher Education - 51020

Mus Workers Comp Program - 07

07 MUS Self Funded Workers Comp Leah Tietz x449-9156

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	1.00	0.00	1.00	0.00	1.00	
Personal Services	107,704	5,540	113,244	7,336	115,040	228,284
Operating Expenses	1,559,446	47,622	1,607,068	63,407	1,622,853	3,229,921
Benefits & Claims	3,000,000	0	3,000,000	0	3,000,000	6,000,000
Debt Service	5,584	0	5,584	0	5,584	11,168
Total Costs	\$4,672,734	\$53,162	\$4,725,896	\$70,743	\$4,743,477	\$9,469,373
Proprietary Funds	4,672,734	53,162	4,725,896	70,743	4,743,477	9,469,373
Total Funds	\$4,672,734	\$53,162	\$4,725,896	\$70,743	\$4,743,477	\$9,469,373

Proprietary Program Description -

Program Description

The Montana Board of Regents created the Montana University System Self-Funded Workers' Compensation Program in April 2003 as allowed by the Workers' Compensation Act in Title 39, Chapter 71 of the Montana Codes Annotated. This program, which became effective in July 2003, provides workers' compensation insurance coverage for all university system employees and employees of the Office of Commissioner of Higher Education.

Revenues and Expenses

This program is an enterprise fund in which the funding is derived from premiums and investment earnings. Expenditures include claims, reinsurance premiums, and administrative costs.

Rate Explanation

Premium rates for the program are based upon commonly accepted actuarial principles developed by a qualified actuary and reviewed by an oversight committee comprised of university system representatives and the administrator of the State of Montana Risk Management and Tort Defense Division.

Commissioner of Higher Education - 51020

Mus Workers Comp Program - 07

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 51020	Agency Name: Commissioner of Higher Education			Program Name: Mus Workers Comp Program			
	Fund	Fund Name					
	06082	MUS Self-Funded Workers Comp					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
		3,624,693	3,929,695	1,618,100	4,665,384	4,725,000	4,750,000
Total Operating Revenues							
		3,624,693	3,929,695	1,618,100	4,665,384	4,725,000	4,750,000
Expenses:							
Personal Services							
		107,202	103,631	104,718	107,704	113,244	115,040
Expense B							
		1,049,162	927,813	1,233,644	1,559,446	1,607,051	1,622,827
Expense C							
		(1,050,394)	2,374,366	97,648	3,000,000	3,000,000	3,000,000
Loans and Lease Payments							
		-	-	855	5,584	5,584	5,584
Total Operating Expenses							
		105,970	3,405,810	1,436,865	4,672,734	4,725,879	4,743,451
Operating Income (Loss)							
		3,518,723	523,885	181,235	(7,350)	(879)	6,549
Nonoperating Revenues:							
Other Revenue A							
		503,219	90,121	(81,326)	139,000	139,000	139,000
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
		503,219	90,121	(81,326)	139,000	139,000	139,000
Income (Loss) Before Contributions and Transfers							
		4,021,942	614,006	99,909	131,650	138,121	145,549
Change in Net Position							
		4,021,942	614,006	99,909	131,650	138,121	145,549
Beginning Net Position - July 1							
		8,284,336	12,306,278	12,920,284	13,020,193	13,151,843	13,289,964
Change in Net Position							
		4,021,942	614,006	99,909	131,650	138,121	145,549
Ending Net Position - June 30							
		12,306,278	12,920,284	13,020,193	13,151,843	13,289,964	13,435,513
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$5,540
FY 2025	\$0	\$7,336

SWPL - 1 - Personal Services -

The budget includes \$5,540 in FY 2024 and \$7,336 in FY 2025 to annualize various personal services costs including FY 2022 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the personal services snapshot, and vacancy savings.

Commissioner of Higher Education - 51020

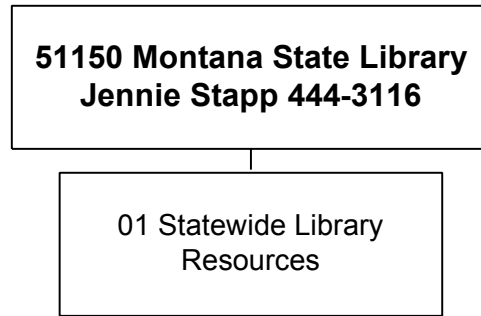
Mus Workers Comp Program - 07

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$47,622
FY 2025	\$0	\$63,407

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$47,622 in FY 2024 and \$63,407 in FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies & materials, communications, repair & maintenance, state motor pool, and other services.

Montana State Library - 51150



Mission Statement - The Montana State Library helps all organizations, communities, and Montanans thrive through excellent library resources and services.

Statutory Authority - Title 22, Chapter 1, MCA; Title 90, Chapter 15, MCA; and Title 90, Chapter 1, Part 4, MCA.

Montana State Library - 51150

Statewide Library Resources - 01

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	2.62	0.00	2.62	0.00	2.62	
Personal Services	184,720	23,091	207,811	23,865	208,585	416,396
Operating Expenses	234,510	12,429	246,939	16,556	251,066	498,005
Total Costs	\$419,230	\$35,520	\$454,750	\$40,421	\$459,651	\$914,401
Proprietary Funds	419,230	35,520	454,750	40,421	459,651	914,401
Total Funds	\$419,230	\$35,520	\$454,750	\$40,421	\$459,651	\$914,401

Proprietary Program Description - Fund 06021 Montana Shared Catalog

Program Description

The Montana Shared Catalog (MSC) is a cooperative project involving 180 libraries. Public libraries, school libraries, academic libraries, medical libraries, and other special libraries have pooled resources to purchase a robust library automation system. Members enjoy the benefits of shared expertise and the ability to provide improved service to library customers. The Montana State Library became the fiscal agent for the MSC in FY 2008.

Revenue and Expenses

Shared Catalog members pay membership dues that are used to pay operating expenses. There are approximately 180 member libraries that pay membership fees each year. Expenditures include payment of required fees for software licensing, user interface, and indexing to make the system run; payment for required yearly catalog maintenance; a travel budget and meeting budget that includes an annual in-person membership meeting to make decisions on the future of the shared catalog and conference attendance; training to new library members as well as ongoing training to current members; and equipment replacement.

Rates and Rate Explanation

In accordance with the written agreement each participating Montana Shared Catalog (MSC) library signs upon joining this library consortium, annual fees assessed to each library are established on the basis of a membership-approved cost formula. The goal of the cost formula is to distribute MSC annual operational costs as fairly and as evenly as possible based on the following: the individual library's titles count (formula weighting=30%), patron count (formula weighting=30%), circulation count (formula weighting=10%), and an equal share contribution (formula weighting=30%). Libraries which fall below a set threshold in their title counts and patron counts receive a fixed discount in accordance with criteria set forth in the cost formula.

Projected Fund Balance, Including Cash Fluctuations

The fund balance is aligned with the goal of a 60-day working capital fund.

Working Capital Analysis

Sixty-day working capital fund was reached in FY 2016.

Montana State Library - 51150

Statewide Library Resources - 01

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 51150	Agency Name: Montana State Library			Program Name: Statewide Library Resources			
	Fund 06021	Fund Name MT Shared Catalog					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		391,212	412,118	448,867	458,583	472,340	472,340
Total Operating Revenues		391,212	412,118	448,867	458,583	472,340	472,340
Expenses:							
Personal Services		143,430	214,184	297,771	214,662	221,102	227,735
Other Operating Expenses		227,149	213,588	204,318	204,568	210,705	217,026
Total Operating Expenses		370,579	427,772	502,089	419,230	431,807	444,761
Operating Income (Loss)		20,633	(15,654)	(53,222)	39,353	40,533	27,579
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		20,633	(15,654)	(53,222)	39,353	40,533	27,579
Change in Net Position		20,633	(15,654)	(53,222)	39,353	40,533	27,579
Beginning Net Position - July 1		206,735	227,368	211,714	158,492	197,845	238,378
Change in Net Position		20,633	(15,654)	(53,222)	39,353	40,533	27,579
Ending Net Position - June 30		227,368	211,714	158,492	197,845	238,378	265,957
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$23,091
FY 2025	\$0	\$23,865

SWPL - 1 - Personal Services -

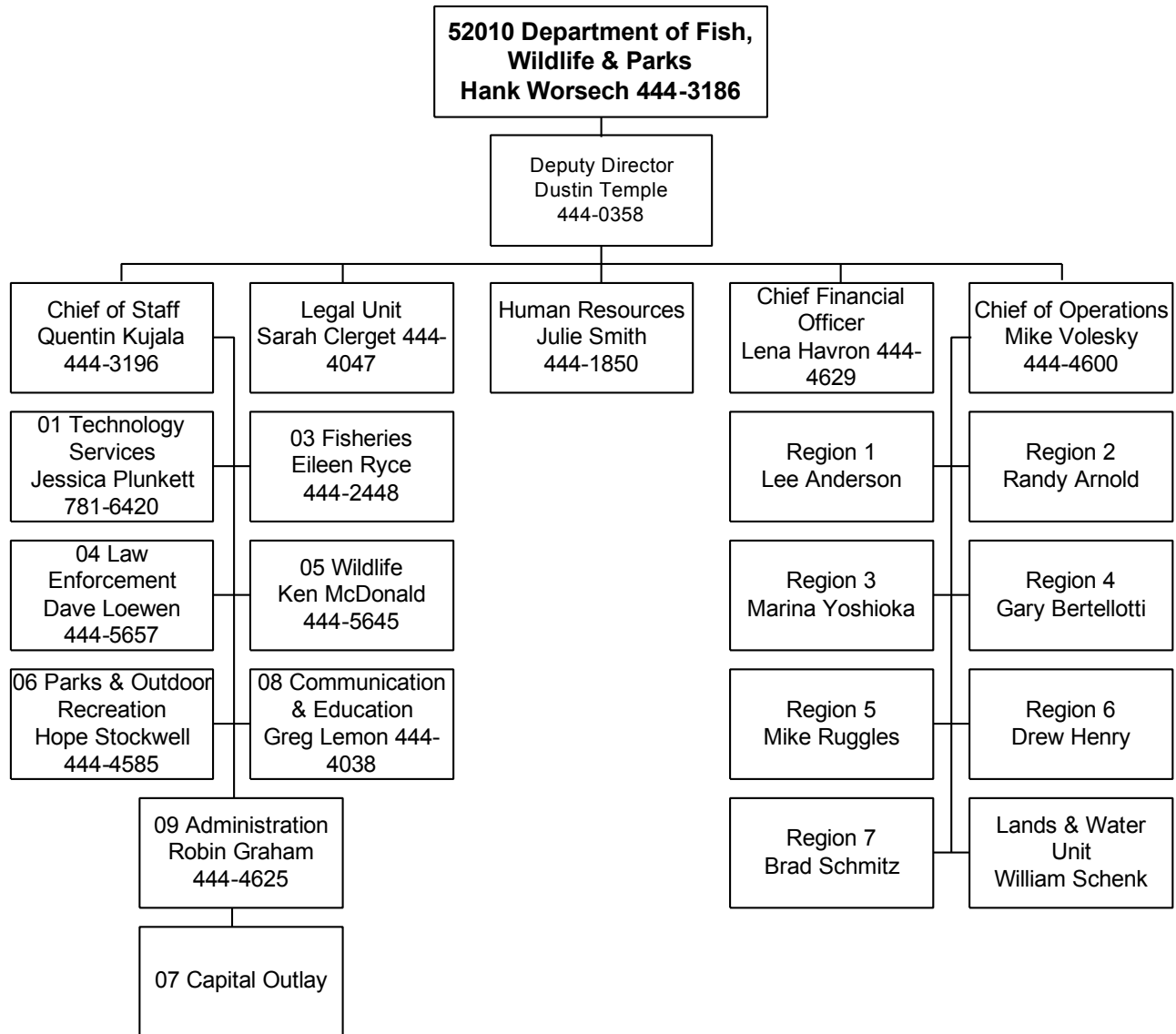
The budget includes funding to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$12,429
FY 2025	\$0	\$16,556

SWPL - 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies & materials, communications, repair & maintenance, state motor pool, and other services.

Department of Fish, Wildlife, and Parks - 52010



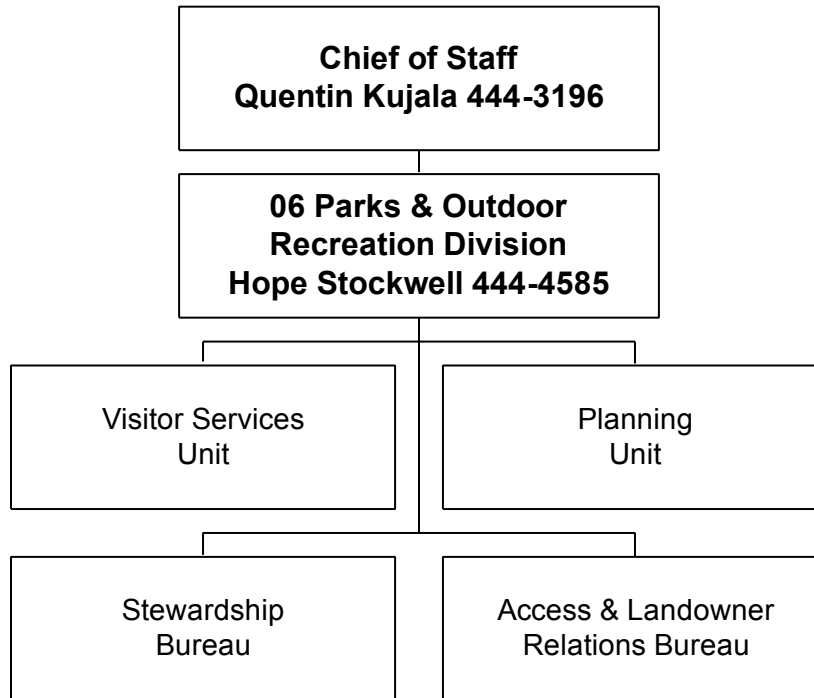
Mission Statement - Montana Fish, Wildlife & Parks, through its employees and citizen commission, provides for the stewardship of the fish, wildlife, parks, and recreational resources of Montana while contributing to the quality of life for present and future generations.

Statutory Authority - Title 87 and 23, MCA.

Agency Proposed Budget			
Budget Item	Total Exec. Budget Fiscal 2024	Total Exec. Budget Fiscal 2025	Total Exec. Budget 2025 Biennium
FTE	82.08	82.08	
Personal Services	5,439,501	5,436,627	10,876,128
Operating Expenses	4,432,063	4,481,602	8,913,665
Equipment & Intangible Assets	1,177,766	1,177,766	2,355,532
Debt Service	428,000	428,000	856,000
Total Costs	\$11,477,330	\$11,523,995	\$23,001,325
Proprietary Funds	11,477,330	11,523,995	23,001,325
Total Funds	\$11,477,330	\$11,523,995	\$23,001,325

Department of Fish, Wildlife, and Parks - 52010

Parks & Outdoor Rec Div - 06



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	5.18	0.00	5.18	0.00	5.18	
Personal Services	341,143	(20,323)	320,820	(18,751)	322,392	643,212
Operating Expenses	197,527	2,060	199,587	2,345	199,872	399,459
Total Costs	\$538,670	(\$18,263)	\$520,407	(\$16,406)	\$522,264	\$1,042,671
Proprietary Funds	538,670	(18,263)	520,407	(16,406)	522,264	1,042,671
Total Funds	\$538,670	(\$18,263)	\$520,407	(\$16,406)	\$522,264	\$1,042,671

Proprietary Program Description - Fund 06068 - MFWP Visitor Services

Proprietary Program Description

Section 23-1-105 (5), MCA, authorizes the Parks Division of Montana Fish, Wildlife and Parks to establish an enterprise fund for the purpose of managing state park visitor services revenue.

The fund is used by the department to provide inventory through purchase, production, or donation and for the sale of educational, commemorative, and interpretive merchandise and other related goods and services at department sites and facilities.

The fund was established primarily to better manage Montana State Parks visitor centers that sell books, clothing, and commemorative items at parks like First Peoples Buffalo Jump, Makoshika, and Chief Plenty Coups as well as parks that sell items like firewood and ice. Monies generated go back into the purchase of inventory and the improvement of visitor services in state parks and FWP overall.

Revenues and Expenses

Department of Fish, Wildlife, and Parks - 52010

Parks & Outdoor Rec Div - 06

Revenues are generated by the sales of interpretive and educational merchandise at park visitor centers and regional offices. The expenses associated with the enterprise fund include personal services, office supplies, merchandising materials, and the purchase of inventory to replenish stock. In FY 2020 personal services were increased for positions that manage and promote educational, commemorative, and interpretive services.

Rates and Rate Explanation

A markup of 40% - 50% on goods sold is applied to ensure sufficient revenues are collected to cover expenses.

Projected Fund Balance, Including Cash Fluctuations

The objective is to maintain an adequate fund balance to cover the costs of promoting and managing the visitor centers. The cash balances are highest in the winter after the parks season ends and lowest in the spring when stock is purchased to replenish inventory.

Department of Fish, Wildlife, and Parks - 52010

Parks & Outdoor Rec Div - 06

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 52010	Agency Name: Department of Fish, Wildlife, and Parks			Program Name: Parks & Outdoor Rec Div			
	Fund	Fund Name					
	06068	MFWP Visitor Services					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		521	159	435	390	410	430
Fee Revenue B		300,907	389,383	397,837	418,587	426,959	435,498
Fee Revenue C		7,782	269	3,676	4,104	4,310	4,525
Total Operating Revenues		309,210	389,811	401,948	423,081	431,679	440,453
Expenses:							
Personal Services							
		228,473	216,512	151,967	341,143	320,820	322,392
Other Operating Expenses		268,324	252,994	266,520	197,527	199,587	199,872
Total Operating Expenses		496,797	469,506	418,487	538,670	520,407	522,264
Operating Income (Loss)		(187,587)	(79,695)	(16,539)	(115,589)	(88,728)	(81,811)
Nonoperating Revenues:							
Other Revenue A							
		8,696	676	506	445	454	463
Total Nonoperating Revenues (Expenses)		8,696	676	506	445	454	463
Income (Loss) Before Contributions and Transfers		(178,891)	(79,019)	(16,033)	(115,144)	(88,274)	(81,348)
Change in Net Position		(178,891)	(79,019)	(16,033)	(115,144)	(88,274)	(81,348)
Beginning Net Position - July 1		766,594	587,703	508,684	492,651	377,507	289,233
Change in Net Position		(178,891)	(79,019)	(16,033)	(115,144)	(88,274)	(81,348)
Ending Net Position - June 30		587,703	508,684	492,651	377,507	289,233	207,885
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$20,323)
FY 2025	\$0	(\$18,751)

SWPL - 1 - Personal Services -

The budget includes funding to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Fish, Wildlife, and Parks - 52010

Parks & Outdoor Rec Div - 06

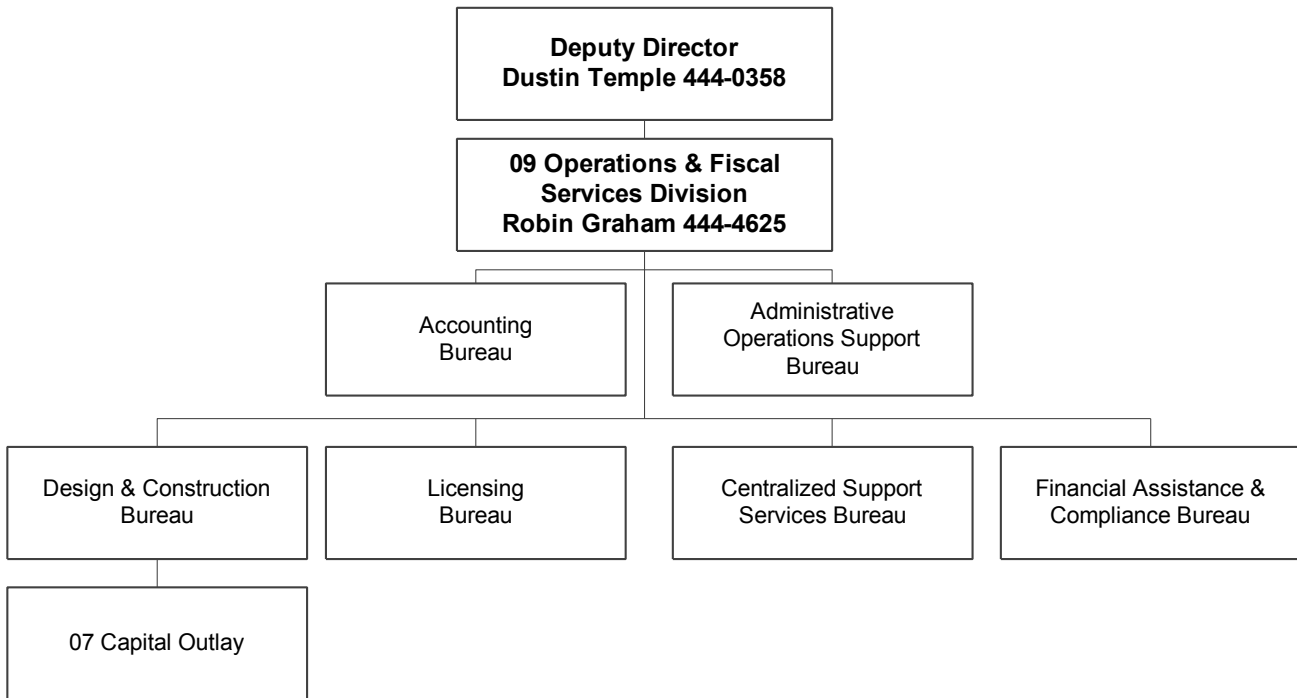
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$2,060
FY 2025	\$0	\$2,345

SWPL - 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies & materials, communications, repair & maintenance, state motor pool, and other services.

Department of Fish, Wildlife, and Parks - 52010

Administration - 09



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments	Exec. Budget	Adjustments	Exec. Budget	Budget Request
	Fiscal 2023	Fiscal 2024	Fiscal 2024	Fiscal 2025	Fiscal 2025	2025 Biennium
FTE	4.56	72.34	76.90	72.34	76.90	
Personal Services	313,876	4,804,805	5,118,681	4,800,359	5,114,235	10,232,916
Operating Expenses	2,386,004	1,846,472	4,232,476	1,895,726	4,281,730	8,514,206
Equipment & Intangible Assets	1,026,766	151,000	1,177,766	151,000	1,177,766	2,355,532
Debt Service	428,000	0	428,000	0	428,000	856,000
Total Costs	\$4,154,646	\$6,802,277	\$10,956,923	\$6,847,085	\$11,001,731	\$21,958,654
Proprietary Funds	4,154,646	6,802,277	10,956,923	6,847,085	11,001,731	21,958,654
Total Funds	\$4,154,646	\$6,802,277	\$10,956,923	\$6,847,085	\$11,001,731	\$21,958,654

Proprietary Program Description -

The Administration Division provides the following services through proprietary funds. These programs are described separately along with a discussion of the program expenses, revenues, and rates being requested to finance the program:

- Equipment Fleet Fund
- Warehouse Inventory
- Aircraft Fund
- New Maintenance Fund

Fund 06502 Equipment Fleet

Program Description

The department's equipment fund provides a fleet of vehicles to department employees.

Revenues and Expenses

Department of Fish, Wildlife, and Parks - 52010

Administration - 09

Users are charged a usage rate for the number of miles driven and an assigned rate for the number of days a vehicle is used. The assigned rates are calculated to recover the costs of administration to operate the program (personal services and fixed operational costs) and replacement of fleet vehicles. The usage rates are calculated to recover the costs of fuel, supplies, repairs, and maintenance of the fleet. This fund supports a total of 3.56 FTE.

Each year, department employees drive an average of 6.6 million miles in department owned vehicles. The number of miles driven is expected to remain consistent over the next biennium. The department currently has a fleet of 599 vehicles. The department's request for vehicle replacement is for 60 vehicles in both FY 2024 and FY 2025. This is based on replacing vehicles after a minimum of 180,000 miles from the last biennium. For the additional cost to the programs, the department submitted a decision package request, PL903. The department will also be managing this fund to ensure that the fiscal year end balance will not exceed the 60-day working capital requirement.

Rates and Rate Explanation

The vehicle usage rate recovers the direct costs of fuel, supplies, repairs, and maintenance of the fleet. The assigned rates for vehicles are calculated to recover the costs of administration of the program (personal services, vehicle licensing, insurance and title work, utilities, etc) and replacement of fleet vehicles.

Information is gathered using the Agile Assets Fleet Software to provide mileage and cost information related to each vehicle class. This cost information as well as SABHRS financial information was used to base costs and to calculate the FY 2024 and FY 2025 rates. The volatility of fuel prices continues to be a major challenge in estimating future rates and a tier structure has been developed to adjust rates based on unexpected increases in fuel costs per gallon. The department has also added a class category for 1 Ton pickups. Previously, the department consolidated the cost of the 1 Ton trucks into the rate for the 3/4 Ton pickup class category.

Department of Fish, Wildlife, and Parks - 52010

Administration - 09

Requested Rates for Internal Service or Enterprise Funds						
Fee Description	Fee/Rate Information					
	Actual FY20	Actual FY21	Estimated FY22	Estimated FY23	Estimated FY24	Estimated FY25
Assigned Rate:						
210 Sedan	\$ 3.61	\$ 3.11	\$ 5.03	\$ 5.03	\$ 14.13	\$ 14.14
310 Van	\$ 1.89	\$ 1.94	\$ 2.05	\$ 2.06	\$ 8.16	\$ 8.18
410 Utility	\$ 7.27	\$ 7.11	\$ 11.54	\$ 11.55	\$ 6.38	\$ 6.38
610 1/2 Ton Pickup	\$ 5.93	\$ 6.62	\$ 8.34	\$ 8.35	\$ 19.05	\$ 19.06
710 3/4 Ton Pickup	\$ 8.39	\$ 8.28	\$ 11.81	\$ 11.82	\$ 13.29	\$ 13.30
1Ton					\$ 40.86	\$ 40.87
Usage Rate:						
Tier 1:	\$2.72/Gal	\$2.72/Gal	\$2.12/Gal	\$2.12/Gal	\$4.50/Gal	\$4.50/Gal
210 Sedan	\$ 0.14	\$ 0.15	\$ 0.14	\$ 0.14	\$ 0.21	\$ 0.21
310 Van	\$ 0.41	\$ 0.42	\$ 0.22	\$ 0.22	\$ 0.26	\$ 0.27
410 Utility	\$ 0.20	\$ 0.20	\$ 0.22	\$ 0.22	\$ 0.26	\$ 0.29
610 1/2 Ton Pickup	\$ 0.27	\$ 0.28	\$ 0.25	\$ 0.25	\$ 0.37	\$ 0.38
710 3/4 Ton Pickup	\$ 0.31	\$ 0.32	\$ 0.30	\$ 0.30	\$ 0.47	\$ 0.48
1Ton					\$ 0.45	\$ 0.45
Tier 2:	\$3.22/Gal	\$3.22/Gal	\$2.62/Gal	\$2.62/Gal	\$5.00/Gal	\$5.00/Gal
210 Sedan	\$ 0.16	\$ 0.17	\$ 0.16	\$ 0.16	\$ 0.22	\$ 0.23
310 Van	\$ 0.44	\$ 0.45	\$ 0.24	\$ 0.24	\$ 0.28	\$ 0.29
410 Utility	\$ 0.22	\$ 0.23	\$ 0.25	\$ 0.25	\$ 0.31	\$ 0.31
610 1/2 Ton Pickup	\$ 0.30	\$ 0.31	\$ 0.28	\$ 0.28	\$ 0.40	\$ 0.41
710 3/4 Ton Pickup	\$ 0.36	\$ 0.37	\$ 0.34	\$ 0.34	\$ 0.51	\$ 0.52
1Ton					\$ 0.48	\$ 0.49
Tier 3:	\$3.72/Gal	\$3.72/Gal	\$3.12/Gal	\$3.12/Gal	\$5.50/Gal	\$5.50/Gal
210 Sedan	\$ 0.17	\$ 0.18	\$ 0.17	\$ 0.17	\$ 0.23	\$ 0.24
310 Van	\$ 0.40	\$ 0.47	\$ 0.27	\$ 0.27	\$ 0.30	\$ 0.31
410 Utility	\$ 0.25	\$ 0.26	\$ 0.27	\$ 0.27	\$ 0.33	\$ 0.34
610 1/2 Ton Pickup	\$ 0.34	\$ 0.34	\$ 0.31	\$ 0.32	\$ 0.43	\$ 0.44
710 3/4 Ton Pickup	\$ 0.40	\$ 0.41	\$ 0.38	\$ 0.38	\$ 0.55	\$ 0.56
1Ton					\$ 0.51	\$ 0.52

Changes in Level of Fees and Charges

The assigned rate for vehicles in this fund has increased in order to recoup the cost of annual replacement vehicle purchases. The usage rate for vehicles in this fund has increased in order to recoup the increased cost of fuel. A decision package, PL903 was submitted to request the necessary funds to cover the increased cost to the programs.

Department of Fish, Wildlife, and Parks - 52010

Administration - 09

Projected Fund Balance, Including Cash Fluctuations

At FYE 2022, the vehicle fund had total assets of \$7,642,760 and the book value (original cost less accumulated depreciation) of the fleet was \$5,867,970. The fund's cash balance fluctuates during the year for two reasons. The first is that more miles are driven in the summer and fall than during the winter and spring. The second reason is that new vehicles are purchased in the spring. Thus, the cash balance is normally highest just before purchasing the replacement vehicles and lowest in the spring after purchasing the vehicles.

Working Capital and Fees Commensurate Analysis

The department attempts to manage this fund so that a 60-day working capital amount of cash is available when the cash balance is at its lowest level. Most replacement vehicles are purchased and received in the spring.

Fund 06503 Warehouse Inventory

Program Description

The department's warehouse contains mainly uniform items for department employees. Overhead costs are recovered by charging a predetermined fixed percentage to all sales. The department wishes to end this internal service fund by FYE 2023. Due to the fluctuation of uniform needs (sizing, and product type), the warehouse has not been able to match inventory with department needs. This unpredictability in purchases from the warehouse make it difficult to set a rate that will recover enough funds to maintain a 60-day working capital balance. The department has found another vendor that can better provide for the uniform needs of the agency.

Rates and Rate Explanation

35%

Working Capital and Fees Commensurate Analysis

The department attempts to manage this fund so that a 60-day working capital amount of cash is available when the cash balance is at its lowest level.

Fund 06540 - Aircraft Fund

Program Description

The department's aircraft fund provides specialized flying services using fixed-wing and helicopter aircraft to department employees to survey fish and wildlife, plant fish, monitor radio telemetry locations, etc. The users are department employees. Every month, users are charged for the hours flown during the previous month.

Revenues and Expenses

The Aircraft Fund charges a rate per hour by aircraft type for hours flown. The largest costs of the aircraft fleet are replacement aircraft, fuel, and repairs.

In FY 2022, the department flew approximately 1,960 hours in department aircrafts. In FY2022, the aircraft fleet generated \$1,039,514 in revenue. The department expects flight hours to remain steady for FY 2024 and FY 2025.

The department is requesting to purchase a helicopter to replace an existing helicopter in the fleet using the InterCAP Loan program. The associated hourly flight rate will increase for Turbine Helicopters in order to recoup the cost of the loan payments.

Department of Fish, Wildlife, and Parks - 52010

Administration - 09

Rates and Rate Explanation

The hourly rates requested are calculated to recoup the projected operating costs of the Aircraft Fund. The rates shown below are charged monthly to each program for the hours flown during the previous month. The cost drivers for each rate includes fuel, repairs, supplies, rent, insurance, and other general operational costs as well as the above-mentioned loan payments. This expense to the programs is recorded in account 62525. In FY 2022, the aircraft fleet generated \$1,039,514 in revenue.

Requested Rates for Internal Service or Enterprise Funds							
Fee/Rate Information							
	Actual FY 20	Actual FY 21	Estimated FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25	
Fee Description:							
Two place single-engine plane, per hour	\$ 201.00	\$ 208.00	\$ 357.00	\$ 357.00	\$ 301.00	\$ 368.00	
Four place single-engine plane, per hour	\$ 282.00	\$ 233.00	\$ 357.00	\$ 357.00	\$ 301.00	\$ 308.00	
Turbine helicopter, per hour	\$ 516.00	\$ 531.00	\$ 803.00	\$ 804.00	\$ 926.00	\$ 942.00	

Changes in Level of Fees and Charges

The hourly rates have increased for each aircraft type in order to recoup the cost of replacing a helicopter and the increased cost of routine aircraft repairs and maintenance.

Projected Fund Balance, Including Cash Fluctuations

A portion of the program's net position has been reserved for the book value (original cost less accumulated depreciation) of department aircraft which was \$1,850,992 at FYE 2022. The net position as of FYE 2022 was \$898,163.

Working Capital and Fees Commensurate Analysis

The department attempts to manage this account so that a 60-day working capital amount of cash is available when the cash balance is at its lowest level.

The department attempts to ensure that fees are commensurate with costs over time. It does this in two ways. First, proposed rates for the next biennium take into consideration any excess income or loss generated from previous periods. Second, prior to finalizing new rates at the beginning of a new fiscal year, the rates are recalculated based on actual information.

Cash balances fluctuate during the year for two reasons. Monthly flight hours vary due to optimum times to do species counts, and major repairs and scheduled maintenance occur sporadically throughout the year.

Department of Fish, Wildlife, and Parks - 52010

Administration - 09

2025 Biennium Internal Service Fund Working Capital and Fees Commensurate Analysis							
Fund	Fund Name	Agency #	Agency Name	Program Name			
06540	DFWP Aircraft	52010	FWP	Administration			
				Actual FY 20	Actual FY 21	Actual FY 22	Estimated FY 23
							Proposed FY 24
							Proposed FY 25
Cash Available for Fund Operations (Working Capital)							
Current Assets				229,937	90,044	362,193	
Less Current Liabilities				(23,850)	(23,932)	(12,078)	
Working Capital (WC)				206,287	66,112	350,115	323,846
							325,257
							326,464
Cash Required for Fund Operations							
60 Days Operations Expense				88,965	110,898	164,867	173,252
							186,443
							212,606
Difference				117,322	(44,785)	185,248	150,593
							138,815
							113,858
Budgeted WC = Actual WC FY 2022 + or - Estimated FY 2023, and Proposed FY 2024 and FY 2025, Change in Net Position							

NEW: Fund 06513 – FWP Maintenance Fund

Program Description

The department is requesting to establish a proprietary fund to provide an internal maintenance service for department owned and/or maintained lands. This fund would support all existing department maintenance FTE and associated maintenance operations costs such as vehicles, supplies, and equipment. This request is also asking for an additional 4.0 FTE.

Revenues and Expenses

Revenue is generated from the hourly rate charged for hours worked performing maintenance at a department-maintained property.

The expenses to this fund would include personal services and operations costs such as vehicles, supplies, and equipment.

Rates and Rate Explanation

\$78.50 per hour

Changes in Level of Fees and Charges

N/A

Projected Fund Balance, Including Cash Fluctuations

The department aims to build and maintain a 60-day working capital fund balance over the biennium.

Department of Fish, Wildlife, and Parks - 52010

Administration - 09

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 52010	Agency Name: Department of Fish, Wildlife, and Parks			Program Name: Administration			
	Fund	Fund Name					
	06513	FWP Maintenance					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
		-	-	-	-	7,087,176	7,087,176
Total Operating Revenues							
		-	-	-	-	7,087,176	7,087,176
Expenses:							
Personal Services							
		-	-	-	-	4,802,859	4,796,729
Other Operating Expenses							
		-	-	-	-	1,706,441	1,733,404
Total Operating Expenses							
		-	-	-	-	6,509,300	6,530,133
Operating Income (Loss)							
		-	-	-	-	577,876	557,043
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers							
		-	-	-	-	577,876	557,043
Change in Net Position							
		-	-	-	-	577,876	557,043
Beginning Net Position - July 1							
		-	-	-	-	-	577,876
Change in Net Position							
		-	-	-	-	577,876	557,043
Ending Net Position - June 30							
		-	-	-	-	577,876	1,134,919
Net Position (Fund Balance) Analysis							

Department of Fish, Wildlife, and Parks - 52010

Administration - 09

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 52010	Agency Name: Department of Fish, Wildlife, and Parks			Program Name: Administration			
	Fund	Fund Name					
	06502	Equipment Enterprise Fund					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
		2,930,280	3,218,441	4,180,561	4,180,561	5,770,205	5,836,191
Total Operating Revenues							
		2,930,280	3,218,441	4,180,561	4,180,561	5,770,205	5,836,191
Expenses:							
Personal Services							
		315,247	375,005	362,043	362,043	347,357	347,357
Other Operating Expenses							
		1,950,616	1,603,864	3,608,317	1,773,831	2,899,524	3,001,749
Expense B							
		1,088,000	1,334,474	-	1,834,486	2,496,894	2,446,896
Total Operating Expenses							
		3,353,863	3,313,343	3,970,360	3,970,360	5,743,775	5,796,002
Operating Income (Loss)							
		(423,583)	(94,902)	210,201	210,201	26,430	40,189
Nonoperating Revenues:							
Other Revenue A							
		8,461	24,364	69,858	-	-	-
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
		8,461	24,364	69,858	-	-	-
Income (Loss) Before Contributions and Transfers							
		(415,122)	(70,538)	280,059	210,201	26,430	40,189
Change in Net Position							
		(415,122)	(70,538)	280,059	210,201	26,430	40,189
Beginning Net Position - July 1							
		7,848,362	7,433,240	7,362,702	7,642,761	7,852,962	7,879,392
Change in Net Position							
		(415,122)	(70,538)	280,059	210,201	26,430	40,189
Ending Net Position - June 30							
		7,433,240	7,362,702	7,642,761	7,852,962	7,879,392	7,919,581
Net Position (Fund Balance) Analysis							

Department of Fish, Wildlife, and Parks - 52010

Administration - 09

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 52010	Agency Name: Department of Fish, Wildlife, and Parks			Program Name: Administration			
	Fund	Fund Name					
	06540	DFWP Aircraft					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
		513,087	566,839	1,039,514	1,039,514	1,162,770	1,319,544
Total Operating Revenues							
		513,087	566,839	1,039,514	1,039,514	1,162,770	1,319,544
Expenses:							
Other Operating Expenses							
		531,009	665,385	989,204	1,039,514	1,118,655	1,275,635
Total Operating Expenses							
		531,009	665,385	989,204	1,039,514	1,118,655	1,275,635
Operating Income (Loss)							
		(17,922)	(98,546)	50,310	-	44,115	43,909
Nonoperating Revenues:							
Nonoperating Expenses:							
Other Expense A							
		2,781	17,046	20,573	26,270	42,703	42,703
Total Nonoperating Revenues (Expenses)							
		2,781	17,046	20,573	26,270	42,703	42,703
Income (Loss) Before Contributions and Transfers							
		(15,141)	(81,500)	70,883	26,270	86,818	86,612
Change in Net Position							
		(15,141)	(81,500)	70,883	26,270	86,818	86,612
Beginning Net Position - July 1							
		1,004,720	989,579	908,079	978,962	1,005,232	1,092,050
Change in Net Position							
		(15,141)	(81,500)	70,883	26,270	86,818	86,612
Ending Net Position - June 30							
		989,579	908,079	978,962	1,005,232	1,092,050	1,178,662
Net Position (Fund Balance) Analysis							

Administration - 09

-----Statewide Present Law Adjustments-----

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Department of Fish, Wildlife, and Parks - 52010

Administration - 09

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$291,031
FY 2025	\$0	\$313,322

SWPL - 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies & materials, communications, repair & maintenance, state motor pool, and other services.

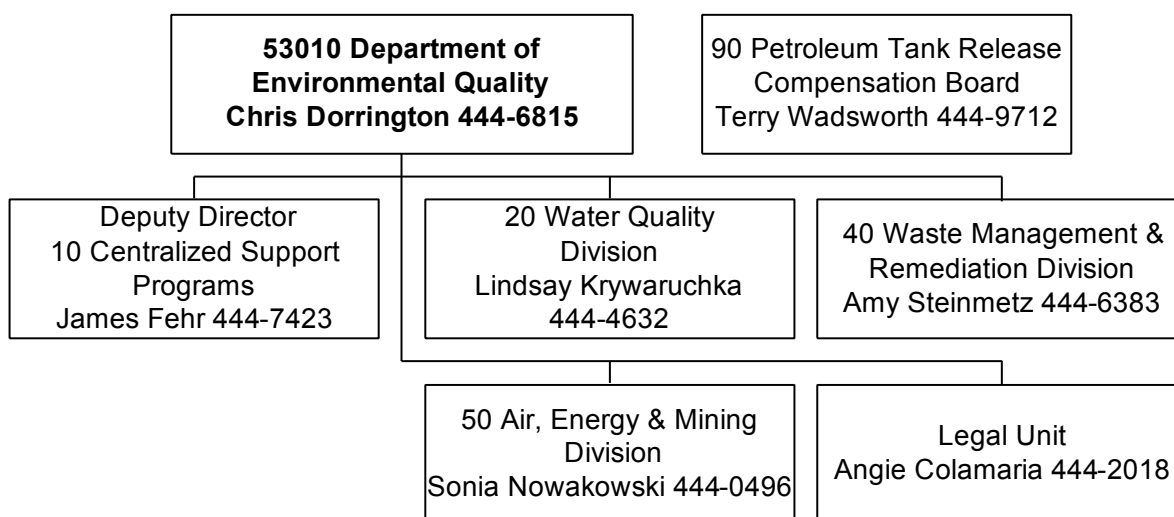
-----New Proposals-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$6,509,300
FY 2025	\$0	\$6,530,133

NP - 901 - Proprietary Maintenance Fund -

This request includes funding to maintain wildlife management areas statewide. The agency will utilize the new proprietary maintenance program to provide maintenance services and this funding will pay the required rate for those services.

Department of Environmental Quality - 53010



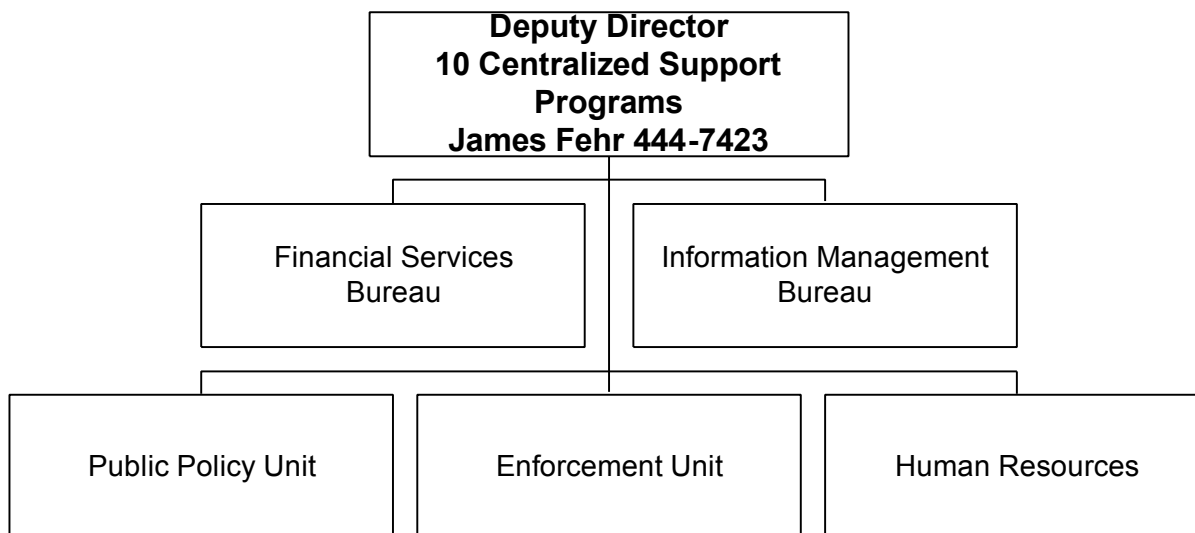
Mission Statement - To protect, sustain, and improve a clean and healthful environment to benefit present and future generations.

