

**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	27.53	27.53	27.53	0.00	0.0%
Proprietary Funds	3,806,145	3,790,612	3,685,758	(135,920)	(1.8%)
<b>Total Funds</b>	<b>3,806,145</b>	<b>3,790,612</b>	<b>3,685,758</b>	<b>(135,920)</b>	<b>(1.8%)</b>
Personal Services	2,456,449	2,346,105	2,350,321	(216,472)	(4.4%)
Operating Expenses	1,338,061	1,432,872	1,323,802	80,552	3.0%
Equipment & Intangible Assets	11,635	11,635	11,635		0.0%
<b>Total Expenditures</b>	<b>3,806,145</b>	<b>3,790,612</b>	<b>3,685,758</b>	<b>(135,920)</b>	<b>(1.8%)</b>
<b>Total Ongoing</b>	<b>3,806,145</b>	<b>3,790,612</b>	<b>3,685,758</b>	<b>(135,920)</b>	<b>(1.8%)</b>
<b>Total One-Time-Only</b>					<b>0.0%</b>

**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
<p>The Office of Public Instruction's 2027 biennium non-budgeted proprietary appropriations are approximately \$136,000 or 1.8% lower than the FY 2025 base budget. Changes include:</p> <ul style="list-style-type: none"> <li>Decreases for the statewide present law adjustments for personal services and inflation/deflation</li> <li>Increases for the statewide present law adjustment for fixed costs</li> </ul>

**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	2,394,762	2,405,902	2,456,449	2,346,105	2,350,321
Operating Expenses	877,471	1,393,575	1,338,061	1,432,872	1,323,802
Equipment & Intangible Assets	0	0	11,635	11,635	11,635
<b>Total Expenditures</b>	<b>\$3,272,233</b>	<b>\$3,799,477</b>	<b>\$3,806,145</b>	<b>\$3,790,612</b>	<b>\$3,685,758</b>
Proprietary Funds	3,272,233	3,799,477	3,806,145	3,790,612	3,685,758
<b>Total Funds</b>	<b>\$3,272,233</b>	<b>\$3,799,477</b>	<b>\$3,806,145</b>	<b>\$3,790,612</b>	<b>\$3,685,758</b>
<b>Total Ongoing</b>	<b>\$3,272,233</b>	<b>\$3,799,477</b>	<b>\$3,806,145</b>	<b>\$3,790,612</b>	<b>\$3,685,758</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Summary of Legislative Action**

The legislature reviewed the Office of Public Instruction's non-budgeted proprietary budget for the Montana DRIVE Program and adopted a maximum internal service rate for the indirect cost pool.

**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
<b>01100 General Fund</b>	<b>1,252,431,433</b>	<b>7,340,000</b>			<b>1,259,771,433</b>	<b>44.5%</b>
02302 STATE EQUALIZATION AID ACCT	1,005,509,334				1,005,509,334	35.5%
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	1.3%
02487 School Fac State Spcl Revenue	30,462,000				30,462,000	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%
<b>State Special Revenue Total</b>	<b>1,072,529,390</b>	<b>3,966,350</b>	<b>-</b>	<b>120,679,036</b>	<b>1,197,174,776</b>	<b>42.3%</b>
03170 Grant Clearance Discretionary	331,470,782				331,470,782	11.7%
03002 Public Instruction	34,017,191				34,017,191	1.2%
<b>Federal Special Revenue Total</b>	<b>365,487,973</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>365,487,973</b>	<b>12.9%</b>
06512 Indirect Cost Pool			7,220,582		7,220,582	0.3%
06067 Advanced Drivers Education			255,788		255,788	0.0%
<b>Proprietary Fund Total</b>	<b>-</b>	<b>-</b>	<b>7,476,370</b>	<b>-</b>	<b>7,476,370</b>	<b>0.3%</b>
<b>Total of All Funds</b>	<b>2,690,448,796</b>	<b>11,306,350</b>	<b>7,476,370</b>	<b>120,679,036</b>	<b>2,829,910,552</b>	
<b>Percent of All Sources of Authority</b>	<b>95.1%</b>	<b>0.4%</b>	<b>0.3%</b>	<b>4.3%</b>		

The Office of Public Instruction is funded through a combination of general fund, state special revenue, federal special revenue, and proprietary funds.

#### *Non-Budgeted Proprietary Funds*

Non-budgeted proprietary funds are used for the indirect cost pool and the advanced drivers' education program. For additional detail, please see the proprietary program descriptions.

#### **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 Adopted Budget	General Fund	State Special	Federal Special	Total Funds	% of Adopted Budget
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,806,145</b>	<b>100.4%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,806,145</b>	<b>103.3%</b>
Statewide PL										
Personal Services	0	0	0	(110,344)	(2.9%)	0	0	0	(106,128)	(2.9%)
Fixed Costs	0	0	0	95,240	2.5%	0	0	0	(13,969)	(0.4%)
Inflation Deflation	0	0	0	(429)	(0.0%)	0	0	0	(290)	(0.0%)
Total Statewide PL	0	0	0	(15,533)	(0.4%)	0	0	0	(120,387)	(3.3%)
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%
<b>Total HB 2 Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(15,533)</b>	<b>(0.4%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(120,387)</b>	<b>(3.3%)</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,790,612</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>3,685,758</b>	

#### **Other Legislation**

There were no significant bills related to the Office of Public Instruction's proprietary programs that were passed and approved during the 2025 Legislative Session.

