



GOVERNOR
GREG GIANFORTE

STATE OF MONTANA

SECTION R: REFERENCE

OBPP Staff Listing

Budget Background Information
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GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Office of Budget and Program Planning Staff Listing

As of November 15, 2024

Ryan Osmundson, Budget Director

Amy Sassano, Deputy Budget Director
 Ryan Evans, Assistant Budget Director
 Brian Hannan, Statewide Finance Manager
 Jason Harlow, Statewide Projects Analyst
 Michael McCarthy, Budget Data Analyst
 Chet McLean, Internal Controls Coordinator
 Evelyn Davis, Budget Compliance Specialist
 Brandy Itzel, Executive Assistant

Revenue Analysts

Ralph Franklin	Chris Watson
Nancy Hall	Brian Hannan

<u>Code</u>	<u>Agency</u>	<u>Budget Analyst</u>
Section A – General Government		
11040.....	Legislative Branch.....	Sonia Powell
11120.....	Consumer Counsel.....	Sonia Powell
31010.....	Governor’s Office	Amy Sassano
32010.....	Secretary of State.....	Sonia Powell
32020.....	Commissioner of Political Practices.....	Angie Nelson
34010.....	State Auditor.....	Sonia Powell
58010.....	Dept. of Revenue	Angie Nelson
61010.....	Dept. of Administration.....	Sonia Powell
61030.....	State Fund.....	Sonia Powell
61040.....	PERS (non-budgeted).....	Ryan Evans
61050.....	TRS (non-budgeted)	Ryan Evans
65010.....	Dept. of Commerce	Angie Nelson
66020.....	Dept. of Labor & Industry	Angie Nelson
67010.....	Dept. of Military Affairs	Angie Nelson
Section B – Public Health and Human Services		
69010.....	Dept. of PHHS.....	Brian Hannan and Aimee Franks
Section C – Natural Resources and Transportation		
52010.....	Dept. of Fish, Wildlife & Parks.....	Christine Hultin
53010.....	Dept. of Environmental Quality	Christine Hultin
54010.....	Dept. of Transportation	Christine Hultin
56030.....	Dept. of Livestock.....	Jason Harlow
57060.....	Dept. of Natural Resources and Cons.	Christine Hultin
62010.....	Dept. of Agriculture	Christine Hultin
Section D – Judicial Branch, Law Enforcement, & Justice		
21100.....	Judicial Branch	Brent Doig
41100.....	Dept. of Justice.....	Brent Doig
42010.....	Public Service Regulation	Brent Doig
61080.....	Office of Public Defender	Brent Doig
64010.....	Dept. of Corrections	Brent Doig

Office of Budget and Program Planning Staff Listing

Section E – Education

35010.....	Office of Public Instruction	Nancy Hall
.....	Colleges of Technology.....	Ben Ternes
51010.....	Board of Public Education.....	Nancy Hall
51020.....	Commissioner of Higher Education.....	Ben Ternes
.....	MUS Six Units	Ben Ternes
.....	Community Colleges and Research.....	Ben Ternes
51090.....	MAES	Ben Ternes
51100.....	MCES	Ben Ternes
51110.....	Forestry Experiment Station.....	Ben Ternes
51120.....	Bureau of Mines	Ben Ternes
51130.....	School for the Deaf & Blind	Nancy Hall
51140.....	Montana Arts Council	Nancy Hall
51150.....	State Library	Nancy Hall
51170.....	Montana Historical Society.....	Nancy Hall
51190.....	Fire Services Training School	Ben Ternes

Section F – Long Range Planning Jason Harlow

Budget Background and Additional Information

Personal Services – The personal services portion of the executive budget is based upon a “snapshot” of actual salaries for authorized FTE, as they existed on the Statewide Accounting, Budgeting and Human Resources System (SABHRS) on July 15, 2024. OBPP prepared the FY 2026 and FY 2027 personal services budgets to reflect HB 2 as well as HB 13 passed by the 2023 Legislature, workers comp, unemployment insurance, FICA, retirement contribution rates, number of hours each fiscal year, longevity adjustments, and health insurance rates. These personal services schedules are included in the present law base for current level positions that are authorized for FY 2025 and thus authorized to continue into the 2027 biennium.