Statutory Authority - Titles 2, 7, 37, 50, 69, 75, 76, 80, 82 and 90, MCA; USC 24, 30, 33 and 42; PL No. 92-500, 95-87, 91, 95-224 and 99-519.

Agency Proposed Budget			
Budget Item	Total Exec. Budget Fiscal 2024	Total Exec. Budget Fiscal 2025	Total Exec. Budget 2025 Biennium
FTE	55.50	55.50	
Personal Services	4,931,330	4,962,382	9,893,712
Operating Expenses	3,958,318	3,820,766	7,779,084
Equipment & Intangible Assets	119,739	119,739	239,478
Transfers	5,000	5,000	10,000
Debt Service	18,700	18,700	37,400
Total Costs	\$9,033,087	\$8,926,587	\$17,959,674
Proprietary Funds	9,033,087	8,926,587	17,959,674
Total Funds	\$9,033,087	\$8,926,587	\$17,959,674

Department of Environmental Quality - 53010

Central Management Program - 10



Program Proposed Budget	Starting Point Fiscal 2023	Budget Adjustments Fiscal 2024	Total Exec. Budget Fiscal 2024	Budget Adjustments Fiscal 2025	Total Exec. Budget Fiscal 2025	Executive Budget Request 2025 Biennium
Budget Item						
FTE	55.50	0.00	55.50	0.00	55.50	
Personal Services	4,850,083	81,247	4,931,330	112,299	4,962,382	9,893,712
Operating Expenses	3,948,580	9,738	3,958,318	(127,814)	3,820,766	7,779,084
Equipment & Intangible Assets	119,739	0	119,739	0	119,739	239,478
Transfers	5,000	0	5,000	0	5,000	10,000
Debt Service	18,700	0	18,700	0	18,700	37,400
Total Costs	\$8,942,102	\$90,985	\$9,033,087	(\$15,515)	\$8,926,587	\$17,959,674
Proprietary Funds	8,942,102	90,985	9,033,087	(15,515)	8,926,587	17,959,674
Total Funds	\$8,942,102	\$90,985	\$9,033,087	(\$15,515)	\$8,926,587	\$17,959,674

Proprietary Program Description - Fund 06509 DEQ Indirects

The Central Services Division is funded with a proprietary fund. As such, the legislature does not appropriate funds but rather approves rates for the proprietary fund. The DEQ indirect fund supports common functions across DEQ including administration, human resources, and information technology. In this regard, the indirect fund can be thought of as the "overhead" of DEQ.

Revenues and Expenses

The fund is supported by a charge against other divisions of DEQ. The percentage of the charge is approved by the United States Environmental Protection Agency.

Rate(s) and Rate Explanation

The rate being requested is a fixed rate that will not exceed 24% of the personal services base or 4% of the operating services base. This rate structure has been effective in providing the needed revenue to the internal service fund to provide services to all of the programs.

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.

Changes in Level of Fees and Charges There are no changes in services or fees requested.

Department of Environmental Quality - 53010

Central Management Program - 10

Working Capital and Fees Commensurate Analysis:

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 53010	Agency Name: Department of Environmental Quality			Program Name: Central Management Program			
	Fund 06509	Fund Name DEQ Indirects					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
		2,572,755	7,817,847	5,259,538	7,833,762	7,754,203	7,801,358
Total Operating Revenues							
		2,572,755	7,817,847	5,259,538	7,833,762	7,754,203	7,801,358
Expenses:							
Personal Services							
		4,324,416	4,389,545	4,155,232	4,850,083	4,931,330	4,962,382
Expense B							
		3,283,938	3,430,773	3,919,127	3,948,580	4,230,015	4,095,991
Loans and Lease Payments							
		1,118	1,923	(451,075)	119,739	119,739	119,739
Total Operating Expenses							
		7,609,472	7,822,241	7,623,284	8,918,402	9,281,084	9,178,112
Operating Income (Loss)							
		(5,036,717)	(4,394)	(2,363,746)	(1,084,640)	(1,526,881)	(1,376,754)
Nonoperating Revenues:							
Other Revenue A							
		4,961,488	(139,225)	2,615,685	1,183,138	1,499,722	1,481,990
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
		4,961,488	(139,225)	2,615,685	1,183,138	1,499,722	1,481,990
Income (Loss) Before Contributions and Transfers							
		(75,229)	(143,619)	251,939	98,498	(27,159)	105,236
Capital Contributions							
		-	-	41,144	41,144	41,144	41,144
Transfers Out							
		-	-	-	5,000	5,000	5,000
Change in Net Position							
		(75,229)	(143,619)	293,083	144,642	18,985	151,380
Beginning Net Position - July 1							
		197,014	121,785	(21,573)	316,918	461,560	480,545
Prior Period Adjustments							
		-	261	45,408	-	-	-
Change in Net Position							
		(75,229)	(143,619)	293,083	144,642	18,985	151,380
Ending Net Position - June 30							
		121,785	(21,573)	316,918	461,560	480,545	631,925
Net Position (Fund Balance) Analysis							

Department of Environmental Quality - 53010

Central Management Program - 10

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$81,247
FY 2025	\$0	\$112,299

SWPL - 1 - Personal Services -

The budget includes increases funding to annualize various personal services cost including FY 2023 statewide payplan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings. An additional factor contributing to the budget request includes overtime.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$88,427)
FY 2025	\$0	(\$247,392)

SWPL - 2 - Fixed Costs -

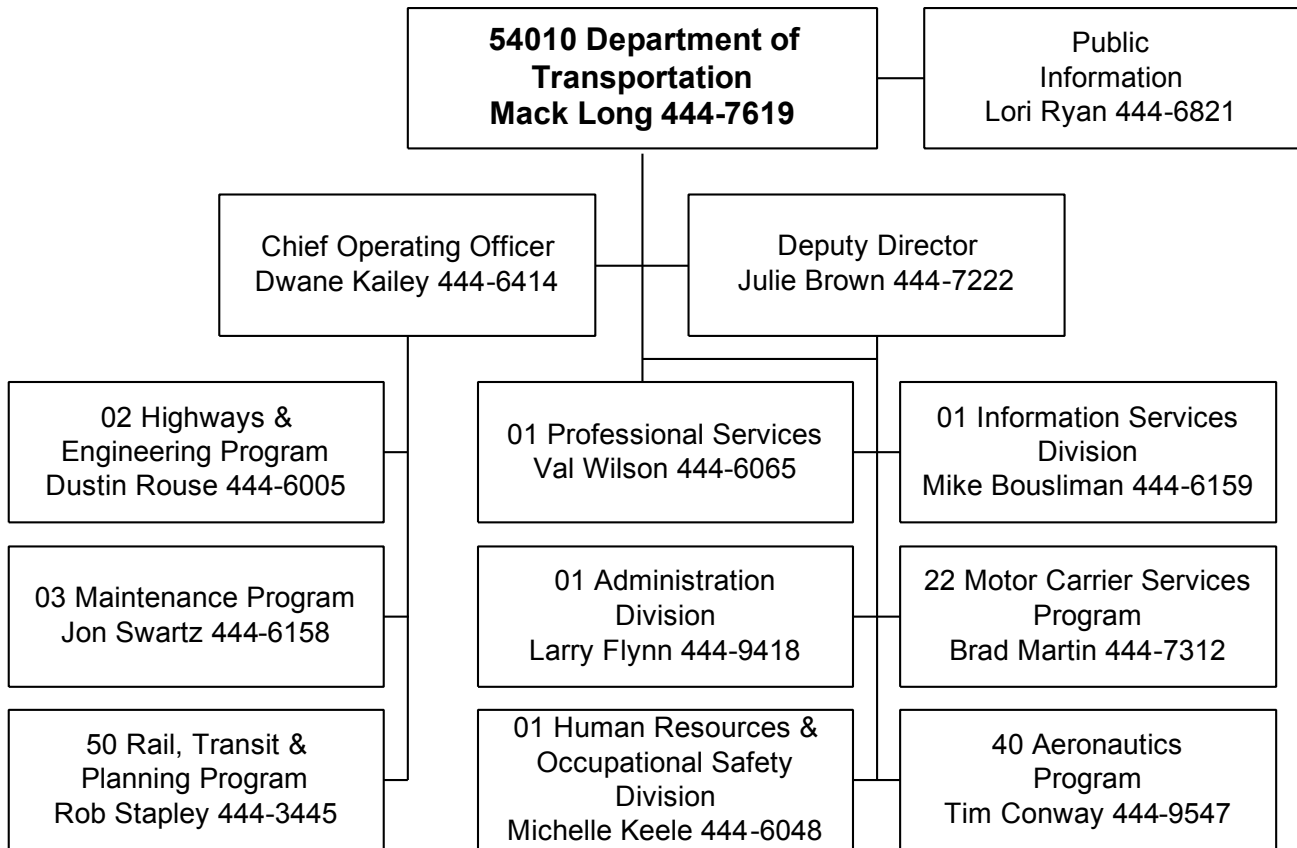
The request includes funding to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$98,165
FY 2025	\$0	\$119,578

SWPL - 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies & materials, communications, repair & maintenance, state motor pool, and other services.

Department of Transportation - 54010



Mission Statement - MDT's mission is to plan, build, operate, and maintain a safe and resilient transportation infrastructure to move Montana forward.

Statutory Authority - Title 2, Chapter 15, part 25; and Titles 15-70, 60, 61, and 67 MCA; Titles 23 and 49 USC, Titles 23 and 49 CFR.

Agency Proposed Budget			
Budget Item	Total Exec. Budget Fiscal 2024	Total Exec. Budget Fiscal 2025	Total Exec. Budget 2025 Biennium
FTE	132.50	132.50	
Personal Services	11,108,741	11,174,450	22,283,191
Operating Expenses	20,068,668	20,244,991	40,313,659
Equipment & Intangible Assets	15,916,881	15,916,881	31,833,762
Debt Service	119,449	119,449	238,898
Total Costs	\$47,213,739	\$47,455,771	\$94,669,510
Proprietary Funds	47,213,739	47,455,771	94,669,510
Total Funds	\$47,213,739	\$47,455,771	\$94,669,510

Department of Transportation - 54010

State Motor Pool - 07

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	7.00	0.00	7.00	0.00	7.00	
Personal Services	582,227	(12,724)	569,503	(10,394)	571,833	1,141,336
Operating Expenses	2,193,291	119,555	2,312,846	136,254	2,329,545	4,642,391
Equipment & Intangible Assets	3,801,753	0	3,801,753	0	3,801,753	7,603,506
Debt Service	19,449	100,000	119,449	100,000	119,449	238,898
Total Costs	\$6,596,720	\$206,831	\$6,803,551	\$225,860	\$6,822,580	\$13,626,131
Proprietary Funds	6,596,720	206,831	6,803,551	225,860	6,822,580	13,626,131
Total Funds	\$6,596,720	\$206,831	\$6,803,551	\$225,860	\$6,822,580	\$13,626,131

Proprietary Program Description - Motor Pool Program - 06506

Program Description

The State Motor Pool operates and maintains a fleet of vehicles available to all state offices and employees who conduct official state business. The State Motor Pool has two basic components: 1) the daily rental fleet and 2) the out-stationed lease fleet. The daily rental program operates out of the Helena headquarters facility and provides vehicles for short-term use. The leasing program provides vehicles for extended assignment to agencies statewide.

Section 2-17-411, MCA, establishes that the Department of Transportation's Motor Pool is responsible for the acquisition, operations, maintenance, repair, and administration of all motor vehicles in the custody of the Motor Pool (this does not apply to motor vehicles used in the service of the Governor, Attorney General, or the highway patrol).

Use of the program is optional to agencies when personnel are required to travel by vehicle for official state business, but is encouraged in the Montana Operations Manual (MOM). Other options for state employees are: 1) other state-owned vehicles not part of the State Motor Pool fleet; 2) personal vehicles, with authorization provided by the agency director; or 3) vehicles from a private rental agency contract. The rate for the use of personal vehicles for state business travel are set by the Internal Revenue Service for the current year if the state employee qualifies according to the conditions as discussed in the Employee Travel policy of the MOM manual.

Revenues and Expenses

The program increased its inventory from 832 units in FY 2004 to a high of 1,056 in FY 2009. During that time, annual mileage increased from 11.7 million to a high of 14.9 million miles in FY 2008. This growth in the number of vehicles and miles traveled was largely due to the Office of Budget and Program Planning (OBPP) encouraging agencies to lease new vehicles from the State Motor Pool instead of agencies purchasing vehicles directly. During FY 2010 the program began to reduce fleet size based on miles traveled. Along with a reduction in travel by state employees, this fleet reduction decreased the fleet size to 967 vehicles in FY 2014 and the miles traveled to 12,636,210. Fleet size increased from FY 2015 to FY 2017 based on miles traveled and requests from agencies through biennial surveys, but then dropped again in FY 2018 because the department was not approved to purchase vehicles and the fleet size was reduced due to vehicles being sent to surplus after the end of their useful life. In FY 2020, the fleet size increased again mainly due to DPHHS being approved to lease 24 additional vehicles for their Child and Family Services Program. The current fleet size is 1,028, and additional vehicles were ordered in FY 2022 to replace vehicles that have reached their useful life. The department expects the purchase order to be fulfilled during FY 2023. The motor pool program funds 7.00 FTE

The program does not expect any major changes to the customer base.

Department of Transportation - 54010

State Motor Pool - 07

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 54010	Agency Name: Department of Transportation			Program Name: State Motor Pool			
	Fund	Fund Name					
	06506	Motor Pool - Int Svc					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		4,657,719	4,161,466	4,938,476	5,211,076	6,021,805	6,291,886
Fee Revenue B		-	156,729	-	-	-	-
Total Operating Revenues		4,657,719	4,318,195	4,938,476	5,211,076	6,021,805	6,291,886
Expenses:							
Personal Services		424,259	454,222	524,864	582,227	569,503	571,833
Other Operating Expenses		4,010,411	3,632,006	4,650,716	4,650,716	4,651,325	4,653,010
Total Operating Expenses		4,434,670	4,086,228	5,175,580	5,232,943	5,220,828	5,224,843
Operating Income (Loss)		223,049	231,967	(237,104)	(21,867)	800,977	1,067,043
Nonoperating Revenues:							
Other Revenue A		41,498	133,253	338,066	163,234	175,602	187,723
Other Revenue B		97,886	32,209	100	28,961	29,274	28,321
Nonoperating Expenses:							
Other Expense A		134,369	151,114	89,328	19,449	19,449	119,449
Total Nonoperating Revenues (Expenses)		273,753	316,576	427,494	211,644	224,325	335,493
Income (Loss) Before Contributions and Transfers		496,802	548,543	190,390	189,777	1,025,302	1,402,536
Change in Net Position		496,802	548,543	190,390	189,777	1,025,302	1,402,536
Beginning Net Position - July 1		5,870,245	6,367,047	6,915,590	7,105,980	7,295,757	8,321,059
Change in Net Position		496,802	548,543	190,390	189,777	1,025,302	1,402,536
Ending Net Position - June 30		6,367,047	6,915,590	7,105,980	7,295,757	8,321,059	9,723,595
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$12,724)
FY 2025	\$0	(\$10,394)

SWPL - 1 - Personal Services -

The budget includes a reduction of \$12,724 in FY 2024 and \$10,394 in FY 2025 to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings. Additional factors contributing to the budget request include overtime, differential and per diem.

Department of Transportation - 54010

State Motor Pool - 07

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$143,730)
FY 2025	\$0	(\$143,723)

SWPL - 2 - Fixed Costs -

The request includes funding to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, SITSD charges, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$263,285
FY 2025	\$0	\$279,977

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$263,285 in FY 2024 and \$279,977 in FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies & materials, communications, repair & maintenance, state motor pool and other services.

-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$100,000
FY 2025	\$0	\$100,000

PL - 708 - Interest on INTERCAP Loans -

This request is for an increase in State Motor Pool proprietary fund appropriation in FY 2024 and FY 2025. The program applies for an INTERCAP loan each year from the Board of Investments to purchase replacement vehicles for the fleet. This budget was set in FY 2014, and the department is requesting the budget be increased to be more consistent with recent expenditures.

Department of Transportation - 54010

Equipment Program - 08

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments	Exec. Budget	Adjustments	Exec. Budget	Budget Request
	Fiscal 2023	Fiscal 2024	Fiscal 2024	Fiscal 2025	Fiscal 2025	2025 Biennium
FTE	123.00	0.00	123.00	0.00	123.00	
Personal Services	9,874,978	428,184	10,303,162	489,918	10,364,896	20,668,058
Operating Expenses	13,949,447	3,540,824	17,490,271	3,697,681	17,647,128	35,137,399
Equipment & Intangible Assets	9,115,128	3,000,000	12,115,128	3,000,000	12,115,128	24,230,256
Total Costs	\$32,939,553	\$6,969,008	\$39,908,561	\$7,187,599	\$40,127,152	\$80,035,713
Proprietary Funds	32,939,553	6,969,008	39,908,561	7,187,599	40,127,152	80,035,713
Total Funds	\$32,939,553	\$6,969,008	\$39,908,561	\$7,187,599	\$40,127,152	\$80,035,713

Proprietary Program Description - Equipment Program – 06508

Program Description

The Equipment Program is responsible for the acquisition, disposal, repair, and maintenance of a fleet of approximately 4,700 individual units. The fleet is comprised of light duty vehicles, single and tandem axle dump trucks, specialized snow removal units, roadway maintenance units, and other specialized equipment. Exclusively the various programs within the Montana Department of Transportation (MDT), such as Construction, Motor Carrier Services, Maintenance, and Planning use the fleet. All units are assigned to the various user programs and are charged rental on a bi-weekly basis. Alternate sources for vehicles and equipment include renting heavy equipment from a rental company and renting or leasing light duty vehicles from a private rental agency contract.

The Equipment Program is funded under the rules and guidelines of HB 576 passed in the 1995 Legislation session. No specific statutory authority is established for the program as the program is strictly internal to the Department of Transportation and is not used by any outside agency.

Revenues and Expenses

Revenue is generated through the vehicle/equipment rental fees, from the gain on sale of surplus assets, and from reimbursements from accidents caused by an outside party. Vehicle rental fees provide the majority of the revenue for the program. Revenues for the fleet are functionally tied to the severity of the winter, construction program workload, and travel requirements of the various department users. Annual mileage and hours of usage can vary significantly. The rental rates will be set to recover revenue to meet the program's obligations. There are no changes in services and fees. Rental rates are calculated each year.

Major cost drivers are fuel, vehicle repairs, depreciation, utilities, and personal services. Analysis of future fuel prices come from the US Energy Information Administration and actual fuel prices can differ from estimates. Repair costs and utilities are estimated at the previous year's level and are adjusted for inflation. Personal services are calculated using current year budgeted amounts. Depreciation is calculated using the previous year level plus depreciation from new vehicles projected to be purchased. The Equipment Program funds 123 FTE. The Equipment Program is responsible for expenses associated with the acquisition, repair, maintenance, and routine operating costs for the fleet. Rental fees are billed bi-weekly to each of the department user programs. Program rental expenditures are recorded to 62537 (E/B Class 00-29 assign time), 62538 (E/B Class 00-29 Usage), 62539 (E/B Class 30 –99 Assign Time), and 62540 (E/B Class 30 – 99 Usage). All Equipment Program rental revenues are recorded in account 525020 – Service Reimbursements.

The program has monitored the size of the equipment fleet to identify any excess or low usage units and ensures the fleet sizing requirements are at needed levels. The program continues to ensure staffing levels are adequate to continue to support, repair, and maintain the current fleet and to ensure operating and maintenance expenses are kept at the most cost effective levels.

The Equipment Program does not have a requirement to reserve a fund balance. There are no management objectives to increase, decrease, or maintain fund balances except for 60 days working capital. The fund balance continues to grow due to the fact that the Equipment Program owns its vehicles and equipment. Since FY 1999, federal money has been available

Department of Transportation - 54010

Equipment Program - 08

to purchase equipment. The equipment is then donated to the Equipment Program and the donated equipment contributes to the increase in the fund balance. Equipment will receive a cash infusion of \$2 million during 2025 biennium.

The Equipment Program is internal to the Department of Transportation. The cash flow is dependent on the rental revenue and auction proceeds from fleet units sold. Rental revenue varies with the season, weather conditions, and workloads. If the department experiences a light winter season, there is lower usage, which generates less revenue. If the department experiences a heavy winter season, there is higher usage which generates increased revenue.

Working Capital and Fees Commensurate Analysis

The equipment rental rates are set to recover sufficient cash to purchase assets and cover normal operating expenses and personal services. The primary source of revenue for the program is from user rental rates charged for the use and possession of vehicles and equipment. The cash needed in FY 2022 for 60 days of personal services and operating expenses such as fuel, repair parts, and utilities was approximately \$5,688,849. Furthermore, a cash balance is required throughout the year to pay for equipment and light duty vehicle purchases.

Department of Transportation - 54010

Equipment Program - 08

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 54010	Agency Name: Department of Transportation			Program Name: Equipment Program			
	Fund	Fund Name					
	06508	Highway Equipment - Int Svc.					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		31,964,634	29,044,526	31,409,221	32,285,035	40,339,553	40,339,553
Fee Revenue B		100,000	80,000	665,875	488,062	481,963	441,313
Total Operating Revenues		32,064,634	29,124,526	32,075,096	32,773,097	40,821,516	40,780,866
Expenses:							
Personal Services		9,201,619	9,228,495	8,804,818	9,874,978	10,303,162	10,364,896
Other Operating Expenses		21,036,922	20,590,818	25,328,277	13,949,447	17,767,832	17,893,052
Expense B		-	-	-	9,115,128	12,115,128	12,115,128
Total Operating Expenses		30,238,541	29,819,313	34,133,095	32,939,553	40,186,122	40,373,076
Operating Income (Loss)		1,826,093	(694,787)	(2,057,999)	(166,456)	635,394	407,790
Nonoperating Revenues:							
Other Revenue A		141,268	187,911	466,186	268,600	281,004	293,005
Other Revenue B		12,378	12,623	2,008,805	2,003,131	2,481,963	441,313
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		153,646	200,534	2,474,991	2,271,731	2,762,967	734,318
Income (Loss) Before Contributions and Transfers		1,979,739	(494,253)	416,992	2,105,275	3,398,361	1,142,108
Change in Net Position		1,979,739	(494,253)	416,992	2,105,275	3,398,361	1,142,108
Beginning Net Position - July 1		77,264,591	79,244,330	78,750,077	79,167,069	81,272,344	84,670,705
Change in Net Position		1,979,739	(494,253)	416,992	2,105,275	3,398,361	1,142,108
Ending Net Position - June 30		79,244,330	78,750,077	79,167,069	81,272,344	84,670,705	85,812,813
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$428,184
FY 2025	\$0	\$489,918

SWPL - 1 - Personal Services -

The budget includes an increase of \$428,184 in FY 2024 and \$489,918 in FY 2025 to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings. Additional factors contributing to the budget request include overtime, differential and per diem.

Department of Transportation - 54010

Equipment Program - 08

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$294,860)
FY 2025	\$0	(\$294,731)

SWPL - 2 - Fixed Costs -

The request includes funding to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, SITSD charges, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$1,835,684
FY 2025	\$0	\$1,992,412

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$1,835,684 in FY 2024 and \$1,992,412 in FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies & materials, communications, repair & maintenance, state motor pool and other services.

-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$2,000,000
FY 2025	\$0	\$2,000,000

PL - 809 - Equipment Fleet Maintenance -

This request is for an increase in the department's equipment proprietary fund appropriation in FY 2024 and FY 2025. The department's fleet is aging and in need of replacement parts that are often more expensive due to their uniqueness and supply chain issues. This request will allow the program to make the necessary purchases to maintain the fleet. Rental rates will be calculated to cover the increased budget amount.

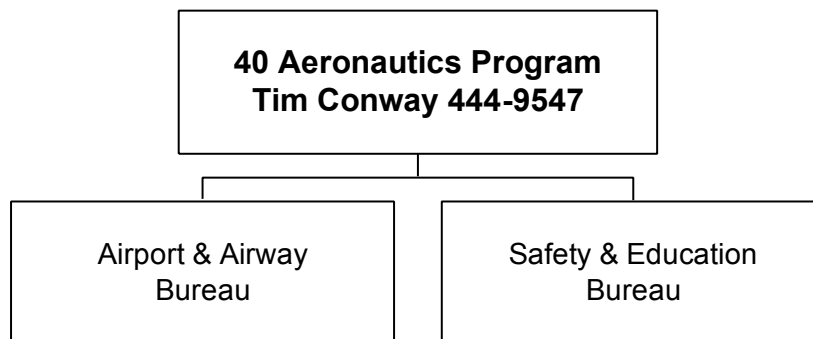
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$3,000,000
FY 2025	\$0	\$3,000,000

PL - 810 - Replacement Equipment -

This request is for an increase in the department's equipment proprietary fund appropriation in FY 2024 and FY 2025. The department has an aging fleet, and some pieces of equipment are beyond the useful life and need to be replaced. This request will allow for the purchase of new and replacement equipment. Rental rates will be calculated to cover the increased budget amount.

Department of Transportation - 54010

Aeronautics Program - 40



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	2.50	0.00	2.50	0.00	2.50	
Personal Services	222,056	14,020	236,076	15,665	237,721	473,797
Operating Expenses	211,129	54,422	265,551	57,189	268,318	533,869
Total Costs	\$433,185	\$68,442	\$501,627	\$72,854	\$506,039	\$1,007,666
Proprietary Funds	433,185	68,442	501,627	72,854	506,039	1,007,666
Total Funds	\$433,185	\$68,442	\$501,627	\$72,854	\$506,039	\$1,007,666

Proprietary Program Description - Yellowstone Airport - 06007

Program Description

The Yellowstone Airport located two miles north of the Town of West Yellowstone, Montana, provides the closest private and commercial air service to Yellowstone National Park, as well as service for a multitude of other recreational opportunities in the surrounding greater Yellowstone area. The airport operates seasonally and is closed during the winter months as it does not conduct snow removal operations. The airport is typically open for six months each year with seasonal commercial air service provided by SkyWest Air Lines and United Airlines from early-May to mid-October. The airport accomplishes these missions with extensive facilities to accommodate all sized aircraft and operations ranging from large four engine commercial service jets to small, single engine aircraft.

Airside facilities at the airport include an 8,400 foot runway and taxiway, as well as large parking apron and hangar areas for all types of aircraft operations. The runway is equipped with a precision approach instrument landing system (ILS) and a GPS approach accommodating air traffic, even during the most inclement weather conditions. The airport also supports and maintains an Automated Weather Observing System (AWOS), which reports directly to the National Weather Service (NWS) and broadcasts locally to air traffic over a VHF transmission. Other airport facilities include a commercial terminal building with tenants that include a restaurant, rental car agencies, Transportation Security Administration (TSA) offices, airline offices, and airport administration and operations. Also located on the field are several outbuildings and other facilities housing bulk fuel storage, a fixed based operator (FBO), an air ambulance base, and Airport Rescue Fire Fighting (ARFF) services. The US Forest Service operates an inter-agency fire control center with direct through-the-fence access to the airfield. A wildlife fence surrounds the entire airport property.

Program Narrative

The Yellowstone Airport operates an enterprise proprietary fund. As such, the legislature neither appropriates funds for the program, nor approves rates. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund.

Department of Transportation - 54010

Aeronautics Program - 40

Revenues and Expenses

Fees for leases and other business services are both market and recovery based. Additional operating expenses are planned in the 2025 biennium to keep the airport in compliance with FAA mandates and advisory circulars.

The Yellowstone Airport is an enterprise proprietary fund. There is one full-time airport manager. The airport also has two seasonal employees, an airport operation chief and an airport fire fighter.

Rates and Rate Explanation

There are planned fee increases for the 2025 biennium. Rate increases include the following: Landing Fees for air carriers will go from \$2.00 to \$2.25 per pound; building leases for car rental/airline will increase from \$3.00/sq. ft. to \$3.25/sq. ft.; Non-Aero rentals City will increase in 2024 and 2025 to \$41,827 per year up from \$41,209 per year in 2022; Nevada Testing will increase in 2024 from \$27,100 to \$29,100 and then to \$30,050 in 2025; and the Chamber Snow Shoot will increase in 2024 and 2025 to \$2,750 + \$235 per day, up from \$2,500 + \$220 per day.

Projected Fund Balance, Including Cash Fluctuations

The Yellowstone Airport proprietary fund balance has increased for several years, most recently due to a decrease in expenses because the CARES (COVID-19) grant aided certain expenditures. Yellowstone Airport operating revenues for FY 2022 were \$616,870 and total operating expenses were \$504,987, resulting in an operating profit of \$111,883. Proprietary fund cash decreased in FY 2022 due to construction of the Yellowstone Airport terminal; the Architecture and Engineering Division with the Department of Administration spent \$1,567,428 from the airport proprietary fund.

Management objectives are to use part of the available fund balance as needed to satisfy recent necessary federal airport certification requirements. There is no anticipated fluctuation of cash into the program and conservation of fund equity is to remain a high priority to offset additional Federal Airport Certification and Security requirements.

Working Capital Analysis

In past biennia, the Yellowstone Airport has maintained an adequate cash balance to meet operational needs and provide the required match for federal airport improvement grants. During the 2025 biennium the airport's cash balance will continue to grow due to CARES funding being provided through FY 2024. The federal projects are necessary to meet FAR 139 and TSA security requirements to maintain the airport's commercial operating certificate to host scheduled air carrier service. Safety is of the highest priority at Yellowstone Airport and maintaining the pavement surfaces is crucial.

Department of Transportation - 54010

Aeronautics Program - 40

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 54010	Agency Name: Department of Transportation			Program Name: Aeronautics Program			
	Fund	Fund Name					
	06007	Yellowstone Airport					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		48,018	73,279	83,820	84,131	84,252	84,252
Fee Revenue B		225,821	71,581	23,764	90,750	-	-
Fee Revenue C		300,978	318,342	416,603	418,001	420,000	420,000
Fee Revenue D		527,675	89,594	115,432	84,527	84,527	84,527
Fee Revenue E		-	-	1,015	-	-	-
Total Operating Revenues		1,102,492	552,796	640,634	677,409	588,779	588,779
Expenses:							
Personal Services		85,374	14,385	(12,342)	122,056	136,076	137,721
Other Operating Expenses		334,948	514,024	514,705	521,722	530,000	530,000
Total Operating Expenses		420,322	528,409	502,363	643,778	666,076	667,721
Operating Income (Loss)		682,170	24,387	138,271	33,631	(77,297)	(78,942)
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		682,170	24,387	138,271	33,631	(77,297)	(78,942)
Change in Net Position		682,170	24,387	138,271	33,631	(77,297)	(78,942)
Beginning Net Position - July 1		9,868,560	10,550,730	10,575,117	11,149,288	11,147,750	11,070,453
Prior Period Adjustments		-	-	435,900	(35,169)	-	-
Change in Net Position		682,170	24,387	138,271	33,631	(77,297)	(78,942)
Ending Net Position - June 30		10,550,730	10,575,117	11,149,288	11,147,750	11,070,453	10,991,511
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$14,020
FY 2025	\$0	\$15,665

SWPL - 1 - Personal Services -

The budget includes funding to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings. An additional factor contributing to the budget request includes per diem.

Department of Transportation - 54010

Aeronautics Program - 40

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$11,922
FY 2025	\$0	\$14,689

SWPL - 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies & materials, communications, repair & maintenance, state motor pool, and other services.

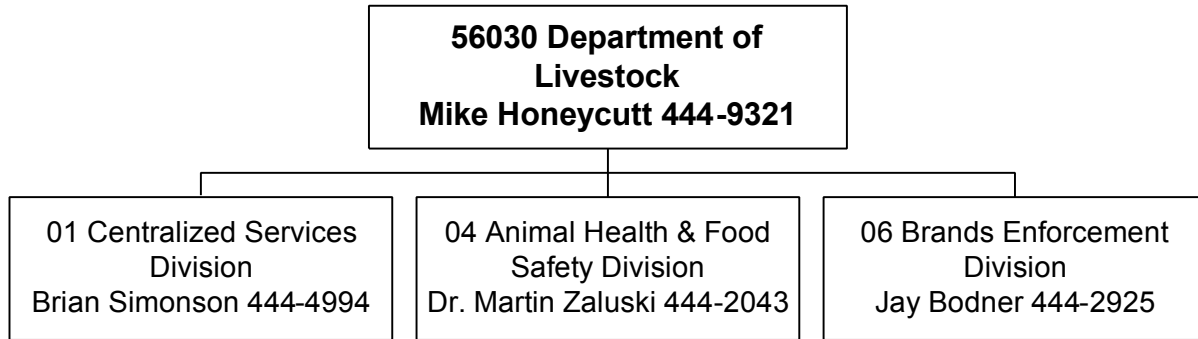
-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$42,500
FY 2025	\$0	\$42,500

PL - 4006 - FAA Program Expansion -

This request is to provide the match for PL 4005 in HB 2 using the Yellowstone airport proprietary fund. The request will fund FAA-required planning and equipment to increase safety through projects such as: an airport master plan, airport rescue and firefighting equipment, and Automated Weather Observation System replacement.

Department of Livestock - 56030



Mission Statement - The mission of the Department of Livestock is to control and eradicate animal diseases, prevent the transmission of animal diseases to humans, and to protect the livestock industry from theft and predatory animals.

Statutory Authority - Title 81 & 2-15-3101, MCA

Agency Proposed Budget			
Budget Item	Total Exec. Budget Fiscal 2024	Total Exec. Budget Fiscal 2025	Total Exec. Budget 2025 Biennium
FTE	4.75	4.75	
Personal Services	328,834	330,687	659,521
Operating Expenses	957,845	984,506	1,942,351
Equipment & Intangible Assets	126,742	126,742	253,484
Total Costs	\$1,413,421	\$1,441,935	\$2,855,356
Proprietary Funds	1,413,421	1,441,935	2,855,356
Total Funds	\$1,413,421	\$1,441,935	\$2,855,356

Department of Livestock - 56030

Animal Health Division - 04

**04 Animal Health & Food
Safety Division
Dr. Martin Zaluski 444-2043**

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	4.75	0.00	4.75	0.00	4.75	
Personal Services	326,758	2,076	328,834	3,929	330,687	659,521
Operating Expenses	853,674	104,171	957,845	130,832	984,506	1,942,351
Equipment & Intangible Assets	126,742	0	126,742	0	126,742	253,484
Total Costs	\$1,307,174	\$106,247	\$1,413,421	\$134,761	\$1,441,935	\$2,855,356
Proprietary Funds	1,307,174	106,247	1,413,421	134,761	1,441,935	2,855,356
Total Funds	\$1,307,174	\$106,247	\$1,413,421	\$134,761	\$1,441,935	\$2,855,356

Proprietary Program Description - 06026 – MT Veterinary Diagnostic Lab

Program Description

The Montana Veterinary Diagnostic Laboratory (MVDL) is the only accredited, full-service veterinary laboratory in Montana. The division provides disease diagnostic support to veterinarians, livestock producers, companion animal owners, and the Department of Fish, Wildlife, & Parks as well as many other state and federal agencies. The division provides laboratory support to the department's Animal Health Division and Milk & Egg Bureau and helps protect public health by testing dairy products and testing for zoonotic diseases. The laboratory is a member and participant of the National Animal Health Laboratory Network established to provide laboratory diagnostic support in the event of a local, regional, or national animal disease emergency.

Revenues and Expenses

Lab testing fees and charges for services collected from veterinarians and other customers of the lab make up the total enterprise fund revenue for the MVDL program. Enterprise funds from lab operations support about forty percent of all lab operations including 4.75 employees (\$325,000) and \$1,200,000 in related testing expenses. The balance of revenue and expenses are budgeted in general and state special revenue funds. The lab in fiscal year 2022 generated \$1,528,396 in proprietary revenue. Outside of inflationary adjustments, there are no major expected changes in services or fees from lab operations.

Rate(s) and Rate Explanation

Lab fee rates are predominately set by the industry across the nation. The current MVDL fee schedule can be found at: <http://liv.mt.gov/Diagnostic-Lab/Guidance-Documents-and-Test-Fees>

Projected Fund Balance, Including Cash Fluctuations

The ending unrestricted fund balance projected for fiscal years 2024 and 2025 are estimated at \$291,560 and \$171,514 respectively. It is management's objective to increase the MVDL's cash balance to deal with financial risks from issues such as the annual variability of tests performed and the repair and replacement of major lab equipment, applications, and capital improvements.

Department of Livestock - 56030

Animal Health Division - 04

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 56030	Agency Name: Department of Livestock			Program Name: Animal Health Division			
	Fund 06026	Fund Name MT Veterinary Diagnostic Lab					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		1,155,563	1,554,312	1,528,396	1,500,000	1,500,000	1,500,000
Fee Revenue B		33,075	3,389	2,139	2,000	2,000	2,000
Total Operating Revenues		1,188,638	1,557,701	1,530,535	1,502,000	1,502,000	1,502,000
Expenses:							
Personal Services		221,050	610,114	237,560	326,758	328,834	330,687
Other Operating Expenses		737,690	946,547	1,232,831	853,674	956,382	983,103
Expense B		275,576	(98,807)	21,380	126,742	126,742	126,742
Expense C		-	-	-	300,000	300,000	300,000
Total Operating Expenses		1,234,316	1,457,854	1,491,771	1,607,174	1,711,958	1,740,532
Operating Income (Loss)		(45,678)	99,847	38,764	(105,174)	(209,958)	(238,532)
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		(45,678)	99,847	38,764	(105,174)	(209,958)	(238,532)
Change in Net Position		(45,678)	99,847	38,764	(105,174)	(209,958)	(238,532)
Beginning Net Position - July 1		270,193	224,515	324,362	363,126	257,952	47,994
Change in Net Position		(45,678)	99,847	38,764	(105,174)	(209,958)	(238,532)
Ending Net Position - June 30		224,515	324,362	363,126	257,952	47,994	(190,538)
Net Position (Fund Balance) Analysis							
Unrestricted Net Position		224,515	324,362	363,127	257,953	47,995	(190,537)

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$2,076
FY 2025	\$0	\$3,929

SWPL - 1 - Personal Services -

The budget includes funding to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Livestock - 56030

Animal Health Division - 04

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$13,277
FY 2025	\$0	\$13,149

SWPL - 2 - Fixed Costs -

The request includes funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$90,894
FY 2025	\$0	\$95,383

SWPL - 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies & materials, communications, repair & maintenance, state motor pool, and other services.

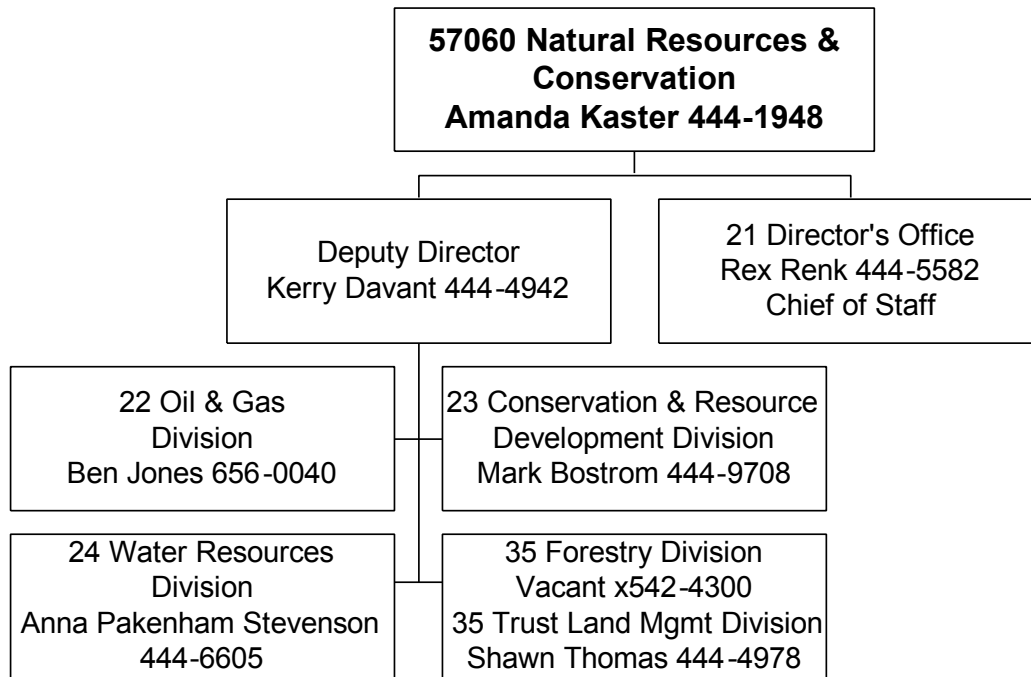
-----New Proposals-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$0
FY 2025	\$0	\$22,300

NP - 402 - MVDL Lab Equipment Maintenance -

This budget request is for \$22,300 in FY 2025 of proprietary revenue to fund reoccurring preventive maintenance (PM) for the new Bruker MALDI Biotyper Sirius GP System. The Bruker LabScape Complete CARE BAL00279 PM contract is to start after 1 year manufacturer's warranty expiration.

Department of Natural Resources and Conservation - 57060



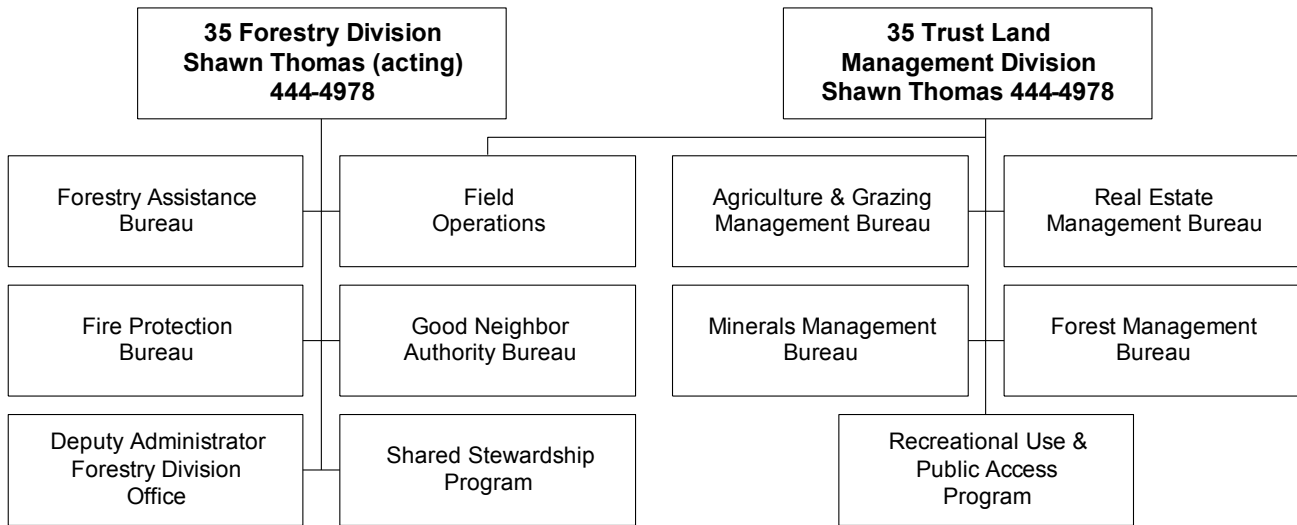
Mission Statement - Serving Montanas first through Natural Resources Management

Statutory Authority - 2-15-104 and Title 2, chapter 15, part 33, MCA.