**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	2,456,449	2,346,105	2,346,105	0	2,350,321	2,350,321	0	0
Operating Expenses	1,338,061	1,432,872	1,432,872	0	1,323,802	1,323,802	0	0
Equipment & Intangible Assets	11,635	11,635	11,635	0	11,635	11,635	0	0
<b>Total Costs</b>	<b>\$3,806,145</b>	<b>\$3,790,612</b>	<b>\$3,790,612</b>	<b>\$0</b>	<b>\$3,685,758</b>	<b>\$3,685,758</b>	<b>\$0</b>	<b>\$0</b>
Other	3,806,145	3,790,612	3,790,612	0	3,685,758	3,685,758	0	0
<b>Total Funds</b>	<b>\$3,806,145</b>	<b>\$3,790,612</b>	<b>\$3,790,612</b>	<b>\$0</b>	<b>\$3,685,758</b>	<b>\$3,685,758</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Ongoing</b>	<b>\$3,806,145</b>	<b>\$3,790,612</b>	<b>\$3,790,612</b>	<b>\$0</b>	<b>\$3,685,758</b>	<b>\$3,685,758</b>	<b>\$0</b>	<b>\$0</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

There were no changes from the executive's proposed budget.

### 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	27.53	27.53	27.53	0.00	0.0%
Proprietary Funds	3,806,145	3,790,612	3,685,758	(135,920)	(1.8%)
<b>Total Funds</b>	<b>3,806,145</b>	<b>3,790,612</b>	<b>3,685,758</b>	<b>(135,920)</b>	<b>(1.8%)</b>
Personal Services	2,456,449	2,346,105	2,350,321	(216,472)	(4.4%)
Operating Expenses	1,338,061	1,432,872	1,323,802	80,552	3.0%
Equipment & Intangible Assets	11,635	11,635	11,635		0.0%
<b>Total Expenditures</b>	<b>3,806,145</b>	<b>3,790,612</b>	<b>3,685,758</b>	<b>(135,920)</b>	<b>(1.8%)</b>
<b>Total Ongoing</b>	<b>3,806,145</b>	<b>3,790,612</b>	<b>3,685,758</b>	<b>(135,920)</b>	<b>(1.8%)</b>
<b>Total One-Time-Only</b>					<b>0.0%</b>

### 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
<p>The State Level Activities Program's 2027 biennium non-budgeted proprietary appropriations are approximately \$136,000 or 1.8% lower than the FY 2025 base budget. Changes include:</p> <ul style="list-style-type: none"> <li>• Decreases for the statewide present law adjustments for personal services and inflation/deflation</li> <li>• Increases for the statewide present law adjustment for fixed costs</li> </ul>

### 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	2,394,762	2,405,902	2,456,449	2,346,105	2,350,321
Operating Expenses	877,471	1,393,575	1,338,061	1,432,872	1,323,802
Equipment & Intangible Assets	0	0	11,635	11,635	11,635
<b>Total Expenditures</b>	<b>\$3,272,233</b>	<b>\$3,799,477</b>	<b>\$3,806,145</b>	<b>\$3,790,612</b>	<b>\$3,685,758</b>
Proprietary Funds	3,272,233	3,799,477	3,806,145	3,790,612	3,685,758
<b>Total Funds</b>	<b>\$3,272,233</b>	<b>\$3,799,477</b>	<b>\$3,806,145</b>	<b>\$3,790,612</b>	<b>\$3,685,758</b>
<b>Total Ongoing</b>	<b>\$3,272,233</b>	<b>\$3,799,477</b>	<b>\$3,806,145</b>	<b>\$3,790,612</b>	<b>\$3,685,758</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Funding

The following table shows adopted 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 %
<b>State Special Total</b>	<b>\$5,524,406</b>	<b>\$0</b>	<b>\$68,166</b>	<b>\$5,592,572</b>	<b>6.07 %</b>
03002 Public Instruction	36,658,823	0	0	36,658,823	100.00 %
<b>Federal Special Total</b>	<b>\$36,658,823</b>	<b>\$0</b>	<b>\$0</b>	<b>\$36,658,823</b>	<b>39.76 %</b>
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 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$7,476,370</b>	<b>\$0</b>	<b>\$7,476,370</b>	<b>8.11 %</b>
<b>Total All Funds</b>	<b>\$84,652,031</b>	<b>\$7,476,370</b>	<b>\$68,166</b>	<b>\$92,196,567</b>	

The State Level Activities Program is funded through a combination of general fund, state special revenue, federal special revenue, and proprietary funds.

#### Non-Budgeted Proprietary Funds

Non-budgeted proprietary funds are used for the indirect cost pool and the advanced drivers' education program. For additional detail, please see the proprietary program descriptions.

## 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
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,806,145</b>	<b>100.4%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,806,145</b>	<b>103.3%</b>
Statewide PL										
Personal Services	0	0	0	(110,344)	(2.9%)	0	0	0	(106,128)	(2.9%)
Fixed Costs	0	0	0	95,240	2.5%	0	0	0	(13,969)	(0.4%)
Inflation Deflation	0	0	0	(429)	(0.0%)	0	0	0	(290)	(0.0%)
Total Statewide PL	0	0	0	(15,533)	(0.4%)	0	0	0	(120,387)	(3.3%)
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%
<b>Total HB 2 Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(15,533)</b>	<b>(0.4%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(120,387)</b>	<b>(3.3%)</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,790,612</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>3,685,758</b>	

**Indirect Cost Pool - 06512***Proprietary Program Description*

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. The fees approved in HB 2 are the maximum fees that may be charged in the biennium.