Inflation/Deflation - For the 2027 biennium, inflation factors will be applied at the second level of expenditure. The incremental change in inflation/deflation accounts from FY 2025 to FY 2026 and FY 2025 to FY 2026 shown in the SWPL 3 change package.

The following accounts have been inflated/deflated from the FY 2023 starting point amounts entered above as follows:

<u>Acct</u>	<u>Name</u>	<u>FY 2026</u>	<u>FY 2027</u>
**	Motor Pool	(7.62%)	(5.15%)
** (62404, 62414, 62434, 62445, 62510)			

No other inflation or deflation is included for FY 2026 and FY 2027. Agency requests for other budgetary changes are included in present law adjustment change packages (PLs).

Fixed Costs - Although most agencies will be billed in the 2027 biennium consistent with the amounts budgeted for fixed costs, there may be a few exceptions including various information technology charges, which are based upon actual usage, warrant writing fees for warrants actually issued, and the portion of leased vehicles based on the number of miles driven. The total of fixed costs for the 2027 biennium is shown for each fiscal year. A brief summary of each fixed cost follows, and the manner in which each of these services was adjusted in the budget is summarized.

Fixed Costs for the 2027 Biennium		
<u>Fixed Cost Account</u>	<u>FY 2026 Amount</u>	<u>FY 2027 Amount</u>
Insurance (62104)	\$12,075,517	\$12,075,526
Warrant Writer (62113)	\$1,270,921	\$1,270,921
Payroll Service (62114)	\$4,344,873	\$4,561,663
Workers' Comp. Mgmt. (62114A)	\$443,485	\$443,485
Legislative Audit Fees (62122)	\$6,299,769	
SABHRS (62148)	\$4,936,529	\$5,035,259
ITSD Fees (Various)	\$79,679,603	\$79,291,001
Messenger Services (62307)	\$397,635	\$397,635
Capitol Complex Rent (62527)	\$12,623,586	\$12,658,801
SWCAP (62888)	\$4,500,000	\$4,500,000
NRIS/GIS (621L1)	\$446,021	\$446,021
Chief Data Office (62CD1)	\$500,000	\$500,000
Enterprise Learning (62809B)	\$702,464	\$702,464
Office of Public Info. (621D9)	\$309,200	\$375,200

Budget Background and Additional Information

Insurance – 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.

FY 2025 budget: \$25,612,318 FY 2026 Budgeted: \$12,075,517 FY 2027 Budgeted: \$12,075,526

Due to the existence of remaining funds from settlements, the program has established rates, but the OBPP has determined that rates will be charged to agencies at a reduced amount in the 2027 Biennium to right-size reserves for the program.

Warrant Writer - Check writing and auto-deposit capabilities for two million annual transactions are provided to state agencies. Although projections are based on historical demand, the service is charged out on actual experience.

FY 2025 budget: \$872,812 FY 2026 Projected: \$1,270,921 FY 2027 Projected: \$1,270,921

Payroll Service - Payroll processing for more than 13,500 state employees has projected operating expenses of \$4,344,873 in FY 2026 and \$4,561,63 in FY 2027.

Workers Compensation Management – All state agencies utilize the services of the Workers' Compensation Management Bureau, which serves as the central resource to enhance existing safety, loss-prevention, and return to work activities. Fees are based on the estimated average payroll advice per pay period for the fiscal year. Budgeted costs are \$443,485 in FY 2026 and FY 2027.

