

# JUDICIAL BRANCH

## Section D

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### JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

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-----Agencies-----

Judicial Branch  
Dept. of Justice  
Public Service Commission

Office of Public Defender  
Dept. of Corrections

-----Committee Members-----

House

Representative Fiona Nave (Chair)  
Representative Thedis Crowe  
Representative Donavon Hawk  
Representative Anthony Nicastrò

Senate

Senator Shelley Vance (Vice Chair)  
Senator Tom McGillvray  
Senator Shane Morigeau

-----Fiscal Division Staff-----

Walker Hopkins  
Barb Wagner

**Agency Base Budget Comparison**

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Agency Base Budget Comparison					
Budget Item	Base Budget FY 2025	Requested FY 2026	Budget FY 2027	Biennium Change Amount	from Base Percent
Proprietary Funds	285,424	285,261	285,261	(326)	(0.1%)
<b>Total Funds</b>	<b>285,424</b>	<b>285,261</b>	<b>285,261</b>	<b>(326)</b>	<b>(0.1%)</b>
Operating Expenses	9,044	8,881	8,881	(326)	(1.8%)
Debt Service	276,380	276,380	276,380		0.0%
<b>Total Expenditures</b>	<b>285,424</b>	<b>285,261</b>	<b>285,261</b>	<b>(326)</b>	<b>(0.1%)</b>
<b>Total Ongoing</b>	<b>285,424</b>	<b>285,261</b>	<b>285,261</b>	<b>(326)</b>	<b>(0.1%)</b>
<b>Total One-Time-Only</b>					<b>0.0%</b>

**Agency Highlights**

The Judicial Branch's 2027 biennium non-budgeted proprietary appropriations are \$326 or 0.1% lower than the FY 2025 base appropriation.

**Executive Request**

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

	Judicial Branch 2027 Biennium Base Budget and Requested Adjustments FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>285,424</b>	<b>100.1%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>285,424</b>	<b>100.1%</b>
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
Fixed Costs	0	0	0	(163)	(0.1%)	0	0	0	(163)	(0.1%)
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
<b>Total Statewide PL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(163)</b>	<b>(0.1%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(163)</b>	<b>(0.1%)</b>
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
<b>Total Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(163)</b>	<b>(0.1%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(163)</b>	<b>(0.1%)</b>
<b>Total Requested Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>285,261</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>285,261</b>	

**Funding**

The following table shows proposed agency funding for all sources of authority.

Judicial Branch, 03-Law Library Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,979,799	0	0	0	1,979,799	77.6%
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>
06019 Lexis Proprietary Account	0	0	570,522	0	570,522	100.0%
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$570,522</b>	<b>\$0</b>	<b>\$570,522</b>	<b>22.4%</b>
<b>Total All Funds</b>	<b>\$1,979,799</b>	<b>\$0</b>	<b>\$570,522</b>	<b>\$0</b>	<b>\$2,550,321</b>	

*Non-Budgeted Proprietary Funds*

The Lexis Proprietary Account within the Law Library is an enterprise proprietary program funded by fees charged to users for access to a legal database. These proprietary funds are discussed in more detail further in this budget analysis.

**Program Actuals and Budget Comparison**

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
Operating Expenses	1,268	1,268	9,044	8,881	8,881
Debt Service	276,719	276,720	276,380	276,380	276,380
<b>Total Expenditures</b>	<b>\$277,987</b>	<b>\$277,988</b>	<b>\$285,424</b>	<b>\$285,261</b>	<b>\$285,261</b>
Proprietary Funds	277,987	277,988	285,424	285,261	285,261
<b>Total Funds</b>	<b>\$277,987</b>	<b>\$277,988</b>	<b>\$285,424</b>	<b>\$285,261</b>	<b>\$285,261</b>
<b>Total Ongoing</b>	<b>\$277,987</b>	<b>\$277,988</b>	<b>\$285,424</b>	<b>\$285,261</b>	<b>\$285,261</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

*Program Description*

The Judicial Branch has one non-budgeted, enterprise proprietary program. The Law Library contracts with an online provider for access to a legal database.

*FY 2024 Appropriation Compared to FY 2024 Actual Expenditures*

Appropriations in FY 2024 within the Lexis proprietary account were fully expended.

*FY 2024 Appropriations Compared to FY 2025 Appropriations*

Appropriations in FY 2025 are \$7,400 or 2.7% greater than the 2024 appropriation. This difference is found in operating expenses.

**Lexis Proprietary Account – 06019**

*Revenue and Expenses*

The following table shows the actual and projected expenditures and related revenues associated with this fund