*Proprietary Program Revenues and Expenses*

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

2027 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06512	Indirect Cost Pool	35010	Office of Public Instruction	State Level Activities

	Actual FY 2024	Budgeted FY 2025	Adopted FY 2026	Adopted FY 2027
<b>Operating Revenues:</b>				
<b>Fees and Charges</b>				
Federal Indirect Cost Recovery	1,638,537	1,946,717	1,910,035	1,881,778
Non Federal Ind Cost Recovery	1,405,287	1,692,726	1,720,994	1,720,994
<b>Total Operating Revenues</b>	3,043,825	3,639,443	3,631,029	3,602,772
<b>Expenses:</b>				
Personal Services	2,349,206	2,342,897	2,271,481	2,275,695
Other Operating Expense	811,367	1,290,167	1,296,545	1,282,154
<b>Total Operating Expense</b>	3,160,573	3,633,064	3,568,026	3,557,849
<b>Operating Income (Loss)</b>	(116,749)	6,379	63,003	44,923
<b>Income (Loss) Before Contributions and Transfers</b>	(116,749)	6,379	63,003	44,923
<b>Change in Net Position</b>	(116,749)	6,379	63,003	44,923
<b>Beginning Net Position - July 1</b>	170,704	53,955	60,334	123,337
Prior Period Adjustments				
Change in Net Position	(116,749)	6,379	63,003	44,923
<b>Ending Net Position - June 30</b>	53,955	60,334	123,337	168,260
<b>Net Position (Fund Balance) Analysis</b>				
Unrestricted Net Position				



Expenditures

Costs of OPI operations that are paid from the indirect cost pool include:

- Payroll, personnel, accounting, budgeting, data management, cash management, financial reporting, purchasing, mail delivery, and resource center services to all OPI programs
- Termination payouts (for vacation, comp time, and sick leave) for all staff, except the state superintendent and personal staff
- Partial costs for services provided to OPI by other state agencies, known as fixed costs
- Operating costs associated with 27.53 PB, including the cost of rent for space occupied, office supplies, postage, equipment, training, travel, photocopy charges, etc.
- General-use items such as paper, FAX lines, and shared equipment, including maintenance contracts on equipment

Legislative audit costs are appropriated on a biennial basis causing expenditures for the OPI indirect cost pool to be higher in the first fiscal year of the biennium.

Revenues

Indirect cost pool revenues are a function of the amount of expenditures recorded in the State Level Activities Program. Revenues are generated monthly by applying the approved indirect cost rate to the prior month's direct personal services and operating expenditures in both state and federally funded programs.

OPI negotiates an annual predetermined rate with the U.S. Department of Education (DOE). The rates are calculated in accordance with federal regulations and section 17-1-106, MCA. The rate submitted to DOE for FY 2025 is 18.37%. A new negotiation took place in December 2024 and will be applicable for FY 2026. It is anticipated this rate will remain around 18.37%, which is the submitted rate for FY 2025 and slightly higher than the current legislatively approved rate of 17.0%. The legislature approved an increase of 2.0% to the restricted and unrestricted rates from 17.0% to 19.0%, based on the federal indirect cost rate determination process as directed by the U.S. Department of Education.

Proprietary Rates

The legislature approved an increase to the indirect cost pool proprietary rate when compared to the FY 2025 base rates. The figure below shows the rates adopted by the legislature for the 2027 biennium.

Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Actual FY 2024	Estimated FY 2025	Adopted FY 2026	Adopted FY 2027
Fee Description:	17.0%	18.37%	19.0%	19.0%

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

Advanced Drivers Program (Montana DRIVE) in Lewistown - 06067

Proprietary Program Description

The advanced driver education program (D.R.I.V.E.) 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 courses provide 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. In operation since 1979, this program offers its services to employees of government services, fleet managers, and the public.

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

## Fiscal Report

Expenditures

Cost drivers for fees include instructor expenses (includes salaries, travel, and per diem), vehicle maintenance and operating expenses (fuel and repairs), classroom and track supplies, track lease, program advertising, and administration (planning, scheduling, registrations, advertising, professional development of staff, support services, etc.). Continued facility maintenance is anticipated to be an ongoing cost.

Revenues

Revenues are generated from workshop fees collected from program users. Typically, the program serves 450 to 550 participants a season. The current fee is \$375 per person for a full-day workshop. Program fees should remain within a range of \$375 - \$400 for the biennium. It is anticipated that services will remain approximately the same as present for the 2027 biennium. Workshop rates are fixed rates evaluated against workshop personnel expenses, operating expenses, and depreciated vehicle costs on a seasonal basis to ensure workshop operating expenses are covered. Inflationary influences are anticipated as best as possible to ensure that inflation does not leave the program in a deficit situation. This fee amount should also cover any unusual maintenance costs that are incurred during a season.

Proprietary Rates

The legislature reviewed an increase to the Montana DRIVE proprietary rate when compared to the FY 2025 base rates. The figure below shows the rates reviewed by the legislature for the 2027 biennium.

Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Actual FY 2024	Estimated FY 2025	Reviewed FY 2026	Reviewed FY 2027
Fee Description:	\$375	\$375	\$375 - \$400	\$375 - \$400

This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

**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	0	(110,344)	0.00	0	0	0	(106,128)
DP 2 - Fixed Costs	0.00	0	0	0	95,240	0.00	0	0	0	(13,969)
DP 3 - Inflation Deflation	0.00	0	0	0	(429)	0.00	0	0	0	(290)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$15,533)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$120,387)</b>

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

**DP 1 - Personal Services -**

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

**DP 2 - Fixed Costs -**

The legislature reviewed 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 reviewed 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.

### 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 FY 2026	Budget FY 2027	Biennium Change from Base	
				Amount	Percent
PB	11.00	11.00	11.00	0.00	0.0%
Proprietary Funds	175,504,663	168,720,511	168,722,578	(13,566,237)	(3.9%)
<b>Total Funds</b>	<b>175,504,663</b>	<b>168,720,511</b>	<b>168,722,578</b>	<b>(13,566,237)</b>	<b>(3.9%)</b>
Personal Services	1,155,149	1,149,221	1,151,230	(9,847)	(0.4%)
Operating Expenses	24,432,324	24,432,144	24,432,202	(302)	(0.0%)
Benefits & Claims	149,872,471	143,094,427	143,094,427	(13,556,088)	(4.5%)
Debt Service	44,719	44,719	44,719		0.0%
<b>Total Expenditures</b>	<b>175,504,663</b>	<b>168,720,511</b>	<b>168,722,578</b>	<b>(13,566,237)</b>	<b>(3.9%)</b>
<b>Total Ongoing</b>	<b>175,504,663</b>	<b>168,720,511</b>	<b>168,722,578</b>	<b>(13,566,237)</b>	<b>(3.9%)</b>
<b>Total One-Time-Only</b>					<b>0.0%</b>

