

Agency Base Budget Comparison

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

Agency Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	153.27	160.27	160.27	7.00	2.3%
General Fund	600,133,936	592,243,816	636,423,836	28,399,780	2.4%
State/Other Special Rev. Funds	454,279,835	539,133,350	541,072,450	171,646,130	18.9%
Federal Spec. Rev. Funds	173,965,649	182,738,464	182,749,509	17,556,675	5.0%
Total Funds	1,228,379,420	1,314,115,630	1,360,245,795	217,602,585	8.9%
Personal Services	14,402,364	15,729,503	15,749,011	2,673,786	9.3%
Operating Expenses	20,821,785	23,669,621	26,428,100	8,454,151	20.3%
Local Assistance	1,024,600,340	1,096,023,226	1,139,260,285	186,082,831	9.1%
Grants	165,696,503	173,882,841	173,957,196	16,447,031	5.0%
Transfers	2,818,239	4,770,250	4,811,014	3,944,786	70.0%
Debt Service	40,189	40,189	40,189		0.0%
Total Expenditures	1,228,379,420	1,314,115,630	1,360,245,795	217,602,585	8.9%
Total Ongoing	1,228,379,420	1,308,977,780	1,355,077,295	207,296,235	8.4%
Total One-Time-Only		5,137,850	5,168,500	10,306,350	0.0%

Agency Description

The Superintendent of Public Instruction (OPI) is an elected official authorized by Article VI, Section 1, of the Montana Constitution. The Office of Public Instruction distributes funding to school districts and provides services to Montana's school-age children and to teachers in approximately 400 school districts. The core responsibilities of the agency include licensure of educators, accreditation of schools, administration of statewide student assessments, distribution of state and federal grants/aid to schools, collection and reporting of data, and dissemination of information about K-12 education.

Agency staff provide technical assistance in planning, implementing, and evaluating educational programs in such areas as teacher preparation, teacher certification, school accreditation, academic standards and curriculum, school finance, and school law. The staff also administer a number of federally funded programs and provide a variety of information services, including the information systems necessary to assess student achievement and the quality of Montana's elementary and secondary school system.

Please refer to the agency profile for additional information about the agency's organization structure, historical expenditures, goals and objectives, and recent studies and audits: <https://www.legmt.gov/lfd/committees/section-e/office-of-public-instruction/>.

Agency Highlights

**Office of Public Instruction
Major Budget Highlights**

The Office of Public Instruction's 2027 biennium adopted HB 2 budget is approximately \$217.6 million or 8.9% above the FY 2025 base budget. Significant changes are listed below by program:

- An increase above the FY 2025 base budget in the State Level Activities Program, totaling approximately \$15.8 million. Major highlights include:
 - Increases for PowerSchool subscription costs, the database modernization project, IT subscription costs, high school assessment funding, 7.00 new positions budgeted (PB), and several other smaller programs
 - Increases for the Montana Digital Academy (MTDA), including inflationary adjustments for personal services, additional funding for the MTDA Clearinghouse, and a new MTDA Frontier Learning Lab
 - A fund switch from general fund to state special revenue for the teacher licensure system
- An increase above the FY 2025 base budget in the Local Education Activities Program, totaling approximately \$201.8 million. Major highlights include:
 - Increases for the K-12 BASE aid inflationary adjustment, countywide school retirement, major maintenance aid, debt service assistance, and school lunch funding
 - Reductions in the amount of funding appropriated for unanticipated significant enrollment increases and for in-state treatment
 - An increase for teacher pay, contingent on passage of the STARS Act (HB 252), which was partially offset by a reduction for teacher pay increases from the TEACH Act, as the STARS Act would replace the TEACH Act
 - A number of increases related to the implementation of other bills passed during the 2025 Session (HB 28, HB 140, HB 151, HB 168, HB 483, HB 515, HB 567, SB 278, SB 322, SB 337, SB 534)
 - Several property tax related fund switches for increased revenue from the 95 mills due to the property reappraisal cycle, the transfer of non-levy revenue associated with the 95 mills from the general fund to the school equalization and property tax reduction (SEPTR) state special revenue account (per HB 18), and the implementation of homestead and comstead property tax exemptions (per HB 231 and SB 542)

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures adopted 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	12,798,606	13,877,493	14,402,364	15,729,503	15,749,011
Operating Expenses	14,171,180	17,234,795	20,821,785	23,669,621	26,428,100
Local Assistance	902,127,261	932,253,505	1,024,600,340	1,096,023,226	1,139,260,285
Grants	162,378,868	165,247,825	165,696,503	173,882,841	173,957,196
Transfers	2,973,276	3,020,365	2,818,239	4,770,250	4,811,014
Debt Service	39,594	39,594	40,189	40,189	40,189
Total Expenditures	\$1,094,488,785	\$1,131,673,577	\$1,228,379,420	\$1,314,115,630	\$1,360,245,795
General Fund	497,363,554	513,216,754	600,133,936	592,243,816	636,423,836
State/Other Special Rev. Funds	428,766,432	444,874,668	454,279,835	539,133,350	541,072,450
Federal Spec. Rev. Funds	168,358,799	173,582,155	173,965,649	182,738,464	182,749,509
Total Funds	\$1,094,488,785	\$1,131,673,577	\$1,228,379,420	\$1,314,115,630	\$1,360,245,795
Total Ongoing	\$1,094,260,320	\$1,131,339,885	\$1,228,379,420	\$1,308,977,780	\$1,355,077,295
Total OTO	\$228,465	\$333,692	\$0	\$5,137,850	\$5,168,500

Summary of Legislative Action

The legislature adopted an increase to the Office of Public Instruction's total biennial appropriation of approximately \$217.6 million or 8.9% compared to the 2025 base appropriation.

For the State Level Activities Program, legislative increases to the agency's budget include:

- An increase for the statewide present law adjustment for personal services, made up of increases in general fund and state special revenue which are partially offset by decreases in federal special revenue, totaling approximately \$646,000 over the biennium
- An increase in general fund for the statewide present law adjustment for fixed costs, which was partially offset by decreases in state special revenue and federal special revenue, totaling approximately \$1.3 million over the biennium
- An increase in general fund for a contractual increase for the statewide Hearing Conservation Program, totaling approximately \$135,000 over the biennium
- An increase in federal special revenue personal services funding to support part-time modified PB, totaling \$1.0 million over the biennium
- An increase in federal special revenue for administrative costs of federal grants awarded to OPI, totaling \$1.6 million over the biennium
- An increase in general fund for new software subscriptions and increases to existing software subscriptions, totaling approximately \$275,000 over the biennium
- An increase in general fund for the database modernization project's PowerSchool subscription costs, totaling approximately \$2.8 million over the biennium
- A one-time-only increase in general fund to provide ACT testing with writing to 11th grade students in public high schools as the high school assessment requirement, totaling approximately \$1.3 million over the biennium
- An increase in general fund for meeting and travel costs associated with the Montana Advisory Council on Indian Education, totaling \$30,000 over the biennium
- An increase of general fund and 7.00 PB for new positions within OPI, totaling approximately \$1.6 million over the biennium
- An inflationary increase for personal services for the Montana Digital Academy (MTDA) to match the pay plan (HB 13) pay increases for state employees, totaling approximately \$105,000 over the biennium
- An increase in general fund for the MTDA clearinghouse, totaling approximately \$1.8 million over the biennium
- A one-time-only increase in state special revenue for the new MTDA Frontier Learning Lab, which is a new initiative that will create the capacity of Montana schools and partner organizations to implement cutting-edge technologies including artificial intelligence, totaling approximately \$2.0 million over the biennium
- A one-time-only increase in state special revenue for the completion of the database modernization project, totaling \$2.0 million over the biennium

The increases to the State Level Activities Program were partially offset by decreases adopted by the legislature, which include:

- Decreases in general fund, state special, and federal special revenue for the statewide present law adjustment for inflation/deflation, totaling approximately \$11,000 over the biennium
- A decrease of federal special revenue to move the adult basic education workforce innovation and opportunities grants to the Department of Labor and Industry (DLI), totaling approximately \$559,000 over the biennium
- A decrease to the budget to reflect the operating costs of the teacher licensure system, which included a fund switch from general fund to state special revenue for the program, totaling approximately \$292,000 over the biennium

For the Local Education Activities Program, legislative increases to the agency's budget include:

- An increase in general fund for the K-12 BASE Aid inflationary adjustment, totaling approximately \$52.1 million over the biennium
- Increases in general fund for the at-risk student payment, totaling approximately \$565,000 over the biennium
- An increase in general fund for the transformational learning program, totaling approximately \$228,000 over the biennium
- An increase in general fund for state tuition payments, totaling \$378,000 over the biennium
- An increase in general fund for Indian language immersion, totaling \$341,000 over the biennium
- A net increase in major maintenance aid of approximately \$21.8 million, made up of:
 - Increases in general fund and state special revenue for the natural resource development (NRD) K-12 facilities payment, totaling approximately \$21.8 million over the biennium
 - An increase in general fund triggered by increased revenue from the 95 mills in the SEPTR account, totaling approximately \$4.3 million over the biennium
 - A reduction of the general fund equal to the amount triggered by increased revenue from the 95 mills in the SEPTR account due to changes made in HB 483, totaling approximately \$4.3 million over the biennium
 - An increase in state special revenue of approximately \$1.7 million and a decrease in general fund of approximately \$3.1 million to implement changes made in HB 515, which adjusted the major maintenance aid formula
 - A net-zero fund switch from general fund to state special revenue, totaling approximately \$6.5 million over the biennium
- A net increase in debt service assistance of approximately \$2.0 million, made up of:
 - An increase of state special revenue to fully fund debt service assistance, totaling \$2.0 million over the biennium
 - An increase in general fund triggered by increased revenue from the 95 mills in the SEPTR account, totaling approximately \$1.1 million over the biennium
 - A reduction of the general fund equal to the amount triggered by increased revenue from the 95 mills in the SEPTR account due to changes made in HB 483, totaling approximately \$1.1 million over the biennium
- A net increase in general fund for the STARS Act (HB 252), totaling approximately \$107.5 million over the biennium
 - An increase in general fund for the bill's teacher pay incentive, totaling approximately \$108.0 million over the biennium
 - An increase in general fund for other provisions in the bill, totaling approximately \$5.0 million over the biennium
 - A decrease in general fund for the TEACH Act starting teacher pay incentive, which has been replaced by the teacher pay incentive in the STARS Act, totaling approximately \$5.5 million over the biennium
- An increase in federal special revenue for federal grants awarded to OPI, totaling \$20.0 million over the biennium
- Increases in general fund to implement several bills passed by the 2025 Legislature:
 - HB 28, which clarifies laws related to public charter schools, totaling \$500,000 over the biennium
 - HB 151, which expands the definition of a quality educator to include educational sign language interpreters, totaling approximately \$15,600 over the biennium

- HB 168, which allows 3 and 4 year-old children with disabilities to be included in the enrollment calculations for school districts if the children are participating in school district special education programs, totaling approximately \$3.7 million over the biennium
- HB 567, which revises laws related to multidistrict agreements and provides a countywide resource sharing incentive, totaling \$2.0 million over the biennium
- SB 278, which modifies the advanced opportunities program, totaling approximately \$175,000 over the biennium

The increases to the Local Education Activities Program were partially offset by decreases adopted by the legislature, which include:

- A decrease in general fund for K-12 BASE Aid to offset revenue increases in the statutorily appropriated guarantee account, totaling approximately \$4.9 million over the biennium
- A net decrease for in-state treatment, totaling approximately \$794,000, made up of:
 - A present law increase of general fund, totaling approximately \$6,200 over the biennium
 - A decrease in general fund due to a lower projected need for the funding of the program, totaling \$800,000 over the biennium
- A decrease in federal special revenue to move the adult basic education program to the Department of Labor and Industry, totaling approximately \$4.3 million over the biennium
- A decrease in general fund to reduce funding for significant enrollment increases due to lower-than-expected utilization for the last few years, totaling \$3.0 million over the biennium
- A decrease in general fund of approximately \$31.7 million over the biennium for HB 483, which adjusts the SEPTR account overflow mechanisms (HB 587, 2023 Session) to provide for same-year local property tax reductions corresponding to increases in revenue from the 95 mills

There were also several net-zero changes adopted by the legislature:

- A fund switch from general fund to state special revenue due to increased revenue from the 95 state equalization mills, totaling approximately \$156.9 million over the biennium
- A fund switch from general fund to state special revenue to move non-levy revenue associated with the 95 mills into the same state special revenue account, totaling approximately \$21.5 million over the biennium
- A fund switch from state special revenue to general fund for the partial implementation of a homestead property tax exemption (HB 231 & SB 542), totaling approximately \$41.4 million over the biennium
- A fund switch from state special revenue to general fund for a proposed business equipment tax exemption (SB 322). This bill did not pass, so the fund switch was voided by coordination language
- A fund switch from state special revenue to general fund for HB 140, which creates an injured first responder property tax assistance program, totaling \$100,000 over the biennium
- A fund switch from state special revenue to general fund for SB 337, which provides a property tax exemption for properties undergoing subdivision development, totaling approximately \$369,000 over the biennium
- A fund switch from state special revenue to general fund for SB 534, which expands the property tax exemption and phase-in for wireless infrastructure to include fiber optic and coaxial cable, totaling \$102,000 over the biennium

Additionally, there were three legislative changes to OPI that were line item vetoed by the governor:

- A one-time-only increase in general fund for the implementation of revised math content standards, totaling \$5.0 million over the biennium
- An increase in general fund to provide free school lunches to children who already receive reduced-price school lunches, totaling \$600,000 over the biennium
- An increase in general fund for grants to community-based programs that support science, technology, engineering, and mathematics (STEM) and robotics opportunities for students, totaling \$100,000 over the biennium

Funding

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

Total Office of Public Instruction Funding by Source of Authority 2027 Biennium Budget						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,221,327,652	7,340,000			1,228,667,652	43.8%
02302 STATE EQUALIZATION AID ACCT	1,007,530,334				1,007,530,334	36.0%
02018 Guarantee Fund				118,610,870	118,610,870	4.2%
02218 School Facility & Tech Account	32,000,000	3,966,350		2,000,000	37,966,350	1.4%
02487 School Fac State Spcl Revenue	32,151,060				32,151,060	1.1%
02402 Traffic & Safety Education	3,624,599				3,624,599	0.1%
Other State Special Revenue	933,457			68,166	1,001,623	0.0%
State Special Revenue Total	1,076,239,450	3,966,350	-	120,679,036	1,200,884,836	42.9%
03170 Grant Clearance Discretionary	328,829,150				328,829,150	11.7%
03002 Public Instruction	36,658,823				36,658,823	1.3%
Federal Special Revenue Total	365,487,973	-	-	-	365,487,973	13.0%
06512 Indirect Cost Pool			7,220,582		7,220,582	0.3%
06067 Advanced Drivers Education			255,788		255,788	0.0%
Proprietary Fund Total	-	-	7,476,370	-	7,476,370	0.3%
Total of All Funds	2,663,055,075	11,306,350	7,476,370	120,679,036	2,802,516,831	
Percent of All Sources of Authority	95.0%	0.4%	0.3%	4.3%		

HB 2 Appropriations

General Fund - General fund accounts for almost half of all HB 2 spending for OPI, and a majority of general fund dollars are passed through to local school districts, primarily as K-12 BASE aid.

State Special Revenue - State special revenues from the 95 school equalization mills, which are the second largest funding source for OPI, are used to fund a large portion of the K-12 BASE aid appropriation. State special revenue also funds certain costs for traffic and safety education, teacher licensure, school lunches, and state aid for school facility improvements. For additional detail, please see the funding description at the program level.

Federal Special Revenue - OPI receives federal grants that support public education, school nutrition, education for the disadvantaged, special education, professional development for educators, and various other functions. For additional detail, please see the funding description at the program level.

Non-Budgeted Proprietary Funds

Proprietary funds are used for the indirect cost pool and the advanced drivers' education program. For additional detail, please see the funding description at the program level.

Statutory Appropriations

State Special Revenue - A statutory appropriation of state special revenue collected from revenue and interest on common school trust lands is used to fund a large portion of the K-12 BASE aid appropriation. Statutory appropriations of state special revenue also fund certain costs for school facilities, innovative educational programs, and special needs education savings accounts. For additional detail, please see the funding description at the program level.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Office of Public Instruction 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	600,133,936	454,279,835	173,965,649	1,228,379,420	93.5%	600,133,936	454,279,835	173,965,649	1,228,379,420	90.3%
Statewide PL										
Personal Services	1,042,723	22,805	(753,384)	312,144	0.0%	1,054,883	22,807	(743,867)	333,823	0.0%
Fixed Costs	894,715	(711)	(169,246)	724,758	0.1%	772,352	(700)	(169,096)	602,556	0.0%
Inflation Deflation	(1,425)	(684)	(4,252)	(6,361)	(0.0%)	(963)	(462)	(2,874)	(4,299)	(0.0%)
Total Statewide PL	1,936,013	21,410	(926,882)	1,030,541	0.1%	1,826,272	21,645	(915,837)	932,080	0.1%
Present Law (PL)	(68,588,364)	87,535,885	10,800,000	29,747,521	2.3%	(3,509,701)	92,374,960	10,800,000	99,665,259	7.3%
New Proposals	58,762,231	(2,703,780)	(1,100,303)	54,958,148	4.2%	37,973,329	(5,603,990)	(1,100,303)	31,269,036	2.3%
Total HB 2 Adjustments	(7,890,120)	84,853,515	8,772,815	85,736,210	6.5%	36,289,900	86,792,615	8,783,860	131,866,375	9.7%
Total Budget	592,243,816	539,133,350	182,738,464	1,314,115,630		636,423,836	541,072,450	182,749,509	1,360,245,795	

Other Legislation

The major changes to K-12 funding for the 2027 biennium are included in HB 2, which appropriates the majority of funding for OPI. Changes to appropriations in HB 2 are primarily due to inflationary increases for K-12 BASE Aid and HB 2 language appropriations for a variety of bills passed by the 2025 Legislature. The following list only includes bills that affect funding:

HB 3 – HB 3 provides supplemental general fund appropriations to meet the state's statutory obligations for the fiscal year ending June 30, 2025. The appropriations to OPI in the bill are for \$617,000 to cover a projected shortfall in FY 2025 for legal fees and personal services in the State Level Activities Program and \$26,655 for FY 2025 in-state tuition payments in the Local Education Activities Program.

HB 4 – HB 4 extends all remaining FY 2025 federal budget amendment authority for the Elementary and Secondary School Emergency Relief (ESSER) fund, the American Rescue Plan Act (ARPA) for homeless children and youth, Farm-to-School grants, and the Alternative Student Testing Program into federal fiscal year 2026. The bill also authorizes all remaining FY 2025 federal budget amendment authority for assessment for middle school science to continue into state FY 2027.

HB 5 – HB 5 appropriates funds for the long-range building program, which includes major repair and capital development projects for state-owned facilities. The bill includes an appropriation of \$700,000 for OPI for the Montana Learning Center Site infrastructure upgrades.

HB 13 – HB 13 implements the state employee pay plan for the 2027 biennium.

HB 15 – HB 15 applies an inflationary increase of 3.0% in FY 2026 and 3.0% in FY 2027 to the basic entitlement, per-average number belonging (per-ANB) entitlement, quality educator payment, the Indian Education for All payment, the American Indian achievement gap payment, the data for achievement payment, and the special education allowable cost payment; these increases are included in HB 2 (see DP 904). These inflationary rates are also applied to the at-risk student payment, which is also included as an increase in HB 2 (see DP 905).

HB 18 – HB 18 redirects non-levy revenue associated with the 95 mills from the state general fund to the state equalization and property tax reduction (SEPTR) state special revenue account. HB 2 includes a fund switch from general fund to state special revenue to account for the movement of these funds (see DP 943).

HB 28 – HB 28 clarifies laws related to public charter schools (HB 549, 2023 Session) relating to approval timelines, opening procedures, and the first year of funding. HB 2 includes a general fund language appropriation for the bill for \$500,000 in FY 2027.

HB 140 – HB 140 creates an injured first responder property tax assistance program. HB 2 coordination language includes a fund switch from state special revenue to general fund of \$100,000 in FY 2027 to account for the reduction in 95 mill revenue to the school equalization and property tax reduction (SEPTR) state special revenue account due to the property tax exemption.

HB 151 – HB 151 expands the definition of a quality educator to include educational sign language interpreters. HB 2 includes a general fund language appropriation for the bill of approximately \$16,000 in FY 2027 for OPI.

HB 168 – HB 168 allows 3 and 4 year-old children with disabilities to be included in the average number belonging (ANB) calculations for school districts if the children are participating in school district special education programs. HB 2 includes a general fund language appropriation for the bill for approximately \$3.7 million in FY 2027.

HB 231 & SB 542 – SB 542 generally revises property tax laws in several ways. It provides a rebate of up to \$400 to taxpayers who owned and occupied a principal residence in 2024. It also modifies the tax rates of agricultural, residential, and commercial properties. The legislation lowers the agricultural tax rate. The commercial tax rate for Tax Year (TY) 2025 is changed to a tiered rate structure, and changes again in TY 2026 and thereafter to a separate tiered rate structure based on statewide median commercial assessed value. Residential property is changed to be a graduated tax rate based on the assessed value of the property in TY 2025, and an additional homestead reduced tax rate is to be implemented in TY 2026 and thereafter. It also supersedes local government charters that fix mill levies so that these tax measures can be implemented without a significant loss of revenues to the local governments. This bill is expected to substantially reduce statewide taxable value, and decrease revenues collected by the 95 school equalization mills. HB 231 modifies several clauses in SB 542 and sets rates for TY 2025 to the SB 542 amounts described above.

HB 252 – HB 252, the Student and Teacher Advancement for Results and Success (STARS) Act, is a revised and enhanced version of the TEACH Act (HB 143, 2021 Session), which further incentivizes increases in teacher pay, particularly for teachers early in their careers. The STARS Act also incentivizes career and technical education through a Future Ready payment beginning in FY 2028, allows school districts with higher housing costs to increase their maximum budget limit to propose an additional over-BASE levy to the districts' voters, and provides additional funding for the Advanced Opportunities Program.

HB 2 includes the majority of the appropriation for the bill, including both the increased quality educator payment for qualifying districts and the increase in state retirement support, in the K-12 BASE Aid line item (see DP 933). HB 2 also includes a reduction in funding for the TEACH Act, which is replaced by the STARS Act (see DP 945). Additionally, HB 2 contains a general fund language appropriation for the portions of the bill which provide a quality educator payment for school district clerks and teachers with Class 7 teaching licenses and a resource sharing incentive, totaling approximately \$1.6 million in FY 2026 and \$3.4 million in FY 2027. HB 252 also contains an appropriation of \$100,000 general fund in each year of the biennium for the Advanced Opportunities Program.

HB 260 – HB 260 changes the payment calculation for national board certification stipends for teachers. HB 2 does not include an appropriation for this bill, as the impact is minimal for the 2027 biennium; however, the bill will have a greater impact beginning in FY 2028, as it applies an inflationary increase to the national board certification payments.

HB 357 – HB 357 appropriates \$240,000 general fund in FY 2027 for middle school career and technical education programs.

HB 483 – HB 483 adjusts the SEPTR account overflow mechanisms (HB 587, 2023 Session) to provide for same-year local property tax reductions corresponding to increases in revenue from the 95 mills. The bill also exempts the 95 mills, the 1.5 votech mill levy, and other school mill levies from 15-10-420, MCA. Contingent on property tax relief legislation enacted by the 2025 Legislature, the bill first increases the on-schedule reimbursement rates for school transportation, which are funded by countywide property tax levies and state transportation aid, and adjusts the state-county share of those costs. Depending on the funding available, the bill also increases the guaranteed tax base (GTB) aid multipliers for the district general fund and the retirement fund in FY 2026 to avoid reductions to GTB payments due to a lag in the calculation.

Based on estimated increases in revenue from the 95 mills because both HB 231 and SB 542 were passed and approved, approximately \$15.6 million will be appropriated for transportation aid each year of the biennium and there will be no funding for GTB multiplier increases. HB 2 includes coordination language voiding the SEPTR overflow appropriations from current law (see DPs 938, 939, and 940) because HB 483 was passed and approved. As there are no appropriations for transportation aid in neither HB 2 nor HB 483, it is assumed these funds will be requested in HB 3, the supplemental appropriations bill, in the 2027 Legislative Session.

HB 515 – HB 515 consolidates the two state special revenue funds used for state major maintenance aid and debt service assistance. The bill also adjusts the major maintenance aid formula and provides for a one-time transfer of \$50.0 million to the school facilities trust. HB 2 partially accounts for the change in major maintenance aid funding due to this bill (see DP 924), but HB 2 also contains a general fund language appropriation for major maintenance aid for an increase of approximately \$1.7 million in FY 2026 and a decrease of approximately \$3.1 million in FY 2027.

HB 567 – HB 567 revises laws related to multidistrict agreements and provides a countywide resource sharing incentive. HB 2 includes a general fund language appropriation for the bill of \$2.0 million in FY 2027.

HB 573 – HB 573 eliminates the sunset on the transformational learning program and defines a phase two for the program. There is no fiscal impact from this bill for the 2027 biennium.

HB 864 – HB 864 is the companion bill for the Section E Joint Budget Subcommittee on Education. The bill expands the uses of the school facility and technology account and coordinates the new uses of the fund with the changes made to the fund in HB 515. HB 2 contains two appropriations contingent on HB 864, the Montana Digital Academy (MTDA) Frontier Learning Lab (see DP 621) and funding to finish the database modernization project (see DP 623).

The bill also creates reporting requirements for the Office of Public Instruction related to funding for the database modernization project, in-state treatment, the MTDA Frontier Learning Lab, the implementation of the revised math content standards, the transformational learning program (see HB 573), and the implementation of high quality instructional materials (see HB 462).

SB 177 – SB 177 allows the Community Choice School Commission (HB 462, 2023 Session) to seek public funding. There is no appropriation associated with the bill.

SB 278 – SB 278 modifies the advanced opportunities program to create an advanced opportunities facilitator and allows school districts employing these facilitators to use a portion of their advanced opportunities payment for the facilitator's salary. HB 2 includes a general fund language appropriation for the bill for approximately \$175,000 in FY 2027.

SB 337 – SB 337 provides a property tax exemption for properties undergoing subdivision development. HB 2 contingency language includes a fund switch of approximately \$15,000 from general fund to state special revenue in FY 2026 and a fund switch of approximately \$354,000 from state special revenue to general fund in FY 2027 to account for the changes to revenue from the 95 mills in the SEPTR state special revenue account.

SB 534 – SB 534 expands the property tax exemption and phase-in for wireless infrastructure to include fiber optic and coaxial cable. HB 2 contingency language includes a fund switch of \$102,000 from state special revenue to general fund in FY 2027 to account for the changes to revenue from the 95 mills in the SEPTR state special revenue account.

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2025	Executive Budget Fiscal 2026	Legislative Budget Fiscal 2026	Leg — Exec. Difference Fiscal 2026	Executive Budget Fiscal 2027	Legislative Budget Fiscal 2027	Leg — Exec. Difference Fiscal 2027	Biennium Difference Fiscal 26-27
Personal Services	14,402,364	15,216,679	15,729,503	512,824	15,236,187	15,749,011	512,824	1,025,648
Operating Expenses	20,821,785	22,439,477	23,669,621	1,230,144	25,857,556	26,428,100	570,544	1,800,688
Equipment & Intangible Assets	0	0	0	0	0	0	0	0
Local Assistance	1,024,600,340	1,100,236,059	1,096,023,226	(4,212,833)	1,174,054,143	1,139,260,285	(34,793,858)	(39,006,691)
Grants	165,696,503	175,703,657	173,882,841	(1,820,816)	175,778,012	173,957,196	(1,820,816)	(3,641,632)
Transfers	2,818,239	3,737,706	4,770,250	1,032,544	3,772,706	4,811,014	1,038,308	2,070,852
Debt Service	40,189	40,189	40,189	0	40,189	40,189	0	0
Total Costs	\$1,228,379,420	\$1,317,373,767	\$1,314,115,630	(\$3,258,137)	\$1,394,738,793	\$1,360,245,795	(\$34,492,998)	(\$37,751,135)
General Fund	600,133,936	577,611,925	592,243,816	14,631,891	651,840,095	636,423,836	(15,416,259)	(784,368)
State/other Special Rev. Funds	454,279,835	555,423,075	539,133,350	(16,289,725)	558,548,886	541,072,450	(17,476,436)	(33,766,161)
Federal Spec. Rev. Funds	173,965,649	184,338,767	182,738,464	(1,600,303)	184,349,812	182,749,509	(1,600,303)	(3,200,606)
Total Funds	\$1,228,379,420	\$1,317,373,767	\$1,314,115,630	(\$3,258,137)	\$1,394,738,793	\$1,360,245,795	(\$34,492,998)	(\$37,751,135)
Total Ongoing	\$1,228,379,420	\$1,316,873,767	\$1,308,977,780	(\$7,895,987)	\$1,393,538,793	\$1,355,077,295	(\$38,461,498)	(\$46,357,485)
Total OTO	\$0	\$500,000	\$5,137,850	\$4,637,850	\$1,200,000	\$5,168,500	\$3,968,500	\$8,606,350

The legislature adopted a HB 2 budget that is approximately \$37.8 million lower than the proposed executive HB 2 budget for the 2027 biennium. However, the legislatively adopted general fund budget is only approximately \$784,000 lower over the biennium than the executive proposal. The most significant changes are:

- A reduction in general fund of approximately \$31.7 million due to changes to the state equalization and property tax reduction account overflow mechanisms made in HB 483
- An increase of general fund and reduction to state special revenue of approximately \$21.1 million to align the school equalization and property tax reduction (SEPTR) account appropriations with the HJ 2 revenue estimate for the account
- An increase of general fund and reduction to state special revenue of approximately \$14.6 million to update the SEPTR account appropriations for the most recent revenue projections related to the homestead exemption (HB 231 & SB 542)
- General fund increases totaling \$6.4 million to implement legislation passed by the 2025 Legislature

Additional details about the differences from the executive budget are discussed below.

State Level Activities

The adopted budget for the State Level Activities Program is approximately \$5.7 million higher than the executive proposal, of which \$2.2 million is general fund. There are several notable differences in the legislative budget as compared to the executive budget:

- An approximately \$1.6 million ongoing general fund appropriation for 7.00 new PB and associated costs
- An additional \$640,000 of one-time-only general fund for high school assessment in FY 2026
- Increases for the Montana Digital Academy:
 - Approximately \$105,000 of general fund over the biennium for inflationary increases for personal services
 - An approximately \$2.0 million state special revenue appropriation over the biennium for the new MTDA Frontier Learning Lab, contingent on changes made in HB 864

- A reduction of approximately \$144,000 of general fund over the biennium to move OPI's portion of the summer electronic benefit transfer (EBT) school nutrition program administrative costs to the Department of Public Health and Human Services
- A \$2.0 million one-time-only state special revenue appropriation over the biennium for database modernization
- An additional \$98,000 state special revenue authority over the biennium for the teacher licensure system
- A reduction of approximately \$559,000 of federal special revenue authority over the biennium in order to move federal funding for adult basic education to the Department of Labor and Industry

Local Education Activities

The adopted budget for the Local Education Activities Program is approximately \$43.4 million lower than the executive proposal. In total, the legislative budget is \$3.0 million lower in general fund and about \$37.8 million lower in state special revenue. Federal funds were also reduced by approximately \$2.6 million compared to the executive proposal. Changes include:

- Adjustments to appropriations for the STARS Act (HB 252), totaling approximately \$1.0 million over the biennium
 - The adjustment increased general fund for the teacher pay incentive by approximately \$1.5 million over the biennium based on the final fiscal note for the bill
 - Additionally, contingency language increased the general fund appropriation for other provisions in the bill by another \$5.0 million
 - An adjustment related to the teacher pay incentive, which eliminates the funding for the TEACH Act (HB 143, 2021 Session) as it will be replaced by the STARS Act (HB 252). This adjustment reduces general fund for K-12 BASE aid by approximately \$5.5 million over the biennium
- A reduction in the amount of general fund appropriated for unanticipated significant enrollment increases. The appropriation was reduced by \$3.0 million over the biennium from \$7.0 million to \$4.0 million
- A reduction in the amount of general fund appropriated for in-state treatment. The appropriation was reduced by \$800,000 over the biennium from \$6.0 million to \$5.2 million
- A reduction of \$1.0 million general fund over the biennium to eliminate the cell phone-free schools proposal
- An increase of state special revenue of approximately \$1.7 million and a reduction of general fund of approximately \$3.1 million to implement changes made in HB 515, which adjusted the major maintenance aid formula
- An adjustment to the school equalization and property tax reduction (SEPTR) account overflow mechanisms, which are general fund appropriations triggered by increased revenue from the 95 mills
 - The executive budget only included a county retirement increase, but based on updated present law calculations, the overflow would also affect major maintenance aid and debt service assistance. The adjustments decreased general fund by a net total of approximately \$2.5 million over the biennium; county retirement was reduced by about \$7.9 million, major maintenance aid increased by about \$4.2 million, and debt service assistance increased by about \$1.1 million
 - Due to changes made in HB 483, the present law changes triggered by increased revenue from the 95 mills in the SEPTR account were voided, and general fund expenditures were reduced by approximately \$31.7 million
- A reduction of approximately \$2.6 million of federal special revenue authority over the biennium in order to move federal funding for adult basic education to the Department of Labor and Industry
- Increases in general fund to implement several bills passed by the 2025 Legislature, totaling approximately \$6.4 million:
 - HB 28, which clarifies laws related to public charter schools
 - HB 151, which expands the definition of a quality educator to include educational sign language interpreters
 - HB 168, which allows 3 and 4 year-old children with disabilities to be included in the enrollment calculations for school districts if the children are participating in school district special education programs
 - HB 567, which revises laws related to multidistrict agreements and provides a countywide resource sharing incentive
 - SB 278, which modifies the advanced opportunities program

There were also some adjustments to property tax and school funding-related fund shifts in this program:

- An adjusted fund switch from general fund to state special revenue from the SEPTR account to align the amounts with the HJ 2 revenue estimate for increased revenue from the 95 mills
 - This adjustment reduced the state special revenue appropriation for the biennium by \$21.1 million as compared to the executive budget and increased general fund by an equal amount; however, the net effect of the adjusted fund switch is an approximately \$156.9 million reduction of general fund over the biennium
- An adjusted fund switch from the SEPTR state special revenue account to the general fund, contingent on legislation for homestead and comstead property tax adjustments (HB 231)
 - This adjustment is based on the most recent fiscal note for the bill. The net impact to the general fund was an increase of \$14.6 million over the biennium as compared to the executive budget, and the SEPTR was reduced by an equal amount; the net effect of the adjusted fund switch is an approximately \$41.4 million increase of general fund over the biennium
- An adjusted fund switch from general fund to state special revenue from the SEPTR account, contingent on legislation to move non-levy revenue associated with the 95 mills from the general fund to the SEPTR account (HB 18)
 - This adjustment brought the amounts into line with the HJ 2 revenue estimate for these non-levy revenues and reduced the amount moving from the general fund to the SEPTR by \$5.9 million over the biennium as compared to the executive budget; however, the net effect of the adjusted fund switch is an approximately \$21.5 million reduction of general fund over the biennium
- An adjusted fund switch between general fund and state special revenue from the guarantee account to align the amounts with the HJ 2 revenue estimate
 - This adjustment reduced the general fund appropriation by about \$7.7 million over the biennium as compared to the executive budget. The guarantee account is statutorily appropriated and will have a corresponding increase
- A fund switch from general fund to state special revenue of \$2.6 million to void the appropriation for a proposed business equipment tax exemption (SB 322) that did not pass
- A fund switch from state special revenue to general fund of \$100,000 for HB 140, which creates an injured first responder property tax assistance program
- A fund switch from state special revenue to general fund of approximately \$369,000 for SB 337, which provides a property tax exemption for properties undergoing subdivision development
- A fund switch from state special revenue to general fund of \$102,000 for SB 534, which expands the property tax exemption and phase-in for wireless infrastructure to include fiber optic and coaxial cable

The legislature also adopted restricted, biennial, and/or one-time-only (OTO) designations for certain programs in the State Level Activities Program and nearly all of the state funding in the Local Education Activities Program, including the base budget portions:

State Level Activities

- Montana Digital Academy (Restricted)
- Legislative Audit Division Federal Single Audit (Restricted/Biennial)
- MT Indian Language Preservation (Restricted/Biennial)
- STEM and Robotics (Restricted/Biennial), which has since been line item vetoed
- Teacher Licensure System (Restricted/Biennial)
- Database Modernization (Restricted/Biennial/OTO)
- MTDA Frontier Learning Lab (Restricted/Biennial/OTO)
- Revised Math Content Standards (Restricted/Biennial/OTO), which has since been line item vetoed
- High School Assessment (Restricted/OTO)

Local Education Activities

- Debt Service Assistance (Restricted)
- School Major Maintenance (Restricted)
- Advanced Opportunities (Restricted/Biennial)
- Advancing Agricultural Education (Restricted/Biennial)
- At-Risk Student Payment (Restricted/Biennial)
- CTE Career and Technical Student Organizations (Restricted/Biennial)
- CTE State Match (Restricted/Biennial)
- Coal Mitigation (Restricted/Biennial)
- Early Literacy (Restricted/Biennial)
- Gifted and Talented (Restricted/Biennial)
- In-State Treatment (Restricted/Biennial)
- Indian Language Immersion (Restricted/Biennial)
- K-12 BASE Aid (Restricted/Biennial)
- National Board Certification (Restricted/Biennial)
- Recruitment and Retention (Restricted/Biennial)
- School Food (Restricted/Biennial)
- School Lunch Funding (Restricted/Biennial), which has since been line item vetoed
- School Safety (Restricted/Biennial)
- State Tuition Payments (Restricted/Biennial)
- Transformational Learning (Restricted/Biennial)
- Transportation Aid (Restricted/Biennial)

Language

~~All revenue up to \$1.5 million in the state traffic education account for distribution to schools under the provisions of sections 20-7-506 and 61-5-121, MCA, is appropriated for the 2027 biennium as provided in Title 20, chapter 7, part 5, MCA.~~

**LFD
COMMENT**

The struck-through language above was line-item vetoed by the governor.

All appropriations for federal special revenue in State Level Activities and in Local Education Activities are biennial. All general fund appropriations in Local Education Activities are biennial except for Debt Service Assistance and Major Maintenance Aid.

If HB 28 is passed and approved, K-12 BASE Aid is increased by \$500,000 general fund in FY 2027.

If HB 140 is passed and approved, K-12 BASE Aid is increased by \$100,000 general fund in FY 2027 and decreased by \$100,000 state special revenue in FY 2027.

If HB 151 is passed and approved, K-12 BASE Aid is increased by \$15,584 general fund in FY 2027.

If HB 168 is passed and approved, K-12 BASE Aid is increased by \$3,728,257 general fund in FY 2027.

If HB 231 is not passed and approved, K-12 BASE Aid is decreased by \$20,696,590 general fund in FY 2026 and \$20,696,590 general fund in FY 2027 and increased by \$20,696,590 state special revenue in FY 2026 and \$20,696,590 state special revenue in FY 2027.

If HB 252 is not passed and approved, K-12 BASE Aid is decreased by \$50,463,190 general fund in FY 2026 and \$52,052,480 general fund in FY 2027.

If HB 252 is passed and approved, K-12 BASE Aid is increased by \$1,562,379 general fund in FY 2026 and \$3,446,012 general fund in FY 2027.

If HB 339 is passed and approved, K-12 BASE Aid is increased by \$17,359,281 general fund in FY 2027.

If HB 462 is passed and approved and contains an appropriation for Revised Mathematics Content Standards, the Revised Mathematics Content Standards appropriation is void.

If HB 483 is passed and approved, Debt Service Assistance is decreased by \$1,093,501 general fund in FY 2027 and K-12 BASE Aid is decreased by \$30,651,425 general fund in FY 2027.

If HB 515 is not passed and approved and HB 483 is not passed and approved, Major Maintenance Aid is decreased by \$1,234,007 general fund and \$9,175,000 state special revenue in FY 2026 and \$1,611,501 general fund and \$9,287,000 state special revenue in FY 2027.

If HB 515 is not passed and approved and HB 483 is passed and approved, Major Maintenance Aid is decreased by \$1,234,007 general fund and \$9,175,000 state special revenue in FY 2026 and \$5,866,576 general fund and \$9,287,000 state special revenue in FY 2027.

If HB 515 is passed and approved, Major Maintenance Aid is increased by \$1,689,060 state special revenue in FY 2026 and decreased by \$3,065,407 general fund in FY 2027.

If HB 551 is passed and approved and contains an appropriation for School Lunch Funding, the School Lunch Funding appropriation is void.