<b>2027 Biennium Report on Internal Service and Enterprise Funds</b>						
Fund	Fund Name	Agency #	Program Name			
6019	Lexis Proprietary	21100	03 - Law Library			
			Actual FY 24	Estimated FY 25	Proposed FY 26	Proposed FY 27
<b>Operating Revenues</b>						
<b>Fees and Charges</b>						
	Fee Revenue A		271,696	285,000	293,550	302,357
<b>Total Operating Revenues</b>			271,696	285,000	293,550	302,357
<b>Expenses</b>						
	Other Operating Expense					
	Expense A		276,719	283,816	292,181	300,947
<b>Total Operating Expense</b>			276,719	283,816	292,181	300,947
<b>Operating Income (Loss)</b>			(5,023)	1,184	1,369	1,409
Nonoperating Expenses						
	Other Expense A		(1,268)	(1,258)	(1,080)	(1,080)
	Other Expense B					
<b>Total Nonoperating Revenues (Expenses)</b>			(1,268)	(1,258)	(1,080)	(1,080)
<b>Income (Loss) Before Contributions and Transfers</b>			(6,291)	(74)	289	329
Capital Contributions						
Transfers In						
Transfers Out						
Loans and Lease Payments						
<b>Change in Net Position</b>			(6,291)	(74)	289	329
<b>Beginning Net Position - July 1</b>			35,880	29,588	29,514	29,803
	Prior Period Adjustments					
	Change in Net Position		(6,291)	(74)	289	329
<b>Ending Net Position - June 30</b>			29,589	29,514	29,803	30,132

*Expenses*

Expenses for this fund primarily relate to charges for searches and research from the online database.

*Revenues*

Revenues are generated from charging user fees for access to the legal database.

*Proprietary Rates*

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. As stated above, rates charged by the program align with actual costs.

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

The decision packages presented are for informational purposes only, offering insights into anticipated changes in expenditure that may affect the rates charged. These decision packages are not approved by the legislature. For internal service funds, the legislature approves the maximum rate that may be charged. For enterprise funds, the legislature reviews the rate and identifies any concerns.

Present Law Adjustments	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 2 - Fixed Costs	0.00	0	0	0	(163)	0.00	0	0	0	(163)
DP 3 - Inflation Deflation	0.00	0	0	0	0	0.00	0	0	0	0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$163)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$163)</b>

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

DP 2 - Fixed Costs -

The branch requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The branch requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

# DEPARTMENT OF JUSTICE

## Section D

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### JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

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-----Fiscal Division Staff-----

Walker Hopkins  
Barb Wagner

Agency Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Agency Base Budget Comparison						
Budget Item	Base Budget FY 2025	Requested FY 2026	Budget FY 2027	Biennium Change Amount	from Base Percent	
PB	14.00	14.00	14.00	0.00	0.0%	
General Fund		(24,695)	(24,695)	(49,390)	0.0%	
Proprietary Funds	1,901,844	1,802,633	1,807,653	(193,402)	(5.1%)	
<b>Total Funds</b>	<b>1,901,844</b>	<b>1,777,938</b>	<b>1,782,958</b>	<b>(242,792)</b>	<b>(6.4%)</b>	
Personal Services	1,705,487	1,606,276	1,611,296	(193,402)	(5.7%)	
Operating Expenses	194,277	169,582	169,582	(49,390)	(12.7%)	
Debt Service	2,080	2,080	2,080	0.00	0.0%	
<b>Total Expenditures</b>	<b>1,901,844</b>	<b>1,777,938</b>	<b>1,782,958</b>	<b>(242,792)</b>	<b>(6.4%)</b>	
<b>Total Ongoing</b>	<b>1,901,844</b>	<b>1,777,938</b>	<b>1,782,958</b>	<b>(242,792)</b>	<b>(6.4%)</b>	
<b>Total One-Time-Only</b>					<b>0.0%</b>	

Agency Highlights

The 2027 biennium budget request for the Agency Legal Services (ALS) within the Department of Justice is \$243,000 or 5.7% lower than FY 2025 base appropriations. This biennial decrease is attributed to statewide present law decreases to personal services and fixed costs.

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Department of Justice 2027 Biennium Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,901,844</b>	<b>107.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,901,844</b>	<b>106.7%</b>
Statewide PL										
Personal Services	0	0	0	(99,211)	(5.6%)	0	0	0	(94,191)	(5.3%)
Fixed Costs	0	0	0	(24,695)	(1.4%)	0	0	0	(24,695)	(1.4%)
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
<b>Total Statewide PL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(123,906)</b>	<b>(7.0%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(118,886)</b>	<b>(6.7%)</b>
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
<b>Total HB 2 Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(123,906)</b>	<b>(7.0%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(118,886)</b>	<b>(6.7%)</b>
<b>Total Requested Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,777,938</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>1,782,958</b>	

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Justice, 06-Agency Legal Services Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0	0.0%
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>
06500 Agency Legal Services	0	0	3,560,896	0	3,560,896	100.0%
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,560,896</b>	<b>\$0</b>	<b>\$3,560,896</b>	<b>100.0%</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,560,896</b>	<b>\$0</b>	<b>\$3,560,896</b>	

*Non-Budgeted Proprietary Funds*

The ALS is funded with non-budgeted proprietary funds from fees charged to state agencies for attorney and paralegal work. For information on the rates charged to state agencies, refer to the Program Description section below.