### 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 non-budgeted proprietary appropriations are approximately \$13.6 million less than the FY 2025 base budget. Changes include:

- The Montana University System (MUS) Group Insurance Program is \$6.8 million less in both FY 2026 and FY 2027 than the FY 2025 base biennium. There are two funds budgeted in this program:
  - The MUS Group Insurance Program fund has estimated expenses that are approximately \$6.8 million less in FY 2026 and FY 2027 than was estimated for FY 2025. Almost all of the reduction is estimated to impact benefits and claims authority
  - The MUS flexible spending account is estimated to have identical expenses in FY 2026 and FY 2027 as are estimated for FY 2025
- The MUS Worker's Compensation Program budget for FY 2026 and FY 2027 is similar to the FY 2025 base budget. This program has one non-budgeted proprietary fund, the MUS Self-Funded Workers' Compensation fund

## 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	1,045,773	1,103,615	1,155,149	1,149,221	1,151,230
Operating Expenses	8,222,372	24,239,305	24,432,324	24,432,144	24,432,202
Benefits & Claims	121,768,958	149,872,471	149,872,471	143,094,427	143,094,427
Debt Service	44,721	44,722	44,719	44,719	44,719
<b>Total Expenditures</b>	<b>\$131,081,824</b>	<b>\$175,260,113</b>	<b>\$175,504,663</b>	<b>\$168,720,511</b>	<b>\$168,722,578</b>
Proprietary Funds	131,081,824	175,260,113	175,504,663	168,720,511	168,722,578
<b>Total Funds</b>	<b>\$131,081,824</b>	<b>\$175,260,113</b>	<b>\$175,504,663</b>	<b>\$168,720,511</b>	<b>\$168,722,578</b>
<b>Total Ongoing</b>	<b>\$131,081,824</b>	<b>\$175,260,113</b>	<b>\$175,504,663</b>	<b>\$168,720,511</b>	<b>\$168,722,578</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Summary of Legislative Action

The legislature reviewed a decrease of approximately \$6.8 million in FY 2026 and \$6.8 million in FY 2027 below the FY 2025 base appropriations. The changes are almost entirely due to changes the executive requested to align appropriations with actuarial trends to claims and program expenses. Notably, adopted funds for benefits and claims from the MUS Group Insurance Program fund are lower than were requested in FY 2024 and in FY 2025. This change is intended to bring total authority more in line with what would be needed in the event of catastrophic claims, actual expenses are still increasing within the program and are expected to continue to increase. Statewide present law adjustments for personal services also reduce expenditures by approximately \$6,000 in FY 2026 and \$4,000 in FY 2027.

### 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
<b>01100 General Fund</b>	<b>636,115,925</b>	<b>735,330</b>		<b>4,139,367</b>	<b>640,990,622</b>	<b>58.1%</b>
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%
<b>State Special Revenue Total</b>	<b>76,801,497</b>	<b>-</b>	<b>-</b>	<b>8,379,302</b>	<b>85,180,799</b>	<b>7.7%</b>
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%
<b>Federal Special Revenue Total</b>	<b>37,898,204</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,898,204</b>	<b>3.4%</b>
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%
<b>Proprietary Fund Total</b>	<b>1,446,930</b>	<b>-</b>	<b>337,443,089</b>	<b>-</b>	<b>338,890,019</b>	<b>30.7%</b>
<b>Total of All Funds</b>	<b>752,262,556</b>	<b>735,330</b>	<b>337,443,089</b>	<b>12,518,669</b>	<b>1,102,959,644</b>	
<b>Percent of All Sources of Authority</b>	<b>68.2%</b>	<b>0.1%</b>	<b>30.6%</b>	<b>1.1%</b>		

### Non-Budgeted Proprietary Funds

The agency administers two programs funded by enterprise funds:

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

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.

**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 Adopted Budget	General Fund	State Special	Federal Special	Total Funds	% of Adopted Budget
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0 175,504,663</b>	<b>104.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0 175,504,663</b>	<b>104.0%</b>
Statewide PL										
Personal Services	0	0	0	(5,928)	(0.0%)	0	0	0	(3,919)	(0.0%)
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	(180)	(0.0%)	0	0	0	(122)	(0.0%)
Total Statewide PL	0	0	0	(6,108)	(0.0%)	0	0	0	(4,041)	(0.0%)
Present Law (PL)	0	0	0	(6,778,044)	(4.0%)	0	0	0	(6,778,044)	(4.0%)
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
<b>Total HB 2 Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,784,152)</b>	<b>(4.0%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,782,085)</b>	<b>(4.0%)</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0 168,720,511</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0 168,722,578</b>	

**Other Legislation**

**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.



**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	1,155,149	1,149,221	1,149,221	0	1,151,230	1,151,230	0	0
Operating Expenses	24,432,324	24,432,144	24,432,144	0	24,432,202	24,432,202	0	0
Benefits & Claims	149,872,471	143,094,427	143,094,427	0	143,094,427	143,094,427	0	0
Debt Service	44,719	44,719	44,719	0	44,719	44,719	0	0
<b>Total Costs</b>	<b>\$175,504,663</b>	<b>\$168,720,511</b>	<b>\$168,720,511</b>	<b>\$0</b>	<b>\$168,722,578</b>	<b>\$168,722,578</b>	<b>\$0</b>	<b>\$0</b>
Other	175,504,663	168,720,511	168,720,511	0	168,722,578	168,722,578	0	0
<b>Total Funds</b>	<b>\$175,504,663</b>	<b>\$168,720,511</b>	<b>\$168,720,511</b>	<b>\$0</b>	<b>\$168,722,578</b>	<b>\$168,722,578</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Ongoing</b>	<b>\$175,504,663</b>	<b>\$168,720,511</b>	<b>\$168,720,511</b>	<b>\$0</b>	<b>\$168,722,578</b>	<b>\$168,722,578</b>	<b>\$0</b>	<b>\$0</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

There were no internal service rate changes from the executive's proposed budget.