If HB 551 is passed and approved, there is appropriated in HB 2 a restricted and biennial appropriation of \$167,882 general fund in FY 2026 and \$167,225 general fund in FY 2027 for the purposes of HB 551.

If HB 567 is passed and approved, K-12 BASE Aid is increased by \$2,000,000 general fund in FY 2027.

If HB 628 is passed and approved, K-12 BASE Aid is increased by \$2,388,032 general fund in FY 2027.

If SB 278 is passed and approved, K-12 BASE Aid is increased by \$175,320 general fund in FY 2027.

If SB 322 is not passed and approved, K-12 BASE Aid is decreased by \$1,050,000 general fund in FY 2026 and \$1,512,000 general fund in FY 2027 and increased by \$1,050,000 state special revenue in FY 2026 and \$1,512,000 state special revenue in FY 2027.

If SB 337 is passed and approved, K-12 BASE Aid is decreased by \$14,900 general fund in FY 2026 and \$353,900 state special revenue in FY 2027 and increased by \$14,900 state special revenue in FY 2026 and \$353,900 general fund in FY 2027.

If SB 424 is passed and approved, K-12 BASE Aid is increased by \$1,420,000 general fund in FY 2027 and decreased by \$1,420,000 state special revenue in FY 2027.

If SB 534 is passed and approved, K-12 BASE Aid is increased by \$102,000 general fund in FY 2027 and decreased by \$102,000 state special revenue in FY 2027.

MTDA Frontier Learning Lab is contingent on the passage and approval of HB 864.

If HB 864 is not passed and approved, Database Modernization is decreased by \$1,000,000 state special revenue in FY 2026 and \$1,000,000 state special revenue in FY 2027 and increased by \$1,000,000 general fund in FY 2026 and \$1,000,000 general fund in FY 2027.

In accordance with the Montana Procurement Act and all applicable policies and procedures, the Department of Administration shall determine the most appropriate procurement method for the expenditure of the Database Modernization appropriation and direct any necessary procurement actions.

The appropriation for In-State Treatment must be used only for the provision of educational programs to eligible children residing in qualifying facilities as defined in section 20-7-436, MCA.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	153.27	160.27	160.27	7.00	2.3%
General Fund	15,526,319	19,816,193	22,652,609	11,416,164	36.8%
State/Other Special Rev. Funds	680,659	2,776,558	2,747,848	4,163,088	305.8%
Federal Spec. Rev. Funds	18,230,258	18,323,889	18,334,934	198,307	0.5%
Total Funds	34,437,236	40,916,640	43,735,391	15,777,559	22.9%
Personal Services	14,402,364	15,729,503	15,749,011	2,673,786	9.3%
Operating Expenses	17,118,946	20,363,667	23,122,146	9,247,921	27.0%
Grants	750,000	750,000	750,000		0.0%
Transfers	2,125,737	4,033,281	4,074,045	3,855,852	90.7%
Debt Service	40,189	40,189	40,189		0.0%
Total Expenditures	34,437,236	40,916,640	43,735,391	15,777,559	22.9%
Total Ongoing	34,437,236	35,778,790	38,566,891	5,471,209	7.9%
Total One-Time-Only		5,137,850	5,168,500	10,306,350	0.0%

Program Description

The State Level Activities Program provides leadership and coordination of services to a variety of school and public groups. The staff provides assistance to the Superintendent of Public Instruction in performing statutorily prescribed duties.

The program:

- Supports the superintendent's statutory role with the Board of Public Education, Board of Regents, and Land Board
- Is responsible for the distribution and accounting of state and federal funds provided to school districts
- Maintains the information systems necessary to assess student achievement and the quality of Montana's elementary and secondary school system
- Provides assistance and information to school districts

The program also administers all federal grants received by OPI, including curriculum assistance, special education, Every Student Succeeds Act (ESSA), career and technical education (CTE), and other educational services.

Program Highlights

**State Level Activities Program
Major Budget Highlights**

The State Level Activities Program's 2027 biennium HB 2 budget request is approximately \$15.8 million or 22.9% above the FY 2025 base budget. Major highlights include:

- A net increase for the statewide present law adjustment for personal services, made up of increases in general fund and state special revenue and a decrease in federal special revenue
- A net increase for the statewide present law adjustment for fixed costs, made up of an increase in general fund and decreases in state special revenue and federal special revenue
- Decreases in general fund, state special, and federal special revenue for the statewide present law adjustment for inflation/deflation
- An increase in general fund for PowerSchool subscription costs related to the database modernization project
- Increases in general fund for 7.00 new positions budgeted, IT subscription costs, the hearing conservation program, Montana Digital Academy (MTDA) inflationary increases, the MTDA Clearinghouse, Montana Advisory Council on Indian Education meeting costs, school nutrition state match, and high school assessment funding
- An increase in state special revenue for the MTDA Frontier Learning Lab
- An increase in state special revenue for the database modernization project
- Increases in federal special revenue authority to support federally funded part-time modified PB and to cover the costs of administering additional federal grant funding
- A decrease in federal special revenue to move the adult basic education program to the Department of Labor and Industry
- A fund switch from general fund to state special revenue for the teacher licensure system

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	12,798,606	13,877,493	14,402,364	15,729,503	15,749,011
Operating Expenses	10,868,701	13,549,299	17,118,946	20,363,667	23,122,146
Grants	1,677,918	2,177,919	750,000	750,000	750,000
Transfers	2,077,863	2,077,863	2,125,737	4,033,281	4,074,045
Debt Service	39,594	39,594	40,189	40,189	40,189
Total Expenditures	\$27,462,682	\$31,722,168	\$34,437,236	\$40,916,640	\$43,735,391
General Fund	13,264,078	13,383,200	15,526,319	19,816,193	22,652,609
State/Other Special Rev. Funds	379,609	492,204	680,659	2,776,558	2,747,848
Federal Spec. Rev. Funds	13,818,995	17,846,764	18,230,258	18,323,889	18,334,934
Total Funds	\$27,462,682	\$31,722,168	\$34,437,236	\$40,916,640	\$43,735,391
Total Ongoing	\$27,234,217	\$31,388,476	\$34,437,236	\$35,778,790	\$38,566,891
Total OTO	\$228,465	\$333,692	\$0	\$5,137,850	\$5,168,500

Funding

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

Office of Public Instruction, 06-State Level Activities Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	42,468,802	0	0	42,468,802	46.06 %
02001 School Lunch Program	62,294	0	0	62,294	1.11 %
02197 ESA ADMINISTRATIVE ACCT	0	0	68,166	68,166	1.22 %
02218 School Facility & Tech Account	3,966,350	0	0	3,966,350	70.92 %
02357 LICENSURE FEES	871,163	0	0	871,163	15.58 %
02402 Traffic & Safety Education	624,599	0	0	624,599	11.17 %
State Special Total	\$5,524,406	\$0	\$68,166	\$5,592,572	6.07 %
03002 Public Instruction	36,658,823	0	0	36,658,823	100.00 %
Federal Special Total	\$36,658,823	\$0	\$0	\$36,658,823	39.76 %
06067 Advanced Drivers Education	0	255,788	0	255,788	3.42 %
06512 Indirect Cost Pool	0	7,220,582	0	7,220,582	96.58 %
Proprietary Total	\$0	\$7,476,370	\$0	\$7,476,370	8.11 %
Total All Funds	\$84,652,031	\$7,476,370	\$68,166	\$92,196,567	

HB 2 Appropriations

General Fund - General fund supports about half of the State Level Activities Program budget, with the remainder supported by state special revenue, federal special revenue, and proprietary funds.

State Special Revenue

School Lunch Program Account

Revenues for the School Lunch Program are generated through reimbursements for the costs of shipping, handling, and other related costs of school food commodities used in the program.

Traffic and Safety Education Account

The traffic and safety education account funds traffic education programs in Montana schools. Traffic and safety education revenues are generated from a percentage of driver's license and commercial driver's license fees.

Licensure Fee Account

The licensure fee account collects fees from teacher licensure applications in order to fully fund the operations of the teacher licensure system (HB 403, 2023 Session).

Federal Special Revenue - Federal funds support just under half of the State Level Activities Program total budget authority. The program receives federal funding for:

- Administrative Review and Training (ART) grants
- Adult basic education
- Assessment
- Career and technical education (via the Carl Perkins Grant)
- Education of homeless children
- Individuals with Disabilities Education Act (IDEA)
- National Assessment of Educational Progress (NAEP)
- National Center for Education Statistics (NCES)
- National Education Association (NEA)
- School nutrition
- Substance Abuse and Mental Health Services (SAMHSA)
- Low income students (Title I)
- Student achievement (Title II)
- English learners and immigrant students (Title III)
- Student support and academic enrichment (Title IV)
- Rural Education Achievement Program (Title V)
- Youth Risk Behavior Survey (YRBS) and school health priorities
- Various other purposes

Non-Budgeted Proprietary Funds

Indirect Cost Pool Account

The OPI indirect cost pool is an internal service fund used to allocate various centralized costs such as payroll, accounting, and budgeting to all of OPI's state and federally funded programs, using a pre-approved indirect cost rate. Because the proprietary funds do not require an appropriation, they are not typically included in appropriation tables. Instead, the legislature approves the fees and charges that support the revenues for the program. For a more detailed discussion of rates, revenues, and expenditures for the account, please see the non-budgeted proprietary funds analysis, which is included in a separate report.

Advanced Drivers' Education Program Account

The advanced drivers' education program is a seasonal, hands-on, behind-the-wheel crash avoidance program operated by the health enhancement and safety division of OPI at a training facility in Lewistown. The one-day and half-day course provides 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. Revenues are generated from workshop fees collected from program users. For a more detailed discussion of rates, revenues, and expenditures for the account, please see the non-budgeted proprietary funds analysis, which is included in a separate report.

*Statutory Appropriations*State Special Revenue**ESA Administrative Account**

HB 393 (2023 Session) established a program for special needs education savings accounts (ESAs), which are statutorily appropriated. ESAs are used to reimburse parents for certain educational costs of children with disabilities under the Individuals with Disabilities Education Act.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

	State Level Activities 2027 Biennium HB 2 Base Budget and Adjustments									
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	15,526,319	680,659	18,230,258	34,437,236	84.2%	15,526,319	680,659	18,230,258	34,437,236	78.7%
Statewide PL										
Personal Services	1,042,723	22,805	(753,384)	312,144	0.8%	1,054,883	22,807	(743,867)	333,823	0.8%
Fixed Costs	894,715	(711)	(169,246)	724,758	1.8%	772,352	(700)	(169,096)	602,556	1.4%
Inflation Deflation	(1,425)	(684)	(4,252)	(6,361)	(0.0%)	(963)	(462)	(2,874)	(4,299)	(0.0%)
Total Statewide PL	1,936,013	21,410	(926,882)	1,030,541	2.5%	1,826,272	21,645	(915,837)	932,080	2.1%
Present Law (PL)	(17,111)	76,639	800,000	859,528	2.1%	(18,501)	77,044	800,000	858,543	2.0%
New Proposals	2,370,972	1,997,850	220,513	4,589,335	11.2%	5,318,519	1,968,500	220,513	7,507,532	17.2%
Total HB 2 Adjustments	4,289,874	2,095,899	93,631	6,479,404	15.8%	7,126,290	2,067,189	104,676	9,298,155	21.3%
Total Budget	19,816,193	2,776,558	18,323,889	40,916,640		22,652,609	2,747,848	18,334,934	43,735,391	

The following programs are existing programs that are included as line items in HB 2:

- The Montana Digital Academy (MTDA) - MTDA was established by the legislature in 2009 as a supplemental online program for students attending K-12 schools in Montana (Title 20, Chapter 7, Part 12, MCA). The MTDA offers online courses and instruction to supplement local school coursework, primarily for high school and middle school students. Since the MTDA is not a traditional school and is not designed as a primary avenue for providing a student's education, it does not take enrollments directly from students or their parents. Also included in this line item is an appropriation for the MTDA clearinghouse, which was created by the legislature (HB 749, 2023 Session) to provide schools with access to digital content, online courses, proficiency assessment, and other educational services from MTDA and third-party providers. It was previously funded with a one-time-only appropriation through the Office of the Commissioner of Higher Education budget and is now included in HB 2 as an ongoing appropriation (DP 606). Typically, all funds for the MTDA are expended by OPI in a one-time payment to the MTDA at the beginning of each fiscal year and then MTDA can spend those funds as needed throughout the school year, but those expenditures are not shown as part of the OPI budget in order to avoid double counting

- Legislative Audit Division Federal Single Audit - an appropriation for legislative audit costs related to the federal single audit, which is a statewide report required by the federal Single Audit Act
- The Montana Indian Language Preservation Program - a program established to support efforts of Montana tribes to preserve native languages and to meet the state's educational goal of preserving the cultural integrity of American Indians (20-9-537, MCA) under the Montana Constitution. During the 2025 biennium, eight tribal nations received an award of \$187,500 for language preservation activities, including the creation of digitized language products, recordings of stories and book publishing, online classes, development of interactive language dictionaries, and curriculum development for summer language immersion classes
- Teacher Licensure - the new TeachMT teacher licensure system was created with federal COVID-19 funding from the Elementary and Secondary School Emergency Relief Fund (ESSER). However, the system has ongoing costs for upkeep and maintenance that are not funded with federal dollars and are instead supported by a state special revenue account which collects teacher licensure fees (20-4-109, MCA)
- Database Modernization - a one-time-only state special revenue appropriation (DP 623) from the School Facility and Technology Account for the completion of the database modernization project, contingent on the passage of the Section E companion bill (HB 864)
- MTDA Frontier Learning Lab - a one-time-only state special revenue appropriation (DP 621) from the School Facility and Technology Account for a new initiative that will create the capacity of Montana schools and partner organizations to implement cutting-edge technologies such as Artificial Intelligence (AI), Virtual Reality (VR), and Augmented Reality (AR)
- High School Assessment - a one-time-only appropriation (DP 611) to provide ACT testing with writing to 11th grade students in public high schools as the high school assessment requirement. These exams have previously been provided with now expired federal funding from the Gaining Early Awareness and Readiness for Undergraduate Program (GEAR UP) and Elementary and Secondary School Emergency Relief (ESSER) federal covid relief funding

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	1,042,723	22,805	(753,384)	312,144	0.00	1,054,883	22,807	(743,867)	333,823
DP 2 - Fixed Costs	0.00	894,715	(711)	(169,246)	724,758	0.00	772,352	(700)	(169,096)	602,556
DP 3 - Inflation Deflation	0.00	(1,425)	(684)	(4,252)	(6,361)	0.00	(963)	(462)	(2,874)	(4,299)
DP 604 - Increase Federal Grant Authority - Program 06	0.00	0	0	800,000	800,000	0.00	0	0	800,000	800,000
DP 612 - Subscriptions Cost Increase	0.00	136,811	0	0	136,811	0.00	137,997	0	0	137,997
DP 615 - Hearing Conservation Program (HCP) Infl Inc	0.00	67,696	0	0	67,696	0.00	67,696	0	0	67,696
DP 617 - Teacher Licensure Adjustment	0.00	(221,618)	76,639	0	(144,979)	0.00	(224,194)	77,044	0	(147,150)
Grand Total All Present Law Adjustments	0.00	\$1,918,902	\$98,049	(\$126,882)	\$1,890,069	0.00	\$1,807,771	\$98,689	(\$115,837)	\$1,790,623

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

The decreases in federal special revenue back out federal personal services funding for modified positions. The state personal services budgeting process does not reinstate funding for personal services expenditures for modified PB. The funding for these modified PB is often reinstated as part of a separate decision package (see DP 605).

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 legislature adopted 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.

DP 604 - Increase Federal Grant Authority - Program 06 -

The legislature adopted federal special revenue authority for the administrative costs of federal grants awarded to OPI.

DP 612 - Subscriptions Cost Increase -

The legislature adopted a general fund appropriation beginning in FY 2027 to cover the cost of new software subscriptions and increases to existing software subscriptions for OPI's Information Technology Unit's operations.

DP 615 - Hearing Conservation Program (HCP) Infl Inc -

The legislature adopted a general fund appropriation to fund a 4.0% contractual increase for the statewide Hearing Conservation Program (HCP).

The Individuals with Disabilities Education Act (IDEA) requires schools to have a system in place for children suspected of having disabilities, including hearing loss, through the age of 21. The OPI Hearing Conservation Program is the primary method for schools to ensure proper identification of students with hearing impairments. OPI's Division of Special Education and the Department of Public Health and Human Services (DPHHS) administer the program, which mandates hearing screenings for children in kindergarten, 1st grade, and either 9th or 10th grade. The public school takes on the primary responsibility for conducting screenings, but OPI contracts with audiologists to provide hearing screenings and provides the hearing screening equipment.

DP 617 - Teacher Licensure Adjustment -

The legislature adopted an adjustment to the budget to reflect the operating costs of the teacher licensure system and the transfer from general fund authority to state special revenue.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 4 - Move Workforce Innovation Grants to DLI	0.00	0	0	(279,487)	(279,487)	0.00	0	0	(279,487)	(279,487)
DP 605 - Federal Personal Services Authority	0.00	0	0	500,000	500,000	0.00	0	0	500,000	500,000
DP 606 - Montana Digital Academy	0.00	875,000	0	0	875,000	0.00	910,000	0	0	910,000
DP 607 - Indian Ed for All - MACIE Meeting Costs	0.00	15,000	0	0	15,000	0.00	15,000	0	0	15,000
DP 608 - PowerSchool Subscription	0.00	0	0	0	0	0.00	2,837,033	0	0	2,837,033
DP 611 - High School Assessment Funding (RST/OTO)	0.00	640,000	0	0	640,000	0.00	700,000	0	0	700,000
DP 618 - Revised Math Content Standards (RST/BIEN/OTO)	0.00	2,500,000	0	0	2,500,000	0.00	2,500,000	0	0	2,500,000
DP 621 - MTDA Frontier Learning Lab (RST/BIEN/OTO)	0.00	0	997,850	0	997,850	0.00	0	968,500	0	968,500
DP 622 - MTDA Inflationary Increase	0.00	34,694	0	0	34,694	0.00	69,808	0	0	69,808
DP 623 - Database Modernization (RST/BIEN/OTO)	0.00	0	1,000,000	0	1,000,000	0.00	0	1,000,000	0	1,000,000
DP 624 - Additional 5.00 PB	5.00	572,639	0	0	572,639	5.00	558,639	0	0	558,639
DP 625 - Additional 2.00 PB	2.00	233,639	0	0	233,639	2.00	228,039	0	0	228,039
DP 626 - STEM and Robotics (RST/BIEN)	0.00	50,000	0	0	50,000	0.00	50,000	0	0	50,000
DP 2400 - Line Item Veto	0.00	(50,000)	0	0	(50,000)	0.00	(50,000)	0	0	(50,000)
DP 2401 - Line Item Veto	0.00	(2,500,000)	0	0	(2,500,000)	0.00	(2,500,000)	0	0	(2,500,000)
Total	7.00	\$2,370,972	\$1,997,850	\$220,513	\$4,589,335	7.00	\$5,318,519	\$1,968,500	\$220,513	\$7,507,532

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

DP 4 - Move Workforce Innovation Grants to DLI -

The legislature adopted a reduction in federal special revenue authority to move the adult basic education workforce innovation and opportunities grants to the Department of Labor and Industry (DLI).

DP 605 - Federal Personal Services Authority -

The legislature adopted a federal special revenue appropriation for personal services to support part-time modified PB. Changes in state and federal laws do not allow the agency to contract for these services, and the state personal services funding process does not reinstate personal services expenditures for these workers. This funding is typically requested every biennium.

DP 606 - Montana Digital Academy -

The legislature adopted an ongoing general fund appropriation for the Montana Digital Academy (MTDA) clearinghouse in order to maintain its operations and enhance schools' opportunities to offer flexible learning environments and options to students. The clearinghouse was created by the Legislature (HB 749, 2023 Session) to provide schools with access to digital content, online courses, proficiency assessment, and other educational services from MTDA and third-party providers. It was previously funded with a one-time-only appropriation through the Office of the Commissioner of Higher Education budget.

DP 607 - Indian Ed for All - MACIE Meeting Costs -

The legislature adopted a general fund appropriation for meeting and travel costs associated with the Montana Advisory Council on Indian Education (MACIE). Currently, the board meets eight times a year with two in-person meetings and 21-25 people serving on the council.

The MACIE was created by the Montana Board of Public Education in 1984 to advise the Board and the Superintendent of Public Instruction on matters related to Indian education, including culture, language, and Indian Education for All. The council is composed of representatives of the twelve tribal nations in Montana and other groups involved in Indian education programs.

DP 608 - PowerSchool Subscription -

The legislature adopted an ongoing general fund appropriation beginning in FY 2027 for the database modernization project's PowerSchool subscription costs. Database modernization requirements from HB 367 (2023 Session) required commercial off-the-shelf (COTS) products to be purchased with federal funding, and OPI secured a contract to meet the requirements to repair, improve, or replace existing data systems.

DP 611 - High School Assessment Funding (RST/OTO) -

The legislature adopted a restricted, one-time-only general fund appropriation to provide ACT testing with writing to 11th grade students in public high schools as the high school assessment requirement. These exams have previously been provided with now expired federal funding from the Gaining Early Awareness and Readiness for Undergraduate Program (GEAR UP) and then Elementary and Secondary School Emergency Relief (ESSER).

DP 618 - Revised Math Content Standards (RST/BIEN/OTO) -

The legislature adopted a restricted, biennial, and one-time-only general fund appropriation for the implementation of revised math content standards to be used for:

- Content creation or high-quality instructional materials (HQIM) procurement
- Professional development for middle school and high school teachers
- Learning materials for data science or trades-based math programs

DP 621 - MTDA Frontier Learning Lab (RST/BIEN/OTO) -

The legislature adopted a restricted, biennial, and one-time-only state special revenue appropriation for the Montana Digital Academy Frontier Learning Lab. The Frontier Learning Lab is a new initiative that will create the capacity of Montana schools and partner organizations to implement cutting-edge technologies such as Artificial Intelligence (AI), Virtual Reality (VR), and Augmented Reality (AR).

DP 622 - MTDA Inflationary Increase -

The legislature adopted an inflationary increase of general fund transfers for the Montana Digital Academy (MTDA). This inflationary increase provides a pay increase equal to that provided in HB 13 (the pay plan) for each of the MTDA's 8.38 PB.

DP 623 - Database Modernization (RST/BIEN/OTO) -

The legislature adopted a restricted, biennial, and one-time-only state special revenue operating expenses appropriation for the completion of the database modernization project, contingent on the passage of the Section E companion bill (HB 864).

DP 624 - Additional 5.00 PB -

The legislature adopted a general fund personal services appropriation and an associated 5.00 PB for:

- A budget analyst
- A grant accountant
- A paralegal
- An executive staffer
- A program administrative staffer

DP 625 - Additional 2.00 PB -

The legislature adopted a general fund personal services appropriation and an associated 2.00 PB for:

- A software developer
- An IT system support position

DP 626 - STEM and Robotics (RST/BIEN) -

The legislature adopted a restricted and biennial appropriation for general fund grants to community-based programs that support science, technology, engineering, and mathematics (STEM) and robotics opportunities for students.

DP 2400 - Line Item Veto -

This line item veto eliminated the line item appropriation for STEM and Robotics (DP 626).

DP 2401 - Line Item Veto -

This line item veto eliminated the line item appropriation for Revised Mathematics Content Standards (DP 618).

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget	Adopted Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
General Fund	584,607,617	572,427,623	613,771,227	16,983,616	1.5%
State/Other Special Rev. Funds	453,599,176	536,356,792	538,324,602	167,483,042	18.5%
Federal Spec. Rev. Funds	155,735,391	164,414,575	164,414,575	17,358,368	5.6%
Total Funds	1,193,942,184	1,273,198,990	1,316,510,404	201,825,026	8.5%
Operating Expenses	3,702,839	3,305,954	3,305,954	(793,770)	(10.7%)
Local Assistance	1,024,600,340	1,096,023,226	1,139,260,285	186,082,831	9.1%
Grants	164,946,503	173,132,841	173,207,196	16,447,031	5.0%
Transfers	692,502	736,969	736,969	88,934	6.4%
Total Expenditures	1,193,942,184	1,273,198,990	1,316,510,404	201,825,026	8.5%
Total Ongoing	1,193,942,184	1,273,198,990	1,316,510,404	201,825,026	8.5%
Total One-Time-Only					0.0%

Program Description

The Local Education Activities Program is used by OPI to distribute state and federal funds to local education agencies.

Program Highlights

**Local Education Activities Program
Major Budget Highlights**

The Local Education Activities Program's 2027 biennium HB 2 budget request is approximately \$201.8 million or 8.5% above the FY 2025 base budget. Major highlights include:

- An increase in general fund for the K-12 BASE aid inflationary adjustment
- An increase of general fund for increased teacher pay and other provisions in the STARS Act (HB 252)
- Changes to major maintenance aid (MMA) including:
 - Increases in general fund and state special revenue funding
 - An increase in state special revenue and a decrease in general fund to align the appropriation with changes made in HB 515, which modified the MMA formula
 - A net-zero fund switch from general fund to state special revenue for a portion of the major maintenance aid appropriation

Property tax related fund shifts:

- A decrease in general fund and an increase in state special revenue for K-12 BASE aid due to increased revenue from the 95 mills due to the property reappraisal cycle
- A decrease in general fund and an increase in state special revenue for K-12 BASE aid to move non-levy revenue associated with the 95 mills to the SEPTR state special revenue account (HB 18)
- An increase in general fund and a decrease in state special revenue for K-12 BASE aid to backfill lost revenue from the 95 mills due to the implementation of homestead and comstead property tax exemptions (per HB 231 and SB 542)

Other notable changes include:

- An increase in general fund to offset revenue decreases in the statutorily appropriated guarantee account
- Increases in general fund for the at-risk student payment, the transformational learning program, in-state treatment, state tuition, the Indian language immersion program, and cell phone-free schools
- An increase in state special revenue for debt service assistance
- An increase of federal special revenue authority for additional federal grant funding
- Decreases in general fund for the in-state treatment appropriation, the significant enrollment increase payment, and the TEACH Act (which has been replaced by the STARS Act)
- A decrease in general fund and federal special revenue to move workforce innovation grants for adult basic education to the Department of Labor and Industry

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Operating Expenses	3,302,479	3,685,496	3,702,839	3,305,954	3,305,954
Local Assistance	902,127,261	932,253,505	1,024,600,340	1,096,023,226	1,139,260,285
Grants	160,700,950	163,069,906	164,946,503	173,132,841	173,207,196
Transfers	895,413	942,502	692,502	736,969	736,969
Total Expenditures	\$1,067,026,103	\$1,099,951,409	\$1,193,942,184	\$1,273,198,990	\$1,316,510,404
General Fund	484,099,476	499,833,554	584,607,617	572,427,623	613,771,227
State/Other Special Rev. Funds	428,386,823	444,382,464	453,599,176	536,356,792	538,324,602
Federal Spec. Rev. Funds	154,539,804	155,735,391	155,735,391	164,414,575	164,414,575
Total Funds	\$1,067,026,103	\$1,099,951,409	\$1,193,942,184	\$1,273,198,990	\$1,316,510,404
Total Ongoing	\$1,067,026,103	\$1,099,951,409	\$1,193,942,184	\$1,273,198,990	\$1,316,510,404
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

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

Office of Public Instruction, 09-Local Education Activities Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,186,198,850	0	0	1,186,198,850	43.77 %
02018 Guarantee Fund	0	0	118,610,870	118,610,870	9.92 %
02218 School Facility & Tech Account	32,000,000	0	2,000,000	34,000,000	2.84 %
02302 STATE EQUALIZATION AID ACCT	1,007,530,334	0	0	1,007,530,334	84.29 %
02402 Traffic & Safety Education	3,000,000	0	0	3,000,000	0.25 %
02487 School Fac State Spcl Revenue	32,151,060	0	0	32,151,060	2.69 %
State Special Total	\$1,074,681,394	\$0	\$120,610,870	\$1,195,292,264	44.10 %
03170 Grant Clearance Discretionary	328,829,150	0	0	328,829,150	100.00 %
Federal Special Total	\$328,829,150	\$0	\$0	\$328,829,150	12.13 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$2,589,709,394	\$0	\$120,610,870	\$2,710,320,264	

The Local Education Activities Program is funded by a combination of general fund, state special revenue, and federal special revenue. The majority of funds are appropriated in HB 2 and the remainder are statutory appropriations.

HB 2 Appropriations

General Fund - General fund supports a large portion of the distribution to school districts, primarily as K-12 BASE aid, with the addition of some state and federal funds.

State Special Revenue

School Equalization and Property Tax Reduction (SEPTR) Account

The school equalization and property tax reduction account receives property tax revenue from the state 95 mills, which are levied for school equalization. This money is then distributed to school districts as K-12 BASE aid.

School Facility and Technology Account

The school facility and technology account supports state subsidies for school debt service from facilities bonds, technological improvements, and other infrastructure and facility needs. The account is funded from public land trust power site rent under the provisions of 77-4-208(2), MCA and timber harvest income from school trust lands under the provisions of 20-9-516(2)(a), MCA.

LFD COMMENT

Per HB 515, the school facility and technology account and the school facility (major maintenance aid) state special revenue account will be consolidated into the school facility and technology account. Additionally, HB 864 expanded allowable uses for the account related to technology expenditures.

School Facility (Major Maintenance Aid) Account

The school facility state special revenue account established in 20-9-525, MCA receives interest earnings from the school facility sub-trust within the state coal trust. This money is then distributed to school districts to help support major maintenance.

Traffic & Safety Education Account

The traffic & safety education account funds traffic education programs in Montana schools. Traffic and safety education revenues are generated from a percentage of driver's license and commercial driver's license fees.

Federal Special Revenue - Federal funds support approximately \$165.7 million of the Local Education Activities Program total budget authority. The program receives federal funding for:

- Adult basic education
- Career and technical education (via the Carl Perkins Grant)
- Education of homeless children
- Individuals with Disabilities Education Act (IDEA)
- School nutrition
- Low income students (Title I)
- Student achievement (Title II)
- English learners and immigrant students (Title III)
- Student support and academic enrichment (Title IV)
- Rural Education Achievement Program (Title V)

Statutory Appropriations

State Special Revenue

Guarantee Account

The guarantee account is a state special revenue account dedicated to school funding, which receives revenue generated from common school trust lands and the subsequent interest on the common school trust account. Revenues are primarily generated from interest off the trust in addition to agriculture and extraction industry leases. Revenue is statutorily appropriated for school funding per 20-9-622, MCA and offsets general fund received by OPI.

School Facility and Technology Account

The school facility and technology account also supports a statutory appropriation from the state to school districts for technology.

Innovative Educational Program Account

School districts can receive tax credit donations and may retain these donations up to a cap. If tax credit donations exceed the limit set in statute, excess revenues are transferred to the innovative educational program account at OPI. OPI then distributes the funds to school districts for advanced opportunity aid.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

	Local Education Activities 2027 Biennium HB 2 Base Budget and Adjustments									
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	584,607,617	453,599,176	155,735,391	1,193,942,184	93.8%	584,607,617	453,599,176	155,735,391	1,193,942,184	90.7%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
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%
Total Statewide PL	0	0	0	0	0.0%	0	0	0	0	0.0%
Present Law (PL)	(68,571,253)	87,459,246	10,000,000	28,887,993	2.3%	(3,491,200)	92,297,916	10,000,000	98,806,716	7.5%
New Proposals	56,391,259	(4,701,630)	(1,320,816)	50,368,813	4.0%	32,654,810	(7,572,490)	(1,320,816)	23,761,504	1.8%
Total HB 2 Adjustments (12,179,994)	82,757,616	8,679,184	79,256,806	6.2%		29,163,610	84,725,426	8,679,184	122,568,220	9.3%
Total Budget	572,427,623	536,356,792	164,414,575	1,273,198,990		613,771,227	538,324,602	164,414,575	1,316,510,404	

K-12 BASE aid is the largest appropriation for OPI, accounting for approximately \$1.0 billion in FY 2026 and \$1.1 billion in FY 2027. There is an additional statutory appropriation for K-12 BASE aid from the guarantee account, which is described in greater detail in the Funding section of this report. The first source of funding for the K-12 BASE aid appropriation in HB 2 is the SEPTR account, which receives the revenue from the 95 school equalization mills. The 95 mills are projected to bring in approximately \$500.0 million each year of the 2027 biennium, so general fund is used to fund the remainder of the K-12 BASE aid appropriation. This K-12 BASE aid appropriation was adopted by the legislature as restricted and biennial, meaning that the funding cannot be used for another purpose and that the funding can be spent at any point over the biennium.

K-12 BASE aid is made up of the state funding components that support school district general funds and some funding for countywide school retirement costs:

- The five fully state-funded components:

1. Quality Educator Payment - a per-PB payment for teachers and other licensed professionals (20-9-327, MCA), including the TEACH Act teacher pay incentive (20-9-324, MCA) which has been replaced by the STARS Act teacher pay incentive (HB 252)
2. At Risk Payment - a payment to schools to address at-risk students or students who are affected by an environment that negatively impacts performance and threatens the likelihood of promotion or graduation (20-1-101(4), MCA; 20-9-309, MCA; 20-9-328, MCA). The funding is distributed in the same manner as federal Title I funds. The at-risk payment is considered part of BASE aid but receives a separate line item appropriation in HB 2
3. Indian Education For All Payment - a payment made per-Average Number Belonging (ANB) to fund the state's constitutional commitment to the preservation of American Indian cultural integrity (20-9-329, MCA)
4. American Indian Achievement Gap Payment - a per-American Indian student payment for the purpose of closing the performance gap that exists between American Indian students and non-Indian students (20-9-330, MCA)

5. Data for Achievement - a per-ANB payment used by school districts to pay for costs associated with student data systems (20-9-325, MCA)
- Special Education Payment - An amount per ANB regardless of the count of special education students. Portions of the special education appropriation go to cooperatives and to reimbursements for high-cost students. This payment is 100.0% state-funded, but a local match is required (20-9-321, MCA)
 - Direct State Aid - This payment is made up of the Per-ANB and Basic entitlements, and it is 44.7% state-funded; the remainder is funded by state guaranteed tax base (GTB) aid and local revenue sources, which include local property taxes, local non-levy revenue, tuition payments, and/or fund balance reappropriated from the prior year. The amount of GTB and the various local revenue sources depends on the tax base of the school district and the number of students being educated in the district (20-9-306, MCA)
 - Basic Entitlement - A set amount per district based on whether it is an elementary school district, middle school district, or high school district. Districts with higher enrollment are eligible for additional basic entitlement "increments"
 - Per Average Number Belonging (ANB) Entitlement - A per-ANB dollar amount driven by the greater of the prior year's enrollment or a three-year average. ANB is a proxy for school district enrollment
 - District General Fund Guaranteed Tax Base (GTB) Aid - A state subsidy for school district BASE budget mill levies used to equalize property wealth across the state. GTB aid provides a subsidy per mill to eligible districts (20-9-368(3), MCA)
 - Retirement (GTB) Aid - A state subsidy for countywide retirement mill levies used to equalize property wealth across the state. GTB aid provides a subsidy per mill to eligible counties (20-9-368(1), MCA; 20-9-368(2), MCA)
 - Significant Enrollment Increase Payment - A payment to districts with significant enrollment increases compared to the anticipated enrollment during the school district budgeting process (20-9-166, MCA)

Summary of Other State K-12 Funding

The state also funds a number of other K-12 programs that are not included in K-12 BASE aid, but are included as line items in HB 2:

- Debt Service Assistance - state equalization aid that is used to pay a portion of a school district's bond debt, including principal and interest payments and agent fees, from facilities bonds, technological improvements, and other infrastructure and facility needs in local school districts (20-9-516(2)(a), MCA; 77-4-208(2), MCA). The funding is available to school districts contingent upon whether or not the district has a mill value per ANB that is less than the corresponding statewide mill value per ANB. Local school districts support a portion of the costs, usually through local property tax levies, and the state portion consists of state special revenue from the School Facility and Technology state special revenue account
- Major Maintenance Aid - state equalization aid that is used to pay a portion of a school district's major maintenance project costs (20-9-502, MCA). The School Facility/Major Maintenance Aid state special revenue account receives interest from the school facility sub-trust within the state coal trust. The funding is dependent on the district type and the number of ANB and local property wealth. Local school districts support a portion of these costs, usually through local property taxes
- Advanced Opportunities - an appropriation for the Montana Advanced Opportunities Act (Title 20, Part 7, Chapter 15, MCA), which expanded personalized Career and Technical Education (CTE) opportunities for middle and high school students
- Advancing Agricultural Education - funding for a sequential set of course offerings for students in middle school and high school. The program is designed to develop knowledge, skills, attitudes, and experiences in and about agriculture to prepare students for further education, self-employment, entry-level jobs, and consumer awareness in the agriculture industry (20-7-334, MCA)
- Career and Technical Student Organizations (CTSOs) - an appropriation of state funds for seven CTSOs, which provide career and technical education (CTE) opportunities for students (20-7-320, MCA). The CTSOs are Montana Future Farmers of America (FAA), Business Professionals of America (BPA), Distributive Education Clubs of America (DECA), Family Career & Community Leaders of America (FCCLA), Future Health Professionals (HOSA), SkillsUSA, and the Technology Student Association (TSA)

- CTE State Match - Montana students must have one unit of CTE in order to graduate high school, typically two semester-long courses, per ARM 10.55.905. The Carl Perkins Career and Technical Education Act is a principal source of federal funding to states and discretionary grantees for the improvement of career and technical education programs across the nation. State general fund provides a match for federal funds (Title 20, Part 7, Chapter 3, MCA)
- Coal Mitigation - a school block grant to mitigate for coal-fired generating unit closure in eligible districts. Eligible districts must have a FY 2017 taxable valuation that includes a coal-fired generating unit with a generating capacity that is greater than or equal to 200 megawatts, was placed in service prior to 1980, and was retired or planned for retirement on or before July 1, 2022 (20-9-638, MCA)
- Early Literacy - funding for targeted intervention programs for children older than 4, in order to improve early literacy outcomes (20-7-1803, MCA)
- Gifted and Talented - a program to consistently identify and meet the needs of high ability/high potential students, who are defined as children with capabilities that "require differentiated educational programs beyond those normally offered in public schools in order to fully achieve their potential contribution to self and society" (Title 20, Part 7, Chapter 9, MCA). Each school district is required to provide educational services to high ability/high potential students commensurate with their needs, as outlined in a comprehensive district framework for gifted education, per ARM 10.55.804
- In-State Treatment - payments for the educational costs of Montana K-12 students at children's psychiatric hospitals and residential treatment facilities (20-7-435, MCA)
- Indian Language Immersion - funding for immersive Indian language educational programs for both Indian and non-Indian students, with the goal of raising student achievement, strengthening families, and preserving and perpetuating Indian language and culture throughout Indian country and Montana (20-7-1404, MCA)
- National Board Certification - funding for stipends to qualified teachers who hold a current certification with the National Board for Professional Teaching Standards. Teachers are eligible for a state stipend if they retain certification and continue teaching at an impacted school
- Recruitment and Retention - funding to address teacher recruitment and retention, through the quality educator loan assistance program (Title 20, Part 4, Chapter 5, MCA). Newly hired quality educators who teach or work in a subject that has been identified as a critical quality educator shortage area at an impacted school are eligible to receive state paid loan assistance for up to four years, so long as they remain a full-time employee at an impacted school
- School Food - state matching funds for federal school nutrition funding (20-10-201, MCA)
- School Safety - an appropriation for school safety professional development. The appropriation was established in HB 601 (2019 Session), but was never coded in statute because the appropriation was amended into HB 2
- State Tuition Payments - the state's portion of tuition payments for Montana K-12 students at children's psychiatric hospitals and residential treatment facilities (20-7-435, MCA)
- Transformational Learning - funding for a program that provides a flexible system of pupil-centered learning (Title 20, Part 7, Chapter 16, MCA)
- Transportation Aid - formula-driven funding for student transportation to and from school (20-10-145, MCA). The cost of transportation is shared with counties through countywide school property tax mills and school districts through the school transportation fund, also supported by property taxes

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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 904 - K-12 BASE Aid Inflationary Increase	0.00	9,096,050	0	0	9,096,050	0.00	42,985,166	0	0	42,985,166
DP 905 - At Risk Payment Inflationary Increase	0.00	186,400	0	0	186,400	0.00	378,392	0	0	378,392
DP 906 - NRD K12 Facilities Major Maintenance Aid	0.00	317,343	10,429,824	0	10,747,167	0.00	644,206	10,429,824	0	11,074,030
DP 907 - State Transformational Learning Payment Adjustment	0.00	76,621	0	0	76,621	0.00	150,976	0	0	150,976
DP 909 - State Tuition Increase	0.00	189,000	0	0	189,000	0.00	189,000	0	0	189,000
DP 910 - In State Treatment Adjustment	0.00	3,115	0	0	3,115	0.00	3,115	0	0	3,115
DP 911 - Increase Federal Grant Authority - Program 09	0.00	0	0	10,000,000	10,000,000	0.00	0	0	10,000,000	10,000,000
DP 920 - Debt Service Adjustment	0.00	0	1,000,000	0	1,000,000	0.00	0	1,000,000	0	1,000,000
DP 923 - Indian Language Immersion Adjustment	0.00	168,000	0	0	168,000	0.00	173,000	0	0	173,000
DP 936 - Equalization Aid Account Adjustment	0.00	(76,029,422)	76,029,422	0	0	0.00	(80,868,092)	80,868,092	0	0
DP 937 - Guarantee Account Adjustment	0.00	(2,178,360)	0	0	(2,178,360)	0.00	(2,746,964)	0	0	(2,746,964)
DP 938 - SEPTR County Retirement Adjustment	0.00	0	0	0	0	0.00	30,651,425	0	0	30,651,425
DP 939 - SEPTR Major Maintenance Aid Adjustment	0.00	0	0	0	0	0.00	4,255,075	0	0	4,255,075
DP 940 - SEPTR Debt Service Adjustment	0.00	0	0	0	0	0.00	1,093,501	0	0	1,093,501
DP 944 - Reduce In-State Treatment Appropriation	0.00	(400,000)	0	0	(400,000)	0.00	(400,000)	0	0	(400,000)
Grand Total All Present Law Adjustments	0.00	(\$68,571,253)	\$87,459,246	\$10,000,000	\$28,887,993	0.00	(\$3,491,200)	\$92,297,916	\$10,000,000	\$98,806,716

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

DP 904 - K-12 BASE Aid Inflationary Increase -

The legislature adopted an increase in general fund local assistance for K-12 BASE aid inflationary increases, which includes funding for the growth from statutory inflationary increases (20-9-326, MCA) at 3.0% in FY 2026 and 3.0% in FY 2027 and the growth in enrollment. The statutory inflationary increases apply to the basic entitlement, per-ANB entitlement, quality educator payment, Indian Education for All payment, data for achievement payment, special education allowable cost payment, and American Indian achievement gap payment. This request was contingent on passage and approval of HB 15, which has already been signed into law by the governor.