**Program Actuals and Budget Comparison**

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	14.00	14.00	14.00	14.00
Personal Services	1,211,770	1,634,358	1,705,487	1,606,276	1,611,296
Operating Expenses	197,009	193,791	194,277	169,582	169,582
Debt Service	0	2,080	2,080	2,080	2,080
<b>Total Expenditures</b>	<b>\$1,408,779</b>	<b>\$1,830,229</b>	<b>\$1,901,844</b>	<b>\$1,777,938</b>	<b>\$1,782,958</b>
Proprietary Funds	1,408,779	1,830,229	1,901,844	1,777,938	1,782,958
<b>Total Funds</b>	<b>\$1,408,779</b>	<b>\$1,830,229</b>	<b>\$1,901,844</b>	<b>\$1,777,938</b>	<b>\$1,782,958</b>
<b>Total Ongoing</b>	<b>\$1,408,779</b>	<b>\$1,830,229</b>	<b>\$1,901,844</b>	<b>\$1,777,938</b>	<b>\$1,782,958</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

*Program Description*

The Department of Justice (DOJ), under the direction of the Attorney General, is responsible for statewide legal services and counsel, law enforcement and public safety. The DOJ has one proprietary funded program in the ALS.

The ALS 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. Employee positions are funded from the revenues generated. The customers served are state agencies, boards, and commissions that have entered into contracts with ALS.

The Attorney General is the legal officer for the state per Article VI, Section 4(4), of the Montana Constitution. 2-4-611(2), MCA provides that state agencies may request from the Attorney General's Office a hearing examiner in a contested case.

State agencies have the option to use in-house or private counsel and investigators instead of ALS. Executive Order 5-93 provides that agencies must receive approval from the Legal Services Review Committee (made up of a representative of the Attorney General, Budget Director, and the Governor's Chief Legal Counsel) prior to contracting for outside legal services.



*FY 2024 Appropriation Compared to FY 2024 Actual Expenditures*

The Agency Legal Services expended approximately 77.0% of its proprietary budget for FY 2024. Unexpended balances occur within personal service accounts.

*FY 2024 Appropriations Compared to FY 2025 Appropriations*

When compared to FY 2024 budgets, amounts in FY 2025 increase by approximately \$70,000 or 3.9%. Some additional personal service funding was provided in FY 2025 through statewide present law adjustments made to personal services.

**Agency Legal Services Bureau - 06500**

ALS provides legal services to state agencies. This program proposes a proprietary rate for adoption by the legislature.

*Revenue and Expenses*

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2027 Biennium Report on Internal Service and Enterprise Funds				
Fund	Fund Name	Agency #	Name	
06500	Agency Legal Services	41100	Agency Legal Services	
			Actual	Estimated
			FY 24	FY 25
			Proposed	Proposed
			FY 26	FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Charges for Services			1,321,461	1,908,809
<b>Total Operating Revenues</b>			1,321,461	1,908,809
<b>Expenses</b>				
Personal Services			1,169,681	1,705,487
Other Operating Expense			197,928	194,277
<b>Total Operating Expense</b>			1,367,609	1,899,764
<b>Operating Income (Loss)</b>			(46,148)	9,045
Nonoperating Revenues				
Nonoperating Expenses				
<b>Total Nonoperating Revenues (Expenses)</b>			-	-
<b>Income (Loss) Before Contributions</b>			(46,148)	9,045
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments			-	(2,080)
<b>Change in Net Position</b>			(46,148)	6,965
<b>Beginning Net Position - July 1</b>			(917,600)	(963,748)
Prior Period Adjustments				(956,783)
Change in Net Position			(46,148)	6,965
<b>Ending Net Position - June 30</b>			(963,748)	(956,783)
<b>Net Position (Fund Balance) Analysis</b>				
Restricted Net Position (Enterprise Funds Only)				
Unrestricted Net Position				

*Expenses*

The primary costs for ALS are personal services for 14.75 PB and associated operating costs. Factors that influence costs 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. As proposed, the costs for Agency Legal Services Bureau decrease by \$124,000 in FY 2026 and \$119,000 in FY 2027 when compared to FY 2025 base appropriations. The decreases are included as part of the statewide present law adjustment for the ALS and are primarily for personal services.

Revenues

Revenues are generated by fees charged to other state agencies for services provided.

Proprietary Rates

The executive proposes an increase in the proprietary rates charged for attorney and paralegal positions when compared to the FY 2025 base rates. Additionally, rates for associate attorneys and legal staff have also been proposed. The figure below shows the rates proposed by the executive for the 2027 biennium which are calculated based on projected costs versus the average billable service provided by attorneys/paralegals on an annual basis. These rates are included in Sec. R of HB 2, and for the rates to become effective, the legislature is required to formally adopt them.

Requested Rates for Internal Service or Enterprise Funds					
Fee/Rate Information					
		Actual FY 24	Estimated FY 25	Proposed FY 26	Proposed FY 27
Fee Description:	Senior Attorney	\$121	\$121	\$200	\$200
	Associate Attorney			\$160	\$160
	Paralegal	\$71	\$71	\$100	\$100
	Legal Assistant			\$75	\$75

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

The Department of Justice has asked for the flexibility to adjust these rates to reflect additional changes related to HB 13 pay plans.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

The decision packages presented are for informational purposes only, offering insights into anticipated changes in expenditure that may affect the rates charged. These decision packages are not approved by the legislature. For internal service funds, the legislature approves the maximum rate that may be charged. For enterprise funds, the legislature reviews the rate and identifies any concerns.