Agency Proposed Budget	Total Exec. Budget Fiscal 2024	Total Exec. Budget Fiscal 2025	Total Exec. Budget 2025 Biennium
Budget Item			
FTE	25.15	25.15	
Personal Services	2,083,518	2,092,202	4,175,720
Operating Expenses	1,580,630	1,598,617	3,179,247
Equipment & Intangible Assets	57,500	57,500	115,000
Total Costs	\$3,721,648	\$3,748,319	\$7,469,967
Proprietary Funds	3,721,648	3,748,319	7,469,967
Total Funds	\$3,721,648	\$3,748,319	\$7,469,967

Department of Natural Resources and Conservation - 57060

Forestry & Trust Lands - 35



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	25.15	0.00	25.15	0.00	25.15	
Personal Services	2,044,302	39,216	2,083,518	47,900	2,092,202	4,175,720
Operating Expenses	1,502,646	77,984	1,580,630	95,971	1,598,617	3,179,247
Equipment & Intangible Assets	57,500	0	57,500	0	57,500	115,000
Total Costs	\$3,604,448	\$117,200	\$3,721,648	\$143,871	\$3,748,319	\$7,469,967
Proprietary Funds	3,604,448	117,200	3,721,648	143,871	3,748,319	7,469,967
Total Funds	\$3,604,448	\$117,200	\$3,721,648	\$143,871	\$3,748,319	\$7,469,967

Proprietary Program Description - Fund 06003 - State Nursery Enterprise Fund

Program Description

The Montana State Conservation Seedling Nursery produces and distributes seedlings for conservation plantings, including applications such as fire and logging reforestation, farmstead windbreaks, shelterbelts, wildlife habitat, stream stabilization and restoration, and other conservation uses. The program's mission is to produce the highest quality, locally-adapted, source-identified seedlings available for conservation practices in Montana and to ensure affordable seedlings are available to Montana landowners. The nursery grows an average of 900,000 seedlings annually on 87 acres of state land and in 17,760 square feet of greenhouse space. Sixty-seven plant species are currently in production. The nursery program is funded solely from the nursery proprietary account. The revenue generated funds the 10.92 FTE. Statutory authority for the program is in 77-5-404, MCA.

Revenues and Expenses

The primary source of revenue is seedling sales. Other revenue sources are such services as seed collection, cleaning, and storage and selling products for seedling care and protection. The customer base for nursery products and services is comprised of private landowners in Montana, the DNRC Trust Land Management Division, the Department of Fish, Wildlife and Parks, Department of Environmental Quality, Montana Natural Resource Damage Program, the Conservation Reserve Program (CRP), Native American Tribal Governments, the Wildlife Habitat Incentives Program (WHIP), Pheasants Forever, and numerous other conservation programs and organizations. Historic and projected trends in nursery revenue are dependent on conservation activity in the state, landowner access to cost-share dollars for implementation of conservation projects, and long-term seedling production contracts from large scale conservation activities. Revenue potential is also dependent on the number of seedlings available for sale each fiscal year. Sales are predicted two to three years in

Department of Natural Resources and Conservation - 57060

Forestry & Trust Lands - 35

advance due to the two to three year production time needed for each seedling type. This can lead to seedling shortages or surpluses when unforeseen events such as extended drought or extreme fire seasons alter demand for seedlings.

The determining factors that set seedling prices are the actual fixed and variable costs of producing the seedlings. Market pressures from other out-of-state seedling producers can also influence prices. Prices are set to recover all program costs and to increase the year-end carryover balance. Year-end carryover dollars are used for non-typical expenses such as large equipment replacement or for unforeseen expenses such as weather-related crop losses. Since the nursery is funded primarily by seedling sales, all personal services, operating, and capital equipment costs are included when setting prices.

Rate(s) and Rate Explanation

The price of each seedling type is set at the end of the previous fiscal year. Prices are based on the actual production costs for each seedling type. The variables involved in seedling production include seedling stock type (bareroot vs. container), seed cost, propagation difficulty, cull rates, seedling age class, quantity produced, equipment costs, labor costs, and overhead charges. Given these variables, each of the 125-plus seedling types can have a different price, and the price must be adjusted annually to account for changes in fixed and variable costs.

Projected Fund Balance, Including Cash Fluctuations

The projected fund balance for the program is anticipated to increase gradually over the next three fiscal years.

Fund 06538 - Air Operations Internal Svc

Program Description

The Air Operations program in the DNRC Forestry Division operates and maintains a fleet of nine aircraft, consisting of six helicopters and three single-engine fixed-wing aircraft. The aircraft are primarily used for fire detection, support, and suppression of wildfires, as well as reclamation work in the Department of Environmental Quality. The program is funded in part by revenue generated by the aircraft hourly flight rates and in part by the general fund and fire protection assessment revenues. Statutory authority for the program is found in 77-5-103, MCA.

Alternate sources of aviation services are available from private contractors, but historically the costs for these services have been two to three times more than the cost of the state run aircraft. Additionally, contracted services are often not available for the extended timeframes currently covered by the state operated aircraft. An aviation program that is integrated with DNRC firefighters and managers, and is committed to safe and aggressive fire suppression, is the safest and most effective aviation model for the State of Montana.

Revenues and Expenses

Revenues and expenditures are managed through an internal service fund to account for the operational costs of the program. The primary source of revenue is the legislative appropriation for the transfer of general fund and fire protection assessment funds to the proprietary account to cover the fixed costs, which include hangar rent, insurance, and personnel costs (14.23 FTE). These fixed costs must be paid regardless of the number of hours flown. Variable costs that are dependent on the hours flown, such as fuel and maintenance, are recovered through an hourly rate charged to all users of the aircraft. Users of the aircraft include DNRC, other state agencies, local government, and federal agencies. Increased flight rates are proposed below to meet increased costs of fuel and replacement parts.

The cost drivers for the aircraft rates are to recover the actual expenses needed to maintain the aircraft in an air worthy condition and remain mission ready for the purpose of initial attack on wildfires on state, private, and federal ownership; this includes all costs associated with the maintenance and operation of the aircraft. Some factors that contribute to the uncertainty in forecasting future expenses include unforeseen events such as FAA and manufacturer repair and maintenance directives, aircraft incidents resulting in unplanned maintenance, cost fluctuations in fuel and parts, and the length and severity of the fire season. Average fire season and routine maintenance of aircraft are used to determine the

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Forestry & Trust Lands - 35

anticipated future costs. Charges for services do not support any FTE for the aviation section. All FTE are supported by the general fund and fire protection assessment transfers.

The department has limited cooperative agreements to assist federal agencies (U.S. Forest Service, BLM, USFWS, BIA, & NPS) and counties with fire protection. The department also has agreements with other state agencies for non-fire related aircraft rental services. The customers served are comprised primarily of state and private landowners within Montana through initial attack of fires under state direct protection, assistance with fires on county protection, and assistance to federal agencies. Historic and projected trends are dependent on length and severity of the fire seasons. Base year funding by fund type would be comprised primarily from state responsibility and county assistance fires paid by the fire suppression fund (state special revenue) and FEMA and U.S. Forest Service (federal special revenue). Account 62525 is used by customers to record expenses for flight time charges.

Rate(s) and Rate Explanation

The flight rates for the operation of the department aircraft are based on 5,000 hours of aircraft usage. The rate has been determined to maintain the aircraft in its original condition. At the end of 5,000 hours, all parts should have been replaced and a new maintenance/operation cycle started.

	Actual	Proposed	Proposed
Fee Desc:	FY23	FY24	FY25
Bell UH-1H Helicopter	\$1,650	\$1,860	\$1,860
Bell Jet Ranger	\$515	\$525	\$525
Cessna 180 Series	\$175	\$210	\$210

Changes in Level of Fees and Charges

Proposed increases in aircraft flight time rates are shown in the table below. Increases are based on the cost of aircraft parts and fuel prices. For instance, Bell helicopter and Cessna parts have experienced an approximate 20% increase in cost since 2015, when a rate increase last occurred. Fuel prices have also increased considerably in recent years and continue to experience volatility.

Projected Fund Balance, Including Cash Fluctuations

The projected fund balance for the program is anticipated to increase gradually over the next three fiscal years.

Working Capital and Fees Commensurate Analysis

Working Capital is estimated to be less than the 60 days of cash required to fund operations by approximately \$138,796 in FY24, and \$134,374 in FY25.

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2025 Biennium Report on Internal Service and Enterprise Funds

Agency #
57060

Agency Name:
Department of Natural Resources and
Conservation

Program Name:
Forestry & Trust Lands

Fund Fund Name
06538 Air Operations Internal Svc.

	Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:						
Fee and Charges						
Fee Revenue A	510,015	1,235,292	1,082,730	1,210,000	1,210,000	1,210,000
Fee Revenue B	3,811	30,563	7,210	5,000	5,000	5,000
Fee Revenue C	38,675	32,830	61,950	35,000	35,000	35,000
Total Operating Revenues	552,501	1,298,685	1,151,890	1,250,000	1,250,000	1,250,000
Expenses:						
Personal Services	1,461,832	1,527,758	1,564,966	1,410,372	1,401,225	1,405,866
Other Operating Expenses	868,856	1,275,473	1,086,979	1,372,895	1,487,539	1,501,298
Total Operating Expenses	2,330,688	2,803,231	2,651,945	2,783,267	2,888,764	2,907,164
Operating Income (Loss)	(1,778,187)	(1,504,546)	(1,500,055)	(1,533,267)	(1,638,764)	(1,657,164)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	(1,778,187)	(1,504,546)	(1,500,055)	(1,533,267)	(1,638,764)	(1,657,164)
Transfers In	1,664,652	1,664,652	1,638,877	1,664,652	1,664,652	1,664,652
Change in Net Position	(113,535)	160,106	138,822	131,385	25,888	7,488
Beginning Net Position - July 1	538,618	425,083	585,189	721,687	853,072	878,960
Prior Period Adjustments	-	-	(2,324)	-	-	-
Change in Net Position	(113,535)	160,106	138,822	131,385	25,888	7,488
Ending Net Position - June 30	425,083	585,189	721,687	853,072	878,960	886,448
Net Position (Fund Balance) Analysis						

Department of Natural Resources and Conservation - 57060

Forestry & Trust Lands - 35

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 57060	Agency Name: Department of Natural Resources and Conservation			Program Name: Forestry & Trust Lands			
	Fund 06003	Fund Name State Nursery Enterprise Fund					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
		572,675	542,206	654,392	820,000	885,000	887,000
Total Operating Revenues							
		572,675	542,206	654,392	820,000	885,000	887,000
Expenses:							
Personal Services							
		397,429	405,100	364,614	633,930	682,293	686,337
Other Operating Expenses							
		112,684	92,022	123,501	129,751	142,634	142,879
Expense B							
		-	-	-	57,500	57,500	57,500
Total Operating Expenses							
		510,113	497,122	488,115	821,181	882,427	886,716
Operating Income (Loss)							
		62,562	45,084	166,277	(1,181)	2,573	284
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues							
(Expenses)							
		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers							
		62,562	45,084	166,277	(1,181)	2,573	284
Change in Net Position							
		62,562	45,084	166,277	(1,181)	2,573	284
Beginning Net Position - July 1							
		239,588	302,150	347,234	513,511	512,330	514,903
Change in Net Position							
		62,562	45,084	166,277	(1,181)	2,573	284
Ending Net Position - June 30							
		302,150	347,234	513,511	512,330	514,903	515,187
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$39,216
FY 2025	\$0	\$47,900

SWPL - 1 - Personal Services -

The budget includes funding to annualize various personal services costs, including FY 2023 statewide pay plan, benefits rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Natural Resources and Conservation - 57060

Forestry & Trust Lands - 35

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$54,395)
FY 2025	\$0	(\$54,412)

SWPL - 2 - Fixed Costs -

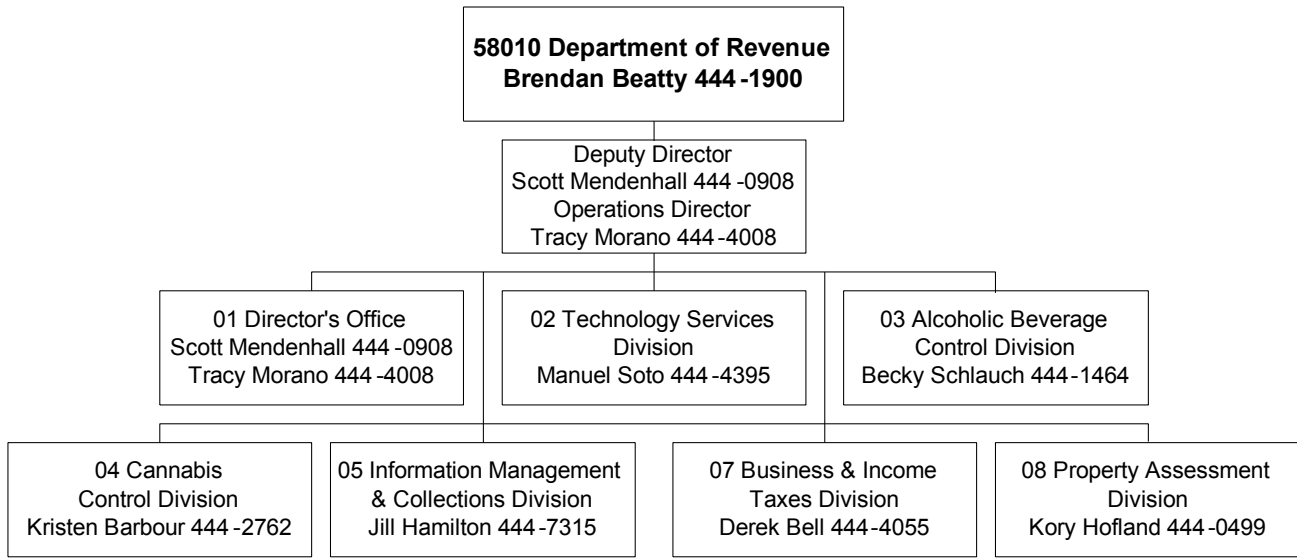
The request includes funding to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$132,379
FY 2025	\$0	\$150,383

SWPL - 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies & materials, communications, repair & maintenance, state motor pool, and other services.

Department of Revenue - 58010



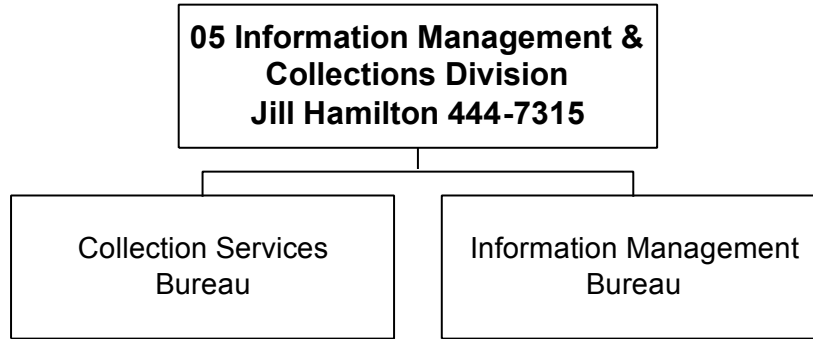
Mission Statement - To be the nation's most citizen-oriented, efficiently administered state tax agency.

Statutory Authority - Titles 2, 15, 16, 39, MCA.

Agency Proposed Budget			
Budget Item	Total Exec. Budget Fiscal 2024	Total Exec. Budget Fiscal 2025	Total Exec. Budget 2025 Biennium
FTE	3.50	3.50	
Personal Services	229,459	230,672	460,131
Operating Expenses	68,120	67,865	135,985
Total Costs	\$297,579	\$298,537	\$596,116
Proprietary Funds	297,579	298,537	596,116
Total Funds	\$297,579	\$298,537	\$596,116

Department of Revenue - 58010

Information Mgmt & Collections - 05



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments	Exec. Budget	Adjustments	Exec. Budget	Budget Request
	Fiscal 2023	Fiscal 2024	Fiscal 2024	Fiscal 2025	Fiscal 2025	2025 Biennium
FTE	3.50	0.00	3.50	0.00	3.50	
Personal Services	210,142	19,317	229,459	20,530	230,672	460,131
Operating Expenses	67,575	545	68,120	290	67,865	135,985
Total Costs	\$277,717	\$19,862	\$297,579	\$20,820	\$298,537	\$596,116
Proprietary Funds	277,717	19,862	297,579	20,820	298,537	596,116
Total Funds	\$277,717	\$19,862	\$297,579	\$20,820	\$298,537	\$596,116

Proprietary Program Description - 06554 Collection Services Program

Program Description

Montana law authorizes the Department of Revenue to assist other agencies in the collection of delinquent accounts. The department retains a percentage of these collections for the costs of assistance in conjunction with 17-4-103 (3)(a), MCA. The department established the Collections Services Program, which includes 3.50 FTE, to administer its statutory responsibilities under Title 17, chapter 4, MCA. These responsibilities include providing collection services for the purpose of centralizing debt collection for the State of Montana.

Revenues and Expenses

The department is currently authorized to charge a commission rate for its collection services, excluding the collection of overpaid child support payments made to custodial parents and the collection of delinquent child support payments from noncustodial parents. The commissions collected are used to pay the expenses of the Collection Services Program. Approximately 70 percent of the expenditures are paid in salaries and benefits with the remaining expenditures representing operating expenses of the program.

Administration of this program has required a minimum nine-month working capital balance, due to the timing of program collections through offset of other state monies, and since the program collects the largest amount of revenues on delinquent accounts during the income tax season and the hunting permitting season.

Rates and Rate Explanation

The department requests a commission rate of 5 percent in fiscal year 2024 and a rate of 4.75 percent in 2025. Exempted from this rate is the collection of overpaid child support payments made to custodial parents or the collection of delinquent child support payments from noncustodial parents. Commissions associated with child support payments are charged against a separate general fund appropriation designated by the legislature in a prior legislative session.

Department of Revenue - 58010

Information Mgmt & Collections - 05

Changes in Level of Fees and Charge

The commission rate will increase to 5.00 percent in fiscal year 2024, and to 4.75 percent in fiscal year 2025. The rate change will increase the fund fee revenue to approximately \$312,402 in fiscal year 2024 and \$296,781 in fiscal year 2025.

Projected Net Position, Including Cash Fluctuation

This rate adjustment will change the fund's net position to approximately \$191,071 by the end of fiscal year 2025, assuming all positions in the other agency debts unit remain filled. Cash fluctuations are due to the timing of when commissions are received because most revenues are collected during the income tax season when income tax refunds are offset.

Working Capital and Fees Commensurate Analysis

Based on the projection above, net position will decrease to approximately \$178,004 in fiscal year 2023. This will not provide the department with approximately nine months' worth of working capital in fiscal year 2023. However, the proposed rate increase of five percent in fiscal year 2024 is estimated to cover a portion of the working capital deficit.

It is necessary to maintain a nine-month working capital balance to pay expenses as they are incurred since most of the commission revenue is not collected until the income tax filing season each year, which is six to nine months after the start of the fiscal year. The department will continue to evaluate the commission rate as actual revenues and expenditures are received and incurred.

Department of Revenue - 58010

Information Mgmt & Collections - 05

2025 Biennium Report on Internal Service and Enterprise Funds						
Agency # 58010	Agency Name: Department of Revenue		Program Name: Information Mgmt & Collections			
	Fund	Fund Name				
	06554	Bad Debt Collection Services				
	Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:						
Fee and Charges						
Fee Revenue A	290,272	208,259	203,061	265,541	312,402	296,781
Total Operating Revenues	290,272	208,259	203,061	265,541	312,402	296,781
Expenses:						
Personal Services	165,510	158,311	189,070	210,142	229,459	230,672
Other Operating Expenses	77,915	71,325	63,640	67,575	68,120	67,865
Total Operating Expenses	243,425	229,636	252,710	277,717	297,579	298,537
Operating Income (Loss)	46,847	(21,377)	(49,649)	(12,176)	14,823	(1,756)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	46,847	(21,377)	(49,649)	(12,176)	14,823	(1,756)
Capital Contributions	-	(10,080)	-	-	-	-
Change in Net Position	46,847	(31,457)	(49,649)	(12,176)	14,823	(1,756)
Beginning Net Position - July 1	224,439	271,286	239,829	190,180	178,004	192,827
Change in Net Position	46,847	(31,457)	(49,649)	(12,176)	14,823	(1,756)
Ending Net Position - June 30	271,286	239,829	190,180	178,004	192,827	191,071
Net Position (Fund Balance) Analysis						

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$19,317
FY 2025	\$0	\$20,530

SWPL - 1 - Personal Services -

The budget includes funding to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Revenue - 58010

Information Mgmt & Collections - 05

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$3,342)
FY 2025	\$0	(\$4,522)

SWPL - 2 - Fixed Costs -

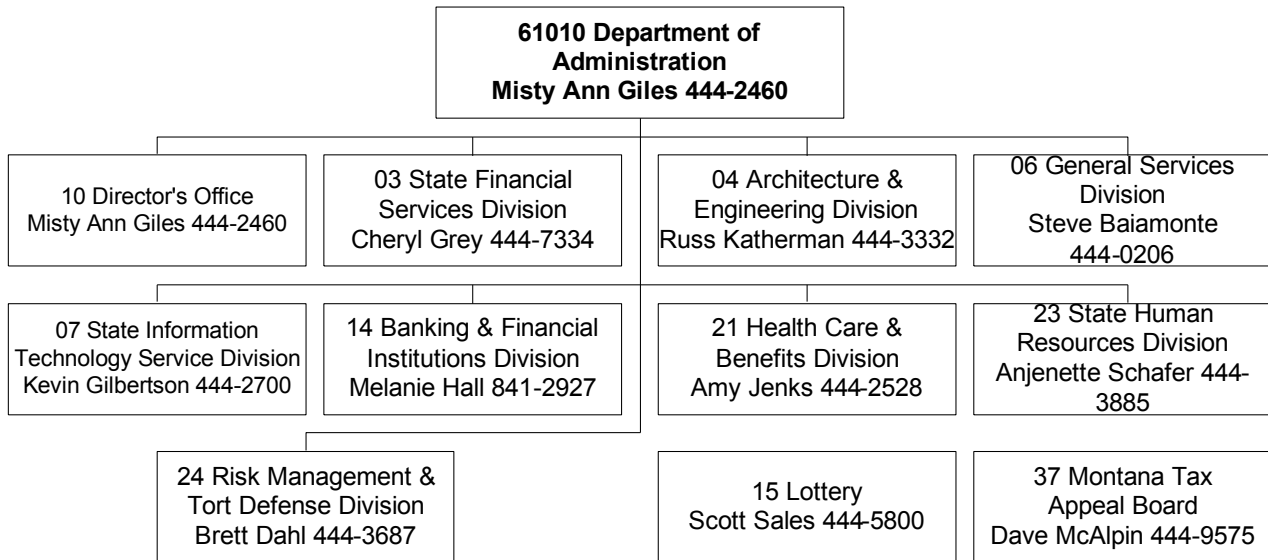
The request includes adjustments to funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$3,887
FY 2025	\$0	\$4,812

SWPL - 3 - Inflation Deflation -

This change package includes adjustments in FY 2024 and FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies and materials, communications, repair and maintenance, state motor pool, and other services.

Department of Administration - 61010



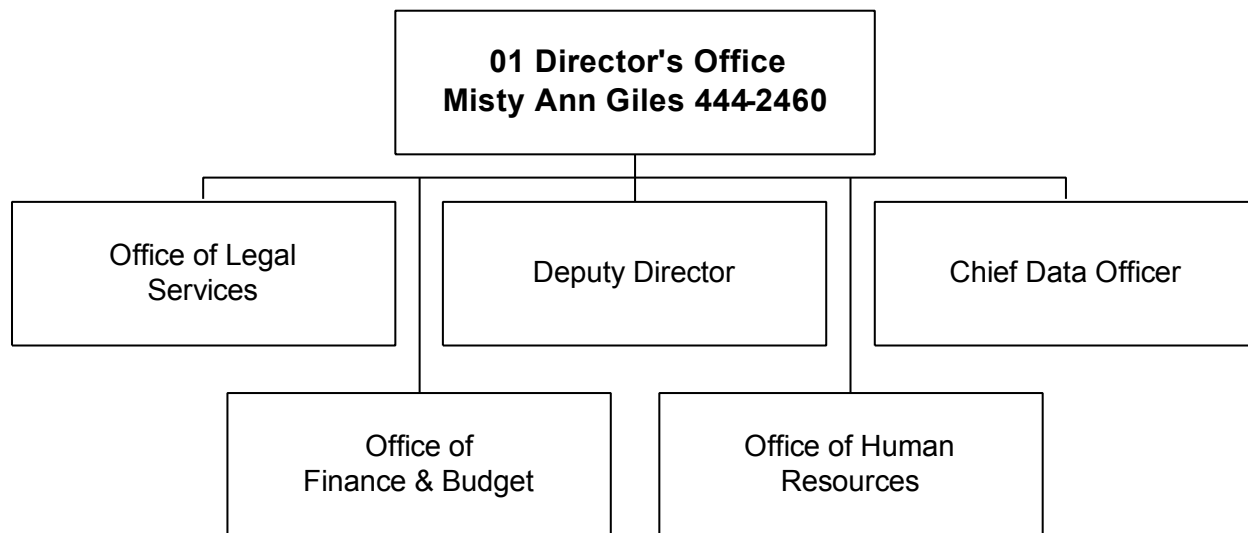
Mission Statement - The Department of Administration's mission is serving state government to benefit the citizens of Montana.

Statutory Authority - Title 2, Chapters 7, 9, 15, 17 and 18; Title 10, Chapter 4; Title 15, Chapter 2; Title 17; Title 18; Title 19, Chapter 1; Title 23, Chapter 7; Title 31; Title 32; and Title 39, Chapter 71 MCA.

Agency Proposed Budget			
Budget Item	Total Exec. Budget Fiscal 2024	Total Exec. Budget Fiscal 2025	Total Exec. Budget 2025 Biennium
FTE	402.04	402.04	
Personal Services	36,835,621	37,039,429	73,875,050
Operating Expenses	107,649,443	108,042,476	215,691,919
Equipment & Intangible Assets	949,236	949,236	1,898,472
Capital Outlay	0	0	0
Grants	520,113	520,113	1,040,226
Benefits & Claims	230,268,119	230,268,119	460,536,238
Transfers	201,000	159,000	360,000
Debt Service	1,430,426	1,430,426	2,860,852
Total Costs	\$377,853,958	\$378,408,799	\$756,262,757
Proprietary Funds	377,853,958	378,408,799	756,262,757
Total Funds	\$377,853,958	\$378,408,799	\$756,262,757

Department of Administration - 61010

Directors Office - 01



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments	Exec. Budget	Adjustments	Exec. Budget	Budget Request
	Fiscal 2023	Fiscal 2024	Fiscal 2024	Fiscal 2025	Fiscal 2025	2025 Biennium
FTE	23.51	(2.00)	21.51	(2.00)	21.51	
Personal Services	1,900,553	263,253	2,163,806	273,826	2,174,379	4,338,185
Operating Expenses	479,310	(125,701)	353,609	(129,145)	350,165	703,774
Transfers	92,537	(92,537)	0	(92,537)	0	0
Total Costs	\$2,472,400	\$45,015	\$2,517,415	\$52,144	\$2,524,544	\$5,041,959
Proprietary Funds	2,472,400	45,015	2,517,415	52,144	2,524,544	5,041,959
Total Funds	\$2,472,400	\$45,015	\$2,517,415	\$52,144	\$2,524,544	\$5,041,959

Proprietary Program Description - 06534 Director's Office (Management Services)

Program Description

The Director's Office is funded by the revenues generated from the internal fees charged to the Department of Administration's divisions and its attached-to agencies.

The total number of FTE is 21.51 for Management Services.

These FTE provide services in the areas of legal, human resources, and financial management. The Office of Legal Services advises the divisions on legal matters. The Office of Human Resources processes payroll, assists with recruitment, selection, and orientation of new employees, classifies positions, and develops policies for the department. The Office of Finance and Budget prepares and presents the biennial budget, processes budget change documents, monitors approved budgets for compliance with state law and legislative intent, and provides accounting assistance.

The customers served are internal to the Department of Administration and two of its attached-to agencies. The Montana Public Employees Retirement System and the Teachers Retirement System pay for human resource services only.

An alternative to the office's proprietary funded services would be to hire staff within each division for budgeting and accounting functions, contract with outside legal resources, hire attorneys within each division, or fund the human resources and executive functions through the general fund.

Revenue and Expenses

Department of Administration - 61010

Directors Office - 01

The allocation methodology is threefold. The Director's Office and the Office of Finance and Budget costs are allocated based on a percentage of base year expenses by division. The Office of Human Resources costs are allocated based on the number of FTE within a program. The Office of Legal Services costs are allocated to divisions in the department based on a time-use study. The allocations may be realigned if there are changes to the customer base.

Fees are billed quarterly to all programs.

Rate(s) and Rate Explanation

The Director's Office proprietary fund requests that the legislature approve an all-inclusive rate (Total Allocation of Costs) of \$2,495,818 in FY 2024 and FY 2025. The FTE component to this calculation is \$1,263 per FTE.

These rates will enable the program to function and achieve its objectives effectively. The rate covers the internal indirect costs of the Department of Administration and will be recovered from programs internal to the department and its attached-to agencies.

Changes in Level of Fees and Charges

The department is cost allocating an additional Human Resource (HR) Generalist position from the previous biennium. This is an existing position that has not been costed out in previous biennia. Additional growth in the overall current level budget is driving the need to increase the rate for this biennium.

The rate is set with the goal of ensuring that fees remain commensurate with costs while maintaining an adequate fund balance. The rate is determined by estimating the amount of revenue necessary to cover all personal services and operating costs while maintaining a sufficient working capital balance.

Projected Fund Balance, Including Cash Fluctuations

The fund balance (net position) was \$184,226 at the end of FY 2022.

Working Capital and Fees Commensurate with Costs

At the end of FY 2022, working capital was \$369,051, or approximately 65 days, which is slightly over the 60 days allowed, though projected to trend down over the next biennium. The department will continue to manage its working capital to ensure that fees charged are commensurate with costs.

Department of Administration - 61010

Directors Office - 01

2025 Biennial Report on Internal Service and Enterprise Funds						
Agency #	Agency Name:			Program Name:		
61010	Department of Administration			Directors Office		
Fund	Fund Name					
06504	DOA DATA AND INFO PROP					
	Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:						
Fee and Charges						
Fee Revenue A	-	-	-	450,000	500,000	500,000
Total Operating Revenues	-	-	-	450,000	500,000	500,000
Expenses:						
Personal Services	-	-	-	375,000	392,937	392,513
Other Operating Expenses	-	-	-	75,000	80,000	72,000
Total Operating Expenses	-	-	-	450,000	472,937	464,513
Operating Income (Loss)	-	-	-	-	27,063	35,487
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	-	-	-	-	27,063	35,487
Change in Net Position	-	-	-	-	27,063	35,487
Beginning Net Position - July 1	-	-	-	-	-	27,063
Change in Net Position	-	-	-	-	27,063	35,487
Ending Net Position - June 30	-	-	-	-	27,063	62,550
Net Position (Fund Balance) Analysis						

Department of Administration - 61010

Directors Office - 01

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: Directors Office			
	Fund	Fund Name					
	06020	DOA DATA AND INFO ENTERPRISE					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
Total Operating Revenues							
Expenses:							
Personal Services							
Other Operating Expenses							
Total Operating Expenses							
Operating Income (Loss)							
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
Income (Loss) Before Contributions and Transfers							
Transfers In							
Change in Net Position							
Beginning Net Position - July 1							
Change in Net Position							
Ending Net Position - June 30							
Net Position (Fund Balance) Analysis							

Department of Administration - 61010

Directors Office - 01

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: Directors Office			
	Fund	Fund Name					
	06534	Management Services					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
		1,408,903	1,408,900	1,498,456	1,498,456	1,723,224	1,723,224
Fee Revenue B							
		555,147	561,776	634,538	671,821	772,594	772,594
Fee Revenue C							
		805	235	1,313	12	12	12
Total Operating Revenues							
		1,964,855	1,970,911	2,134,307	2,170,289	2,495,830	2,495,830
Expenses:							
Personal Services							
		1,836,368	1,754,821	1,781,222	1,840,869	2,163,806	2,174,379
Other Operating Expenses							
		272,061	242,375	277,402	277,447	353,609	350,165
Loans and Lease Payments							
		48	55	-	-	-	-
Total Operating Expenses							
		2,108,477	1,997,251	2,058,624	2,118,316	2,517,415	2,524,544
Operating Income (Loss)							
		(143,622)	(26,340)	75,683	51,973	(21,585)	(28,714)
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers							
		(143,622)	(26,340)	75,683	51,973	(21,585)	(28,714)
Change in Net Position							
		(143,622)	(26,340)	75,683	51,973	(21,585)	(28,714)
Beginning Net Position - July 1							
		276,324	132,702	106,362	184,226	236,199	214,614
Prior Period Adjustments							
		-	-	2,181	-	-	-
Change in Net Position							
		(143,622)	(26,340)	75,683	51,973	(21,585)	(28,714)
Ending Net Position - June 30							
		132,702	106,362	184,226	236,199	214,614	185,900
Net Position (Fund Balance) Analysis							

Department of Administration - 61010

Directors Office - 01

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: Directors Office			
	Fund	Fund Name					
	06535	Continuity Emergency Mgmt					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		758,029	757,972	50,000	56,204	-	-
Other Operating Revenue		1,877	-	-	-	-	-
Total Operating Revenues		759,906	757,972	50,000	56,204	-	-
Expenses:							
Personal Services		568,974	508,960	(45,137)	-	-	-
Other Operating Expenses		183,899	180,949	42,683	300	-	-
Loans and Lease Payments		38	40	-	-	-	-
Total Operating Expenses		752,911	689,949	(2,454)	300	-	-
Operating Income (Loss)		6,995	68,023	52,454	55,904	-	-
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		6,995	68,023	52,454	55,904	-	-
Transfers Out							
		-	-	(112,233)	(92,537)	-	-
Change in Net Position		6,995	68,023	(59,779)	(36,633)	-	-
Beginning Net Position - July 1		20,327	27,322	95,345	36,633	-	-
Prior Period Adjustments		-	-	1,067	-	-	-
Change in Net Position		6,995	68,023	(59,779)	(36,633)	-	-
Ending Net Position - June 30		27,322	95,345	36,633	-	-	-
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$510,055
FY 2025	\$0	\$521,483

SWPL - 1 - Personal Services -

The budget includes adjustments in FY 2024 and FY 2025 to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Administration - 61010

Directors Office - 01

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$8,352
FY 2025	\$0	\$4,463

SWPL - 2 - Fixed Costs -

The request includes adjustments in FY 2024 and FY 2025 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$31,445
FY 2025	\$0	\$34,350

SWPL - 3 - Inflation Deflation -

This change package includes adjustments in FY 2024 and FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies and materials, communications, repair and maintenance, state motor pool, and other services.

-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$488,270)
FY 2025	\$0	(\$491,585)

PL - 102 - Elimination of SCEMO from DOA -

This change package eliminates the State Continuity and Emergency Management Office (SCEMO) from the Department of Administration.

In the Memorandum of Understanding for State Continuity Planning between the Department of Administration, State Continuity and Emergency Management Office (DOA/SCEMO) and the Department of Military Affairs, Division of Disaster and Emergency Services (DMA/DES), DMA/DES assumed the responsibility to re-scale the scope of continuity planning to meet standards set forth by the Federal Emergency Management Agency (FEMA) and to coordinate continuity planning functions with state agencies.

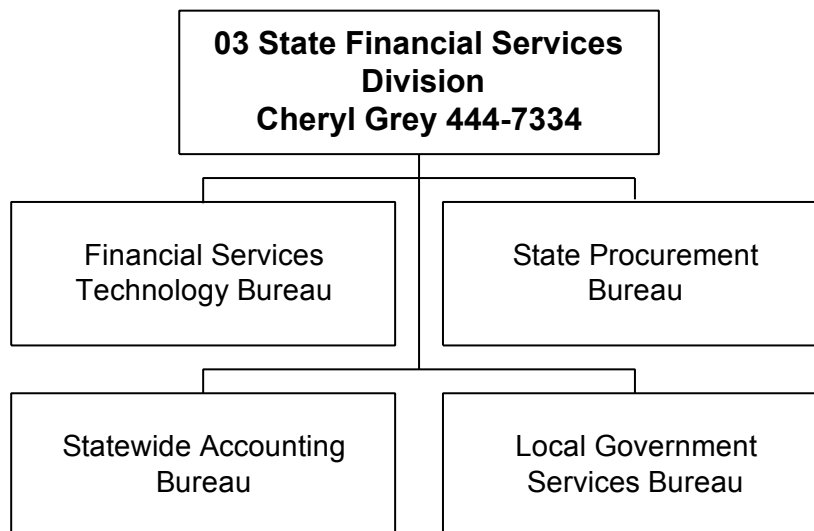
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$16,567)
FY 2025	\$0	(\$16,567)

PL - 4 - Allocate Department Indirect/Administrative Costs -

This change package includes adjustments in FY 2024 and FY 2025 to provide the funding to pay the Department of Administration's (DOA) indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

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State Financial Services Div - 03



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	31.56	0.00	31.56	0.00	31.56	
Personal Services	2,760,630	207,145	2,967,775	223,322	2,983,952	5,951,727
Operating Expenses	3,480,521	461,284	3,941,805	396,626	3,877,147	7,818,952
Equipment & Intangible Assets	6,604	0	6,604	0	6,604	13,208
Total Costs	\$6,247,755	\$668,429	\$6,916,184	\$619,948	\$6,867,703	\$13,783,887
Proprietary Funds	6,247,755	668,429	6,916,184	619,948	6,867,703	13,783,887
Total Funds	\$6,247,755	\$668,429	\$6,916,184	\$619,948	\$6,867,703	\$13,783,887

Proprietary Program Description - Fund 06042 Local Government Audit and Reporting Program

Program Description

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

The work of the program is mandated primarily in 2-7-5, MCA, and funds 6.00 FTE.

Some of the services the program performs are:

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

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as necessary

Prior to the 54th Legislature, local governments could elect to have either the state or a private auditor conduct its audit. Based upon an executive recommendation, the 54th Legislature privatized the state audit program that conducted local government audits. With the privatization, the legislature recognized that the state would no longer have any practicing local government audit staff. Now private sector auditors perform all local government audits.

Revenues and Expenses

Revenues are derived from fees charged to the local governments, as described below. Major cost drivers for the program include personal services and operating costs associated with administering the program. The entity management system allows for electronic submission of reports by local governments and auditors as well as public transparency of financial reports, budgets, and audits.

Rate(s) and Rate Explanation

The fund receives revenues from the following:

1. A report filing fee as required by 2-7-514, MCA, and defined in ARM 2.4.402. All local government entities that are required to submit audits pay the filing fee. The filing fees for school districts required by this section must be paid by the Office of Public Instruction.
2. As provided by 2-7-503, MCA, a fee is collected from local governments that are required to submit financial reviews. The fee has been adopted in ARM 2.4.410. The current fee in the rule is \$75.
3. A roster fee is collected from certified public accountants for inclusion on a roster of independent auditors who are authorized to audit local government entities in Montana. The annual auditor roster fee has been adopted as ARM 2.4.406. The current fee in the rule is \$100 per year.
4. As provided by 2-7-517, MCA, when a local government entity fails to file a report as required by 2-7-503, MCA, or to make the payment within 60 days as required by 2-7-514, MCA, the department may charge a late payment penalty. The penalty has been adopted in ARM 2.4.404 and is currently 10% of the filing fee per month.
5. A fine for failure to file audits or reports required by 2-7-503, MCA, is also provided by 2-7-517, MCA. When a local government entity fails to file an audit or report within 180 days of the required date, the department must notify the entity of the fine due and provide public notice of the delinquent report. The fine has been adopted in ARM 2.4.403. The current fine in the rule is \$75 per publication.

It is the intent of the program to maintain fees sufficient to pay program costs at current level staffing. Because the Montana Single Audit program is an enterprise fund, the legislature does not approve the fees for the program. Instead, fees are established in administrative rule. The Montana Single Audit program does not receive any direct appropriations. Funding is derived entirely from the fees described above.

Fund 06511 SABHRS Financial Services Technology Bureau

Program Description

The SABHRS Financial Services Technology Bureau (FSTB) is responsible for the operational support and maintenance of the enterprise financial (SABHRS Financials) and budget development information (IBARS) systems and for supporting the enterprise acquisition and contracting system (eMACS) to effectively meet legislative and management needs and to serve the citizens of Montana. 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. The FSTB works in partnership with the State Accounting Bureau, State Procurement Bureau, OBPP, LFD, SITSD, and the State Human Resources Division.

The financial and accounting business processes are currently supported by eight PeopleSoft Applications/Modules and is the repository for all state accounting transactions and operating budgets. The use of the general ledger and asset management is mandated for all agencies except the university system. There are approximately 900 core users and 1,100

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State Financial Services Div - 03

management users accessing the SABHRS Financials system.

Budget development business processes are supported by the Internet Budget, Analysis, and Reporting System (IBARS) modules. IBARS supports the executive planning process (EPP), long range building program, general budget building process, narrative publications, and budget implementation. The use of IBARS is required for budgetary development for all agencies including the universities. There are approximately 400 IBARS users.

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

Revenues and Expenses

FSTB is funded as a fixed cost component of agency budgets. All of the services provided by the bureau are funded under a single fixed cost rate.

The major cost drivers for the FSTB include the SITSD hardware and system architecture services, personal services, and software licensing and maintenance.

Rate and Rate Explanation

The rate for FSTB is calculated based upon the projected expenditures. The major cost drivers for the FSTB include the SITSD application hosting and processing services, personal services, and software licensing and maintenance. The annual agency total is subdivided into the following areas: 90% for journal lines, and 10% for budget journal lines originating from IBARS. Using these factors, agencies are allocated a fixed cost for each fiscal year based upon their actual number of journal lines from fiscal year 2019 to remove inconsistencies related to COVID related activity and other operational changes.

Changes in Level of Fees and Charges

There is a 10% increase in rates from the FY22-23 biennium. The Oracle/SABHRS financials software license fees are based on budget. Due to the increase in HB2 in the 2021 legislative session, software fees of approximately \$1 million were incurred with an additional on-going software maintenance of approximately \$220,000 annually. The increased license fees are being paid on an installment plan through FY 2024.

Projected Fund Balance, Including Cash Fluctuations

There is no requirement to reserve fund balance. The net position is expected to decrease each fiscal year as the software licensing and maintenance metric increases are paid in full. Cash collection patterns are expected to be sufficient to meet the operational needs of FSTB.

Working Capital and Fees Commensurate Analysis

Billing is performed quarterly and is based on the allocations described above.