DP 905 - At Risk Payment Inflationary Increase -

The legislature adopted general fund local assistance authority to support inflationary increases for the at-risk student payment. These increases represent a 3.0% increase for both FY 2026 and FY 2027, which are the same inflationary rates associated with the present law adjustment for K-12 BASE aid.

DP 906 - NRD K12 Facilities Major Maintenance Aid -

The natural resource development (NRD) K-12 facilities payment (20-9-635, MCA) is used to support major maintenance projects in public schools. The legislature adopted an increase of general fund and state special revenue local assistance in order to meet the statutorily required growth in each year of the biennium, per 20-9-635, MCA.

DP 907 - State Transformational Learning Payment Adjustment -

The legislature adopted general fund grant authority to adjust the state transformational learning payment for 3.0% inflationary increases related to the per educator component of the calculation, per 20-7-1602(9), MCA.

DP 909 - State Tuition Increase -

The legislature adopted general fund local assistance authority to increase the state tuition payment, as required per 20-5-323 and 20-5-324, MCA.

DP 910 - In State Treatment Adjustment -

The legislature adopted a general fund appropriation to meet the in-state inpatient treatment payment needs, as required in 20-7-435, MCA.

DP 911 - Increase Federal Grant Authority - Program 09 -

The legislature adopted federal special revenue local assistance authority in each year of the biennium to adjust for increases in federal grant awards that OPI distributes to school districts and other local education agencies administered by OPI.

DP 920 - Debt Service Adjustment -

The legislature adopted state special revenue local assistance authority to increase debt service assistance to the projected need.

DP 923 - Indian Language Immersion Adjustment -

The legislature adopted general fund local assistance authority to increase participation in the Indian Language Immersion program (20-7-1404, MCA).

DP 936 - Equalization Aid Account Adjustment -

The legislature adopted an increase to state special revenue authority for the state equalization and property tax reduction (SEPTR) account, which receives revenue from the 95 state equalization mills. This change was requested to account for projected revenue with an offsetting reduction of general fund, per the HJ 2 revenue estimate. The SEPTR account (per 20-9-336, MCA) is the second source of funding for state equalization aid.

DP 937 - Guarantee Account Adjustment -

The legislature adopted a decrease in general fund to offset increased revenue in the guarantee account, per the HJ 2 revenue estimate. The guarantee account (per 20-9-622, MCA) is the first source of funding for state equalization aid and is statutorily appropriated.

DP 938 - SEPTR County Retirement Adjustment -

The legislature adopted general fund local assistance funding for K-12 BASE aid for county retirement for FY 2027 only. This is a general fund appropriation triggered by increased revenue from the 95 mills in the SEPTR account, per 20-9-336, MCA.

DP 939 - SEPTR Major Maintenance Aid Adjustment -

The legislature adopted general fund local assistance funding for major maintenance aid for FY 2027 only. This is a general fund appropriation triggered by increased revenue from the 95 mills in the SEPTR account, per 20-9-336, MCA.

DP 940 - SEPTR Debt Service Adjustment -

The legislature adopted general fund local assistance funding for debt service assistance for FY 2027 only. This is a general fund appropriation triggered by increased revenue from the 95 mills in the SEPTR account, per 20-9-336, MCA.

DP 944 - Reduce In-State Treatment Appropriation -

The legislature adopted a reduction in general fund operating expenses for in-state treatment due to a lower projected need for the funding of the program.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals										
Fiscal 2026						Fiscal 2027				
PB	General Fund	State Special	Federal Special	Total Funds		PB	General Fund	State Special	Federal Special	Total Funds
DP 4 - Move Workforce Innovation Grants to DLI	0.00 (525,000)	0	(1,320,816)	(1,845,816)		0.00	(525,000)	0	(1,320,816)	(1,845,816)
DP 924 - SMMA Adjustment	0.00 (3,175,000)	3,175,000	0	0		0.00	(3,287,000)	3,287,000	0	0
DP 925 - Business Equipment Tax Adjustment	0.00 1,050,000	(1,050,000)	0	0		0.00	1,512,000	(1,512,000)	0	0
DP 930 - School Lunch Funding (RST/BIEN)	0.00 300,000	0	0	300,000		0.00	300,000	0	0	300,000
DP 933 - Teacher Pay Incentive	0.00 53,182,948	0	0	53,182,948		0.00	54,853,831	0	0	54,853,831
DP 941 - Reduction in Funding for Significant Enrollment Increases	0.00 (1,500,000)	0	0	(1,500,000)		0.00	(1,500,000)	0	0	(1,500,000)
DP 942 - Homestead Property Tax Adjustment	0.00 20,696,590	(20,696,590)	0	0		0.00	20,696,590	(20,696,590)	0	0
DP 943 - 95 Mill Non Levy Revenue	0.00 (11,116,000)	11,116,000	0	0		0.00	(10,393,000)	10,393,000	0	0
DP 945 - Reduce TEACH Act Funding	0.00 (2,719,758)	0	0	(2,719,758)		0.00	(2,801,351)	0	0	(2,801,351)
DP 1800 - HB 28	0.00 0	0	0	0		0.00	500,000	0	0	500,000
DP 1801 - HB 140	0.00 0	0	0	0		0.00	100,000	(100,000)	0	0
DP 1802 - HB 151	0.00 0	0	0	0		0.00	15,584	0	0	15,584
DP 1803 - HB 168	0.00 0	0	0	0		0.00	3,728,257	0	0	3,728,257
DP 1804 - HB 252	0.00 1,562,379	0	0	1,562,379		0.00	3,446,012	0	0	3,446,012
DP 1805 - HB 483	0.00 0	0	0	0		0.00	(31,744,926)	0	0	(31,744,926)
DP 1806 - HB 515	0.00 0	1,689,060	0	1,689,060		0.00	(3,065,407)	0	0	(3,065,407)
DP 1807 - HB 567	0.00 0	0	0	0		0.00	2,000,000	0	0	2,000,000
DP 1808 - SB 278	0.00 0	0	0	0		0.00	175,320	0	0	175,320
DP 1809 - SB 322	0.00 (1,050,000)	1,050,000	0	0		0.00	(1,512,000)	1,512,000	0	0
DP 1810 - SB 337	0.00 (14,900)	14,900	0	0		0.00	353,900	(353,900)	0	0
DP 1812 - SB 534	0.00 0	0	0	0		0.00	102,000	(102,000)	0	0
DP 2402 - Line Item Veto	0.00 (300,000)	0	0	(300,000)		0.00	(300,000)	0	0	(300,000)
Total	0.00 \$56,391,259	(\$4,701,630)	(\$1,320,816)	\$50,368,813		0.00	\$32,654,810	(\$7,572,490)	(\$1,320,816)	\$23,761,504

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

DP 4 - Move Workforce Innovation Grants to DLI -

The legislature adopted a reduction in general fund and federal special revenue authority to move the adult basic education workforce innovation and opportunities grants to the Department of Labor and Industry (DLI).

DP 924 - SMMA Adjustment -

Contingent on related legislation (HB 515), the legislature adopted a fund switch for state major maintenance aid from the general fund to state special revenue.

DP 925 - Business Equipment Tax Adjustment -

Contingent on related legislation (SB 322), the legislature adopted a fund switch for K-12 BASE aid from the state equalization and property tax reduction (SEPTR) state special revenue account to the state general fund in order to make adjustments to business equipment tax exemptions.

DP 930 - School Lunch Funding (RST/BIEN) -

The legislature adopted a restricted, biennial general fund appropriation to provide free school lunches to children who already receive reduced-price school lunches.

DP 933 - Teacher Pay Incentive -

Contingent on related legislation (HB 252), the legislature adopted general fund local assistance authority for increased teacher pay, which will be directed to the bottom one-third of the teacher pay scale in each school district through state grants.

DP 941 - Reduction in Funding for Significant Enrollment Increases -

The legislature adopted a general fund reduction to K-12 BASE aid due to a reduced need projected for funding for unanticipated significant enrollment increases.

DP 942 - Homestead Property Tax Adjustment -

Contingent on related legislation (HB 231), the legislature adopted a fund switch for K-12 BASE aid from the state equalization and property tax reduction (SEPTR) state special revenue account to the state general fund in order to make adjustments for homestead and comstead property tax exemptions.

DP 943 - 95 Mill Non Levy Revenue -

Contingent on related legislation (HB 18), the legislature adopted a fund switch to redirect non-levy revenue associated with the 95 mills from the state general fund to the state equalization and property tax reduction (SEPTR) state special revenue account.

Non-levy revenue is revenue from a source other than property tax levies that generally has a connection to property taxation. Certain non-levy revenue associated with the 95 school equalization mills, primarily made up of coal gross proceeds and federal forest reserve funds, must be transferred to the state for K-12 BASE aid funding. HB 587 (2023 Session) redirected property tax revenue from the 95 mills from the general fund to the newly created SEPTR account. The legislation did not revise the deposit of non-levy revenue listed in equalization statutes, so it is still deposited into the general fund under current law.

DP 945 - Reduce TEACH Act Funding -

The legislature adopted a reduction of general fund local assistance to eliminate funding for the TEACH Act (HB 143, 2021 Session), contingent on the passage of the STARS Act (HB 252). Because it passed, the STARS Act will replace the TEACH Act as a mechanism for increasing starting teacher pay.

DP 1800 - HB 28 -

The legislature adopted contingency language for the passage and approval of HB 28, and this decision package implements the coordination language. HB 28 clarifies laws related to public charter schools.

DP 1801 - HB 140 -

The legislature adopted contingency language for the passage and approval of HB 140, and this decision package implements the coordination language. HB 140 creates an injured first responder property tax assistance program.

DP 1802 - HB 151 -

The legislature adopted contingency language for the passage and approval of HB 151, and this decision package implements the coordination language. HB 151 expands the definition of a quality educator to include educational sign language interpreters.

DP 1803 - HB 168 -

The legislature adopted contingency language for the passage and approval of HB 168, and this decision package implements the coordination language. HB 168 allows 3 and 4 year-old children with disabilities to be included in the average number belonging (ANB) calculations for school districts if the children are participating in school district special education programs.

DP 1804 - HB 252 -

The legislature adopted contingency language for the passage and approval of HB 252, and this decision package implements the coordination language. HB 252, the Student and Teacher Advancement for Results and Success (STARS) Act, is a revised and enhanced version of the TEACH Act (HB 143, 2021 Session), which further incentivizes increases in teacher pay, particularly for teachers early in their careers.

DP 1805 - HB 483 -

The legislature adopted contingency language for the passage and approval of HB 483, and this decision package implements the coordination language. HB 483 adjusts the SEPTR account overflow mechanisms (HB 587, 2023 Session) to provide for same-year local property tax reductions corresponding to increases in revenue from the 95 mills.

**LFD
COMMENT**

The appropriations in HB 2 related to this bill have been reduced by approximately \$31.7 million per the bill's contingency language. However, the bill itself contains a trigger to adjust county retirement GTB and state transportation aid amounts based on changes to revenue from the 95 mills per HB 231 and SB 542. It is currently estimated that county retirement GTB will increase by \$3.0 million general fund beginning in FY 2027 and that state transportation aid will increase by \$15.6 million general fund each year of the biennium.

DP 1806 - HB 515 -

The legislature adopted contingency language for the passage and approval of HB 515, and this decision package implements the coordination language. HB 515 consolidates the two state special revenue funds used for state major maintenance aid and debt service assistance, and the bill also adjusts the major maintenance aid formula.

DP 1807 - HB 567 -

The legislature adopted contingency language for the passage and approval of HB 567, and this decision package implements the coordination language. HB 567 revises laws related to multidistrict agreements and provides a countywide resource sharing incentive.

DP 1808 - SB 278 -

The legislature adopted contingency language for the passage and approval of SB 278, and this decision package implements the coordination language. SB 278 modifies the advanced opportunities program to create an advanced opportunities facilitator and allows school districts employing these facilitators to use a portion of their advanced opportunities payment for the facilitator's salary.

DP 1809 - SB 322 -

The legislature adopted contingency language if SB 322 was not passed and approved, and this decision package implements the coordination language. SB 322 would have expanded the business equipment property tax exemption, but the bill did not pass the legislature.

DP 1810 - SB 337 -

The legislature adopted contingency language for the passage and approval of SB 337, and this decision package implements the coordination language. SB 337 provides a property tax exemption for properties undergoing subdivision development.

DP 1812 - SB 534 -

The legislature adopted contingency language for the passage and approval of SB 534, and this decision package implements the coordination language. SB 534 expands the property tax exemption and phase-in for wireless infrastructure to include fiber optic and coaxial cable.

DP 2402 - Line Item Veto -

This line item veto eliminated the line item appropriation for School Lunch Funding (DP 930).

Agency Base Budget Comparison

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

Agency Base Budget Comparison						
Budget Item	Base Budget FY 2025	Adopted Budget		Biennium Change from Base		
		FY 2026	FY 2027	Amount	Percent	
PB	3.00	3.00	3.00	0.00	0.0%	
General Fund	580,585	568,181	568,126	(24,863)	(2.1%)	
State/Other Special Rev. Funds	11,563			(23,126)	(100.0%)	
Total Funds	592,148	568,181	568,126	(47,989)	(4.1%)	
Personal Services	278,418	278,038	278,039	(759)	(0.1%)	
Operating Expenses	313,730	290,143	290,087	(47,230)	(7.5%)	
Total Expenditures	592,148	568,181	568,126	(47,989)	(4.1%)	
Total Ongoing	592,148	568,181	568,126	(47,989)	(4.1%)	
Total One-Time-Only					0.0%	

Agency Description

The Board of Public Education (BPE) is authorized by Article X, Section 9 of the Montana Constitution, and exercises general supervision over the public school system and such other public educational institutions as may be assigned by law.

Please refer to the agency profile for additional information about the agency's organization structure, historical expenditures, goals and objectives, and recent studies and audits: <https://www.legmt.gov/lfd/committees/section-e/board-of-public-education/>

Agency Highlights

Board of Public Education Major Budget Highlights

The Board of Public Education's 2027 biennium adopted HB 2 budget is approximately \$48,000 or 4.1% less than the FY 2025 base budget. Significant changes include:

- An increase in general fund for the statewide present law adjustment for personal services
- A decrease in general fund for the statewide present law adjustment for fixed costs
- The reduction of state special revenue authority, which the Board no longer has the funds to spend

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures adopted 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	258,488	264,988	278,418	278,038	278,039
Operating Expenses	138,462	317,200	313,730	290,143	290,087
Total Expenditures	\$396,950	\$582,188	\$592,148	\$568,181	\$568,126
General Fund	395,807	576,445	580,585	568,181	568,126
State/Other Special Rev. Funds	1,143	5,743	11,563	0	0
Total Funds	\$396,950	\$582,188	\$592,148	\$568,181	\$568,126
Total Ongoing	\$396,950	\$582,188	\$592,148	\$568,181	\$568,126
Total OTO	\$0	\$0	\$0	\$0	\$0

Summary of Legislative Action

The legislature adopted a decrease to the Board of Public Education's total biennial appropriation of approximately \$48,000 or 4.1% compared to the 2025 base appropriation. Legislative changes to the agency's budget include:

- An increase in general fund for the statewide present law adjustment for personal services, totaling approximately \$22,000 over the biennium
- A decrease in general fund for the statewide present law adjustment for fixed costs, totaling approximately \$46,000 over the biennium
- The reduction of state special revenue authority, which the agency no longer has the funds to spend, totaling approximately \$23,000 over the biennium
- A general fund reduction to fixed costs to remove new appropriations for Robert's Rules of Order training, totaling approximately \$900 over the biennium

Funding

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

Total Board of Public Education Funding by Source of Authority 2027 Biennium Budget						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,136,307				1,136,307	100.0%
State Special Revenue Total	-	-	-	-	-	0.0%
Federal Special Revenue Total	-	-	-	-	-	0.0%
Proprietary Fund Total	-	-	-	-	-	0.0%
Total of All Funds	1,136,307	-	-	-	1,136,307	
Percent of All Sources of Authority	100.0%	0.0%	0.0%	0.0%		

The Board of Public Education's approximately \$1.1 million budget is entirely funded with general fund.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Board of Public Education 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	580,585	11,563	0	592,148	104.2%	580,585	11,563	0	592,148	104.2%
Statewide PL										
Personal Services	11,130	0	0	11,130	2.0%	11,131	0	0	11,131	2.0%
Fixed Costs	(23,062)	0	0	(23,062)	(4.1%)	(23,121)	0	0	(23,121)	(4.1%)
Inflation Deflation	(7)	0	0	(7)	(0.0%)	(4)	0	0	(4)	(0.0%)
Total Statewide PL	(11,939)	0	0	(11,939)	(2.1%)	(11,994)	0	0	(11,994)	(2.1%)
Present Law (PL)	(465)	(11,563)	0	(12,028)	(2.1%)	(465)	(11,563)	0	(12,028)	(2.1%)
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	(12,404)	(11,563)	0	(23,967)	(4.2%)	(12,459)	(11,563)	0	(24,022)	(4.2%)
Total Budget	568,181	0	0	568,181		568,126	0	0	568,126	

Other Legislation

HB 13 – HB 13 implements the state employee pay plan for the 2027 biennium.

HB 28 – HB 28 clarifies laws related to public charter schools (HB 549, 2023 Session) relating to approval timelines, opening procedures, the first year of funding, and the Board of Public Education's duties related to these charter schools.

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2025	Executive Budget Fiscal 2026	Legislative Budget Fiscal 2026	Leg — Exec. Difference Fiscal 2026	Executive Budget Fiscal 2027	Legislative Budget Fiscal 2027	Leg — Exec. Difference Fiscal 2027	Biennium Difference Fiscal 26-27
Personal Services	278,418	278,038	278,038	0	278,039	278,039	0	0
Operating Expenses	313,730	290,608	290,143	(465)	290,552	290,087	(465)	(930)
Total Costs	\$592,148	\$568,646	\$568,181	(\$465)	\$568,591	\$568,126	(\$465)	(\$930)
General Fund	580,585	568,646	568,181	(465)	568,591	568,126	(465)	(930)
State/other Special Rev. Funds	11,563	0	0	0	0	0	0	0
Total Funds	\$592,148	\$568,646	\$568,181	(\$465)	\$568,591	\$568,126	(\$465)	(\$930)
Total Ongoing	\$592,148	\$568,646	\$568,181	(\$465)	\$568,591	\$568,126	(\$465)	(\$930)
Total OTO	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

The legislature adopted a HB 2 budget that is \$930 lower than the proposed executive HB 2 budget for the 2027 biennium. This difference is due entirely to adjustments to fixed costs, which are defined in DP 2 below.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	258,488	264,988	278,418	278,038	278,039
Operating Expenses	138,462	317,200	313,730	290,143	290,087
Total Expenditures	\$396,950	\$582,188	\$592,148	\$568,181	\$568,126
General Fund	395,807	576,445	580,585	568,181	568,126
State/Other Special Rev. Funds	1,143	5,743	11,563	0	0
Total Funds	\$396,950	\$582,188	\$592,148	\$568,181	\$568,126
Total Ongoing	\$396,950	\$582,188	\$592,148	\$568,181	\$568,126
Total OTO	\$0	\$0	\$0	\$0	\$0

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	11,130	0	0	11,130	0.00	11,131	0	0	11,131
DP 2 - Fixed Costs	0.00	(23,062)	0	0	(23,062)	0.00	(23,121)	0	0	(23,121)
DP 3 - Inflation Deflation	0.00	(7)	0	0	(7)	0.00	(4)	0	0	(4)
DP 9 - Remove State Special Revenue Authority	0.00	0	(11,563)	0	(11,563)	0.00	0	(11,563)	0	(11,563)
DP 22 - Fixed Cost Adjustment for Robert's Rules	0.00	(465)	0	0	(465)	0.00	(465)	0	0	(465)
Grand Total All Present Law Adjustments	0.00	(\$12,404)	(\$11,563)	\$0	(\$23,967)	0.00	(\$12,459)	(\$11,563)	\$0	(\$24,022)

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 legislature adopted 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.

DP 9 - Remove State Special Revenue Authority -

The legislature adopted a reduction of state special revenue authority. Prior to FY 2024, BPE was funded with both general fund and state special revenue; HB 403 (2023 Session) changed the funding sources for the Board of Public Education such that it is now fully funded entirely with general fund. HB 13 (2023 Session) provided the Board of Public Education with state special revenue for the pay plan, but the agency did not have the spending authority for this state special revenue. This reduction removes state special revenue authority from the agency's base budget.

DP 22 - Fixed Cost Adjustment for Robert's Rules -

The legislature adopted an adjustment to fixed costs that removed new appropriations for Robert's Rules of Order training included in DP 2.

Agency Base Budget Comparison

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

Agency Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	50.22	51.22	51.22	1.00	1.0%
General Fund	294,618,262	318,735,453	318,415,802	47,914,731	8.1%
State/Other Special Rev. Funds	34,517,406	38,171,423	38,630,074	7,766,685	11.3%
Federal Spec. Rev. Funds	18,423,077	18,841,378	19,056,826	1,052,050	2.9%
Proprietary Funds	723,465	723,465	723,465		0.0%
Total Funds	348,282,210	376,471,719	376,826,167	56,733,466	8.1%
Personal Services	6,423,672	6,198,356	6,234,631	(414,357)	(3.2%)
Operating Expenses	8,285,485	8,375,323	8,387,593	191,946	1.2%
Equipment & Intangible Assets	11,063	11,063	11,063		0.0%
Local Assistance	17,804,881	18,757,156	19,551,922	2,699,316	7.6%
Grants	19,747,079	20,990,505	21,967,258	3,463,605	8.8%
Transfers	295,358,604	321,136,858	319,670,822	50,090,472	8.5%
Debt Service	651,426	1,002,458	1,002,878	702,484	53.9%
Total Expenditures	348,282,210	376,471,719	376,826,167	56,733,466	8.1%
Total Ongoing	348,282,210	372,304,054	372,958,502	48,698,136	7.0%
Total One-Time-Only	4,000,000	4,167,665	3,867,665	35,330	0.4%

Agency Description

Agency Mission: 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.

The Office of the Commissioner of Higher Education (OCHE) is the state-level administrative organization of the Montana University System (MUS). The Montana Constitution, Article X, Section 9, grants governance authority over the MUS to the Board of Regents (Regents), with seven members appointed by the Governor. All state funds appropriated by the legislature to the Regents for the support of the MUS are channeled through OCHE. The Constitution charges the Regents with hiring a Commissioner of Higher Education (CHE) who serves as its executive staff.

Please refer to the agency profile at <https://www.legmt.gov/lfd/committees/section-e/office-of-commissioner-of-higher-education/> for additional information about the agency's organization structure, historical expenditures, goals and objectives, and recent studies and audits.

Agency Highlights

**Office of the Commissioner of Higher Education
Major Budget Highlights**

The Office of the Commissioner of Higher Education's 2027 biennium adopted budget is approximately \$56.7 million or 8.1% above the FY 2025 base budget. Significant biennial changes include:

- Increases of general fund appropriations of \$16.2 million in FY 2026 and \$15.4 million in FY 2027 for present law adjustments related to personal services, higher education fixed costs, and inflation in the Appropriation Distribution Program
- Increases of general fund appropriations by \$2.3 million in FY 2026 and \$2.7 million in FY 2027 for present law adjustments related to personal services, fixed costs, and inflation in the Agency Funds Program
- A one-time-only general fund appropriation of \$3.5 million per fiscal for the Montana 10 initiative in the Student Assistance Program
- Approximately \$2.2 million of increased general fund appropriations per fiscal year in the Student Assistance Program to provide support for the 1-2 Free dual enrollment programs in the Montana University System (MUS), community colleges, and tribal colleges
- Increased general fund appropriations amounting to approximately \$646,000 in FY 2026 and \$1.7 million in FY 2027 for professional student exchange programs in the Student Assistance Program. Increases are driven by cost changes in the professional student exchange programs, such as increased support fee costs and additional students in these programs
- Increases of general fund appropriations by \$345,000 in FY 2026 and \$1.1 million in FY 2027 in the Community College Assistance Program due to audit costs and changes to the community college funding formula

The legislature approved a fund switch amounting to a \$3.3 million general fund decrease in FY 2026 and \$3.8 million in FY 2027 and increases of six-mill state special revenue by the same amounts. The revenues in the state special revenue fund were expected to grow due to property tax reappraisal.

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures adopted 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	5,044,628	5,894,814	6,423,672	6,198,356	6,234,631
Operating Expenses	4,557,928	9,622,306	9,635,485	8,375,323	8,387,593
Equipment & Intangible Assets	10,311	11,063	11,063	11,063	11,063
Local Assistance	16,315,492	16,315,927	17,804,881	18,757,156	19,551,922
Grants	16,103,231	18,558,987	19,847,079	20,990,505	21,967,258
Transfers	271,194,718	276,213,828	297,908,604	321,136,858	319,670,822
Debt Service	244,521	651,439	651,426	1,002,458	1,002,878
Total Expenditures	\$313,470,829	\$327,268,364	\$352,282,210	\$376,471,719	\$376,826,167
General Fund	266,687,624	273,133,217	298,618,262	318,735,453	318,415,802
State/Other Special Rev. Funds	35,011,519	35,110,764	34,517,406	38,171,423	38,630,074
Federal Spec. Rev. Funds	11,144,469	18,300,918	18,423,077	18,841,378	19,056,826
Proprietary Funds	627,217	723,465	723,465	723,465	723,465
Total Funds	\$313,470,829	\$327,268,364	\$352,282,210	\$376,471,719	\$376,826,167
Total Ongoing	\$311,917,848	\$324,548,364	\$348,282,210	\$372,304,054	\$372,958,502
Total OTO	\$1,552,981	\$2,720,000	\$4,000,000	\$4,167,665	\$3,867,665

Summary of Legislative Action

The legislature adopted an increase of approximately \$48.7 million or 7.0% of ongoing appropriations in the 2027 biennium when compared to FY 2025 base appropriations. State special revenue appropriations increased by approximately \$7.8 million or 11.3% and general fund appropriations increased by \$47.9 million or 8.1%. Federal special revenue appropriations saw an increase of \$1.1 million, while internal service funds remained the same in the 2027 biennium.

The largest increases in state general fund appropriations primarily occurred in the Appropriation Distribution Program, where the legislature adopted a general fund increase of \$16.2 million in FY 2026 and \$15.4 million in FY 2027 for present law adjustments. This increase provides funding to the university system for increased personal services costs, fixed costs, and inflationary costs for all MUS campuses. This was partially offset by a fund switch that reduced general fund appropriations by approximately \$3.3 million dollars in FY 2026 and \$3.8 million in FY 2027 and increased state special revenue appropriations from the university six-mill levy by the same amounts. This switch was made in anticipation of increased collections from the levy due to the 2024 reappraisal effects, but increased revenues may not be fully realized due to other legislation affecting property taxation policy. Legislation affecting the six-mill levy will be discussed in the Appropriation Distribution Program section.

Significant biennial increases in HB 2 by program include:

- Administration Program:
 - Increased general fund appropriations of \$3.5 million per fiscal year for one-time-only restricted support for the Montana 10 program. This program is an initiative to intervene and provide support for students who may be at risk of falling behind in courses and credits so that they graduate on-time
 - One-time-only support for the UM Native American Grave Protection and Repatriation Act (NAGPRA) support team amounting to approximately \$368,000 per fiscal year of general fund appropriations
- Student Assistance Program: General fund appropriations of approximately \$2.2 million per fiscal year to support the 1-2 Free dual enrollment program among MUS, community college, and tribal college campuses. These funds are restricted and broken down as follows:
 - \$1,475,000 for MUS units
 - \$600,000 for community colleges
 - \$100,000 for tribal colleges
- Community College Assistance Program:
 - The legislature adopted different parameters for the Community College Funding Formula than implemented in the previous biennium. The implementation of this formula amounted to an approximately \$1.1 million increase in general fund appropriations
- Appropriation Distribution Program:
 - There are biennial, restricted general fund appropriations amounting to approximately \$1.1 for audit costs for the MUS
 - The legislature adopted increased appropriations to support the Graduate Medical Education residency program amounting to approximately \$703,000 of general fund over the biennium
- Agency Funds Program:
 - The legislature adopted present law adjustment general fund increases amounting to approximately \$5.0 million over the biennium
- Tribal College Assistance Program:
 - The legislature adopted increased restricted general fund appropriations of \$275,000 per fiscal year to increase the per-student non-beneficiary support the legislature provides to tribal college units

Other changes will be described in more detail at the program level. The total impacts of changes are illustrated in the table below. The table shows the funding levels for each program in the Office of the Commissioner of Higher Education and shows the percent change from the FY 2025 base budget.

Office of the Commissioner of Higher Education Adopted 2027 Biennium Budget by Program					
	Base Budget FY 2025	Adopted FY 2026	Adopted FY 2027	2027 Biennium Change from FY 2025 Base	
Administration Program					
General Fund	\$ 4,428,701	\$ 4,804,571	\$ 4,628,959	\$ 576,128	6.5%
Internal Service	723,465	723,465	723,465	-	0.0%
Total	5,152,166	5,528,036	5,352,424	576,128	5.6%
Student Assistance Program					
General Fund	13,781,373	20,242,317	21,148,745	13,828,316	50.2%
State Special Revenue	370,013	707,030	707,681	674,685	91.2%
Total	14,151,386	20,949,347	21,856,426	14,503,001	51.2%
Community College Assistance					
General Fund	17,635,881	17,980,804	18,767,899	1,476,941	4.2%
Total	17,635,881	17,980,804	18,767,899	1,476,941	4.2%
Education Outreach					
General Fund	155,871	176,307	176,315	40,880	13.1%
Federal Special Revenue	9,638,988	9,646,568	9,649,859	18,451	0.1%
Total	9,794,859	9,822,875	9,826,174	59,331	0.3%
Workforce Development Program					
General Fund	103,331	111,926	115,284	20,548	9.9%
Federal Special Revenue	6,376,019	6,869,908	7,082,027	1,199,897	9.4%
Total	6,479,350	6,981,834	7,197,311	1,220,445	9.4%
Appropriation Distribution Program					
General Fund	221,383,111	235,670,646	233,481,468	26,385,892	6.0%
State Special Revenue	33,027,425	36,344,425	36,802,425	7,092,000	10.7%
Total	254,410,536	272,015,071	270,283,893	33,477,892	6.6%
Research and Development Agencies					
General Fund	36,137,018	38,480,666	38,828,916	5,035,546	7.0%
State Special Revenue	1,119,968	1,119,968	1,119,968	-	0.0%
Total	37,256,986	39,600,634	39,948,884	5,035,546	6.8%
Tribal College Assistance Program					
General Fund	918,400	1,193,640	1,193,640	550,480	30.0%
Total	918,400	1,193,640	1,193,640	550,480	30.0%
Guaranteed Student Loan Program					
Federal Special Revenue	2,408,070	2,324,902	2,324,940	(166,298)	-3.5%
Total	2,408,070	2,324,902	2,324,940	(166,298)	-3.5%
Board of Regents					
General Fund	74,576	74,576	74,576	-	0.0%
Total	74,576	74,576	74,576	-	0.0%
OCHE Summary					
General Fund	294,618,262	318,735,453	318,415,802	47,914,731	8.1%
State Special Revenue	34,517,406	38,171,423	38,630,074	7,766,685	11.3%
Federal Special Revenue	18,423,077	18,841,378	19,056,826	1,052,050	2.9%
Internal Service	723,465	723,465	723,465	-	0.0%
Grand Total	\$ 348,282,210	\$ 376,471,719	\$ 376,826,167	\$ 56,733,466	8.1%

Funding

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

Total Commissioner of Higher Education Funding by Source of Authority 2027 Biennium Budget						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	629,115,925	8,035,330		4,038,508	641,189,763	58.1%
02443 University Millage	71,986,532				71,986,532	6.5%
02943 Rural Physicians Account				3,335,360	3,335,360	0.3%
02111 Accommodation Tax Account				2,932,888	2,932,888	0.3%
02027 STEM Scholarships				2,111,054	2,111,054	0.2%
02944 Motorcycle Safety Training	1,160,318				1,160,318	0.1%
Other State Special Revenue	3,654,647				3,654,647	0.3%
State Special Revenue Total	76,801,497	-	-	8,379,302	85,180,799	7.7%
03215 Carl Perkins Federal Funds	13,951,935				13,951,935	1.3%
03042 2nd GEAR UP Grant	13,768,862				13,768,862	1.2%
03400 Guaranteed Std. Loan-Admin.	4,649,842				4,649,842	0.4%
03412 GEAR UP Federal Schol 2005	3,290,686				3,290,686	0.3%
03806 Talent Search	2,122,811				2,122,811	0.2%
Other Federal Special Revenue	114,068				114,068	0.0%
Federal Special Revenue Total	37,898,204	-	-	-	37,898,204	3.4%
06008 MUS Group Insurance Program			301,147,260		301,147,260	27.3%
06009 MUS Flexible Spending Account			26,793,976		26,793,976	2.4%
06082 MUS Self-Funded Workers Comp			9,501,853		9,501,853	0.9%
06539 Indirect Costs OCHE	1,446,930				1,446,930	0.1%
Proprietary Fund Total	1,446,930	-	337,443,089	-	338,890,019	30.7%
Total of All Funds	745,262,556	8,035,330	337,443,089	12,417,810	1,103,158,785	
Percent of All Sources of Authority	67.6%	0.7%	30.6%	1.1%		

HB 2 Appropriations

Approximately two-thirds of the funding proposed by the executive for the Office of the Commissioner of Higher Education is appropriated in HB 2. Approximately one-third of the proposed funding does not require an appropriation as the authority comes from enterprise-type non-budgeted proprietary funds. The remaining one percent is statutory appropriation authority.

Non-Budgeted Proprietary Funds

The agency administers two programs funded by enterprise funds:

- MUS Self-Funded Workers' Compensation
- MUS Group Health Insurance

These funds are discussed in the Legislative Fiscal Division Section E Non-Budgeted Proprietary Narrative.

The legislature does not appropriate enterprise funds or approve rates for the programs. Instead, the legislature reviews the funds and identifies any concerns with the financial position of the funds. Revenues, expenditures, and fund balances for the enterprise funds for the current and projected biennia are detailed in the respective program.

Statutory Appropriations

The agency receives several statutory appropriations that are not included in HB 2. The MUS retirement program is a general fund statutory appropriation. The majority of the agency's statutory appropriations are from state special revenue, including:

- Montana Rural Physicians Incentive Program
- STEM Scholarships
- UM Accommodations Tax Revenue

More detail about statutory appropriations is provided in the program analyses below.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Commissioner of Higher Education 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	294,618,262	34,517,406	18,423,077	348,282,210	92.5%	294,618,262	34,517,406	18,423,077	348,282,210	92.4%
Statewide PL										
Personal Services	(340,577)	(12,983)	(97,264)	(450,824)	(0.1%)	(324,001)	(12,332)	(91,814)	(428,147)	(0.1%)
Fixed Costs	18,360	0	0	18,360	0.0%	27,440	0	0	27,440	0.0%
Inflation Deflation	(826)	0	(425)	(1,251)	(0.0%)	(558)	0	(287)	(845)	(0.0%)
Total Statewide PL	(323,043)	(12,983)	(97,689)	(433,715)	(0.1%)	(297,119)	(12,332)	(92,101)	(401,552)	(0.1%)
Present Law (PL)	20,686,968	0	515,990	21,202,958	5.6%	20,929,169	0	725,850	21,655,019	5.7%
New Proposals	3,753,266	3,667,000	0	7,420,266	2.0%	3,165,490	4,125,000	0	7,290,490	1.9%
Total HB 2 Adjustments	24,117,191	3,654,017	418,301	28,189,509	7.5%	23,797,540	4,112,668	633,749	28,543,957	7.6%
Total Budget	318,735,453	38,171,423	18,841,378	376,471,719		318,415,802	38,630,074	19,056,826	376,826,167	

Other Legislation

HB 10 – This legislation appropriates funds for information technology capital projects for the 2027 biennium. For OCHE, projects include CyberMontana (Security Operations Center, Workforce Training Programs, Cyber Policy Clinic), Security Information and Event Management, and Enterprise Resource Planning and System Replacement (a combined appropriation for Miles Community College, Flathead Valley Community College, and Dawson Community College). Approximately \$5.0 million are appropriated to the Long-Range Information Technology Program for these projects.

HB 13 – This legislation implements the state employee pay plan for the 2027 biennium.

HB 140 – This legislation provides property tax assistance for law enforcement and firefighters injured in the line of duty. It provides an Injured First Responder Property Tax Assistance Program that is structured similarly to the Montana Disabled Veterans Property Tax Assistance Program. The effects of this bill will reduce collections for the university six-mill levy by a small amount, estimated at a reduction of approximately \$6,000 in FY 2027.

HB 231 – This legislation modifies several clauses in SB 542 and sets rates for tax year 2025 to the amounts described in the SB 542 discussion below.

HB 499 – This legislation extends the grow your own grant program. It allows postsecondary institutions to be eligible for grants, contingent on appropriations from the legislature. Postsecondary institutions may partner with eligible school districts to develop and expand grant programs that encourage students to pursue careers in teaching.

HB 544 – This legislation generally revises health utilization review laws. It prohibits retroactive denials unless certain circumstances are met and provides biologic prescriptions for minors with some requirements. It also specifies that the MUS group benefits plans must comply with these provisions. This legislation is expected to increase expenditures from OCHE's proprietary funds and is estimated to cost approximately \$84,000 in FY 2026 and \$183,000 in FY 2027.

HB 740 – This legislation prohibits pharmacy auditing entities from recouping funds on the basis of timing of medication purchases. It also updates scheduled reference pricing, ensures drug acquisition reimbursements are not less than average dispensing costs plus an acquisition fee, and prohibits effective rate contracting. This legislation is expected to increase expenditures from OCHE's proprietary funds and is estimated to cost approximately \$1.9 million in FY 2026 and \$2.1 million in FY 2027.

HB 864 – This legislation authorizes transfers and other necessary measures to implement HB 2 in section E. For OCHE, the bill revises some language that directs the calculation of the community college funding formula and any reversion payments to or from the community colleges. It also increases the per-full-time equivalent student distribution for tribal non-beneficiary student support from \$3,280 to \$4,183.

SB 337 – This legislation allows residential subdivision development projects to receive a temporary tax exemption for up to five years if the owners prepay the property taxes that would have been collected were the subject property not undergoing development. This legislation is expected to increase collections by the university six-mill levy by approximately \$1,000 in FY 2026 as development project owners initially prepay those taxes, and decrease university six-mill levy collections by approximately \$22,000 in FY 2027 as the exemption kicks in.