Present Law Adjustments	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	(99,211)	0.00	0	0	0	(94,191)
DP 2 - Fixed Costs	0.00	0	0	0	(24,695)	0.00	0	0	0	(24,695)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$123,906)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$118,886)</b>

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

DP 1 - Personal Services -

The executive proposes adjustments to the present law personal services budget.

DP 2 - Fixed Costs -

The executive proposes adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

# DEPARTMENT OF CORRECTIONS

## Section D

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### JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

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Senator Shane Morigeau

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Agency Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Agency Base Budget Comparison						
Budget Item	Base Budget FY 2025	Requested Budget FY 2026	Budget FY 2027	Biennium Change Amount	from Base Percent	
PB	70.01	70.01	70.01	0.00	0.0%	
Proprietary Funds	18,181,633	18,687,958	18,697,403	1,022,095	2.8%	
<b>Total Funds</b>	<b>18,181,633</b>	<b>18,687,958</b>	<b>18,697,403</b>	<b>1,022,095</b>	<b>2.8%</b>	
Personal Services	5,752,910	5,559,235	5,568,680	(377,905)	(3.3%)	
Operating Expenses	11,637,192	12,337,192	12,337,192	1,400,000	6.0%	
Equipment & Intangible Assets	548,389	548,389	548,389		0.0%	
Capital Outlay	35,464	35,464	35,464		0.0%	
Debt Service	207,678	207,678	207,678		0.0%	
<b>Total Expenditures</b>	<b>18,181,633</b>	<b>18,687,958</b>	<b>18,697,403</b>	<b>1,022,095</b>	<b>2.8%</b>	
<b>Total Ongoing</b>	<b>18,181,633</b>	<b>18,687,958</b>	<b>18,697,403</b>	<b>1,022,095</b>	<b>2.8%</b>	
<b>Total One-Time-Only</b>					<b>0.0%</b>	

Agency Highlights

Non-budgeted proprietary appropriations requested for the Montana Correctional Enterprises within the Department of Corrections totals \$37.4 million. This is an increase of \$1.0 million or 2.8% compared to FY 2025 base appropriations. Changes primarily relate to increasing or decreasing authority within programs to accurately account for actual expenses and include:

- Increased authority for the Food Factory program of \$1.8 million
- Increased authority for the License Plate Factory program of \$600,000
- Decreased authority in the Prison Ranch program of \$1.0 million
- Statewide present law reductions to personal services totaling \$378,000

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

	Department of Corrections 2027 Biennium Base Budget and Requested Adjustments FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,181,633</b>	<b>97.3%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,181,633</b>	<b>97.2%</b>
Statewide PL										
Personal Services	0	0	0	(193,675)	(1.0%)	0	0	0	(184,230)	(1.0%)
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
<b>Total Statewide PL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(193,675)</b>	<b>(1.0%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(184,230)</b>	<b>(1.0%)</b>
Present Law (PL)	0	0	0	700,000	3.7%	0	0	0	700,000	3.7%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
<b>Total Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>506,325</b>	<b>2.7%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>515,770</b>	<b>2.8%</b>
<b>Total Requested Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,687,958</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>18,697,403</b>	

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Corrections, 03-Rehabilitation and Programs Division Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	235,666,709	0	0	0	235,666,709	83.4%
02917 MSP Canteen Revolving Acct	9,521,572	0	0	0	9,521,572	100.0%
<b>State Special Total</b>	<b>\$9,521,572</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,521,572</b>	<b>3.4%</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>
06011 License Plate Production	0	0	5,760,630	0	5,760,630	15.4%
06033 Prison Ranch	0	0	9,738,396	0	9,738,396	26.0%
06034 MSP Institutional Industries	0	0	7,732,086	0	7,732,086	20.7%
06545 Prison Indust. Training Prog	0	0	1,613,805	0	1,613,805	4.3%
06573 MSP - Cook Chill	0	0	12,540,444	0	12,540,444	33.5%
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$37,385,361</b>	<b>\$0</b>	<b>\$37,385,361</b>	<b>13.2%</b>
<b>Total All Funds</b>	<b>\$245,188,281</b>	<b>\$0</b>	<b>\$37,385,361</b>	<b>\$0</b>	<b>\$282,573,642</b>	

Non-Budgeted Proprietary Funds

The Montana Correctional Enterprises program is funded through a series of five non-budgeted proprietary funds which include three enterprise proprietary funds and two internal service funds.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	70.01	70.01	70.01	70.01
Personal Services	5,046,122	5,285,002	5,752,910	5,559,235	5,568,680
Operating Expenses	12,831,919	14,482,447	11,637,192	12,337,192	12,337,192
Equipment & Intangible Assets	868,533	864,789	548,389	548,389	548,389
Capital Outlay	0	0	35,464	35,464	35,464
Debt Service	217,461	396,370	207,678	207,678	207,678
<b>Total Expenditures</b>	<b>\$18,964,035</b>	<b>\$21,028,608</b>	<b>\$18,181,633</b>	<b>\$18,687,958</b>	<b>\$18,697,403</b>
Proprietary Funds	18,964,035	21,028,608	18,181,633	18,687,958	18,697,403
<b>Total Funds</b>	<b>\$18,964,035</b>	<b>\$21,028,608</b>	<b>\$18,181,633</b>	<b>\$18,687,958</b>	<b>\$18,697,403</b>
<b>Total Ongoing</b>	<b>\$18,964,035</b>	<b>\$21,028,608</b>	<b>\$18,181,633</b>	<b>\$18,687,958</b>	<b>\$18,697,403</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