The ending working capital for FY 2022 was \$1.14 million, which represents about 81 days of working capital. FSTB will continue to effectively manage resources while maintaining current service delivery to ensure adequate working capital at the end of FY 2025.

Fund 06564 Warrant Writer Program

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.

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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.

Revenues and Expenses

The Warrant Writer Unit is funded using the rates included in the rate schedule for Warrant Writer Services.

Rate(s) and Rate Explanation

The rates for WWU are calculated based upon the projected expenditures and projected counts for each of the services listed below. Major rate cost drivers include postage, personal services, and printing charges for warrants and advices.

The rates developed are based on the payment type - mailer, non-mailer, payroll, emergency, external (university system), payroll (print only warrants), duplicate, direct deposit (mailed advice), direct deposit (no mailed advice), Unemployment Insurance (UI) warrant (print only), and UI direct deposit (no advice). Payroll direct deposits do not process through warrant writer unit and are not included in these counts. Agencies are billed based on actual payments processed.

Changes in Level of Fees and Charges

All rates charged to agencies will increase by ~6% in the 2025 biennium. This is due to the increase in postage rates and increases in the cost of paper.

Projected Fund Balance, Including Cash Fluctuations

No fund balance is required to be reserved for this program. Rates proposed for the 2025 biennium are intended to stabilize fund balance. Fund balance and projected working capital will continue to be monitored in the event rate adjustments are needed to avoid excess or insufficient working capital.

Agencies are billed monthly based on actual payments issued by type. Agencies usually pay fees within 45 days, which is sufficient to cover anticipated expenditures.

Working Capital and Fees Commensurate Analysis

At fiscal year-end 2022, working capital was approximately \$241,000, which represents about 114 days of working capital reserves. The projections reflect a decrease in the working capital reserves over the biennium to be commensurate with projected costs.

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State Financial Services Div - 03

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: State Financial Services Div			
	Fund	Fund Name					
	06042	Local Govt Svcs AuditRportng					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
Total Operating Revenues							
Expenses:							
Personal Services							
Other Operating Expenses							
Loans and Lease Payments							
Total Operating Expenses							
Operating Income (Loss)							
Nonoperating Revenues:							
Other Revenue A							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
Income (Loss) Before Contributions and Transfers							
Change in Net Position							
Beginning Net Position - July 1							
Prior Period Adjustments							
Change in Net Position							
Ending Net Position - June 30							
Net Position (Fund Balance) Analysis							
Restricted Net Pos(Enterprise Fund Only)							

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State Financial Services Div - 03

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: State Financial Services Div			
	Fund 06511	Fund Name SABHRS					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
Revenue A							
Total Operating Revenues							
Expenses:							
Personal Services							
Other Operating Expenses							
Loans and Lease Payments							
Total Operating Expenses							
Operating Income (Loss)							
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
Income (Loss) Before Contributions and Transfers							
Change in Net Position							
Beginning Net Position - July 1							
Prior Period Adjustments							
Change in Net Position							
Ending Net Position - June 30							
Net Position (Fund Balance) Analysis							

Department of Administration - 61010

State Financial Services Div - 03

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: State Financial Services Div			
	Fund 06564	Fund Name Warrant Writing					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		749,372	845,634	798,071	810,005	865,806	872,812
Total Operating Revenues		749,372	845,634	798,071	810,005	865,806	872,812
Expenses:							
Personal Services		245,174	281,254	200,821	289,192	290,088	291,692
Other Operating Expenses		526,205	509,256	591,634	542,234	587,954	597,521
Expense B		-	-	-	6,604	6,604	6,604
Loans and Lease Payments		24	25	-	-	-	-
Total Operating Expenses		771,403	790,535	792,455	838,030	884,646	895,817
Operating Income (Loss)		(22,031)	55,099	5,616	(28,025)	(18,840)	(23,005)
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		(22,031)	55,099	5,616	(28,025)	(18,840)	(23,005)
Change in Net Position		(22,031)	55,099	5,616	(28,025)	(18,840)	(23,005)
Beginning Net Position - July 1		200,750	178,719	233,818	240,095	212,070	193,230
Prior Period Adjustments		-	-	661	-	-	-
Change in Net Position		(22,031)	55,099	5,616	(28,025)	(18,840)	(23,005)
Ending Net Position - June 30		178,719	233,818	240,095	212,070	193,230	170,225
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$207,145
FY 2025	\$0	\$223,322

SWPL - 1 - Personal Services -

The budget includes adjustments in FY 2024 and FY 2025 to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Administration - 61010

State Financial Services Div - 03

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$41,342
FY 2025	\$0	(\$103,712)

SWPL - 2 - Fixed Costs -

The request includes adjustments in FY 2024 and FY 2025 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$327,687
FY 2025	\$0	\$402,293

SWPL - 3 - Inflation Deflation -

This change package includes adjustments in FY 2024 and FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies and materials, communications, repair and maintenance, state motor pool, and other services.

-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$70,402
FY 2025	\$0	\$76,192

PL - 301 - Increase Warrant Writer Operating Budget -

This change package adjusts for anticipated increases in operating expense associated with the Warrant Writer program.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$20,073
FY 2025	\$0	\$20,073

PL - 4 - Allocate Department Indirect/Administrative Costs -

This change package includes adjustments in FY 2024 and FY 2025 to provide the funding to pay the Department of Administration's (DOA) indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

-----New Proposals-----

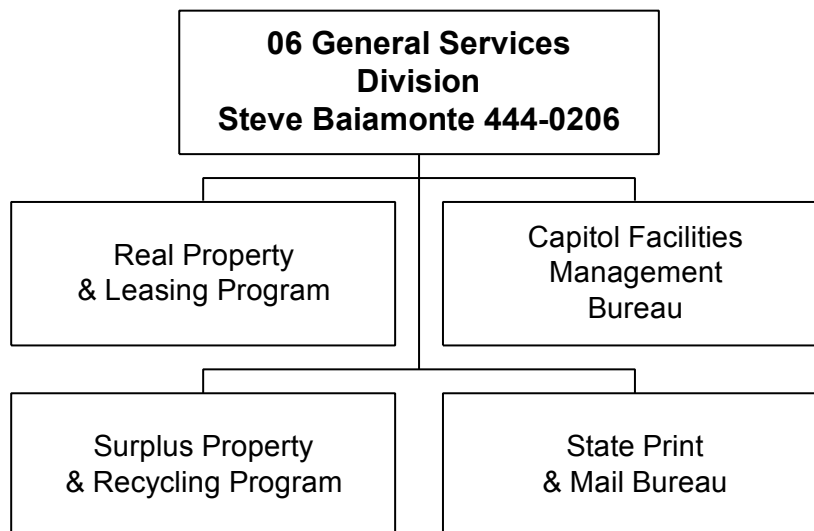
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$1,780
FY 2025	\$0	\$1,780

NP - 99 - New Fixed Costs -

The budget includes adjustments in FY 2024 and FY 2025 to provide funding for the agency to pay for new fixed costs allocations related to the Chief Data Office and the State Management Training Center. Rates for the fixed costs are reviewed by the Section A Subcommittee.

Department of Administration - 61010

General Services Division - 06



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	72.35	0.00	72.35	0.00	72.35	
Personal Services	5,119,006	(41,627)	5,077,379	(11,158)	5,107,848	10,185,227
Operating Expenses	17,443,255	579,583	18,022,838	712,451	18,155,706	36,178,544
Equipment & Intangible Assets	413,165	158,606	571,771	158,606	571,771	1,143,542
Capital Outlay	0	0	0	0	0	0
Transfers	201,000	0	201,000	(42,000)	159,000	360,000
Debt Service	182,854	0	182,854	0	182,854	365,708
Total Costs	\$23,359,280	\$696,562	\$24,055,842	\$817,899	\$24,177,179	\$48,233,021
Proprietary Funds	23,359,280	696,562	24,055,842	817,899	24,177,179	48,233,021
Total Funds	\$23,359,280	\$696,562	\$24,055,842	\$817,899	\$24,177,179	\$48,233,021

Proprietary Program Description - Fund 06066 Surplus Property & Recycling Program

Program Description

The Surplus Property & Recycling Program administers the sale of surplus property no longer needed by agencies. This property is distributed either to state agencies or other eligible organizations.

Section 18-4-221, MCA, requires the department to sell, trade, or otherwise dispose of surplus supplies belonging to the state. The program sells property through on-line auction, fixed-price warehouse sales, public auction, and garage sales. Program services include extending the life of state property by providing a mechanism to transfer surplus property between agencies, providing accountability in the disposal of surplus state property, providing agencies with a surplus equipment pick up service, and providing a screening service to locate federal surplus property for state and local agencies.

The program has authority for 5.70 FTE.

Revenues and Expenses

The major costs are personal services and costs to pick up and warehouse property. The expected volume depends upon how much surplus property is available from agencies.

Department of Administration - 61010

General Services Division - 06

Rate and Rate Explanation

The Surplus Property & Recycling Program is an enterprise fund which sells property to the public. Therefore, rate approval by the legislature is not necessary. The program operates by charging up to \$750 plus 5% per item sold. The current funding structure is adequate to generate sufficient revenue to cover personal services and operating expenses, assuming the same amount of property is turned in when compared to fiscal year 2022.

Changes in Services or Fees

There are no changes in services or fees for the 2025 biennium.

Projected Fund Balance, Including Cash Fluctuations

Customers are billed weekly, and accounts are collected within 60 days. There is a large fluctuation of cash into the program after the automobile/equipment auctions. Net proceeds are returned to agencies and to the general fund.

Working Capital and Fees Commensurate Analysis

Maintaining a 60-day working capital is adequate to recover sufficient revenue to maintain operations.

Fund 06528 Capitol Facilities Management Bureau

Program Description

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, recycling, locksmith services, repair and maintenance, construction, construction management, grounds maintenance, leasing services, emergency response management, mechanical maintenance, and security. The bureau manages several service contracts for the capitol complex, including security, pest control, 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 34.15 FTE.

Revenue and Expenses

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. Major expenses for the bureau include personal services, contracted services, utilities, and repair and maintenance costs.

Rates and Rate Explanation

Office and non-office maintenance charges are based on square feet occupied and are assessed to each agency in the buildings controlled by the Department of Administration. The rates are established to cover the cost of personal services and other operating expenses, including maintenance and equipment.

Changes in Level of Fees and Charges

A rate increase of .48% for Office and 8.6% for Non-Office rent is requested to address needs of the program for the 2025 biennium.

Projected Fund Balance, Including Cash Fluctuations

The fund balance at FYE 2022 was \$2,723,601. The fund balance is projected to be \$4,305,677 by FYE 2025.

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General Services Division - 06

Working Capital and Fees Commensurate Analysis

The working capital at the end of FY 2022 was 76 days. Based on the rental rate increase, working capital is projected to be 119 days at the end of FY 2025. Facilities Management rates strive to recover sufficient revenue to meet all personal services, operating costs, and equipment replacement expenditures, while maintaining an adequate working capital balance.

User agencies are billed monthly, and agencies are requested to pay for services by the end of the following month. A 60-day working capital would allow the bureau to pay monthly personal services expenses and maintain current operations.

Fund 06530 State Print & Mail Bureau

Program Description

The State Print & Mail Bureau provides printing and mail services to all agencies within state government. The bureau has several components: 1) internal printing; 2) external (contracted) printing; 3) managed print; 4) mail preparation; 5) central mail operations; 6) inter-agency (deadhead) mail; 7) the postal station in the Capitol and 8) Digitization of records. All printing or purchasing of printing is requested through Print & Mail Services, which determines the most cost-effective method of project completion. Approximately 48.17% 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's Managed Print program. Section 2-17-301, MCA, also requires the department to maintain and supervise any central mailing messenger service.

State Print & Mail has authority for 32.50 FTE.

Revenue and Expenses

The State Print & Mail Bureau receives 97.04% of its revenue from state agencies and 2.96% from non-state agencies. Costs for administration and accounting are allocated to all of the bureau's service categories based on FTE.

Rates and Rate Explanations

All Print & Mail Services projects are unique, and Print & Mail Services has many rates to provide services to agencies. Direct and administrative overhead is allocated to each service area, 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

Changes in Level of Fees and Charges

Each rate includes personal services costs, operating costs, and administrative overhead.

Projected Fund Balance, Including Cash Fluctuations

FY 2022 ended with \$1,194,160 of excess working capital and FY 2025 is projected to end with \$582,576 of excess working capital.

Working Capital and Fees Commensurate Analysis

State Print & Mail rates are set to recover sufficient revenue to meet personal services and operations costs and maintain no more than a 60-day working capital balance. User agencies are billed monthly, and agencies are requested to pay for services by the end of the following month. This allows Print & Mail Services to pay monthly expenses of personal services and maintain current operations.

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General Services Division - 06

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: General Services Division			
	Fund	Fund Name					
	06528	Rent And Maintenance					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
<hr/>							
Operating Revenues:							
Fee and Charges							
Fee Revenue A		11,125,441	11,091,297	11,759,362	11,655,847	12,405,209	12,598,676
Total Operating Revenues		11,125,441	11,091,297	11,759,362	11,655,847	12,405,209	12,598,676
<hr/>							
Expenses:							
Personal Services		3,013,107	3,353,705	3,038,186	2,645,628	2,610,587	2,624,131
Other Operating Expenses		8,117,142	6,882,378	7,379,764	8,367,910	8,486,126	8,585,066
Expense B		-	-	-	141,394	300,000	300,000
Loans and Lease Payments		37,588	32,234	29,128	151,938	151,938	151,938
Total Operating Expenses		11,167,837	10,268,317	10,447,078	11,306,870	11,548,651	11,661,135
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Operating Income (Loss)		(42,396)	822,980	1,312,284	348,977	856,558	937,541
<hr/>							
Nonoperating Revenues:							
Other Revenue A		18,990	9,177	4,421	-	-	-
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		18,990	9,177	4,421	-	-	-
<hr/>							
Income (Loss) Before Contributions and Transfers		(23,406)	832,157	1,316,705	348,977	856,558	937,541
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Transfers In		364,156	-	-	-	-	-
Transfers Out		(390,251)	(236,491)	(366,795)	(201,000)	(201,000)	(159,000)
Change in Net Position		(49,501)	595,666	949,910	147,977	655,558	778,541
<hr/>							
Beginning Net Position - July 1		1,225,045	1,175,544	1,768,005	2,723,601	2,871,578	3,527,136
Prior Period Adjustments		-	(3,205)	5,686	-	-	-
Change in Net Position		(49,501)	595,666	949,910	147,977	655,558	778,541
Ending Net Position - June 30		1,175,544	1,768,005	2,723,601	2,871,578	3,527,136	4,305,677
<hr/>							
Net Position (Fund Balance) Analysis							

Department of Administration - 61010

General Services Division - 06

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: General Services Division			
	Fund 06066	Fund Name Surplus Property					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		755,351	786,728	937,457	750,000	841,000	841,000
Total Operating Revenues		755,351	786,728	937,457	750,000	841,000	841,000
Expenses:							
Personal Services		417,598	439,078	437,823	475,379	418,244	420,469
Other Operating Expenses		1,130,640	902,662	1,228,760	320,306	347,585	347,541
Expense B		-	-	-	11,150	11,150	11,150
Loans and Lease Payments		25	25	-	-	-	-
Total Operating Expenses		1,548,263	1,341,765	1,666,583	806,835	776,979	779,160
Operating Income (Loss)		(792,912)	(555,037)	(729,126)	(56,835)	64,021	61,840
Nonoperating Revenues:							
Other Revenue A		-	-	1,536	-	-	-
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	1,536	-	-	-
Income (Loss) Before Contributions and Transfers		(792,912)	(555,037)	(727,590)	(56,835)	64,021	61,840
Capital Contributions							
Transfers In		927,061	882,559	872,826	700,000	700,000	700,000
Change in Net Position		-	21	-	-	-	-
		134,149	327,543	145,236	643,165	764,021	761,840
Beginning Net Position - July 1							
Prior Period Adjustments		788,087	922,236	1,249,779	1,395,700	2,038,865	2,802,886
Change in Net Position		-	-	685	-	-	-
Ending Net Position - June 30		134,149	327,543	145,236	643,165	764,021	761,840
		922,236	1,249,779	1,395,700	2,038,865	2,802,886	3,564,726
Net Position (Fund Balance) Analysis							

Department of Administration - 61010

General Services Division - 06

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: General Services Division			
	Fund	Fund Name					
	06530	Print & Mail Services					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		10,664,395	11,784,396	11,123,886	10,950,000	11,500,012	11,500,012
Other Operating Revenue		74	17	-	12	12	12
Total Operating Revenues		10,664,469	11,784,413	11,123,886	10,950,012	11,500,024	11,500,024
Expenses:							
Personal Services		1,914,098	1,933,965	1,892,824	1,997,999	2,048,548	2,063,248
Other Operating Expenses		8,521,888	9,312,405	8,758,036	9,015,660	9,189,127	9,223,099
Expense B		-	-	-	260,621	260,621	260,621
Loans and Lease Payments		15,445	18,116	1,512	30,916	30,916	30,916
Total Operating Expenses		10,451,431	11,264,486	10,652,372	11,305,196	11,529,212	11,577,884
Operating Income (Loss)		213,038	519,927	471,514	(355,184)	(29,188)	(77,860)
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		213,038	519,927	471,514	(355,184)	(29,188)	(77,860)
Transfers In							
Change in Net Position		-	4,871	22,954	-	-	-
		213,038	524,798	494,468	(355,184)	(29,188)	(77,860)
Beginning Net Position - July 1		2,415,043	2,628,081	3,152,879	3,651,666	3,296,482	3,267,294
Prior Period Adjustments		-	-	4,319	-	-	-
Change in Net Position		213,038	524,798	494,468	(355,184)	(29,188)	(77,860)
Ending Net Position - June 30		2,628,081	3,152,879	3,651,666	3,296,482	3,267,294	3,189,434
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$41,627)
FY 2025	\$0	(\$11,158)

SWPL - 1 - Personal Services -

The budget includes a reduction of \$41,627 in FY 2024 and a reduction of \$11,158 in FY 2025 to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Administration - 61010

General Services Division - 06

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$689,128)
FY 2025	\$0	(\$765,772)

SWPL - 2 - Fixed Costs -

The request includes a reduction of \$689,128 in FY 2024 and a reduction of \$765,772 in FY 2025 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$789,581
FY 2025	\$0	\$937,293

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$789,581 in FY 2024 and an increase of \$937,293 in FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies and materials, communications, repair and maintenance, state motor pool, and other services.

-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$71,730
FY 2025	\$0	\$71,730

PL - 4 - Allocate Department Indirect/Administrative Costs -

This change package includes adjustments in FY 2024 and FY 2025 to provide the funding to pay the Department of Administration's (DOA) indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$404,700
FY 2025	\$0	\$424,500

PL - 601 - Increase Operating Expense for new MHS building -

The Montana Historical Society (MHS) building is estimated to have occupancy by the fall of 2023. As the custodian of all state property on the Capitol Complex, the General Services Division will need to increase operating expenses in order to accommodate the additional costs anticipated from the addition of the new MHS building. These expenses will include utilities, janitorial, elevator, security, city assessments, and miscellaneous building and landscaping items.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$158,606
FY 2025	\$0	\$158,606

PL - 602 - Increase in Equipment Budget -

The General Services Division, Capitol Facilities Management Bureau is requesting an increase of \$158,606 in fiscal years 2024 and 2025 for equipment replacement.

Department of Administration - 61010

General Services Division - 06

-----New Proposals-----

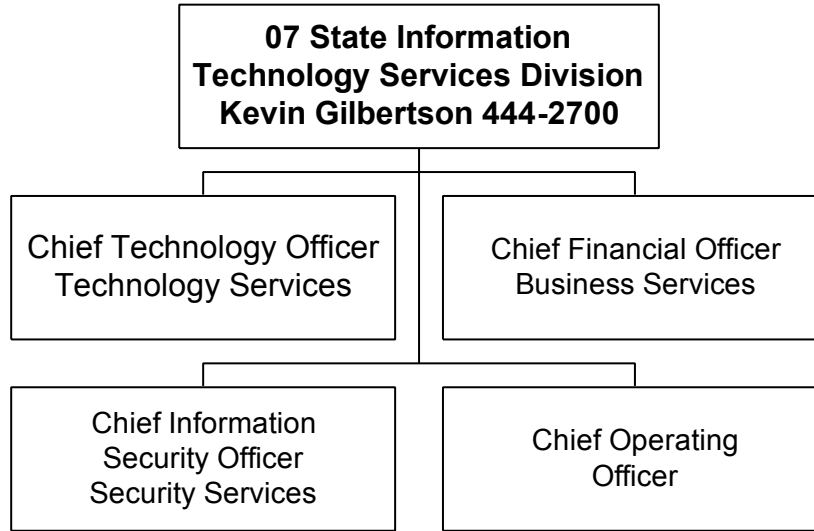
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$2,700
FY 2025	\$0	\$2,700

NP - 99 - New Fixed Costs -

The budget includes adjustments in FY 2024 and FY 2025 to provide funding for the agency to pay for new fixed costs allocations related to the Chief Data Office and the State Management Training Center. Rates for the fixed costs are reviewed by the Section A Subcommittee.

Department of Administration - 61010

State It Services Division - 07



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	199.00	14.00	213.00	14.00	213.00	
Personal Services	18,716,595	1,891,051	20,607,646	2,003,195	20,719,790	41,327,436
Operating Expenses	35,509,613	11,766,411	47,276,024	11,662,834	47,172,447	94,448,471
Equipment & Intangible Assets	370,861	0	370,861	0	370,861	741,722
Debt Service	1,170,000	0	1,170,000	0	1,170,000	2,340,000
Total Costs	\$55,767,069	\$13,657,462	\$69,424,531	\$13,666,029	\$69,433,098	\$138,857,629
Proprietary Funds	55,767,069	13,657,462	69,424,531	13,666,029	69,433,098	138,857,629
Total Funds	\$55,767,069	\$13,657,462	\$69,424,531	\$13,666,029	\$69,433,098	\$138,857,629

Proprietary Program Description - 06004 - eGovernment Services

Program Description

Digital government services include permitting, registration, licensing, inspections, financial reconciliation, reporting, point of sale card swipe devices and mobile payments, monthly billing, and management and collection of customer accounts. The department's State Information Technology Services Division has established an enterprise fund for the management of these fees.

Revenues and Expenses

Revenues will be earned through a fee that is charged to each eGovernment transaction. Fees earned will be used to help offset the costs for the payment processing vendor, as well as for costs to administer the program and other expenses associated with the development of enterprise electronic government services.

Rate(s) and Rate Explanation

Transaction fees are a set rate per transaction or the cost of application development and maintenance.

Projected Fund Balance, Including Cash Fluctuations

SITSD is using FY 23 revenues and expenses to analyze the best way to charge fees for this fund to maintain a positive

Department of Administration - 61010

State It Services Division - 07

cash balance and the resulting fees charged for services.

Working Capital and Fees Commensurate Analysis

Although this is an enterprise fund, working capital balances will still be assessed to ensure sufficient funds are available to pay operating expenses, especially during the first few years of program operation.

06522 – State Information Technology Services Division

Program Description

The State Information Technology Services Division (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) and security services to all branches of state government, the Office of Public Instruction, and various city and county governments.

Specifically, under the direction of the state chief information officer, the division supports and manages the following key IT programs and services:

- 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 and assists customers with designing and deploying customized applications and online services, including eGovernment applications.
- 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.
- Contract, procurement, and vendor management services
- 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.

Revenues and Expenses

SITSD charges state agencies and other customers for hosting, application development, operations, and telecommunications services monthly. Receipt of revenues is typically collected within 30 to 60 days; however, SITSD does occasionally have delayed payments from agencies. Delays are coordinated with agency and SITSD accounting staff.

ITSD's major expenses are for software purchase and maintenance, bi-monthly payroll, communications, and hardware maintenance. There are no non-typical or one-time expenses included in the data range. One variation in expense patterns – software expenses – is higher in the initial purchase year and then only includes fixed maintenance costs for subsequent years. There is also some variation with equipment depreciation, which results when the cycle of depreciation expires, and the purchase of new equipment does not coincide.

Department of Administration - 61010

State It Services Division - 07

Rate(s) and Rate Explanation

SITSD rates are based on a variety of measures. Each measure is proportional to its usage, which is determined by each agency. The basic set of SITSD services will remain the same with very few exceptions, which relate to new services that will generate very modest revenues. SITSD is not eliminating any major services.

Rates that generate major portions of SITSD revenues are listed below:

1. Hosting services;
2. Connectivity services; and
3. Enterprise Services (based on the number of users with active directory accounts on the network).

Customers are billed at the actual fee or rate based on SITSD's TechBudget model, an activity-based budgeting model that allocates costs to individual services. SITSD's TechBudget model employs a separate unit for each service. The unit is the increment in which the customer/agency buys the service or product. SITSD provides more than 200 services, resulting in a wide variety of units. The allocation of units of service is by customer/agency planned utilization.

The information technology industry has economies of scale, and SITSD's rates reflect the trend as more agencies use larger volumes of services. Counteracting this trend is agency demand for more advanced technologies and a greater level of service. Faster network speeds are a prime example. Virtual meetings, streaming video, and a greater number of agency web-based applications all require more bandwidth. SITSD's rate/fees structure will be fundamentally consistent for the next biennium, and rates will be based on customer deliverables (agency services). Enterprise-wide services that benefit the entire state-wide organization will be charged to agencies on a per-user basis via active directory email accounts or actual FTE. The costs for enterprise services will not be distributed to agency specific services or buried in agency rates.

Projected Fund Balance, Including Cash Fluctuations

A portion of the fund balance for this proprietary fund does relate to the investment in equipment. Cash is collected from billing agencies consistently throughout the year. The division aims to maintain a positive cash balance to invest in state-of-the-art technology to offer to the enterprise and to cover year end obligations.

Working Capital and Fees Commensurate Analysis

SITSD requests the authority to maintain a 30-day working capital. A 30-day working capital allows SITSD to meet the growing service needs of agencies throughout the biennium without significant changes to the rates.

Department of Administration - 61010

State It Services Division - 07

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: State It Services Division			
	Fund	Fund Name					
	06004	Electronic Government Services					
	06004	52010					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		-	2,994,319	1,003,737	1,003,737	1,003,737	1,003,737
Total Operating Revenues		-	2,994,319	1,003,737	1,003,737	1,003,737	1,003,737
Expenses:							
Other Operating Expenses		-	4,807,478	434,049	1,824,711	1,824,711	1,824,711
Total Operating Expenses		-	4,807,478	434,049	1,824,711	1,824,711	1,824,711
Operating Income (Loss)		-	(1,813,159)	569,688	(820,974)	(820,974)	(820,974)
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		-	(1,813,159)	569,688	(820,974)	(820,974)	(820,974)
Change in Net Position		-	(1,813,159)	569,688	(820,974)	(820,974)	(820,974)
Beginning Net Position - July 1		-	-	(1,813,159)	(1,243,471)	(2,064,445)	(2,885,419)
Change in Net Position		-	(1,813,159)	569,688	(820,974)	(820,974)	(820,974)
Ending Net Position - June 30		-	(1,813,159)	(1,243,471)	(2,064,445)	(2,885,419)	(3,706,393)
Net Position (Fund Balance) Analysis							

Department of Administration - 61010

State It Services Division - 07

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: State It Services Division			
	Fund 06522	Fund Name ISD Proprietary					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
		47,470,836	53,680,548	58,314,078	52,775,736	63,914,975	64,308,597
Other Operating Revenue							
		653,484	-	632,291	619,470	619,470	619,470
Revenue A							
		-	-	-	-	2,463,176	2,463,289
Revenue B							
		-	-	-	-	728,450	726,583
Total Operating Revenues							
		48,124,320	53,680,548	58,946,369	53,395,206	67,726,071	68,117,939
Expenses:							
Personal Services							
		17,833,084	18,422,386	18,120,570	20,775,890	20,607,646	20,719,790
Other Operating Expenses							
		31,100,945	32,762,454	37,840,103	34,356,579	45,451,313	45,347,736
Expense B							
		-	-	-	370,861	370,861	370,861
Loans and Lease Payments							
		235,901	177,004	132,154	1,170,000	1,170,000	1,170,000
Total Operating Expenses							
		49,169,930	51,361,844	56,092,827	56,673,330	67,599,820	67,608,387
Operating Income (Loss)							
		(1,045,610)	2,318,704	2,853,542	(3,278,124)	126,251	509,552
Nonoperating Revenues:							
Other Revenue A							
		-	157,600	77,887	-	-	-
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
		-	157,600	77,887	-	-	-
Income (Loss) Before Contributions and Transfers							
		(1,045,610)	2,476,304	2,931,429	(3,278,124)	126,251	509,552
Transfers In							
		146,955	54,241	-	1,020,000	1,020,000	1,020,000
Transfers Out							
		(430)	-	-	-	-	-
Change in Net Position							
		(899,085)	2,530,545	2,931,429	(2,258,124)	1,146,251	1,529,552
Beginning Net Position - July 1							
		(910,248)	(1,809,333)	724,199	3,654,302	1,396,178	2,542,429
Prior Period Adjustments							
		-	2,987	(1,326)	-	-	-
Change in Net Position							
		(899,085)	2,530,545	2,931,429	(2,258,124)	1,146,251	1,529,552
Ending Net Position - June 30							
		(1,809,333)	724,199	3,654,302	1,396,178	2,542,429	4,071,981
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$571,504
FY 2025	\$0	\$683,242

SWPL - 1 - Personal Services -

The budget includes an increase of \$571,504 in FY 2024 and an increase of \$683,242 in FY 2025 to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Administration - 61010

State It Services Division - 07

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$4,410
FY 2025	\$0	(\$71,301)

SWPL - 2 - Fixed Costs -

The request includes an increase of \$4,410 in FY 2024 and a reduction of \$71,301 in FY 2025 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$3,617,204
FY 2025	\$0	\$4,376,831

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$3,617,204 in FY 2024 and an increase of \$4,376,831 in FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies and materials, communications, repair and maintenance, state motor pool, and other services.

-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$156,056
FY 2025	\$0	\$156,056

PL - 4 - Allocate Department Indirect/Administrative Costs -

This change package includes adjustments in FY 2024 and FY 2025 to provide the funding to pay the Department of Administration's (DOA) indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$7,300,000
FY 2025	\$0	\$6,600,000

PL - 701 - Increase for ITSD Operations -

This adjustment is made to align with the established rates and budgetary needs for the State Information Technology proprietary program. These rates include increases to the state's cybersecurity enterprise services, network security, Microsoft and ServiceNow enterprise agreements, and information technology personnel consolidation activities.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$610,566
FY 2025	\$0	\$590,273

PL - 703 - Increase eGov Operating Expenses -

This change package adjusts for anticipated increases in the state's Electronic Government Services program.

Department of Administration - 61010

State It Services Division - 07

-----New Proposals-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$1,386,747
FY 2025	\$0	\$1,319,953

NP - 702 - Centralize IT Security -

Part of the current statewide strategic IT plan is to ensure that citizens' data is protected along with the state's information assets. This includes the goal of consolidating state security operations under the state chief information security officer (CISO). Security consolidation is an enormous undertaking. One that involves moving personnel from one organization to another, new roles and responsibilities for organizations involved, and changes to agency budgets. The primary objective on centralizing cybersecurity is to enhance the state government's overall cybersecurity posture by unifying the state's cyber resources under a single strategy and governance structure. This will allow the state to effectively allocate resources and provide consistency and quality in security services as well as improve the state's return on investment of the cybersecurity budget.

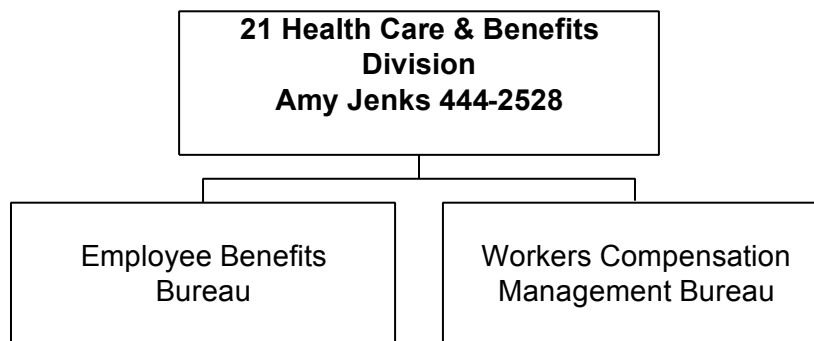
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$10,975
FY 2025	\$0	\$10,975

NP - 99 - New Fixed Costs -

The budget includes adjustments in FY 2024 and FY 2025 to provide funding for the agency to pay for new fixed costs allocations related to the Chief Data Office and the State Management Training Center. Rates for the fixed costs are reviewed by the Section A Subcommittee.

Department of Administration - 61010

Health Care & Benefits Div - 21



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	21.87	0.00	21.87	0.00	21.87	
Personal Services	1,916,596	(13,151)	1,903,445	(6,205)	1,910,391	3,813,836
Operating Expenses	15,103,488	848,219	15,951,707	1,077,588	16,181,076	32,132,783
Benefits & Claims	214,810,552	0	214,810,552	0	214,810,552	429,621,104
Total Costs	\$231,830,636	\$835,068	\$232,665,704	\$1,071,383	\$232,902,019	\$465,567,723
Proprietary Funds	231,830,636	835,068	232,665,704	1,071,383	232,902,019	465,567,723
Total Funds	\$231,830,636	\$835,068	\$232,665,704	\$1,071,383	\$232,902,019	\$465,567,723

Proprietary Program Description - 06559 Group Benefits Claims A/C

Program Description:

The employee benefits program, fund 06559, is charged with administering competitive and comprehensive benefits that provide financial protection for state employees, retirees, members of the Legislature, judges, judicial branch employees, and their families. The program provides for self-funded medical, dental, prescription, and vision benefits. Life and long-term disability insurance policies are purchased from a private sector vendor on a fully insured basis. The program contracts with private sector vendors to provide claims processing services, health screenings, wellness plan administration, etc.

The program is referred to as the State of Montana Benefit Plan (State Plan) with the largest offering being the self-funded medical plan. The medical plan is currently administered by Allegiance but will begin being administered by BlueCross BlueShield of Montana (BCBSMT) effective January 1, 2023. The prescription plan is administered by Navitus, the dental plan is administered by Delta Dental with access to its provider networks, and the vision plan is current administered by Allegiance but will have a new administrator effective January 1, 2023. The life and long-term disability insurance policies are fully insured products offered through BCBSMT.

In an effort to improve health care options and access for state employees and their dependents, and to reduce health care costs, the division developed near-site employee health centers in Helena, Billings, Missoula, Butte, and Anaconda starting in 2012. Near-site employee health centers are used by many employers as a way to reduce health care costs and improve the health and wellness of its employees. The division contracts with Premise 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 18.87 FTE.

Alternate Sources:

Department of Administration - 61010

Health Care & Benefits Div - 21

As an alternative to providing a self-funded health plan, the state could purchase an insured plan from the private sector. Historical studies of comparable insurance plans have shown that this alternative would be more expensive. The state has operated a statewide plan since 1979, and a self-funded plan since 1984.

Customers Served:

Approximately 28,600 lives are covered by the benefit plans provided by the division in the following categories; 11,800 regular full-time and part-time executive, legislative, and judicial branch employees; 1,400 retirees; 100 COBRA participants; and 15,300 dependents.

Revenues and Expenses:

The primary cost driver in the fund is the cost of health and prescription drug claims. The medical and pharmacy trends are anticipated to continue increasing at levels of approximately 6% - 9% annually.

Rate and Rate Explanation:

The objective for the state contribution is to provide sufficient dollars to underwrite affordable coverage for all participants in the plan, including sufficient dollars to cover the “employee only” cost of providing a medical, prescription, dental, and life insurance benefit.

Income for the program in FY 2022 was approximately \$172.2 million. The state share portion of this income was approximately \$125.5 million or 73%. The remaining income was from participant paid contributions and investment earnings. Total expenses during FY 2022 were \$207.3 million. Of note is the state contribution holiday that was authorized in October and November 2021, which resulted in an income reduction of an estimated \$28 million. In addition, as expected, the program saw an increased volume of claims in FY 2022 due members being able to access services that were not available during the COVID-19 shut down and an increase severity rate among participants due to delays in care. The plan anticipates the trend rate, due to the COVID-19 bounce back, will level during FY 2023.

Standard insurance industry analytical techniques are used to project plan costs, establish sufficient actuarial reserves, and set contribution amounts for the various plan options. In managing the plan, the department has the opportunity to either increase income by increasing participant contributions or reduce expenses by reducing the amount of plan coverage. Plan coverage changes include increasing participant deductibles and co-payments, eliminating payments for some services, negotiating lower costs for medical services, or looking for opportunities to reduce the cost of services provided using knowledge of the given health care environment.

Changes in Level of Fees and Charges:

No significant changes in services are contemplated. Fees are expected to increase moderately over the next biennium.

Projected Fund Balance, including Cash Fluctuations:

A portion of the actuarially recommended reserves includes a component titled the “Grandfathered Benefit” reserve. This component is a portion of the reserve identified for certain types of coverage and is set aside to pay the claim liability incurred when the state changed the timing on collecting contributions in August 1998. The switch was from collecting contributions prior to commencement of the month of coverage to collecting contributions during the month of coverage. Employees in service on or before August 1998 are credited for the month of employer contribution collected prior to the change at the time they separated from service.

It is projected that about \$16.7 million per month in claims expenses will be paid in FY 2023 and \$17.7 million per month in FY 2024. Contributions are collected either bimonthly, via the bi-weekly paycheck processing, or monthly depending on whether the contribution is for active employees, retirees, legislators, or COBRA members. Retirees are required to pay the full amount of the contribution at the beginning of each month, but the contribution is subsidized indirectly by the state employer contribution to the plan and other revenues. Employees who cover their dependents pay a portion of the cost to insure their family members while a portion is subsidized indirectly by state employer contribution to the plan and other

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revenue sources such as investment earnings.

FY 2022 expenditures were approximately \$197.1 million for medical, dental, and prescription drug claims. These expenditures are projected to be \$200 million in FY 2023 and \$214 million in FY 2024. This does not take into account future benefit plan changes which may impact expenditure projections.

Claims costs make up approximately 95% of program expenditures. Administrative costs comprise about 5% of total program expenditures, including contracts with vendors to process claims and administrative costs directly within the department.

Working Capital and Fees Commensurate Analysis:

The State of Montana Benefit Plan (State Plan) maintains an actuarially recommended reserve to allow it to cover health claims against the self-funded plan. By statute (2-18-812, MCA), the plan must maintain reserves sufficient to 'liquidate the unrevealed claim liability and other liabilities' of the state employee group benefits plans." This is called the reserve for incurred but not reported claims or IBNR, and permits the program to cover its pending liability for claims that have been incurred but not paid or submitted for payment. Other portions of the reserves cover items such as the risk of large claims (the state does not reinsure its claim liability), overall underwriting risk (based on a national formula), risk for certain types of coverage categories, and unique aspects of the state plan.

The division, based on actuarial determination, uses a risk-based capital approach to set reserve levels. The risk-based capital (RBC) model is a methodology promulgated by the National Association of Insurance Commissioners (NAIC) for insurers offering fully insured health insurance products. The RBC formula provides a ratio to measure recommended levels of capitalization for insurance risk. In Montana, the legislature adopted this model for determining the level of assets that are needed in domestic health insurance corporations in 1995. It is codified in Title 33, MCA, as the regulatory standard applied to companies underwriting fully insured health care products in Montana.

Reserve levels are monitored closely by the state plan's actuary and managers of the program to ensure the plan is maintaining actuarially recommended reserve levels. The State Employee Group Benefits Advisory Council (SEGBAC), which is authorized under 2-15-1016, MCA, adopted the recommended target reserve level range as described above.

06575 Workers' Compensation Management Program

Program Description:

The Health Care & Benefits Division manages the Workers' Compensation Management Program. The program, fund 06575, 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 3.00 FTE.

Alternate Sources:

As an alternative to providing these services internally, the state could contract with a consultant or outside vendor, which could be more costly.

Customers Served:

The State of Montana employs almost 14,000 employees at 33 state agencies and attached-to agencies, all of which have access to these program services.

Revenues and Expenses

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The workers' compensation management program bills the state agencies on a quarterly basis. The program costs primarily consist of personal services processed bi-weekly, and monthly operating costs such as rent, phone, and other overhead charges.

Personal services expenses account for almost 85% of the program's expenses over the next biennium. The remaining costs are attributable to operating expenses of the program.

Rate and Rate Explanation:

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. This allocation method was used because it is an equitable way to allocate the costs of the program based on use. The program rates were determined through the calculation of the revenues necessary to pay program expenses, including the consideration of the 60-day working capital.

Change in Level of Fees and Charges:

No significant changes in services are contemplated.

Projected Fund Balance, including Cash Fluctuations:

The workers' compensation management program does not have any reserve fund balance requirements.

Working Capital and Fees Commensurate Analysis:

The program's expenses primarily consist of personal services and operating costs. The program strives to maintain a 60-day working capital balance, which equates to approximately \$58,000. The maintenance of a 60-day working capital is factored into the fixed cost rate determination.

06027 Flexible Spending

Program Description:

The Health Care & Benefits Division contracts with Application Software, Inc., for the administration of the flexible spending account program. State employees can elect to set aside a certain amount of their pay into accounts to pay dependent care and out-of-pocket medical costs. The "set aside" funds are withdrawn from employee pay prior to assessment of taxes, effectively lowering employee taxable pay. Employees must submit claims to use the funds deposited in the accounts for allowable expenses.

Federal rules govern the use of, and the amount, that can be contributed to flexible spending accounts. The current contribution maximums are \$2,750 per year for medical and \$5,000 per year for dependent care. The Internal Revenue Service allows for the ability for participants to roll over up to \$550 from the medical flexible spending account into the next benefit year (increasing to \$570 for 2022). Employees forfeit any unspent funds beyond the \$550 rollover for medical and any remaining dependent care balance at the end of the year.

Alternate Sources:

As an alternative to contracting with an outside vendor to receive, review, and process the flexible spending account claims for reimbursement, the state could provide these services internally. This would require specialized knowledge and training and would require an increase in staffing.

Customers Served:

Approximately 4,200 state employees participate in the flexible spending account program.

Rate and Rate Explanation:

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The flexible spending account program fee paid to Application Software, Inc., is \$2.15 per participant per month. This fee is charged per participant whether the participant has a medical account, a dependent care account, or both. This fee is, in turn, charged to each participant who enrolls in the flexible spending account program. Due to the fees being charged each biweekly payroll cycle, the fee charged to participants is \$2.16 allowing a \$1.08 charge each pay period.

Changes in Level of Fees and Charges:

No significant changes in services are contemplated.

Projected Fund Balance, including Cash Fluctuations:

The flexible spending account program does not have any reserve fund balance requirements. Program management intends to maintain fund balance at current levels as compared to FY 2022 base year fund balance.

The fund must maintain higher cash levels due to the Uniform Coverage Rule. This rule states on the first day of each plan year all participants who have elected a medical flexible spending account are entitled to be reimbursed the full amount of their annual election, regardless of whether or not the employee's full contribution has been met. However, the employee contributions into their flexible spending account are spread out into equal installment payments each pay period. In addition, participant funds that are not used by the end of the plan year are forfeited and maintained within the flexible spending account. The participants do have 120 days after the end of the plan year to request reimbursement for services rendered prior to yearend and have the ability to roll over up to \$550 of medical flexible spending account funds to the following plan year. As a result, the flexible spending account program can, and does, face cash flow timing issues that are managed by the Health Care & Benefits Division.