SB 534 – This legislation creates a property tax exemption for wireless infrastructure for a period of 5 years starting from the date that the infrastructure was placed in service, phased out at a rate of 20% per year. This legislation is estimated to decrease revenues collected by the university six-mill levy by approximately \$7,000 in FY 2027.

SB 542 – This bill substantially reduces statewide taxable value, and decreases revenues collected by the university six-mill levy by an estimated \$3.8 million in FY 2026 and FY 2027. SB 542 in coordination with HB 231 generally revises property tax laws in several ways. It provides a rebate of up to \$400 to taxpayers who owned and occupied a principal residence in 2024. It also modifies the tax rates of agricultural, residential, and commercial properties. The legislation lowers the agricultural tax rate. The commercial tax rate for tax year (TY) 2025 is changed to a tiered rate structure, and changes again in TY 2026 and thereafter to a separate tiered rate structure based on statewide median commercial assessed value. Residential property is changed to be a graduated tax rate based on the assessed value of the property in TY 2025, and an additional homestead reduced tax rate is to be implemented in TY 2026 and thereafter. It also supersedes local government charters that fix mill levies so that these tax measures can be implemented without a significant loss of revenues to the local governments.

SB 550 – This legislation reclassifies telecommunications infrastructure property owned by an entity operating in three or fewer counties from class 13 to class 5 property and reduces the tax rate to approximately 3.0%. The lower tax rate will result in decreased revenues from the university six-mill levy, estimated at a reduction \$1,000 in both FY 2026 and FY 2027.

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2025	Executive Budget Fiscal 2026	Legislative Budget Fiscal 2026	Leg — Exec. Difference Fiscal 2026	Executive Budget Fiscal 2027	Legislative Budget Fiscal 2027	Leg — Exec. Difference Fiscal 2027	Biennium Difference Fiscal 26-27
Personal Services	6,423,672	6,012,156	6,198,356	186,200	6,048,431	6,234,631	186,200	372,400
Operating Expenses	9,635,485	8,375,323	8,375,323	0	8,387,593	8,387,593	0	0
Equipment & Intangible Assets	11,063	11,063	11,063	0	11,063	11,063	0	0
Local Assistance	17,804,881	18,204,022	18,757,156	553,134	18,927,866	19,551,922	624,056	1,177,190
Grants	19,847,079	20,515,265	20,990,505	475,240	21,592,018	21,967,258	375,240	850,480
Transfers	297,908,604	315,092,960	321,136,858	6,043,898	314,316,772	319,670,822	5,354,050	11,397,948
Debt Service	651,426	1,002,458	1,002,458	0	1,002,878	1,002,878	0	0
Total Costs	\$352,282,210	\$369,213,247	\$376,471,719	\$7,258,472	\$370,286,621	\$376,826,167	\$6,539,546	\$13,798,018
General Fund	298,618,262	311,476,981	318,735,453	7,258,472	311,876,256	318,415,802	6,539,546	13,798,018
State/other Special Rev. Funds	34,517,406	38,171,423	38,171,423	0	38,630,074	38,630,074	0	0
Federal Spec. Rev. Funds	18,423,077	18,841,378	18,841,378	0	19,056,826	19,056,826	0	0
Other	723,465	723,465	723,465	0	723,465	723,465	0	0
Total Funds	\$352,282,210	\$369,213,247	\$376,471,719	\$7,258,472	\$370,286,621	\$376,826,167	\$6,539,546	\$13,798,018
Total Ongoing	\$348,282,210	\$368,638,247	\$372,304,054	\$3,665,807	\$369,861,621	\$372,958,502	\$3,096,881	\$6,762,688
Total OTO	\$4,000,000	\$575,000	\$4,167,665	\$3,592,665	\$425,000	\$3,867,665	\$3,442,665	\$7,035,330

The legislature adopted a HB 2 budget that is approximately \$13.8 million higher than the proposed executive HB 2 budget for the 2027 biennium. There are several notable differences in the legislative budget as compared to the executive budget:

- Increased general fund appropriations of \$3.5 million per fiscal year for one-time-only restricted support for the Montana 10 program. This program is an initiative to intervene and provide support for students who may be at risk of falling behind in courses and credits so that they graduate on-time
- Increased general fund appropriations of approximately \$2.2 million per fiscal year to support the 1-2 Free dual enrollment program among MUS, community college, and tribal college campuses. These funds are restricted and broken down as follows:
 - \$1,475,000 for MUS units
 - \$600,000 for community colleges
 - \$100,000 for tribal colleges
- The adoption of different parameters for the Community College Funding Formula than were proposed by the executive, amounting to an approximately \$1.1 million increase in general fund appropriations
- One-time-only support for the UM Native American Grave Protection and Repatriation Act (NAGPRA) support team, amounting to approximately \$368,000 per fiscal year of general fund appropriations
- A restricted, biennial general fund appropriation of \$810,000 for the single audit cost for the MSU and UM legislative audit. This is a technical correction, as the appropriation had mistakenly been left out of the executive budget proposal
- An increase to support the Graduate Medical Education residency program of approximately \$703,000 of general fund appropriations over the biennium
- Increased restricted general fund appropriations of \$275,000 per fiscal year to increase the per-student non-beneficiary support the legislature provides to tribal college units
- A one-time-only, biennial appropriation for a meat processing program at MSU Northern and the development of associated curriculum amounting to \$200,000 of general fund appropriations over the biennium
- Increased general fund appropriations of \$186,000 per fiscal year to support a 1.00 PB MUS facilities inventory position
- A one-time-only, biennial appropriation for the Montana Promise Grant program amounting to \$100,000 of general fund appropriations over the biennium
- The legislature did not adopt a \$1.0 million one-time-only proposal to study the feasibility of, and implement, an online J.D. program at the UM law school

Language

Items designated as OCHE Administration Program, Student Assistance Program, Educational Outreach and Diversity, Workforce Development Program, Appropriation Distribution, Guaranteed Student Loan, and Board of Regents Administration are designated as biennial appropriations.

General fund money, state and federal special revenue, and proprietary fund revenue appropriated to the Board of Regents are included in all Montana University System programs. All other public funds received by units of the Montana University System (other than plant funds appropriated in HB 5 relating to long-range building) are appropriated to the Board of Regents and may be expended under the provisions of section 17-7-138(2), MCA. The Board of Regents shall allocate the appropriations to individual university system units, as defined in section 17-7-102(15), MCA, according to board policy.

The Montana University System, except for the Office of the Commissioner of Higher Education and the community colleges, shall provide the Office of Budget and Program Planning and the Legislative Fiscal Division Banner access to the entire university system's information system, except for information pertaining to individual students and individual employees that is protected by Article II, sections 9 and 10, of the Montana Constitution, section 20-25-515, MCA, or the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. 1232g.

The Montana University System shall provide the electronic data required for entering human resource data for the current unrestricted operating funds into the internet budgeting and reporting system. The salary and benefit data provided must reflect approved Board of Regents operating budgets.

The commissioner may adjust the funding distribution between community colleges based on actual weighted FTE enrollment.

The community college FTE decrease funding factor is \$6,000 for FY 2026 and \$6,000 for FY 2027. The community college FTE increase funding factor is \$8,000 for FY 2026 and \$8,000 for FY 2027. The community college weighting factors for the 2027 biennium are 1.50 for CTE FTE, 1.00 for general education FTE, 0.50 for early college FTE, and 0.25 for concurrent enrollment FTE.

The general fund appropriation for Community College Assistance is calculated to fund education in the community colleges for an estimated 1,911 resident FTE in FY 2026 and 1,996 in FY 2027. If actual weighted resident FTE student enrollment in the community colleges is greater than the estimated number for the biennium, the community colleges must receive a reimbursement for the underpayment from the community college FTE adjustment account. If actual weighted resident FTE student enrollment is less than the estimated numbers for the biennium, the community colleges shall pay a fee equal to the overpayment amount to be deposited in the FTE adjustment account in accordance with section 20-15-328, MCA.

Total audit costs are estimated to be \$358,500 for the community colleges for the biennium. Audit costs charged to the community colleges for the biennium may not exceed \$60,500 for Flathead Valley Community College, \$188,000 for Miles Community College, and \$110,000 for Dawson Community College. Total audit costs for UM - Missoula is \$549,653 and MSU - Bozeman is \$542,668.

If HB 864 is not passed and approved, the appropriation for Non-Beneficiary Increase is void.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	23.28	24.28	24.28	1.00	2.1%
General Fund	4,428,701	4,804,571	4,628,959	576,128	6.5%
Proprietary Funds	723,465	723,465	723,465		0.0%
Total Funds	5,152,166	5,528,036	5,352,424	576,128	5.6%
Personal Services	3,930,263	3,720,909	3,735,957	(403,660)	(5.1%)
Operating Expenses	1,012,874	1,030,433	1,039,773	44,458	2.2%
Equipment & Intangible Assets	11,063	11,063	11,063		0.0%
Transfers	22,773	590,438	390,438	935,330	2,053.6%
Debt Service	175,193	175,193	175,193		0.0%
Total Expenditures	5,152,166	5,528,036	5,352,424	576,128	5.6%
Total Ongoing	5,152,166	4,960,371	4,984,759	(359,202)	(3.5%)
Total One-Time-Only	3,900,000	567,665	367,665	(6,864,670)	(88.0%)

Program Description

The Administration Program includes: 1) general administration of the university system, 2) academic, financial, and legal administration, 3) labor relations and personnel administration, and 4) student assistance administration. Article X, Section 9, of the Montana Constitution requires that the Board of Regents appoints the commissioner and prescribes his/her powers and duties.

Program Highlights

Administration Program Major Budget Highlights	
<p>The Administration Program's 2027 biennium appropriations are approximately \$576,000, or 5.6% higher than the FY 2025 base budget. Significant changes include:</p> <ul style="list-style-type: none"> • A one-time-only appropriation for the University of Montana's Native American Grave Protection and Repatriation Act support team amounting to approximately \$368,000 in each fiscal year of the biennium • Statewide present law adjustments that decrease general fund appropriations by approximately \$732,000 as compared to the previous biennium. Personal services adjustments reduced appropriations by approximately \$776,000, while fixed costs adjustments increased operating expense appropriations by approximately \$46,000 • Approximately \$186,000 of personal services appropriations were approved in each fiscal year to fund the MUS Director of Facilities Inventory position • A restricted, biennial, one-time-only appropriation of \$200,000 in FY 2026 was approved to fund the development of a Meat Processing Program at MSU Northern 	

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	3,429,718	3,583,342	3,930,263	3,720,909	3,735,957
Operating Expenses	1,251,318	2,369,114	2,362,874	1,030,433	1,039,773
Equipment & Intangible Assets	10,311	11,063	11,063	11,063	11,063
Transfers	626,488	1,055,598	2,572,773	590,438	390,438
Debt Service	155,311	175,193	175,193	175,193	175,193
Total Expenditures	\$5,473,146	\$7,194,310	\$9,052,166	\$5,528,036	\$5,352,424
General Fund	4,845,929	6,470,845	8,328,701	4,804,571	4,628,959
Proprietary Funds	627,217	723,465	723,465	723,465	723,465
Total Funds	\$5,473,146	\$7,194,310	\$9,052,166	\$5,528,036	\$5,352,424
Total Ongoing	\$4,140,160	\$4,694,310	\$5,152,166	\$4,960,371	\$4,984,759
Total OTO	\$1,332,986	\$2,500,000	\$3,900,000	\$567,665	\$367,665

Funding

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

Commissioner of Higher Education, 01-Administration Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	9,433,530	0	0	9,433,530	86.70 %
State Special Total	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
06539 Indirect Costs OCHE	1,446,930	0	0	1,446,930	100.00 %
Proprietary Total	\$1,446,930	\$0	\$0	\$1,446,930	13.30 %
Total All Funds	\$10,880,460	\$0	\$0	\$10,880,460	

HB 2 Appropriations

The Administration Program is primarily funded with general fund. The remaining funding in the 2027 biennium is from a budgeted proprietary fund. The proprietary fund receives revenues from an indirect costs rate charged to other programs and supports the administrative overhead activities for those programs (e.g., Talent Search, GEAR-UP, Perkins, MUS Group Insurance, and MUS Workers' Compensation).

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Administration Program 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	4,428,701	0	0	5,152,166	93.2%	4,428,701	0	0	5,152,166	96.3%
Statewide PL										
Personal Services	(395,554)	0	0	(395,554)	(7.2%)	(380,506)	0	0	(380,506)	(7.1%)
Fixed Costs	18,360	0	0	18,360	0.3%	27,440	0	0	27,440	0.5%
Inflation Deflation	(801)	0	0	(801)	(0.0%)	(541)	0	0	(541)	(0.0%)
Total Statewide PL	(377,995)	0	0	(377,995)	(6.8%)	(353,607)	0	0	(353,607)	(6.6%)
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	753,865	0	0	753,865	13.6%	553,865	0	0	553,865	10.3%
Total HB 2 Adjustments	375,870	0	0	375,870	6.8%	200,258	0	0	200,258	3.7%
Total Budget	4,804,571	0	0	5,528,036		4,628,959	0	0	5,352,424	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	(395,554)	0	0	(395,554)		0.00	(380,506)	0	0	(380,506)
DP 2 - Fixed Costs										
0.00	18,360	0	0	18,360		0.00	27,440	0	0	27,440
DP 3 - Inflation Deflation										
0.00	(801)	0	0	(801)		0.00	(541)	0	0	(541)
Grand Total All Present Law Adjustments										
0.00	(\$377,995)	\$0	\$0	(\$377,995)		0.00	(\$353,607)	\$0	\$0	(\$353,607)

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 legislature adopted 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.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals										
-----Fiscal 2026-----						-----Fiscal 2027-----				
PB	General Fund	State Special	Federal Special	Total Funds		PB	General Fund	State Special	Federal Special	Total Funds
DP 107 - MUS Facilities Position										
1.00	186,200	0	0	186,200		1.00	186,200	0	0	186,200
DP 108 - UM NAGPRA-Repatriation Support Team (OTO)										
0.00	367,665	0	0	367,665		0.00	367,665	0	0	367,665
DP 109 - MSU Northern Meat Processing Program (RST/BIEN/OTO)										
0.00	200,000	0	0	200,000		0.00	0	0	0	0
Total	1.00	\$753,865	\$0	\$0	\$753,865	1.00	\$553,865	\$0	\$0	\$553,865

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

DP 107 - MUS Facilities Position -

The legislature adopted increased general fund personal services appropriations to fund 1.00 PB for an MUS Director of Facilities Planning position which had previously been funded as a modified position.

DP 108 - UM NAGPRA-Repatriation Support Team (OTO) -

The legislature adopted one-time-only appropriations to support a team working to assist with the University of Montana's Native American Graves Protection and Repatriation Act (NAGPRA) and repatriation work. This funding is intended to replace external funding which ended at the end of June 2024.

DP 109 - MSU Northern Meat Processing Program (RST/BIEN/OTO) -

This one-time-only, biennial, restricted appropriation is for the support of a meat processing program at Montana State University Northern and the development of associated curriculum.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	3.00	3.00	3.00	0.00	0.0%
General Fund	13,781,373	20,242,317	21,148,745	13,828,316	50.2%
State/Other Special Rev. Funds	370,013	707,030	707,681	674,685	91.2%
Total Funds	14,151,386	20,949,347	21,856,426	14,503,001	51.2%
Personal Services	406,060	433,193	435,372	56,445	7.0%
Operating Expenses	440,885	507,767	508,200	134,197	15.2%
Local Assistance	169,000	776,352	784,023	1,222,375	361.6%
Grants	13,019,810	13,791,404	14,688,200	2,439,984	9.4%
Transfers	115,631	5,090,631	5,090,631	9,950,000	4,302.5%
Debt Service		350,000	350,000	700,000	0.0%
Total Expenditures	14,151,386	20,949,347	21,856,426	14,503,001	51.2%
Total Ongoing	14,151,386	17,349,347	18,356,426	7,403,001	26.2%
Total One-Time-Only		3,600,000	3,500,000	7,100,000	0.0%

Program Description

All student grant funding is included in this program. Types of grants include: work study, state grants, federal grant matching programs, and student grants for attending professional schools which are not available in Montana such as medicine, dentistry, and veterinary medicine. Title 20, Chapters 25 and 26, MCA, govern the program.

Program Highlights

**Student Assistance Program
Major Budget Highlights**

The Student Assistance Program's 2027 biennium budget is approximately \$14.5 million, or 51.2% higher than the base FY 2025 budget. Changes include:

- A restricted, one-time-only general fund appropriation of \$3.5 million dollars per fiscal year for the Montana 10 program. This is a targeted program designed to increase on-time graduation by providing targeted support for students that are at risk of dropping out or delaying graduation
- General fund appropriations to continue 1-2 Free dual enrollment programs for campuses, distributed as follows:
 - \$1.5 million in each fiscal year for the MUS campuses
 - \$600,000 per fiscal year to the community colleges
 - \$100,000 per fiscal year to the tribal colleges
- Support for the central application system for the MUS amounting to \$350,000 of state special revenue in each fiscal year. Funding is sourced from non-resident student application fees
- A present law increase of approximately \$646,000 in FY 2026 and \$1.7 million in FY 2027 for the professional student exchange program. These adjustments primarily provide grant funding for students who participate in exchange programs
- Statewide present law adjustments account for an approximately \$56,000 increase in appropriations for personal services
- A one-time-only, biennial general fund appropriation of \$100,000 for the Montana Promise Grant program in FY 2026

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	305,332	356,233	406,060	433,193	435,372
Operating Expenses	380,408	435,017	440,885	507,767	508,200
Local Assistance	164,000	164,435	169,000	776,352	784,023
Grants	11,858,418	12,047,718	13,019,810	13,791,404	14,688,200
Transfers	37,283	55,697	115,631	5,090,631	5,090,631
Debt Service	0	0	0	350,000	350,000
Total Expenditures	\$12,745,441	\$13,059,100	\$14,151,386	\$20,949,347	\$21,856,426
General Fund	12,481,315	12,695,729	13,781,373	20,242,317	21,148,745
State/Other Special Rev. Funds	264,126	363,371	370,013	707,030	707,681
Total Funds	\$12,745,441	\$13,059,100	\$14,151,386	\$20,949,347	\$21,856,426
Total Ongoing	\$12,745,441	\$13,059,100	\$14,151,386	\$17,349,347	\$18,356,426
Total OTO	\$0	\$0	\$0	\$3,600,000	\$3,500,000

Funding

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

Commissioner of Higher Education, 02-Student Assistance Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	41,391,062	0	0	41,391,062	85.78 %
02027 STEM Scholarships	0	0	2,111,054	2,111,054	30.77 %
02350 Single Application Portal	700,000	0	0	700,000	10.20 %
02846 Family Ed Savings Admin Fee	714,711	0	0	714,711	10.42 %
02943 Rural Physicians Account	0	0	3,335,360	3,335,360	48.61 %
State Special Total	\$1,414,711	\$0	\$5,446,414	\$6,861,125	14.22 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$42,805,773	\$0	\$5,446,414	\$48,252,187	

HB 2 Appropriations

The Student Assistance Program is funded primarily with general fund in HB 2.

The Student Assistance Program has HB 2 appropriations from two state special revenue funds:

- The Family Education Savings Program
- The Single Application Portal

The Family Education Savings Program fund receives revenue from annual account maintenance fees paid by non-resident participants and Board of Investments earnings.

The Single Application Portal fund receives revenue from non-resident application fees to MUS campuses through the portal. These funds are used for the development and maintenance of the online portal.

Statutory Appropriations

The Student Assistance Program has statutory appropriations from two state special revenue funds:

- The Montana Rural Physicians Incentive Program (MRPIP)
- Science, technology, engineering, math, and healthcare (STEM) scholarships

MRPIP provides a financial incentive for physicians to practice in rural areas or medically underserved areas by paying up to \$150,000 of student loan debt. Funding for the program comes from fees paid by medical students in the professional student exchange programs and state general fund. Statutes governing MRPIP also allow administrative costs to be paid up to 10.0% of the annual fees assessed.

The STEM scholarship is a statutory appropriation funded through lottery proceeds. The STEM scholarship program is designed to provide an incentive for Montana high school students to prepare for, enter into, and complete degrees in postsecondary fields related to science, technology, engineering, mathematics, and healthcare. The goal of this program is to increase the number of STEM degree recipients participating in Montana's workforce.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Student Assistance Program 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	13,781,373	370,013	0	14,151,386	67.6%	13,781,373	370,013	0	14,151,386	64.7%
Statewide PL										
Personal Services	40,116	(12,983)	0	27,133	0.1%	41,644	(12,332)	0	29,312	0.1%
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%
Total Statewide PL	40,116	(12,983)	0	27,133	0.1%	41,644	(12,332)	0	29,312	0.1%
Present Law (PL)	645,828	0	0	645,828	3.1%	1,650,728	0	0	1,650,728	7.6%
New Proposals	5,775,000	350,000	0	6,125,000	29.2%	5,675,000	350,000	0	6,025,000	27.6%
Total HB 2 Adjustments	6,460,944	337,017	0	6,797,961	32.4%	7,367,372	337,668	0	7,705,040	35.3%
Total Budget	20,242,317	707,030	0	20,949,347		21,148,745	707,681	0	21,856,426	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	40,116	(12,983)	0	27,133		0.00	41,644	(12,332)	0	29,312
DP 201 - Professional Student Exchange Programs										
0.00	645,828	0	0	645,828		0.00	1,650,728	0	0	1,650,728
Grand Total All Present Law Adjustments										
0.00	\$685,944	(\$12,983)	\$0	\$672,961		0.00	\$1,692,372	(\$12,332)	\$0	\$1,680,040

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

DP 201 - Professional Student Exchange Programs -

The legislature adopted continued state support to fund first year and continuing student slots at anticipated increased student support fees for the Western Interstate Commission for Higher Education (WICHE), the Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) Medical Education Program, Minnesota Dental, the Washington, Idaho, Montana, Utah (WIMU) Veterinary Education Program, and the Idaho College of Osteopathic Medicine (ICOM) professional student exchange programs.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals										
-----Fiscal 2026-----						-----Fiscal 2027-----				
PB	General Fund	State Special	Federal Special	Total Funds		PB	General Fund	State Special	Federal Special	Total Funds
DP 202 - 1-2 Free (RST)										
0.00	1,475,000	0	0	1,475,000		0.00	1,475,000	0	0	1,475,000
DP 203 - 1-2 Free CC's (RST)										
0.00	600,000	0	0	600,000		0.00	600,000	0	0	600,000
DP 204 - Central Application System										
0.00	0	350,000	0	350,000		0.00	0	350,000	0	350,000
DP 205 - 1-2 Free TCU's (RST)										
0.00	100,000	0	0	100,000		0.00	100,000	0	0	100,000
DP 206 - Montana 10 (RST/OTO)										
0.00	3,500,000	0	0	3,500,000		0.00	3,500,000	0	0	3,500,000
DP 207 - Montana Promise Grant (BIEN/OTO)										
0.00	100,000	0	0	100,000		0.00	0	0	0	0
Total	0.00	\$5,775,000	\$350,000	\$0	\$6,125,000	0.00	\$5,675,000	\$350,000	\$0	\$6,025,000

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

DP 202 - 1-2 Free (RST) -

The legislature adopted restricted general fund appropriations to support the 1-2 Free dual enrollment programs at MUS units. 1-2 Free has previously been supported by GEER and GEAR UP grants and performance funding residuals when available, as well as a one-time-only appropriation by the 2023 Legislature. This funding will continue state support for these programs.

DP 203 - 1-2 Free CC's (RST) -

The legislature adopted restricted general fund appropriations to support the 1-2 Free dual enrollment programs at Dawson Community College, Flathead Valley Community College, and Miles City Community College. 1-2 Free has previously been supported by GEER and GEAR UP grants and performance funding residuals when available, as well as a one-time-only appropriation by the 2023 legislature.

DP 204 - Central Application System -

The legislature adopted funding to support the central application system for the Montana University System. This proposal will provide authority to utilize the application fees collected from non-resident students applying to the Montana University System via the single application portal. Non-resident students are required to pay the application fee to apply, while it remains free for all resident students. The fees collected in the state special revenue account will be used to offset a portion of the annual operating costs of the central application system and for the OCHE to administer and manage the program.

DP 205 - 1-2 Free TCU's (RST) -

The legislature adopted restricted general fund appropriations to support the 1-2 Free dual enrollment programs at the Montana tribal colleges. Tribal colleges have not previously received 1-2 Free funding.

DP 206 - Montana 10 (RST/OTO) -

The legislature adopted restricted general fund appropriations to support the Montana 10 program in the MUS. Funding will support ongoing Montana 10 students through the conclusion of an external evaluation of the program, with the aim of sustained cohorts statewide supported through institutional and philanthropic funds. Investments will also be made in campus IT, data, and advising infrastructure designed to make Montana 10 program components part of broader institutional practice by informing advisors of students who may be falling behind for just-in-time support.

DP 207 - Montana Promise Grant (BIEN/OTO) -

This one-time-only, biennial appropriation is intended to fund the Montana Promise Grant program as outlined in section 20-26-623, MCA.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
General Fund	17,635,881	17,980,804	18,767,899	1,476,941	4.2%
Total Funds	17,635,881	17,980,804	18,767,899	1,476,941	4.2%
Local Assistance	17,635,881	17,980,804	18,767,899	1,476,941	4.2%
Total Expenditures	17,635,881	17,980,804	18,767,899	1,476,941	4.2%
Total Ongoing	17,635,881	17,980,804	18,767,899	1,476,941	4.2%
Total One-Time-Only					0.0%

Program Description

The funds appropriated by the legislature for this program are distributed to support Montana's three community colleges: Miles Community College, Dawson Community College, and Flathead Valley Community College. Each community college district has an elected board of trustees. The Regents have statutory authority to control the community colleges in Title 20, Chapter 15, MCA.

Program Highlights

Community College Assistance Program Major Budget Highlights

The Community College Assistance Program's 2027 biennium request is approximately \$1.5 million, or 4.2% higher than the base FY 2025 budget. Changes include:

- Increased general fund appropriations of approximately \$33,000 in FY 2026 and \$1.1 million in FY 2027 for present law adjustments for Dawson Community College, Flathead Valley Community College, and Miles City Community College. Changes result from the implementation of the Community College Funding Formula, as modified by the legislature. Changes include:
 - A higher "FTE increase funding factor" of \$8,000, as opposed to \$6,250 used previously
 - A higher "FTE decrease funding factor" of \$6,000, as opposed to \$3,125 used previously
 - HB 864 modified the adjusted base, changed weighted FTE to be calculated by category, and modified the timing for overpayment and underpayment reconciliation between colleges and the state
- \$359,000 of appropriations for audit costs in FY 2026

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Local Assistance	16,151,492	16,151,492	17,635,881	17,980,804	18,767,899
Total Expenditures	\$16,151,492	\$16,151,492	\$17,635,881	\$17,980,804	\$18,767,899
General Fund	16,151,492	16,151,492	17,635,881	17,980,804	18,767,899
Total Funds	\$16,151,492	\$16,151,492	\$17,635,881	\$17,980,804	\$18,767,899
Total Ongoing	\$16,151,492	\$16,151,492	\$17,635,881	\$17,980,804	\$18,767,899
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

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

Commissioner of Higher Education, 04-Community College Assistance Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	36,748,703	0	0	36,748,703	100.00 %
State Special Total	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$36,748,703	\$0	\$0	\$36,748,703	

HB 2 Appropriations

The Community College Assistance Program is entirely funded in HB 2 with general fund. The state general fund appropriations for each community college are primarily provided using a funding formula that is defined in Montana statute (20-15-310, MCA). The purpose of the community college funding formula is to provide a tool for the legislature to establish the state general fund appropriation for the community colleges each biennium. There are primarily two components to the funding formula: the prior biennium base budget plus inflation and funding additional FTE by area of study.

For the 2025 biennium, the Community College Funding Formula starts with the state appropriations from FY 2024 for each community college, adjusted for legislative audit appropriations and reversions as calculated in 17-7-142, MCA. This was then multiplied by inflation factors for each year since the base year.

Additionally, the Community College Funding Formula includes weighted FTE in certain areas of study. The community colleges projected resident FTE in four areas: career and technical education (CTE), general education, early college, and concurrent enrollment. The legislature established weights to apply to each area of study. The weighted FTE were then multiplied by either a decreasing or increasing FTE funding factor. The funding formula parameters adopted by the legislature include:

- FTE weighting factor
 - 1.50 - career and technical education
 - 1.00 - general education
 - 0.50 - early college
 - 0.25 - concurrent enrollment
- FTE funding factor
 - \$6,000 - for decreases in weighted FTE
 - \$8,000 - for increases in weighted FTE

The table below shows the actual resident FTE in FY 2024 and the projected resident FTE in FY 2026 and FY 2027 by area of study. The FY 2024 actual resident FTE and projected FTE, adjusted by FTE weights, were used in the community college funding formula to determine funding for the 2027 biennium.

Community College Assistance Program Community College Funding Formula Actual and Projected Resident FTE			
	Actual FY 2024	Projected FY 2026	Projected FY 2027
Dawson Community College			
Career and Technical Education	80	90	95
General Education	76	105	105
Early College	5	10	10
Concurrent Enrollment	39	40	50
Total	200	245	260
Flathead Valley Community College			
Career and Technical Education	601	700	700
General Education	401	430	440
Early College	71	90	95
Concurrent Enrollment	80	112	131
Total	1,153	200	1,366
Miles Community College			
Career and Technical Education	155	155	160
General Education	176	185	195
Early College	22	28	30
Concurrent Enrollment	45	40	45
Total	398	408	430

The table below shows the distribution to each community college, which includes funding from the statutory funding formula as well as adjustments adopted by the legislature.

Community College Assistance Program 2027 Biennium General Fund Appropriations Statutory Funding Formula and Legislative Audit Appropriations				
FY 2026				
	Dawson	Flathead Valley	Miles	Total
FY 2024 Base Resident Student FTE				
Career and Technical Education	80	601	155	836
General Education	76	401	176	653
Early College	5	71	22	98
Concurrent Enrollment	39	80	45	164
Total	200	1,152	399	1,751
FY 2024 Appropriation	\$ 2,252,424	\$ 10,262,889	\$ 3,458,079	\$ 15,973,392
FY 2024 Projected FTE Appropriations				
Career Technical Education	\$ 56,250	\$ 450,000	\$ 168,750	\$ 675,000
General Education	18,750	(537,500)	125,000	(393,750)
Early College	-	387,500	9,375	396,875
Concurrent Enrollment	3,125	4,688	(7,813)	-
Total Appropriations for FTE Projections	\$ 78,125	\$ 304,688	\$ 295,313	\$ 678,125
FY 2024 Actual FTE Change Formula Calculation				
Career Technical Education	\$ (89,859)	\$ (85,172)	\$ 339,375	\$ 164,344
General Education	(128,750)	78,312	27,313	(23,125)
Early College	(7,500)	54,906	(4,109)	43,297
Concurrent Enrollment	9,219	41,203	7,234	57,656
Total Calculation for FTE Actuals	\$ (216,891)	\$ 89,250	\$ 369,813	\$ 242,172
FY 2024 Base Reversion Adjustment	(295,016)	(215,438)	74,500	(435,953)
Adjusted Base	\$ 2,016,131	\$ 10,348,875	\$ 3,638,556	\$ 16,003,562
FY 2024 Inflationary Factor	3.0%	3.0%	3.0%	3.0%
FY 2026 Adjusted Base with Inflationary Factor	\$ 2,076,615	\$ 10,659,341	\$ 3,747,713	\$ 16,483,669
FY 2026 Projected Resident Student FTE				
Career and Technical Education	90	626	155	871
General Education	105	430	185	720
Early College	10	90	28	128
Concurrent Enrollment	40	112	40	192
Total	245	1,258	408	1,911
Adjustment for Weighted FTE Projection				
Career and Technical Education	\$ 122,040	\$ 302,040	\$ (1,800)	\$ 422,280
General Education	233,600	235,760	69,040	538,400
Early College	19,200	77,720	22,520	119,440

Concurrent Enrollment	<u>2,200</u>	<u>63,260</u>	<u>(6,945)</u>	<u>58,515</u>
Total	\$ 377,040	\$ 678,780	\$ 82,815	\$ 1,138,635
Funding Formula Total	\$ 2,453,655	\$ 11,338,121	\$ 3,830,528	\$ 17,622,304
Legislative Audit	<u>\$ 110,000</u>	<u>\$ 60,500</u>	<u>\$ 188,000</u>	<u>\$ 358,500</u>
Total FY 2026 Appropriation	\$ 2,563,655	\$ 11,398,621	\$ 4,018,528	\$ 17,980,804

FY 2027				
	Dawson	Flathead Valley	Miles	Total
FY 2024 Base Resident Student FTE				
Career and Technical Education	80	601	155	836
General Education	76	401	176	653
Early College	5	71	22	98
Concurrent Enrollment	39	80	45	164
Total	200	1,152	399	1,751
FY 2027 Projected Resident Student FTE				
Career and Technical Education	95	651	160	906
General Education	105	440	195	740
Early College	10	95	30	135
Concurrent Enrollment	50	120	45	215
Total	260	1,306	430	1,996
Adjusted Base with FY 2026 Inflationary Factor	\$ 2,076,615	\$ 10,659,341	\$ 3,747,713	\$ 16,483,669
FY 2027 Inflationary Factor	3.0%	3.0%	3.0%	3.0%
FY 2027 Adjusted Base with Inflationary Factor	\$ 2,138,913	\$ 10,979,122	\$ 3,860,144	\$ 16,978,179
Adjustment for Weighted FTE				
Career and Technical Education	\$ 182,040	\$ 602,040	\$ 57,600	\$ 841,680
General Education	233,600	315,760	149,040	698,400
Early College	19,200	97,720	30,520	147,440
Concurrent Enrollment	22,200	79,260	740	102,200
Total	\$ 457,040	\$ 1,094,780	\$ 237,900	\$ 1,789,720
Funding Formula Total	\$ 2,595,953	\$ 12,073,902	\$ 4,098,044	\$ 18,767,899
Other State Funding	\$ -	\$ -	\$ -	\$ -
Total FY 2027 Appropriation	\$ 2,595,953	\$ 12,073,902	\$ 4,098,044	\$ 18,767,899

The 2025 legislature adopted a number of changes in HB 864 to the language that governs the calculation and implementation of the community college funding formula and reversion payments that are made to and from the community colleges. Notably, these changes establish that funding changes for each FTE category are calculated based on the weighted FTE of that category, rather than the total weighted FTE for each college. HB 864 also establishes that reversion payments are to be calculated and transferred annually and clarifies how the calculation to the adjusted base is made when adjusting for reversion payments as specified in Montana statute (20-15-238, MCA).

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Community College Assistance 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	17,635,881	0	0	17,635,881	98.1%	17,635,881	0	0	17,635,881	94.0%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
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%
Total Statewide PL	0	0	0	0	0.0%	0	0	0	0	0.0%
Present Law (PL)	344,923	0	0	344,923	1.9%	1,132,018	0	0	1,132,018	6.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	344,923	0	0	344,923	1.9%	1,132,018	0	0	1,132,018	6.0%
Total Budget	17,980,804	0	0	17,980,804		18,767,899	0	0	18,767,899	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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 402 - Community College Audit Costs	0.00	358,500	0	0	358,500	0.00	0	0	0	0
DP 405 - Community College Base Correction	0.00	(1,798,442)	0	0	(1,798,442)	0.00	(1,798,442)	0	0	(1,798,442)
DP 408 - Community College Funding Adjustment	0.00	1,784,865	0	0	1,784,865	0.00	2,930,460	0	0	2,930,460
Grand Total All Present Law Adjustments	0.00	\$344,923	\$0	\$0	\$344,923	0.00	\$1,132,018	\$0	\$0	\$1,132,018

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

DP 402 - Community College Audit Costs -

The legislature adopted appropriations for audit costs for the Community Colleges. The estimated costs are provided by the community colleges per 5-13-402, MCA.

DP 405 - Community College Base Correction -

The legislature adopted decreased appropriations that adjusted the base budget for the Community College Assistance Program to an amount that is reflective of what was budgeted for FY 2024, less reversions and with the FY 2024 HB 13 pay plan appropriations included. This is the starting point for the 2027 biennium community college funding formula.

DP 408 - Community College Funding Adjustment -

The legislature adopted increased funding based on the statutory funding formula for Community Colleges.

Program Base Budget Comparison

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

Program Base Budget Comparison						
Budget Item	Base Budget FY 2025	Adopted Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent		
PB	18.24	18.24	18.24	0.00	0.0%	
General Fund	155,871	176,307	176,315	40,880	13.1%	
Federal Spec. Rev. Funds	9,638,988	9,646,568	9,649,859	18,451	0.1%	
Total Funds	9,794,859	9,822,875	9,826,174	59,331	0.3%	
Personal Services	1,450,055	1,478,235	1,481,481	59,606	2.1%	
Operating Expenses	4,910,476	4,910,312	4,910,365	(275)	(0.0%)	
Grants	3,377,000	3,377,000	3,377,000		0.0%	
Debt Service	57,328	57,328	57,328		0.0%	
Total Expenditures	9,794,859	9,822,875	9,826,174	59,331	0.3%	
Total Ongoing	9,794,859	9,822,875	9,826,174	59,331	0.3%	
Total One-Time-Only					0.0%	

Program Description

The Educational Outreach and Diversity Program is primarily a federally funded program to decrease the dropout rate of disadvantaged students in high schools and increase their enrollment and retention in post-secondary education. The Educational Outreach and Diversity Program has four components providing services to target populations:

- Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) is an early intervention and scholarship program that provides mentoring, counseling, and outreach to build academic success that will lead to postsecondary education enrollment and achievement. The program provides these services to an entire cohort of students at participating schools starting in seventh grade, and the program services follow that cohort through high school completion
- Educational Talent Search (ETS) creates a long-term academic contract with middle school students that subsequently provide academic support, skills building, and counseling to encourage the planning, preparation and pursuit of a postsecondary education
- Educational Opportunity Centers (EOC) help unemployed workers, low-wage workers, and returning high school and college students enter or continue a program of postsecondary education
- American Indian/Minority Achievement (AIMA) is responsible for American Indian and minority retention in the university system, oversight for the campus diversity plans, and implementation of Indian Education for All programs. An overall objective of the program is to help the MUS increase the number of American Indian and other minority students who earn credentials from Montana colleges and universities

Program Highlights

Education Outreach & Diversity Major Budget Highlights	
<p>The Education Outreach & Diversity Program's 2027 biennium appropriations are approximately \$59,000 or 0.3% higher than the FY 2025 base budget. Changes include:</p> <ul style="list-style-type: none"> Statewide present law adjustments increase general fund and federal special revenue appropriations by approximately \$28,000 in FY 2026 and \$31,000 in FY 2027. These increases are primarily due to personal services adjustments 	

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	855,324	1,373,545	1,450,055	1,478,235	1,481,481
Operating Expenses	2,066,383	4,891,389	4,910,476	4,910,312	4,910,365
Grants	1,134,490	3,377,000	3,377,000	3,377,000	3,377,000
Debt Service	57,332	57,333	57,328	57,328	57,328
Total Expenditures	\$4,113,529	\$9,699,267	\$9,794,859	\$9,822,875	\$9,826,174
General Fund	147,256	148,155	155,871	176,307	176,315
Federal Spec. Rev. Funds	3,966,273	9,551,112	9,638,988	9,646,568	9,649,859
Total Funds	\$4,113,529	\$9,699,267	\$9,794,859	\$9,822,875	\$9,826,174
Total Ongoing	\$4,113,529	\$9,699,267	\$9,794,859	\$9,822,875	\$9,826,174
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

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

Commissioner of Higher Education, 06-Educational Outreach Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	352,622	0	0	352,622	1.79 %
State Special Total	\$0	\$0	\$0	\$0	0.00 %
03042 2nd GEAR UP Grant	13,768,862	0	0	13,768,862	71.35 %
03203 EOC Grant	114,068	0	0	114,068	0.59 %
03412 GEAR UP Federal Schol 2005	3,290,686	0	0	3,290,686	17.05 %
03806 Talent Search	2,122,811	0	0	2,122,811	11.00 %
Federal Special Total	\$19,296,427	\$0	\$0	\$19,296,427	98.21 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$19,649,049	\$0	\$0	\$19,649,049	

HB 2 Appropriations

The Education Outreach & Diversity Program authority in HB 2 is mainly comprised of federal special revenue and general fund authority. The general fund supports the American Indian/Minority Achievement component. The federal special revenue supports Educational Talent Search and GEAR UP from three sources:

- The GEAR UP grant comprises 88.4% of the biennial budget and requires a 50.0% non-federal match. The non-federal match is provided through allowable in-kind services
- The Talent Search grant comprises 10.8% of the biennial program funding and does not have non-federal matching requirements
- The Educational Opportunity Centers (EOC) grant comprises 0.5% of the biennial budget and does not have cost sharing or matching requirements

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

	Educational Outreach 2027 Biennium HB 2 Base Budget and Adjustments									
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	155,871	0	9,638,988	9,794,859	99.7%	155,871	0	9,638,988	9,794,859	99.7%
Statewide PL										
Personal Services	20,461	0	7,719	28,180	0.3%	20,461	0	10,965	31,426	0.3%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	(25)	0	(139)	(164)	(0.0%)	(17)	0	(94)	(111)	(0.0%)
Total Statewide PL	20,436	0	7,580	28,016	0.3%	20,444	0	10,871	31,315	0.3%
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%
Total HB 2 Adjustments	20,436	0	7,580	28,016	0.3%	20,444	0	10,871	31,315	0.3%
Total Budget	176,307	0	9,646,568	9,822,875		176,315	0	9,649,859	9,826,174	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	20,461	0	7,719	28,180	0.00	20,461	0	10,965	31,426
DP 3 - Inflation Deflation	0.00	(25)	0	(139)	(164)	0.00	(17)	0	(94)	(111)
Grand Total All Present Law Adjustments	0.00	\$20,436	\$0	\$7,580	\$28,016	0.00	\$20,444	\$0	\$10,871	\$31,315

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

DP 3 - Inflation Deflation -

The legislature adopted 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.