*Program Description*

The Montana Department of Corrections utilizes a series of proprietary funds within the Montana Correctional Enterprises (MCE) program. The MCE provides education and vocational training to inmates and operates the department’s correctional industries program. These programs are described separately along with a discussion of the program expenses, revenues, and rates being requested to finance the program:

- License plate factory
- Prison Ranch program
- MSP institutional industries
- MCE food factory
- Vocational education industries training

*FY 2024 Appropriation Compared to FY 2024 Actual Expenditures*

In FY 2024, the DOC had just over \$21.0 million in non-budgeted proprietary authority for the Montana Correctional Enterprises Program. The program provides services to the Montana State Prison (Deer Lodge) and Montana Women’s Prison (Billings), which includes license plate manufacturing, motor vehicle shop, wood shop, state ranch, tailor shop, and canine training. Total authority within these accounts increased by approximately \$3.2 million during the fiscal year. These increases in authority were made in order to pay additional personal services and operating expenses and are covered by increased revenues due to the completion and sales of products in addition to the completion of larger repair projects.

Through FYE 2024, the Montana Correctional Enterprises Program expended approximately 90.2% or \$19.0 million, leaving an unexpended/unobligated appropriation balance of about \$2.1 million. The table below shows the FY 2024 budget, expenditures, and percent expended for each of the non-budgeted proprietary accounts. Unexpended balances reverted to the proper accounts at FYE.

<b>Proprietary Account</b>	<b>FY 2024 Budget</b>	<b>FY 2024 Expenses</b>	<b>Percent Expended</b>
Prison Ranch	\$5,170,342	\$4,060,754	78.5%
Institutional Industries	4,788,294	4,598,212	96.0%
Food Factory	6,827,358	6,435,573	94.3%
Vocational Education	1,282,546	1,217,011	94.9%
License Plate Factory	2,960,068	2,652,468	89.6%
<b>Total</b>	<b>\$21,028,608</b>	<b>\$18,964,018</b>	<b>90.2%</b>

*FY 2024 Appropriations Compared to FY 2025 Appropriations*

Proprietary appropriations in FY 2025 reflect a decrease of approximately \$2.8 million or 13.5% when compared to FY 2024 appropriations. This is due to the increased revenue experienced in FY 2024 which increased available authority. These increases have not been recorded in FY 2025 to date.

**License Plate Factory – Fund 06011**

*Proprietary Program Description*

The License Plate Program 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 county treasurers throughout Montana.

*Proprietary Program Revenues and Expenses*

The following table shows the actual and projected expenditures and related revenues associated with this fund.



2027 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
06011	License Plate Production	64010	03 REHABILITATION AND PROGRAMS

	Actual FY 2024	Estimated FY 2025	Proposed FY 2026	Proposed FY 2027
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Fee Revenue A	3,014,966	3,000,000	3,000,000	3,000,000
<b>Total Operating Revenues</b>	3,014,966	3,000,000	3,000,000	3,000,000
<b>Expenses</b>				
Personal Services	518,590	550,000	648,463	648,637
Other Operating Expense	2,216,055	2,350,000	2,408,917	2,408,917
<b>Total Operating Expense</b>	2,734,646	2,900,000	3,057,380	3,057,554
<b>Operating Income (Loss)</b>	280,320	100,000	(57,380)	(57,554)
Nonoperating Revenues				
Nonoperating Expenses				
<b>Total Nonoperating Revenues (Expenses)</b>	-	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>	280,320	100,000	(57,380)	(57,554)
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments				
<b>Change in Net Position</b>	280,320	100,000	(57,380)	(57,554)
<b>Beginning Net Position - July 1</b>	943,730	1,224,050	1,324,050	1,266,670
Prior Period Adjustments				
Change in Net Position	280,320	100,000	(57,380)	(57,554)
<b>Ending Net Position - June 30</b>	1,224,050	1,324,050	1,266,670	1,209,116
<b>Net Position (Fund Balance) Analysis</b>				
Restricted Net Postion (Enterprise Funds Only)				
Unrestricted Net Position				

*Expenditures*

Expenses include funding for 7.01 PB as well as various operating costs and products such as aluminum, reflective sheeting, and other raw materials.

*Revenues*

Revenues supporting license plate manufacturing come from members of the public who purchase license plates and are derived from the sale of license plates to vehicle owners. A \$10.00 fee is paid for each set, where \$2.00 of this rate is deposited in the general fund, and the remaining \$8.00 and tabs/decals are deposited into a state special revenue account with the Department of Justice.

*Proprietary Rates*

The license plate factory fund had previously been implemented as an internal service fund with rates approved by the Legislature. This is now an enterprise fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund. There is no proposed increase in rates for the 2027 biennium.

**Prison Ranch – Fund 06033**

*Proprietary Program Description*

The Prison Ranch Program trains inmates in specific work skills and life skills in operations which include range and dairy cattle, dairy milking parlor and processing plant, crops, land management, lumber processing, wildland firefighting and various community work programs.