Audit - Total statewide financial compliance audit costs for the 2027 biennium are \$2,954,548. Total federal single audit costs are projected to be \$3,345,111. Biennium financial compliance audit costs for the 2025 Biennium were \$4,749,799, which did not include the community colleges.

SABHRS - Costs to finance the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) have been distributed to state agency budgets. The SABHRS operations bureau will maintain the uniform central management system with total budgeted operating expenses of \$9,971,788 in the 2027 Biennium. State agencies will pay this in distributed fixed costs, allocated by FTE and transaction usage, using all funds proportionately.

Information Technology Services Division (ITSD) Fees - ITSD's rates are estimated using an activity-based budgeting model. Due to an increase of services, and agency predicted growth, ITSD's FY 2025 base fees of \$64,308,597 are projected to increase to \$79,679,603 in FY 2026 and \$79,921,001 in FY 2027.

Messenger Service - Mail sorting, volume of incoming and interagency mail, and number of mail deliveries per day to all state agencies within the Helena area is a budgeted cost, which is then distributed as a fixed cost to customer agencies. The distributed fixed costs are \$397,635 in each year of the 2027 Biennium.

Department of Administration Rent - Agencies within the Capitol Complex will pay \$11.757 per square foot in FY 2026 and \$11.790 per square foot in FY 2027 for combined office and non-office space. These costs include rent, grounds maintenance, snow removal, and water charges for each year of the 2027 Biennium.

SWCAP (Statewide Cost Allocation Plan) - The costs recovered under the Statewide Cost Allocation Plan are deposited into the general fund and are recovered from non-general fund programs. Services associated with the allowable general fund programs benefit all agencies, including the university system. The following general fund services are allowed to be included in the SWCAP: state accounting, state personnel, state procurement, budget office, and buildings shared by more than one agency. The total amount allocated to agencies is \$9,000,000 in the 2027 Biennium.

NRIS/GIS - The Montana State Library charges fees to agencies for access to their Natural Resources Information System and Geographic Information System. Fees for the 2027 Biennium are \$446,021 per fiscal year.

Chief Data Office - The Chief Data Office provides expertise to collaborate with state agencies to enable and lead the digital transformation and data modernization efforts within state government. Rates for the 2027 Biennium are \$500,000 per fiscal year, which is unchanged from the rates for the 2025 Biennium.

Budget Background and Additional Information

Enterprise Learning and Development - the Enterprise Learning and Development program coordinates professional development and leadership training for the state enterprise. Educational programs include Linked-In Learning, Roberts Rules training, and state managerial and supervisory-level workshops. Rates for the 2027 Biennium are \$702,464 per fiscal year.

Office of Public Information Requests - The Office of Public Information Requests assists with the tracking and response to state Freedom of Information Act (FOIA) requests from the general public. In the 2025 Biennium, this office was funded with a one-time-only general fund transfer and fees charged to outside parties submitting requests for public information. Beginning with the 2027 Biennium, agencies will participate in funding these services. Rates are \$309,200 for FY 2026 and \$375,200 for FY 2027.

Vacancy Savings – Vacancy savings of 5 percent was applied to all agencies, except those with fewer than 20.00 FTE, elected officials, university system faculty, the legislative branch, and the judicial branch. In addition, the Montana Highway Patrol, Game Wardens in the Department of Fish, Wildlife & Parks, and the Montana School for the Deaf and Blind are statutorily exempt from vacancy savings. Some other 24/7 level positions were exempted by policy. The vacancy savings from the HB 2 base budgets of the affected agencies generated \$46.6 million in all funds each year of the 2027 biennium. The budget adds back a portion of the applied vacancy savings in the Office of Budget and Program Planning to be allocated to agencies with the approval of the Budget Director when agencies encounter urgent recruitment or retention issues that cannot be addressed within the agency's existing budget.