At times, the flexible spending account program has accumulated additional funds due to forfeited funds. When able, the program uses the additional funds to waive the fees charged to participants.

Working Capital and Fees Commensurate Analysis:

The flexible spending account program must maintain sufficient reserve levels to pay participant claims. Participants that have elected to contribute to a medical flexible spending account are able to claim the election amount of the entire plan year at any time during the plan year, regardless of whether all contributions have been made by the participant. However, participants that have elected to contribute to a dependent care flexible spending account can only claim the amount that has been contributed into the account year-to-date.

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2025 Biennium Report on Internal Service and Enterprise Funds						
Agency #	Agency Name:			Program Name:		
61010	Department of Administration			Health Care & Benefits Div		
Fund	Fund Name					
06575	Workers Comp Mgmt Program					
	Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:						
Fee and Charges						
Fee Revenue A	344,997	250,000	141,312	349,312	349,312	349,312
Total Operating Revenues	344,997	250,000	141,312	349,312	349,312	349,312
Expenses:						
Personal Services	310,599	209,131	140,033	305,799	276,851	277,766
Other Operating Expenses	38,879	38,171	40,533	46,106	53,017	52,549
Total Operating Expenses	349,478	247,302	180,566	351,905	329,868	330,315
Operating Income (Loss)	(4,481)	2,698	(39,254)	(2,593)	19,444	18,997
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	(4,481)	2,698	(39,254)	(2,593)	19,444	18,997
Change in Net Position	(4,481)	2,698	(39,254)	(2,593)	19,444	18,997
Beginning Net Position - July 1	38,228	33,747	36,445	(2,809)	(5,402)	14,042
Change in Net Position	(4,481)	2,698	(39,254)	(2,593)	19,444	18,997
Ending Net Position - June 30	33,747	36,445	(2,809)	(5,402)	14,042	33,039
Net Position (Fund Balance) Analysis						

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2025 Biennium Report on Internal Service and Enterprise Funds													
Agency # 61010	Agency Name: Department of Administration			Program Name: Health Care & Benefits Div									
	Fund	Fund Name											
	06559	Group Benefits Claims A/C											
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25						
Operating Revenues:													
Fee and Charges													
Fee Revenue A								217,031,613	221,918,545	190,995,534	214,000,000	218,000,000	218,000,000
Fee Revenue B								2,788,195	676,005	(958,851)	650,000	650,000	650,000
Other Operating Revenue								5,500,740	4,517,623	4,658,636	5,300,000	4,500,000	4,500,000
Total Operating Revenues								225,320,548	227,112,173	194,695,319	219,950,000	223,150,000	223,150,000
Expenses:													
Personal Services								1,532,072	1,366,934	1,252,079	1,610,797	1,626,594	1,632,625
Other Operating Expenses								14,063,745	15,709,004	17,557,120	14,885,519	15,717,719	15,944,531
Expense B								171,958,990	187,002,146	210,484,070	207,103,322	207,103,322	207,103,322
Loans and Lease Payments								127	113	-	-	-	-
Total Operating Expenses								187,554,934	204,078,197	229,293,269	223,599,638	224,447,635	224,680,478
Operating Income (Loss)								37,765,614	23,033,976	(34,597,950)	(3,649,638)	(1,297,635)	(1,530,478)
Nonoperating Revenues:													
Other Revenue A								44,486	29,860	172,938	-	-	-
Nonoperating Expenses:													
Total Nonoperating Revenues (Expenses)								44,486	29,860	172,938	-	-	-
Income (Loss) Before Contributions and Transfers								37,810,100	23,063,836	(34,425,012)	(3,649,638)	(1,297,635)	(1,530,478)
Change in Net Position								37,810,100	23,063,836	(34,425,012)	(3,649,638)	(1,297,635)	(1,530,478)
Beginning Net Position - July 1								101,206,065	138,519,759	161,536,358	128,218,648	124,569,010	123,271,375
Prior Period Adjustments								(496,406)	(47,237)	1,107,302	-	-	-
Change in Net Position								37,810,100	23,063,836	(34,425,012)	(3,649,638)	(1,297,635)	(1,530,478)
Ending Net Position - June 30								138,519,759	161,536,358	128,218,648	124,569,010	123,271,375	121,740,897
Net Position (Fund Balance) Analysis													

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Health Care & Benefits Div - 21

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: Health Care & Benefits Div			
	Fund 06027	Fund Name Flexible Spending Funds					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
		7,457,910	7,322,415	7,430,602	7,913,113	7,913,113	7,913,113
		20,809	3,450	2,861	1,000	1,000	1,000
Total Operating Revenues		7,478,719	7,325,865	7,433,463	7,914,113	7,914,113	7,914,113
Expenses:							
Other Operating Expenses							
		122,366	124,539	112,827	171,863	180,971	183,996
		6,709,229	7,088,509	7,038,925	7,707,230	7,707,230	7,707,230
Total Operating Expenses		6,831,595	7,213,048	7,151,752	7,879,093	7,888,201	7,891,226
Operating Income (Loss)		647,124	112,817	281,711	35,020	25,912	22,887
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		647,124	112,817	281,711	35,020	25,912	22,887
Change in Net Position		647,124	112,817	281,711	35,020	25,912	22,887
Beginning Net Position - July 1		2,484,443	3,131,567	3,244,384	3,526,095	3,561,115	3,587,027
Change in Net Position		647,124	112,817	281,711	35,020	25,912	22,887
Ending Net Position - June 30		3,131,567	3,244,384	3,526,095	3,561,115	3,587,027	3,609,914
Net Position (Fund Balance) Analysis							
Restricted Net Pos(Enterprise Fund Only)		3,131,567	3,244,384	3,526,096	3,561,116	3,587,028	3,609,915

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$13,151)
FY 2025	\$0	(\$6,205)

SWPL - 1 - Personal Services -

The budget includes a reduction of \$13,151 in FY 2024 and a reduction of \$6,205 in FY 2025 to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

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	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$59,077
FY 2025	\$0	\$36,798

SWPL - 2 - Fixed Costs -

The request includes an increase of \$59,077 in FY 2024 and an increase of \$36,798 in FY 2025 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$773,152
FY 2025	\$0	\$1,024,800

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$773,152 in FY 2024 and an increase of \$1,024,800 in FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the supplies and materials, communications, repair and maintenance, state motor pool, and other services.

-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$13,290
FY 2025	\$0	\$13,290

PL - 4 - Allocate Department Indirect/Administrative Costs -

This change package includes adjustments in FY 2024 and FY 2025 to provide the funding to pay the Department of Administration's (DOA) indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

-----New Proposals-----

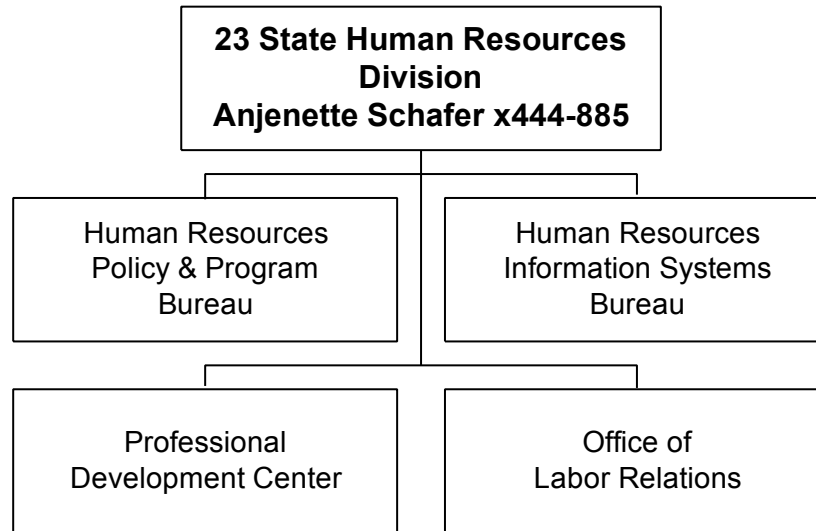
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$2,700
FY 2025	\$0	\$2,700

NP - 99 - New Fixed Costs -

The budget includes adjustments in FY 2024 and FY 2025 to provide funding for the agency to pay for new fixed costs allocations related to the Chief Data Office and the State Management Training Center. Rates for the fixed costs are reviewed by the Section A Subcommittee.

Department of Administration - 61010

State Human Resources Division - 23



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	25.75	(1.00)	24.75	(1.00)	24.75	
Personal Services	2,522,298	(116,299)	2,405,999	(100,363)	2,421,935	4,827,934
Operating Expenses	1,483,584	547,537	2,031,121	483,965	1,967,549	3,998,670
Benefits & Claims	222,480	0	222,480	0	222,480	444,960
Total Costs	\$4,228,362	\$431,238	\$4,659,600	\$383,602	\$4,611,964	\$9,271,564
Proprietary Funds	4,228,362	431,238	4,659,600	383,602	4,611,964	9,271,564
Total Funds	\$4,228,362	\$431,238	\$4,659,600	\$383,602	\$4,611,964	\$9,271,564

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

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 human resources (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 22.25 FTE, which includes 1.00 FTE dedicated to the Employee Assistance Program. Statutory authority is found in 2-18-401, MCA, and 2-18-403, MCA.

Revenues and Expenses

The HRIS program is accounted for as a proprietary fund. Revenues are collected from central payroll processing fees assessed to each agency, based on the average number of paychecks processed during the prior two fiscal years.

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State Human Resources Division - 23

Rate and Rate Explanation

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.

Change in Services or Fees

The HRIS bureau is requesting a biennial increase to cover the projected license, subscription, and maintenance fee increases for the SABHRS-HR and SOMRS software. Increases during the biennium to cover expenses associated with SABHRS data base administration and call center software are also included in the proposed fee changes.

Projected Fund Balance, Including Cash Fluctuations

The HRIS fund had a fund balance of \$479,6423 at FYE 2022. Based on the rate increase, fund balance is projected to be \$614,083 by FYE 2025. HRIS will adjust expenditures during the three-year period (FY 2023 to FY 2025) to stay within the revenue stream and be cash positive at the end of the 2023 biennium.

Working Capital and Fees Commensurate Analysis

The working capital at the end of FY 2022 was 60 days.

Agencies are billed quarterly. A 60-day working capital allows the bureau to pay monthly personal services expenses and maintain current operations.

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State Human Resources Division - 23

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: State Human Resources Division			
	Fund 06563	Fund Name HR Info Services					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
		3,388,135	3,361,775	3,597,100	3,607,489	3,849,451	3,849,451
Other Operating Revenue							
		29	73	172	600	600	600
Total Operating Revenues							
		3,388,164	3,361,848	3,597,272	3,608,089	3,850,051	3,850,051
Expenses:							
Personal Services							
		2,164,173	2,023,854	1,862,936	2,103,223	2,109,942	2,125,475
Other Operating Expenses							
		1,264,902	1,263,108	1,506,360	1,314,467	1,792,063	1,728,581
Loans and Lease Payments							
		36	37	-	-	-	-
Total Operating Expenses							
		3,429,111	3,286,999	3,369,296	3,417,690	3,902,005	3,854,056
Operating Income (Loss)							
		(40,947)	74,849	227,976	190,399	(51,954)	(4,005)
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers							
		(40,947)	74,849	227,976	190,399	(51,954)	(4,005)
Change in Net Position							
		(40,947)	74,849	227,976	190,399	(51,954)	(4,005)
Beginning Net Position - July 1							
		216,760	175,813	250,662	479,643	670,042	618,088
Prior Period Adjustments							
		-	-	1,005	-	-	-
Change in Net Position							
		(40,947)	74,849	227,976	190,399	(51,954)	(4,005)
Ending Net Position - June 30							
		175,813	250,662	479,643	670,042	618,088	614,083
Net Position (Fund Balance) Analysis							

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State Human Resources Division - 23

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: State Human Resources Division			
	Fund	Fund Name					
	06525	Intergovernmental Training					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		-	-	-	-	400,000	400,000
Total Operating Revenues		-	-	-	-	400,000	400,000
Expenses:							
Personal Services		-	-	-	-	180,028	180,030
Other Operating Expenses		-	-	-	-	219,972	219,970
Total Operating Expenses		-	-	-	-	400,000	400,000
Operating Income (Loss)		-	-	-	-	-	-
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		-	-	-	-	-	-
Change in Net Position							
Change in Net Position		-	-	-	-	-	-
Ending Net Position - June 30		-	-	-	-	-	-
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$20,778)
FY 2025	\$0	(\$3,326)

SWPL - 1 - Personal Services -

The budget includes adjustments in FY 2024 and FY 2025 to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

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State Human Resources Division - 23

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$49,937
FY 2025	\$0	(\$41,574)

SWPL - 2 - Fixed Costs -

The request includes adjustments in FY 2024 and FY 2025 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$123,348
FY 2025	\$0	\$152,328

SWPL - 3 - Inflation Deflation -

This change package includes adjustments in FY 2024 and FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies and materials, communications, repair and maintenance, state motor pool, and other services.

-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$376,358)
FY 2025	\$0	(\$378,915)

PL - 2302 - Elimination of the PDC -

The Professional Development Center (PDC) was created by the legislature in 1985 to provide in-house centralized training to state employees. The PDC is currently funded through a fee structure where agencies pay a one-time fee when employees attend courses. There are currently 3.00 FTE assigned to the PDC.

During the 2021 legislative session the following amendment was introduced, and passed, in conference committee. "It is the intent of the legislature that the Department of Administration transition all statewide workforce training from the Professional Development Center to the private sector, universities, or colleges by the end of the 2023 biennium. It is the intent of the legislature that the Professional Development Center be closed by the end of the 2023 biennium."

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$3,289
FY 2025	\$0	\$3,289

PL - 4 - Allocate Department Indirect/Administrative Costs -

This change package includes adjustments in FY 2024 and FY 2025 to provide the funding to pay the Department of Administration's (DOA) indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

Department of Administration - 61010

State Human Resources Division - 23

-----New Proposals-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$250,000
FY 2025	\$0	\$250,000

NP - 2301 - Online Learning -

This change package provides funds to purchase a package of online learning content that will be available to all state employees through the state's learning management system. The offerings will include thousands of online trainings and will provide employees with a comprehensive package of professional development content. Some examples of the types of training that will be provided include management and leadership, communication, time management, interpersonal skills, and customer service.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$400,000
FY 2025	\$0	\$400,000

NP - 2303 - Establish State Management Training Center -

The Department of Administration supports the privatization of enterprise training and is requesting \$400,000 in FY 2024 and FY 2025 to implement a centralized model to ensure employees are offered similar opportunities while providing a reduced cost to state government.

The department is requesting 2.00 FTE to resource the new model and provide state-specific administrative functions such as contract management, content/website updates, and to develop in-house programs unique to the government (i.e., procurement, state budgeting, ethics, etc.).

It is expected that current spending levels for similar type training by agencies will be reduced, or eliminated, as this new model is implemented resulting in cost savings. The department will continue to gather information from Cabinet agencies to better understand the current spending levels. There is already an expected savings associated with the planned purchase of an enterprise subscription for online learning—eliminating the need for individual agency subscriptions.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$1,800
FY 2025	\$0	\$1,800

NP - 99 - New Fixed Costs -

The budget includes adjustments in FY 2024 and FY 2025 to provide funding for the agency to pay for new fixed costs allocations related to the Chief Data Office and the State Management Training Center. Rates for the fixed costs are reviewed by the Section A Subcommittee.

Department of Administration - 61010

Risk Mgmt & Tort Defense Div - 24



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	17.00	0.00	17.00	0.00	17.00	
Personal Services	1,780,156	(70,585)	1,709,571	(59,022)	1,721,134	3,430,705
Operating Expenses	16,989,740	3,082,599	20,072,339	3,348,646	20,338,386	40,410,725
Grants	520,113	0	520,113	0	520,113	1,040,226
Benefits & Claims	15,235,087	0	15,235,087	0	15,235,087	30,470,174
Debt Service	77,572	0	77,572	0	77,572	155,144
Total Costs	\$34,602,668	\$3,012,014	\$37,614,682	\$3,289,624	\$37,892,292	\$75,506,974
Proprietary Funds	34,602,668	3,012,014	37,614,682	3,289,624	37,892,292	75,506,974
Total Funds	\$34,602,668	\$3,012,014	\$37,614,682	\$3,289,624	\$37,892,292	\$75,506,974

Proprietary Program Description - Fund 06532 Agency Insurance

Program Description

The Risk Management & 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 \$2,000,000 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.

Revenues and Expenses

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

Department of Administration - 61010

Risk Mgmt & Tort Defense Div - 24

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.

Payments for claims and the operational expenses incurred by the division are expended from the state property/casualty insurance fund. In addition, reserves for each insurance risk are maintained within the fund. Reserves are used for higher than anticipated claim costs, unexpected large losses, and increases in the costs of commercial excess insurance from catastrophic events, and incurred, but not yet reported, claims as determined by actuarial opinion and input from industry peer groups.

Rate(s) and Rate Explanation

In accordance with 2-9-201, MCA, the Department of Administration is authorized to accumulate a self-insurance fund (fund 06532) to pay for losses, purchase insurance, and to fund operations. Proceeds from the self-insurance fund are statutorily appropriated for the payment of property/casualty claims in accordance with 2-9-305, MCA.

Proposed premiums for the 2025 biennium are as follows: Auto - \$1,820,313 each year and no change from the previous biennium; Aviation - \$169,961 each year and no change from the previous biennium; General Liability- \$13,151,738 each year, this level of premium represents a 10% reduction from the 2023 biennium and is attributable to favorable reserve development from the Libby Asbestos judgement/settlement; and Property - \$9,009,000 each year and no change from the previous biennium.

Premiums for FY 2024 and FY 2025 are apportioned based upon exposure and uniform reductions in loss experience.

Projected Fund Balance, Including Cash Fluctuations

During FY 2022, the Risk Management & Tort Defense Division won a judgement of \$78,637,493 million against the state's former insurance carrier, National Indemnity Company, for recovery of expenses incurred in defense and settlement of Libby Asbestos claims.

In addition, during FY 2022 National Indemnity Company agreed to pay the state \$62.5 million in another settlement involving Libby Asbestos claims. The division has accounted for the appropriation and allocation of these proceeds (\$141,137,493) during the 2023 and the 2025 biennia and has applied a portion of the funds to re-establish auto and property reserves as established by the state's actuarial firm.

Due to the existence of remaining funds from the settlements, the program has established rates, but the OBPP has determined that rates will not be charged to agencies in the 2025 biennium, and likely the 2027 biennium, to right-size reserves for the program.

Working Capital and Fees Commensurate Analysis

In accordance with 17-7-501, MCA, the Risk Management & Tort Defense Division operates an internal service fund known as the state property/casualty insurance fund.

The high-risk nature of services provided by state agencies, unpredictable litigation outcomes, catastrophic losses, and increases in the cost of commercial insurance mean the division's funding estimates are highly variable. The division utilizes actuarial recommendations and reasonable industry standards employed by other municipalities and municipal risk pools in setting rates to develop funding objectives for the 2025 biennium in order to move toward target funding ratios.

Changes in Level of Fees and Charges

For the 2025 biennium, the Risk Management and Tort Defense Division proposes to reduce the level of general liability insurance premium approved by the legislature for the 2023 biennium by 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.

Department of Administration - 61010

Risk Mgmt & Tort Defense Div - 24

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: Risk Mgmt & Tort Defense Div			
	Fund	Fund Name					
	06532	Agency Insurance Int. Svc.					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		22,483,041	22,484,982	24,132,760	25,612,318	-	-
Fee Revenue B		3,362	-	10,639	6,000	6,000	6,000
Other Operating Revenue		636,033	117,014	50,055	140,000	200,000	200,000
Total Operating Revenues		23,122,436	22,601,996	24,193,454	25,758,318	206,000	206,000
Expenses:							
Personal Services		1,747,751	1,795,214	1,574,767	1,780,156	1,709,571	1,721,134
Other Operating Expenses		4,201,736	3,140,632	3,176,980	5,485,379	5,930,681	5,985,097
Expense B		5,322,578	6,786,706	9,960,943	12,024,474	14,661,771	14,873,402
Expense C		12,899,424	11,924,531	3,318,608	15,235,087	15,235,087	15,235,087
Loans and Lease Payments		-	-	5,986	77,572	77,572	77,572
Total Operating Expenses		24,171,489	23,647,083	18,037,284	34,602,668	37,614,682	37,892,292
Operating Income (Loss)		(1,049,053)	(1,045,087)	6,156,170	(8,844,350)	(37,408,682)	(37,686,292)
Nonoperating Revenues:							
Other Revenue A		150,517	105,824	643,515	100,000	100,000	100,000
Other Revenue B		-	-	141,137,493	-	-	-
Nonoperating Expenses:							
Other Expense A		(37,679,676)	4,262,664	-	-	-	-
Total Nonoperating Revenues (Expenses)		(37,529,159)	4,368,488	141,781,008	100,000	100,000	100,000
Income (Loss) Before Contributions and Transfers		(38,578,212)	3,323,401	147,937,178	(8,744,350)	(37,308,682)	(37,586,292)
Transfers In							
Transfers Out		34,086,792	294,271	54,878	45,000	45,000	45,000
Change in Net Position		-	-	(20,829,224)	-	-	-
		(4,491,420)	3,617,672	127,162,832	(8,699,350)	(37,263,682)	(37,541,292)
Beginning Net Position - July 1							
Prior Period Adjustments		11,378,234	6,479,262	5,611,066	118,270,609	109,571,259	72,307,577
Change in Net Position		(407,552)	(4,485,868)	(14,503,289)	-	-	-
Ending Net Position - June 30		(4,491,420)	3,617,672	127,162,832	(8,699,350)	(37,263,682)	(37,541,292)
		6,479,262	5,611,066	118,270,609	109,571,259	72,307,577	34,766,285
Net Position (Fund Balance) Analysis							

Department of Administration - 61010

Risk Mgmt & Tort Defense Div - 24

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$70,585)
FY 2025	\$0	(\$59,022)

SWPL - 1 - Personal Services -

The budget includes a reduction of \$70,585 in FY 2024 and a reduction of \$59,022 in FY 2025 to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$94,760
FY 2025	\$0	\$80,109

SWPL - 2 - Fixed Costs -

The request includes an increase of \$94,760 in FY 2024 and an increase of \$80,109 in FY 2025 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$963,406
FY 2025	\$0	\$1,244,104

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$963,406 in FY 2024 and an increase of \$1,244,104 in FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies and materials, communications, repair and maintenance, state motor pool, and other services.

-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$2,000,000
FY 2025	\$0	\$2,000,000

PL - 2401 - Commercial Property -

The state's commercial excess insurance premiums are projected to increase due to 'historic worst' unfavorable market conditions caused by recent worldwide catastrophes and construction cost inflation. In addition, state government and the university system have experienced historically significant events such as the 2019 MSU Bozeman roof collapse. This claim caused the state's commercial excess property premium to increase 27% in FY 2021, an additional 52% in FY 2022, and is projected to increase another 18% in FY 2023, FY 2024, and FY 2025 from the FY 2022 actual premium paid.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$21,733
FY 2025	\$0	\$21,733

PL - 4 - Allocate Department Indirect/Administrative Costs -

This change package includes adjustments in FY 2024 and FY 2025 to provide the funding to pay the Department of Administration's (DOA) indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

Department of Administration - 61010

Risk Mgmt & Tort Defense Div - 24

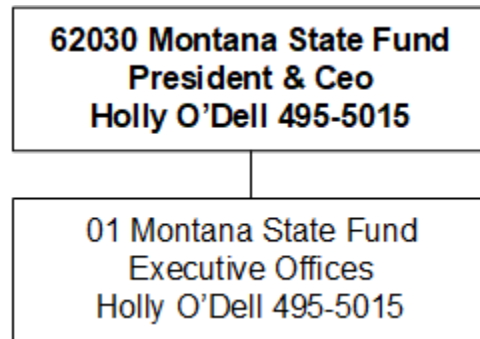
-----New Proposals-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$2,700
FY 2025	\$0	\$2,700

NP - 99 - New Fixed Costs -

The budget includes adjustments in FY 2024 and FY 2025 to provide funding for the agency to pay for new fixed costs allocations related to the Chief Data Office and the State Management Training Center. Rates for the fixed costs are reviewed by the Section A Subcommittee.

Montana State Fund Old Fund - 61030



Mission Statement - Montana State Fund is administering the claims of the Old Fund in compliance with 39-71-2352, MCA. The Old Fund does not have a mission statement.

Statutory Authority - As required in 39-71-2352, MCA, Montana State Fund is responsible for administering and managing claims of the Old Fund. The Old Fund has a separate payment and funding structure. If in any fiscal year claims for injuries resulting from accidents that occurred before July 1, 1990 are not adequately funded, any amount necessary to pay claims for injuries resulting from accidents that occurred before July 1, 1990 must be transferred from the general fund to the Old Fund account provided for in 39-71-2321, MCA.

Montana State Fund Old Fund - 61030

Old Fund - 02

Program Proposed Budget						
Budget Item	Starting Point Fiscal 2023	Budget Adjustments Fiscal 2024	Total Exec. Budget Fiscal 2024	Budget Adjustments Fiscal 2025	Total Exec. Budget Fiscal 2025	Executive Budget Request 2025 Biennium
Operating Expenses	116,362	407	116,769	(3,702)	112,660	229,429
Benefits & Claims	6,346,105	(223,354)	6,122,751	(706,729)	5,639,376	11,762,127
Total Costs	\$6,462,467	(\$222,947)	\$6,239,520	(\$710,431)	\$5,752,036	\$11,991,556
Proprietary Funds	6,462,467	(222,947)	6,239,520	(710,431)	5,752,036	11,991,556
Total Funds	\$6,462,467	(\$222,947)	\$6,239,520	(\$710,431)	\$5,752,036	\$11,991,556

Proprietary Program Description -

The Old Fund consists of claims for injuries that occurred prior to July 1, 1990. Montana State Fund is responsible for administering and managing claims of the Old Fund.

Old Fund operating expenses are for assessments charged by the Department of Labor and Industry. A fund transfer from the Old Fund to Montana State Fund compensates Montana State Fund for the expense of Old Fund for claims administration.

As required in 39-71-2352, MCA, the Old Fund has a separate payment and funding structure. If in any fiscal year claims for injuries resulting from accidents that occurred before July 1, 1990 are not adequately funded, any amount necessary to pay claims for injuries resulting from accidents that occurred before July 1, 1990 must be transferred from the state general fund to the Old Fund account provided for in 39-71-2321, MCA.

In June 2011, the assets of the Old Fund were exhausted. Since that time, transfers from the general fund, as provided for in law, have been funding the Old Fund claim benefit payments and expenses.

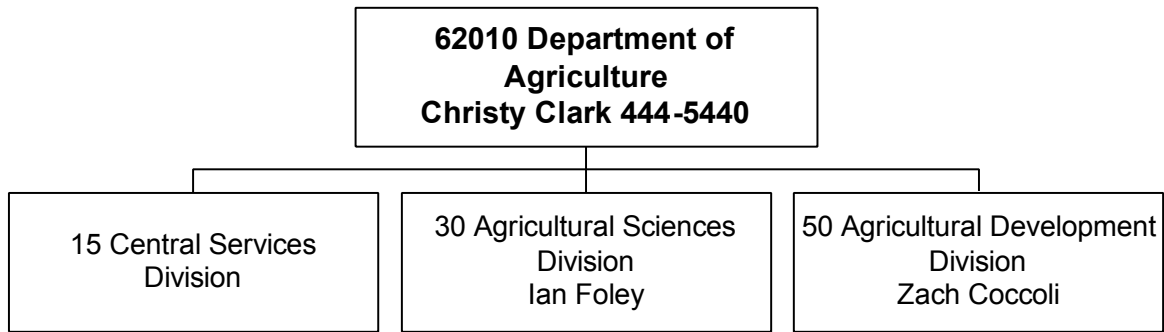
-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$223,354)
FY 2025	\$0	(\$706,729)

PL - 4 - Benefits & Claims -

This change package adjusts for anticipated expenditure decreases in the 2025 biennium, primarily in the area of benefits and claims.

Department of Agriculture - 62010



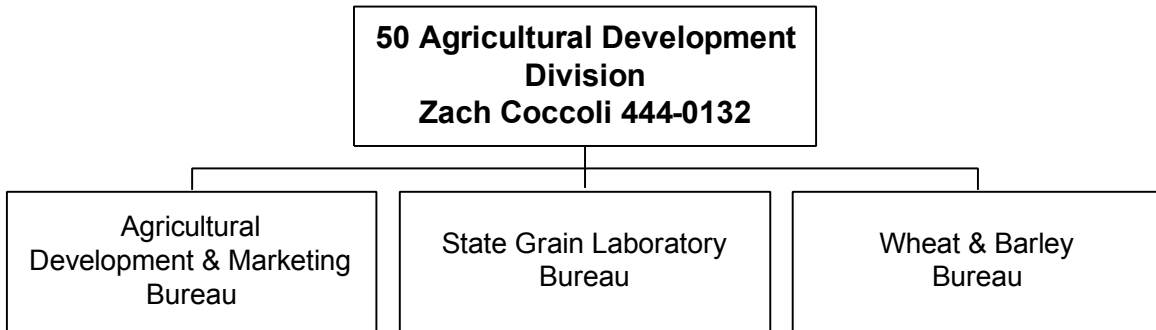
Mission Statement - The mission of the Montana Department of Agriculture is to serve Montana Agriculture and grow prosperity under the Big Sky.

Statutory Authority - Article XII, Section 1, Montana Constitution; Title 80, Chapters 1-20, MCA; Title 90, Chapter 9, MCA; Title 2, Chapter 15, Part 30, MCA

Agency Proposed Budget			
Budget Item	Total Exec. Budget Fiscal 2024	Total Exec. Budget Fiscal 2025	Total Exec. Budget 2025 Biennium
Operating Expenses	61,285	62,309	123,594
Total Costs	\$61,285	\$62,309	\$123,594
General Fund	3,085	4,109	7,194
Proprietary Funds	58,200	58,200	116,400
Total Funds	\$61,285	\$62,309	\$123,594

Department of Agriculture - 62010

Agricultural Development Div - 50



Program Proposed Budget	Starting Point Fiscal 2023	Budget Adjustments Fiscal 2024	Total Exec. Budget Fiscal 2024	Budget Adjustments Fiscal 2025	Total Exec. Budget Fiscal 2025	Executive Budget Request 2025 Biennium
Budget Item						
Operating Expenses	58,200	3,085	61,285	4,109	62,309	123,594
Total Costs	\$58,200	\$3,085	\$61,285	\$4,109	\$62,309	\$123,594
General Fund	0	3,085	3,085	4,109	4,109	7,194
Proprietary Funds	58,200	0	58,200	0	58,200	116,400
Total Funds	\$58,200	\$3,085	\$61,285	\$4,109	\$62,309	\$123,594

Proprietary Program Description - 06052 Hail Insurance

Program Description:

The Hail Insurance Program has been in operation since 1917. The function of the program is to provide low cost hail insurance coverage for crops grown in Montana, and assist producers with recovery of their input costs should they experience hail damage. The program insures approximately 400,000 acres of crops with coverage nearing \$25 million each year. The program is statutorily appropriated under Title 80, Chapter 2, Part 2, MCA.

Revenues and Expenses:

Revenues for the program are derived from premium assessments paid by producers for crop acreage insured. The program funds 1.25 permanent FTE and 4.0 seasonal FTE to support program operations.

Rate and Rate Explanation:

Hail insurance premiums charges are set by the Board of Hail Insurance according to county in accordance with 80-2-208, MCA, and cannot exceed \$75 per acre for non-irrigated land and \$114 per acre for irrigated land.

Department of Agriculture - 62010

Agricultural Development Div - 50

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 62010	Agency Name: Department of Agriculture			Program Name: Agricultural Development Div			
	Fund 06052	Fund Name Hail Insurance					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		1,179,580	1,150,714	756,996	788,800	945,000	1,135,000
Fee Revenue B		33,320	4,284	2,851	5,000	5,000	5,000
Fee Revenue C		2,045	1,027	7,436	10,100	10,100	10,100
Total Operating Revenues		1,214,945	1,156,025	767,283	803,900	960,100	1,150,100
Expenses:							
Personal Services		276,570	316,154	223,829	225,000	235,000	245,000
Other Operating Expenses		94,544	49,870	48,300	70,000	72,000	75,000
Expense B		779,502	528,208	610,130	1,000,000	555,000	610,000
Expense C		-	80	-	-	-	-
Total Operating Expenses		1,150,616	894,312	882,259	1,295,000	862,000	930,000
Operating Income (Loss)		64,329	261,713	(114,976)	(491,100)	98,100	220,100
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		64,329	261,713	(114,976)	(491,100)	98,100	220,100
Transfers In							
Change in Net Position		64,627	261,713	(114,976)	(491,100)	98,100	220,100
Beginning Net Position - July 1		1,768,275	1,841,757	2,103,470	1,990,377	1,499,277	1,597,377
Prior Period Adjustments		8,855	-	1,883	-	-	-
Change in Net Position		64,627	261,713	(114,976)	(491,100)	98,100	220,100
Ending Net Position - June 30		1,841,757	2,103,470	1,990,377	1,499,277	1,597,377	1,817,477
Net Position (Fund Balance) Analysis							

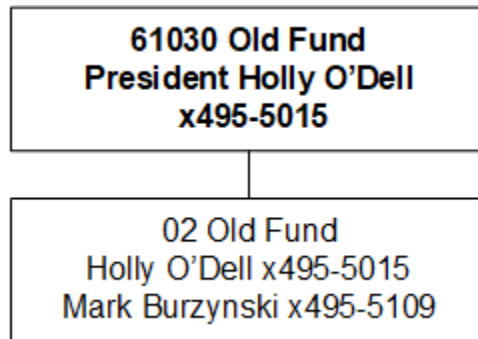
-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$3,085	\$3,085
FY 2025	\$4,109	\$4,109

SWPL - 3 - Inflation Deflation -

This change package includes funding to account for budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies & materials, communications, repair & maintenance, state motor pool, and other services.

Montana State Fund New Fund - 62030



Mission Statement - We partner with employers and their employees to care for those injured on the job and we champion a culture of workplace safety for our fellow Montanans.

Statutory Authority - Montana State Fund (MSF) provides an option to Montana employers for coverage of workers' compensation and occupational disease liability and is required, as the guaranteed market, to provide coverage to any employer in this state requesting coverage (39-71-2313, MCA).

Section 39-71-2321, MCA, provides that all funds deposited in MSF may be expended as provide in 17-8-101(2)(b), MCA, under general laws or contracts entered into pursuant to law permitting the disbursement. Based on this statutory provision, and 39-71-2363, MCA, MSF is not budgeted in the general appropriations act.

Management and control of Montana State Fund is vested in a seven-member board of directors (board) appointed by the Governor (39-71-2315, MCA). Two members of the Economic Affairs Interim Committee are legislative liaisons to the Montana State Fund Board of Directors, as provided in 2-15-1019(8), MCA. The liaisons are encouraged to attend Montana State Fund board meetings and receive all board meeting agendas and materials relating to board matters.

As of January 1, 2016, MSF is subject to the laws and regulation specified under Title 33, Insurance and Insurance Companies. As a result, MSF is now regulated by the Commissioner of Securities and Insurance which includes premium rate level approval.

As provided for in 39-71,2363, MCA, MSF's President annually submits to the board for its approval an estimated budget of the entire expense of administering the state fund for the succeeding fiscal period. A copy of the approved budget must be delivered to the governor and the legislature.

Montana State Fund New Fund - 62030

Montana State Fund - 01

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	293.50	2.00	295.50	2.00	295.50	
Personal Services	32,836,844	1,978,933	34,815,777	3,007,589	35,844,433	70,660,210
Operating Expenses	27,178,340	(562,039)	26,616,301	(6,992,449)	20,185,891	46,802,192
Equipment & Intangible Assets	1,232,377	(832,377)	400,000	(857,377)	375,000	775,000
Benefits & Claims	115,379,570	2,068,536	117,448,106	6,918,380	122,297,950	239,746,056
Transfers	238,620	11,931	250,551	24,459	263,079	513,630
Debt Service	327,600	7,400	335,000	17,400	345,000	680,000
Total Costs	\$177,193,351	\$2,672,384	\$179,865,735	\$2,118,002	\$179,311,353	\$359,177,088
Proprietary Funds	177,193,351	2,672,384	179,865,735	2,118,002	179,311,353	359,177,088
Total Funds	\$177,193,351	\$2,672,384	\$179,865,735	\$2,118,002	\$179,311,353	\$359,177,088

Proprietary Program Description -

Montana State Fund is responsible for providing workers' compensation insurance for Montana employers insured by Montana State Fund and managing claims and benefits payments for injuries occurring on or after July 1, 1990, incurred as a result of the insurance coverage.

Montana State Fund provides insurance for workers' compensation and occupational disease and is required, as the guaranteed market, to provide coverage to any employer requesting coverage (Title 39, chapter 71, MCA). The Montana Workers' Compensation Act requires all employers in Montana who have employees in service to carry workers' compensation insurance. The Department of Labor and Industry regulates the workers' compensation industry in Montana. Three plans exist for coverage: Plan I-Self-insured; Plan II-Private Insurance Companies; or Plan III-State Compensation Insurance Fund (Montana State Fund). According to state law, Montana State Fund is a nonprofit independent public corporation.

Montana State Fund (MSF) operates in a competitive market with private insurers. MSF guarantees the availability of workers' compensation coverage for all employers in Montana. Montana law requires MSF to insure any employer in the state who requests coverage, except those in default of a prior payment to MSF. As provided in law, MSF insures all Montana state agencies.

Under the workers' compensation and occupational disease laws of Montana, MSF is liable for payment of benefits to employees for injuries arising out of and in the course of employment, or in the case of death or injury, to the beneficiaries. MSF pays benefits to injured employees based on a schedule of benefits established in law (Title 39, Chapter 71, MCA).

Statute requires MSF to set premium rates at levels sufficient, when including future investment income, to fund the insurance program (39-71-2330, MCA). This includes the cost of administration, benefits, and adequate reserves. MSF is subject to the laws governing state agencies, unless specifically exempted by statute.

The board is statutorily required to establish a business plan (39-71-2315(4), MCA) and an annual budget within parameters defined in law (39-71-2363(2)(a), MCA). State law requires MSF to submit a copy of its annual budget to the governor and the legislature. The board shall submit an annual financial report to the governor and to the legislature indicating the business done during the previous year and containing a statement of estimated liabilities of MSF as determined by an independent actuary.

Montana State Fund's Board of Directors is the approving authority for MSF's annual budget (39-71-2363, MCA). The board has not approved the expenditure levels in the following budget tables for the 2025 Biennium. Changes in business conditions and the competitive market in which Montana State Fund operates, as well as changing trends in medical and indemnity benefits, will result in changes to the budgets the Board of Directors will ultimately approve each year for 2021 and 2022.

The budget table shown below reflects projected operating budgets, claim expenditures, and funding. The data cited in the table is for informational purposes only and is based on Montana State Fund's staff projection of operations. Estimates

Montana State Fund New Fund - 62030

Montana State Fund - 01

for claim expenditures and funding are periodically updated by staff and are subject to change. Amounts shown as prior period adjustments in the table also include net unrealized gain on investments, changes in nonadmitted assets, and other changes in policyholder equity.

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 62030	Agency Name: Montana State Fund New Fund			Program Name: Montana State Fund			
	Fund	Fund Name					
	06035	New Fund					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
		8,096	7,294	6,788	7,250	7,250	7,250
Fee Revenue B							
		2,162	3,437	2,593	2,500	2,500	2,500
Fee Revenue C							
		156,871,129	148,625,434	159,679,857	162,968,425	161,800,363	171,145,544
Revenue A							
		136,007,218	113,864,446	46,460,744	27,275,320	44,692,867	45,730,060
Total Operating Revenues							
		292,888,605	262,500,611	206,149,982	190,253,495	206,502,980	216,885,354
Expenses:							
Personal Services							
		29,856,055	30,284,947	31,213,395	33,250,380	34,848,277	35,877,433
Other Operating Expenses							
		26,630,160	24,032,452	22,679,777	28,762,502	26,338,452	26,479,414
Expense B							
		2,653,828	5,068,424	4,194,912	1,278,337	400,000	375,000
Expense C							
		104,829,853	114,116,337	106,666,679	112,204,861	117,465,027	122,327,881
Loans and Lease Payments							
		-	411,211	376,919	327,600	335,000	345,000
Total Operating Expenses							
		163,969,896	173,913,371	165,131,682	175,823,680	179,386,756	185,404,728
Operating Income (Loss)							
		128,918,709	88,587,240	41,018,300	14,429,815	27,116,224	31,480,626
Nonoperating Revenues:							
Nonoperating Expenses:							
Other Expense A							
		(30,006,671)	(19,999,084)	(40,002,906)	-	-	-
Total Nonoperating Revenues (Expenses)							
		(30,006,671)	(19,999,084)	(40,002,906)	-	-	-
Income (Loss) Before Contributions and Transfers							
		98,912,038	68,588,156	1,015,394	14,429,815	27,116,224	31,480,626
Transfers In							
		1,226,492	2,230,119	1,088,920	1,275,334	1,200,000	1,165,000
Transfers Out							
		(198,698)	(235,168)	(266,378)	(238,620)	(250,551)	(263,079)
Change in Net Position							
		99,939,832	70,583,107	1,837,936	15,466,529	28,065,673	32,382,547
Beginning Net Position - July 1							
		512,475,039	550,665,280	600,993,272	646,425,178	623,042,232	627,239,221
Prior Period Adjustments							
		(61,749,591)	(20,255,115)	43,593,970	(38,849,475)	(23,868,684)	(22,609,336)
Change in Net Position							
		99,939,832	70,583,107	1,837,936	15,466,529	28,065,673	32,382,547
Ending Net Position - June 30							
		550,665,280	600,993,272	646,425,178	623,042,232	627,239,221	637,012,432
Net Position (Fund Balance) Analysis							

Montana State Fund New Fund - 62030

Montana State Fund - 01

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$1,065,086
FY 2025	\$0	\$67,793

SWPL - 1 - Personal Services -

The budget includes an increase of \$1,065,086 in FY 2024 and an increase of \$67,793 in FY 2025 to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$1,607,298
FY 2025	\$0	\$2,050,209

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$1,607,298 in FY 2024 and an increase of \$2,050,209 in FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies and materials, communications, repair and maintenance, state motor pool, and other services.