*Proprietary Program Revenues and Expenses*

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2027 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
06033	Prison Ranch	64010	Montana Correctional Enterprises

	Actual FY 2024	Estimated FY 2025	Proposed FY 2026	Proposed FY 2027
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Fee Revenue A	3,737,321	3,900,000	4,000,000	4,000,000
<b>Total Operating Revenues</b>	<u>3,737,321</u>	<u>3,900,000</u>	<u>4,000,000</u>	<u>4,000,000</u>
<b>Expenses</b>				
Personal Services	1,574,199	1,600,000	1,693,809	1,697,101
Other Operating Expense	2,122,040	2,125,000	2,996,591	2,996,591
<b>Total Operating Expense</b>	<u>3,696,239</u>	<u>3,725,000</u>	<u>4,690,400</u>	<u>4,693,692</u>
<b>Operating Income (Loss)</b>	<u>41,082</u>	<u>175,000</u>	<u>(690,400)</u>	<u>(693,692)</u>
<b>Nonoperating Revenues</b>				
Other Revenue A	1,262,368	300,000	300,000	300,000
Nonoperating Expenses	-	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>1,262,368</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>1,303,450</u>	<u>475,000</u>	<u>(390,400)</u>	<u>(393,692)</u>
<b>Capital Contributions</b>				
Transfers In	421,845	400,000	400,000	400,000
Loans and Lease Payments				
<b>Change in Net Position</b>	<u>1,725,295</u>	<u>875,000</u>	<u>9,600</u>	<u>6,308</u>
<b>Beginning Net Position - July 1</b>	12,332,255	14,057,550	14,932,550	14,942,150
Prior Period Adjustments				
Change in Net Position	1,725,295	875,000	9,600	6,308
<b>Ending Net Position - June 30</b>	<u>14,057,550</u>	<u>14,932,550</u>	<u>14,942,150</u>	<u>14,948,458</u>
<b>Net Position (Fund Balance) Analysis</b>				
Restricted Net Postion (Enterprise Funds Only)				
Unrestricted Net Position				

Expenditures

Personal services fund 19.75 PB. Some of the largest operating expenses for the program include services such as:

- Feed not grown on the ranch and feed supplements
- Fertilizer
- Grain
- Diesel Fuel
- Merchandise
- Electricity

The costs of these supplies are somewhat dependent on economic conditions and will tend to vary.

*Revenues*

The Prison Ranch Program derives revenues from the sale of products within the private sector and services including cattle, milk, and other dairy products reclaimed and blue wood products, wild land firefighting, fencing, tree-thinning, and janitorial and grounds keeping services for various governmental agencies and non-profit organizations.

*Proprietary Rates*

The proprietary rate when compared to the FY 2025 base rates shows no proposed increase. This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

**MSP Institutional Industries – Fund 06034**

*Proprietary Program Description*

The Industries Program trains inmates in specific work skills and life skills in operations which 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, MSP Institutional Industries includes a dog training program located at the Montana Women’s Prison. Three active prison industry enhancement certification programs, Jelt Belt, SIMMS Fishing Products, and TrussLux, have a 10.0% mandatory net pay savings for workers.

*Proprietary Program Revenues and Expenses*

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2027 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
06034	MSP Institutional Industries	64010	Montana Correctional Enterprises

	Actual FY 2024	Estimated FY 2025	Proposed FY 2026	Proposed FY 2027
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Fee Revenue A	1,559	15,000	15,000	15,000
Fee Revenue B	4,442,343	4,500,000	4,500,000	4,500,000
Fee Revenue C	4,331			
<b>Total Operating Revenues</b>	<u>4,448,233</u>	<u>4,515,000</u>	<u>4,515,000</u>	<u>4,515,000</u>
<b>Expenses</b>				
Personal Services	1,718,338	1,768,074	1,821,116	1,875,750
Other Operating Expense	3,099,115	2,120,900	2,184,527	2,250,063
Expense A	(206,839)	30,000	30,900	31,827
Expense B	68,493	207,678	213,908	220,326
<b>Total Operating Expense</b>	<u>4,679,107</u>	<u>4,126,652</u>	<u>4,250,451</u>	<u>4,377,965</u>
<b>Operating Income (Loss)</b>	<u>(230,874)</u>	<u>388,348</u>	<u>264,549</u>	<u>137,035</u>
Nonoperating Revenues				
Nonoperating Expenses				
<b>Total Nonoperating Revenues (Expenses)</b>	-	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>	<u>(230,874)</u>	<u>388,348</u>	<u>264,549</u>	<u>137,035</u>
<b>Change in Net Position</b>	<u>(230,874)</u>	<u>388,348</u>	<u>264,549</u>	<u>137,035</u>
<b>Beginning Net Position - July 1</b>	1,679,757	1,448,884	1,837,232	2,101,780
Prior Period Adjustments				
Change in Net Position	(230,874)	388,348	264,549	137,035
<b>Ending Net Position - June 30</b>	<u>1,448,884</u>	<u>1,837,232</u>	<u>2,101,780</u>	<u>2,238,815</u>
<b>Net Position (Fund Balance) Analysis</b>				
Restricted Net Position (Enterprise Funds Only)				
Unrestricted Net Position				

*Expenditures*

Personal service expenses are used to fund 19.25 PB. Operating expenses make up the largest portion of expenditures and are mostly used for items such as merchandise, sewing/embroidered clothing, manufacturing hardwood/plywood, and shop supplies.

