

# **PRESENTATION TO THE 2025 HEALTH AND HUMAN SERVICES JOINT APPROPRIATIONS SUBCOMMITTEE**

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## **OPERATION SERVICES DIVISION**

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## OVERVIEW

The Operations Services Division provides leadership and guidance for the financial and budgetary implementation and operation of the Department's programs and services for Montanans. The division's programs support DPHHS's accounting, budgeting, procurement, data analytics, caseload projections, internal controls, and compliance activities.

The Operations Services Division is comprised of the following:

- Chief Financial and Operating Officer
  - Operations Project Manager
- Office of Budget and Finance
- Office of Research and Data Analytics
- Internal Controls and Compliance Office

## SUMMARY OF MAJOR FUNCTIONS

### CHIEF FINANCIAL AND OPERATING OFFICER

The Chief Financial and Operating Officer provides leadership to the department on budgetary, financial, and operations management to ensure the delivery of timely, affordable, and effective health and human services.

### OFFICE OF BUDGET AND FINANCE

The Office of Budget and Finance (OBF) oversees the Department's \$7.2 billion biennial HB 2 budget, which includes approximately 300 different funding streams. OBF directs the proper utilization, tracking, and management of DPHHS's appropriations in accordance with state statutes and federal regulations.

### OFFICE OF RESEARCH AND DATA ANALYTICS

The Office of Research and Data Analytics (ORDA) was created during the 2025 Biennium. It houses the functions previously organized in the Office of Health and Data Analytics and new resources under a Chief Analytics Officer.

### INTERNAL CONTROLS AND COMPLIANCE OFFICE

The Internal Controls and Compliance Office works with all department programs to ensure divisions are aware, monitoring and implementing compliance oversight responsibilities. This office will work with all DPHHS programs to help identify the risk of noncompliance with state and federal regulations and the risk of fraud, waste, and

abuse in state government, provide mechanisms to design internal control procedures addressing state and federal compliance requirements, and assist with designing testing and monitoring procedures to comply with financial reporting requirements.

## HIGHLIGHTS AND ACCOMPLISHMENTS DURING THE 2025 BIENNIUM

### COMPLIANCE

This newly created office has implemented significant improvements since its inception. This office has provided training and centralized tools and resources in the following areas:

- Subrecipient and Contractor Determinations
- Subrecipient Monitoring, Basics, and Best Practices
- Subrecipient Risk Assessments – Training and Process
- Federal Award Disclosures

The division is working to enhance department processes to ensure that funds are being used in accordance with federal regulations; we are meeting grant objectives, minimizing risks of fraud, waste, and abuse, and improving the accountability and safeguarding of the funding process.

### BUDGET AND FINANCE

The Office of Budget and Finance has worked over the last biennium to provide budgetary oversight, support, and training to develop financial staff acumen further. In addition, OBF has worked to improve and streamline internal processes and provide better customer service:

- Created workflows in enterprise solutions to streamline fiscal notes, budget change documents, and other internal processes.
- Created automatic financial databases in a multi-user environment that have modernized the use of financial data in the department.