### 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 FY 2026	Budget FY 2027	Biennium Change from Base Amount	Percent
PB	10.00	10.00	10.00	0.00	0.0%
Proprietary Funds	170,753,076	163,969,587	163,971,649	(13,564,916)	(4.0%)
<b>Total Funds</b>	<b>170,753,076</b>	<b>163,969,587</b>	<b>163,971,649</b>	<b>(13,564,916)</b>	<b>(4.0%)</b>
Personal Services	1,031,989	1,026,708	1,028,717	(8,553)	(0.4%)
Operating Expenses	22,809,481	22,809,317	22,809,370	(275)	(0.0%)
Benefits & Claims	146,872,471	140,094,427	140,094,427	(13,556,088)	(4.6%)
Debt Service	39,135	39,135	39,135		0.0%
<b>Total Expenditures</b>	<b>170,753,076</b>	<b>163,969,587</b>	<b>163,971,649</b>	<b>(13,564,916)</b>	<b>(4.0%)</b>
<b>Total Ongoing</b>	<b>170,753,076</b>	<b>163,969,587</b>	<b>163,971,649</b>	<b>(13,564,916)</b>	<b>(4.0%)</b>
<b>Total One-Time-Only</b>					<b>0.0%</b>

### Program Description

The Board of Regents provides faculty and staff with group benefits through the MUS Group Insurance Program. The commissioner is authorized by Board of Regents' policy to administer the program as a self-insured, group insurance plan. All university system employees, retirees, and eligible dependents are offered medical, dental, vision, and group life insurance, as well as long-term disability benefits.

### Program Highlights

MUS Group Insurance Program Major Budget Highlights	
<ul style="list-style-type: none"> <li>The MUS Group Insurance Program is funded with an enterprise fund, which is a type of proprietary fund. It is not appropriated in HB 2</li> <li>The MUS Group Insurance Program's 2027 biennium appropriations are approximately \$13.6 million, or 4.0%, lower than the FY 2025 base budget</li> <li>The Montana University System is required to operate the program to maintain the plan on an actuarially sound basis</li> </ul>	

### 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	929,571	986,404	1,031,989	1,026,708	1,028,717
Operating Expenses	7,205,810	22,632,247	22,809,481	22,809,317	22,809,370
Benefits & Claims	120,137,690	146,872,471	146,872,471	140,094,427	140,094,427
Debt Service	39,134	39,135	39,135	39,135	39,135
<b>Total Expenditures</b>	<b>\$128,312,205</b>	<b>\$170,530,257</b>	<b>\$170,753,076</b>	<b>\$163,969,587</b>	<b>\$163,971,649</b>
Proprietary Funds	128,312,205	170,530,257	170,753,076	163,969,587	163,971,649
<b>Total Funds</b>	<b>\$128,312,205</b>	<b>\$170,530,257</b>	<b>\$170,753,076</b>	<b>\$163,969,587</b>	<b>\$163,971,649</b>
<b>Total Ongoing</b>	<b>\$128,312,205</b>	<b>\$170,530,257</b>	<b>\$170,753,076</b>	<b>\$163,969,587</b>	<b>\$163,971,649</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Funding

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

Commissioner of Higher Education, 05-Mus Group Insurance 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 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
06008 MUS Group Insurance Program	0	301,147,260	0	301,147,260	91.83 %
06009 MUS Flexible Spending Account	0	26,793,976	0	26,793,976	8.17 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$327,941,236</b>	<b>\$0</b>	<b>\$327,941,236</b>	<b>100.00 %</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$327,941,236</b>	<b>\$0</b>	<b>\$327,941,236</b>	

### Non-Budgeted Proprietary Funds

The MUS Group Insurance Program is funded with enterprise type non-budgeted proprietary funds. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund. The Group Insurance Program has two of these funds: MUS Group Insurance and MUS Flexible Spending.

**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.

Mus Group Insurance Program 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Adopted Budget	General Fund	State Special	Federal Special	Total Funds	% of Adopted Budget
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>170,753,076</b>	<b>104.1%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>170,753,076</b>	<b>104.1%</b>
Statewide PL										
Personal Services	0	0	0	(5,281)	(0.0%)	0	0	0	(3,272)	(0.0%)
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	(164)	(0.0%)	0	0	0	(111)	(0.0%)
Total Statewide PL	0	0	0	(5,445)	(0.0%)	0	0	0	(3,383)	(0.0%)
Present Law (PL)	0	0	0	(6,778,044)	(4.1%)	0	0	0	(6,778,044)	(4.1%)
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
<b>Total HB 2 Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,783,489)</b>	<b>(4.1%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,781,427)</b>	<b>(4.1%)</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>163,969,587</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>163,971,649</b>	

**MUS Group Insurance Program - 06008***Proprietary Program Description*

The Board of Regents provides faculty and staff with group benefits through the MUS Group Insurance Program. The commissioner is authorized by Board of Regents' policy to administer the program as a self-insured, group insurance plan. All university system employees, retirees, and eligible dependents are offered medical, dental, vision, and group life insurance, as well as long-term disability benefits. Retirees and their enrolled dependents are eligible to continue medical and pharmacy coverage on a self-pay basis. The community colleges also participate in this program.