*Revenues*

The Industries Program derives revenues primarily from the sale of products (primarily furniture) and services such as laundry. Prices for manufactured products are set utilizing current market values and take into account cost of materials, overhead, and capital outlay. Revenues for all industries programs are based on customer orders, inventory levels, available customer budgets and customer satisfaction.

*Proprietary Rates*

Although the Industries Program is an enterprise fund, the agency requests a rate approval for laundry, as the rate directly affects several customers who pay with general fund. This allows these general fund customers to request appropriations required to cover the requested rate increases. The MCE is requesting that the Legislature approve the following per-pound rates for the laundry program.

<b>Requested Rates for Internal Service or Enterprise Funds</b>				
<b>Fee/Rate Information</b>				
	<b>Actual FY 2024</b>	<b>Actual FY 2025</b>	<b>Proposed FY 2026</b>	<b>Proposed FY 2027</b>
<u>Fee Description:</u>				
Cost Per Pound Laundry Services	\$ 0.68	\$ 0.68	\$ 0.73	\$ 0.73
<u>Delivery Charge per Pound:</u>				
Riverside Youth Correctional/Riverside Special Needs Unit	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05
Montana Law Enforcement Academy	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15
Montana Chemical Dependency Corp	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04
Southwest Montana Veterans' Home	\$ -	\$ -	\$ 0.04	\$ 0.04
START Program	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Montana State Hospital	\$ -	\$ -	\$ -	\$ -
University of Montana	\$ 67.50	\$ 67.50	\$ 67.50	\$ 67.50
Calculated at 67.50 per shared round trip				

the funds or approve the rates for the program with the exception of the request to approve laundry rate increases. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

**Vocational Education (Industries Training) – Fund 06545**

*Proprietary Program Description*

The Vocational Education Program trains inmates in specific work skills and life skills in operations which include motor vehicle maintenance, vehicle restoration welding, and machining and metals programs in conjunction with the general funded vocational education program. This table is shown below and is combined with one other fund.

*Proprietary Program Revenues and Expenses*

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2027 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	enc	Program Name
06545	Prison Industry Training Prog		Montana Correctional Enterprises

	Actual FY 2024	Estimated FY 2025	Proposed FY 2026	Proposed FY 2027
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Fee Revenue A	1,356,263	1,002,000	1,002,000	1,002,000
Fee Revenue B	1,544	3,000	3,000	3,000
<b>Total Operating Revenues</b>	<u>1,357,807</u>	<u>1,005,000</u>	<u>1,005,000</u>	<u>1,005,000</u>
<b>Expenses</b>				
Personal Services	307,031	250,281	257,789	265,523
Other Operating Expense	906,705	536,050	552,132	568,695
<b>Total Operating Expense</b>	<u>1,213,736</u>	<u>786,331</u>	<u>809,921</u>	<u>834,219</u>
<b>Operating Income (Loss)</b>	<u>144,071</u>	<u>218,669</u>	<u>195,079</u>	<u>170,781</u>
Nonoperating Revenues				
Nonoperating Expenses				
<b>Total Nonoperating Revenues (Expenses)</b>	-	-	-	-
<b>Income (Loss) Before Contributions</b>	<u>144,071</u>	<u>218,669</u>	<u>195,079</u>	<u>170,781</u>
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments				
<b>Change in Net Position</b>	<u>144,071</u>	<u>218,669</u>	<u>195,079</u>	<u>170,781</u>
<b>Beginning Net Position - July 1</b>	127,126	271,197	489,866	684,945
Prior Period Adjustments				
Change in Net Position	144,071	218,669	195,079	170,781
<b>Ending Net Position - June 30</b>	<u>271,197</u>	<u>489,866</u>	<u>684,945</u>	<u>855,726</u>
<b>Net Position (Fund Balance) Analysis</b>				
Restricted Net Position (Enterprise Funds Only)				
Unrestricted Net Position				

*Expenditures*

Expenses include personal services funding for 3.00 PB as well as various parts to perform repairs and operating costs associated with the various programs.

*Revenues*

Revenues are derived primarily through repair, maintenance, and restoration work on customer vehicles and equipment, as well as the sale of products and services in the welding, machining, and metal programs. Primary funding supporting payment for services are the ranch proprietary and general funds. Both of these funds support the MSP and are associated with large portions of revenue for the program.

*Proprietary Rates*

Motor vehicle maintenance rates are based on the costs of parts and a supply charge to cover consumable supplies for auto repairs and labor to perform tasks. The labor charge is based on the cost of civilian and inmate labor and program overhead. The MCE is not requesting an increase for these rates in the 2027 biennium. The executive is requesting that the legislature approve the rates shown for the Vocational Education Program.