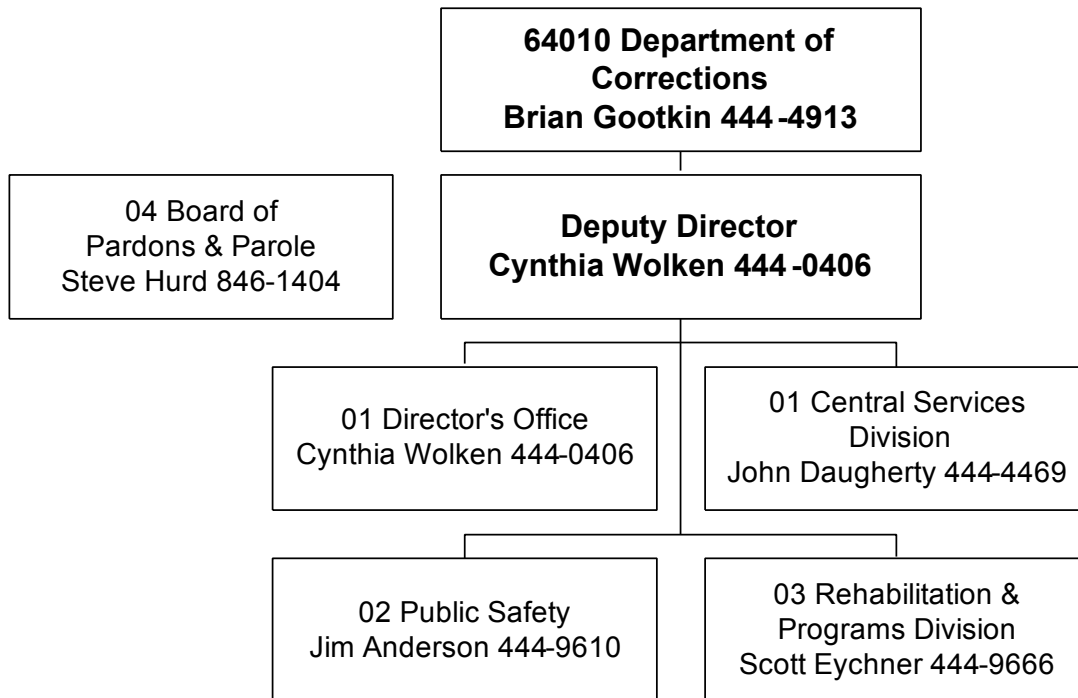
-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$0
FY 2025	\$0	\$0

PL - 4 - MSF staff estimate of Montana State Fund biennial funding -

The budget includes funding for 295.50 FTE in each fiscal year. The funding includes Montana State Fund pay plan adjustments, employee tax and benefit rate adjustments, and vacancy savings. This change package adjusts for anticipated expenditures in the 2025 biennium in the areas of personal services, operating expenses, intangible assets and, transfers. The primary area of change is driven by anticipated workers' compensation claim payments.

Department of Corrections - 64010



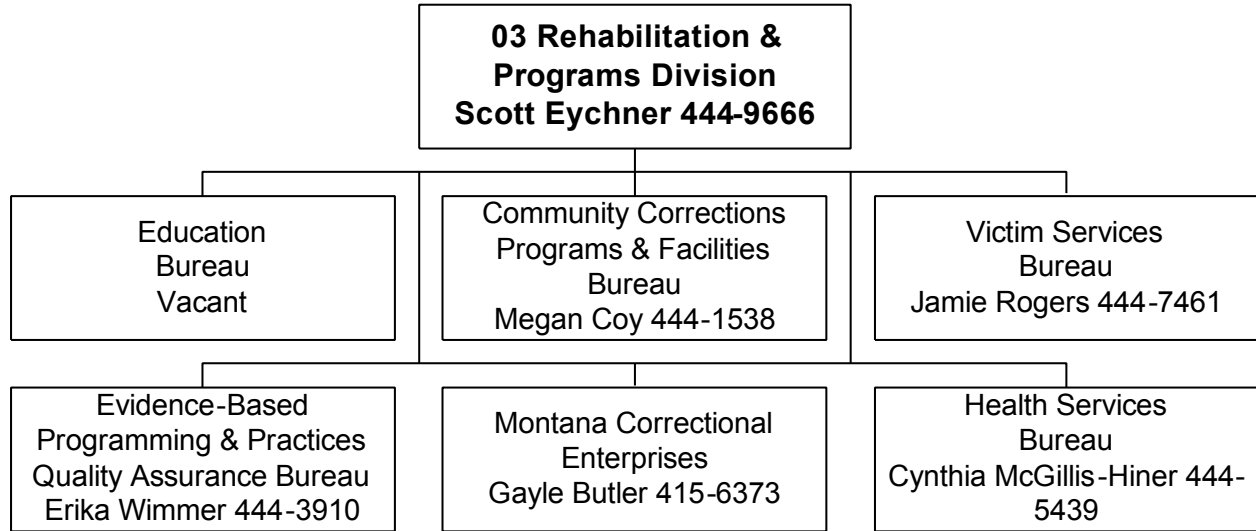
Mission Statement - Creating a safer Montana through accountability, rehabilitation, and empowerment.

Statutory Authority - Statutory Authority - Provided for in 2-15-2301, 53-1-201 and 53-1-202, MCA.

Agency Proposed Budget			
Budget Item	Total Exec. Budget Fiscal 2024	Total Exec. Budget Fiscal 2025	Total Exec. Budget 2025 Biennium
FTE	70.01	70.01	
Personal Services	5,214,852	5,239,259	10,454,111
Operating Expenses	11,560,075	11,597,192	23,157,267
Equipment & Intangible Assets	548,389	548,389	1,096,778
Capital Outlay	35,464	35,464	70,928
Debt Service	207,678	207,678	415,356
Total Costs	\$17,566,458	\$17,627,982	\$35,194,440
Proprietary Funds	17,566,458	17,627,982	35,194,440
Total Funds	\$17,566,458	\$17,627,982	\$35,194,440

Department of Corrections - 64010

Rehabilitations & Programs Division - 03



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	70.01	0.00	70.01	0.00	70.01	
Personal Services	5,205,493	9,359	5,214,852	33,766	5,239,259	10,454,111
Operating Expenses	11,074,091	485,984	11,560,075	523,101	11,597,192	23,157,267
Equipment & Intangible Assets	548,389	0	548,389	0	548,389	1,096,778
Capital Outlay	35,464	0	35,464	0	35,464	70,928
Debt Service	207,678	0	207,678	0	207,678	415,356
Total Costs	\$17,071,115	\$495,343	\$17,566,458	\$556,867	\$17,627,982	\$35,194,440
Proprietary Funds	17,071,115	495,343	17,566,458	556,867	17,627,982	35,194,440
Total Funds	\$17,071,115	\$495,343	\$17,566,458	\$556,867	\$17,627,982	\$35,194,440

Proprietary Program Description -

Montana Correctional Enterprises (MCE) operates the following proprietary programs:

Fund 06033 - Agricultural Program

Program Description

The Agriculture Program trains inmates in specific work skills and life skills in programs that include range and dairy cattle, dairy milking parlor and processing plant, crops, land management, lumber processing, wild land firefighting, pheasant rearing, and various community work programs.

Revenues and Expenses

The Agriculture Program derives revenues from the sale of products and services. Expenses include feed and supplements, supplies and materials, personal services and other operating costs associated with the various sub-programs. With the loss of the Dairy's largest contract, the Dairy is going through significant economic and organizational changes, therefore revenue projections will be decreased from the previous two fiscal years. Beginning in FY2022, MCE began a partnership with Fish Wildlife and Parks (FWP) to raise pheasants for the FWP wildlife management areas. FWP covers all costs of the program.

Rate(s) and Rate Explanations

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Revenues are based on market values and fluctuate with the markets.

Projected Fund Balance, Including Cash Fluctuations

The Agriculture Program requires a high cash balance to maintain operations. Historically, it has been the practice to maintain a minimum of \$1 million, due to the possibility of extenuating circumstances such as volatile cattle and raw milk markets, unforeseeable illness in the range or dairy herds and shortages of commodities due to droughts, floods, or other natural disasters. The yearly cattle sale produces the majority of revenue for the agriculture program. The yearly cattle sale also assists in maintaining the entire MCE training program throughout the fiscal year. The Agriculture cash balance fluctuates during the year, due to the receipt of the majority of the revenue in the fall.

The Agriculture program requires adequate cash flow to cover the above operational costs and to provide other training as part of the Montana Correctional Enterprise training programs to assist in reducing recidivism for Montana inmates.

2025 Biennium Internal Service Fund Working Capital and Fees Commensurate Analysis							
Fund	Fund Name	Agency #	Agency Name	Program Name			
06033	Prison Ranch	64010	Department of Corrections	Montana Correctional Enterprises			
					Actual FY 20	Actual FY 21	Actual FY 22
					Estimated FY 23	Proposed FY 24	Proposed FY 25
Cash Available for Fund Operations (Working Capital)							
Current Assets					1,819,996	2,042,079	1,880,374
Less Current Liabilities					(240,001)	(151,590)	(235,514)
Working Capital (WC)					1,579,995	1,890,488	1,444,859
					1,484,131	1,495,283	1,478,672
Cash Required for Fund Operations							
80 Days Operations Expense					785,163	580,387	550,031
Difference					814,832	1,330,101	894,828
					930,676	938,235	914,664
Budgeted WC = Actual WC FY 2022 + or - Estimated FY 2023, and Proposed FY 2024 and FY 2025, Change in Net Position							

Fund 06034 - Industries Program

Program Description

The Industries Program trains inmates in specific work skills and life skills in programs that include manufacturing of furniture, upholstery, print work and signs, sewing and embroidery, institutional laundry, screen printing, inventory management, shipping, AutoCAD design, Web design, marketing, hygiene kit assembly and public-private partnerships. In addition, Industries includes a dog training, grooming and boarding program.

Two industry programs are public-private partnerships and are certified by the U.S. Justice Department's Prison Industry Enhancement Certification Program. Inmates in these programs are paid prevailing wage for their work, and 80 percent of their gross wage is deducted for state and federal income tax, crime victim compensation, family support, and room and board. In addition, each inmate working in a certified program has 20 percent of his or her net wages deposited into a mandatory reentry savings account, which is available to the inmate upon release from incarceration.

Revenues and Expenses

The Industries Program derives revenues from the sale of products and services. Prices for manufactured products are

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set utilizing current market values and consider cost of materials, personal services, supplies and other operating overhead and capital outlay.

Rate(s) and Rate Explanations

Revenues for all Industries programs are based on customer orders, inventory levels, available customer budgets and customer satisfaction. Although the Industries program is an enterprise fund, we have historically requested a rate approval for the Laundry, as the rate directly affects several customers who are general funded.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information						
	Actual FY 20	Actual FY 21	Estimated FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Fee Description:						
Cost Per Pound Laundry Services	\$ 0.60	\$ 0.60	\$ 0.68	\$ 0.68	\$ 0.68	\$ 0.68
Delivery Charge per Pound						
Montana Development Center	\$ 0.05	\$ 0.05	\$ -	\$ -	\$ -	\$ -
Riverside Youth Correctional/Riverside Special Needs Unit	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05
Montana Law Enforcement Academy	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15
Montana Chemical Dependency Corp	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04
START Program	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Montana State Hospital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University of Montana	\$ 0.20	\$ 0.20	\$ 67.50	\$ 67.50	\$ 67.50	\$ 67.50
Calculated at 67.50 per shared round trip						
The Laundry is a small part of the Industries Enterprise Fund operation. It is not an actual internal service fund. MCE requests rate approval for this operation to allow the general fund customers to request the required appropriation to cover any additional rate increase, though no rate increase is being requested this biennium.						

Projected Fund Balance, Including Cash Fluctuations

The Industries program requires adequate cash flow to cover operational costs and to provide other training as part of the Montana Correctional Enterprise training programs to assist in reducing recidivism for Montana inmates. Revenues are dependent on customer orders and expenses for raw materials are dependent on revenues.

Fund 06545 – Vocational Education Program (Industries Training) Internal Service Fund

Program Description

Motor Vehicle Maintenance within the Vocational Training program trains inmates in specific work skills and life skills in operations that include engine, autobody and tire repair, alignment, welding, machining, and plasma cut metals.

Revenues and Expenses

Motor Vehicle Maintenance derives revenues from the sale of products and services. Expenses include the cost of parts for repairs, personal services, and other operating costs associated with the various sub-programs. We are not anticipating significant changes in revenues or operating expenditures over the biennium. The Motor Vehicle Maintenance (Industries Training) is not required to be self-supporting (per 53-30-133, MCA), and all MCE proprietary programs provide support if there are inadequate revenues to cover expenditures.

Rate(s) and Rate Explanations

Motor Vehicle Maintenance rates are based on the cost of parts, a supply fee (10% of actual part cost) and an hourly labor

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rate for vehicle repairs and restoration. The labor rate is based on cost of civilian and inmate labor and program overhead. The supply fee covers incidental supplies such as grease, rags, nuts, and bolts. MCE is requesting a labor rate increase for the 2025 biennium from \$28.45 per hour to \$30.00 per hour.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information						
	Actual FY 20	Actual FY 21	Estimated FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Fee Description:						
Labor Charge/hour	\$ 28.45	\$ 28.45	\$ 28.45	\$ 28.45	\$ 30.00	\$ 30.00
Supply fee as percentage of actual cost of parts	8%	8%	10%	10%	10%	10%
Parts are sold at cost						

Projected Fund Balance, Including Cash Fluctuations

The Motor Vehicle Maintenance internal service fund balance does not have large fluctuations due to the low net income of the program.

Working Capital Analysis

The Motor Vehicle Maintenance program internal service fund seldom has an excess of sixty (60) days of working capital. This is not anticipated to change in the 2025 biennium.

2025 Biennium Internal Service Fund Working Capital and Fees Commensurate Analysis						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06545	Prison Indust. Training Pr	64010	Department of Corrections	Montana Correctional Enterprises		
	Actual FY 20	Actual FY 21	Actual FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Cash Available for Fund Operations (Working Capital)						
Current Assets	95,927	85,210	157,771	79,980	119,980	152,830
Less Current Liabilities	(83,485)	(42,641)	(77,791)	40,000	32,850	25,629
Working Capital (WC)	12,442	42,569	79,980	119,980	152,830	178,458
Cash Required for Fund Operations						
60 Days Operations Expense	165,336	138,149	160,008	160,833	162,025	163,229
Difference	(152,895)	(95,580)	(80,029)	(40,854)	(9,195)	15,229
Budgeted WC = Actual WC FY 2022 + or - Estimated FY 2023, and Proposed FY 2024 and FY 2025, Change in Net Position						

Fund 06011 – License Plate Factory

Program Description

The License Plate Factory trains inmates in specific work skills and life skills in license plate production, graphics design, inventory control and shipping, while providing all license plates to vehicle owners throughout Montana. Plates are sold through County Treasurers and novelty and sample plates are sold to the non-profit organizations that sponsor the

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organizational plate design.

Revenues and Expenses

The License Plate Factory derives revenues from the sale of license plates to vehicle owners, who pay a \$10.00 fee for each set. \$2.00 of this rate remains in the county general fund and \$8.00 is deposited into a state special revenue account with Department of Justice (DOJ). DOJ then pays MCE a rate to cover production fees and delivery. MCE also works in collaboration with State Print and Mail (P&M) and DOJ for the supply, printing and distribution of vehicle registration tabs and decals. Pricing for tabs and decals is mutually agreed upon through a Memorandum of Understanding (MOU) between P&M, MCE, and DOJ. Revenues are dependent on customer orders and inventory needs by each County Treasurer. Expenses include the cost of raw materials and other operating costs and capital expenditures.

In addition, the License Plate Factory receives revenues from organizational plate customers for application processing, graphics design associated with new and updated plate designs and manufacturing and sample plates produced for their organizations.

Rate(s) and Rate Explanations

The License Plate Factory is an enterprise fund.

Projected Fund Balance, Including Cash Fluctuations

The License Plate program requires adequate cash flow to cover operational costs and provide other training as part of the Montana Correctional Enterprise training program to assist in reducing recidivism for Montana inmates. Revenues are dependent on customer orders and expenses for raw materials are dependent on revenues.

2025 Biennium Internal Service Fund Working Capital and Fees Commensurate Analysis								
Fund	Fund Name	Agency #	Agency Name	Program Name				
06011	License Plate Production	64010	Department of Corrections	Montana Correctional Enterprises				
			Actual FY 20	Actual FY 21	Actual FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Cash Available for Fund Operations (Working Capital)								
Current Assets			2,578,417	3,786,232	3,901,109	3,682,908	3,867,784	4,031,784
Less Current Liabilities			(55,131)	(323,801)	(218,201)	184,876	164,000	164,000
Working Capital (WC)			2,523,286	3,462,431	3,682,908	3,867,784	4,031,784	4,195,784
Cash Required for Fund Operations								
60 Days Operations Expense			355,611	416,272	504,993	536,667	540,167	540,167
Difference			2,167,676	3,046,160	3,177,916	3,331,118	3,491,618	3,655,618
Budgeted WC = Actual WC FY 2022 + or - Estimated FY 2023, and Proposed FY 2024 and FY 2025, Change in Net Position								

Fund 06573 – Food Factory Internal Service Fund

Program Description

The Food Factory program trains inmates in specific work skills and life skills in meal and baked goods preparation, shipping, billing, and quality control operations while providing meals to numerous state, county, and non-profit facilities in

Department of Corrections - 64010

Rehabilitations & Programs Division - 03

western Montana.

Revenues and Expenses

The Food Factory derives revenues from the sale of bulk food and tray meals to customers. Expenses include raw product inventory, personal services, other operating costs, and capital expenditures for the program. The Food Factory equipment is aging, requiring replacements as cash flow allows.

Rate(s) and Rate Explanations

The Food Factory rates are based on the cost of raw product, debt service and other operating expenditures. Customers who purchase bulk food are charged the actual cost of the food product with 5% markup to allow for raw product loss. In addition, bulk food customers are charged overhead. Overhead charged to each customer is based on their purchases as a percentage of the overall purchases. Customers who purchase tray meals are charged for the food and overhead as a tray meal cost. Detention facilities are charged for tray meals plus disposable trays, dairy products, and accessory packages they receive. Delivery to all customers is based on the number of miles to the customer and actual time involved in the delivery. Disposable trays are charged at actual cost, but due to the volatility of paper goods pricing, this cost will be reviewed on an annual basis.

Changes in Level of Fees and Charges

MCE is requesting a rate increase. This rate increase will cover the debt service associated with the Food Factory expansion that was approved in the 2019 Legislative session. The expansion was approved with construction costs paid through a board of housing loan. The rate increase will cover the repayment of \$3,000,000 in debt service as well as the unknown inflationary increases.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information						
Fee Description:	Actual FY 20	Actual FY 21	Estimated FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Tray Meal Prices to all customers						
Base Tray-hot/cold	\$ 2.35	\$ 2.35	\$ 2.45	\$ 2.45	\$ 2.55	\$ 2.65
Base Tray-hot	\$ 1.22	\$ 1.22	\$ 1.32	\$ 1.32	\$ 1.44	\$ 1.70
Base Tray-hot	\$ 2.95	\$ 2.95	\$ 3.05	\$ 3.05	\$ 3.38	\$ 3.73
Accessory Package	\$ 0.16	\$ 0.16	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20
Disposable tray	\$ -	\$ -	\$ -	\$ -	at cost	at cost
Delivery Charge Per Trayed Meal						
Delivery charge per mile	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
Delivery charge per hour	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00
Bulk food is sold at cost, with a spoilage percentage added on and an overhead charge to cover operating expenses. Overhead charge is based on historical costs and volume of sales to the customer, as a percentage of overall food costs. Delivery is based on actual delivery costs.						
Spoilage percentage to all bulk customers	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Overhead Charges						
Montana State Prison	90.00%	90.00%	90.00%	90.00%	94.00%	94.00%
Montana State Hospital	10.00%	10.00%	10.00%	10.00%	6.00%	6.00%

Projected Fund Balance, Including Cash Fluctuations

The Food Factory internal service fund cash balance will fluctuate as the 2019 legislatively approved expansion project moves forward. Food Factory has received a loan for this project that will be paid back over a period of fifteen years. An adequate cash balance is maintained to purchase needed replacement equipment and complete required repairs.

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Working Capital Analysis

The Food Factory will continually monitor cash and working capital to ensure that it maintains no more than sixty (60) days of working capital during the 2025 biennium.

2025 Biennium Internal Service Fund Working Capital and Fees Commensurate Analysis								
Fund	Fund Name	Agency #	Agency Name	Program Name				
06573	MSP Cook Chill	64010	Department of Corrections	Montana Correctional Enterprises				
			Actual FY 20	Actual FY 21	Actual FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Cash Available for Fund Operations (Working Capital)								
Current Assets			1,155,319	1,132,482	788,518	230,193	409,494	686,153
Less Current Liabilities			(480,528)	(627,632)	(558,325)	179,301	276,659	414,590
Working Capital (WC)			674,791	504,849	230,193	409,494	686,153	1,100,743
Cash Required for Fund Operations								
60 Days Operations Expense			844,865	833,268	909,145	933,333	958,333	983,333
Difference			(170,074)	(328,418)	(678,952)	(523,839)	(272,180)	117,410
Budgeted WC = Actual WC FY 2022 + or - Estimated FY 2023, and Proposed FY 2024 and FY 2025, Change in Net Position								

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2025 Biennium Report on Internal Service and Enterprise Funds						
Agency #	Agency Name:		Program Name:			
64010	Department of Corrections		Rehabilitations & Programs Division			
	Fund	Fund Name				
	06573	MSP - Cook Chill				
	Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:						
Fee and Charges						
Fee Revenue A	5,150,015	5,104,751	5,737,468	5,800,000	6,047,359	6,335,290
Fee Revenue B	4,551	-	-	-	-	-
Total Operating Revenues	5,154,566	5,104,751	5,737,468	5,800,000	6,047,359	6,335,290
Expenses:						
Personal Services	1,170,463	1,103,147	1,012,265	1,100,000	1,150,000	1,200,000
Other Operating Expenses	3,898,726	3,896,459	4,442,604	4,500,000	4,600,000	4,700,000
Total Operating Expenses	5,069,189	4,999,606	5,454,869	5,600,000	5,750,000	5,900,000
Operating Income (Loss)	85,377	105,145	282,599	200,000	297,359	435,290
Nonoperating Revenues:						
Nonoperating Expenses:						
Other Expense A	(59,387)	-	-	-	-	-
Other Expense B	-	(590)	(20,699)	(20,699)	(20,700)	(20,700)
Total Nonoperating Revenues (Expenses)	(59,387)	(590)	(20,699)	(20,699)	(20,700)	(20,700)
Income (Loss) Before Contributions and Transfers	25,990	104,555	261,900	179,301	276,659	414,590
Change in Net Position	25,990	104,555	261,900	179,301	276,659	414,590
Beginning Net Position - July 1	3,132,252	3,158,242	3,262,797	3,524,697	3,703,998	3,980,657
Change in Net Position	25,990	104,555	261,900	179,301	276,659	414,590
Ending Net Position - June 30	3,158,242	3,262,797	3,524,697	3,703,998	3,980,657	4,395,247
Net Position (Fund Balance) Analysis						

Department of Corrections - 64010

Rehabilitations & Programs Division - 03

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 64010	Agency Name: Department of Corrections			Program Name: Rehabilitations & Programs Division			
	Fund 06545	Fund Name Prison Indust. Training Prog					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		936,789	847,967	1,001,097	1,005,000	1,005,000	1,005,000
Revenue A		-	-	7,602	-	-	-
Total Operating Revenues		936,789	847,967	1,008,699	1,005,000	1,005,000	1,005,000
Expenses:							
Personal Services		249,722	254,734	245,747	250,000	250,000	250,000
Other Operating Expenses		742,295	574,158	714,303	715,000	722,150	729,372
Total Operating Expenses		992,017	828,892	960,050	965,000	972,150	979,372
Operating Income (Loss)		(55,228)	19,075	48,649	40,000	32,850	25,628
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		(55,228)	19,075	48,649	40,000	32,850	25,628
Change in Net Position		(55,228)	19,075	48,649	40,000	32,850	25,628
Beginning Net Position - July 1		133,114	77,886	96,961	145,610	185,610	218,460
Change in Net Position		(55,228)	19,075	48,649	40,000	32,850	25,628
Ending Net Position - June 30		77,886	96,961	145,610	185,610	218,460	244,088
Net Position (Fund Balance) Analysis							

Department of Corrections - 64010

Rehabilitations & Programs Division - 03

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 64010	Agency Name: Department of Corrections			Program Name: Rehabilitations & Programs Division			
	Fund 06011	Fund Name License Plate Production					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		2,548,927	3,211,755	3,137,006	3,404,876	3,405,000	3,405,000
Total Operating Revenues		2,548,927	3,211,755	3,137,006	3,404,876	3,405,000	3,405,000
Expenses:							
Personal Services		328,321	382,643	413,271	420,000	421,000	421,000
Other Operating Expenses		1,805,342	2,114,986	2,616,684	2,800,000	2,820,000	2,820,000
Total Operating Expenses		2,133,663	2,497,629	3,029,955	3,220,000	3,241,000	3,241,000
Operating Income (Loss)		415,264	714,126	107,051	184,876	164,000	164,000
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		415,264	714,126	107,051	184,876	164,000	164,000
Transfers In							
Change in Net Position		10,000	-	-	-	-	-
		425,264	714,126	107,051	184,876	164,000	164,000
Beginning Net Position - July 1		4,969,911	5,393,108	6,107,234	6,214,285	6,399,161	6,563,161
Prior Period Adjustments		(2,067)	-	-	-	-	-
Change in Net Position		425,264	714,126	107,051	184,876	164,000	164,000
Ending Net Position - June 30		5,393,108	6,107,234	6,214,285	6,399,161	6,563,161	6,727,161
Net Position (Fund Balance) Analysis							

Department of Corrections - 64010

Rehabilitations & Programs Division - 03

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 64010	Agency Name: Department of Corrections			Program Name: Rehabilitations & Programs Division			
	Fund 06033	Fund Name Prison Ranch					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		4,053,573	3,298,893	2,623,437	2,630,000	2,623,437	2,623,437
Revenue A		144,815	83,972	318,728	30,000	30,000	30,000
Total Operating Revenues		4,198,388	3,382,865	2,942,165	2,660,000	2,653,437	2,653,437
Expenses:							
Personal Services		1,351,909	1,128,094	1,264,811	1,265,000	1,266,000	1,275,000
Other Operating Expenses		3,239,072	2,234,228	2,035,374	2,055,728	2,076,285	2,097,048
Total Operating Expenses		4,590,981	3,362,322	3,300,185	3,320,728	3,342,285	3,372,048
Operating Income (Loss)		(392,593)	20,543	(358,020)	(660,728)	(688,848)	(718,611)
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		(392,593)	20,543	(358,020)	(660,728)	(688,848)	(718,611)
Transfers In							
Change in Net Position		(392,593)	20,543	11,303	39,272	11,152	(18,611)
Beginning Net Position - July 1		10,451,023	10,058,430	10,087,881	10,090,276	10,129,548	10,140,700
Prior Period Adjustments		-	8,908	(8,908)	-	-	-
Change in Net Position		(392,593)	20,543	11,303	39,272	11,152	(18,611)
Ending Net Position - June 30		10,058,430	10,087,881	10,090,276	10,129,548	10,140,700	10,122,089
Net Position (Fund Balance) Analysis							

Department of Corrections - 64010

Rehabilitations & Programs Division - 03

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 64010	Agency Name: Department of Corrections			Program Name: Rehabilitations & Programs Division			
	Fund 06034	Fund Name MSP Institutional Industries					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		5,837	8,171	14,469	15,000	15,000	15,000
Fee Revenue B		3,472,821	3,698,169	4,269,815	4,270,000	4,270,000	4,270,000
Total Operating Revenues		3,478,658	3,706,340	4,284,284	4,285,000	4,285,000	4,285,000
Expenses:							
Personal Services		1,713,137	1,568,978	1,682,551	1,690,000	1,700,000	1,700,000
Other Operating Expenses		2,064,281	2,228,113	2,325,942	2,400,000	2,400,000	2,400,000
Expense B		62	-	-	-	-	-
Total Operating Expenses		3,777,480	3,797,091	4,008,493	4,090,000	4,100,000	4,100,000
Operating Income (Loss)		(298,822)	(90,751)	275,791	195,000	185,000	185,000
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		(298,822)	(90,751)	275,791	195,000	185,000	185,000
Change in Net Position		(298,822)	(90,751)	275,791	195,000	185,000	185,000
Beginning Net Position - July 1		2,087,011	1,788,189	1,697,438	1,973,229	2,168,229	2,353,229
Change in Net Position		(298,822)	(90,751)	275,791	195,000	185,000	185,000
Ending Net Position - June 30		1,788,189	1,697,438	1,973,229	2,168,229	2,353,229	2,538,229
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$9,359
FY 2025	\$0	\$33,766

SWPL - 1 - Personal Services -

The budget includes a reduction of \$136,089 in FY 2024 and \$205,586 in FY 2025 to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Corrections - 64010

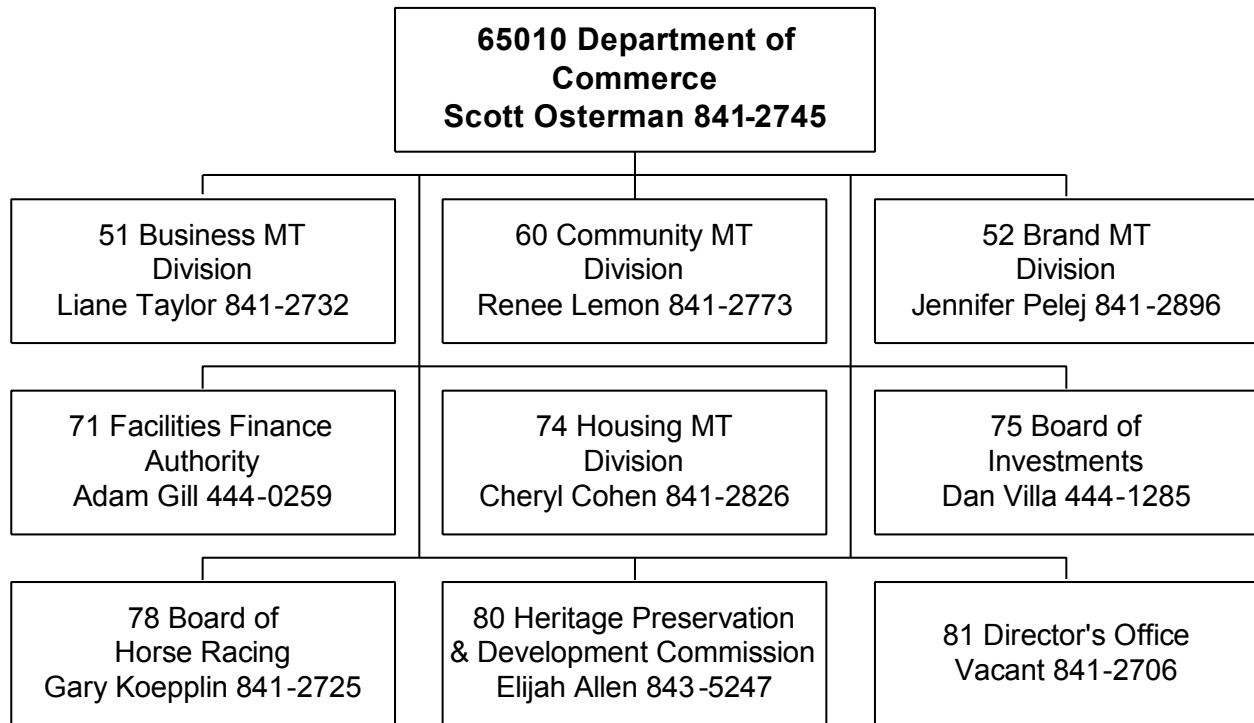
Rehabilitations & Programs Division - 03

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$485,984
FY 2025	\$0	\$523,101

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$3,800,578 in FY 2024 and \$4,842,448 in FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies & materials, communications, repair & maintenance, state motor pool, and other services.

Department of Commerce - 65010



Mission Statement - The Department of Commerce effectively and efficiently delivers programs and resources through technical assistance, funding/investments, training/consulting, promotion, research, reporting, and outreach to provide affordable housing, create sustainable business and economic growth to enhance community vitality to benefit the citizen of Montana.

Statutory Authority - The department is mandated in 2-15-18, MCA.

Agency Proposed Budget			
Budget Item	Total Exec. Budget Fiscal 2024	Total Exec. Budget Fiscal 2025	Total Exec. Budget 2025 Biennium
FTE	115.33	115.33	
Personal Services	11,903,449	11,963,898	23,867,347
Operating Expenses	10,127,899	10,067,301	20,195,200
Equipment & Intangible Assets	312,000	312,000	624,000
Grants	150,000	150,000	300,000
Benefits & Claims	52,920,725	54,789,200	107,709,925
Transfers	35,000	35,000	70,000
Debt Service	622,282	622,282	1,244,564
Total Costs	\$76,071,355	\$77,939,681	\$154,011,036
Proprietary Funds	76,071,355	77,939,681	154,011,036
Total Funds	\$76,071,355	\$77,939,681	\$154,011,036

Department of Commerce - 65010

Montana Facility Finance Authority - 71

71 Facilities Finance Authority
Adam Gill 444-0259

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	3.00	0.00	3.00	0.00	3.00	
Personal Services	341,020	14,231	355,251	16,406	357,426	712,677
Operating Expenses	202,641	63,015	265,656	41,110	243,751	509,407
Grants	150,000	0	150,000	0	150,000	300,000
Transfers	35,000	0	35,000	0	35,000	70,000
Debt Service	29,056	0	29,056	0	29,056	58,112
Total Costs	\$757,717	\$77,246	\$834,963	\$57,516	\$815,233	\$1,650,196
Proprietary Funds	757,717	77,246	834,963	57,516	815,233	1,650,196
Total Funds	\$757,717	\$77,246	\$834,963	\$57,516	\$815,233	\$1,650,196

Proprietary Program Description - 06012 HFA Loan Program – Facility Finance Authority

06015 Facilities Finance Authority – Facility Finance Authority

06017 Commercial Property Assessed Capital Enhancement (C-PACE) Program – Facility Finance Authority

Program Description:

The Facility Finance Authority (authority) was created by the 1983 Legislature to assist health care and related facilities in containing future health care costs by offering debt financing or refinancing at low-cost, tax-exempt interest rates. The legislature extended eligible facilities to include community pre-release centers and for-profit manufacturing facilities.

Cost savings are shared with consumers in the form of lower fees.

The ability to issue Industrial Development Revenue Bonds for small manufacturing facilities was added in the 61st Legislative Session, effective July 1, 2009.

Effective January 1, 2022, the authority serves as the statewide administrator of the Commercial Property Assessed Capital Enhancement (C-PACE) Program which assists business in gaining access to private capital financing for energy and water efficiency as well as renewable energy projects.

The authority is primarily mandated in Title 90, Chapter 7 and Title 2, Chapter 15, MCA.

Revenues & Expenses:

The Facility Finance Authority is funded entirely by proprietary funds with revenues collected from interest, fees, and charges to participating institutions. There are no direct appropriations provided in HB 2.

The authority application and annual administrative fee assessments are contingent upon its business volume. Customer volume is assumed to continue at the current level throughout the 2025 biennium.

The major cost drivers within the Facilities Finance Authority are personal services, operating expenses, transfers to pay

Department of Commerce - 65010

Montana Facility Finance Authority - 71

for shared staff, and expenditures related to the periodic replacement of computer equipment.

There is little uncertainty in forecasting future costs of major cost drivers, unless the authority were to become involved in litigation related to the issuance and maintenance of bonds or was required to write-off defaulted loans.

For the purposes of this analysis, it is assumed the authority's ongoing work and customer levels remain constant. Non-typical and one time only expenses, if any, are subtracted from any proposed budgets.

Personal services expenditures fund 3.00 FTE and board member per diem.

Rate(s) and Rate Explanation:

The Facilities Finance Authority is funded by an enterprise fund. The fee structure that is proposed does not materially vary from that proposed in the last session.

Projected Fund Balance, Including Cash Fluctuations:

The Total Fund Equity requirement for the 2025 biennium is derived from the following Authority Program Reserve mandates:

- A. Biennium Working Capital Reserve; \$1,297,656 (two years of FY 2021 operating expense of \$648,828)
- B. Capital Reserve Account (Loan Loss Reserve); \$ 11,583,840 (Maximum of 10% of the outstanding BOI enhancement bond balance as of 7/1/2022)
- C. Facility Direct Loan Program Reserve; \$4,905,556
- D. 10% of the Trust Fund Loan Pool Balance as of 7/1/2022; \$1,265,668

Working Capital and Fees Commensurate Analysis:

The 60-day working capital calculation is not reasonably applicable to the authority, because national bond rating agencies, national bond insurers, and institutional investors expect the authority to reserve two years' operating capital (approximately \$1,774,162) to assure that the authority can financially operate between legislative sessions.

Department of Commerce - 65010

Montana Facility Finance Authority - 71

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 65010	Agency Name: Department of Commerce			Program Name: Montana Facility Finance Authority			
	Fund	Fund Name					
	06012	FFA Loan Program					
	06015	Facilities Finance Authority					
	06017	C-PACE Commercial Property Ass					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
	Fee Revenue A	743,934	817,975	1,152,629	575,000	660,000	625,000
	Fee Revenue B	150,220	96,360	81,720	125,000	85,000	87,500
	Fee Revenue C	-	-	-	100,000	150,000	175,000
Total Operating Revenues		894,154	914,335	1,234,349	800,000	895,000	887,500
Expenses:							
	Personal Services	304,657	286,637	373,288	341,020	355,251	357,426
	Other Operating Expenses	180,788	168,699	225,578	202,641	265,656	243,751
	Loans and Lease Payments	13	16	1,198	29,056	29,056	29,056
Total Operating Expenses		485,458	455,352	600,064	572,717	649,963	630,233
Operating Income (Loss)		408,696	458,983	634,285	227,283	245,037	257,267
Nonoperating Revenues:							
Nonoperating Expenses:							
	Other Expense A	(136,139)	-	(25,000)	(150,000)	(150,000)	(150,000)
Total Nonoperating Revenues (Expenses)		(136,139)	-	(25,000)	(150,000)	(150,000)	(150,000)
Income (Loss) Before Contributions and Transfers		272,557	458,983	609,285	77,283	95,037	107,267
Transfers In							
	Transfers Out	2,300,000	(1,200,000)	-	-	-	-
		(2,307,734)	1,160,254	-	(35,000)	(35,000)	(35,000)
Change in Net Position		264,823	419,237	609,285	42,283	60,037	72,267
Beginning Net Position - July 1		8,256,078	8,520,901	8,940,138	9,543,611	9,585,894	9,645,931
Prior Period Adjustments		-	-	(5,812)	-	-	-
Change in Net Position		264,823	419,237	609,285	42,283	60,037	72,267
Ending Net Position - June 30		8,520,901	8,940,138	9,543,611	9,585,894	9,645,931	9,718,198
Net Position (Fund Balance) Analysis							
Unrestricted Net Position		8,520,901	8,940,138	9,543,611	9,585,894	9,645,931	9,718,198

Department of Commerce - 65010

Montana Facility Finance Authority - 71

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$14,231
FY 2025	\$0	\$16,406

SWPL - 1 - Personal Services -

The budget includes funding to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$27,622
FY 2025	\$0	\$4,404

SWPL - 2 - Fixed Costs -

The request includes funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$6,734
FY 2025	\$0	\$8,142

SWPL - 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the supplies and materials, communications, repair and maintenance, state motor pool, and other services.

-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$28,344
FY 2025	\$0	\$28,249

PL - 7101 - FFA ADMINISTRATIVE COSTS ADJUSTMENTS -

The request includes adjustments for annual rent increases, additional software licenses, computer replacement, and increased costs for travel, as well as indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs. There are reductions in contracted services as initial estimated consulting services will not be needed.

-----New Proposals-----

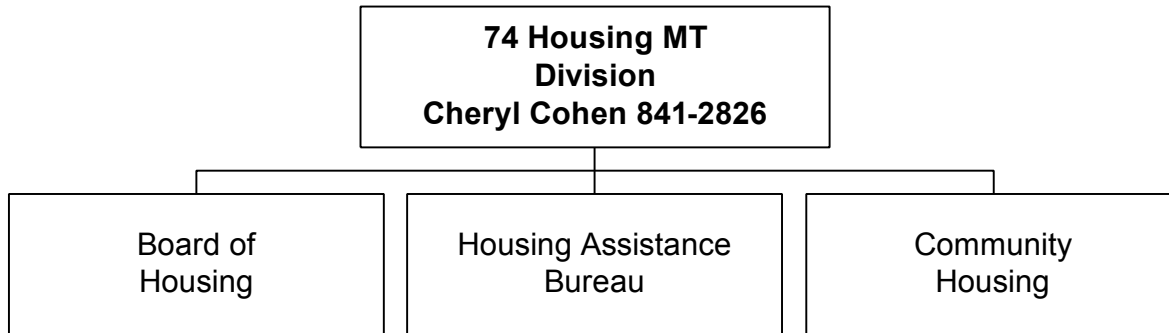
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$315
FY 2025	\$0	\$315

NP - 99 - New Fixed Costs -

The budget includes adjustments in FY 2024 and FY 2025 to provide funding for the agency to pay for new fixed cost allocations related to the Chief Data Office and the State Management Training Center. Rates for the fix costs are reviewed by the Section A subcommittee.

Department of Commerce - 65010

Housing M T - 74



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	58.33	0.00	58.33	0.00	58.33	
Personal Services	4,490,493	61,293	4,551,786	86,402	4,576,895	9,128,681
Operating Expenses	5,511,257	583,722	6,094,979	633,637	6,144,894	12,239,873
Equipment & Intangible Assets	312,000	0	312,000	0	312,000	624,000
Benefits & Claims	51,115,435	1,805,290	52,920,725	3,673,765	54,789,200	107,709,925
Debt Service	452,942	0	452,942	0	452,942	905,884
Total Costs	\$61,882,127	\$2,450,305	\$64,332,432	\$4,393,804	\$66,275,931	\$130,608,363
Proprietary Funds	61,882,127	2,450,305	64,332,432	4,393,804	66,275,931	130,608,363
Total Funds	\$61,882,127	\$2,450,305	\$64,332,432	\$4,393,804	\$66,275,931	\$130,608,363

Proprietary Program Description - 06030 BOH Financial Programs

06031 Housing Trust Fund

06032 BOH Loan Servicing

06078 Affordable Housing Revolving

06079 Revolving Loan – TANF

Program Description:

Board of Housing, Montana's statewide Housing Finance Agency (HFA) created under the Montana [Housing Act of 1975](#), is [administratively attached](#) to the Department of Commerce. The board is comprised of seven members appointed by the Governor and confirmed by the state Senate. The Board of Housing is funded by enterprise funds with revenues derived from an administrative charge applied to projects and mortgages financed; the board does not receive any general fund and is completely self-supporting. The board provides policy direction for the following programs:

- *Low-Income Housing Tax Credits (LIHTC)* [Governor EO 2-87](#) | [90-6-109, MCA](#) | [8.111.601 to 8.111.603, ARM](#)
- *Private Activity Bonds (PAB)* [17-5-13, MCA](#) | [90-6-125, MCA](#)
- *Coal Trust Multifamily Homes program (CTMH)* [90-6-137, MCA](#) | [8.111.801 to 8.111.807, ARM](#)
- *Housing Montana Fund (HMF)* [90-6-133, MCA](#) | [90-6-134, MCA](#) | [8.111.501 to 8.111.515, ARM](#)
- *Homeownership Loan & Mortgage Servicing programs* [32-9-101 to 32-9-172, MCA](#) | [90-6-108, MCA](#) | [90-6-125, MCA](#) | [8.111.301 to 8.111.307, ARM](#)
- *Montana Veterans' Home Loan program (VHLP)** [90-6-601 to 90-6-605, MCA](#) | [8.111.701 - 8.111.707, ARM](#)
- *Mortgage Credit Certificate program (MCC)*
- *Reverse Annuity Mortgage program (RAM)* [90-6-501 to 90-6-507, MCA](#) | [8.111.401 to 8.111.409, ARM](#)

Department of Commerce - 65010

Housing M T - 74

There have not been any significant program, service or customer base changes since the last session.