*Proprietary Program Revenues and Expenses*

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

2027 Biennium Report on Internal Service and Enterprise Funds				
Fund	Fund Name	Agency Name	Program Name	
06008	MUS Group Insurance	OCHE	MUS Group Insurance	
	Actuals FY 24	Estimated FY 25	Review ed FY 26	Review ed FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
BOI Investment Earnings	5,231,251	5,250,000	5,350,000	5,450,000
Contributions/Premiums	105,045,206	110,000,000	110,000,000	110,000,000
Prescription Rebates	10,834,542	13,000,000	15,000,000	17,000,000
<b>Total Operating Revenues</b>	121,110,999	128,250,000	130,350,000	132,450,000
<b>Expenses</b>				
Personal Services	959,116	1,031,989	1,026,708	1,028,717
Other Operating Expense				
Operating Expense	7,166,991	22,086,914	22,086,751	22,086,804
Benefits & Claims	116,644,507	134,198,049	127,420,005	127,420,005
Debt Service	4,989	39,135	39,135	39,135
<b>Total Operating Expense</b>	124,775,603	157,356,087	150,572,599	150,574,661
<b>Operating Income (Loss)</b>	(3,664,604)	(29,106,087)	(20,222,599)	(18,124,661)
Nonoperating Revenues	-	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	-	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>	(3,664,604)	(29,106,087)	(20,222,599)	(18,124,661)
<b>Change in Net Position</b>	(3,664,604)	(29,106,087)	(20,222,599)	(18,124,661)
<b>Beginning Net Position - July 1</b>	99,843,831	96,179,227	67,073,140	46,850,541
Prior Period Adjustments				
Change in Net Position	(3,664,604)	(29,106,087)	(20,222,599)	(18,124,661)
<b>Ending Net Position - June 30</b>	96,179,227	67,073,140	46,850,541	28,725,880

*Revenues*

Revenue in this program comes from:

- Employer-paid contributions toward insurance premiums
- Employee-paid contributions toward insurance premiums
- Employee payments to flexible spending accounts

The agency is projecting steady revenues in the 2027 biennium. The revenue projections exclude any premium rate increases or state share increase.

*Expenditures*

Significant costs for the program are for:

- Insurance claims payments
- Claims management
- Program administration

The Office of the Commissioner of Higher Education receives actuarial reports regarding the MUS Group Insurance Program. These reports provide projections with low and high trend scenarios. The tables below show both trend assumptions as provided by Actuaries Northwest, LLC in its June 30, 2024, actuarial report.

Commissioner of Higher Education MUS Group Insurance Program Low Trend Assumptions by Actuaries Northwest, LLC						
	Actual FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	\$ Change 25B - 27B	% Change 25B - 27B
Medical Claims	\$ 82,796,761	\$ 87,764,566	\$ 93,030,440	\$ 98,612,267	\$21,081,380	12.4%
Rx Claims	19,872,963	21,661,529	23,611,067	25,736,063	7,812,638	18.8%
Part D	(3,231,725)	(3,522,580)	(3,839,612)	(4,185,177)	(1,270,485)	18.8%
Dental Claims	5,520,415	5,741,231	5,970,880	6,209,716	918,950	8.2%
Vision Claims	1,010,824	1,041,149	1,072,383	1,104,555	124,965	6.1%
Screenings/Vaccines	1,276,958	1,289,727	1,302,624	1,315,651	51,590	2.0%
Change in IBNR	<u>86,274</u>	<u>614,816</u>	<u>660,742</u>	<u>706,897</u>	<u>666,549</u>	<u>95.1%</u>
Total Claims Expense	<u>\$ 107,332,469</u>	<u>\$ 114,590,439</u>	<u>\$121,808,525</u>	<u>\$129,499,970</u>	<u>\$29,385,588</u>	<u>13.2%</u>

Commissioner of Higher Education MUS Group Insurance Program High Trend Assumptions by Actuaries Northwest, LLC						
	Actual FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	\$ Change 25B - 27B	% Change 25B - 27B
Medical Claims	\$ 82,796,761	\$ 90,248,469	\$ 98,370,832	\$107,224,206	\$32,549,808	18.8%
Rx Claims	19,872,963	22,257,718	24,928,644	27,920,082	10,718,045	25.4%
Part D	(3,231,725)	(3,619,532)	(4,053,876)	(4,540,341)	(1,742,960)	25.4%
Dental Claims	5,520,415	5,851,640	6,202,738	6,574,902	1,405,586	12.4%
Vision Claims	1,010,824	1,061,365	1,114,433	1,170,155	212,399	10.3%
Screenings/Vaccines	1,276,958	1,289,727	1,302,624	1,315,651	51,590	2.0%
Change in IBNR	<u>86,274</u>	<u>765,209</u>	<u>775,836</u>	<u>852,742</u>	<u>777,096</u>	<u>91.3%</u>
Total Claims Expense	<u>\$ 107,332,469</u>	<u>\$ 117,854,596</u>	<u>\$128,641,232</u>	<u>\$140,517,398</u>	<u>\$43,971,564</u>	<u>19.5%</u>

*Proprietary Rates*

The employer-paid portion of the group insurance premium is statutorily established in 2-18-703, MCA, and is presently \$1,054 per month per eligible participating employee. The employee-paid portion of the group insurance premium is adjusted as needed by the Montana University System to cover the premium requirements of a variety of benefit options and to maintain employee group benefit plans on an actuarially sound basis.

The MUS Group Insurance Program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

**MUS Flex Spending Account - 06009***Program Description*

The flexible spending account is an optional selection for each employee to participate in or not. Employees can elect to set aside a certain amount of their pay into accounts to pay dependent care and out-of-pocket medical costs. The "set aside" funds are withdrawn from employee pay prior to assessment of taxes, effectively lowering employee taxable pay. Employees must submit claims to use the funds deposited in the accounts for allowable expenses. The funds are managed by a third party and are distributed to employees as claims are made.