HB 13 pay plan bill also includes a biennial contingency account of \$1 million general fund and \$0.8 million other funds for agencies that are unable to achieve vacancy savings due to lack of staff turnover and agencies that are unable to absorb the full costs of retirement or leave payouts. A number of agencies are projecting very significant, costly retirements in the 2027 biennium and the Executive recommends this contingency, rather than funding individual agencies for unknown projected costs.

Agency Budgets – The detailed budget for each state agency is available on the Internet at

https://budget.mt.gov/_docs/execbudgets/2027_Budget/HB2_Summary.pdf

https://budget.mt.gov/_docs/execbudgets/2027_Budget/SA_Summary.pdf

Agency Mission, Goals and Objectives - The mission for each state agency is printed as part of the budget. Goals and objectives also are required in accordance with 17-7-111(3)(c), MCA, and are available on the Internet at <https://budget.mt.gov/Budgets/HistoricalBudgets/2027BudgetGoalsObjectives>. In accordance with statutory changes made in the 2025 Legislative Session, agency that develop an annual agency plan do not need to prepare goals and objectives, so a combination of agency annual plans and goals and objectives are presented.

Analysis of Receipts by Fund - The analysis of receipts by fund required by 17-7-124, MCA, is available on request from the OBPP, Room 277 State Capitol.

Proposed Five Percent Budget Reduction Plans – The budget requirements found in 17-7-111(3)(f), MCA, state that agencies with more than 20 FTE must submit a plan to reduce the proposed base budget for the agency from the general appropriations act and the state pay plan by five percent. The plans only apply to the general fund and those state special revenue funds that transfer their interest or fund balance to the general fund. Also exempted are legislative audit costs and administratively attached entities that hire their own staff. All state agencies have submitted their plans and they are available upon request from the OBPP, Room 277 State Capitol.

Budget Background and Additional Information

Supplemental Appropriations (HB 3)

HB 3 will contain appropriations for FY 2025 for eight agencies.

1. The Department of Public Health and Human Services (DPHHS) requests that a supplemental appropriation be included in HB 3 to mitigate appropriation shortfalls in the Health Care Facilities Practice general fund. Shortfalls projected in all other programs can be mitigated by existing authority.

The projections for the Health Care Facility Practice correspond in part with reduced revenue recoveries for the Montana Veterans' Home (Columbia Falls) that will necessitate \$3.3 million of general fund to cover operations. The remaining shortfall is associated with the Montana State Hospital, \$5 million of which is needed due to unanticipated operational requirements to accommodate capital development on the main campus in Warm Springs.

2. The Office of Public Instruction requests \$26,656 general fund to cover the cost of a shortfall for state tuition payments.
3. The Department of Corrections requests a total of \$12.53 million general fund to complete FY 2025. Shortfalls are due to county jail holds in excess of the department's appropriation (\$4.3 million), emergency building repairs (\$0.6 million), community corrections contract overage (\$0.38 million), and necessary replacements of control doors in secure facilities (\$7.25 million).
4. The Office of Public Defender requests a supplemental appropriation of \$12.5 million to cover cost overruns in contracted services in FY 2024 and FY 2025 for contract attorneys hired to provide constitutionally required legal services to indigent Montanans accused of a crime. The office contracts these cases out when agency attorneys do not have the capacity to take on additional cases due to existing caseloads or when a conflict occurs necessitating outside counsel.
5. The Department of Justice requests \$4,067,348 general fund to cover the costs of supplemental retirement contributions for the Montana Highway Patrol. The payment has been required for many years, and up to the 2025 biennium was paid through a statutory appropriation. HB 569, passed by the 2023 Legislature, eliminated the statutory appropriation but left the requirement for the supplemental payment in law. The agency seeks appropriation authority to make the required contributions.
6. The State Auditor's Office requests state special revenue authority of \$3,818,000 for a shortfall in FY 2024 and FY 2025 for the Montana Reinsurance Program.
7. The Department of Fish, Wildlife and Parks requests a supplemental appropriation of \$950,000 state special revenue to reimburse the Department of Natural Resources and Conservation for the costs of fire suppression for the Nevada Lake Fire.
8. The Department of Revenue requests \$1.7 million general fund to implement the proposed homestead exemption legislation. The appropriation is requested to continue into the 2027 biennium.

