



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

HB0190 - Provide for a state government performance and results act (Mercer, Bill )

**Status:** As Amended in House Committee

- Significant Local Gov Impact     
  Needs to be included in HB 2     
  Technical Concerns  
 Included in the Executive Budget     
  Significant Long-Term Impacts     
  Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b>Expenditures:</b>				
State Appropriated Funds	\$1,265,126	\$230,023	\$1,284,103	\$236,975
<b>Revenue:</b>				
State Appropriated Funds	\$0	\$0	\$0	\$0
<b>Net Impact-State Appropriated Funds</b>	<u>(\$1,265,126)</u>	<u>(\$230,023)</u>	<u>(\$1,284,103)</u>	<u>(\$236,975)</u>

**Description of fiscal impact:** HB 190 requires Executive Branch agencies to prepare department plans by September 1, 2023, and update the plan every two years. In addition, beginning no later than December 1, 2024, Executive Branch agencies must produce and annual performance report. For purposes of this fiscal note, the Office of Budget and Program Planning solicited analysis from one state agency affected by HB 190, the Department of Natural Resources and Conservation, with the intent of extrapolating the impact to all affected agencies. Section 8 states the departments may use only existing resources to implement the provisions of the bill. However, as this fiscal note indicates, agencies will incur costs to implement the legislation. Those costs are shown on this fiscal note. The extent to which state agencies are required to implement the bill without additional resources, has a one-to-one relationship to existing required agency responsibilities and requirements that will either not be completed or will be delayed.

### FISCAL ANALYSIS

**Assumptions:****All Executive Branch Agencies**

1. Agencies will be required to adopt a department plan by no later than September 1, 2023, and update the plan by July 1, 2025, and every two years thereafter. The plan would include goals, objectives, outcomes, outputs, and performance measures.

2. Agencies will be required to track outcomes and outputs performance measures and prepare and distribute an annual report no later than December 1, 2024, and no later than October 1 of each year afterward.
3. According to the definition of department in Section 3 of the bill (referencing list in 2-15-104, MCA), the following agencies would be affected by HB 190: Department of Administration, Department of Military Affairs, Department of Revenue, State Board of Education, Department of Labor and Industry, Department of Commerce, Department of Justice, Department of Public Health and Human Services, Department of Corrections, Department of Transportation, Public Service Commission, Department of Agriculture, Department of Livestock, Department of Natural Resources and Conservation, Department of Fish, Wildlife & Parks, Department of Environmental Quality, Secretary of State's Office, State Auditor's Office, and the Office of Public Instruction.
4. The following agencies are exempt from the requirements of HB 190: Legislative Branch, Judicial Branch, Governor's Office, Commissioner of Political Practices, Montana University System, Montana School for the Deaf & Blind, Montana Arts Council, Montana State Library, Montana State Fund, and the Montana Historical Society.

**Department of Natural Resources and Conservation (DNRC - Baseline Agency)**

5. The DNRC will use contracted services to hire a facilitator to work with DNRC staff to produce the first department plan, as well as in the subsequent years to produce the revised plan.
6. The DNRC will utilize existing staff to perform planning and reporting activities.
7. The DNRC is currently funded for the existing staff which are primarily focused on program management and implementation.
8. It is anticipated that contracted services costs will be \$55,000 in the first year and every second year leading up to subsequent July 1 deadlines, plus \$11,000 in each of the two interim years afterwards.
9. The following estimates staff time will be incurred by the agency, but are not included in the fiscal note amounts:
  - a. In FY 2024, it is estimated that planning and reporting efforts will occupy approximately 1,300 staff hours to do the first report due on September 1, 2023.
  - b. In FY 2025, FY 2026 and FY 2027 and every year afterwards, the annual performance report will require additional staff hours estimated to be 300.
  - c. In FY 2025 (for the July 1, 2025, deadline) and every two years afterwards, the plan revisions will require additional staff hours estimated to be 1,300.
10. Diverting current staff will impact the timely delivery of programs and services. These impacts cannot be quantified.
11. Agencies currently have financial and performance audits as well as various annual reports that may provide the information requested.
12. A 1.5% inflation rate has been applied to FY 2026 and FY 2027.

**Other Affected Agencies (listed in assumption 3)**

13. The costs estimated by DNRC have been extrapolated to other state agencies using permanent FTE as a proxy for the complexity and number of programs in each agency. Impacts are shown in the table below. Due to the variability of funding sources in each agency, funding is not broken out by agency at this time.