Program Base Budget Comparison

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

Program Base Budget Comparison						
Budget Item	Base Budget FY 2025	Adopted Budget		Biennium Change from Base		
		FY 2026	FY 2027	Amount	Percent	
PB	4.20	4.20	4.20	0.00	0.0%	
General Fund	103,331	111,926	115,284	20,548	9.9%	
Federal Spec. Rev. Funds	6,376,019	6,869,908	7,082,027	1,199,897	9.4%	
Total Funds	6,479,350	6,981,834	7,197,311	1,220,445	9.4%	
Personal Services	394,371	406,149	421,950	39,357	5.0%	
Operating Expenses	76,942	82,618	85,025	13,759	8.9%	
Grants	2,431,869	2,628,461	2,708,418	473,141	9.7%	
Transfers	3,552,678	3,840,084	3,956,976	691,704	9.7%	
Debt Service	23,490	24,522	24,942	2,484	5.3%	
Total Expenditures	6,479,350	6,981,834	7,197,311	1,220,445	9.4%	
Total Ongoing	6,479,350	6,981,834	7,197,311	1,220,445	9.4%	
Total One-Time-Only					0.0%	

Program Description

Workforce Development is a coordinated effort between OCHE and the Office of Public Instruction to support vocational education at the secondary and post-secondary levels with primarily federal funds.

Program Highlights

Work Force Development Program Major Budget Highlights

The Work Force Development Program's 2027 biennium appropriations are approximately \$1.2 million or 9.4% higher than the FY 2025 base budget. Changes include:

- Increased federal special revenue appropriations totaling approximately \$516,000 in FY 2026 and \$726,000 in FY 2027 to use increased Perkins grant funds for Career and Technical Education programming across Montana
- Decreased federal special revenue appropriations by \$22,000 in FY 2026 and \$20,000 in FY 2027 in the statewide present law adjustment, primarily for personal services
- An increase of approximately \$9,000 in FY 2026 and \$12,000 in FY 2027 for the minimum maintenance of effort requirements for the Perkins grant

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	344,334	348,554	394,371	406,149	421,950
Operating Expenses	89,197	91,650	76,942	82,618	85,025
Grants	2,115,872	2,115,869	2,431,869	2,628,461	2,708,418
Transfers	3,879,987	3,888,674	3,552,678	3,840,084	3,956,976
Debt Service	23,498	23,498	23,490	24,522	24,942
Total Expenditures	\$6,452,888	\$6,468,245	\$6,479,350	\$6,981,834	\$7,197,311
General Fund	107,879	107,878	103,331	111,926	115,284
Federal Spec. Rev. Funds	6,345,009	6,360,367	6,376,019	6,869,908	7,082,027
Total Funds	\$6,452,888	\$6,468,245	\$6,479,350	\$6,981,834	\$7,197,311
Total Ongoing	\$6,452,888	\$6,468,245	\$6,479,350	\$6,981,834	\$7,197,311
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

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

Commissioner of Higher Education, 08-Work Force Development Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	227,210	0	0	227,210	1.60 %
State Special Total	\$0	\$0	\$0	\$0	0.00 %
03215 Carl Perkins Federal Funds	13,951,935	0	0	13,951,935	100.00 %
Federal Special Total	\$13,951,935	\$0	\$0	\$13,951,935	98.40 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$14,179,145	\$0	\$0	\$14,179,145	

HB 2 Appropriations

The HB 2 appropriations for the Work Force Development program are primarily comprised of federal special revenue. These federal funds are authorized by the federal Carl D. Perkins Career and Technical Education Improvement Act of 2006. They are administered by the Office of the Commissioner of Higher Education, granted to postsecondary programs, and transferred to the Office of Public Instruction for secondary programs. These funds require a maintenance of effort on funds used for administration.

The state general fund in this program is the minimum non-federal match for the postsecondary administration costs. The state match for administration related to secondary programs is accounted for in the Office of Public Instruction.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Work Force Development Program 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	103,331	0	6,376,019	6,479,350	92.8%	103,331	0	6,376,019	6,479,350	90.0%
Statewide PL										
Personal Services	0	0	(21,930)	(21,930)	(0.3%)	0	0	(19,727)	(19,727)	(0.3%)
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	(171)	(171)	(0.0%)	0	0	(115)	(115)	(0.0%)
Total Statewide PL	0	0	(22,101)	(22,101)	(0.3%)	0	0	(19,842)	(19,842)	(0.3%)
Present Law (PL)	8,595	0	515,990	524,585	7.5%	11,953	0	725,850	737,803	10.3%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	8,595	0	493,889	502,484	7.2%	11,953	0	706,008	717,961	10.0%
Total Budget	111,926	0	6,869,908	6,981,834		115,284	0	7,082,027	7,197,311	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	(21,930)	(21,930)	0.00	0	0	(19,727)	(19,727)
DP 3 - Inflation Deflation	0.00	0	0	(171)	(171)	0.00	0	0	(115)	(115)
DP 801 - Perkins Federal Award Increase	0.00	0	0	515,990	515,990	0.00	0	0	725,850	725,850
DP 802 - Perkins MOE Increase	0.00	8,595	0	0	8,595	0.00	11,953	0	0	11,953
Grand Total All Present Law Adjustments	0.00	\$8,595	\$0	\$493,889	\$502,484	0.00	\$11,953	\$0	\$706,008	\$717,961

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

DP 3 - Inflation Deflation -

The legislature adopted 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.

DP 801 - Perkins Federal Award Increase -

The legislature adopted additional federal authority for the Perkins program in FY 2026 and in FY 2027 to meet the requirements of the federal grant award.

DP 802 - Perkins MOE Increase -

The legislature adopted funding to increase the minimum maintenance of effort requirement for the Perkins grant for FY 2026 and for FY 2027. The Perkins state allocation has increased, thus increasing the minimum required maintenance of effort.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget	Adopted Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
General Fund	221,383,111	235,670,646	233,481,468	26,385,892	6.0%
State/Other Special Rev. Funds	33,027,425	36,344,425	36,802,425	7,092,000	10.7%
Total Funds	254,410,536	272,015,071	270,283,893	33,477,892	6.6%
Transfers	254,410,536	272,015,071	270,283,893	33,477,892	6.6%
Total Expenditures	254,410,536	272,015,071	270,283,893	33,477,892	6.6%
Total Ongoing	254,410,536	272,015,071	270,283,893	33,477,892	6.6%
Total One-Time-Only					0.0%

Program Description

The Appropriation Distribution Program in the Office of the Commissioner of Higher Education (OCHE) is the conduit through which state funds flow to the university system units. This program includes state funding for the Montana University System educational units, the Family Practice Rural Residency programs located at MSU Billings and University of Montana in Missoula, and the Motorcycle Safety Program located at Helena College.

The MUS campuses collectively serve approximately 23,000 resident full-time students. University units include:

- UM Missoula
- UM MT Tech
- UM Western
- UM Helena
- MSU Bozeman
- MSU Billings
- MSU Northern
- MSU Great Falls

Program Highlights

Appropriation Distribution Major Budget Highlights
<p>The Appropriation Distribution Program's 2027 budget is approximately \$33.5 million, or 6.6%, higher than the 2025 biennium. Significant changes include:</p> <ul style="list-style-type: none"> • Increased general fund appropriations of approximately \$16.5 million in FY 2026 and \$15.4 million in FY 2027 for present law adjustments for personal services, higher education fixed costs, inflation, and legislative audit costs. These adjustments provide funds to MUS units to keep up with the rising costs of providing higher education in Montana, and are distributed by the Board of Regents to campuses • Increased general fund appropriations for the Graduate Medical Education program of approximately \$266,000 in FY 2026 and \$436,000 in FY 2027 <p>The legislature adopted a fund switch that increased state special revenue appropriations from the six-mill university levy account by \$3.3 million in FY 2026 and \$3.8 million in FY 2027, and decreased general fund appropriations by the same amount each fiscal year. This was adopted in anticipation of higher six-mill levy revenues from anticipated property taxable value increases that would result from property reappraisal. These higher revenues may not be realized due to the 2025 Legislature's passage of SB 542 and HB 231 which reduce taxable value in FY 2026 and FY 2027.</p>

Program Discussion –

The legislature directly appropriates general fund and the six-mill levy to the Montana University System (MUS). The MUS receives additional funding that is not appropriated or approved by the legislature and is not reflected in the table above. This funding includes but is not limited to tuition, federal research grants, financial aid, campus building projects, debt service, and auxiliary funds. Total funding for the MUS is anticipated to be \$2.2 billion in FY 2025. For the education units, the education and general operating costs are funded with state funds (general fund and the six-mill levy) and student tuition. The legislature establishes the state appropriations during the legislative session.

The Board of Regents (Regents) establishes the final budget, including tuition rates, after the legislature adjourns. The Board of Regents is the sole authority in setting the tuition rates for the MUS. Tuition is not controlled or appropriated by the legislature. Tuition fills the “gap” between the Regents' approved expenditure budget for education units and the state funds appropriated by the legislature.

While the Montana Constitution grants governance authority to the Regents, the power to appropriate state funds remains with the legislature. Appropriating funds provides the legislature the authority to attach policy decisions and accountability measures to the funding.

State funds remain an important component of MUS funding because:

- State general fund is the second largest source of revenue for the current unrestricted fund (tuition is the largest)
- General fund appropriations in HB 2 provide a vehicle for the legislature to have a public policy impact on the MUS

The legislature considers many factors to develop the MUS appropriation, which may include:

- FY 2024 appropriations, expenditures, and funding
- FY 2025 base appropriations
- State funds available
- Legislative priorities
- Executive recommendations
- Board of Regents' priorities
- Shared policy goals
- Projected student enrollment

Since the 1995 Legislative Session, the legislature has combined the appropriation for the six four-year campuses and the five two-year campuses into a single, biennial lump-sum appropriation.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Transfers	230,826,203	235,304,998	254,410,536	272,015,071	270,283,893
Total Expenditures	\$230,826,203	\$235,304,998	\$254,410,536	\$272,015,071	\$270,283,893
General Fund	197,198,778	201,677,573	221,383,111	235,670,646	233,481,468
State/Other Special Rev. Funds	33,627,425	33,627,425	33,027,425	36,344,425	36,802,425
Total Funds	\$230,826,203	\$235,304,998	\$254,410,536	\$272,015,071	\$270,283,893
Total Ongoing	\$230,826,203	\$235,304,998	\$254,410,536	\$272,015,071	\$270,283,893
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

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

Commissioner of Higher Education, 09-Appropriation Distribution Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	469,152,114	0	4,038,508	473,190,622	86.15 %
02111 Accommodation Tax Account	0	0	2,932,888	2,932,888	3.85 %
02443 University Millage	71,986,532	0	0	71,986,532	94.62 %
02944 Motorcycle Safety Training	1,160,318	0	0	1,160,318	1.53 %
State Special Total	\$73,146,850	\$0	\$2,932,888	\$76,079,738	13.85 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$542,298,964	\$0	\$6,971,396	\$549,270,360	

HB 2 Appropriations

The Appropriation Distribution Program predominately receives HB 2 general fund appropriations. The majority of these appropriations are transferred through OCHE to MUS campuses as determined by the Board of Regents. The legislature can determine the amount of funds to be appropriated overall and has the authority to place specific restrictions on funds, but the Board of Regents has the sole authority to determine how appropriations are distributed to campuses.

The Appropriation Distribution Program also receives some funding from state special revenues:

- University 6-Mill Levy
- Motorcycle Safety Training

Statutory Appropriations

Statutory appropriations do not require reauthorization each biennium and do not appear in HB 2. There are two statutory appropriations in this program:

- An allocation of the 4.0% lodging facility use tax is transferred to the University of Montana for travel research
- General fund is statutorily appropriated for a 1.0% employer contribution reimbursement to the MUS defined contribution retirement plan authorized in HB 95 (2007 Legislature)

Tuition

The Board of Regents is the sole authority in setting tuition rates for the MUS. Tuition is not controlled or appropriated by the legislature. However, the Regents, legislature, and executive have previously worked together to create affordable postsecondary education opportunities for the residents of Montana.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

	Appropriation Distribution 2027 Biennium HB 2 Base Budget and Adjustments									
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	221,383,111	33,027,425	0	254,410,536	93.5%	221,383,111	33,027,425	0	254,410,536	94.1%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
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%
Total Statewide PL	0	0	0	0	0.0%	0	0	0	0	0.0%
Present Law (PL)	17,338,374	0	0	17,338,374	6.4%	15,436,972	0	0	15,436,972	5.7%
New Proposals	(3,050,839)	3,317,000	0	266,161	0.1%	(3,338,615)	3,775,000	0	436,385	0.2%
Total HB 2 Adjustments	14,287,535	3,317,000	0	17,604,535	6.5%	12,098,357	3,775,000	0	15,873,357	5.9%
Total Budget	235,670,646	36,344,425	0	272,015,071		233,481,468	36,802,425	0	270,283,893	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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 901 - Montana University System PLA	0.00	11,384,407	0	0	11,384,407	0.00	10,526,476	0	0	10,526,476
DP 902 - MUS LAD Audit Costs	0.00	282,249	0	0	282,249	0.00	0	0	0	0
DP 903 - MUS Fixed Cost Increases from State	0.00	4,861,646	0	0	4,861,646	0.00	4,910,496	0	0	4,910,496
DP 905 - Single Audit Cost (RST/BIEN)	0.00	810,072	0	0	810,072	0.00	0	0	0	0
Grand Total All Present Law Adjustments	0.00	\$17,338,374	\$0	\$0	\$17,338,374	0.00	\$15,436,972	\$0	\$0	\$15,436,972

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

DP 901 - Montana University System PLA -

The legislature adopted funding to annualize various personal services costs, fixed costs, and inflationary costs for all Montana University System (MUS) units at the current unrestricted rate. This simulates the statewide present law adjustments for personal services and inflation decision packages for all other agencies.

DP 902 - MUS LAD Audit Costs -

The legislature adopted general fund appropriations for Legislative Audit Costs for the Montana University System in FY 2026.

DP 903 - MUS Fixed Cost Increases from State -

The legislature adopted 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 audit fees, information technology services, etc. The rates charged for these services are approved in a separate portion of the budget. This simulates the statewide present law adjustment for fixed costs decision package for all other agencies.

DP 905 - Single Audit Cost (RST/BIEN) -

The legislature adopted general fund appropriations for the Single Audit Cost portion of Legislative Audit Costs for the Montana University System in FY 2026.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals										
Fiscal 2026						Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 904 - University Millage Fund Switch	0.00	(3,317,000)	3,317,000	0	0	0.00	(3,775,000)	3,775,000	0	0
DP 906 - Graduate Medical Education Increase	0.00	266,161	0	0	266,161	0.00	436,385	0	0	436,385
Total	0.00	(\$3,050,839)	\$3,317,000	\$0	\$266,161	0.00	(\$3,338,615)	\$3,775,000	\$0	\$436,385

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

DP 904 - University Millage Fund Switch -

The legislature adopted a funding adjustment for the MUS based on revenue in the six-mill state special revenue account. The change decreases general fund in FY 2026 and in FY 2027 and increases university millage state special revenue by equivalent amounts in each fiscal year.

DP 906 - Graduate Medical Education Increase -

The legislature adopted increased appropriations for Graduate Medical Education residency programs which train physicians in Montana.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
General Fund	36,137,018	38,480,666	38,828,916	5,035,546	7.0%
State/Other Special Rev. Funds	1,119,968	1,119,968	1,119,968		0.0%
Total Funds	37,256,986	39,600,634	39,948,884	5,035,546	6.8%
Transfers	37,256,986	39,600,634	39,948,884	5,035,546	6.8%
Total Expenditures	37,256,986	39,600,634	39,948,884	5,035,546	6.8%
Total Ongoing	37,256,986	39,600,634	39,948,884	5,035,546	6.8%
Total One-Time-Only					0.0%

Program Description

The agencies within the Montana University System aid in research, scientific experimentation, and professional and community development. The agencies work side by side with campuses across the state to foster learning and create career opportunities in various fields of study including agriculture, resource management and conservation, forestry, fire and rescue, and geologic studies.

The Research and Development Agencies consist of:

- Agricultural Experiment Stations (AES)
- Extension Services (ES)
- Forestry and Conservation Experiment Station (FCES)
- Bureau of Mines and Geology (MBMG)
- Fire Services Training School (FSTS)

Program Highlights

Agency Funds Major Budget Highlights
<p>The Research and Development Agencies' 2027 biennium appropriations are approximately \$5.0 million, or 6.8% higher than the FY 2025 base budget. Changes include:</p> <ul style="list-style-type: none"> • An increase of general fund appropriations of approximately \$2.3 million in FY 2026 and \$2.7 million in FY 2027 for present law adjustments for personal services, higher education fixed costs, and inflation

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Transfers	35,824,757	35,908,861	37,256,986	39,600,634	39,948,884
Total Expenditures	\$35,824,757	\$35,908,861	\$37,256,986	\$39,600,634	\$39,948,884
General Fund	34,704,789	34,788,893	36,137,018	38,480,666	38,828,916
State/Other Special Rev. Funds	1,119,968	1,119,968	1,119,968	1,119,968	1,119,968
Total Funds	\$35,824,757	\$35,908,861	\$37,256,986	\$39,600,634	\$39,948,884
Total Ongoing	\$35,704,757	\$35,788,861	\$37,256,986	\$39,600,634	\$39,948,884
Total OTO	\$120,000	\$120,000	\$0	\$0	\$0

Funding

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

Commissioner of Higher Education, 10-Agency Funds Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	77,309,582	0	0	77,309,582	97.18 %
02289 Bureau Of Mines Groundwater	1,142,000	0	0	1,142,000	50.98 %
02432 Oil & Gas ERA	600,000	0	0	600,000	26.79 %
02576 Natural Resources Operations	497,936	0	0	497,936	22.23 %
State Special Total	\$2,239,936	\$0	\$0	\$2,239,936	2.82 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$79,549,518	\$0	\$0	\$79,549,518	

HB 2 Appropriations

The general operating budgets for the Research and Development Agencies are funded with general fund appropriations. The remaining funding comes from state special revenue. State special revenues for the program are comprised of revenues from the resource indemnity trust (RIT) interest, oil and gas, and metal mines tax. The agencies also use non-state revenues to support their general operating budgets; these revenues are not appropriated in HB 2.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

	Agency Funds 2027 Biennium HB 2 Base Budget and Adjustments									
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	36,137,018	1,119,968	0	37,256,986	94.1%	36,137,018	1,119,968	0	37,256,986	93.3%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
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%
Total Statewide PL	0	0	0	0	0.0%	0	0	0	0	0.0%
Present Law (PL)	2,343,648	0	0	2,343,648	5.9%	2,691,898	0	0	2,691,898	6.7%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	2,343,648	0	0	2,343,648	5.9%	2,691,898	0	0	2,691,898	6.7%
Total Budget	38,480,666	1,119,968	0	39,600,634		38,828,916	1,119,968	0	39,948,884	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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 1001 - Research & Development Agencies PLA										
0.00	2,185,377	0	0	2,185,377	0.00	2,535,546	0	0	2,535,546	
DP 1002 - SWPL Research & Development Agencies										
0.00	158,271	0	0	158,271	0.00	156,352	0	0	156,352	
Grand Total All Present Law Adjustments	0.00	\$2,343,648	\$0	\$0	\$2,343,648	0.00	\$2,691,898	\$0	\$0	\$2,691,898

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

DP 1001 - Research & Development Agencies PLA -

The legislature adopted funding to annualize various MUS personal services costs, MUS fixed cost, and inflationary costs. This simulates the statewide present law adjustments for personal services and inflation decision packages for all other agencies.

DP 1002 - SWPL Research & Development Agencies -

The legislature approved funding to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include audit fees, information technology services, etc. The rates charged for these services are approved in a separate portion of the budget. This simulates the statewide present law adjustment for fixed costs decision package for all other agencies.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals										
-----Fiscal 2026-----						-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1003 - MAES Value-Added Initiative (OTO)	0.00	320,000	0	0	320,000	0.00	320,000	0	0	320,000
DP 2400 - Line Item Veto	0.00	(320,000)	0	0	(320,000)	0.00	(320,000)	0	0	(320,000)
Total	0.00	\$0	\$0	\$0	\$0	0.00	\$0	\$0	\$0	\$0

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

DP 1003 - MAES Value-Added Initiative (OTO) -

The legislature approved a one-time-only appropriation for the Montana Agricultural Experiment Station for an initiative to further develop value-added products from Montana's agricultural commodities. It will support two faculty positions, including salaries, associated benefits, and operational costs.

DP 2400 - Line Item Veto -

The governor vetoed the legislature's one-time-only appropriation for value-added research at the Montana Agricultural Experiment Station.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
General Fund	918,400	1,193,640	1,193,640	550,480	30.0%
Total Funds	918,400	1,193,640	1,193,640	550,480	30.0%
Grants	918,400	1,193,640	1,193,640	550,480	30.0%
Total Expenditures	918,400	1,193,640	1,193,640	550,480	30.0%
Total Ongoing	918,400	1,193,640	1,193,640	550,480	30.0%
Total One-Time-Only	100,000			(200,000)	(100.0%)

Program Description

The Tribal College Assistance program provides funding to tribal colleges to support a portion of the costs of educating non-beneficiary Montana students (non-tribal members) attending the seven tribal community colleges on the reservations in Montana. Section 20-25-428, MCA, requires the Board of Regents to provide assistance to tribal colleges "subject to a line item appropriation" by the legislature, up to a maximum of \$4,183 per year for each nonbeneficiary student FTE.

Program Highlights

**Tribal College Assistance Program
Major Budget Highlights**

The Tribal College Assistance Program's 2027 biennium budget is approximately \$550,000, or 30.0% higher than the FY 2025 base. Changes are due to:

- An increased per-full-time equivalent student rate increase for non-beneficiary students at the tribal colleges. The legislature approved a rate of \$4,183 for each full-time equivalent student, increased from the previous rate of \$3,280

In previous biennia, the legislature had provided funds to the Tribal Colleges on a one-time-only basis for support in administering High School Equivalency Tests (HiSET). This function has shifted to the Department of Labor and Industry.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Grants	994,451	1,018,400	1,018,400	1,193,640	1,193,640
Total Expenditures	\$994,451	\$1,018,400	\$1,018,400	\$1,193,640	\$1,193,640
General Fund	994,451	1,018,400	1,018,400	1,193,640	1,193,640
Total Funds	\$994,451	\$1,018,400	\$1,018,400	\$1,193,640	\$1,193,640
Total Ongoing	\$894,456	\$918,400	\$918,400	\$1,193,640	\$1,193,640
Total OTO	\$99,995	\$100,000	\$100,000	\$0	\$0

Funding

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

Commissioner of Higher Education, 11-Tribal College Assistance Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	2,387,280	0	0	2,387,280	100.00 %
State Special Total	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$2,387,280	\$0	\$0	\$2,387,280	

HB 2 Appropriations

The Tribal College Assistance Program is entirely funded with general fund.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Tribal College Assistance Program 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	918,400	0	0	918,400	76.9%	918,400	0	0	918,400	76.9%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
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%
Total Statewide PL	0	0	0	0	0.0%	0	0	0	0	0.0%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	275,240	0	0	275,240	23.1%	275,240	0	0	275,240	23.1%
Total HB 2 Adjustments	275,240	0	0	275,240	23.1%	275,240	0	0	275,240	23.1%
Total Budget	1,193,640	0	0	1,193,640		1,193,640	0	0	1,193,640	

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals										
	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1101 - Non-Beneficiary Increase (RST)	0.00	275,240	0	0	275,240	0.00	275,240	0	0	275,240
Total	0.00	\$275,240	\$0	\$0	\$275,240	0.00	\$275,240	\$0	\$0	\$275,240

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

DP 1101 - Non-Beneficiary Increase (RST) -

The legislature approved an increase of the per-FTE state fund support for non-beneficiary students enrolled in tribal colleges. This appropriation is contingent upon a change to the statutory maximum per-FTE rate for non-beneficiary students in HB 864.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	1.50	1.50	1.50	0.00	0.0%
Federal Spec. Rev. Funds	2,408,070	2,324,902	2,324,940	(166,298)	(3.5%)
Total Funds	2,408,070	2,324,902	2,324,940	(166,298)	(3.5%)
Personal Services	231,023	147,970	147,971	(166,105)	(35.9%)
Operating Expenses	1,781,632	1,781,517	1,781,554	(193)	(0.0%)
Debt Service	395,415	395,415	395,415		0.0%
Total Expenditures	2,408,070	2,324,902	2,324,940	(166,298)	(3.5%)
Total Ongoing	2,408,070	2,324,902	2,324,940	(166,298)	(3.5%)
Total One-Time-Only					0.0%

Program Description

The Guaranteed Student Loan Program (GSL) provides financial aid awareness and related outreach and other financial aid-related activities for the benefit of students. GSL is authorized under Title 20, Chapter 26, MCA.

Program Highlights

Guaranteed Student Loan Program Major Budget Highlights

The Guaranteed Student Loan Program's 2027 biennium appropriations are approximately \$166,000, or 3.5% lower than the FY 2025 base budget. Lower appropriations are due to:

- A reduction of federal special revenue appropriations of approximately \$83,000 in FY 2026 and FY 2027 due to statewide present law adjustments for personal services and inflation. There have been some vacancies and turnover in the program. Reductions are due to lower expenditures on personal services

The Guaranteed Student Loan Program no longer administers actual student loans, and now helps with financial aid-related activities as federal grant funding allows.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	107,320	221,240	231,023	147,970	147,971
Operating Expenses	717,487	1,772,784	1,781,632	1,781,517	1,781,554
Debt Service	8,380	395,415	395,415	395,415	395,415
Total Expenditures	\$833,187	\$2,389,439	\$2,408,070	\$2,324,902	\$2,324,940
Federal Spec. Rev. Funds	833,187	2,389,439	2,408,070	2,324,902	2,324,940
Total Funds	\$833,187	\$2,389,439	\$2,408,070	\$2,324,902	\$2,324,940
Total Ongoing	\$833,187	\$2,389,439	\$2,408,070	\$2,324,902	\$2,324,940
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

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

Commissioner of Higher Education, 12-Guaranteed Student Loan Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0.00 %
State Special Total	\$0	\$0	\$0	\$0	0.00 %
03400 Guaranteed Std. Loan-Admin.	4,649,842	0	0	4,649,842	100.00 %
Federal Special Total	\$4,649,842	\$0	\$0	\$4,649,842	100.00 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$4,649,842	\$0	\$0	\$4,649,842	

HB 2 Appropriations

The Guaranteed Student Loan Program is funded entirely with federal funds from the U.S. Department of Education.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Guaranteed Student Loan Program 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	0	0	2,408,070	2,408,070	103.6%	0	0	2,408,070	2,408,070	103.6%
Statewide PL										
Personal Services	0	0	(83,053)	(83,053)	(3.6%)	0	0	(83,052)	(83,052)	(3.6%)
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	(115)	(115)	(0.0%)	0	0	(78)	(78)	(0.0%)
Total Statewide PL	0	0	(83,168)	(83,168)	(3.6%)	0	0	(83,130)	(83,130)	(3.6%)
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%
Total HB 2 Adjustments	0	0	(83,168)	(83,168)	(3.6%)	0	0	(83,130)	(83,130)	(3.6%)
Total Budget	0	0	2,324,902	2,324,902		0	0	2,324,940	2,324,940	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	(83,053)	(83,053)	0.00	0	0	(83,052)	(83,052)
DP 3 - Inflation Deflation	0.00	0	0	(115)	(115)	0.00	0	0	(78)	(78)
Grand Total All Present Law Adjustments	0.00	\$0	\$0	(\$83,168)	(\$83,168)	0.00	\$0	\$0	(\$83,130)	(\$83,130)

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

DP 3 - Inflation Deflation -

The legislature adopted 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.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
General Fund	74,576	74,576	74,576		0.0%
Total Funds	74,576	74,576	74,576		0.0%
Personal Services	11,900	11,900	11,900		0.0%
Operating Expenses	62,676	62,676	62,676		0.0%
Total Expenditures	74,576	74,576	74,576		0.0%
Total Ongoing	74,576	74,576	74,576		0.0%
Total One-Time-Only					0.0%

Program Description

The Board of Regents program provides administrative support, travel, and per diem for the Board of Regents. The Board of Regents has full power, responsibility, and authority to supervise, coordinate, manage, and control the Montana University System under Article X, Section 9, Montana Constitution, and 20-25-301, MCA.

Program Highlights

Board of Regents - Admin Major Budget Highlights
The Board of Regents - Admin Program's 2027 biennium appropriations are identical to the FY 2025 base budget

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	2,600	11,900	11,900	11,900	11,900
Operating Expenses	53,135	62,352	62,676	62,676	62,676
Total Expenditures	\$55,735	\$74,252	\$74,576	\$74,576	\$74,576
General Fund	55,735	74,252	74,576	74,576	74,576
Total Funds	\$55,735	\$74,252	\$74,576	\$74,576	\$74,576
Total Ongoing	\$55,735	\$74,252	\$74,576	\$74,576	\$74,576
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

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

Commissioner of Higher Education, 13-Board of Regents-Administration Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	149,152	0	0	149,152	100.00 %
State Special Total	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$149,152	\$0	\$0	\$149,152	

HB 2 Appropriations

The Board of Regents is funded entirely with general fund.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Board of Regents-Administration 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	74,576	0	0	74,576	100.0%	74,576	0	0	74,576	100.0%
Statewide PL										
Personal Services	(5,600)	0	0	(5,600)	(7.5%)	(5,600)	0	0	(5,600)	(7.5%)
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%
Total Statewide PL	(5,600)	0	0	(5,600)	(7.5%)	(5,600)	0	0	(5,600)	(7.5%)
Present Law (PL)	5,600	0	0	5,600	7.5%	5,600	0	0	5,600	7.5%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Budget	74,576	0	0	74,576		74,576	0	0	74,576	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	(5,600)	0	0	(5,600)		0.00	(5,600)	0	0	(5,600)
DP 1301 - Fixed Cost Per Diem Account Adjustment										
0.00	5,600	0	0	5,600		0.00	5,600	0	0	5,600
Grand Total All Present Law Adjustments										
0.00	\$0	\$0	\$0	\$0		0.00	\$0	\$0	\$0	\$0

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

DP 1301 - Fixed Cost Per Diem Account Adjustment -

The legislature approved appropriations to correct a technical issue for the allocation of per diem authority related to HB 314 from the 2023 Session. During the turnaround process the incorrect personal services account was used, resulting in a shortfall in the account used for DP 1.

Agency Base Budget Comparison

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

Agency Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	88.28	89.28	89.28	1.00	0.6%
General Fund	9,526,225	10,144,840	10,205,755	1,298,145	6.8%
State/Other Special Rev. Funds	317,269	305,735	305,735	(23,068)	(3.6%)
Federal Spec. Rev. Funds	206,809	206,809	206,809		0.0%
Total Funds	10,050,303	10,657,384	10,718,299	1,275,077	6.3%
Personal Services	8,953,793	9,406,618	9,467,143	966,175	5.4%
Operating Expenses	1,067,059	1,188,151	1,188,541	242,574	11.4%
Transfers	1,000	1,000	1,000		0.0%
Debt Service	28,451	61,615	61,615	66,328	116.6%
Total Expenditures	10,050,303	10,657,384	10,718,299	1,275,077	6.3%
Total Ongoing	10,050,303	10,596,384	10,657,299	1,153,077	5.7%
Total One-Time-Only		61,000	61,000	122,000	0.0%

Agency Description

The Montana School for the Deaf & the Blind (MSDB) provides comprehensive educational opportunities for Montana's students who are deaf, hard of hearing, blind, visually impaired, and deafblind. Children and youth from preschool through high school can attend MSDB as residential or day students at the Great Falls campus, where specialized instruction is combined with opportunities to attend classes in the public schools. MSDB also serves as a statewide resource center for families, school districts, and professionals serving students who are deaf, hard of hearing, blind, visually impaired, and deafblind.

Please refer to the agency profile for additional information about the agency's organization structure, historical expenditures, goals and objectives, and recent studies and audits: <https://www.legmt.gov/lfd/committees/section-e/montana-school-for-the-deaf-blind/>

Agency Highlights

**Montana School for Deaf and Blind
Major Budget Highlights**

The Montana School for Deaf and Blind's 2027 biennium adopted HB 2 budget is approximately \$1.3 million or 6.3% higher than the FY 2025 base budget. This increase includes:

- Increases in general fund for the statewide present law adjustments for personal services and fixed costs
- An increase in general fund for 1.00 new position budgeted (PB) and associated personal services costs for an administrative assistant
- Increases in general fund personal services for longevity pay and stipends to staff advisors for extracurricular activities
- An increase in general fund operating expenses for additional use of motor pool vehicles for outreach staff
- A one-time-only increase in general fund operating expenses for professional development for educational interpreters
- Increases in general fund to implement legislation passed during the 2025 Session for inflationary adjustments (HB 15), recruitment and retention (HB 151), and teacher pay (HB 252)
- A decrease in general fund operating expenses to correct the statewide present law adjustment for fixed costs and a decrease in state special revenue to reduce unfunded authority

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures adopted 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	8,376,346	8,418,812	8,953,793	9,406,618	9,467,143
Operating Expenses	1,084,027	1,164,285	1,067,059	1,188,151	1,188,541
Transfers	0	1,000	1,000	1,000	1,000
Debt Service	28,450	28,451	28,451	61,615	61,615
Total Expenditures	\$9,488,823	\$9,612,548	\$10,050,303	\$10,657,384	\$10,718,299
General Fund	9,000,736	9,107,127	9,526,225	10,144,840	10,205,755
State/Other Special Rev. Funds	293,441	304,975	317,269	305,735	305,735
Federal Spec. Rev. Funds	194,646	200,446	206,809	206,809	206,809
Total Funds	\$9,488,823	\$9,612,548	\$10,050,303	\$10,657,384	\$10,718,299
Total Ongoing	\$9,488,823	\$9,612,548	\$10,050,303	\$10,596,384	\$10,657,299
Total OTO	\$0	\$0	\$0	\$61,000	\$61,000

Summary of Legislative Action

The legislature adopted an increase to the Montana School for the Deaf and Blind's total biennial appropriation of approximately \$1.3 million or 6.3% compared to the 2025 base appropriation. Increases to the agency's budget include:

- An increase in general fund for the statewide present law adjustment for personal services, totaling approximately \$34,000 over the biennium
- An increase in general fund for the statewide present law adjustment for fixed costs, totaling approximately \$196,000 over the biennium
- An increase in general fund for 1.00 new position budgeted (PB) and associated personal services costs for an administrative assistant, totaling approximately \$106,000 over the biennium
- An increase in general fund for staff longevity pay, totaling approximately \$239,000 over the biennium
- An increase in general fund for stipends to staff advisors for extracurricular activities, totaling approximately \$61,000 over the biennium
- An increase in general fund for additional use of motor pool vehicles for outreach staff, totaling approximately \$89,000 over the biennium
- A one-time-only increase in general fund for professional development for educational interpreters, totaling \$122,000 over the biennium
- Increases in general fund to implement legislation passed during the 2025 Session for:
 - Inflationary adjustments (HB 15), totaling approximately \$8,500 over the biennium
 - Recruitment and retention (HB 151), totaling approximately \$144,000 over the biennium
 - Teacher pay (HB 252), totaling approximately \$376,000 over the biennium

The above increases to the agency's budget were partially offset by decreases to the budget, which include:

- A decrease in general fund for the statewide present law adjustment for inflation/deflation, totaling approximately \$11,000 over the biennium
- A decrease in general fund to make a correction to the statewide present law adjustment for fixed costs, totaling approximately \$66,000 over the biennium
- A reduction in unfunded state special revenue authority, totaling approximately \$23,000 over the biennium

Funding

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

Total School For the Deaf & Blind Funding by Source of Authority 2027 Biennium Budget						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	20,228,595	122,000			20,350,595	95.2%
02050 School Trust Interest/Income	611,470				611,470	2.9%
State Special Revenue Total	611,470	-	-	-	611,470	2.9%
03064 EHA, Part B	238,438				238,438	1.1%
03012 E.C.I.A. Chapter I	105,722				105,722	0.5%
03167 National School Lunch	69,458				69,458	0.3%
Federal Special Revenue Total	413,618	-	-	-	413,618	1.9%
Proprietary Fund Total	-	-	-	-	-	0.0%
Total of All Funds	21,253,683	122,000	-	-	21,375,683	
Percent of All Sources of Authority	99.4%	0.6%	0.0%	0.0%		

HB 2 Funding

General Fund - The Montana School for the Deaf and Blind is funded primarily with general fund, at approximately 95.2%.

State Special Revenue - State special revenue for the MSDB is primarily from school trust interest and income. Revenues from school trusts fluctuate based on the activities occurring on school lands.

Federal Special Revenue - Students under the care of the MSDB may be Medicaid eligible and the school is reimbursed for those services covered by Medicaid. Other sources of federal funds include the National School Lunch Program, which provides subsidized meals for low-income students, and the Education Consolidation and Improvement Act Chapter I, which provides federal funds to assist state and local educational agencies to meet the needs of educationally deprived students.

Unlike other K-12 public schools in Montana, MSDB does not have the ability to levy property taxes to support school programs.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

	School For the Deaf & Blind 2027 Biennium HB 2 Base Budget and Adjustments									
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	9,526,225	317,269	206,809	10,050,303	94.3%	9,526,225	317,269	206,809	10,050,303	93.8%
Statewide PL										
Personal Services	12,807	0	0	12,807	0.1%	21,152	0	0	21,152	0.2%
Fixed Costs	97,209	0	0	97,209	0.9%	98,355	0	0	98,355	0.9%
Inflation Deflation	(6,305)	0	0	(6,305)	(0.1%)	(4,261)	0	0	(4,261)	(0.0%)
Total Statewide PL	103,711	0	0	103,711	1.0%	115,246	0	0	115,246	1.1%
Present Law (PL)	(33,164)	(11,534)	0	(44,698)	(0.4%)	(33,164)	(11,534)	0	(44,698)	(0.4%)
New Proposals	548,068	0	0	548,068	5.1%	597,448	0	0	597,448	5.6%
Total HB 2 Adjustments	618,615	(11,534)	0	607,081	5.7%	679,530	(11,534)	0	667,996	6.2%
Total Budget	10,144,840	305,735	206,809	10,657,384		10,205,755	305,735	206,809	10,718,299	

Other Legislation

HB 13 – HB 13 implements the state employee pay plan for the 2027 biennium.

HB 15 – HB 15 applies an inflationary increase of 3.0% in FY 2026 and 3.0% in FY 2027 to several school funding formula components. HB 2 includes a general fund language appropriation for the bill of approximately \$8,500 over the biennium for MSDB.

HB 151 – HB 151 expands the definition of a quality educator to include educational sign language interpreters. HB 2 includes a general fund language appropriation for the bill of approximately \$144,000 over the biennium for MSDB.

HB 252 – HB 252, the Student and Teacher Advancement for Results and Success (STARS) Act, is a revised and enhanced version of the TEACH Act (HB 143, 2021 Session), which further incentivizes increases in teacher pay, particularly for teachers early in their career. HB 2 contains a general fund language appropriation for the bill of approximately \$376,000 over the biennium for MSDB.