*Proprietary Program Revenues and Expenses*

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

2027 Biennium Report on Internal Service and Enterprise Funds				
Fund	Fund Name	Agency Name	Program Name	
06009	MUS Flexible Spending	OCHE	MUS Group Insurance	
	Actuals FY 24	Estimated FY 25	Review ed FY 26	Review ed FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Contributions/Premiums	4,199,699	13,396,988	13,396,988	13,396,988
<b>Total Operating Revenues</b>	4,199,699	13,396,988	13,396,988	13,396,988
<b>Expenses</b>				
Personal Services	-	-	-	-
Other Operating Expense				
Operating Expense	74,467	722,566	722,566	722,566
Benefits & Claims	3,493,183	12,674,422	12,674,422	12,674,422
<b>Total Operating Expense</b>	3,567,650	13,396,988	13,396,988	13,396,988
<b>Operating Income (Loss)</b>	632,049	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>	632,049	-	-	-
<b>Change in Net Position</b>	632,049	-	-	-
<b>Beginning Net Position - July 1</b>	997,141	1,629,190	1,629,190	1,629,190
Prior Period Adjustments				
Change in Net Position	632,049	-	-	-
<b>Ending Net Position - June 30</b>	1,629,190	1,629,190	1,629,190	1,629,190

*Expenditures*

Expenditures in this program come from:

- Claims for allowable expenses
- Administrative fees for managing the accounts

*Revenues*

Revenue in this program comes from:

- Employee payments to flexible spending accounts



The agency is projecting level revenues for managing the accounts.

#### *Proprietary Rates*

The third-party vendor charges an administrative fee for managing the accounts.

The flexible spending account program is funded with an enterprise fund, which is a type of non-budgeted proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

#### **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-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 1 - Personal Services	0.00	0	0	0	(5,281)	0.00	0	0	0	(3,272)
DP 3 - Inflation Deflation	0.00	0	0	0	(164)	0.00	0	0	0	(111)
DP 501 - MUS Group Insurance Authority Adjustment	0.00	0	0	0	(6,778,044)	0.00	0	0	0	(6,778,044)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$6,783,489)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$6,781,427)</b>

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

#### DP 1 - Personal Services -

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

#### DP 3 - Inflation Deflation -

The legislature reviewed 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 501 - MUS Group Insurance Authority Adjustment -

The legislature reviewed an adjustment of proprietary authority to align actuarial trends to claims and program 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 FY 2026	Budget FY 2027	Biennium Change from Base Amount Percent		
PB	1.00	1.00	1.00	0.00		0.0%
Proprietary Funds	4,751,587	4,750,924	4,750,929	(1,321)		(0.0%)
<b>Total Funds</b>	<b>4,751,587</b>	<b>4,750,924</b>	<b>4,750,929</b>	<b>(1,321)</b>		<b>(0.0%)</b>
Personal Services	123,160	122,513	122,513	(1,294)		(0.5%)
Operating Expenses	1,622,843	1,622,827	1,622,832	(27)		(0.0%)
Benefits & Claims	3,000,000	3,000,000	3,000,000			0.0%
Debt Service	5,584	5,584	5,584			0.0%
<b>Total Expenditures</b>	<b>4,751,587</b>	<b>4,750,924</b>	<b>4,750,929</b>	<b>(1,321)</b>		<b>(0.0%)</b>
<b>Total Ongoing</b>	<b>4,751,587</b>	<b>4,750,924</b>	<b>4,750,929</b>	<b>(1,321)</b>		<b>(0.0%)</b>
<b>Total One-Time-Only</b>						<b>0.0%</b>

### Program Description

The Montana Board of Regents created the Montana University System Self-Funded Workers' Compensation Program in April 2003 as allowed by the Workers' Compensation Act in Title 39, Chapter 71 of the Montana Codes Annotated. This program, which became effective in July 2003, provides workers' compensation insurance coverage for all university system employees and employees of the Office of Commissioner of Higher Education.

### Program Highlights

MUS Workers' Compensation Program Major Budget Highlights	
<ul style="list-style-type: none"> <li>The MUS Workers' Compensation Program is funded with an enterprise fund, which is a type of proprietary fund. It is not appropriated in HB 2</li> <li>The MUS Workers' Compensation Program's 2027 biennium appropriations are approximately \$1,000, or 0.0%, lower than the FY 2025 base budget</li> <li>Premium rates are based on actuarial principles and are reviewed by the MUS Workers' Compensation Insurance Committee</li> </ul>	

### 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	116,202	117,211	123,160	122,513	122,513
Operating Expenses	1,016,562	1,607,058	1,622,843	1,622,827	1,622,832
Benefits & Claims	1,631,268	3,000,000	3,000,000	3,000,000	3,000,000
Debt Service	5,587	5,587	5,584	5,584	5,584
<b>Total Expenditures</b>	<b>\$2,769,619</b>	<b>\$4,729,856</b>	<b>\$4,751,587</b>	<b>\$4,750,924</b>	<b>\$4,750,929</b>
Proprietary Funds	2,769,619	4,729,856	4,751,587	4,750,924	4,750,929
<b>Total Funds</b>	<b>\$2,769,619</b>	<b>\$4,729,856</b>	<b>\$4,751,587</b>	<b>\$4,750,924</b>	<b>\$4,750,929</b>
<b>Total Ongoing</b>	<b>\$2,769,619</b>	<b>\$4,729,856</b>	<b>\$4,751,587</b>	<b>\$4,750,924</b>	<b>\$4,750,929</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Funding

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

Commissioner of Higher Education, 07-Mus Workers Comp 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 %
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
06082 MUS Self-Funded Workers Comp	0	9,501,853	0	9,501,853	100.00 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$9,501,853</b>	<b>\$0</b>	<b>\$9,501,853</b>	<b>100.00 %</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$9,501,853</b>	<b>\$0</b>	<b>\$9,501,853</b>	

### Non-Budgeted Proprietary Funds

The MUS Workers' Compensation Program is funded with an enterprise type non-budgeted proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund.