Revenues & Expenses:

Mortgage & Investment Income:

The board's income is primarily from mortgage and investment income.

- Mortgage income is the interest people pay on board loans and is limited by the Internal Revenue Service (IRS) as a condition of using tax-free bonds as a financing source. Mortgage income is also controlled by national financial markets, which set both mortgage rates and bond financing rates.
- Investment income comes from interest earned on investing reserves the board is required to hold and bond and program moneys not yet used to buy mortgages or pay bondholders. Both future mortgage income and investment income for the board depend on the interest rate environment, which is determined by national financial markets.

Other Income:

The board charges the Board of Investments for managing its mortgage loans and for loan cancellations, extensions, or for reviewing certain loan applications. Investment income includes Government Accounting Standards Board (GASB) market value adjustment. GASB 31 requires that long-term investments be valued at fair value and any changes since the previous year be added or subtracted from investment income. Since no actual gain or loss occurs, this adjustment artificially affects the investment income amount presented.

Bond Debt, Loan Servicing, and Operations:

The board issues (sells) bonds each year to purchase new mortgages. Once the bonds are sold, the board must repay the bond holders by making interest and principal payments. The board is required to use mortgage and investment income to pay bondholders, buy mortgages, or pay operating costs. Bond debt payments are the board's greatest expense.

The remaining expenses are for loan servicing and operations. More than half of servicing and operations expenses pay for professional services to banks, mortgage companies, and other professionals for issuing bonds, selling mortgages, collecting the monthly mortgage payments, legal services, and paying bondholders. The remaining expenses pay for the board's staff and staff operations, including purchasing and recording mortgage loans, recording repayments and prepayments, investing funds, issuing and redeeming bonds, operating all loan programs, and bookkeeping for over 5,000 mortgages, 263 investment accounts, and 20 bond series.

Rate(s) and Rate Explanation:

The board recovers its costs from charging application and compliance fees for the Low-Income Tax Credit (LIHTC) program and from charging a spread on the loan programs. The board draws funds for its budget from the amounts available within the indentures. The amount of the approved budget, less any cash on hand, is withdrawn from the indenture and is allocated among the various indentures. Any income the board earns is used to fund special programs that meet the needs of Montana families that are not being met by regular programs. These funds are pledged to the bondholders.

Changes in Level of Fees and Charges:

There have not been any significant program, service, or customer base changes since the last session.

Projected Fund Balance, Including Cash Fluctuations:

As stated in the board's financial statements, Note 1, Fund Accounting: Net Position – Restricted for Bondholders represent bond program funds that are required to be used for program purposes as prescribed by individual bond indentures. The following are restricted net assets:

- Special trust funds and accounts within the indenture are pledged as collateral for the bonds under the individual

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- program indentures
- Reserve requirements on cash and investments
- Mortgage loans receivable are also pledged as security for holders of the bonds
- Certain indentures require asset-liability coverage ratios be met as well as cash flow certificates be furnished for any significant change anticipated in the financial structure of an indenture
- The trust indentures entered into by the board require all mortgages, and all moneys and investments within the indentures, be legally restricted to uses provided for in the indentures, and the fund balance associated with the indentures, be legally reserved for those uses.
- The board's budgeted monies (those projected to be needed for the fiscal year's operations) are drawn down from the indentures during the fiscal year. These funds are legally pledged to the trust indentures from which they were drawn, and any associated fund balance is reserved for the program from which the budgeted funds were withdrawn.

Working Capital and Fees Commensurate Analysis:

The board recovers its costs by charging application and compliance fees for the LIHTC program and from charging a spread on the loan programs. Any income the board earns is used to fund special programs that meet the needs of Montana families that are not being met by current programs. These funds are pledged to the bondholders.

Loan Program Charges:

The board earns the bulk of its income from the spread between the interest yield on the Homeownership Loans and the yield on the bonds. The IRS allows the board to earn 1 1/2% on Pre-1980 Single Family programs, 1 1/8% on the Post 1980 Single-Family programs, and 1 1/2 % on Multifamily programs. According to tax law, certain costs must be included in the amount that the board can earn, including origination points, operating expenses, and servicing fees. On an issue-by-issue basis, it may be necessary for the board to earn less than full spread in order to offer lower mortgage rates competitive with the private sector. These determinations are based on market conditions and are made in consultation with the board's financial team and financial advisors. The board also charges cancellation, extension and late fees. A 1% of total mortgage loan amount fee is applied to all multifamily loan programs.

Low Income Housing Tax Credit Charges:

The board receives a tax credit allocation, annually. The board charges 1% of the amount of tax credit reserved. The board is also required to monitor the projects that receive tax credits to determine if the projects are in compliance with tax credit regulations. The board charges \$45 per unit for compliance fees.

Other Loan Programs:

- Housing Montana Fund (HMT): The interest that will be charged on Housing Montana Fund loans will range from 2% - 6%. This program uses funds from both the Affordable Housing Revolving Fund and the TANF revolving fund for loans.
- Reverse Annuity Mortgage (RAM): The loans processed through the Housing Trust Fund, for reverse annuity mortgage loans, accrue interest from 4% - 5%.
- Coal Trust Homes Program (CTHP): The interest that will be charged on Coal Trust Homes Program loans will range from 2% - 6% and is a part of the Board of Housing Financial Program and follows the guidance of the Low Income Housing Tax Credit program

Payment of Bond Debt:

Principal and interest on the multifamily bond issues is due February 1 and August 1. Principal and interest on the single-family bond issues is due June 1 and December 1.

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All debt service reserve funds and mortgage reserve funds that must be held as security for the bondholders are invested in long-term securities, repurchase agreements, or guaranteed investment contracts. Under the Multifamily program, the funds are invested to the next debt service date or to a loan purchase date.

Other Mortgage Purchases:

The board purchases Reverse Annuity Mortgages (RAM). RAM loans are not repaid until the borrower passes away or sells their home. These amounts are assets of the board and the interest is accrued monthly. However, the board may not receive the principal and interest repayments for many years. The board also purchases out of the Housing Montana Fund. These loans can be due on sale or amortized. These amounts are assets of the board and the interest is accrued monthly.

06074 Section 8 Project Based

Program Description:

The Project Based Section 8 (PBS8) program is the U.S. Department of Housing and Urban Development (HUD) contract administrator for low-income rental properties HUD subsidizes throughout the state. The program provides rental assistance to projects at fixed locations. Landlords perform administrative tasks at the local level. The agency performs annual property reviews, oversees property management, and makes rent subsidy payments to owners. The agency earns fees from HUD under a performance-based contract for the tasks performed. The project based program renews rent contracts to project owners as they expire. Contract managers prepare special damage claims, annual rent increases, respond to emergencies, check compliance for fair housing and waiting lists, perform on-site management reviews, follow-up to physical inspections, review management decisions, and provides budget assistance to local property owners.

The Section 8 Housing programs are primarily mandated in 24 CFR Parts 5, 8, 35, 792, 813, 880, 882, 883, 887, 888, 891, 903, 982, 984 and 985 of the Code of Federal Regulations Section 8 Housing authorization and the Governor's Executive Order 27-81 Authorization of Section 8 Housing.

There has not been any significant program, service, or customer base change since the last session.

Revenues & Expenses:

The Project Based Section 8 program is funded by enterprise fund 06074. Revenues are derived from a performance based annual contribution contract with HUD. There are no direct appropriations provided in HB 2; the Project Based Section 8 program is completely self-supporting.

Major cost drivers for the Project Based Section 8 program are personal services, operating expenses and benefits and claims. Non-typical and one-time only expenses, if any, are subtracted from proposed budgets.

Rate(s) and Rate Explanation:

The Project Based Section 8 contract administration is funded through a performance based contract with the U.S. Department of Housing and Urban Development (HUD), based on a 5-year renewable request for proposal. Retained earnings are to be used for operations of this program. Funding for rents is paid by HUD, based on actual contracts negotiated between the department and the individual owners of the projects, set up on a procedure dictated by HUD.

Changes in Level of Fees and Charges:

There have not been any significant program, service, or customer base changes since the last session.

Projected Fund Balance, Including Cash Fluctuations:

Fund equity remaining in the accounts is reserved for use on the Section 8 Housing programs. This was enacted in HUD PIH Notices 2003-23 and 2004-07, and is also found in 24 CFR 982.152(b). Also see the working capital section for details.

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Working Capital and Fees Commensurate Analysis:

Revenues are generated in the Project Based Section 8 contract administration under a HUD performance based contract using 17 incentive based performance standards, which are calculated by HUD monthly, quarterly, and annually. Revenues generated are required to be used for contract administration. Rental assistance payments are made based on contracts negotiated by the PBS8 staff and tenant income data. Payments are paid and reimbursed monthly by HUD, based on actual program benefits paid to owners.

06075 HUD Section 8 Tenant Based

06085 HUD Section 8 Mod Rehab

Program Description:

Tenant Based Section 8 (TBS8) provides rent assisted units for very low-income families (including elderly and disabled) to ensure they have decent, safe and sanitary housing using HUD Section 8 Housing Choice Vouchers (which includes the Mainstream Voucher program, HUD-Veteran Affairs Supportive Housing program and Moderate Rehabilitation programs). The program operates on a first come, first served, basis statewide, through a network of field agencies the department contracts with for local administration of the program. Leases are entered on the open rental market between tenants and private landlords. The program makes a subsidy payment to the property owner on behalf of the tenant. Payments are based on applicable unit rent limits and tenants generally pay 30% of their monthly adjusted income towards rent and utilities.

The Section 8 Housing programs are primarily mandated in 24 CFR Parts 5, 8, 35, 792, 813, 880, 882, 883, 887, 888, 891, 903, 982, 984 and 985 of the Code of Federal Regulations Section 8 Housing authorization and the Governor's Executive Order 27-81 Authorization of Section 8 Housing.

Revenues & Expenses:

The Tenant Based Section 8 Program is funded by enterprise funds 06075 and 06054, while the Moderate Rehabilitation Program is funded by enterprise funds 06085 and 06037. Revenues are derived from a performance-based Annual Contribution Contract with HUD. There are no direct appropriations provided in HB 2; the Tenant Based Section 8 program is completely self-supporting.

Major cost drivers for the Tenant Based Section 8 are personal services, operating expenses and benefits and claims. Non-typical and one-time only expenses, if any, are subtracted from proposed budgets.

Rate(s) and Rate Explanation:

Fund revenues are derived from competitively-awarded, performance-based annual contribution contracts with HUD, and the program is completely self-supporting. The department is the only statewide public housing authority in Montana and specifically budgeted for in HUD's ongoing appropriation for Tenant Based Section 8.

Changes in Level of Fees and Charges:

There have not been any significant program, service, or customer base changes since the last session.

Projected Fund Balance, Including Cash Fluctuations:

Fund equity remaining in the accounts is reserved for use on the Section 8 Housing programs. This was enacted in HUD PIH Notices 2003-23 and 2004-07, and is also found in 24 CFR 982.152(b). Also, see the working capital discussion.

Working Capital and Fees Commensurate Analysis:

Revenues for the Tenant Based Section 8 program are generated per unit for each rental unit under lease each month.

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Revenues are used to pay for contract administration of the program. HUD regulations do not allow the PHA to earn new reserve balances after 2003. Old reserve balances are committed to paying program administration costs only and HUD may require their use to pay rental subsidies in the future. Retained earnings are used to supplement interest earnings and older operating reserves in paying for contract administration costs that exceed current revenues. Rental subsidies are paid and reimbursed by HUD. The PHA is not allowed to retain any funds for other than the payment of rents under the program.

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 65010	Agency Name: Department of Commerce		Program Name: Housing M T				
	Fund	Fund Name					
	06030	BOH Financial Program Fund					
	06078	Housing Montana Fund					
	06079	Revolving Loan Fund - TANF					
	06032	Mortgage Loan Servicing					
	06031	Housing Trust Fund					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		3,189,758	4,820,946	4,420,134	4,552,738	4,689,320	4,830,000
Fee Revenue B		25,141,594	18,765,318	15,578,470	21,575,000	22,330,125	23,111,679
Total Operating Revenues		28,331,352	23,586,264	19,998,604	26,127,738	27,019,445	27,941,679
Expenses:							
Personal Services		2,635,647	2,627,634	2,464,928	2,728,756	2,800,247	2,817,873
Other Operating Expenses		5,188,949	5,169,074	4,229,893	2,544,723	2,781,485	2,745,790
Loans and Lease Payments		17,744,758	16,088,261	13,411,029	20,519,461	21,424,461	22,169,461
Total Operating Expenses		25,569,354	23,884,969	20,105,850	25,792,940	27,006,193	27,733,124
Operating Income (Loss)		2,761,998	(298,705)	(107,246)	334,798	13,252	208,555
Nonoperating Revenues:							
Nonoperating Expenses:							
Other Expense A		(230,027)	238,682	-	-	-	-
Total Nonoperating Revenues (Expenses)		(230,027)	238,682	-	-	-	-
Income (Loss) Before Contributions and Transfers		2,531,971	(60,023)	(107,246)	334,798	13,252	208,555
Transfers In							
Transfers Out		800,000	1,201,433	1,000,017	520,000	-	-
Change in Net Position		(800,000)	(700,000)	(1,000,000)	-	-	-
		2,531,971	441,410	(107,229)	854,798	13,252	208,555
Beginning Net Position - July 1		159,358,355	161,889,156	162,324,018	163,578,210	164,433,008	164,446,260
Prior Period Adjustments		(1,170)	(6,548)	1,361,421	-	-	-
Change in Net Position		2,531,971	441,410	(107,229)	854,798	13,252	208,555
Ending Net Position - June 30		161,889,156	162,324,018	163,578,210	164,433,008	164,446,260	164,654,815
Net Position (Fund Balance) Analysis							
Restricted Net Pos(Enterprise Fund Only)		161,889,156	162,324,018	163,578,210	164,433,008	164,446,260	164,654,815

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2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 65010	Agency Name: Department of Commerce			Program Name: Housing M T			
	Fund 06074	Fund Name SEC 8 Project Based					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
Fee Revenue B							
Total Operating Revenues							
Expenses:							
Personal Services							
Other Operating Expenses							
Expense B							
Expense C							
Loans and Lease Payments							
Total Operating Expenses							
Operating Income (Loss)							
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
Income (Loss) Before Contributions and Transfers							
Change in Net Position							
Beginning Net Position - July 1							
Prior Period Adjustments							
Change in Net Position							
Ending Net Position - June 30							
Net Position (Fund Balance) Analysis							
Unrestricted Net Position							

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2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 65010	Agency Name: Department of Commerce			Program Name: Housing M T			
	Fund	Fund Name					
	06037	Sect 8 Mod Rehab HAP					
	06075	Section 8 Vouchers					
	06085	Section 8 Mod Rehab					
	06054	Section 8 HAP					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		76,895	9,354	11,329	18,707	19,362	20,040
Fee Revenue B		25,323,549	26,124,315	24,399,644	26,253,631	29,637,508	32,052,321
Total Operating Revenues		25,400,444	26,133,669	24,410,973	26,272,338	29,656,870	32,072,361
Expenses:							
Personal Services		760,357	598,769	820,616	918,668	878,218	882,133
Other Operating Expenses		2,196,851	2,293,879	2,093,348	2,616,200	2,912,403	3,014,504
Expense B		-	-	-	156,000	156,000	156,000
Expense C		21,785,346	22,692,894	21,138,425	25,869,929	26,775,376	27,712,514
Loans and Lease Payments		20	25	14,307	201,600	201,600	201,600
Total Operating Expenses		24,742,574	25,585,567	24,066,696	29,762,397	30,923,597	31,966,751
Operating Income (Loss)		657,870	548,102	344,277	(3,490,059)	(1,266,727)	105,610
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		657,870	548,102	344,277	(3,490,059)	(1,266,727)	105,610
Change in Net Position		657,870	548,102	344,277	(3,490,059)	(1,266,727)	105,610
Beginning Net Position - July 1		4,480,914	5,138,784	5,686,886	5,992,177	2,502,118	1,235,391
Prior Period Adjustments		-	-	(38,986)	-	-	-
Change in Net Position		657,870	548,102	344,277	(3,490,059)	(1,266,727)	105,610
Ending Net Position - June 30		5,138,784	5,686,886	5,992,177	2,502,118	1,235,391	1,341,001
Net Position (Fund Balance) Analysis							
Unrestricted Net Position		5,138,782	5,686,886	5,992,177	2,502,118	1,235,391	1,341,001

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$61,293
FY 2025	\$0	\$86,402

SWPL - 1 - Personal Services -

The budget includes funding to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

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	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$233,733
FY 2025	\$0	\$115,977

SWPL - 2 - Fixed Costs -

The request includes funding to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$299,383
FY 2025	\$0	\$381,350

SWPL - 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies and materials, communications, repair and maintenance, state motor pool, and other services.

-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$1,853,216
FY 2025	\$0	\$3,807,395

PL - 7402 - HMT ADMINISTRATIVE COSTS ADJUSTMENTS -

This request includes adjustments for non-state rent increases per the terms of the negotiated lease, and indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs. Additional adjustments are for increases in field agent contracts, additional training and access to on-line resources due to higher than anticipated staff turnover, and projected increases in housing assistance payments based on HUD's fair market rents which historically increase each year. The decision package also decreases appropriations for grants in the HOME and HTF programs for the amount of federal funds anticipated to be available in the 2025 biennium.

-----New Proposals-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$2,680
FY 2025	\$0	\$2,680

NP - 99 - New Fixed Costs -

The budget includes adjustments in FY 2024 and FY 2025 to provide funding for the agency to pay for new fixed cost allocations related to the Chief Data Office and the State Management Training Center. Rates for the fix costs are reviewed by the Section A subcommittee.

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Program Proposed Budget						
Budget Item	Starting Point Fiscal 2023	Budget Adjustments Fiscal 2024	Total Exec. Budget Fiscal 2024	Budget Adjustments Fiscal 2025	Total Exec. Budget Fiscal 2025	Executive Budget Request 2025 Biennium
FTE	33.00	0.00	33.00	0.00	33.00	
Personal Services	5,051,314	(285,291)	4,766,023	(261,911)	4,789,403	9,555,426
Operating Expenses	3,205,958	262,973	3,468,931	176,790	3,382,748	6,851,679
Debt Service	556	0	556	0	556	1,112
Total Costs	\$8,257,828	(\$22,318)	\$8,235,510	(\$85,121)	\$8,172,707	\$16,408,217
Proprietary Funds	8,257,828	(22,318)	8,235,510	(85,121)	8,172,707	16,408,217
Total Funds	\$8,257,828	(\$22,318)	\$8,235,510	(\$85,121)	\$8,172,707	\$16,408,217

Proprietary Program Description - Fund 06014 Industrial Revenue Bond I-95

Fund 06527 Investment Division

Board of Investments Program Description:

Unified Investment Program:

The Board of Investments manages the Unified Investment Program mandated by Article VIII, Section 13 of the Montana Constitution. Section 2-15-1808, MCA, created the Board of Investments and Section 17-6-201, MCA, gave the board sole authority to invest state funds. The board also invests local government funds at their discretion. The board manages an investment portfolio with a market value, as of June 30, 2019, of approximately \$19.6 billion. The board manages the portfolio under the "prudent expert principle." To provide for diversification and reduced risk, the board manages several investment pools in which funds of similar types are invested. The Legislative Auditor audits the board annually. The board consists of nine members appointed by the Governor. The board also has two non-voting legislative liaisons, from different political parties; one appointed by the President of the Senate and one appointed by the Speaker of the House

No major changes were made in the unified investment program provided by the Board of Investments from those provided in the last biennium, although the investment portfolio continues to grow in size and complexity.

In-State Investments:

Section 17-6-305, MCA, authorizes the board to invest 25 percent of the Permanent Coal Tax Trust Fund to assist Montana's economic development. This "In-State Investment Program" makes business loans from the trust fund in participation with financial institutions. The board lends trust fund monies to local governments to fund infrastructure that will serve job-creating businesses located in the government's jurisdiction and lends low-interest monies to value-added type businesses creating jobs. The board also provides low interest loans for Montana veterans who are first-time home buyers. The board purchases Montana residential mortgages with pension funds as part of the In-State Investment Program.

The Board may purchase Montana residential mortgages with pension funds as part of the In-State Investment Program.

INTERCAP Program:

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In 2022, the Board of Investments made several programmatic changes to modernize the INTERCAP program. The Short-Term Investment Pool holds the taxable bond family, the INTERCAP Program, which lends proceeds to eligible governments for eligible projects. Loan terms range from one to 15 years, and short-term loans to finance cash flow deficits or bridge financing are also available.

The INTERCAP and In-State Investment Programs were created in 1984 as part of the "Build Montana" program.

The Board of Investments is funded by two proprietary funds - fund 06014, an enterprise fund, funds the INTERCAP or Bond Programs, and fund 06527, an internal service fund, funds the Investment Programs.

The Board of Investments' responsibilities are mandated primarily in Article VIII, Section 13 of the Montana Constitution, Title 2, Chapter 15, and Title 17, Chapters 5 and 6, MCA.

Board of Investments' customers include: state agencies, the university system, local governments, approved financial institutions, and local economic development organizations.

The board is authorized 33.00 FTE (approximately 29.00 in fund 06527 and approximately 4.00 in fund 06014) in the 2022 biennium. Personal services expenditures include board member per diem.

06014 Industrial Revenue Bond I-95 – Board of Investments

Revenues & Expenses:

Nearly all bond program revenues are generated by the difference between interest rates on bonds sold and the interest rate charged on loans to borrowers. The Board of Investments does not receive any direct appropriations.

The major cost drivers within the Board of Investments are personal services and other expenses, which are primarily indirect costs charged by the Department of Commerce. Additionally, approximately \$479,000 was disbursed from fund 06014 in FY 2022, via a statutory appropriation, for debt service requirements related to the state's bonding activity.

There is little uncertainty in forecasting major cost drivers, and for the purposes of this analysis, it is assumed the division's workload and customer levels will remain constant. Non-typical and one-time only expenses, if any, are subtracted from proposed budgets.

Rate(s) and Rate Explanation:

The Board of Investments recovers its costs from the entities that use its services. Typically, this has been done by requesting a maximum level of expenditures, similar to what occurs in HB 2, and setting the fee at that level. This process has worked very well since the passage of HB 576 in 1995, and this methodology is continued in the 2025 biennium because it provides an easy comparison with historical financial activity.

Projected Fund Balance, Including Cash Fluctuations:

At the proposed rates, the board projects a 2025 biennium ending fund balance of approximately \$3,872,062.

Working Capital and Fees Commensurate Analysis:

Revenues for fund 06014 are typically received on an annual basis, so a substantial working capital balance is required to provide adequate funding for the bond program between draws.

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06527 Investment Division - Board of Investments

Revenues & Expenses:

Nearly all investment program revenues are generated from charges to each account the board invests. The revenue objective of the investment program is to fairly assess the costs of operations while maintaining a reasonable and prudent 60-day working capital reserve.

The major cost drivers within the Board of Investments are personal services and operating expenses including indirect costs charged by the Department of Commerce. Fund 06527 also pays for 1.00 FTE in the Treasurers' Office in the Department of Administration.

There is little uncertainty in forecasting major cost drivers, and for the purposes of this analysis, it is assumed the division's workload and customer levels will remain constant, although investment portfolios will continue to grow. Non- typical and one-time only expenses, if any, are subtracted from proposed budgets.

Rate(s) and Rate Explanation:

The Board of Investments recovers its costs from the entities using its services. Typically, this has been done by requesting a maximum level of expenditures, similar to what occurs in HB 2, and setting the fee at that level. This process has worked very well since the passage of HB 576 in 1995, and this methodology is continued in the 2025 biennium because it provides an easy comparison with historical financial activity.

Changes in Level of Fees and Charges:

Allocation Methodology: The revenue objective of the Board of Investments is to assess the costs of operations to each portfolio the Board invests, while attempting to maintain a reasonable and prudent 60-day working capital reserve.

Projected Fund Balance, Including Cash Fluctuations:

At the proposed rate, the board projects a 2025 biennium ending fund balance of approximately \$916,769. All interest earnings on the working capital reserve are distributed to the state general fund.

Working Capital and Fees Commensurate Analysis:

Revenues for fund 06527 are assessed on a monthly basis. Since collections lag by at least one month, the board must maintain a nominal 60-day working capital reserve to meet ongoing operational expenses. At the proposed rates, the board projects a fiscal year end 2025 ending working capital reserve of approximately 67 days for fund 06527.

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2025 Biennium Report on Internal Service and Enterprise Funds						
Agency # 65010	Agency Name: Department of Commerce		Program Name: Board of Investments			
	Fund	Fund Name				
	06527	Investment Division				
	Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:						
Fee and Charges						
Fee Revenue A	7,253,829	7,253,801	7,471,210	7,695,543	7,826,543	7,826,543
Total Operating Revenues	7,253,829	7,253,801	7,471,210	7,695,543	7,826,543	7,826,543
Expenses:						
Personal Services	3,830,661	3,978,893	4,234,775	4,691,689	4,334,164	4,354,900
Other Operating Expenses	2,775,589	2,938,766	4,113,300	3,003,854	3,240,229	3,175,852
Loans and Lease Payments	60	73	-	-	-	-
Total Operating Expenses	6,606,310	6,917,732	8,348,075	7,695,543	7,574,393	7,530,752
Operating Income (Loss)	647,519	336,069	(876,865)	-	252,150	295,791
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	647,519	336,069	(876,865)	-	252,150	295,791
Change in Net Position	647,519	336,069	(876,865)	-	252,150	295,791
Beginning Net Position - July 1	261,671	909,190	1,245,259	368,828	368,828	620,978
Prior Period Adjustments	-	-	434	-	-	-
Change in Net Position	647,519	336,069	(876,865)	-	252,150	295,791
Ending Net Position - June 30	909,190	1,245,259	368,828	368,828	620,978	916,769
Net Position (Fund Balance) Analysis						

Department of Commerce - 65010

Board of Investments - 75

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 65010	Agency Name: Department of Commerce			Program Name: Board of Investments			
	Fund	Fund Name					
	06014	BOI Municipal Finance Programs					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		2,482,154	1,123,780	1,136,430	1,200,000	1,211,901	1,211,901
Fee Revenue B		7,734	39,746	-	-	-	-
Total Operating Revenues		2,489,888	1,163,526	1,136,430	1,200,000	1,211,901	1,211,901
Expenses:							
Personal Services		355,010	461,302	382,250	440,715	431,859	434,503
Other Operating Expenses		252,939	205,511	91,374	202,104	228,702	206,896
Loans and Lease Payments		13	16	-	556	556	556
Total Operating Expenses		607,962	666,829	473,624	643,375	661,117	641,955
Operating Income (Loss)		1,881,926	496,697	662,806	556,625	550,784	569,946
Nonoperating Revenues:							
Nonoperating Expenses:							
Other Expense A		(2,007,982)	(865,793)	(478,899)	(2,080,451)	(600,000)	(600,000)
Total Nonoperating Revenues (Expenses)		(2,007,982)	(865,793)	(478,899)	(2,080,451)	(600,000)	(600,000)
Income (Loss) Before Contributions and Transfers		(126,056)	(369,096)	183,907	(1,523,826)	(49,216)	(30,054)
Change in Net Position		(126,056)	(369,096)	183,907	(1,523,826)	(49,216)	(30,054)
Beginning Net Position - July 1		5,786,085	5,660,029	5,290,933	5,475,158	3,951,332	3,902,116
Prior Period Adjustments		-	-	318	-	-	-
Change in Net Position		(126,056)	(369,096)	183,907	(1,523,826)	(49,216)	(30,054)
Ending Net Position - June 30		5,660,029	5,290,933	5,475,158	3,951,332	3,902,116	3,872,062
Net Position (Fund Balance) Analysis							
Unrestricted Net Position		5,660,029	5,290,933	5,475,158	3,951,332	3,902,116	3,872,062

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$285,291)
FY 2025	\$0	(\$261,911)

SWPL - 1 - Personal Services -

The budget includes funding to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings. Additional factors contributing to the budget request include adjustments for modified FTE.

Department of Commerce - 65010

Board of Investments - 75

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$119,376
FY 2025	\$0	(\$12,214)

SWPL - 2 - Fixed Costs -

The request includes funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$113,872
FY 2025	\$0	\$148,564

SWPL - 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the supplies and materials, communications, repair and maintenance, state motor pool, and other services.

-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$29,094
FY 2025	\$0	\$39,809

PL - 7502 - BOI ADMINISTRATIVE COSTS ADJUSTMENTS -

This request is to adjust on-going appropriations for increases in non-state building rent per the terms of the lease agreement, as well as a decrease in the indirect costs paid to Director's Office for support services provided to supported divisions, bureaus, and programs.

-----New Proposals-----

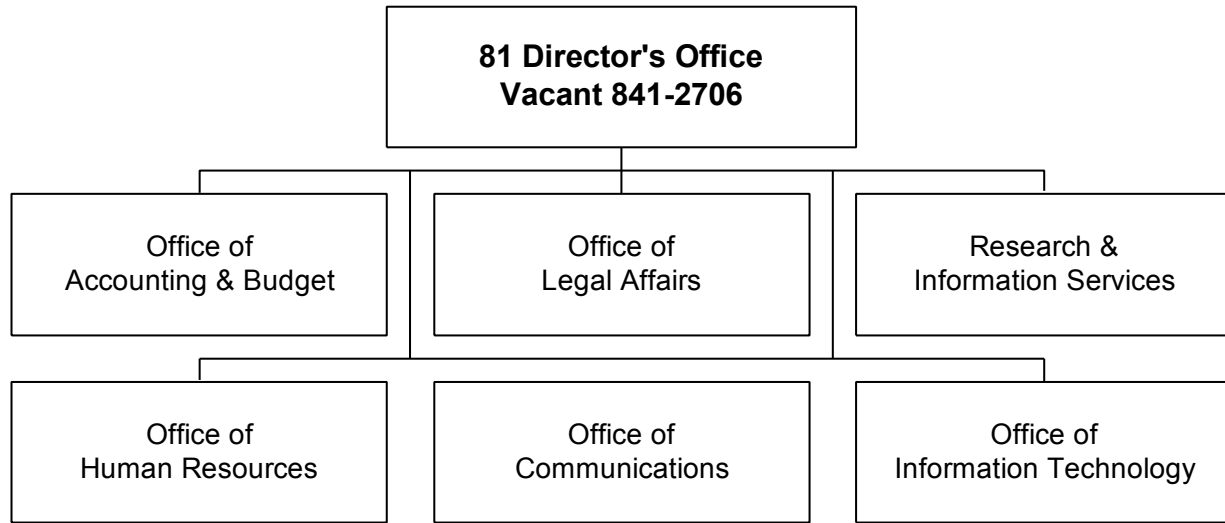
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$631
FY 2025	\$0	\$631

NP - 99 - New Fixed Costs -

The budget includes adjustments in FY 2024 and FY 2025 to provide funding for the agency to pay for new fixed cost allocations related to the Chief Data Office and the State Management Training Center. Rates for the fix costs are reviewed by the Section A subcommittee.

Department of Commerce - 65010

Directors Office - 81



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	19.50	1.50	21.00	1.50	21.00	
Personal Services	2,152,831	77,558	2,230,389	87,343	2,240,174	4,470,563
Operating Expenses	185,895	112,438	298,333	110,013	295,908	594,241
Debt Service	139,728	0	139,728	0	139,728	279,456
Total Costs	\$2,478,454	\$189,996	\$2,668,450	\$197,356	\$2,675,810	\$5,344,260
Proprietary Funds	2,478,454	189,996	2,668,450	197,356	2,675,810	5,344,260
Total Funds	\$2,478,454	\$189,996	\$2,668,450	\$197,356	\$2,675,810	\$5,344,260

Proprietary Program Description - 06542 Commerce Centralized Services - Director's Office

Program Description:

The Director's Office at the Montana Department of Commerce leads the department's mission of economic and community development of the state and provides effective and efficient customer service to the department's programs and professionals. Services are provided by the Offices of Accounting and Budget, Legal Affairs, Human Resources, Information Technology, and Research. The Director's Office builds relationships with private business, local governments, administratively attached boards, public, private, non-profit interest groups, the Legislature, Indian tribes, individuals, other governmental agencies, the U.S. Census Bureau, the Governor's Office and other key stakeholders.

In additions the Director's Office provides the critical central services to the agency and administratively attached boards and commissions; as, every division, bureau, and program in the agency uses the services in the Director's Office in some capacity.

The Director's Office is funded through an internal service fund (06542). The Director's Office responsibilities are mandated primarily in Title 2, Chapter 15 and Title 90, Chapter 1, MCA.

Customers are all divisions, bureaus, programs, and employees of the Department of Commerce. Use of these services is mandated by agency policies and procedures; there are no alternative sources for these services; although the department may contract for legal services from time to time whenever it is most appropriate and cost effective to do so.

There has not been any significant program, service, or customer base change since the last session.

Department of Commerce - 65010

Directors Office - 81

Revenues & Expenses:

The Director's Office is funded by revenues from charges allocated to all divisions, bureaus, and programs supported by the division's indirect cost plan. Indirect costs are allocated to supported programs based upon federally calculated, and legislatively approved, indirect cost rates applied to actual personal services expenditures.

The Director's Office provides all of the services listed in the program description to all department divisions, bureaus, programs, and employees.

The customer base for the Director's Office includes:

- Business MT Division
- Brand MT Division
- Community MT Division
- Montana Facility Finance Authority
- Housing MT Division
- Board of Investments
- Board of Horse Racing
- Montana Heritage Preservation and Development Commission
- Montana Council on Developmental Disabilities

The revenue objective of the Director's Office is to maintain the lowest possible indirect charge to supported divisions, bureaus, and programs, while maintaining a 60-day working capital reserve. The department has historically used this methodology in calculating indirect rates because the federal government requires the same methodology to be used when charging indirect costs to federally funded programs.

The major cost drivers within the Director's Office are personal services, operating expenses, and expenditures related to the periodic replacement of the agency's computer equipment. Factors that contribute to uncertainty in forecasting expenses involve potential legislative actions, since the cost of providing centralized support services is directly related to the number and complexity of the agency's divisions, bureaus, and programs, and the number of agency staff served. As agency services and programs increase, or decrease, management needs to remain cognizant of staffing requirements and indirect cost rates and make the necessary adjustments when needed.

For the purposes of this analysis, it is assumed the agency's divisions, bureaus, programs, and staff remain constant. Non-typical and one-time-only expenses are subtracted out of the future cost projections before calculating the indirect rate.

The proposed indirect cost rate will fund 21.00 FTE in the 2025 biennium.

Rate(s) and Rate Explanation:

The Director's Office calculates a federal indirect cost rate on an annual basis. This rate is a fixed rate for federally funded programs. This rate is then applied against actual federally funded personal services expenditures within the department.

The federally calculated rate requires that a carry-forward amount be built into the rate. This carry-forward amount represents the amount the Director's Office under-recovered or over-recovered in a given fiscal year. This computation compares what was originally calculated to what actually occurred. The difference is then carried forward into the following year's rate.

The indirect cost rate is determined based on guidelines prescribed by the federal government. Additionally, the Director's Office complies with 17-3-111, MCA, which requires agencies to calculate a rate that would recover indirect costs to the greatest extent possible. In order to comply with this statute, the Director's Office has requested a rate that may vary slightly from the annually calculated federal rate. The rate approved by the legislature is considered a cap; therefore, the department cannot impose a rate higher than what has been approved by the legislature. However, the annually calculated federal rate may be lower.

Department of Commerce - 65010

Directors Office - 81

Allocation Methodology: Indirect costs for the Director's Office are allocated to supported programs via a federally calculated indirect cost plan for federally funded programs and a legislatively approved rate for state funded programs. Indirect cost rates are charged to supported programs based upon actual personal services expenditures.

Changes in Level of Fees and Charges:

The requested rates are 1.31% lower than those approved for the 2023 biennium.

Projected Fund Balance, Including Cash Fluctuations:

At the proposed rates, the department projects a 2025 biennium ending fund balance of approximately \$329,999, as shown on the Internal Service and Enterprise Funds report.

Working Capital and Fees Commensurate Analysis:

The Director's Office indirect cost rate is calculated by dividing projected annual expenses, plus a 60-day working capital reserve, by the projected actual personal services expenses of supported divisions, bureaus, and programs. Federally funded programs are allocated indirect costs by an annually calculated indirect cost rate, while state funded programs are allocated indirect costs via a legislatively approved indirect cost rate.

The working capital objective is to recover the costs necessary to fund ongoing operations. A 60-day working capital reserve is needed to meet ongoing operational costs. At the proposed rates, the department projects a fiscal year end 2025 ending working capital reserve of approximately 60 days. All interest earnings on the working capital reserve are distributed to the state general fund.

Department of Commerce - 65010

Directors Office - 81

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 65010	Agency Name: Department of Commerce		Program Name: Directors Office				
	Fund 06542	Fund Name Commerce Centralized Services					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		1,869,450	1,898,474	1,981,566	2,234,291	2,160,978	2,172,476
Fee Revenue B		322,952	415,460	656,314	388,076	372,131	373,729
Total Operating Revenues		2,192,402	2,313,934	2,637,880	2,622,367	2,533,109	2,546,205
Expenses:							
Personal Services		1,923,302	2,069,720	1,971,828	2,152,831	2,230,389	2,240,174
Other Operating Expenses		243,003	294,252	382,169	185,895	298,333	295,908
Loans and Lease Payments		63	77	32,174	139,728	139,728	139,728
Total Operating Expenses		2,166,368	2,364,049	2,386,171	2,478,454	2,668,450	2,675,810
Operating Income (Loss)		26,034	(50,115)	251,709	143,913	(135,341)	(129,605)
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		26,034	(50,115)	251,709	143,913	(135,341)	(129,605)
Change in Net Position		26,034	(50,115)	251,709	143,913	(135,341)	(129,605)
Beginning Net Position - July 1		223,521	249,355	199,240	451,032	594,945	459,604
Prior Period Adjustments		(200)	-	83	-	-	-
Change in Net Position		26,034	(50,115)	251,709	143,913	(135,341)	(129,605)
Ending Net Position - June 30		249,355	199,240	451,032	594,945	459,604	329,999
Net Position (Fund Balance) Analysis							
Unrestricted Net Position		249,354	199,240	451,032	594,945	466,167	342,900

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$86,822)
FY 2025	\$0	(\$77,156)

SWPL - 1 - Personal Services -

The budget includes funding to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Commerce - 65010

Directors Office - 81

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$34,631
FY 2025	\$0	\$34,251

SWPL - 2 - Fixed Costs -

The request includes funding to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$11,211
FY 2025	\$0	\$12,466

SWPL - 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies and materials, communications, repair and maintenance, state motor pool, and other services.

-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$50,881
FY 2025	\$0	\$50,881

PL - 8106 - DO ADMINISTRATIVE COSTS ADJUSTMENTS -

The request includes adjustments for increased non-state building rent per the terms of the lease agreement, and indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs. Additional adjustments are included for software licenses, and vehicle maintenance. This change package reflects a 0.26% change to the internal service rate.

Department of Commerce - 65010

Directors Office - 81

-----New Proposals-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$63,910
FY 2025	\$0	\$63,953

NP - 8102 - DO 0.50 LEGAL FTE NAPROP -

In May 2022 (FY 2022), the Director's Office established a 0.50 Attorney position for the 2023 biennium. The purpose for the request was to properly reflect how this position's workload is distributed throughout the agency.

Previously, the attorney position was funded 50% via a HB 2 general fund appropriation for the Community Technical Assistance Program (CTAP) in the Community MT Division and 50% via a non-appropriated fund for the Director's Office internal service fund.

Even though the position was equally funded by CTAP and the Director's Office, the attorney's workload is spread across all divisions and boards that are administratively attached to the department. Below is a summary of the varied workload of the attorney position over the last few years.

The attorney works on assigned matters, as assigned by the chief legal counsel, to provide legal support to the Montana Facility Finance Authority, the Montana Heritage Preservation and Development Commission, the Housing Division on a variety of matters. The attorney handles many of the following on a daily basis: departmental procurement and contracts; rule-making and administrative code issues; land use, development, and zoning issues; and departmental liability and employment issues. Also, the attorney represents the department during informal hearings and provides counsel Section 8 and Moderate Rehabilitation programs.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$115,870
FY 2025	\$0	\$112,646

NP - 8103 - DO 1.00 IT SYSTEMS ANALYST FTE -

The technology landscape for the State of Montana has been evolving to better support the business needs of constituents and employees. In turn, the Department of Commerce Information Technology team requires an additional Systems Analyst to support these changes.

Historically, cost would prohibit the implementation and maintenance of a software system to improve efficiencies within the agency. A vendor would need to be hired and then retained to maintain the system. This is feasible for larger processes to provide a positive return on investment, but smaller processes remained manual. The availability of a platform to allow for no-code development now creates a business cost savings if the process can be digitized without a vendor.

An initial project to digitize the Department of Commerce on this platform provided this type of foundation for digital workflow. As additional process steps are added to the system and new opportunities are realized, a systems analyst will need to analyze and hone the workflow and configure a solution. The analyst would also understand and identify when more technical assistance is needed. This option will be more affordable than hiring a vendor to do the analysis and updates.

Additionally, there are line of business applications within the agency that are evolving and adding functionality that will benefit Commerce and its constituents. These are primarily in the areas of housing and grants. A systems analyst is needed to understand the business need and work with a vendor to maximize the benefit obtained by enhancements.

The Department of Commerce currently has one Systems Analyst. This position was originally for website maintenance, but as duties for the position expanded to analyze and support new systems, the position was reclassified to Systems Analyst and retained the website duties. The Systems Analyst workload exceeds the capacity available by half of an employee and a dedicated Systems Analyst is needed.

Department of Commerce - 65010

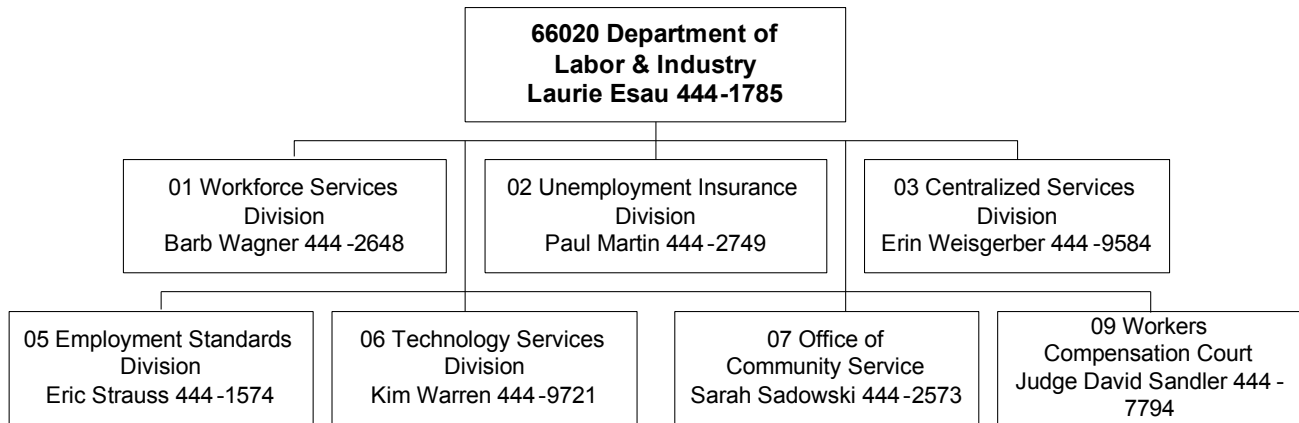
Directors Office - 81

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$315
FY 2025	\$0	\$315

NP - 99 - New Fixed Costs -

The budget includes adjustments in FY 2024 and FY 2025 to provide funding for the agency to pay for new fixed cost allocations related to the Chief Data Office and the State Management Training Center. Rates for the fix costs are reviewed by the Section A subcommittee.