<b>Requested Rates for Internal Service or Enterprise Funds</b>				
<b>Fee/Rate Information</b>				
	<b>Actual FY 2024</b>	<b>Actual FY 2025</b>	<b>Proposed FY 2026</b>	<b>Proposed FY 2027</b>
<u>Fee Description:</u>				
Labor Charge/hour	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
Supply fee as percentage of actual cost of parts	10%	10%	10%	10%
Parts	Sold at Cost	Sold at Cost	Sold at Cost	Sold at Cost

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

**MCE Food Factory (Cook Chill)– Fund 06573**

*Proprietary Program Description*

The Food Factory Program trains inmates in specific work skills and life skills in meal preparation, bakery and cook chill operations while providing meals to numerous state and county facilities in western Montana.

*Proprietary Program Revenues and Expenses*

The following table shows the actual and projected expenditures and related revenues associated with this fund.



2027 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
06573	MSP Cook Chill	64010	Montana Correctional Enterprises

	Actual FY 2024	Estimated FY 2025	Proposed FY 2026	Proposed FY 2027
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Fee Revenue A	7,402,502	6,335,290	6,335,290	6,335,290
<b>Total Operating Revenues</b>	7,402,502	6,335,290	6,335,290	6,335,290
<b>Expenses</b>				
Personal Services	900,936	1,000,000	1,440,633	1,442,635
Other Operating Expense	5,510,783	5,525,000	4,828,588	4,828,588
<b>Total Operating Expense</b>	6,411,720	6,525,000	6,269,221	6,271,223
<b>Operating Income (Loss)</b>	990,782	(189,710)	66,069	64,067
Nonoperating Revenues				
Nonoperating Expenses				
<b>Total Nonoperating Revenues (Expenses)</b>	-	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>	990,782	(189,710)	66,069	64,067
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments				
<b>Change in Net Position</b>	990,782	(189,710)	66,069	64,067
<b>Beginning Net Position - July 1</b>	3,225,992	4,216,774	4,027,064	4,093,133
Prior Period Adjustments				
Change in Net Position	990,782	(189,710)	66,069	64,067
<b>Ending Net Position - June 30</b>	4,216,774	4,027,064	4,093,133	4,157,200
<b>Net Position (Fund Balance) Analysis</b>				
Restricted Net Position (Enterprise Funds Only)				
Unrestricted Net Position				

*Expenditures*

Personal service expenses are used to fund 21.00 PB. Operating expenses make up the majority of expenses and are primarily used for bulk food items to sell and to prepare tray meals.

*Revenues*

The food factory sells bulk food items and tray meals to customers to obtain revenue. Revenues from MSP, the food factory's largest customer, come from the general fund.

Proprietary Rates

Rates are based on the cost of raw materials, supplies, and other operating expenses. There is a request for a \$0.10 increase on base tray hot/cold meals in FY 2026 and a \$0.20 increase in FY 2027. Other requested increases are for base tray hot meals and detention center trays (\$0.10 in FY 2026 and \$0.20 in FY 2027). The executive is requesting that the legislature approve the rates shown for the Food Service Program.

<b>Requested Rates for Internal Service or Enterprise Funds</b>				
<b>Fee/Rate Information</b>				
	<b>Actual FY 2024</b>	<b>Actual FY 2025</b>	<b>Proposed FY 2026</b>	<b>Proposed FY 2027</b>
<u>Fee Description:</u>				
<u>Tray Meal Prices to all customers</u>				
Base Tray-hot/cold	\$ 2.55	\$ 2.65	\$ 2.75	\$ 2.85
Base Tray-hot	\$ 1.44	\$ 1.70	\$ 1.80	\$ 1.90
Base Tray-hot (Detention Ctr Trays)	\$ 3.38	\$ 3.73	\$ 3.83	\$ 3.93
Accessory Package	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20
Disposable tray	at cost	at cost	at cost	at cost
<u>Delivery Charge Per Trayed Meal</u>				
Delivery charge per mile	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
Delivery charge per hour	\$ 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	5.0%	5.0%	5.0%	5.0%
<u>Overhead Charges</u>				
Montana State Prison	94.0%	85.0%	85.0%	85.0%
Montana State Hospital	6.0%	7.0%	7.0%	7.0%
CCCS, Inc. WATCH Program	0.0%	8.0%	8.0%	8.0%

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	(193,675)	0.00	0	0	0	(184,230)
DP 2 - Fixed Costs	0.00	0	0	0	0	0.00	0	0	0	0
DP 3 - Inflation Deflation	0.00	0	0	0	0	0.00	0	0	0	0
DP 391 - Reduce Ranch Operating Appropriation	0.00	0	0	0	(500,000)	0.00	0	0	0	(500,000)
DP 392 - Increase Operating Authority for Food Factory	0.00	0	0	0	900,000	0.00	0	0	0	900,000
DP 393 - Increase Operating Authority for License Plate Factory	0.00	0	0	0	300,000	0.00	0	0	0	300,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$506,325</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$515,770</b>

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

DP 1 - Personal Services -

The executive proposes adjustments to the present law personal services budget.

DP 391 - Reduce Ranch Operating Appropriation -

The executive proposes a reduction of proprietary funding within the Prison Ranch program to align appropriation balances with actual expenses.

DP 392 - Increase Operating Authority for Food Factory -

The executive proposes an increase in proprietary funding within the Food Factory program to align appropriation balances with actual expenses.

DP 393 - Increase Operating Authority for License Plate Factory -

The executive proposes an increase in proprietary funding within the License Plate Factory program to align appropriation balances with actual expenses.