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2025	Executive Budget Fiscal 2026	Legislative Budget Fiscal 2026	Leg — Exec. Difference Fiscal 2026	Executive Budget Fiscal 2027	Legislative Budget Fiscal 2027	Leg — Exec. Difference Fiscal 2027	Biennium Difference Fiscal 26-27
Personal Services	8,953,793	9,155,325	9,406,618	251,293	9,189,407	9,467,143	277,736	529,029
Operating Expenses	1,067,059	1,160,315	1,188,151	27,836	1,160,705	1,188,541	27,836	55,672
Equipment & Intangible Assets	0	0	0	0	0	0	0	0
Transfers	1,000	1,000	1,000	0	1,000	1,000	0	0
Debt Service	28,451	61,615	61,615	0	61,615	61,615	0	0
Total Costs	\$10,050,303	\$10,378,255	\$10,657,384	\$279,129	\$10,412,727	\$10,718,299	\$305,572	\$584,701
General Fund	9,526,225	9,865,711	10,144,840	279,129	9,900,183	10,205,755	305,572	584,701
State/other Special Rev. Funds	317,269	305,735	305,735	0	305,735	305,735	0	0
Federal Spec. Rev. Funds	206,809	206,809	206,809	0	206,809	206,809	0	0
Total Funds	\$10,050,303	\$10,378,255	\$10,657,384	\$279,129	\$10,412,727	\$10,718,299	\$305,572	\$584,701
Total Ongoing	\$10,050,303	\$10,378,255	\$10,596,384	\$218,129	\$10,412,727	\$10,657,299	\$244,572	\$462,701
Total OTO	\$0	\$0	\$61,000	\$61,000	\$0	\$61,000	\$61,000	\$122,000

The legislature adopted a HB 2 budget that is approximately \$585,000 higher than the proposed executive HB 2 budget for the 2027 biennium. Significant changes include:

- A one-time-only increase in general fund operating expenses for professional development for educational interpreters, totaling \$122,000 over the biennium
- Increases in general fund to implement legislation passed during the 2025 Session for:
 - Inflationary adjustments (HB 15), totaling approximately \$8,500 over the biennium
 - Recruitment and retention (HB 151), totaling approximately \$144,000 over the biennium
 - Teacher pay (HB 252), totaling approximately \$376,000 over the biennium
- A decrease in general fund operating expenses to correct the statewide present law adjustment for fixed costs for the State Buildings Energy Conservation Program (SBECF), totaling approximately \$66,000 over the biennium

Language

If HB 15 is passed and approved, the School for the Deaf and Blind is increased by \$2,794 general fund in FY 2026 and \$5,664 general fund in FY 2027.

If HB 151 is passed and approved, the School for the Deaf and Blind is increased by \$63,132 general fund in FY 2026 and \$81,168 general fund in FY 2027.

If HB 252 is passed and approved, the School for the Deaf and Blind is increased by \$185,367 general fund in FY 2026 and \$190,904 general fund in FY 2027.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	5.00	6.00	6.00	1.00	10.0%
General Fund	718,318	856,918	855,955	276,237	19.2%
State/Other Special Rev. Funds	3,394	3,394	3,394		0.0%
Total Funds	721,712	860,312	859,349	276,237	19.1%
Personal Services	503,100	575,785	576,476	146,061	14.5%
Operating Expenses	218,612	284,527	282,873	130,176	29.8%
Total Expenditures	721,712	860,312	859,349	276,237	19.1%
Total Ongoing	721,712	860,312	859,349	276,237	19.1%
Total One-Time-Only					0.0%

Program Description

The Administration Program staff provide purchasing, accounting, personnel functions, and management of the business affairs for the school.

Program Highlights

Administration Program Major Budget Highlights
<ul style="list-style-type: none"> The Administration Program's 2027 biennium adopted HB 2 budget is approximately \$276,000 or 19.1% greater than the FY 2025 base budget, of which \$170,000 is made up of general fund increases from statewide present law adjustments. There is also a general fund increase and 1.00 PB for an administrative assistant to work half-time in the business office and half-time with outreach staff record keeping, totaling approximately \$106,000 over the biennium

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	505,889	506,713	503,100	575,785	576,476
Operating Expenses	222,713	223,668	218,612	284,527	282,873
Total Expenditures	\$728,602	\$730,381	\$721,712	\$860,312	\$859,349
General Fund	725,208	726,987	718,318	856,918	855,955
State/Other Special Rev. Funds	3,394	3,394	3,394	3,394	3,394
Total Funds	\$728,602	\$730,381	\$721,712	\$860,312	\$859,349
Total Ongoing	\$728,602	\$730,381	\$721,712	\$860,312	\$859,349
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

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

School For the Deaf & Blind, 01-Administration Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,712,873	0	0	1,712,873	99.61 %
02050 School Trust Interest/Income	6,788	0	0	6,788	100.00 %
State Special Total	\$6,788	\$0	\$0	\$6,788	0.39 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$1,719,661	\$0	\$0	\$1,719,661	

The Administration Program is funded almost entirely with general fund. MSDB also receives interest and income from school trust lands, which funds less than 1.0% of the program's budget.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

	Administration Program 2027 Biennium HB 2 Base Budget and Adjustments									
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	718,318	3,394	0	721,712	83.9%	718,318	3,394	0	721,712	84.0%
Statewide PL										
Personal Services	21,018	0	0	21,018	2.4%	21,709	0	0	21,709	2.5%
Fixed Costs	63,115	0	0	63,115	7.3%	64,261	0	0	64,261	7.5%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	84,133	0	0	84,133	9.8%	85,970	0	0	85,970	10.0%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	54,467	0	0	54,467	6.3%	51,667	0	0	51,667	6.0%
Total HB 2 Adjustments	138,600	0	0	138,600	16.1%	137,637	0	0	137,637	16.0%
Total Budget	856,918	3,394	0	860,312		855,955	3,394	0	859,349	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	21,018	0	0	21,018	0.00	21,709	0	0	21,709
DP 2 - Fixed Costs										
	0.00	63,115	0	0	63,115	0.00	64,261	0	0	64,261
Grand Total All Present Law Adjustments										
	0.00	\$84,133	\$0	\$0	\$84,133	0.00	\$85,970	\$0	\$0	\$85,970

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 9 - Business Office Administrative Assistant	1.00	54,467	0	0	54,467	1.00	51,667	0	0	51,667
Total	1.00	\$54,467	\$0	\$0	\$54,467	1.00	\$51,667	\$0	\$0	\$51,667

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

DP 9 - Business Office Administrative Assistant -

The legislature approved general fund for 1.00 PB for an administrative assistant to assist half-time in the business office and half-time with outreach staff record keeping.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	4.57	4.57	4.57	0.00	0.0%
General Fund	682,484	713,927	714,765	63,724	4.7%
Total Funds	682,484	713,927	714,765	63,724	4.7%
Personal Services	349,222	379,735	380,573	61,864	8.9%
Operating Expenses	303,811	271,577	271,577	(64,468)	(10.6%)
Transfers	1,000	1,000	1,000		0.0%
Debt Service	28,451	61,615	61,615	66,328	116.6%
Total Expenditures	682,484	713,927	714,765	63,724	4.7%
Total Ongoing	682,484	713,927	714,765	63,724	4.7%
Total One-Time-Only					0.0%

Program Description

The General Services program maintains all buildings and property on campus. This includes all custodial work and any maintenance of the buildings and grounds.

Program Highlights

General Services Program Major Budget Highlights
<ul style="list-style-type: none"> The General Services Program's 2027 biennium adopted HB 2 budget is approximately \$64,000 or 4.7% greater than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> A general fund increase for the statewide present law adjustment for personal services A general fund increase for the statewide present law adjustment for fixed costs, which is partially offset by a correction for an LED lighting upgrade project through the State Buildings Energy Conservation Program (SBECP)

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	330,370	331,465	349,222	379,735	380,573
Operating Expenses	287,024	288,159	303,811	271,577	271,577
Transfers	0	1,000	1,000	1,000	1,000
Debt Service	28,450	28,451	28,451	61,615	61,615
Total Expenditures	\$645,844	\$649,075	\$682,484	\$713,927	\$714,765
General Fund	645,844	649,075	682,484	713,927	714,765
Total Funds	\$645,844	\$649,075	\$682,484	\$713,927	\$714,765
Total Ongoing	\$645,844	\$649,075	\$682,484	\$713,927	\$714,765
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

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

School For the Deaf & Blind, 02-General Services Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,428,692	0	0	1,428,692	100.00 %
State Special Total	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$1,428,692	\$0	\$0	\$1,428,692	

The General Services Program is funded entirely with general fund.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

General Services 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	682,484	0	0	682,484	95.6%	682,484	0	0	682,484	95.5%
Statewide PL										
Personal Services	30,513	0	0	30,513	4.3%	31,351	0	0	31,351	4.4%
Fixed Costs	34,094	0	0	34,094	4.8%	34,094	0	0	34,094	4.8%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	64,607	0	0	64,607	9.0%	65,445	0	0	65,445	9.2%
Present Law (PL)	(33,164)	0	0	(33,164)	(4.6%)	(33,164)	0	0	(33,164)	(4.6%)
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	31,443	0	0	31,443	4.4%	32,281	0	0	32,281	4.5%
Total Budget	713,927	0	0	713,927		714,765	0	0	714,765	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	30,513	0	0	30,513	0.00	31,351	0	0	31,351
DP 2 - Fixed Costs	0.00	34,094	0	0	34,094	0.00	34,094	0	0	34,094
DP 201 - State Buildings Energy Conservation Program (SBCEP) Adjustment	0.00	(33,164)	0	0	(33,164)	0.00	(33,164)	0	0	(33,164)
Grand Total All Present Law Adjustments	0.00	\$31,443	\$0	\$0	\$31,443	0.00	\$32,281	\$0	\$0	\$32,281

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 201 - State Buildings Energy Conservation Program (SBECP) Adjustment -

This legislature approved a decrease in general fund operating expenses to make a correction to the statewide present law adjustment for fixed costs (DP 2) for an LED lighting upgrade project through the State Buildings Energy Conservation

Program (SBECP).

The SBECP is administered by the Department of Environmental Quality and was initiated in 1989 to reduce energy costs in state government and finance energy improvement projects on state owned buildings. The energy savings over the term of the project is used to pay for the project investment, and once the project is paid off, the funding is removed from the agency budget, resulting in ongoing savings to the state through reduced agency operational costs. Due to a technical error, DP 2 only included the increase for principal and interest payments and should have included a corresponding decrease in operating expenses.

Program Base Budget Comparison

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

Program Base Budget Comparison						
Budget Item	Base Budget FY 2025	Adopted Budget		Biennium Change from Base		
		FY 2026	FY 2027	Amount	Percent	
PB	25.21	25.21	25.21	0.00	0.0%	
General Fund	2,091,843	2,185,688	2,190,419	192,421	4.6%	
Federal Spec. Rev. Funds	34,729	34,729	34,729		0.0%	
Total Funds	2,126,572	2,220,417	2,225,148	192,421	4.5%	
Personal Services	1,888,603	1,983,635	1,987,981	194,410	5.1%	
Operating Expenses	237,969	236,782	237,167	(1,989)	(0.4%)	
Total Expenditures	2,126,572	2,220,417	2,225,148	192,421	4.5%	
Total Ongoing	2,126,572	2,220,417	2,225,148	192,421	4.5%	
Total One-Time-Only					0.0%	

Program Description

The Student Services Program provides residential care for children living at the school.

Program Highlights

**Student Services Program
Major Budget Highlights**

- The Student Services Program's 2027 biennium adopted HB 2 budget is approximately \$192,000 or 4.5% greater than the FY 2025 base budget. This increase is primarily due to a general fund increase for the statewide present law adjustment for personal services

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	1,898,744	1,902,994	1,888,603	1,983,635	1,987,981
Operating Expenses	186,872	237,336	237,969	236,782	237,167
Total Expenditures	\$2,085,616	\$2,140,330	\$2,126,572	\$2,220,417	\$2,225,148
General Fund	2,050,887	2,105,601	2,091,843	2,185,688	2,190,419
Federal Spec. Rev. Funds	34,729	34,729	34,729	34,729	34,729
Total Funds	\$2,085,616	\$2,140,330	\$2,126,572	\$2,220,417	\$2,225,148
Total Ongoing	\$2,085,616	\$2,140,330	\$2,126,572	\$2,220,417	\$2,225,148
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

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

School For the Deaf & Blind, 03-Student Services Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	4,376,107	0	0	4,376,107	98.44 %
State Special Total	\$0	\$0	\$0	\$0	0.00 %
03167 National School Lunch	69,458	0	0	69,458	100.00 %
Federal Special Total	\$69,458	\$0	\$0	\$69,458	1.56 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$4,445,565	\$0	\$0	\$4,445,565	

The Student Services Program is funded almost entirely with general fund appropriations. There is also a small portion of federal funding, which is made up of subsidies provided by the National School Lunch Program.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Student Services 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	2,091,843	0	34,729	2,126,572	95.8%	2,091,843	0	34,729	2,126,572	95.6%
Statewide PL										
Personal Services	95,032	0	0	95,032	4.3%	99,378	0	0	99,378	4.5%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	(1,187)	0	0	(1,187)	(0.1%)	(802)	0	0	(802)	(0.0%)
Total Statewide PL	93,845	0	0	93,845	4.2%	98,576	0	0	98,576	4.4%
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%
Total HB 2 Adjustments	93,845	0	0	93,845	4.2%	98,576	0	0	98,576	4.4%
Total Budget	2,185,688	0	34,729	2,220,417		2,190,419	0	34,729	2,225,148	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	95,032	0	0	95,032	0.00	99,378	0	0	99,378
DP 3 - Inflation Deflation	0.00	(1,187)	0	0	(1,187)	0.00	(802)	0	0	(802)
Grand Total All Present Law Adjustments	0.00	\$93,845	\$0	\$0	\$93,845	0.00	\$98,576	\$0	\$0	\$98,576

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

DP 3 - Inflation Deflation -

The legislature approved 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.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	53.50	53.50	53.50	0.00	0.0%
General Fund	6,033,580	6,388,307	6,444,616	765,763	6.3%
State/Other Special Rev. Funds	313,875	302,341	302,341	(23,068)	(3.7%)
Federal Spec. Rev. Funds	172,080	172,080	172,080		0.0%
Total Funds	6,519,535	6,862,728	6,919,037	742,695	5.7%
Personal Services	6,212,868	6,467,463	6,522,113	563,840	4.5%
Operating Expenses	306,667	395,265	396,924	178,855	29.2%
Total Expenditures	6,519,535	6,862,728	6,919,037	742,695	5.7%
Total Ongoing	6,519,535	6,801,728	6,858,037	620,695	4.8%
Total One-Time-Only		61,000	61,000	122,000	0.0%

Program Description

The Education Program provides an education for children with hearing and/or sight loss that prevents them from receiving a quality education in their local schools. The Education Program serves visually and hearing-impaired children who remain in their local school districts by providing deaf/blind educational support services to the students' local schools. The program also offers "mainstream" programs for on-campus students in a joint effort with the Great Falls Public Schools. Additionally, pursuant to 20-8-102(3), MCA, the school is charged with the responsibility of tracking a child identified as hearing or visually impaired from the time of impairment identification through the child's exit from intervention or educational services.

Program Highlights

Education Program Major Budget Highlights
<ul style="list-style-type: none"> The Education Program's 2027 biennium adopted HB 2 budget is approximately \$743,000 or 5.7% greater than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> General fund increases for motor pool vehicle leases, stipends for staff who advise student extracurricular activities, and longevity pay increases A one-time-only general fund increase for educational interpreter professional development Increases in general fund to implement legislation passed during the 2025 Session for inflationary adjustments (HB 15), recruitment and retention (HB 151), and teacher pay (HB 252) General fund decreases for the statewide present law adjustments for personal services

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	5,641,343	5,677,640	6,212,868	6,467,463	6,522,113
Operating Expenses	387,418	415,122	306,667	395,265	396,924
Total Expenditures	\$6,028,761	\$6,092,762	\$6,519,535	\$6,862,728	\$6,919,037
General Fund	5,578,797	5,625,464	6,033,580	6,388,307	6,444,616
State/Other Special Rev. Funds	290,047	301,581	313,875	302,341	302,341
Federal Spec. Rev. Funds	159,917	165,717	172,080	172,080	172,080
Total Funds	\$6,028,761	\$6,092,762	\$6,519,535	\$6,862,728	\$6,919,037
Total Ongoing	\$6,028,761	\$6,092,762	\$6,519,535	\$6,801,728	\$6,858,037
Total OTO	\$0	\$0	\$0	\$61,000	\$61,000

Funding

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

School For the Deaf & Blind, 04-Education Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	12,832,923	0	0	12,832,923	93.12 %	
02050 School Trust Interest/Income	604,682	0	0	604,682	100.00 %	
State Special Total	\$604,682	\$0	\$0	\$604,682	4.39 %	
03012 E.C.I.A. Chapter I	105,722	0	0	105,722	30.72 %	
03064 EHA, Part B	238,438	0	0	238,438	69.28 %	
Federal Special Total	\$344,160	\$0	\$0	\$344,160	2.50 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$13,781,765	\$0	\$0	\$13,781,765		

The Education Program is funded primarily with general fund, with some additional state and federal special revenues. The state special revenue for the program is generated from state trust lands income and interest. Federal special revenues are for Medicaid reimbursement for services provided to qualified students and for the Education Consolidation and Improvement Act Chapter I, which provides federal funds to assist state and local educational agencies to meet the needs of educationally deprived students.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

	Education 2027 Biennium HB 2 Base Budget and Adjustments									
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	6,033,580	313,875	172,080	6,519,535	95.0%	6,033,580	313,875	172,080	6,519,535	94.2%
Statewide PL										
Personal Services	(133,756)	0	0	(133,756)	(1.9%)	(131,286)	0	0	(131,286)	(1.9%)
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	(5,118)	0	0	(5,118)	(0.1%)	(3,459)	0	0	(3,459)	(0.1%)
Total Statewide PL	(138,874)	0	0	(138,874)	(2.0%)	(134,745)	0	0	(134,745)	(1.9%)
Present Law (PL)	0	(11,534)	0	(11,534)	(0.2%)	0	(11,534)	0	(11,534)	(0.2%)
New Proposals	493,601	0	0	493,601	7.2%	545,781	0	0	545,781	7.9%
Total HB 2 Adjustments	354,727	(11,534)	0	343,193	5.0%	411,036	(11,534)	0	399,502	5.8%
Total Budget	6,388,307	302,341	172,080	6,862,728		6,444,616	302,341	172,080	6,919,037	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	(133,756)	0	0	(133,756)	0.00	(131,286)	0	0	(131,286)
DP 3 - Inflation Deflation	0.00	(5,118)	0	0	(5,118)	0.00	(3,459)	0	0	(3,459)
DP 400 - Reduce Unfunded State Special Authority	0.00	0	(11,534)	0	(11,534)	0.00	0	(11,534)	0	(11,534)
Grand Total All Present Law Adjustments	0.00	(\$138,874)	(\$11,534)	\$0	(\$150,408)	0.00	(\$134,745)	(\$11,534)	\$0	(\$146,279)

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

This adjustment is negative primarily due to a transfer of personal services funding from the Education Program to other programs within the agency in order to pay for overtime due to staffing shortages.

DP 3 - Inflation Deflation -

The legislature approved 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.

DP 400 - Reduce Unfunded State Special Authority -

This legislature approved a reduction of state special revenue authority, as the MSDB has not had the funds to spend the appropriation in several years.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals										
-----Fiscal 2026-----						-----Fiscal 2027-----				
PB	General Fund	State Special	Federal Special	Total Funds		PB	General Fund	State Special	Federal Special	Total Funds
DP 5 - Additional Outreach Motor Pool Vehicles	0.00	44,250	0	0	44,250	0.00	44,250	0	0	44,250
DP 15 - Longevity Adjustment	0.00	106,683	0	0	106,683	0.00	132,420	0	0	132,420
DP 100 - Extracurricular Compensation	0.00	30,375	0	0	30,375	0.00	30,375	0	0	30,375
DP 403 - Education Interpreters Professional Development (OTO)	0.00	61,000	0	0	61,000	0.00	61,000	0	0	61,000
DP 1800 - HB 15	0.00	2,794	0	0	2,794	0.00	5,664	0	0	5,664
DP 1801 - HB 151	0.00	63,132	0	0	63,132	0.00	81,168	0	0	81,168
DP 1802 - HB 252	0.00	185,367	0	0	185,367	0.00	190,904	0	0	190,904
Total	0.00	\$493,601	\$0	\$0	\$493,601	0.00	\$545,781	\$0	\$0	\$545,781

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

DP 5 - Additional Outreach Motor Pool Vehicles -

The legislature approved a general fund operating expenses increase for the lease of six motor pool vehicles for staff.

DP 15 - Longevity Adjustment -

The legislature approved a general fund personal services adjustment for longevity pay increases. Prior to FY 2024, MSDB employees did not receive longevity as part of the pay plan.

DP 100 - Extracurricular Compensation -

The legislature approved a general fund personal services appropriation for stipends for staff who advise student extracurricular activities.

DP 403 - Education Interpreters Professional Development (OTO) -

The legislature approved a one-time-only general fund operating expenses appropriation for professional development for educational interpreters.

DP 1800 - HB 15 -

The legislature adopted contingency language for the passage and approval of HB 15, and this decision package implements the coordination language. HB 15 applies an inflationary increase of 3.0% in FY 2026 and 3.0% in FY 2027 to several of the K-12 school funding formula components.

DP 1801 - HB 151 -

The legislature adopted contingency language for the passage and approval of HB 151, and this decision package implements the coordination language. HB 151 expands the definition of a quality educator to include educational sign language interpreters.

DP 1802 - HB 252 -

The legislature adopted contingency language for the passage and approval of HB 252, and this decision package implements the coordination language. HB 252, the Student and Teacher Advancement for Results and Success (STARS) Act, is a revised and enhanced version of the TEACH Act (HB 143, 2021 Session), which further incentivizes increases in teacher pay, particularly for teachers early in their career.

Agency Base Budget Comparison

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

Agency Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	7.00	7.00	7.00	0.00	0.0%
General Fund	627,688	673,329	673,969	91,922	7.3%
State/Other Special Rev. Funds	228,012	222,835	223,292	(9,897)	(2.2%)
Federal Spec. Rev. Funds	808,086	801,910	802,521	(11,741)	(0.7%)
Total Funds	1,663,786	1,698,074	1,699,782	70,284	2.1%
Personal Services	761,676	774,224	775,854	26,726	1.8%
Operating Expenses	344,381	311,121	311,199	(66,442)	(9.6%)
Grants	512,238	567,238	567,238	110,000	10.7%
Debt Service	45,491	45,491	45,491		0.0%
Total Expenditures	1,663,786	1,698,074	1,699,782	70,284	2.1%
Total Ongoing	1,663,786	1,698,074	1,699,782	70,284	2.1%
Total One-Time-Only					0.0%

Agency Description

The Montana Arts Council (MAC) is authorized by Title 22-2-101, MCA, to promote and support artistic and cultural activities and institutions statewide. The council administers the Cultural and Aesthetic Project grants and other grants approved by the legislature, stewards the Montana Laureate Program, and makes recommendations to the Governor and the legislature on arts-related issues. Please refer to the agency profile at <https://www.legmt.gov/lfd/committees/section-e/montana-arts-council/> for additional information about the agency's organization structure, historical expenditures, goals and objectives, and recent studies and audits.

Agency Highlights

Montana Arts Council Major Budget Highlights
<ul style="list-style-type: none"> The Montana Arts Council's 2027 biennium adopted HB 2 budget is approximately \$70,000 or 2.1% greater than the FY 2025 base budget. Changes include: <ul style="list-style-type: none"> An increase in appropriations for the statewide present law adjustment for personal services. This is split between general fund, state special revenue, and federal special revenue An increase in general fund for state match to federal funds for strategic investment grants Decreases in appropriations for the statewide present law adjustments for fixed costs and inflation/deflation. These are split between general fund, state special revenue, and federal special revenue

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures adopted 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	706,597	706,584	761,676	774,224	775,854
Operating Expenses	363,513	367,837	344,381	311,121	311,199
Grants	512,238	512,238	512,238	567,238	567,238
Debt Service	45,491	45,491	45,491	45,491	45,491
Total Expenditures	\$1,627,839	\$1,632,150	\$1,663,786	\$1,698,074	\$1,699,782
General Fund	611,241	615,567	627,688	673,329	673,969
State/Other Special Rev. Funds	221,393	221,387	228,012	222,835	223,292
Federal Spec. Rev. Funds	795,205	795,196	808,086	801,910	802,521
Total Funds	\$1,627,839	\$1,632,150	\$1,663,786	\$1,698,074	\$1,699,782
Total Ongoing	\$1,627,839	\$1,632,150	\$1,663,786	\$1,698,074	\$1,699,782
Total OTO	\$0	\$0	\$0	\$0	\$0

Summary of Legislative Action

The legislature approved an increase of 2.1% or approximately \$70,000 in the 2027 biennium compared to the FY 2025 base appropriation. The increase is primarily comprised of the statewide present law adjustment for personal services and an increase in state funds to match federal strategic investment grants. These are partially offset by small decreases for fixed costs and for inflation/deflation.

Funding

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

Total Montana Arts Council Funding by Source of Authority 2027 Biennium Budget						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,347,298				1,347,298	39.7%
02009 Cultural and Aesthetic Project	446,127				446,127	13.1%
State Special Revenue Total	446,127	-	-	-	446,127	13.1%
03016 NEA Funds-Basic State Grant	1,604,431				1,604,431	47.2%
Federal Special Revenue Total	1,604,431	-	-	-	1,604,431	47.2%
Proprietary Fund Total	-	-	-	-	-	0.0%
Total of All Funds	3,397,856	-	-	-	3,397,856	
Percent of All Sources of Authority	100.0%	0.0%	0.0%	0.0%		

HB 2 Appropriations

The Montana Arts Council is funded through a combination of general fund, state special revenue, and federal special revenue.

General Fund

General fund supports a portion of the agency operations, services to the state's art community, arts grants, and several other grant programs available to non-profit arts organizations, schools, and other eligible entities.

State Special Revenue

The cultural and aesthetic trust is a statutory trust account that is funded with a 0.63% distribution from the coal severance tax. The interest earnings from the trust are deposited into a state special revenue account to be used for protection of works of art in the State Capitol and for other cultural and aesthetic projects (per 15-35-108, MCA). The cultural and aesthetic project state special revenue fund supports:

- Overall agency operations
- Administration of cultural and aesthetic trust activities and the preservation of the state's cultural heritage
- Grant awards in HB 9 for cultural and aesthetic projects

Federal Special Revenue

Federal special revenue from the National Endowment of the Arts (NEA) supports:

- Formula-based grants, which require a state match. The agency utilizes a portion of the general fund and state special revenues mentioned above as sources to match the federal grants
- The agency's administration of services to the state's art community

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Montana Arts Council 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	627,688	228,012	808,086	1,663,786	98.0%	627,688	228,012	808,086	1,663,786	97.9%
Statewide PL										
Personal Services	5,742	993	5,813	12,548	0.7%	6,312	1,450	6,416	14,178	0.8%
Fixed Costs	(14,765)	(6,039)	(11,682)	(32,486)	(1.9%)	(14,715)	(6,045)	(11,704)	(32,464)	(1.9%)
Inflation Deflation	(63)	(19)	(90)	(172)	(0.0%)	(43)	(13)	(60)	(116)	(0.0%)
Total Statewide PL	(9,086)	(5,065)	(5,959)	(20,110)	(1.2%)	(8,446)	(4,608)	(5,348)	(18,402)	(1.1%)
Present Law (PL)	(273)	(112)	(217)	(602)	(0.0%)	(273)	(112)	(217)	(602)	(0.0%)
New Proposals	55,000	0	0	55,000	3.2%	55,000	0	0	55,000	3.2%
Total HB 2 Adjustments	45,641	(5,177)	(6,176)	34,288	2.0%	46,281	(4,720)	(5,565)	35,996	2.1%
Total Budget	673,329	222,835	801,910	1,698,074		673,969	223,292	802,521	1,699,782	

Other Legislation

HB 9 - The Montana Arts Council awards cultural and aesthetic projects grants authorized in HB 9. The legislature appropriated nearly \$954,000 for 59 projects statewide. A full list of the projects and associated funding is located in HB 9.

HB 13 – HB 13 implements the state employee pay plan for the 2027 biennium.

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2025	Executive Budget Fiscal 2026	Legislative Budget Fiscal 2026	Leg — Exec. Difference Fiscal 2026	Executive Budget Fiscal 2027	Legislative Budget Fiscal 2027	Leg — Exec. Difference Fiscal 2027	Biennium Difference Fiscal 26-27
Personal Services	761,676	774,224	774,224	0	775,854	775,854	0	0
Operating Expenses	344,381	311,723	311,121	(602)	311,801	311,199	(602)	(1,204)
Grants	512,238	567,238	567,238	0	567,238	567,238	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	45,491	45,491	45,491	0	45,491	45,491	0	0
Total Costs	\$1,663,786	\$1,698,676	\$1,698,074	(\$602)	\$1,700,384	\$1,699,782	(\$602)	(\$1,204)
General Fund	627,688	673,602	673,329	(273)	674,242	673,969	(273)	(546)
State/other Special Rev. Funds	228,012	222,947	222,835	(112)	223,404	223,292	(112)	(224)
Federal Spec. Rev. Funds	808,086	802,127	801,910	(217)	802,738	802,521	(217)	(434)
Total Funds	\$1,663,786	\$1,698,676	\$1,698,074	(\$602)	\$1,700,384	\$1,699,782	(\$602)	(\$1,204)
Total Ongoing	\$1,663,786	\$1,698,676	\$1,698,074	(\$602)	\$1,700,384	\$1,699,782	(\$602)	(\$1,204)
Total OTO	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

The legislature adopted a HB 2 budget that is approximately \$1,200 lower than the proposed executive HB 2 budget for the 2027 biennium. This difference is due entirely to adjustments to fixed costs, which are defined in DP 2 below.

Language

All HB 2 federal funding appropriations for the Montana Arts Council are biennial appropriations.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	706,597	706,584	761,676	774,224	775,854
Operating Expenses	363,513	367,837	344,381	311,121	311,199
Grants	512,238	512,238	512,238	567,238	567,238
Debt Service	45,491	45,491	45,491	45,491	45,491
Total Expenditures	\$1,627,839	\$1,632,150	\$1,663,786	\$1,698,074	\$1,699,782
General Fund	611,241	615,567	627,688	673,329	673,969
State/Other Special Rev. Funds	221,393	221,387	228,012	222,835	223,292
Federal Spec. Rev. Funds	795,205	795,196	808,086	801,910	802,521
Total Funds	\$1,627,839	\$1,632,150	\$1,663,786	\$1,698,074	\$1,699,782
Total Ongoing	\$1,627,839	\$1,632,150	\$1,663,786	\$1,698,074	\$1,699,782
Total OTO	\$0	\$0	\$0	\$0	\$0

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	5,742	993	5,813	12,548	0.00	6,312	1,450	6,416	14,178
DP 2 - Fixed Costs	0.00	(14,765)	(6,039)	(11,682)	(32,486)	0.00	(14,715)	(6,045)	(11,704)	(32,464)
DP 3 - Inflation Deflation	0.00	(63)	(19)	(90)	(172)	0.00	(43)	(13)	(60)	(116)
DP 22 - Fixed Cost Adjustment for Robert's Rules	0.00	(273)	(112)	(217)	(602)	0.00	(273)	(112)	(217)	(602)
Grand Total All Present Law Adjustments	0.00	(\$9,359)	(\$5,177)	(\$6,176)	(\$20,712)	0.00	(\$8,719)	(\$4,720)	(\$5,565)	(\$19,004)

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 legislature adopted 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.

DP 22 - Fixed Cost Adjustment for Robert's Rules -

The legislature adopted an adjustment to fixed cost that removed new appropriations for Robert's Rules of Order training included in DP 2.

New Proposals

The “New Proposals” table shows new changes to spending.

New Proposals										
	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 5 - Federal Match Increase	0.00	55,000	0	0	55,000	0.00	55,000	0	0	55,000
Total	0.00	\$55,000	\$0	\$0	\$55,000	0.00	\$55,000	\$0	\$0	\$55,000

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

DP 5 - Federal Match Increase -

The legislature adopted a general fund increase to fulfill a federal match requirement for the strategic investment grants (SIG) program, which provides microgrants to awardees across the state.

Agency Base Budget Comparison

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

Agency Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	30.46	30.46	30.46	0.00	0.0%
General Fund	3,347,459	3,602,069	3,612,892	520,043	7.8%
State/Other Special Rev. Funds	3,047,959	3,168,075	3,178,577	250,734	4.1%
Federal Spec. Rev. Funds	1,512,387	1,554,978	1,554,978	85,182	2.8%
Total Funds	7,907,805	8,325,122	8,346,447	855,959	5.4%
Personal Services	3,112,404	3,309,051	3,329,548	413,791	6.6%
Operating Expenses	4,155,161	4,625,831	4,626,659	942,168	11.3%
Grants	475,000	225,000	225,000	(500,000)	(52.6%)
Debt Service	165,240	165,240	165,240		0.0%
Total Expenditures	7,907,805	8,325,122	8,346,447	855,959	5.4%
Total Ongoing	7,907,805	8,325,122	8,346,447	855,959	5.4%
Total One-Time-Only	900,000			(1,800,000)	(100.0%)

Agency Description

The Montana State Library (MSL) is composed of programs that provide information services to all branches of state government, its agencies, local counterparts, and individuals seeking information and materials that are not found in their local libraries.

The Montana Library Commission (MLC), authorized in 22-1-101, MCA, administers state and federal library funding to operate and maintain the Montana State Library, oversees the six library federations located throughout Montana, and develops statewide library long-range planning, policy, and service coordination.

MLC is authorized in section 90-1-401, MCA, to develop a standardized, sustainable method to collect, maintain, and disseminate information in digital formats about the natural and artificial land characteristics of Montana. MLC is further authorized in section 90-15-101, MCA, to establish a planning framework for the development of the natural resources information system (NRIS), to implement the system, and to establish an ongoing Montana Natural Heritage Program.

Additional responsibilities of the commission include: assisting all tax-supported libraries and local governments wishing to establish or improve libraries; maintaining an audio-book library for use by Montanans unable to utilize printed materials; providing access to state publications; developing a land information plan and administering a granting process for the purposes of implementing the plan; and maintaining and providing information related to Montana's plant and animal species and habitat and comprehensive natural resources (land) information.

Please refer to the agency profile for additional information about the agency's organization structure, historical expenditures, goals and objectives, and recent studies and audits: <https://www.legmt.gov/lfd/committees/section-e/montana-state-library/>.

Agency Highlights

Montana State Library Major Budget Highlights
<p>The Montana State Library's 2027 biennium adopted HB 2 budget is approximately \$856,000 or 5.4% above the FY 2025 base budget. Major highlights include:</p> <ul style="list-style-type: none"> • An increase for the statewide present law adjustment for personal services, made up of general fund, state special revenue, and federal special revenue, totaling approximately \$414,000 over the biennium • An increase in general fund for the statewide present law adjustment for fixed costs, totaling approximately \$365,000 over the biennium

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures adopted 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	4,182,159	4,653,163	3,112,404	3,309,051	3,329,548
Operating Expenses	2,141,991	3,195,626	5,055,161	4,625,831	4,626,659
Equipment & Intangible Assets	0	7,155	0	0	0
Grants	444,275	495,742	475,000	225,000	225,000
Debt Service	265,240	265,240	165,240	165,240	165,240
Total Expenditures	\$7,033,665	\$8,616,926	\$8,807,805	\$8,325,122	\$8,346,447
General Fund	3,163,191	3,205,885	3,347,459	3,602,069	3,612,892
State/Other Special Rev. Funds	2,441,653	3,907,328	3,947,959	3,168,075	3,178,577
Federal Spec. Rev. Funds	1,428,821	1,503,713	1,512,387	1,554,978	1,554,978
Total Funds	\$7,033,665	\$8,616,926	\$8,807,805	\$8,325,122	\$8,346,447
Total Ongoing	\$6,455,994	\$7,716,926	\$7,907,805	\$8,325,122	\$8,346,447
Total OTO	\$577,671	\$900,000	\$900,000	\$0	\$0

Summary of Legislative Action

The legislature adopted an increase to the Montana State Library's total biennial appropriation of approximately \$856,000 or 5.4% compared to the 2025 base appropriation. Significant changes include:

- Increases of general fund, state special revenue, and federal special revenue for the statewide present law adjustment for personal services, totaling approximately \$414,000 over the biennium
- An increase in general fund for the statewide present law adjustment for fixed costs, totaling approximately \$365,000 over the biennium
- An increase in state special revenue authority to allow the agency to spend additional revenue in the digital library services account due to an increase in fixed costs for Natural Resource Information (NRIS) and Geographic Information Systems (GIS), totaling approximately \$81,000 over the biennium
- A general fund reduction to fixed costs to remove new appropriations for Robert's Rules of Order training, totaling approximately \$2,300 over the biennium
- A decrease of general fund for the statewide present law adjustment for inflation/deflation, totaling approximately \$1,300 over the biennium

Prior to the 2025 Session, the Montana State Library was a single program agency. The 2025 Legislature split this single program into three programs to better reflect the various functions of the agency. As part of this change, the legislature adopted two net-zero adjustments to move funding and PB between the newly established programs to correctly align the budget with the program functions.

Funding

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

Total Montana State Library Funding by Source of Authority 2027 Biennium Budget						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	7,214,961			1,084,226	8,299,187	41.2%
02779 Montana Land Information	4,434,004				4,434,004	22.0%
02021 911 Funding				1,023,937	1,023,937	5.1%
02046 Coal Sev. Tax Library	1,020,606				1,020,606	5.1%
02094 Digital Library Services	892,042				892,042	4.4%
State Special Revenue Total	6,346,652		-	1,023,937	7,370,589	36.6%
03018 IMLS	3,109,956				3,109,956	15.4%
Federal Special Revenue Total	3,109,956		-	-	3,109,956	15.4%
06021 MT Shared Catalog			955,342		955,342	4.7%
06025 MT State Reference Network-RTN			407,546		407,546	2.0%
Proprietary Fund Total	-	-	1,362,888	-	1,362,888	6.8%
Total of All Funds	16,671,569	-	1,362,888	2,108,163	20,142,620	
Percent of All Sources of Authority	82.8%	0.0%	6.8%	10.5%		

The Montana State Library is funded through a combination of general fund, state special revenue, federal special revenue, and proprietary funds.

HB 2 Authority

General Fund - General fund supports less than half of the Montana State Library's operations.

State Special Revenue - State special revenues fund certain costs for GIS and land information services, library federation grants to assist local libraries, and the NRIS. For additional detail, please see the funding descriptions at the program level.

Federal Special Revenue - Federal special revenue is comprised of Library Services and Technology Act (LSTA) grants administered by the Institute of Museum and Library Services (IMLS). These funds are a formula grant to the Montana State Library from the IMLS rather than a competitive grant, and require a two to one federal/state match and a five-year plan. The funds are used for collection content and access, training and outreach to local libraries, and services to patrons with disabilities.

Non-Budgeted Proprietary Funds

Proprietary funds are used for the Montana shared catalog and the real time network. For additional detail, please see the funding description at the program level.

Statutory Appropriations

General Fund - General fund statutory authority for the agency provides state aid to public libraries, as authorized under 22-1-327, MCA. This appropriation sunsets July 1, 2029.

State Special Revenue - Statutory appropriations of state special revenue are used to fund next generation 9-1-1 mapping services through FY 2030.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Montana State Library 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	3,347,459	3,047,959	1,512,387	7,907,805	95.0%	3,347,459	3,047,959	1,512,387	7,907,805	94.7%
Statewide PL										
Personal Services	74,298	79,758	42,591	196,647	2.4%	84,293	90,260	42,591	217,144	2.6%
Fixed Costs	182,204	0	0	182,204	2.2%	182,790	0	0	182,790	2.2%
Inflation Deflation	(748)	0	0	(748)	(0.0%)	(506)	0	0	(506)	(0.0%)
Total Statewide PL	255,754	79,758	42,591	378,103	4.5%	266,577	90,260	42,591	399,428	4.8%
Present Law (PL)	(1,144)	0	0	(1,144)	(0.0%)	(1,144)	0	0	(1,144)	(0.0%)
New Proposals	0	40,358	0	40,358	0.5%	0	40,358	0	40,358	0.5%
Total HB 2 Adjustments	254,610	120,116	42,591	417,317	5.0%	265,433	130,618	42,591	438,642	5.3%
Total Budget	3,602,069	3,168,075	1,554,978	8,325,122		3,612,892	3,178,577	1,554,978	8,346,447	

Other Legislation

HB 13 – HB 13 implements the state employee pay plan for the 2027 biennium.