Pay Plan (HB 13)

The state and labor unions reached a tentative agreement for a pay plan proposal in October 2024. The tentative agreement includes the following components:

- The state will introduce legislation (HB 13) to increase each employee's base by either \$1.00 per hour or 4%, 2.5 whichever is greater, on July 1 of each year of the biennium.
- HB 13 also increases the state's contribution towards health insurance by \$26 per month in FY 2026 and \$27 per month in FY 2027. These rates will go into effect based upon plan year. For the state employee plan, effective dates will be January 1, 2026 and January 1, 2027. For the Montana University System plan, effective dates will be July 1, 2025 and July 1, 2026.

Budget Background and Additional Information

- For the state employee plan, employee wellness incentives increase from \$30 per month to \$60 per month and the tobacco user surcharge is also increased from \$30 to \$60 per month.
- HB 13 will adjust in-state travel diem rates to 70% of the standard federal rate.

Budget Bills

<u>Bill No</u>	<u>LC No</u>	<u>Bill Title</u>	<u>Executive Budget Reference</u>
HB 2	LC0708	General Appropriations Act	Volume 1 (Sect A – E)
HB 3	LC0707	Supplemental Appropriations Bill	Volume 1, R-5
HB 4	LC0700	Appropriations by Budget Amendment	N/A
HB 5	LC0710	Long-Range Building Cash Projects	Volume 3
HB 6	LC0711	Renewable Resource Grants	Volume 6
HB 7	LC0712	Reclamation and Development Grants Program	Volume 5
HB 8	LC0713	Renewable Resource Grants and Loans	Volume 6
HB 9	LC0714	Cultural & Aesthetic Grants	Volume 7
HB 10	LC0715	Long-Range Information Technology	Volume 9
HB 11	LC0716	Treasure State Endowment Program	Volume 4
HB 12	LC0717	Historic Preservation Grant Program	Volume 8
HB 13	LC0718	State Employee Pay Plan	Volume 1, R-6
HB 15	LC0720	Implement Statutory K-12 inflation	Volume 1 (Sect E)

Other Budget Bills Description

<u>Bill No/(LC No)</u>	<u>Bill Title"/Description</u>
HB/SB (LC0307)	Revise Marijuana Laws
HB/SB (LCxxxx)	Revise Motor Vehicle Laws to Provide Funding for Bridges and Public Safety
HB/SB (LC0446)	Generally Revise Business Equipment Tax Laws
HB/SB (LCxxxx)	Provide Appropriation for Fire Suppression and Preparedness
HB/SB (LCxxxx)	Revise Infrastructure Revolving Loan Program
HB/SB (LCxxxx)	Implementation of the Future State of Corrections Plan
HB/SB (LCxxxx)	Revise State Fund-Old Fund Administration Expenses
HB/SB (LCxxxx)	Implementation of the Pension Reserve and Debt and Liability Free Plan
HB/SB (LCxxxx)	Lowering Indiv. Income and Capital Gains Tax Rates, Increasing the Earned Income Tax Credit
HB/SB (LCxxxx)	Revise Workforce Housing
HB/SB (LC0282)	Implementation of the Montana Local Resiliency Fund
HB/SB (LCxxxx)	Enhance Funding to the School Facility Trust
HB/SB (LCxxxx)	Creation of the Montana Water Trust
HB/SB (LC0080)	Revise Non-Levy Revenue Laws
HB/SB (LC0173)	Implementation of Homestead/Comstead/Agstead Revisions
HB/SB (LCxxxx)	Generally Revise the Governor's Emergency Appropriation
HB/SB (LC1008)	Revise the Montana Noxious Weed Trust