Department of Labor and Industry - 66020



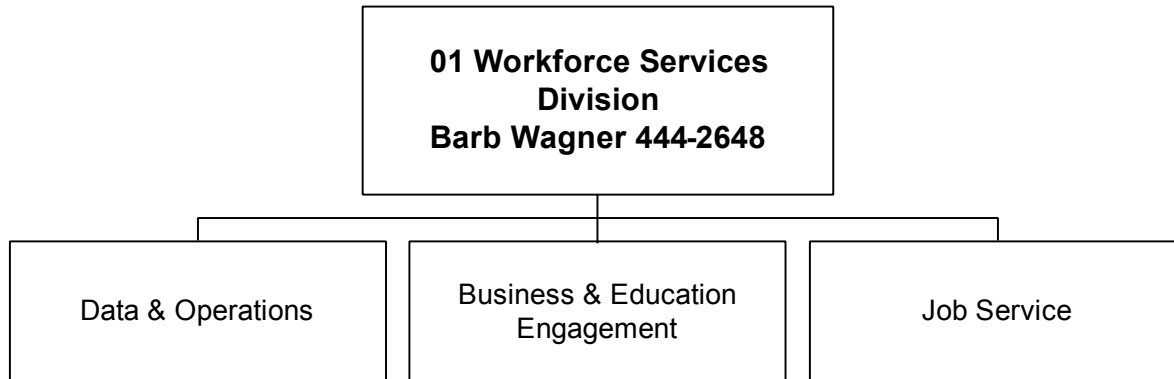
Mission Statement - The mission of the Montana Department of Labor & Industry is to empower Montanans through work and opportunity.

Statutory Authority - Primarily Titles 18, 30, 37, 39, 49, 50, and 90, MCA, and the federal Corporation for National Service.

Agency Proposed Budget			
Budget Item	Total Exec. Budget Fiscal 2024	Total Exec. Budget Fiscal 2025	Total Exec. Budget 2025 Biennium
FTE	93.75	93.75	
Personal Services	9,251,934	9,305,401	18,557,335
Operating Expenses	11,161,398	11,071,784	22,233,182
Benefits & Claims	126,503,328	126,503,328	253,006,656
Transfers	25,048	25,048	50,096
Debt Service	42,923	42,923	85,846
Total Costs	\$146,984,631	\$146,948,484	\$293,933,115
State/Other Special	0	0	0
Proprietary Funds	146,984,631	146,948,484	293,933,115
Total Funds	\$146,984,631	\$146,948,484	\$293,933,115

Department of Labor and Industry - 66020

Workforce Services Division - 01



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
Operating Expenses	8,161	433	8,594	576	8,737	17,331
Total Costs	\$8,161	\$433	\$8,594	\$576	\$8,737	\$17,331
Proprietary Funds	8,161	433	8,594	576	8,737	17,331
Total Funds	\$8,161	\$433	\$8,594	\$576	\$8,737	\$17,331

Proprietary Program Description - Fund 06051 - Montana Career Info System

Program Description

The Montana Career Information System (MCIS) provides critical information to job seekers and students on what types of workers are needed in the future Montana economy, the wages of those jobs, and where to obtain training. Skill assessment and career exploration tools help direct future workers into suitable jobs, while the budgeting and wage comparison tools help them understand how their career choices will affect their pocketbook. The MCIS system also includes a database of scholarship opportunities. MCIS has been active in Montana since 1980, with continual improvement to keep the system user-friendly and up-to-date with the latest economic information. This is the only career information delivery system in the country that has specific Montana labor market information included in each file.

MCIS is funded primarily by the Employer Security Account (ESA), and federal Workforce Information Grants (WIG) from the Employment and Training administration to support the update of data and job projections. In addition to data and system support, the MCIS unit also offers training and outreach directly to schools and through partnerships with nonprofit organizations to support a wide variety of users: job service offices, vocational rehabilitation offices, middle schools, high schools, community colleges, universities, tribal colleges, educational and training agencies, home use, and adult education programs. There are currently optional components of MCIS not funded by ESA or WIG funds, such as IDEAS (an interest inventory) and Peterson Practice Tests that requires the program to collect associated fees from users.

Revenues and Expenses

The expenses of the proprietary program are limited to the operational expenses of the optional features. These are typically site-specific licensing fees. Revenue is generated through fees for purchase of a one-year optional component license. The department collects the fees from the sites purchasing the license/assessment, and then pays those fees to the service provider on a 1:1 ratio.

Rates and Rate Explanation

- IDEAS Assessment: \$125 per site license, per year

Department of Labor and Industry - 66020

Workforce Services Division - 01

- Peterson's Academic Practice Tests: \$250 (package #1), \$200 (package #2) per site, per practice test package
- Peterson's Civil Service Practice Test Package \$200 per site

Projected Fund Balance, Including Cash Fluctuations

Other than a small balance existing due to the timing of collection/paying of fees into and out of the account, this account is not projected to run a fund balance.

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 66020	Agency Name: Department of Labor and Industry			Program Name: Workforce Services Division			
	Fund	Fund Name					
	06051	Montana Career Info System					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		250	1,000	750	8,161	8,594	8,737
Total Operating Revenues		250	1,000	750	8,161	8,594	8,737
Expenses:							
Other Operating Expenses		475	2,500	375	8,161	8,594	8,737
Total Operating Expenses		475	2,500	375	8,161	8,594	8,737
Operating Income (Loss)		(225)	(1,500)	375	-	-	-
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		(225)	(1,500)	375	-	-	-
Change in Net Position		(225)	(1,500)	375	-	-	-
Beginning Net Position - July 1		2,517	2,292	792	1,167	1,167	1,167
Change in Net Position		(225)	(1,500)	375	-	-	-
Ending Net Position - June 30		2,292	792	1,167	1,167	1,167	1,167
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

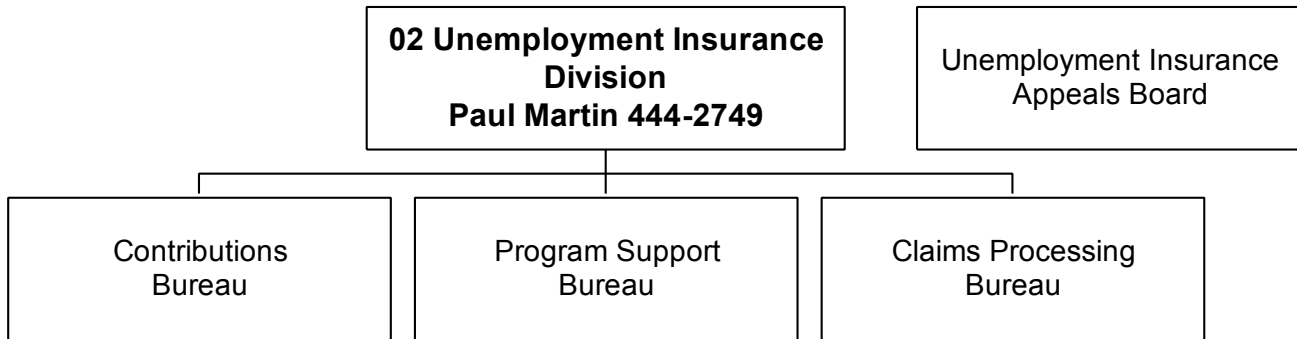
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$433
FY 2025	\$0	\$576

SWPL - 3 - Inflation Deflation -

This change package includes adjustments in FY 2024 and FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies and materials, communications, repair and maintenance, state motor pool, and other services.

Department of Labor and Industry - 66020

Unemployment Insurance Div - 02



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments	Exec. Budget	Adjustments	Exec. Budget	Budget Request
		Fiscal 2024	Fiscal 2024	Fiscal 2025	Fiscal 2025	2025 Biennium
Operating Expenses	0	0	0	0	0	0
Benefits & Claims	534,208,796	(409,208,796)	125,000,000	(409,208,796)	125,000,000	250,000,000
Total Costs	\$534,208,796	(\$409,208,796)	\$125,000,000	(\$409,208,796)	\$125,000,000	\$250,000,000
State/Other Special	0	0	0	0	0	0
Proprietary Funds	534,208,796	(409,208,796)	125,000,000	(409,208,796)	125,000,000	250,000,000
Total Funds	\$534,208,796	(\$409,208,796)	\$125,000,000	(\$409,208,796)	\$125,000,000	\$250,000,000

Proprietary Program Description -

Fund 06069 - UI Tax Benefit Fund

Program Description

The Department of Labor and Industry (DLI) collects contributions paid by employers, based on their industry or individual experience rate, for their Unemployment Insurance. DLI expends the funds by paying Unemployment Insurance benefit claims.

Revenues and Expenses

The revenues received in the proprietary fund are from unemployment insurance tax collections, federal reimbursement for claims on federal employees, military personnel, claimants in other states, and interest earnings to the Unemployment Insurance Trust Fund. The expenditures are unemployment insurance benefits paid to claimants while unemployed, including federal withholding tax and child support payments the claimants can elect to have taken out of the benefit check.

Rates and Rate Explanation

The Unemployment Insurance Division administers the state unemployment insurance law. There is no proprietary rate, rather the collection of contributions from employers that are used to pay unemployment insurance benefits to claimants who have involuntarily become unemployed.

Projected Fund Balance, Including Cash Fluctuations

The net position is restricted for use only by the Unemployment Insurance Division for allowable expenditures.

Department of Labor and Industry - 66020

Unemployment Insurance Div - 02

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 66020	Agency Name: Department of Labor and Industry			Program Name: Unemployment Insurance Div			
	Fund	Fund Name					
	06069	UI Tax Benefit Fund					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		10,615,940	7,548,016	6,725,221	8,086,191	9,927,587	11,618,730
Fee Revenue B		119,397,160	122,476,957	139,250,361	145,000,000	155,000,000	164,000,000
Fee Revenue C		125,875	148,963	163,327	-	-	-
Other Operating Revenue		504,337,764	531,241,772	52,153,703	7,199,636	7,337,537	7,453,013
Total Operating Revenues		634,476,739	661,415,708	198,292,612	160,285,827	172,265,124	183,071,743
Expenses:							
Other Operating Expenses		1,258,357	24,736,601	(8,382,912)	8,500,000	8,500,000	8,500,000
Expense B		745,249,838	713,537,074	60,731,989	90,000,000	95,000,000	100,000,000
Total Operating Expenses		746,508,195	738,273,675	52,349,077	98,500,000	103,500,000	108,500,000
Operating Income (Loss)		(112,031,456)	(76,857,967)	145,943,535	61,785,827	68,765,124	74,571,743
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		(112,031,456)	(76,857,967)	145,943,535	61,785,827	68,765,124	74,571,743
Transfers In							
Change in Net Position		-	203,571,363	9,091,296	-	-	-
		(112,031,456)	126,713,396	155,034,831	61,785,827	68,765,124	74,571,743
Beginning Net Position - July 1		349,459,148	238,428,308	364,934,412	516,623,374	578,409,201	647,174,325
Prior Period Adjustments		1,000,616	(207,292)	(3,345,869)	-	-	-
Change in Net Position		(112,031,456)	126,713,396	155,034,831	61,785,827	68,765,124	74,571,743
Ending Net Position - June 30		238,428,308	364,934,412	516,623,374	578,409,201	647,174,325	721,746,068
Net Position (Fund Balance) Analysis							

-----Present Law Adjustments-----

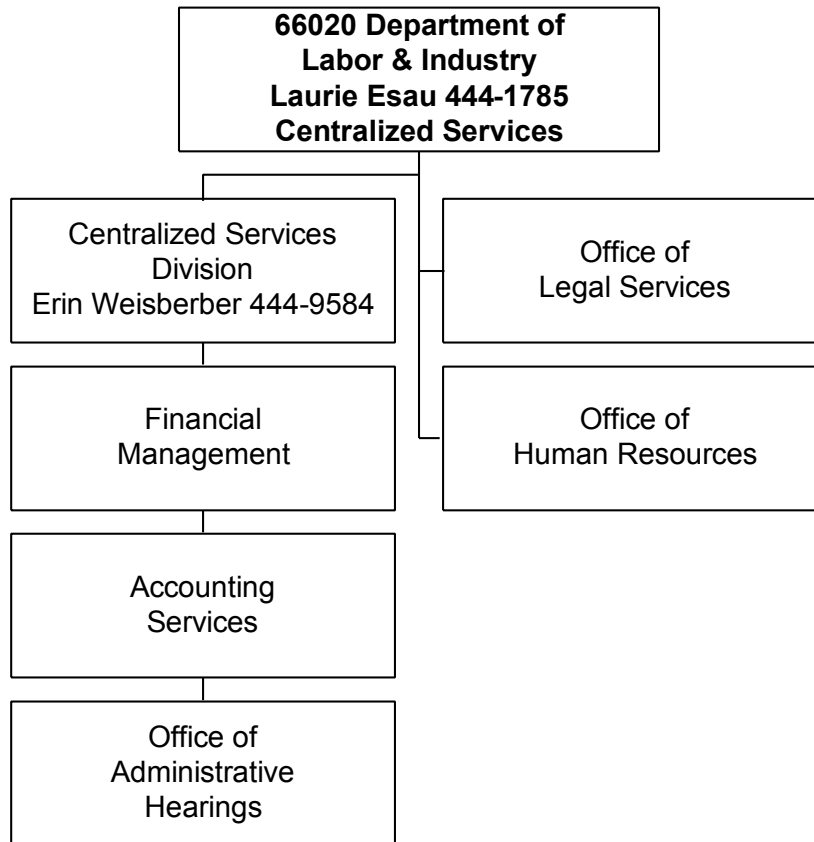
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$409,208,796)
FY 2025	\$0	(\$409,208,796)

PL - 201 - UI Benefits Reduction -

Due to the pandemic the Unemployment Insurance Division had an unprecedented amount of appropriation for claims. This change package is reducing the benefits appropriation to a more appropriate level.

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Commissioners Office & C S D - 03



Program Proposed Budget	Starting Point Fiscal 2023	Budget Adjustments Fiscal 2024	Total Exec. Budget Fiscal 2024	Budget Adjustments Fiscal 2025	Total Exec. Budget Fiscal 2025	Executive Budget Request 2025 Biennium
Budget Item						
FTE	59.75	0.00	59.75	0.00	59.75	
Personal Services	5,723,826	152,782	5,876,608	187,360	5,911,186	11,787,794
Operating Expenses	2,331,423	249,845	2,581,268	70,085	2,401,508	4,982,776
Debt Service	22,375	0	22,375	0	22,375	44,750
Total Costs	\$8,077,624	\$402,627	\$8,480,251	\$257,445	\$8,335,069	\$16,815,320
Proprietary Funds	8,077,624	402,627	8,480,251	257,445	8,335,069	16,815,320
Total Funds	\$8,077,624	\$402,627	\$8,480,251	\$257,445	\$8,335,069	\$16,815,320

Proprietary Program Description - Fund 06546 - Commissioner's Office/CSD

Program Description

Support services provided by the Commissioner's Office and Centralized Services Division (CSD) are funded through an indirect cost rate whereby the department programs are assessed a fee equal to a percentage of their personal services costs.

Revenues and Expenses

Major expenses for this program consist of the personal services costs for the Commissioner's Office and CSD. In total, this rate funds 35.00 FTE. Other expenses of this program include department-wide fixed costs such as the SWCAP, Legislative Audit fees, and HRIS service fees; charges for legal services and IT applications that benefit the entire

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department.

Revenue for this fund is collected via an indirect cost rate that is charged against department personal services expenses. The services provided in exchange for this fee include: human resources, accounting, budgeting, payroll processing, mail processing, and other department-wide management and administration.

Divisions pay this fee through SABHRS account code 62889.

Rates and Rate Explanation

The department is requesting a rate of 9.50% for FY 2024 and a rate of 9.50% for FY 2025. This request is for the maximum rate that could be charged. The rate charged can differ from the requested rate as estimates can be more accurate with more current data. Historically, the rate actually charged has been less than the approved rate. The rate charged must be approved each year by a federal cost negotiator.

The requested rate is an indirect cost rate, assessed on personal services expenses. It is calculated by dividing the total anticipated expenses of the program by the total anticipated personal services expenses of the remainder of the department, resulting in a percentage rate. When calculating the rate, the numerator (total anticipated expenses of the program) can be increased or decreased to account for over or under collections in previous years.

After each pay period, the rate is multiplied by the personal services expenses of each funding source, and the resulting fee is collected.

Changes in Level of Fees and Charges

The department is requesting that the rate be approved at 9.50% for FY 2024 and 9.50% for FY 2025. These rates reflect a slight increase over the current approved rates and accounts for a proposed increase in the statewide present law adjustment for personal services, fixed costs and inflation/deflation, as well as the possibility of decreased agency-wide personal services expenses.

Projected Fund Balance, Including Cash Fluctuations

The department does not have any obligations to reserve fund balance. Management's objective is to maintain an appropriate fund balance.

Working Capital and Fees Commensurate Analysis

The fund is allowed to maintain up to a 60-day working capital. The program strives to maintain a cash balance that is adequate to allow the fund to maintain a positive cash balance (to support expenses that are incurred before revenue collection occurs) as well as to maintain a reserve in case of unexpected or emergency expenses. The department is strives to keep rates consistent for divisions while maintaining a sufficient working capital.

Fund 06552 - Admin Services

Program Description

The Office of Legal Services provides legal assistance to the department's six programs and two administratively attached entities, whereby an hourly rate for attorney fees is established. Revenues generated fund 22.75 FTE.

Revenues and Expenses

Expenses of the fund are comprised of salaries and overhead costs of agency Legal staff. The fee is designed to collect enough cash to cover these expenses, as well as to maintain an appropriate working capital balance.

Rates and Rate Explanation

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The rate to be charged is a direct hourly rate, charged to each division based on number of hours of legal service they receive. It is calculated by dividing the total anticipated costs of the Office of Legal Services by the anticipated number of direct hours to be charged by the program. The rate proposed may vary from the actual rate charged if more accurate information regarding cost estimates or anticipated number of direct hours becomes available.

Changes in Level of Fees and Charges

The rate methodology has changed to calculate a separate rate for lawyers and for paralegals. Total costs and projected service hours were separated by each function allowing for a separate rate to be calculated, so each department is paying for the level of services provided.

Projected Fund Balance, Including Cash Fluctuations

The program does not have any requirement to reserve fund balance.

Revenue collection for the fund typically happens on a monthly basis. It is necessary for the fund to maintain enough cash to support any payroll expenses that post during that month, as well as any operating or overhead costs that are paid, prior to revenue being collected.

Working Capital and Fees Commensurate Analysis

As mentioned above, the department needs to maintain working capital balances sufficient to process any payroll that posts within a month's time (the amount of time between revenue collections), as well as any operating or overhead costs that are paid during that month. Typically, this requires at least 30 days of working capital. The department monitors revenue, expenses, and cash in the fund on a regular basis to ensure that fees are commensurate with costs. If fees appear to be too high, a refund is issued, or the rate decreased. Likewise, if the fee appears to be too low, expenses are cut, or a fee increase is requested. The department strives to keep rates consistent for divisions while maintaining a sufficient working capital.

Department of Labor and Industry - 66020

Commissioners Office & C S D - 03

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 66020	Agency Name: Department of Labor and Industry			Program Name: Commissioners Office & C S D			
	Fund 06552	Fund Name Admin Services					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		2,555,355	2,604,202	2,564,302	2,955,472	3,341,465	3,341,465
Fee Revenue B		207,019	293,075	247,934	-	-	-
Total Operating Revenues		2,762,374	2,897,277	2,812,236	2,955,472	3,341,465	3,341,465
Expenses:							
Personal Services		2,468,798	2,603,718	2,279,936	2,477,727	2,560,703	2,575,629
Other Operating Expenses		442,698	417,711	457,284	484,315	695,736	690,000
Expense B		712	736	17,386	-	-	-
Loans and Lease Payments		-	-	-	10,281	10,281	10,281
Total Operating Expenses		2,912,208	3,022,165	2,754,606	2,972,323	3,266,720	3,275,910
Operating Income (Loss)		(149,834)	(124,888)	57,630	(16,851)	74,745	65,555
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		(149,834)	(124,888)	57,630	(16,851)	74,745	65,555
Change in Net Position		(149,834)	(124,888)	57,630	(16,851)	74,745	65,555
Beginning Net Position - July 1		405,245	255,411	130,523	185,233	168,382	243,127
Prior Period Adjustments		-	-	(2,920)	-	-	-
Change in Net Position		(149,834)	(124,888)	57,630	(16,851)	74,745	65,555
Ending Net Position - June 30		255,411	130,523	185,233	168,382	243,127	308,682
Net Position (Fund Balance) Analysis							

Department of Labor and Industry - 66020

Commissioners Office & C S D - 03

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 66020	Agency Name: Department of Labor and Industry			Program Name: Commissioners Office & C S D			
	Fund	Fund Name					
	06546	Commissioner's Office/CSD					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		1,211,054	5,072,757	3,524,356	3,034,215	3,475,100	3,509,851
Fee Revenue B		2,983,857	(1,325,362)	860,909	1,862,785	2,129,900	2,151,199
Total Operating Revenues		4,194,911	3,747,395	4,385,265	4,897,000	5,605,000	5,661,050
Expenses:							
Personal Services		2,536,880	2,794,234	2,729,709	3,214,328	3,315,905	3,335,557
Other Operating Expenses		1,643,716	1,575,666	1,773,396	1,890,000	1,885,532	1,711,508
Loans and Lease Payments		-	-	-	12,094	12,094	12,094
Total Operating Expenses		4,180,596	4,369,900	4,503,105	5,116,422	5,213,531	5,059,159
Operating Income (Loss)		14,315	(622,505)	(117,840)	(219,422)	391,469	601,891
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		14,315	(622,505)	(117,840)	(219,422)	391,469	601,891
Transfers Out							
Change in Net Position		-	(10,000)	-	-	-	-
		14,315	(632,505)	(117,840)	(219,422)	391,469	601,891
Beginning Net Position - July 1							
Prior Period Adjustments		845,922	860,237	227,732	115,718	(103,704)	287,765
Change in Net Position		-	-	5,826	-	-	-
Ending Net Position - June 30		14,315	(632,505)	(117,840)	(219,422)	391,469	601,891
		860,237	227,732	115,718	(103,704)	287,765	889,656
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$152,782
FY 2025	\$0	\$187,360

SWPL - 1 - Personal Services -

The budget includes adjustments over the biennium to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of snapshot, and vacancy savings.

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Commissioners Office & C S D - 03

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$258,246
FY 2025	\$0	\$67,209

SWPL - 2 - Fixed Costs -

This request includes adjustments in FY 2024 and FY 2025 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, SITSD adjustments and other others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$44,547
FY 2025	\$0	\$55,728

SWPL - 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies and materials, communications, repair and maintenance, state motor pool, and other services.

-----New Proposals-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$16,645
FY 2025	\$0	\$16,741

NP - 301 - Cost Allocation Plan Adjustment -

The Department of Labor & Industry's Centralized Services Division (CSD) charges an Internal Service rate to each division based on the personal services charged each pay period. This Internal Service rate pays for DLI's Commissioner Office staff, the Human Resources staff and the fiscal operations staff, as well as the associated operating expenditures for these staff. In addition to these costs, the Internal Service rate pays for several fixed costs charged to the agency including general liability insurance costs, HRIS service fees, workers' compensation program management fees, audit fees and the statewide indirect cost fees from the Department of Administration.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$72,750)
FY 2025	\$0	(\$72,750)

NP - 602 - TSD Technology Services Reduction -

In FY 2022, the Department of Labor & Industry's (DLI) Information Technology Help Desk staff were transferred to the State Information Technology Services Division (SITSD) in the Department of Administration. The DLI will no longer pay these staff directly but will be billed from SITSD for these services each month. This is part of SWPL2. To offset this increase, DLI is decreasing already established appropriation in each division based on an internal allocation of FTE. This change package will decrease the appropriation in the Central Services Division.

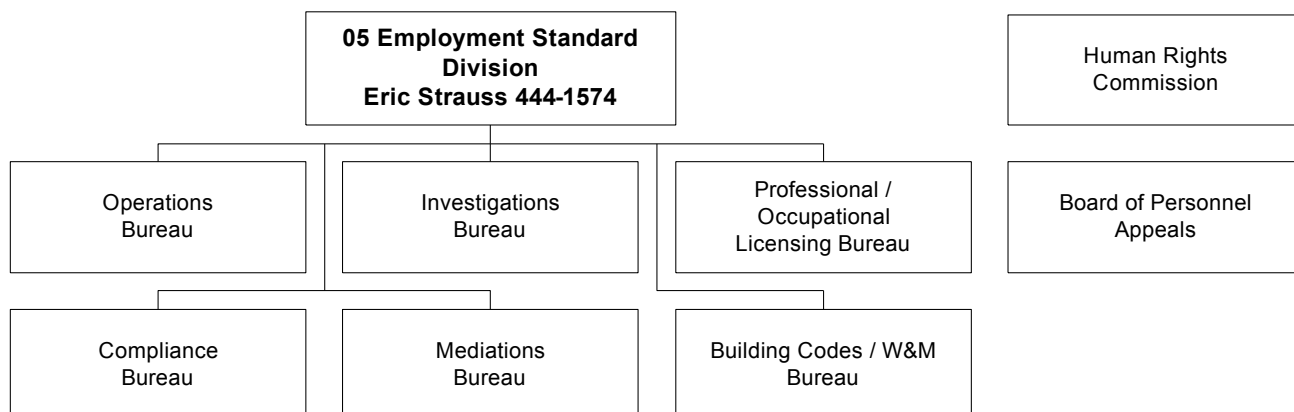
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$3,157
FY 2025	\$0	\$3,157

NP - 99 - New Fixed Costs -

The budget includes adjustments in FY 2024 and FY 2025 to provide funding for the agency to pay for new fixed costs allocations related to the Chief Data Office and the State Management Training Center. Rates for the fixed costs are reviewed by the Section A Subcommittee.

Department of Labor and Industry - 66020

Employment Standards Division - 05



Program Proposed Budget	Starting Point Fiscal 2023	Budget Adjustments Fiscal 2024	Total Exec. Budget Fiscal 2024	Budget Adjustments Fiscal 2025	Total Exec. Budget Fiscal 2025	Executive Budget Request 2025 Biennium
Budget Item						
Benefits & Claims	1,503,328	0	1,503,328	0	1,503,328	3,006,656
Transfers	25,048	0	25,048	0	25,048	50,096
Total Costs	\$1,528,376	\$0	\$1,528,376	\$0	\$1,528,376	\$3,056,752
Proprietary Funds	1,528,376	0	1,528,376	0	1,528,376	3,056,752
Total Funds	\$1,528,376	\$0	\$1,528,376	\$0	\$1,528,376	\$3,056,752

Proprietary Program Description - Fund 06086- Board of Public Accountant Program Description

The Board of Public Accountants is responsible for approving and processing applications, license renewals and overseeing disciplinary action for Public Accountants in Montana. The board's work is paid through application and licensing fees.

Revenues and Expenses

The revenues received in the proprietary fund are from application fees, license renewal fees, document processing fees for license verifications, and late fees for late license renewal or findings of continuing education missing or lacking, because of audit findings. The board receives interest payments from investments in Short Term Investment Program (STIP). Expenditures for the board include personal services and operating expenses to run the board, cover administrative services for the Executive Officer, Legal Counsel, Department Counsel, licensing and compliance staff, and shared overhead for the division, along with board member per diem, and any travel costs related to board business, or board meeting expenses.

Projected Fund Balance, Including Cash Fluctuations

Cash in the board's fund is restricted in use to cover board expenses only, per 37-50-210, MCA, and are deposited directly to the board's fund. Per 37-50-209, MCA, the department is charged with ensuring board revenues are invested with the Board of Investments pursuant to the provisions of the Unified Investment Program for state funds. The department and board ensure the board's cash reserves are equal to 15% of the average of the last three years of revenue to operate the board, and this measurement is completed at the end of the board's renewal cycle. Any interest received from the board's investments are deposited to the board's fund.

Fund 06040 - Subsequent Injury Trust Fund

Program Description

Department of Labor and Industry - 66020

Employment Standards Division - 05

The Subsequent Injury Fund (SIF) was established in 1973 to assist disabled persons in becoming employed by offering a financial incentive to the employers who hire them. In the event a SIF certified individual is injured on the job, their employer's workers' compensation carrier is only liable for the first 104 weeks of benefits paid. Any benefits paid after that point are reimbursed by the fund, thus minimizing the workers' compensation expenses for the employer's insurer. Beginning July 1, 1999, the fund is maintained by an annual assessment of all Montana employers.

Revenues and Expenses

The expenses of the program consist of the administration costs and benefits for certified workers. The program is funded through an annual assessment on Plan 1 (Self-Insured) workers' compensation employers, a surcharge on premium paid for Plan 2 (Private sector), and Plan 3 (Montana State Fund) employers. The assessment is based on a percentage of the compensation and medical benefits paid in Montana by each insurer the preceding calendar year (39-71-915, MCA) and amounts actually paid out from SIF.

Rates and Rate Explanation

The SIF rate is set by the Employment Relations Division based on the total amount of paid losses reimbursed by the fund in the preceding year. Because the rate is based upon the previous years' experience, future rates beyond one year are unknown. This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund.

Projected Fund Balance, Including Cash Fluctuations

The SIF cash balance fluctuates throughout each fiscal year. The revenue to the fund comes during five time periods throughout the year. Expenses are paid out when reimbursement requests are submitted to the department, as long as there are sufficient monies in the fund to cover those expenses. There is no requirement for the fund to have a reserve fund balance. If the fund does not have enough monies to cover the submitted claims, those claims are placed on hold until the fund has a positive fund balance.

Each fiscal year, the department estimates outstanding claims payables and makes an accounting entry at the end of the fiscal year. This makes the net position appear negative.

Employment Standards Division - 05

Agency #
66020

Agency Name:
Department of Labor and Industry

Program Name:
Employment Standards Division

Fund	Fund Name
06086	Board of Public Accountants

P-194

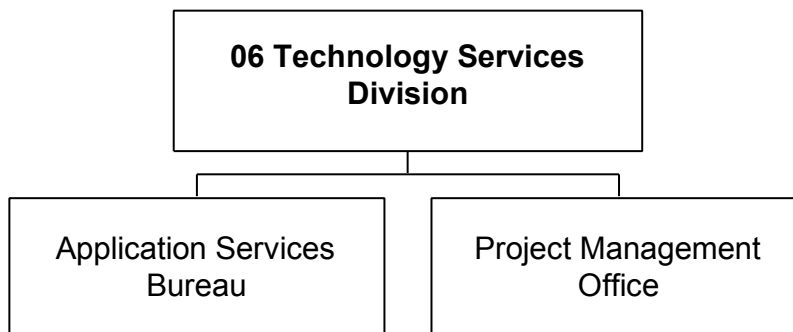
Department of Labor and Industry - 66020

Employment Standards Division - 05

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 66020	Agency Name: Department of Labor and Industry			Program Name: Employment Standards Division			
	Fund	Fund Name					
	06040	Subsequent Injuiy-Trust Fund					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
		885,607	1,082,783	1,834,402	1,503,328	1,503,328	1,503,328
Other Operating Revenue							
		12,869	1,005	882	-	-	-
Total Operating Revenues							
		898,476	1,083,788	1,835,284	1,503,328	1,503,328	1,503,328
Expenses:							
Other Operating Expenses							
		1,265,249	1,342,867	858,653	1,503,328	1,503,328	1,503,328
Expense B							
		114,033	(665,790)	72,410	(250,211)	(250,211)	(250,211)
Total Operating Expenses							
		1,379,282	677,077	931,063	1,253,117	1,253,117	1,253,117
Operating Income (Loss)							
		(480,806)	406,711	904,221	250,211	250,211	250,211
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers							
		(480,806)	406,711	904,221	250,211	250,211	250,211
Transfers Out							
		(27,507)	(23,472)	(30,022)	(25,048)	(25,048)	(25,048)
Change in Net Position							
		(508,313)	383,239	874,199	225,163	225,163	225,163
Beginning Net Position - July 1							
		(1,158,421)	(1,666,734)	(1,313,325)	(439,126)	(213,963)	11,200
Prior Period Adjustments							
		-	(29,830)	-	-	-	-
Change in Net Position							
		(508,313)	383,239	874,199	225,163	225,163	225,163
Ending Net Position - June 30							
		(1,666,734)	(1,313,325)	(439,126)	(213,963)	11,200	236,363
Net Position (Fund Balance) Analysis							

Department of Labor and Industry - 66020

Technology Services Division - 06



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2023	Adjustments Fiscal 2024	Exec. Budget Fiscal 2024	Adjustments Fiscal 2025	Exec. Budget Fiscal 2025	Budget Request 2025 Biennium
FTE	34.00	0.00	34.00	0.00	34.00	
Personal Services	4,717,973	(1,342,647)	3,375,326	(1,323,758)	3,394,215	6,769,541
Operating Expenses	6,702,786	1,868,750	8,571,536	1,958,753	8,661,539	17,233,075
Debt Service	20,548	0	20,548	0	20,548	41,096
Total Costs	\$11,441,307	\$526,103	\$11,967,410	\$634,995	\$12,076,302	\$24,043,712
Proprietary Funds	11,441,307	526,103	11,967,410	634,995	12,076,302	24,043,712
Total Funds	\$11,441,307	\$526,103	\$11,967,410	\$634,995	\$12,076,302	\$24,043,712

Proprietary Program Description - 06568 – Technical and Application Services

Program Description

Supportive services provided by the Technology Services Division (TSD) are funded through indirect cost rates. The rate for application services is assessed based on a direct hourly charge to the benefiting division.

Revenues and Expenses

The major expense for this fund consists of the personal services and operating costs for 34.00 FTE in TSD. Revenue for this fund is collected via an indirect cost rate. This rate is collected from all other divisions in the department. The services provided in exchange for this fee include application services including computer programming and database management.

For the Application Services rate, a time distribution system was designed for application staff to directly charge regular hours to the benefiting subsystem or division. The Application Services Rate of \$104 per hour assessed monthly on direct regular hours charged by application services staff. It is calculated by dividing the total anticipated expenses of the program by the total anticipated annual hours resulting in a per hour cost.

The rates charged must be approved each fiscal year by the United States Department of Labor Federal Cost Negotiator. The actual rate charged can differ from the requested rate as estimates can be more accurate as more recent data becomes available.

Divisions pay this fee through SABHRS account code 62827W.

Rate(s) and Rate Explanation

The requested Application Services Rate of \$104 per hour is assessed monthly on direct regular hours charged by application services staff. It is calculated by dividing the total anticipated expenses of the program by the total anticipated

Department of Labor and Industry - 66020

Technology Services Division - 06

annual hours resulting in a per hour cost.

Changes in Level of Fees and Charges

In FY 2022, the department's IT Help Desk staff were transferred to SITSD. These services will be charged through the Enterprise Services rate in FY 2024 and FY 2025. Due to this, the department will no longer have a Technical Services Rate to support these staff.

To account for the remaining management and operating costs that were not transferred to SITSD, the Application Services rate is increasing to partially offset the removal of the Technical Services Rate.

Projected Fund Balance, Including Cash Fluctuations

The department does not have any obligations to reserve fund balance. Management's objective is to maintain the existing fund balance.

Working Capital and Fees Commensurate Analysis

The fund is allowed to maintain up to a 60-day working capital. The program strives to maintain a cash balance that is adequate to allow the fund to maintain a positive cash balance (to support expenses that are incurred before revenue collection occurs) as well as to maintain a reserve in case of unexpected or emergency expenses. The department strives to keep rates consistent for divisions while maintaining a sufficient working capital.

06578 – Technical Services Direct

Program Description

This fund has two rates that are direct pass thru costs to the department divisions. The rate for Enterprise Services provided by State Information Technology Services Division (SITSD) is allocated on total cost by division FTE. The other direct rate is for actual cost of contracted and SITSD services that are directly attributable to a specific division.

Revenues and Expenses

The Enterprise Services rate covers all SITSD charges that directly benefit the department as a whole. Those total costs are distributed based on department FTE. The direct rate includes actual expenditures that can be identified as directly benefiting a specific program such as contracts and SITSD services.

In FY 2022, the department's IT Help Desk staff were transferred to SITSD. These services will be charged through the Enterprise Services rate in FY 2024 and FY 2025.

Rate(s) and Rate Explanation

The Enterprise Services Rate is calculated on specific SITSD services that benefit the department as a whole. The total budgeted SITSD rate for a portion of Asset Broker, Enterprise Services, Equipment Hosting, Operational Support, Server, Cybersecurity, ServiceNow, and Storage hosting services are allocated back to divisions based on FTE percentages.

In FY 2022, the department's IT Help Desk staff were transferred to SITSD. These services will also be charged through the Enterprise Services rate in FY 2024 and FY 2025.

The Direct Services Rate is calculated on all other SITSD services and department contracted services and allocated back to the benefiting division based on actual expenditures.

Changes in Level of Fees and Charges

In FY 2022, the department's IT Help Desk staff were transferred to SITSD. These services will now be charged through

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the Enterprise Services rate in FY 2024 and FY 2025. Due to this and fixed cost increases, the Enterprise Services rate has increased to account for these services.

The department is not requesting any increases for the direct pass thru rate of actuals plus 0%.

Projected Fund Balance, Including Cash Fluctuations

The department does not have any obligations to reserve fund balance.

Working Capital and Fees Commensurate Analysis

The fund is a direct pass thru and does not maintain a working capital.

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 66020	Agency Name: Department of Labor and Industry			Program Name: Technology Services Division			
	Fund	Fund Name					
	06578	Technical Services Direct					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		4,255,010	4,192,943	5,651,385	3,859,421	4,956,862	4,960,925
Fee Revenue B		2,070,749	2,096,900	1,258,752	1,900,909	2,441,440	2,443,440
Total Operating Revenues		6,325,759	6,289,843	6,910,137	5,760,330	7,398,302	7,404,365
Expenses:							
Other Operating Expenses		6,325,759	6,289,843	6,910,137	5,760,330	7,398,302	7,404,365
Total Operating Expenses		6,325,759	6,289,843	6,910,137	5,760,330	7,398,302	7,404,365
Operating Income (Loss)		-	-	-	-	-	-
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		-	-	-	-	-	-
Change in Net Position							
Change in Net Position		-	-	-	-	-	-
Ending Net Position - June 30		-	-	-	-	-	-
Net Position (Fund Balance) Analysis							

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2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 66020	Agency Name: Department of Labor and Industry			Program Name: Technology Services Division			
	Fund 06568	Fund Name Technical Services					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
Fee Revenue A		5,266,074	4,666,042	3,926,576	3,482,622	3,256,479	3,253,756
Fee Revenue B		390,672	728,869	698,714	614,580	574,673	574,192
Total Operating Revenues		5,656,746	5,394,911	4,625,290	4,097,202	3,831,152	3,827,948
Expenses:							
Personal Services		4,428,203	4,437,894	3,207,658	2,674,039	3,140,200	3,210,956
Other Operating Expenses		1,322,889	1,037,689	1,309,681	1,791,709	576,035	582,506
Expense B		3,110	2,668	7,805	11,000	11,000	11,000
Total Operating Expenses		5,754,202	5,478,251	4,525,144	4,476,748	3,727,235	3,804,462
Operating Income (Loss)		(97,456)	(83,340)	100,146	(379,546)	103,917	23,486
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		(97,456)	(83,340)	100,146	(379,546)	103,917	23,486
Change in Net Position		(97,456)	(83,340)	100,146	(379,546)	103,917	23,486
Beginning Net Position - July 1		725,009	627,553	544,213	643,371	263,825	367,742
Prior Period Adjustments		-	-	(988)	-	-	-
Change in Net Position		(97,456)	(83,340)	100,146	(379,546)	103,917	23,486
Ending Net Position - June 30		627,553	544,213	643,371	263,825	367,742	391,228
Net Position (Fund Balance) Analysis							

-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$1,342,647)
FY 2025	\$0	(\$1,323,758)

SWPL - 1 - Personal Services -

The budget includes a reduction of \$1,342,647 in FY 2024 and a reduction of \$1,323,758 in FY 2025 to annualize various personal services costs including FY 2023 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of snapshot, and vacancy savings. This decrease includes an FTE reduction for the move of DLI Help Desk staff to Department of Administration, State Information Technology Services Division.

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	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	(\$135,484)
FY 2025	\$0	(\$135,878)

SWPL - 2 - Fixed Costs -

This request includes a reduction of \$135,484 in FY 2024 and a reduction of \$135,878 in FY 2025 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, SITSD adjustments and other others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$431,686
FY 2025	\$0	\$514,336

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$431,686 in FY 2024 and an increase of \$514,336 in FY 2025 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with supplies and materials, communications, repair and maintenance, state motor pool, and other services.

-----New Proposals-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$21,940
FY 2025	\$0	\$22,062

NP - 301 - Cost Allocation Plan Adjustment -

The Department of Labor & Industry's Centralized Services Division (CSD) charges an Internal Service rate to each division based on the personal services charged each pay period. This Internal Service rate pays for DLI's Commissioner Office staff, the Human Resources staff, and the fiscal operations staff, as well as the associated operating expenditures for these staff. In addition to these costs, the Internal Service rate pays for several fixed costs charged to the agency including general liability insurance costs, HRIS service fees, workers' compensation program management fees, audit fees, and the statewide indirect cost fees from the Department of Administration.

The proposed statewide present law adjustments for personal services, fixed costs and inflation/deflation paid by this Internal Service fund is an increase of \$386,936 in FY 2024 and \$407,135 in FY 2025. To pay for this increase, DLI will have to increase the rate charged to divisions by 0.65%.

The Technology Services Division allocation of this increased cost is \$21,940 in FY 2024 and \$22,062 in FY 2025.

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	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$1,548,811
FY 2025	\$0	\$1,556,436

NP - 601 - TSD Proprietary Enterprise Rate Change -

The Department of Labor & Industry (DLI) Technology Services Division's proprietary fund is a pass-through fund for tracking information technology (IT) expenditures charged from the State Information Technology Services Division (SITSD). This fund pays the department's IT expenditures to SITSD and then collects revenue from all divisions to reimburse the fund. This fund's expenditures and revenue collected net to zero.

In FY 2022, DLI's IT Help-Desk staff was transferred from the department to the the SITSD department. SITSD will bill DLI back for these services through SITSD's Enterprise Rate. This billed amount for these services will be \$933,528 in each year of the biennium. SITSD will bill DLI an additional \$615,283 in FY 2024 and \$622,908 in FY 2025 for Enterprise Services that is in addition to costs being paid by DLI in the current biennium. This increase in service costs are due to Cybersecurity and ServiceNow costs, as well as increases in other costs of services provided by SITSD.

To pay for these services through the proprietary fund and bill back to the divisions, DLI is requesting \$1,548,811 in FY 2024 and \$1,556,436 in FY 2025.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2024	\$0	\$1,797
FY 2025	\$0	\$1,797

NP - 99 - New Fixed Costs -

The budget includes adjustments in FY 2024 and FY 2025 to provide funding for the agency to pay for new fixed costs allocations related to the Chief Data Office and the State Management Training Center. Rates for the fixed costs are reviewed by the Section A Subcommittee.