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2025	Executive Budget Fiscal 2026	Legislative Budget Fiscal 2026	Leg — Exec. Difference Fiscal 2026	Executive Budget Fiscal 2027	Legislative Budget Fiscal 2027	Leg — Exec. Difference Fiscal 2027	Biennium Difference Fiscal 26-27
Personal Services	3,112,404	3,309,051	3,309,051	0	3,329,548	3,329,548	0	0
Operating Expenses	5,055,161	4,336,617	4,625,831	289,214	4,337,445	4,626,659	289,214	578,428
Grants	475,000	475,000	225,000	(250,000)	475,000	225,000	(250,000)	(500,000)
Debt Service	165,240	165,240	165,240	0	165,240	165,240	0	0
Total Costs	\$8,807,805	\$8,285,908	\$8,325,122	\$39,214	\$8,307,233	\$8,346,447	\$39,214	\$78,428
General Fund	3,347,459	3,603,213	3,602,069	(1,144)	3,614,036	3,612,892	(1,144)	(2,288)
State/other Special Rev. Funds	3,947,959	3,127,717	3,168,075	40,358	3,138,219	3,178,577	40,358	80,716
Federal Spec. Rev. Funds	1,512,387	1,554,978	1,554,978	0	1,554,978	1,554,978	0	0
Total Funds	\$8,807,805	\$8,285,908	\$8,325,122	\$39,214	\$8,307,233	\$8,346,447	\$39,214	\$78,428
Total Ongoing	\$7,907,805	\$8,285,908	\$8,325,122	\$39,214	\$8,307,233	\$8,346,447	\$39,214	\$78,428
Total OTO	\$900,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0

The legislature adopted a HB 2 budget that is approximately \$78,000 higher than the proposed executive HB 2 budget for the 2027 biennium. Changes include:

- An increase in state special revenue authority to allow the agency to spend additional revenue in the digital library services account due to an increase in fixed costs for Natural Resource Information (NRIS) and Geographic Information Systems (GIS), totaling approximately \$81,000 over the biennium
- A decrease to fixed costs, totaling approximately \$2,000 over the biennium
- A decrease in grants and a corresponding increase in operating expenses related to the establishment of three budgetary programs for the Montana State Library. The legislature adopted two net-zero adjustments to move funding and positions budgeted (PB) between the newly established programs to correctly align the budget with the program functions

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	8.80	11.80	11.80	3.00	17.0%
General Fund	2,195,567	2,688,019	2,692,723	989,608	22.5%
State/Other Special Rev. Funds	788,523			(1,577,046)	(100.0%)
Federal Spec. Rev. Funds	601,989			(1,203,978)	(100.0%)
Total Funds	3,586,079	2,688,019	2,692,723	(1,791,416)	(25.0%)
Personal Services	978,998	1,341,138	1,345,014	728,156	37.2%
Operating Expenses	2,441,841	1,181,641	1,182,469	(2,519,572)	(51.6%)
Debt Service	165,240	165,240	165,240		0.0%
Total Expenditures	3,586,079	2,688,019	2,692,723	(1,791,416)	(25.0%)
Total Ongoing	3,586,079	2,688,019	2,692,723	(1,791,416)	(25.0%)
Total One-Time-Only					0.0%

Program Description

The Central Services Program manages the budgetary, personnel, and administrative functions of the Montana State Library and provides information services to state government employees and officials.

Program Highlights

Central Services Program Major Budget Highlights
<p>The Central Services Program's 2027 biennium HB 2 budget is approximately \$1.8 million or 25.0% below the FY 2025 base budget equivalent.</p> <p>This difference is primarily due to the establishment of three new budgetary programs for the agency, which involved the net transfer of approximately \$2.2 million of general fund, state special revenue, and federal special revenue from the newly established Central Services Program to the other programs. As part of these changes, 3.00 PB and associated funding were transferred to the Central Services Program from other programs. Without these changes the program's 2027 biennium HB 2 budget would have been approximately \$373,000 or 5.2% above the FY 2025 base budget equivalent.</p> <p>Other changes include:</p> <ul style="list-style-type: none"> Increases in general fund for the statewide present law adjustments for personal services and fixed costs Decreases in general fund for the statewide present law adjustment for inflation/deflation and for an adjustment to fixed costs

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	967,445	1,126,895	978,998	1,341,138	1,345,014
Operating Expenses	875,138	1,130,093	2,441,841	1,181,641	1,182,469
Equipment & Intangible Assets	0	7,155	0	0	0
Grants	947	947	0	0	0
Debt Service	165,240	165,240	165,240	165,240	165,240
Total Expenditures	\$2,008,770	\$2,430,330	\$3,586,079	\$2,688,019	\$2,692,723
General Fund	1,815,812	1,941,793	2,195,567	2,688,019	2,692,723
State/Other Special Rev. Funds	135,805	312,751	788,523	0	0
Federal Spec. Rev. Funds	57,153	175,786	601,989	0	0
Total Funds	\$2,008,770	\$2,430,330	\$3,586,079	\$2,688,019	\$2,692,723
Total Ongoing	\$2,008,770	\$2,430,330	\$3,586,079	\$2,688,019	\$2,692,723
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

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

Montana State Library, 01-Central Services Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	5,380,742	0	0	5,380,742	100.00 %
State Special Total	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$5,380,742	\$0	\$0	\$5,380,742	

The Central Services Program is entirely funded with general fund.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Central Services 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	2,195,567	788,523	601,989	3,586,079	133.4%	2,195,567	788,523	601,989	3,586,079	133.2%
Statewide PL										
Personal Services	2,039	0	0	2,039	0.1%	5,368	0	0	5,368	0.2%
Fixed Costs	182,204	0	0	182,204	6.8%	182,790	0	0	182,790	6.8%
Inflation Deflation	(748)	0	0	(748)	(0.0%)	(506)	0	0	(506)	(0.0%)
Total Statewide PL	183,495	0	0	183,495	6.8%	187,652	0	0	187,652	7.0%
Present Law (PL)	(1,144)	0	0	(1,144)	(0.0%)	(1,144)	0	0	(1,144)	(0.0%)
New Proposals	310,101	(788,523)	(601,989)	(1,080,411)	(40.2%)	310,648	(788,523)	(601,989)	(1,079,864)	(40.1%)
Total HB 2 Adjustments	492,452	(788,523)	(601,989)	(898,060)	(33.4%)	497,156	(788,523)	(601,989)	(893,356)	(33.2%)
Total Budget	2,688,019	0	0	2,688,019		2,692,723	0	0	2,692,723	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	2,039	0	0	2,039	0.00	5,368	0	0	5,368
DP 2 - Fixed Costs	0.00	182,204	0	0	182,204	0.00	182,790	0	0	182,790
DP 3 - Inflation Deflation	0.00	(748)	0	0	(748)	0.00	(506)	0	0	(506)
DP 22 - Fixed Cost Adjustment for Robert's Rules	0.00	(1,144)	0	0	(1,144)	0.00	(1,144)	0	0	(1,144)
Grand Total All Present Law Adjustments	0.00	\$182,351	\$0	\$0	\$182,351	0.00	\$186,508	\$0	\$0	\$186,508

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 legislature adopted 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.

DP 22 - Fixed Cost Adjustment for Robert's Rules -

The legislature adopted an adjustment to fixed costs that removed new appropriations for Robert's Rules of Order training included in DP 2.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals										
	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 5 - Move PB into Correct New Programs	3.00	360,101	0	0	360,101	3.00	360,648	0	0	360,648
DP 6 - Move Other Funding into Correct New Programs	0.00	(50,000)	(788,523)	(601,989)	(1,440,512)	0.00	(50,000)	(788,523)	(601,989)	(1,440,512)
Total	3.00	\$310,101	(\$788,523)	(\$601,989)	(\$1,080,411)	3.00	\$310,648	(\$788,523)	(\$601,989)	(\$1,079,864)

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

DP 5 - Move PB into Correct New Programs -

The legislature established three budgetary programs for the Montana State Library and adopted an adjustment to move several PB and associated personal services funding between the newly established programs to correctly align the budget with the program functions. The decision package has a net-zero change for the agency as a whole.

DP 6 - Move Other Funding into Correct New Programs -

The legislature established three budgetary programs for the Montana State Library and adopted an adjustment to move funding, other than that associated with PB, between the newly established programs to correctly align the budget with the program functions. The decision package has a net-zero change for the agency as a whole.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	9.75	8.50	8.50	(1.25)	(6.4%)
General Fund	425,644	214,786	220,455	(416,047)	(48.9%)
State/Other Special Rev. Funds	510,303	510,303	510,303		0.0%
Federal Spec. Rev. Funds	910,398	1,554,978	1,554,978	1,289,160	70.8%
Total Funds	1,846,345	2,280,067	2,285,736	873,113	23.6%
Personal Services	578,642	560,375	566,044	(30,865)	(2.7%)
Operating Expenses	1,042,703	1,494,692	1,494,692	903,978	43.3%
Grants	225,000	225,000	225,000		0.0%
Total Expenditures	1,846,345	2,280,067	2,285,736	873,113	23.6%
Total Ongoing	1,846,345	2,280,067	2,285,736	873,113	23.6%
Total One-Time-Only	400,000			(800,000)	(100.0%)

Program Description

The Patron and Local Library Development Services Program provides assistance to all tax-supported or public libraries, reading material for blind and physically handicapped Montana residents, and assistance to the six library federations. The program also coordinates the development of information resources and library information systems throughout the state.

Program Highlights

Patron and Local Library Development Program Major Budget Highlights

The Patron and Local Library Development Program's 2027 biennium HB 2 budget is approximately \$873,000 or 23.6% above the FY 2025 base budget equivalent.

This difference is partially due to the establishment of three new budgetary programs for the agency, which involved the net transfer of approximately \$206,000 from other programs to the Patron and Local Library Development Program in order to align the budget with the three newly established budgetary programs. These changes were made up of decreases in general fund and state special revenue and an increase in federal special revenue. Additionally, as part of these changes, 1.25 PB and associated funding were transferred out of the Patron and Local Library Development Program to the Central Services Program. Without these changes the program's 2027 biennium HB 2 budget would have been approximately \$667,000 or 18.1% above the FY 2025 base budget equivalent.

Other changes include:

- Increases in general fund, state special revenue, and federal special revenue for the statewide present law adjustment for personal services

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	1,122,019	1,253,763	578,642	560,375	566,044
Operating Expenses	1,108,484	1,198,818	1,442,703	1,494,692	1,494,692
Grants	244,620	244,795	225,000	225,000	225,000
Debt Service	100,000	100,000	0	0	0
Total Expenditures	\$2,575,123	\$2,797,376	\$2,246,345	\$2,280,067	\$2,285,736
General Fund	389,309	534,764	425,644	214,786	220,455
State/Other Special Rev. Funds	851,245	982,185	910,303	510,303	510,303
Federal Spec. Rev. Funds	1,334,569	1,280,427	910,398	1,554,978	1,554,978
Total Funds	\$2,575,123	\$2,797,376	\$2,246,345	\$2,280,067	\$2,285,736
Total Ongoing	\$2,175,123	\$2,397,376	\$1,846,345	\$2,280,067	\$2,285,736
Total OTO	\$400,000	\$400,000	\$400,000	\$0	\$0

Funding

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

Montana State Library, 02-Patron and Library Services Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	435,241	0	1,084,226	1,519,467	23.00 %
02046 Coal Sev. Tax Library	1,020,606	0	0	1,020,606	100.00 %
State Special Total	\$1,020,606	\$0	\$0	\$1,020,606	15.45 %
03018 IMLS	3,109,956	0	0	3,109,956	100.00 %
Federal Special Total	\$3,109,956	\$0	\$0	\$3,109,956	47.08 %
06021 MT Shared Catalog	0	955,342	0	955,342	100.00 %
Proprietary Total	\$0	\$955,342	\$0	\$955,342	14.46 %
Total All Funds	\$4,565,803	\$955,342	\$1,084,226	\$6,605,371	

The Patron and Local Library Development Program is funded through a combination of general fund, state special revenue, federal special revenue, and proprietary funds.

HB 2 Authority

General Fund - General fund supports approximately one-quarter of the Patron and Local Library Development Program's operations.

State Special Revenue

Coal Severance Tax Library Account

The coal severance tax library account is used for general operations, statewide technology contracts, and the library federation grants to assist local libraries in providing basic services.

Federal Special Revenue

Federal special revenue is comprised of Library Services and Technology Act (LSTA) grants administered by the Institute of Museum and Library Services (IMLS). These funds are a formula grant to the Montana State Library from the IMLS rather than a competitive grant, and require a two to one federal/state match and a five-year plan. The funds are used for collection content and access, training and outreach to local libraries, and services to patrons with disabilities.

*Non-Budgeted Proprietary Funds***Montana Shared Catalog**

The Montana Shared Catalog (MSC) is a cooperative project involving approximately 180 libraries across Montana. 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. Funds come from member fees paid by the libraries to belong to the MSC. For a more detailed discussion of rates, revenues, and expenditures for the account, please see the non-budgeted proprietary funds analysis, which is included in a separate report.

Statutory Appropriations

General Fund - Statutory authority for the agency includes general fund for state aid to public libraries, as authorized under 22-1-327, MCA. This appropriation sunsets July 1, 2029.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Patron and Library Services 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	425,644	510,303	910,398	1,846,345	81.0%	425,644	510,303	910,398	1,846,345	80.8%
Statewide PL										
Personal Services	72,259	185,000	73,000	330,259	14.5%	78,925	185,000	73,000	336,925	14.7%
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%
Total Statewide PL	72,259	185,000	73,000	330,259	14.5%	78,925	185,000	73,000	336,925	14.7%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	(283,117)	(185,000)	571,580	103,463	4.5%	(284,114)	(185,000)	571,580	102,466	4.5%
Total HB 2 Adjustments	(210,858)	0	644,580	433,722	19.0%	(205,189)	0	644,580	439,391	19.2%
Total Budget	214,786	510,303	1,554,978	2,280,067		220,455	510,303	1,554,978	2,285,736	

Present Law Adjustments

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

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	72,259	185,000	73,000	330,259	0.00	78,925	185,000	73,000	336,925
Grand Total All Present Law Adjustments	0.00	\$72,259	\$185,000	\$73,000	\$330,259	0.00	\$78,925	\$185,000	\$73,000	\$336,925

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals										
Fiscal 2026						Fiscal 2027				
PB	General Fund	State Special	Federal Special	Total Funds		PB	General Fund	State Special	Federal Special	Total Funds
DP 5 - Move PB into Correct New Programs	(1.25)	(133,117)	0	0	(133,117)	(1.25)	(134,114)	0	0	(134,114)
DP 6 - Move Other Funding into Correct New Programs	0.00	(150,000)	(185,000)	571,580	236,580	0.00	(150,000)	(185,000)	571,580	236,580
Total	(1.25)	(\$283,117)	(\$185,000)	\$571,580	\$103,463	(1.25)	(\$284,114)	(\$185,000)	\$571,580	\$102,466

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

DP 5 - Move PB into Correct New Programs -

The legislature established three budgetary programs for the Montana State Library and adopted an adjustment to move several PB and associated personal services funding between the newly established programs to correctly align the budget with the program functions. The decision package has a net-zero change for the agency as a whole.

DP 6 - Move Other Funding into Correct New Programs -

The legislature established three budgetary programs for the Montana State Library and adopted an adjustment to move funding, other than that associated with PB, between the newly established programs to correctly align the budget with the program functions. The decision package has a net-zero change for the agency as a whole.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	11.91	10.16	10.16	(1.75)	(7.3%)
General Fund	726,248	699,264	699,714	(53,518)	(3.7%)
State/Other Special Rev. Funds	1,749,133	2,657,772	2,668,274	1,827,780	52.2%
Total Funds	2,475,381	3,357,036	3,367,988	1,774,262	35.8%
Personal Services	1,554,764	1,407,538	1,418,490	(283,500)	(9.1%)
Operating Expenses	670,617	1,949,498	1,949,498	2,557,762	190.7%
Grants	250,000			(500,000)	(100.0%)
Total Expenditures	2,475,381	3,357,036	3,367,988	1,774,262	35.8%
Total Ongoing	2,475,381	3,357,036	3,367,988	1,774,262	35.8%
Total One-Time-Only	500,000			(1,000,000)	(100.0%)

Program Description

The GIS, Data, and Information Services Program provides a centralized repository for land and natural resources information and collection and maintenance of commonly available land information. This program also administers the state documents depository system, administers a granting process to implement land plans.

Program Highlights

GIS, Data, and Information Services Program Major Budget Highlights

The GIS, Data and Information Services Program's 2027 biennium HB 2 budget is approximately \$1.8 million or 35.8% above the FY 2025 base budget equivalent.

This difference is primarily due to the establishment of three new budgetary programs for the agency, which involved the net transfer of approximately \$2.0 million of general fund, state special revenue, and federal special revenue from other programs to the GIS, Data, and Information Services Program. As part of these changes, 1.75 PB and associated funding were transferred out of the GIS, Data, and Information Services Program to the Central Services Program. Without these changes the program's 2027 biennium HB 2 budget would have been approximately \$261,000 or 5.3% below the FY 2025 base budget equivalent.

Other changes include:

- An increase in state special revenue authority to allow the agency to spend additional revenue as the result of a legislatively approved adjustment to the Natural Resource Information (NRIS) and Geographic Information Systems (GIS) fixed costs rate
- A decrease in general fund for the statewide present law adjustment for personal services

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	2,092,695	2,272,505	1,554,764	1,407,538	1,418,490
Operating Expenses	158,369	866,715	1,170,617	1,949,498	1,949,498
Grants	198,708	250,000	250,000	0	0
Total Expenditures	\$2,449,772	\$3,389,220	\$2,975,381	\$3,357,036	\$3,367,988
General Fund	958,070	729,328	726,248	699,264	699,714
State/Other Special Rev. Funds	1,454,603	2,612,392	2,249,133	2,657,772	2,668,274
Federal Spec. Rev. Funds	37,099	47,500	0	0	0
Total Funds	\$2,449,772	\$3,389,220	\$2,975,381	\$3,357,036	\$3,367,988
Total Ongoing	\$2,272,101	\$2,889,220	\$2,475,381	\$3,357,036	\$3,367,988
Total OTO	\$177,671	\$500,000	\$500,000	\$0	\$0

Funding

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

Montana State Library, 03-Gis, Data, and Info Services Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,398,978	0	0	1,398,978	17.15 %
02021 911 Funding	0	0	1,023,937	1,023,937	16.12 %
02094 Digital Library Services	892,042	0	0	892,042	14.05 %
02779 Montana Land Information	4,434,004	0	0	4,434,004	69.83 %
State Special Total	\$5,326,046	\$0	\$1,023,937	\$6,349,983	77.85 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
06025 MT State Reference Network-RTN	0	407,546	0	407,546	100.00 %
Proprietary Total	\$0	\$407,546	\$0	\$407,546	5.00 %
Total All Funds	\$6,725,024	\$407,546	\$1,023,937	\$8,156,507	

The GIS, Data, and Information Program is funded through a combination of general fund, state special revenue, and proprietary funds.

HB 2 Authority

General Fund - General fund supports one-sixth of the GIS, Data, and Information Program's operations.

State Special Revenue**Montana Land Information Account**

The Montana land information account receives a portion of the document recording fees assessed at the local level. It is used to fund GIS and land information services and grants including Montana geospatial information grants, GIS architecture, and the Montana Cadastral. Increased home sales during the COVID-19 pandemic lead to a significant increase in fee collections for the account. This additional revenue was used to provide one-time-only funding in the 2021 Legislative Session and the 2023 Legislative Session to launch the Montana Real Time Network, now the MTSRN, which is discussed in greater detail in the non-budgeted proprietary funds analysis (included in a separate report).

Digital Library Services Account

The digital library services account receives assessments paid by certain state agencies that use the NRIS/Geographic Information Systems (GIS). The fund has a fixed cost component that is charged to 17 agencies, the Governor's Office, and the Legislative Branch. Funding from this fixed cost totaled approximately \$399,000 for each year of the 2025 biennium, and the legislature approved fixed cost assessments of \$446,021 for each year of the 2027 biennium.

*Non-Budgeted Proprietary Funds***Montana State Reference Network**

The Montana State Reference Network (MTSRN) is the state-owned real time positioning network, operated with the cooperation of partners that include tribal nations, the Montana Department of Transportation, Montana State Library, counties, educational institutions, and private entities who maintain, operate, or otherwise contribute to the operation of this statewide array global navigation satellite systems (GNSS) reference stations. This growing statewide GNSS network consists of permanently located global positioning system (GPS) receivers that generate real-time, high-accuracy GPS positioning. Montana State Library analyzes rates charged to subscribers on a biannual basis. Rates are reflective of projected program costs and the number of program subscribers. For a more detailed discussion of rates, revenues, and expenditures for the account, please see the non-budgeted proprietary funds analysis, which is included in a separate report.

For the 2025 biennium, the legislature also appropriated \$500,000 per fiscal year of state special revenue authority for additional start-up and ongoing costs related to the Montana real-time network in HB 2.

*Statutory Appropriations*State Special Revenue**9-1-1 GIS Mapping Account**

Statutory appropriations for the Montana State Library are made up of state special revenue from fees imposed for 9-1-1 mapping services; in accordance with 10-4-304(5), MCA, the Montana State Library's 9-1-1 GIS mapping account receives a transfer of \$450,000 of state special revenue each fiscal year through FY 2030. Next generation 9-1-1 will migrate from analog technology intended for traditional wireline phones to an all IP-based architecture capable of communicating with any network connected device. This modernized 9-1-1 system will rely on GIS data to route emergency calls to the correct 9-1-1 call center.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Gis, Data, and Info Services 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	726,248	1,749,133	0	2,475,381	73.7%	726,248	1,749,133	0	2,475,381	73.5%
Statewide PL										
Personal Services	0	(105,242)	(30,409)	(135,651)	(4.0%)	0	(94,740)	(30,409)	(125,149)	(3.7%)
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%
Total Statewide PL	0	(105,242)	(30,409)	(135,651)	(4.0%)	0	(94,740)	(30,409)	(125,149)	(3.7%)
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	(26,984)	1,013,881	30,409	1,017,306	30.3%	(26,534)	1,013,881	30,409	1,017,756	30.2%
Total HB 2 Adjustments	(26,984)	908,639	0	881,655	26.3%	(26,534)	919,141	0	892,607	26.5%
Total Budget	699,264	2,657,772	0	3,357,036		699,714	2,668,274	0	3,367,988	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	(105,242)	(30,409)	(135,651)	0.00	0	(94,740)	(30,409)	(125,149)
Grand Total All Present Law Adjustments	0.00	\$0	(\$105,242)	(\$30,409)	(\$135,651)	0.00	\$0	(\$94,740)	(\$30,409)	(\$125,149)

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals										
-----Fiscal 2026-----						-----Fiscal 2027-----				
PB	General Fund	State Special	Federal Special	Total Funds		PB	General Fund	State Special	Federal Special	Total Funds
DP 5 - Move PB into Correct New Programs										
(1.75)	(226,984)	0	0	(226,984)		(1.75)	(226,534)	0	0	(226,534)
DP 6 - Move Other Funding into Correct New Programs										
0.00	200,000	973,523	30,409	1,203,932		0.00	200,000	973,523	30,409	1,203,932
DP 7 - Increased Authority for NRIS Fixed Cost Adjustment										
0.00	0	40,358	0	40,358		0.00	0	40,358	0	40,358
Total	(1.75)	(\$26,984)	\$1,013,881	\$30,409	\$1,017,306	(1.75)	(\$26,534)	\$1,013,881	\$30,409	\$1,017,756

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

DP 5 - Move PB into Correct New Programs -

The legislature established three budgetary programs for the Montana State Library and adopted an adjustment to move several PB and associated personal services funding between the newly established programs to correctly align the budget with the program functions. The decision package has a net-zero change for the agency as a whole.

DP 6 - Move Other Funding into Correct New Programs -

The legislature established three budgetary programs for the Montana State Library and adopted an adjustment to move funding, other than that associated with PB, between the newly established programs to correctly align the budget with the program functions. The decision package has a net-zero change for the agency as a whole.

DP 7 - Increased Authority for NRIS Fixed Cost Adjustment -

The legislature approved an increase of state special revenue authority to allow the Montana State Library to spend additional revenue as the result of a legislatively approved adjustment to the Natural Resource Information (NRIS) and Geographic Information Systems (GIS) fixed costs rate.

Agency Base Budget Comparison

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

Agency Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	78.84	79.84	79.84	1.00	0.6%
General Fund	3,859,910	2,973,388	2,001,968	(2,744,464)	(35.6%)
State/Other Special Rev. Funds	3,420,963	6,247,611	6,298,747	5,704,432	83.4%
Federal Spec. Rev. Funds	1,024,101	1,013,135	1,015,234	(19,833)	(1.0%)
Proprietary Funds	1,046,527	1,042,926	1,043,259	(6,869)	(0.3%)
Total Funds	9,351,501	11,277,060	10,359,208	2,933,266	15.7%
Personal Services	6,018,272	6,409,572	6,419,919	792,947	6.6%
Operating Expenses	2,963,309	3,947,568	3,569,369	1,590,319	26.8%
Equipment & Intangible Assets	94,886	94,886	94,886		0.0%
Grants	87,120	587,120	87,120	500,000	287.0%
Debt Service	187,914	237,914	187,914	50,000	13.3%
Total Expenditures	9,351,501	11,277,060	10,359,208	2,933,266	15.7%
Total Ongoing	9,351,501	9,977,060	10,009,208	1,283,266	6.9%
Total One-Time-Only	107,535	1,300,000	350,000	1,434,930	667.2%

Agency Description

The Montana Historical Society (MTHS) is an agency of state government that exists for the use, learning, culture and enjoyment of the citizens of, and visitors to, the State of Montana. MTHS acquires, preserves and protects historical records, art, archives, museum objects, historical places, sites and monuments. MTHS maintains a library and historical museum, provides educational programs and services for teachers and the general public and publishes the state historical magazine and books. MTHS administers the preservation and antiquities acts, supports commissions with state historical orientation and provides technical assistance to all Montana museums, historical societies, preservation programs and owners of historic resources.

Agency Highlights

**Montana Historical Society
Major Budget Highlights**

The Montana Historical Society's HB 2 adopted budget is approximately \$1.9 million in FY 2026 and \$1.0 million in FY 2027, or 15.7% higher over the biennium than the FY 2025 base budget. Notable changes include:

- A restricted, biennial, one-time-only general fund appropriation of \$1.0 million in FY 2026 to support the Montana 250th Commission in its activities across the state for the US 250th anniversary
- An increase of state special revenue appropriations of \$500,000 per fiscal year from the Montana Heritage Center operations account
- Statewide present law adjustment increases of personal services appropriations by approximately \$298,000 in FY 2026 and \$308,000 in FY 2027
- Statewide present law adjustment decreases of operation expenses appropriations by approximately \$264,000 in FY 2026 and \$240,000 in FY 2027

Fund switches moved approximately \$1.9 million in both FY 2026 and FY 2027 from general fund appropriations to state special revenue fund appropriations. These appropriations are from the new Montana Heritage Center state special revenue account, which receives a share of the distribution of accommodation taxes and is intended to be used for the operations and maintenance of the Montana Heritage Center

- Some budget adjustments also switch state special revenue sources from the accommodations tax account to the newly created Montana Heritage Center state special revenue account

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures adopted 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	4,253,142	5,100,622	6,018,272	6,409,572	6,419,919
Operating Expenses	2,172,815	2,585,568	3,070,844	3,947,568	3,569,369
Equipment & Intangible Assets	115,348	144,886	94,886	94,886	94,886
Grants	86,978	87,120	87,120	587,120	87,120
Transfers	10,000	10,000	0	0	0
Debt Service	312,608	326,022	187,914	237,914	187,914
Total Expenditures	\$6,950,891	\$8,254,218	\$9,459,036	\$11,277,060	\$10,359,208
General Fund	4,014,120	4,440,172	3,967,445	2,973,388	2,001,968
State/Other Special Rev. Funds	1,299,373	1,914,642	3,420,963	6,247,611	6,298,747
Federal Spec. Rev. Funds	879,414	982,345	1,024,101	1,013,135	1,015,234
Proprietary Funds	757,984	917,059	1,046,527	1,042,926	1,043,259
Total Funds	\$6,950,891	\$8,254,218	\$9,459,036	\$11,277,060	\$10,359,208
Total Ongoing	\$6,758,076	\$8,046,395	\$9,351,501	\$9,977,060	\$10,009,208
Total OTO	\$192,815	\$207,823	\$107,535	\$1,300,000	\$350,000

Summary of Legislative Action

The legislature approved increased appropriations amounting to approximately \$2.9 million, or 15.7% higher than the FY 2025 base budget. Most of these increased appropriations are state special revenue funds, since in this biennium the Historical Society will have access to funding from the Montana Heritage Center operations account, which is funded through a disbursement of accommodations taxes. State special revenue appropriations increased by approximately \$5.7 million over the FY 2025 base budget, while general fund appropriations decreased by approximately \$2.7 million. Legislative changes include:

- An approximately \$1.9 million fund switch from general fund to state special revenue funds, sourced from the Montana Heritage Center operations account
- A restricted, biennial, one-time-only general fund appropriation of \$1.0 million for the Montana 250th Commission to support their efforts to celebrate the United States semiquincentennial. At least half of these funds must be used for educational purposes
- A \$500,000 per fiscal year increase in state special revenue appropriations for operating expenses, funded with the Montana Heritage Center operations account. These expenses cover the daily operations of the Heritage Center, including utilities, maintenance costs, exhibit display costs and other miscellaneous expenses
- A state special revenue appropriation of \$250,000 in FY 2026 and \$350,000 in FY 2027 for unforeseen and unbudgeted operations and maintenance costs. Expenditures from this source would be contingent on need, and would require the approval of the state budget director
- Statewide present law personal services adjustments which increased appropriations by approximately \$298,000 in FY 2026 and \$308,000 in FY 2027. These are split between general fund, state special revenue funds, federal funds, and proprietary funds. This adjustment is shown in greater detail at the program level
- Statewide present law fixed costs adjustments decreased appropriations by approximately \$264,000 in FY 2026 and \$240,000 in FY 2027. These reductions are split between general fund, federal special revenue funds, and proprietary funds. This adjustment is shown in greater detail at each of the program levels
- Increased state special revenue appropriations of approximately \$96,000 in FY 2026 and \$93,000 in FY 2027 for 1.00 PB to administer the database for the customer relationship management software that was approved in HB 10
- One-time-only, restricted state special revenue appropriations of \$50,000 in FY 2026 for temporary relocation rent to pay for the Historical Society's office space until the Heritage Center is fully occupied
- A present law adjustment of fixed costs for the removal of trainings for Robert's Rules of Order, amounting to an approximately \$2,000 reduction in appropriations in each fiscal year
- A statewide present law inflationary adjustment that amounted to a decrease of approximately \$500 over the biennium of federal special revenue funds

Funding

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

Total Montana Historical Society Funding by Source of Authority 2027 Biennium Budget						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	3,925,356	1,050,000			4,975,356	20.9%
02850 Montana Heritage Center Operat	6,960,848	650,000			7,610,848	31.9%
02853 Accommodation Tax	4,932,052				4,932,052	20.7%
02123 Sites & Signs				1,798,099	1,798,099	7.5%
02041 MHS Membership				258,878	258,878	1.1%
02986 Lewis & Clark License Plates				126,200	126,200	0.5%
Other State Special Revenue	3,458			5,772	9,230	0.0%
State Special Revenue Total	11,896,358	650,000	-	2,188,949	14,735,307	61.8%
03021 Historic Sites Preservation	2,028,369				2,028,369	8.5%
Federal Special Revenue Total	2,028,369	-	-	-	2,028,369	8.5%
06002 MHS Publications Enterprise	759,681				759,681	3.2%
06071 Merchandise - Historical Soc	669,460				669,460	2.8%
06013 SHPO ENTERPRISE FUND	449,130				449,130	1.9%
06073 Historical Society Management	77,356				77,356	0.3%
06022 MHS Education Enterprise Funds	53,960				53,960	0.2%
Other Proprietary Fund	76,598				76,598	0.3%
Proprietary Fund Total	2,086,185	-	-	-	2,086,185	8.8%
Total of All Funds	19,936,268	1,700,000	-	2,188,949	23,825,217	
Percent of All Sources of Authority	83.7%	7.1%	0.0%	9.2%		

HB 2 Appropriations

General Fund

Approximately \$3.9 million, or 19.7%, of HB 2 ongoing appropriations adopted by the legislature for the FY 2027 biennium are funded with state general fund. General fund appropriations are distributed to each program except the State Historic Preservation Office Program.

State Special Revenue Funds

The Montana Historical Society receives revenues from the lodging facility use tax (15-65-121, MCA). After the general fund receives its portion of the lodging facility use tax, 2.6% is distributed the MTHS for historical interpretation, 1.0% is distributed to the agency for the roadside signage program, and 2.7% or \$1.0 million, whichever is less, is deposited in the heritage preservation and development account that must be used to pay costs associated with historical interpretation and the Robert Scriver collection.

Before December 31, 2024, 20.0% of the revenue collected on the sale or use of accommodations and campgrounds was deposited into an account for the construction of the Montana Heritage Center. This account no longer receives deposits. In January of 2025, the distribution of accommodations taxes changed and the Montana Heritage Center operations account now receives a 6.0% portion of the revenue collected on the sale or use of accommodations and campgrounds (15-68-102, MCA). This money may only be used for expenses incurred in the operation and maintenance of the Montana Heritage Center, which may include the Veterans and Pioneer Memorial Building.

The Montana Historical Society receives a small amount of state special revenue from the sale of Lewis and Clark medallions and bronze replicas of the "We Proceeded On" bronze relief located in the Senate chamber. This state special revenue funding is used for the care and maintenance of the original bronze relief.

Federal Special Revenue Funds

The Montana Historical Society receives federal special revenue appropriations in HB 2 for historic sites and preservation. The majority of these revenues fund the state historic preservation office program, but a portion is also distributed to the administration program.

Proprietary Funds

The Montana Historical Society has several HB 2 proprietary funds. Proprietary revenues are fees for goods and services to external/internal customers and support the costs of providing those goods and services. The Historical Society's magazine service and sales from their bookstore are examples of these. Proprietary fund revenues include magazine subscriptions, the sale of books published by the Historical Society, merchandise sales, and photography sales.

Statutory Appropriations

The Montana Historical Society has several state special revenue funds that are statutorily appropriated. These include:

- Sites and signs state special revenue fund
- Montana Historical Society membership special revenue fund
- Montana original Governor's mansion special revenue fund

The Montana Historical Society membership state special revenue fund and the Montana original Governor's mansion state special revenue fund were set to expire at the end of FY 2025, but their termination date was removed in HB 166 (2025 Legislature).

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Montana Historical Society 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	3,859,910	3,420,963	1,024,101	9,351,501	82.9%	3,859,910	3,420,963	1,024,101	9,351,501	90.3%
Statewide PL										
Personal Services	166,753	69,641	43,917	297,804	2.6%	172,851	71,803	45,753	308,150	3.0%
Fixed Costs	(189,124)	0	(54,246)	(264,464)	(2.3%)	(164,953)	0	(54,081)	(240,045)	(2.3%)
Inflation Deflation	0	0	(301)	(301)	(0.0%)	0	0	(203)	(203)	(0.0%)
Total Statewide PL	(22,371)	69,641	(10,630)	33,039	0.3%	7,898	71,803	(8,531)	67,902	0.7%
Present Law (PL)	(1,273)	0	(336)	(1,609)	(0.0%)	(1,273)	0	(336)	(1,609)	(0.0%)
New Proposals	(862,878)	2,757,007	0	1,894,129	16.8%	(1,864,567)	2,805,981	0	941,414	9.1%
Total HB 2 Adjustments	(886,522)	2,826,648	(10,966)	1,925,559	17.1%	(1,857,942)	2,877,784	(8,867)	1,007,707	9.7%
Total Budget	2,973,388	6,247,611	1,013,135	11,277,060		2,001,968	6,298,747	1,015,234	10,359,208	

Other Legislation

HB 10 – This bill appropriated approximately \$948,000 in each fiscal year for museum systems operation and management. This will be focused on implementing a comprehensive customer relationship management suite of applications for managing, tracking, and communicating with the members, donors, patrols, visitors, volunteers, educators, students, life-long learners and customers of the Montana Heritage Center.

HB 13 – HB 13 implements the state employee pay plan for the 2027 biennium.

HB 166 – This bill removes the termination date for the Montana Historical Society membership state special revenue account and the Montana original Governor's mansion special revenue account. These accounts had previously been scheduled to terminate on June 30, 2025. These funds are statutorily appropriated, and their extension has no impact on the Historical Society's HB 2 budget.

HB 641 – This bill repeals the Lewis and Clark Bicentennial License Plate Program. It removes the distribution of funding that was previously disbursed to the Lewis and Clark bicentennial account. This funding source was statutorily appropriated. This appropriation of approximately \$2,000 per year was removed in HB 641. In addition, while this funding was not appropriated in HB2, language was included in HB 2 that also reduced state special revenue appropriations with the passage of HB 641. As the bicentennial place program was statutory, the approximately \$2,000 per year state special reduction from language could not be applied to the Bicentennial License Plate Program and was applied to the Montana Heritage Center operations account.

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2025	Executive Budget Fiscal 2026	Legislative Budget Fiscal 2026	Leg — Exec. Difference Fiscal 2026	Executive Budget Fiscal 2027	Legislative Budget Fiscal 2027	Leg — Exec. Difference Fiscal 2027	Biennium Difference Fiscal 26-27
Personal Services	6,018,272	6,139,413	6,409,572	270,159	6,149,760	6,419,919	270,159	540,318
Operating Expenses	3,070,844	2,971,503	3,947,568	976,065	2,993,220	3,569,369	576,149	1,552,214
Equipment & Intangible Assets	94,886	94,886	94,886	0	94,886	94,886	0	0
Grants	87,120	87,120	587,120	500,000	87,120	87,120	0	500,000
Transfers	0	0	0	0	0	0	0	0
Debt Service	187,914	237,914	237,914	0	187,914	187,914	0	0
Total Costs	\$9,459,036	\$9,530,836	\$11,277,060	\$1,746,224	\$9,512,900	\$10,359,208	\$846,308	\$2,592,532
General Fund	3,967,445	2,524,661	2,973,388	448,727	2,503,241	2,001,968	(501,273)	(52,546)
State/other Special Rev. Funds	3,420,963	4,949,778	6,247,611	1,297,833	4,950,830	6,298,747	1,347,917	2,645,750
Federal Spec. Rev. Funds	1,024,101	1,013,471	1,013,135	(336)	1,015,570	1,015,234	(336)	(672)
Other	1,046,527	1,042,926	1,042,926	0	1,043,259	1,043,259	0	0
Total Funds	\$9,459,036	\$9,530,836	\$11,277,060	\$1,746,224	\$9,512,900	\$10,359,208	\$846,308	\$2,592,532
Total Ongoing	\$9,351,501	\$9,480,836	\$9,977,060	\$496,224	\$9,512,900	\$10,009,208	\$496,308	\$992,532
Total OTO	\$107,535	\$50,000	\$1,300,000	\$1,250,000	\$0	\$350,000	\$350,000	\$1,600,000

The legislature adopted a HB 2 budget that is approximately \$2.6 million higher than the proposed executive HB 2 budget for the 2027 biennium. There are several notable differences in the legislative budget as compared to the executive budget:

- A \$1.0 million restricted, biennial, one-time-only general fund appropriation to support the activities of the Montana 250th Commission. This appropriation requires that at least \$500,000 of the appropriation be spent on education
- A \$1.0 million fund switch from general fund to state special revenue in the Library and Archives Program
- A \$1.0 million increase in state special revenue appropriations in the Library and Archives Program and the Museum Program in order to fund operations and maintenance of the Montana Heritage Center
- A one-time-only \$600,000 increase in state special revenue appropriations in the Library and Archives Program and the Museum Program that are contingent on need for unexpected and unbudgeted operations expenses

Language

If HB 10 is not passed and approved with an appropriation for the Museum Systems Operation and Management project, then the Montana Historical Society appropriation is decreased by \$96,296 state special revenue in FY 2026 and \$93,497 state special revenue in FY 2027 and the Montana Historical Society's Administration Program PB is decreased by 1.00 in FY 2026 and by 1.00 in FY 2027.

The Contingency O&M Funds appropriation may only be utilized for unforeseen and unbudgeted operations and maintenance costs outside of the scope of the agency's regular operating appropriation and must be approved by the state budget director.

At least \$500,000 of the Montana 250th Commission appropriation must be used for educational purposes.