		FY 2023 FTE	FY 2024	FY 2025	FY 2026	FY 2027
32010	Secretary of State	54.50	5,243	1,049	5,321	1,080
34010	State Auditor	72.50	6,974	1,395	7,079	1,437
35010	Office of Public Instruction	180.80	17,392	3,478	17,653	3,584
41100	Dept of Justice	839.65	80,769	16,154	81,981	16,642
42010	Public Service Commission	36.00	3,463	693	3,515	714
52010	Dept of Fish, Wildlife & Parks	784.24	75,439	15,088	76,571	15,544
53010	Dept of Environmental Quality	421.54	40,550	8,110	41,158	8,355
54010	Dept of Transportation	2150.77	206,892	41,378	209,995	42,629
56030	Dept of Livestock	137.62	13,238	2,648	13,437	2,728
57060	Dept of Natural Resources & Cons	571.76	55,000	11,000	55,825	11,332
58010	Dept of Revenue	664.67	63,937	12,787	64,896	13,174
61010	Dept of Administration	531.48	51,125	10,225	51,892	10,534
62010	Dept of Agriculture	123.44	11,874	2,375	12,052	2,447
64010	Dept of Corrections	1352.18	130,072	26,014	132,023	26,801
65010	Dept of Commerce	208.38	20,045	4,009	20,346	4,130
66020	Dept of Labor & Industry	762.84	73,381	14,676	74,482	15,120
67010	Dept of Military Affairs	227.78	21,911	4,382	22,240	4,515
69010	Dept of Public Health & Human Services	2836.02	272,809	54,562	276,901	56,211
	TOTAL		\$ 1,150,114	\$ 230,023	\$ 1,167,366	\$ 236,975

14. Using the current employee hours estimated in assumption 12 for DNRC, and using permanent FTE as a proxy for a similar level of work performed in other agencies, the table below shows the number of hours and FTE that will be redirected to accomplish the work required by HB 190. These hours will not be available to the agencies to accomplish the normal work duties of the agencies.

		FY 2024 Hours/FTE		FY 2025 Hours/FTE		FY 2026 Hours/FTE		FY 2027 Hours/FTE	
32010	Secretary of State	124	0.06	29	0.01	124	0.06	29	0.01
34010	State Auditor	165	0.08	38	0.02	165	0.08	38	0.02
35010	Office of Public Instruction	411	0.20	95	0.05	411	0.20	95	0.05
41100	Dept of Justice	1,909	0.92	441	0.21	1,909	0.92	441	0.21
42010	Public Service Commission	82	0.04	19	0.01	82	0.04	19	0.01
52010	Dept of Fish, Wildlife & Parks	1,783	0.86	411	0.20	1,783	0.86	411	0.20
53010	Dept of Environmental Quality	958	0.46	221	0.11	958	0.46	221	0.11
54010	Dept of Transportation	4,890	2.35	1,128	0.54	4,890	2.35	1,128	0.54
56030	Dept of Livestock	313	0.15	72	0.03	313	0.15	72	0.03
57060	Dept of Natural Resources & Cons	1,300	0.63	300	0.14	1,300	0.63	300	0.14
58010	Dept of Revenue	1,511	0.73	349	0.17	1,511	0.73	349	0.17
61010	Dept of Administration	1,208	0.58	279	0.13	1,208	0.58	279	0.13
62010	Dept of Agriculture	281	0.13	65	0.03	281	0.13	65	0.03
64010	Dept of Corrections	3,074	1.48	709	0.34	3,074	1.48	709	0.34
65010	Dept of Commerce	474	0.23	109	0.05	474	0.23	109	0.05
66020	Dept of Labor & Industry	1,734	0.83	400	0.19	1,734	0.83	400	0.19
67010	Dept of Military Affairs	518	0.25	120	0.06	518	0.25	120	0.06
69010	Dept of Public Health & Human Services	6,448	3.10	1,488	0.72	6,448	3.10	1,488	0.72
	TOTAL	27,185	13.07	6,273	3.02	27,185	13.07	6,273	3.02

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Operating Expenses	\$1,150,114	\$230,023	\$1,167,366	\$236,975
<b>TOTAL Expenditures</b>	<b>\$1,150,114</b>	<b>\$230,023</b>	<b>\$1,167,366</b>	<b>\$236,975</b>
<b><u>Funding of Expenditures:</u></b>				
State Appropriated Funds	\$1,150,114	\$230,023	\$1,167,366	\$236,975
<b>TOTAL Funding of Exp.</b>	<b>\$1,150,114</b>	<b>\$230,023</b>	<b>\$1,167,366</b>	<b>\$236,975</b>
<b><u>Revenues:</u></b>				
State Appropriated Funds	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
State Appropriated Funds	(\$1,150,114)	(\$230,023)	(\$1,167,366)	(\$236,975)

**Technical Notes:**

1. Section (4) strikeout of “mission statement” no longer aligns with existing section (9)(c) from Montana Administrative Procedures Act (MAPA Section 9).
2. Section (8)(11)(vii) should be amended to reference “department planning documents” as opposed to “strategic planning documents.”

			3-13-23
<i>Sponsor's Initials</i>	<i>Date</i>	<i>Budget Director's Initials</i>	<i>Date</i>