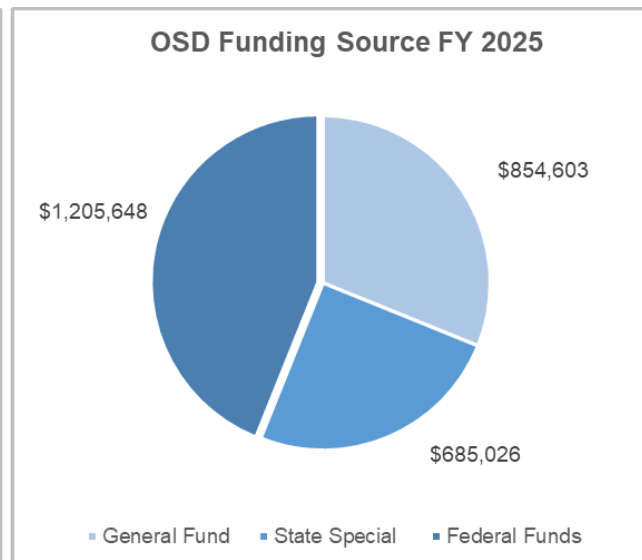
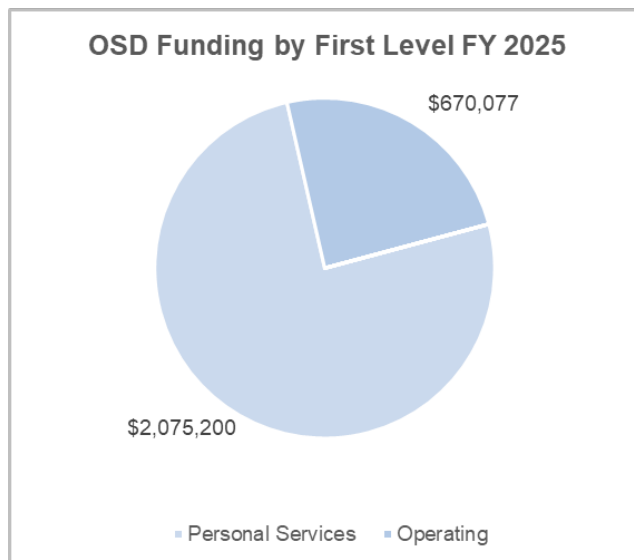
### DATA RESEARCH AND ANALYTICS

This reimagined office has begun laying the groundwork for developing an organization that leverages data as a strategic asset to drive innovation in analysis and enable data-driven decision-making. In the last year, the office has:

- Created six research portfolios for DPHHS Divisions. Each portfolio recognizes Division needs and identifies research methodologies to address specific Division issues. DPHHS continues to work towards implementation of research agenda.
- Initiated collaborations with two Montana Universities. These collaborations are intended to support graduate students with research and statistical expertise. Attracting, retaining, and developing statistical expertise is crucial to ORDA's success.
- Working with legal and Information Technology to discuss the ethical considerations of using machine learning and predictive analytics in DPHHS.
- Developing a “Learn at Lunch” series of seminars to introduce employees to different statistical methods.

# FUNDING AND POSITIONS BUDGETED (PB) INFORMATION

OPERATIONS SERVICES	FY 2025 BUDGET	FY 2026 REQUEST	FY 2027 REQUEST
PB	20.6	20.6	20.6
Personal Services	\$2,075,200	\$2,254,300	\$2,260,358
Operating	\$670,077	\$670,053	\$670,061
Equipment	\$0	\$0	\$0
Local Assistance	\$0	\$0	\$0
Grants	\$0	\$0	\$0
Benefits and Claims	\$0	\$0	\$0
Transfers	\$0	\$0	\$0
Debt Services	\$0	\$0	\$0
<b>TOTAL COSTS</b>	<b>\$2,745,277</b>	<b>\$2,924,353</b>	<b>\$2,930,419</b>
	FY 2025 BUDGET	FY 2026 REQUEST	FY 2027 REQUEST
General Fund	\$854,603	\$921,844	\$924,528
State Special Fund	\$685,026	\$692,036	\$692,225
Federal Fund	\$1,205,648	\$1,310,473	\$1,313,666
<b>TOTAL FUNDS</b>	<b>\$2,745,277</b>	<b>\$2,924,353</b>	<b>\$2,930,419</b>



# CHANGE PACKAGES

## PRESENT LAW ADJUSTMENTS

### SWPL 1 – PERSONAL SERVICES

The budget includes \$179,100 in FY 2026 and \$185,158 in FY 2027 to annualize various personal services costs, including the FY 2025 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2026</b>	\$67,265	\$7,010	\$104,825	\$179,100
<b>FY 2027</b>	\$69,941	\$7,199	\$108,018	\$185,158
<b>Biennium Total</b>	\$137,206	\$14,209	\$212,843	\$364,258

### SWPL 3 – INFLATION DEFLATION

This change package includes reductions of \$24 in FY 2026 and \$16 in FY 2027 to reflect budgetary changes generated from the application of deflation to state motor pool accounts.

	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2026</b>	(\$24)	\$0	\$0	(\$24)
<b>FY 2027</b>	(\$16)	\$0	\$0	(\$16)
<b>Biennium Total</b>	(\$40)	\$0	\$0	(\$40)