If HB 641 is passed and approved, the Montana Historical Society is decreased by \$2,167 state special revenue in FY 2026 and \$2,083 state special revenue in FY 2027.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	30.68	31.68	31.68	1.00	1.6%
General Fund	1,574,637	1,262,222	283,700	(1,603,352)	(50.9%)
State/Other Special Rev. Funds	1,154,651	2,606,939	2,556,842	2,854,479	123.6%
Federal Spec. Rev. Funds	141,812	141,812	141,812		0.0%
Proprietary Funds	371,500	373,343	373,473	3,816	0.5%
Total Funds	3,242,600	4,384,316	3,355,827	1,254,943	19.4%
Personal Services	2,335,224	2,474,800	2,478,035	282,387	6.0%
Operating Expenses	907,376	1,359,516	877,792	422,556	23.3%
Grants		500,000		500,000	0.0%
Debt Service		50,000		50,000	0.0%
Total Expenditures	3,242,600	4,384,316	3,355,827	1,254,943	19.4%
Total Ongoing	3,242,600	3,334,316	3,355,827	204,943	3.2%
Total One-Time-Only	107,535	1,050,000		834,930	388.2%

Program Description

The Administration Program provides supervision, administration, and coordination of the six programs in the Montana Historical Society. Program staff are responsible for the management, planning, direction, and leadership of the society. Activities include public information, payroll/personnel, fund raising, financial reporting, business management, security, building management, information technology, community outreach, and the society store.

Program Highlights

**Administration Program
Major Budget Highlights**

The Administration Program's 2027 biennium budget is approximately \$1.3 million, or 19.4% higher than the FY 2025 base budget. Notable changes include:

- A one-time-only, restricted, biennial appropriation of \$1.0 million of general fund to support the activities of the Montana 250th Commission
- An increase of 1.00 PB and approximately \$96,000 in FY 2026 and \$93,000 in FY 2027 of state special revenue funding to employ a database administrator
- A restricted one-time-only state special revenue fund appropriation of \$50,000 in FY 2026 to extend the lease of facilities while renovations continue at the Heritage Center and Veteran's Building
- Statewide present law adjustments. Personal services appropriations increased by approximately \$46,000 in FY 2026 and \$49,000 in FY 2027. These were offset by reductions to fixed costs amounting to approximately \$50,000 in FY 2026 and \$29,000 in FY 2027

The legislature approved a fund switch from general fund appropriations to state special revenue. As of January 1, 2025, the Administration Program receives funding from the 4.0% sales tax on accommodations and campgrounds, which is deposited in the Montana Heritage Center operations account. The switch decreased general fund appropriations by approximately \$1.3 million in FY 2026 and in FY 2027 and increased general fund state special revenue appropriations by the same amount

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	1,332,301	1,836,561	2,335,224	2,474,800	2,478,035
Operating Expenses	533,300	689,480	1,014,911	1,359,516	877,792
Grants	0	0	0	500,000	0
Transfers	10,000	10,000	0	0	0
Debt Service	138,108	138,108	0	50,000	0
Total Expenditures	\$2,013,709	\$2,674,149	\$3,350,135	\$4,384,316	\$3,355,827
General Fund	1,506,727	1,745,908	1,682,172	1,262,222	283,700
State/Other Special Rev. Funds	171,384	498,509	1,154,651	2,606,939	2,556,842
Federal Spec. Rev. Funds	109,817	131,026	141,812	141,812	141,812
Proprietary Funds	225,781	298,706	371,500	373,343	373,473
Total Funds	\$2,013,709	\$2,674,149	\$3,350,135	\$4,384,316	\$3,355,827
Total Ongoing	\$1,878,886	\$2,539,326	\$3,242,600	\$3,334,316	\$3,355,827
Total OTO	\$134,823	\$134,823	\$107,535	\$1,050,000	\$0

Funding

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

Montana Historical Society, 01-Administration Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,545,922	0	0	1,545,922	19.33 %
02041 MHS Membership	0	0	258,878	258,878	4.77 %
02188 Senate Art	3,458	0	0	3,458	0.06 %
02850 Montana Heritage Center Operat	3,349,008	0	0	3,349,008	61.76 %
02853 Accommodation Tax	1,811,315	0	0	1,811,315	33.40 %
State Special Total	\$5,163,781	\$0	\$258,878	\$5,422,659	67.79 %
03021 Historic Sites Preservation	283,624	0	0	283,624	100.00 %
Federal Special Total	\$283,624	\$0	\$0	\$283,624	3.55 %
06071 Merchandise - Historical Soc	669,460	0	0	669,460	89.64 %
06073 Historical Society Management	77,356	0	0	77,356	10.36 %
Proprietary Total	\$746,816	\$0	\$0	\$746,816	9.34 %
Total All Funds	\$7,740,143	\$0	\$258,878	\$7,999,021	

HB 2 Appropriations

The Administration Program is primarily funded in HB 2 with general fund and state special revenue funds. As of January 1, 2025, the program receives funding from the 4.0% sales tax on accommodations and campgrounds for the operations and maintenance of the Montana Heritage Center. The program receives additional funding from the lodging facilities use tax for historical interpretation and the Scriver collection. The program receives a small amount of state special revenue from the sale of Lewis and Clark medallions and bronze replicas of the "We Proceeded On" bronze relief located in the Senate chamber. This state special revenue funding is used for the care and maintenance of the original bronze relief.

The program also receives proprietary funds from museum entrance fees, lobby rentals, and merchandise sales.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Administration Program 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	1,574,637	1,154,651	141,812	3,242,600	74.0%	1,574,637	1,154,651	141,812	3,242,600	96.6%
Statewide PL										
Personal Services	21,868	22,369	0	46,080	1.1%	23,921	23,420	0	49,314	1.5%
Fixed Costs	(50,266)	0	0	(50,266)	(1.1%)	(29,190)	0	0	(29,190)	(0.9%)
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	(28,398)	22,369	0	(4,186)	(0.1%)	(5,269)	23,420	0	20,124	0.6%
Present Law (PL)	(394)	0	0	(394)	(0.0%)	(394)	0	0	(394)	(0.0%)
New Proposals	(283,623)	1,429,919	0	1,146,296	26.1%	(1,285,274)	1,378,771	0	93,497	2.8%
Total HB 2 Adjustments	(312,415)	1,452,288	0	1,141,716	26.0%	(1,290,937)	1,402,191	0	113,227	3.4%
Total Budget	1,262,222	2,606,939	141,812	4,384,316		283,700	2,556,842	141,812	3,355,827	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	21,868	22,369	0	46,080	0.00	23,921	23,420	0	49,314
DP 2 - Fixed Costs	0.00	(50,266)	0	0	(50,266)	0.00	(29,190)	0	0	(29,190)
DP 17 - Standard Budget Adjustment	0.00	0	0	0	0	0.00	0	0	0	0
DP 22 - Fixed Cost Adjustment for Robert's Rules	0.00	(394)	0	0	(394)	0.00	(394)	0	0	(394)
Grand Total All Present Law Adjustments	0.00	(\$28,792)	\$22,369	\$0	(\$4,580)	0.00	(\$5,663)	\$23,420	\$0	\$19,730

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 17 - Standard Budget Adjustment -

The legislature approved a zero-impact decision package that moves funding from the state special revenue accommodations tax fund to the state special revenue Montana Heritage Center operations account in 22-3-1304, MCA, to be used only for expenses incurred in the operation and maintenance of the Montana Heritage Center, which may include the Veterans' and Pioneer Memorial Building. This funding was miscoded in the agency standard budget which developed the starting point for the 2027 biennium budget.

DP 22 - Fixed Cost Adjustment for Robert's Rules -

The legislature adopted an adjustment to fixed costs that removed new appropriations for Robert's Rules of Order training included in DP 2.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 11 - Fund Switch to O&M Accom Tax	0.00	(1,283,623)	1,283,623	0	0	0.00	(1,285,274)	1,285,274	0	0
DP 18 - Temporary Relocation Rent (RST/OTO)	0.00	0	50,000	0	50,000	0.00	0	0	0	0
DP 19 - Montana 250th Commission (RST/BIEN/OTO)	0.00	1,000,000	0	0	1,000,000	0.00	0	0	0	0
DP 5170101 - Museum CSM Database Manager	1.00	0	96,296	0	96,296	1.00	0	93,497	0	93,497
Total	1.00	(\$283,623)	\$1,429,919	\$0	\$1,146,296	1.00	(\$1,285,274)	\$1,378,771	\$0	\$93,497

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

DP 11 - Fund Switch to O&M Accom Tax -

The legislature adopted a switch in funding from general fund to the Montana Heritage Center operations state special revenue fund. 15-68-820, MCA, directs 6.0% of the accommodation sales and use tax to MTHS for operation and maintenance of the Montana Heritage Center beginning January 1, 2025. The change does not move funding between expenditure accounts (i.e. personal services or operating expenses). It is intended to provide authority for the MTHS to be able to utilize the Montana Heritage Center operations fund for eligible personal services, associated PB, and operating expenses as necessary.

DP 18 - Temporary Relocation Rent (RST/OTO) -

The legislature adopted an appropriation of restricted one-time-only state special revenue fund of \$50,000 in FY 2026 to extend the lease of facilities while renovations continue at the Heritage Center and Veteran's Building.

DP 19 - Montana 250th Commission (RST/BIEN/OTO) -

The legislature adopted a restricted, biennial, one-time-only appropriation for the Montana 250th Commission. This appropriation will support programs and grants in which the commission is engaging in order to promote civic engagement and increase public awareness of United States and Montana government and history, including the history of tribal nations, leading up to the United States semiquincentennial. At least \$500,000 of the Montana 250th Commission appropriation must be used for educational purposes.

DP 5170101 - Museum CSM Database Manager -

Contingent on passage and approval of related customer service management (CSM) software in HB 10, the legislature approved 1.00 PB for a database administrator to manage the CSM. This includes one-time-only funding in FY 2027 of \$2,800 for the new employee office package. This is funded by state special revenue Montana Heritage operations accommodations tax.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	16.50	16.50	16.50	0.00	0.0%
General Fund	1,205,140	702,489	706,608	(1,001,183)	(41.5%)
State/Other Special Rev. Funds	762,666	1,651,346	1,701,953	1,827,967	119.8%
Proprietary Funds	35,220	35,220	35,220		0.0%
Total Funds	2,003,026	2,389,055	2,443,781	826,784	20.6%
Personal Services	1,254,096	1,334,566	1,338,136	164,510	6.6%
Operating Expenses	660,839	966,398	1,017,554	662,274	50.1%
Equipment & Intangible Assets	88,091	88,091	88,091		0.0%
Total Expenditures	2,003,026	2,389,055	2,443,781	826,784	20.6%
Total Ongoing	2,003,026	2,264,055	2,268,781	526,784	13.1%
Total One-Time-Only		125,000	175,000	300,000	0.0%

Program Description

The Library and Archives Program consists of the library, archives, and photograph archives functions. This program acquires, organizes, preserves, makes accessible to the public, and assists researchers with published materials, historic records and manuscripts, photographs and related media, digitized materials available online, and oral histories illustrative of the history of Montana and the surrounding region. By statute, this program houses the official archives of state government.

Program Highlights

**Library and Archives Program
Major Budget Highlights**

The Library and Archives Program's 2027 biennium budget is approximately \$827,000 or 20.6% higher than the FY 2025 base budget. Significant changes include:

- Appropriations of \$250,000 state special revenue funds in each fiscal year from the Heritage Center operations account.
- Appropriations of \$125,000 in FY 2026 and \$175,000 in FY 2027 for contingency state special revenue funds from the Heritage Center operations account. Expenditures are contingent on need and shall be used for unforeseen and unbudgeted operations and maintenance expenses
- Statewide present law adjustments which total approximately \$12,000 in FY 2026 and \$16,000 in FY 2027:
 - The statewide personal services adjustment increases appropriations by \$80,000 in FY 2026 and by \$84,000 in FY 2027
 - The statewide fixed costs adjustment decreases appropriations by \$69,000 in FY 2026 and by \$68,000 in FY 2027

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	883,967	1,026,975	1,254,096	1,334,566	1,338,136
Operating Expenses	491,110	572,760	660,839	966,398	1,017,554
Equipment & Intangible Assets	109,500	138,091	88,091	88,091	88,091
Total Expenditures	\$1,484,577	\$1,737,826	\$2,003,026	\$2,389,055	\$2,443,781
General Fund	1,183,008	1,312,328	1,205,140	702,489	706,608
State/Other Special Rev. Funds	274,047	390,273	762,666	1,651,346	1,701,953
Proprietary Funds	27,522	35,225	35,220	35,220	35,220
Total Funds	\$1,484,577	\$1,737,826	\$2,003,026	\$2,389,055	\$2,443,781
Total Ongoing	\$1,436,577	\$1,689,826	\$2,003,026	\$2,264,055	\$2,268,781
Total OTO	\$48,000	\$48,000	\$0	\$125,000	\$175,000

Funding

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

Montana Historical Society, 02-Library and Archives Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,409,097	0	0	1,409,097	29.16 %
02850 Montana Heritage Center Operat	2,405,584	0	0	2,405,584	71.74 %
02853 Accommodation Tax	947,715	0	0	947,715	28.26 %
State Special Total	\$3,353,299	\$0	\$0	\$3,353,299	69.39 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
06072 MHS Photo Archives Enterprise	33,628	0	0	33,628	47.74 %
06076 MHS Library Enterprise Funds	36,812	0	0	36,812	52.26 %
Proprietary Total	\$70,440	\$0	\$0	\$70,440	1.46 %
Total All Funds	\$4,832,836	\$0	\$0	\$4,832,836	

HB 2 Appropriations

The Library and Archives Program is primarily funded with state special revenue. The program receives state special revenue from the lodging sales tax for the operations and maintenance of the Montana Heritage Center, lodging facility use tax for historical interpretation and the Robert Sriver collection, and funding from two proprietary funds that receive revenue from the sale of historical photo reproductions and images and research requests. It also receives general fund, which accounts for approximately one third of the program's biennial budget.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Library and Archives Program 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	1,205,140	762,666	0	2,003,026	83.8%	1,205,140	762,666	0	2,003,026	82.0%
Statewide PL										
Personal Services	66,790	13,680	0	80,470	3.4%	69,753	14,287	0	84,040	3.4%
Fixed Costs	(68,860)	0	0	(68,860)	(2.9%)	(67,704)	0	0	(67,704)	(2.8%)
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	(2,070)	13,680	0	11,610	0.5%	2,049	14,287	0	16,336	0.7%
Present Law (PL)	(581)	0	0	(581)	(0.0%)	(581)	0	0	(581)	(0.0%)
New Proposals	(500,000)	875,000	0	375,000	15.7%	(500,000)	925,000	0	425,000	17.4%
Total HB 2 Adjustments	(502,651)	888,680	0	386,029	16.2%	(498,532)	939,287	0	440,755	18.0%
Total Budget	702,489	1,651,346	0	2,389,055		706,608	1,701,953	0	2,443,781	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	66,790	13,680	0	80,470	0.00	69,753	14,287	0	84,040
DP 2 - Fixed Costs	0.00	(68,860)	0	0	(68,860)	0.00	(67,704)	0	0	(67,704)
DP 17 - Standard Budget Adjustment	0.00	0	0	0	0	0.00	0	0	0	0
DP 22 - Fixed Cost Adjustment for Robert's Rules	0.00	(581)	0	0	(581)	0.00	(581)	0	0	(581)
Grand Total All Present Law Adjustments	0.00	(\$2,651)	\$13,680	\$0	\$11,029	0.00	\$1,468	\$14,287	\$0	\$15,755

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 17 - Standard Budget Adjustment -

The legislature adopted a zero-impact decision package that moves funding from the state special revenue accommodations tax fund to the state special revenue Montana Heritage Center operations account in 22-3-1304, MCA, to be used only for expenses incurred in the operation and maintenance of the Montana Heritage Center, which may include the Veterans' and Pioneer Memorial Building. This funding was miscoded in the agency standard budget which developed the starting point for the 2027 biennium budget.

DP 22 - Fixed Cost Adjustment for Robert's Rules -

The legislature adopted an adjustment to fixed costs that removed new appropriations for Robert's Rules of Order training included in DP 2.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals										
-----Fiscal 2026-----						-----Fiscal 2027-----				
PB	General Fund	State Special	Federal Special	Total Funds		PB	General Fund	State Special	Federal Special	Total Funds
DP 13 - Fund Switch from General Fund to State Special Revenue										
0.00	(500,000)	500,000	0	0		0.00	(500,000)	500,000	0	0
DP 14 - Heritage Center Operations Account Appropriation										
0.00	0	250,000	0	250,000		0.00	0	250,000	0	250,000
DP 15 - Contingency O&M Funds (OTO)										
0.00	0	125,000	0	125,000		0.00	0	175,000	0	175,000
Total	0.00	(\$500,000)	\$875,000	\$0	\$375,000	0.00	(\$500,000)	\$925,000	\$0	\$425,000

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

DP 13 - Fund Switch from General Fund to State Special Revenue -

The legislature adopted a funding switch to replace general fund appropriations with funds from the Montana Heritage Center operations state special revenue fund. The change does not move funding between expenditure accounts (i.e. personal services or operating expenses). It is intended to provide authority for the MTHS to be able to utilize the Montana Heritage Center operations fund for eligible personal services, associated PB, and operating expenses as necessary.

DP 14 - Heritage Center Operations Account Appropriation -

The legislature adopted increased appropriations of ongoing operating expenses to the Montana Heritage Center operations state special revenue fund. This appropriation will be primarily used for support of increased General Services Division (GSD) services and other operational and maintenance costs.

DP 15 - Contingency O&M Funds (OTO) -

The legislature adopted one-time-only appropriations of operating expenses to the Montana Heritage Center operations state special revenue fund. Appropriations may only be utilized for unforeseen and unbudgeted operations and maintenance costs, outside of the scope of the agency's regular operating appropriation.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	11.75	11.75	11.75	0.00	0.0%
General Fund	457,179	364,575	366,869	(182,914)	(20.0%)
State/Other Special Rev. Funds	1,142,129	1,602,194	1,652,591	970,527	42.5%
Proprietary Funds	3,079	3,079	3,079		0.0%
Total Funds	1,602,387	1,969,848	2,022,539	787,613	24.6%
Personal Services	928,682	952,855	953,688	49,179	2.6%
Operating Expenses	478,996	822,284	874,142	738,434	77.1%
Equipment & Intangible Assets	6,795	6,795	6,795		0.0%
Debt Service	187,914	187,914	187,914		0.0%
Total Expenditures	1,602,387	1,969,848	2,022,539	787,613	24.6%
Total Ongoing	1,602,387	1,844,848	1,847,539	487,613	15.2%
Total One-Time-Only		125,000	175,000	300,000	0.0%

Program Description

The Museum Program collects, preserves, and interprets the history of Montana through its material culture by collecting fine art and historical, archaeological, and ethnological artifacts from Montana and the general geographic region. The program interprets its collections through exhibits, tours, and traveling exhibits. The program also coordinates with the society's education program to orchestrate events, programs, and materials on Montana history for learners of all ages.

Program Highlights

Museum Program Major Budget Highlights	
<p>The Museum Program's 2027 biennium budget is approximately \$788,000 or 24.6% higher than the FY 2025 base budget. Significant legislative changes include:</p> <ul style="list-style-type: none"> • Appropriations of \$250,000 state special revenue funds in each fiscal year from the Heritage Center operations account. • Appropriations of \$125,000 in FY 2026 and \$175,000 in FY 2027 for contingency state special revenue funds from the Heritage Center Operations Account. These would be contingent on need and used for unforeseen and unbudgeted operations and maintenance expenses • Statewide present law personal services adjustments that increase appropriations by approximately \$49,000 over the 2027 biennium. These are split between general fund and state special revenue fund • Statewide present law fixed cost adjustments that decrease general fund appropriations by approximately \$57,000 over the 2027 biennium <p>A fund switch increased appropriations from the state special revenue Montana heritage center account and decreased general fund appropriations by \$79,000 in both FY 2026 and FY 2027.</p>	

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	604,902	691,688	928,682	952,855	953,688
Operating Expenses	540,086	575,525	478,996	822,284	874,142
Equipment & Intangible Assets	5,848	6,795	6,795	6,795	6,795
Debt Service	174,500	187,914	187,914	187,914	187,914
Total Expenditures	\$1,325,336	\$1,461,922	\$1,602,387	\$1,969,848	\$2,022,539
General Fund	675,048	725,083	457,179	364,575	366,869
State/Other Special Rev. Funds	647,917	733,760	1,142,129	1,602,194	1,652,591
Proprietary Funds	2,371	3,079	3,079	3,079	3,079
Total Funds	\$1,325,336	\$1,461,922	\$1,602,387	\$1,969,848	\$2,022,539
Total Ongoing	\$1,315,344	\$1,436,922	\$1,602,387	\$1,844,848	\$1,847,539
Total OTO	\$9,992	\$25,000	\$0	\$125,000	\$175,000

Funding

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

Montana Historical Society, 03-Museum Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	731,444	0	0	731,444	13.77 %
02045 Original Governor's Mansion	0	0	5,772	5,772	0.13 %
02123 Sites & Signs	0	0	1,187,693	1,187,693	25.96 %
02850 Montana Heritage Center Operat	1,856,256	0	0	1,856,256	40.58 %
02853 Accommodation Tax	1,398,529	0	0	1,398,529	30.57 %
02986 Lewis & Clark License Plates	0	0	126,200	126,200	2.76 %
State Special Total	\$3,254,785	\$0	\$1,319,665	\$4,574,450	86.11 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
06077 MHS Museum Enterprise Funds	6,158	0	0	6,158	100.00 %
Proprietary Total	\$6,158	\$0	\$0	\$6,158	0.12 %
Total All Funds	\$3,992,387	\$0	\$1,319,665	\$5,312,052	

HB 2 Appropriations

The Museum Program is primarily funded in HB 2 with state special revenue sourced from Montana Heritage Center operations state special revenue fund, the Historical Interpretation state special revenue fund, and general fund. State special revenue funds are sourced from lodging sales tax disbursements. This program also has proprietary funding, which receives revenue from the sale of books, copies, and photographs, as well as the rental of traveling exhibits.

Statutory Appropriations

The Museum Program has several state special revenue funds that are statutorily appropriated. These include:

- The original Governor's mansion account, which is established in 22-3-117, MCA. It receives revenues from tours of the mansion and the funding must be used for the improvement, development, and operation of the original Governor's mansion
- The sites and signs account, which is established in 15-65-121(2)(a), MCA. This fund receives 1.0% of the lodging facility use tax for the installation or maintenance of roadside historical signs and historic sites

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Museum Program 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	457,179	1,142,129	0	1,602,387	81.3%	457,179	1,142,129	0	1,602,387	79.2%
Statewide PL										
Personal Services	16,196	7,977	0	24,173	1.2%	16,754	8,252	0	25,006	1.2%
Fixed Costs	(29,545)	0	0	(29,545)	(1.5%)	(27,771)	0	0	(27,771)	(1.4%)
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	(13,349)	7,977	0	(5,372)	(0.3%)	(11,017)	8,252	0	(2,765)	(0.1%)
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	(79,255)	452,088	0	372,833	18.9%	(79,293)	502,210	0	422,917	20.9%
Total HB 2 Adjustments	(92,604)	460,065	0	367,461	18.7%	(90,310)	510,462	0	420,152	20.8%
Total Budget	364,575	1,602,194	0	1,969,848		366,869	1,652,591	0	2,022,539	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	16,196	7,977	0	24,173	0.00	16,754	8,252	0	25,006
DP 2 - Fixed Costs	0.00	(29,545)	0	0	(29,545)	0.00	(27,771)	0	0	(27,771)
DP 17 - Standard Budget Adjustment	0.00	0	0	0	0	0.00	0	0	0	0
Grand Total All Present Law Adjustments	0.00	(\$13,349)	\$7,977	\$0	(\$5,372)	0.00	(\$11,017)	\$8,252	\$0	(\$2,765)

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 17 - Standard Budget Adjustment -

The legislature adopted a zero-impact decision package that moves funding from the state special revenue accommodations tax fund to the state special revenue Montana Heritage Center operations account in 22-3-1304, MCA, to be used only for expenses incurred in the operation and maintenance of the Montana Heritage Center, which may include the Veterans' and Pioneer Memorial Building. This funding was miscoded in the agency standard budget which developed the starting point for the 2027 biennium budget.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 11 - Fund Switch to O&M Accom Tax	0.00	(79,255)	79,255	0	0	0.00	(79,293)	79,293	0	0
DP 14 - Heritage Center Operations Account Appropriation	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000
DP 15 - Contingency O&M Funds (OTO)	0.00	0	125,000	0	125,000	0.00	0	175,000	0	175,000
DP 16 - Fund Switch to Accommodations Tax	0.00	0	0	0	0	0.00	0	0	0	0
DP 1800 - Repeal Lewis & Clark Bicentennial License Plate Program	0.00	0	(2,167)	0	(2,167)	0.00	0	(2,083)	0	(2,083)
Total	0.00	(\$79,255)	\$452,088	\$0	\$372,833	0.00	(\$79,293)	\$502,210	\$0	\$422,917

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

DP 11 - Fund Switch to O&M Accommod Tax -

The legislature adopted a switch in funding from general fund to the Montana Heritage Center operations state special revenue fund. 15-68-820, MCA, directs 6.0% of the accommodation sales and use tax to MTHS for operation and maintenance of the Montana Heritage Center beginning January 1, 2025. The change does not move funding between expenditure accounts (i.e. personal services or operating expenses). It is intended to provide authority for the MTHS to be able to utilize the Montana Heritage Center operations fund for eligible personal services, associated PB, and operating expenses as necessary.

DP 14 - Heritage Center Operations Account Appropriation -

The legislature adopted increased appropriations of ongoing operating expenses to the Montana Heritage Center operations state special revenue fund. This appropriation will be primarily used for support of increased GSD services and other operational and maintenance costs.

DP 15 - Contingency O&M Funds (OTO) -

The legislature adopted one-time-only appropriations of operating expenses to the Montana Heritage Center operations state special revenue fund. Appropriations may only be utilized for unforeseen and unbudgeted operations and maintenance costs, outside of the scope of the agency's regular operating appropriation.

DP 16 - Fund Switch to Accommodations Tax -

The legislature adopted a zero-impact decision package that moves funding from the state special revenue accommodations tax fund to the state special revenue Montana Heritage Center operations account in 22-3-1304, MCA, to be used only for expenses incurred in the operation and maintenance of the Montana Heritage Center, which may include the Veterans' and Pioneer Memorial Building.

DP 1800 - Repeal Lewis & Clark Bicentennial License Plate Program -

HB 2 includes language that directs the Historical Society's state special revenue appropriations to be decreased should HB 641 pass. Since the Lewis & Clark Bicentennial License Plate Program was statutorily appropriated, this change package reduces appropriation authority from the Montana Heritage operations fund.

Program Base Budget Comparison

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

Program Base Budget Comparison						
Budget Item	Base Budget FY 2025	Adopted Budget		Biennium Change from Base		
		FY 2026	FY 2027	Amount	Percent	
PB	5.00	5.00	5.00	0.00	0.0%	
General Fund	281,790	305,266	305,446	47,132	8.4%	
Proprietary Funds	385,183	379,739	379,942	(10,685)	(1.4%)	
Total Funds	666,973	685,005	685,388	36,447	2.7%	
Personal Services	390,227	429,353	429,653	78,552	10.1%	
Operating Expenses	276,746	255,652	255,735	(42,105)	(7.6%)	
Total Expenditures	666,973	685,005	685,388	36,447	2.7%	
Total Ongoing	666,973	685,005	685,388	36,447	2.7%	
Total One-Time-Only					0.0%	

Program Description

The Publications Program promotes the study of Montana history and education through lectures, publications, and curriculum materials. The program publishes quarterly editions of the magazine *Montana The Magazine of Western History*. It also publishes books under the Montana Historical Society Press imprint.

Program Highlights

Publications Program Major Budget Highlights	
<p>The Publications Program's 2027 biennium budget is approximately \$36,000, or 2.7% higher than the FY 2025 base budget. Changes include:</p> <ul style="list-style-type: none"> Increases of \$39,000 in both FY 2026 and FY 2027 for statewide present law personal services adjustments Decreases of \$21,000 in both FY 2026 and FY 2027 for statewide present law fixed cost adjustments 	

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	392,976	395,154	390,227	429,353	429,653
Operating Expenses	208,788	253,655	276,746	255,652	255,735
Total Expenditures	\$601,764	\$648,809	\$666,973	\$685,005	\$685,388
General Fund	289,863	292,365	281,790	305,266	305,446
Proprietary Funds	311,901	356,444	385,183	379,739	379,942
Total Funds	\$601,764	\$648,809	\$666,973	\$685,005	\$685,388
Total Ongoing	\$601,764	\$648,809	\$666,973	\$685,005	\$685,388
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

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

Montana Historical Society, 04-Publications Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	610,712	0	0	610,712	44.56 %
State Special Total	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
06002 MHS Publications Enterprise	759,681	0	0	759,681	100.00 %
Proprietary Total	\$759,681	\$0	\$0	\$759,681	55.44 %
Total All Funds	\$1,370,393	\$0	\$0	\$1,370,393	

HB 2 Appropriations

The Publications Program is funded with general fund and proprietary funds. The proprietary fund receives revenues from subscription sales for the magazine and sales of books published by the program.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Publications Program 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	281,790	0	0	666,973	97.4%	281,790	0	0	666,973	97.3%
Statewide PL										
Personal Services	23,476	0	0	39,126	5.7%	23,656	0	0	39,426	5.8%
Fixed Costs	0	0	0	(21,094)	(3.1%)	0	0	0	(21,011)	(3.1%)
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	23,476	0	0	18,032	2.6%	23,656	0	0	18,415	2.7%
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%
Total HB 2 Adjustments	23,476	0	0	18,032	2.6%	23,656	0	0	18,415	2.7%
Total Budget	305,266	0	0	685,005		305,446	0	0	685,388	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	23,476	0	0	39,126	0.00	23,656	0	0	39,426
DP 2 - Fixed Costs										
	0.00	0	0	0	(21,094)	0.00	0	0	0	(21,011)
Grand Total All Present Law Adjustments										
	0.00	\$23,476	\$0	\$0	\$18,032	0.00	\$23,656	\$0	\$0	\$18,415

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	6.91	6.91	6.91	0.00	0.0%
General Fund	341,164	338,836	339,345	(4,147)	(0.6%)
State/Other Special Rev. Funds	361,517	387,132	387,361	51,459	7.1%
Proprietary Funds	26,980	26,980	26,980		0.0%
Total Funds	729,661	752,948	753,686	47,312	3.2%
Personal Services	464,358	528,396	528,969	128,649	13.9%
Operating Expenses	265,303	224,552	224,717	(81,337)	(15.3%)
Total Expenditures	729,661	752,948	753,686	47,312	3.2%
Total Ongoing	729,661	752,948	753,686	47,312	3.2%
Total One-Time-Only					0.0%

Program Description

The Outreach and Education Program is comprised of three primary activities: outreach and interpretation, historic signs, and the volunteer program. The Outreach and Education Program provides educational public programming of all types, both at the society's headquarters and throughout the state, for a wide range of audiences; plans and produces educational publications, curriculum materials, and instructional literature for broad distribution; plans and produces interpretive, place-based publications, articles, brochures, and tours for statewide distribution/implementation; reference services to the general public, teachers, students, technical users, and other like-minded institutions and organizations; oversees the National Register Sign Program for the State of Montana, producing interpretive signage for eligible structures and sites in all parts of the state; assists in the planning, production, and placement of non-register permanent and/or temporary signage in all parts of the state; and oversees the society's volunteer program, coordinating volunteers, and volunteer activities society wide.

Program Highlights

Outreach and Education Program Major Budget Highlights
<p>The Outreach and Education Program's 2027 biennium budget is approximately \$47,000, or 3.2% higher than the FY 2025 base budget. Significant changes include:</p> <ul style="list-style-type: none"> Increased personal services appropriations of \$129,000 throughout the 2027 biennium due to statewide present law personal services adjustments Decreased operating expenses appropriations of \$81,000 throughout the 2027 biennium due to statewide present law fixed cost adjustments

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	366,044	442,561	464,358	528,396	528,969
Operating Expenses	211,490	238,263	265,303	224,552	224,717
Total Expenditures	\$577,534	\$680,824	\$729,661	\$752,948	\$753,686
General Fund	356,841	361,856	341,164	338,836	339,345
State/Other Special Rev. Funds	206,025	292,100	361,517	387,132	387,361
Proprietary Funds	14,668	26,868	26,980	26,980	26,980
Total Funds	\$577,534	\$680,824	\$729,661	\$752,948	\$753,686
Total Ongoing	\$577,534	\$680,824	\$729,661	\$752,948	\$753,686
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

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

Montana Historical Society, 05-Outreach and Education Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	678,181	0	0	678,181	32.03 %
02123 Sites & Signs	0	0	610,406	610,406	44.08 %
02853 Accommodation Tax	774,493	0	0	774,493	55.92 %
State Special Total	\$774,493	\$0	\$610,406	\$1,384,899	65.42 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
06022 MHS Education Enterprise Funds	53,960	0	0	53,960	100.00 %
Proprietary Total	\$53,960	\$0	\$0	\$53,960	2.55 %
Total All Funds	\$1,506,634	\$0	\$610,406	\$2,117,040	

HB 2 Appropriations

The Education Program is primarily funded in HB 2 with general fund and the accommodation tax state special revenue fund. This program also has proprietary funds, which receive revenue from:

- The Montana Historical Conference; the revenues are used for expenses associated with the conference
- Special tours; revenues are used for operating expenses associated with the tours
- Elementary and middle school textbook sales; revenues are used for expenses related to textbook reproduction and teacher training

Statutory Appropriations

The Education Program has one state special revenue fund that is statutorily appropriated. The sites and signs fund established in 15-65-121(2)(a), MCA receives 1.0% of the lodging facility use tax for the installation or maintenance of roadside historical signs and historic sites.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

Outreach and Education Program 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	341,164	361,517	0	729,661	96.9%	341,164	361,517	0	729,661	96.8%
Statewide PL										
Personal Services	38,423	25,615	0	64,038	8.5%	38,767	25,844	0	64,611	8.6%
Fixed Costs	(40,453)	0	0	(40,453)	(5.4%)	(40,288)	0	0	(40,288)	(5.3%)
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	(2,030)	25,615	0	23,585	3.1%	(1,521)	25,844	0	24,323	3.2%
Present Law (PL)	(298)	0	0	(298)	(0.0%)	(298)	0	0	(298)	(0.0%)
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	(2,328)	25,615	0	23,287	3.1%	(1,819)	25,844	0	24,025	3.2%
Total Budget	338,836	387,132	0	752,948		339,345	387,361	0	753,686	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	38,423	25,615	0	64,038	0.00	38,767	25,844	0	64,611
DP 2 - Fixed Costs	0.00	(40,453)	0	0	(40,453)	0.00	(40,288)	0	0	(40,288)
DP 22 - Fixed Cost Adjustment for Robert's Rules	0.00	(298)	0	0	(298)	0.00	(298)	0	0	(298)
Grand Total All Present Law Adjustments	0.00	(\$2,328)	\$25,615	\$0	\$23,287	0.00	(\$1,819)	\$25,844	\$0	\$24,025

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 22 - Fixed Cost Adjustment for Robert's Rules -

The legislature adopted an adjustment to fixed costs that removed new appropriations for Robert's Rules of Order training included in DP 2.

Program Base Budget Comparison

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

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Adopted Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	8.00	8.00	8.00	0.00	0.0%
Federal Spec. Rev. Funds	882,289	871,323	873,422	(19,833)	(1.1%)
Proprietary Funds	224,565	224,565	224,565	0.00	0.0%
Total Funds	1,106,854	1,095,888	1,097,987	(19,833)	(0.9%)
Personal Services	645,685	689,602	691,438	89,670	6.9%
Operating Expenses	374,049	319,166	319,429	(109,503)	(14.6%)
Grants	87,120	87,120	87,120	0.00	0.0%
Total Expenditures	1,106,854	1,095,888	1,097,987	(19,833)	(0.9%)
Total Ongoing	1,106,854	1,095,888	1,097,987	(19,833)	(0.9%)
Total One-Time-Only					0.0%

Program Description

The State Historic Preservation Office administers the Montana Antiquities Act and Montana's participation in the National Historic Preservation Act of 1966, as amended. Staff provide technical assistance to all Montana property owners, including agencies, organizations, and the public. Staff maintain a statewide inventory of recorded historic and archaeological sites; review state agencies' compliance with the state Antiquities Act; review and comment on all proposed federally funded or permitted projects within the state to determine their effect on properties listed or eligible for listing in the National Register of Historic Places; and administer the National Register of Historic Places Program in Montana through the State Preservation Review Board. The office recommends certification of historic structures and rehabilitation projects for federal tax credits to citizens and businesses, as authorized by the Tax Reform Act of 1976. The program awards and administers pass-through federal grants to local governments participating in the federal Certified Local Government Program and may also award funds for historic survey and planning for historic areas and for bricks-and-mortar rehabilitation when funds are available.

Program Highlights

State Historic Preservation Office Program Major Budget Highlights
<p>The State Historic Preservation Office (SHIPO) Program's 2027 biennium budget is approximately \$20,000, or 0.9% less than the FY 2025 base budget. Changes include:</p> <ul style="list-style-type: none"> • Statewide present law personal services increase of \$90,000 through the 2027 biennium • Statewide present law fixed cost decrease of \$110,000 through the 2027 biennium

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the adopted budget 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	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	672,952	707,683	645,685	689,602	691,438
Operating Expenses	188,041	255,885	374,049	319,166	319,429
Grants	86,978	87,120	87,120	87,120	87,120
Total Expenditures	\$947,971	\$1,050,688	\$1,106,854	\$1,095,888	\$1,097,987
General Fund	2,633	2,632	0	0	0
Federal Spec. Rev. Funds	769,597	851,319	882,289	871,323	873,422
Proprietary Funds	175,741	196,737	224,565	224,565	224,565
Total Funds	\$947,971	\$1,050,688	\$1,106,854	\$1,095,888	\$1,097,987
Total Ongoing	\$947,971	\$1,050,688	\$1,106,854	\$1,095,888	\$1,097,987
Total OTO	\$0	\$0	\$0	\$0	\$0

Funding

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

Montana Historical Society, 06-State Historic Preservation Office Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	0	0	0	0	0.00 %
State Special Total	\$0	\$0	\$0	\$0	0.00 %
03021 Historic Sites Preservation	1,744,745	0	0	1,744,745	100.00 %
Federal Special Total	\$1,744,745	\$0	\$0	\$1,744,745	79.53 %
06013 SHPO ENTERPRISE FUND	449,130	0	0	449,130	100.00 %
Proprietary Total	\$449,130	\$0	\$0	\$449,130	20.47 %
Total All Funds	\$2,193,875	\$0	\$0	\$2,193,875	

HB 2 Appropriations

The Historic Preservation Program is primarily funded with federal special revenue. This funding is from the National Parks Service for historic site preservation. The program also receives funding from a proprietary fund. The proprietary fund receives revenue from fees for historical preservation assistance and services and is used to enhance and maintain the agency's antiquities database.

Legislative Budget

The following table shows the base budget and the statewide present law adjustments, present law adjustments, and new proposals adopted by the legislature by source of funding.

State Historic Preservation Office Program 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget	General Fund	State Special	Federal Special	Total Funds	% of Budget
Base Budget	0	0	882,289	1,106,854	101.0%	0	0	882,289	1,106,854	100.8%
Statewide PL										
Personal Services	0	0	43,917	43,917	4.0%	0	0	45,753	45,753	4.2%
Fixed Costs	0	0	(54,246)	(54,246)	(5.0%)	0	0	(54,081)	(54,081)	(4.9%)
Inflation Deflation	0	0	(301)	(301)	(0.0%)	0	0	(203)	(203)	(0.0%)
Total Statewide PL	0	0	(10,630)	(10,630)	(1.0%)	0	0	(8,531)	(8,531)	(0.8%)
Present Law (PL)	0	0	(336)	(336)	(0.0%)	0	0	(336)	(336)	(0.0%)
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	0	(10,966)	(10,966)	(1.0%)	0	0	(8,867)	(8,867)	(0.8%)
Total Budget	0	0	871,323	1,095,888		0	0	873,422	1,097,987	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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	43,917	43,917	0.00	0	0	45,753	45,753
DP 2 - Fixed Costs	0.00	0	0	(54,246)	(54,246)	0.00	0	0	(54,081)	(54,081)
DP 3 - Inflation Deflation	0.00	0	0	(301)	(301)	0.00	0	0	(203)	(203)
DP 22 - Fixed Cost Adjustment for Robert's Rules	0.00	0	0	(336)	(336)	0.00	0	0	(336)	(336)
Grand Total All Present Law Adjustments	0.00	\$0	\$0	(\$10,966)	(\$10,966)	0.00	\$0	\$0	(\$8,867)	(\$8,867)

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget.

DP 2 - Fixed Costs -

The legislature adopted adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 legislature adopted 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.

DP 22 - Fixed Cost Adjustment for Robert's Rules -

The legislature adopted an adjustment to fixed costs that removed new appropriations for Robert's Rules of Order training included in DP 2.