**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.

Mus Workers Comp Program 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Adopted Budget	General Fund	State Special	Federal Special	Total Funds	% of Adopted Budget
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,751,587</b>	<b>100.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,751,587</b>	<b>100.0%</b>
Statewide PL										
Personal Services	0	0	0	(647)	(0.0%)	0	0	0	(647)	(0.0%)
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	(16)	(0.0%)	0	0	0	(11)	(0.0%)
Total Statewide PL	0	0	0	(663)	(0.0%)	0	0	0	(658)	(0.0%)
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
<b>Total HB 2 Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(663)</b>	<b>(0.0%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(658)</b>	<b>(0.0%)</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,750,924</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>4,750,929</b>	

## MUS Self-Funded Workers' Compensation - 06082

## Proprietary Program Narrative

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

2027 Biennium Report on Internal Service and Enterprise Funds				
Fund	Fund Name	Agency Name	Program Name	
06082	MUS Self Funded WC	OCHE	MUS Workers' Compensation	
	Actuals FY 24	Estimated FY 25	Proposed FY 26	Proposed FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Contributions/Premiums	3,103,178	3,150,000	3,250,000	3,315,000
BOI Investment Earnings	549,155	500,000	495,000	490,000
Grants / Transfers		9,000	9,100	9,100
<b>Total Operating Revenues</b>	3,652,333	3,659,000	3,754,100	3,814,100
<b>Expenses</b>				
Personal Services	119,079	123,160	122,513	122,513
Other Operating Expense				
Operating Expense	1,021,651	1,622,843	1,622,827	1,622,832
Benefits & Claims	1,661,355	3,000,000	3,000,000	3,000,000
Other Operating Expenses	712	5,584	5,584	5,584
<b>Total Operating Expense</b>	2,802,797	4,751,587	4,750,924	4,750,929
<b>Operating Income (Loss)</b>	849,536	(1,092,587)	(996,824)	(936,829)
Nonoperating Revenues				
<b>Total Nonoperating Revenues (Expenses)</b>	849,536	(1,092,587)	(996,824)	(936,829)
<b>Income (Loss) Before Contributions and Transfers</b>	849,536	(1,092,587)	(996,824)	(936,829)
<b>Change in Net Position</b>	849,536	(1,092,587)	(996,824)	(936,829)
<b>Beginning Net Position - July 1</b>	10,851,688	11,701,224	10,608,637	9,611,813
Prior Period Adjustments				
Change in Net Position	849,536	(1,092,587)	(996,824)	(936,829)
<b>Ending Net Position - June 30</b>	11,701,224	10,608,637	9,611,813	8,674,984

This program is an enterprise fund in which the funding is derived from premiums and investment earnings. Expenditures include claims, reinsurance premiums, debt service, and administrative costs. Debt service is for the bonds that were issued to establish the claim reserve for the program.

#### *Rate Explanation*

Premium rates for the program are based upon commonly accepted actuarial principles developed by a qualified actuary and reviewed by an oversight committee comprised of university system representatives and the administrator of the State of Montana Risk Management and Tort Defense Division.

Historically, the rates for this program are based on total payroll for two classes of employees: high risk and low risk.

The MUS Workers' Compensation Program is funded with an enterprise fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

#### **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				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	(647)	0.00	0	0	0	(647)
DP 3 - Inflation Deflation	0.00	0	0	0	(16)	0.00	0	0	0	(11)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$663)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$658)</b>

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

#### DP 1 - Personal Services –

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

#### DP 3 - Inflation Deflation -

The legislature reviewed 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.

### 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 FY 2026	Budget FY 2027	Biennium Change from Base		
				Amount	Percent	
PB	4.62	4.62	4.62	0.00	0.0%	
Proprietary Funds	628,844	680,811	682,077	105,200	8.4%	
<b>Total Funds</b>	<b>628,844</b>	<b>680,811</b>	<b>682,077</b>	<b>105,200</b>	<b>8.4%</b>	
Personal Services	349,278	401,245	402,511	105,200	15.1%	
Operating Expenses	99,815	99,815	99,815		0.0%	
Debt Service	179,751	179,751	179,751		0.0%	
<b>Total Expenditures</b>	<b>628,844</b>	<b>680,811</b>	<b>682,077</b>	<b>105,200</b>	<b>8.4%</b>	
<b>Total Ongoing</b>	<b>628,844</b>	<b>680,811</b>	<b>682,077</b>	<b>105,200</b>	<b>8.4%</b>	
<b>Total One-Time-Only</b>					<b>0.0%</b>	

### 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 non-budgeted proprietary appropriations are approximately \$105,000 or 8.4% above the FY 2025 base budget. Major highlights include:</p> <ul style="list-style-type: none"> <li>An increase for the statewide present law adjustment for personal services</li> </ul>

## 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	257,761	257,764	349,278	401,245	402,511
Operating Expenses	28,136	95,102	99,815	99,815	99,815
Debt Service	171,447	171,447	179,751	179,751	179,751
<b>Total Expenditures</b>	<b>\$457,344</b>	<b>\$524,313</b>	<b>\$628,844</b>	<b>\$680,811</b>	<b>\$682,077</b>
Proprietary Funds	457,344	524,313	628,844	680,811	682,077
<b>Total Funds</b>	<b>\$457,344</b>	<b>\$524,313</b>	<b>\$628,844</b>	<b>\$680,811</b>	<b>\$682,077</b>
<b>Total Ongoing</b>	<b>\$457,344</b>	<b>\$524,313</b>	<b>\$628,844</b>	<b>\$680,811</b>	<b>\$682,077</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Summary of Legislative Action

The legislature reviewed the Montana State Library's non-budgeted proprietary budget for the Montana State Reference Network (formerly the Montana Real Time Network) and adopted a maximum rate for the Montana Shared Catalog.



## 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
<b>01100 General Fund</b>	<b>7,214,961</b>			<b>1,084,226</b>	<b>8,299,187</b>	<b>41.2%</b>
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%
<b>State Special Revenue Total</b>	<b>6,346,652</b>	-	-	<b>1,023,937</b>	<b>7,370,589</b>	<b>36.6%</b>
03018 IMLS	3,109,956				3,109,956	15.4%
<b>Federal Special Revenue Total</b>	<b>3,109,956</b>	-	-	-	<b>3,109,956</b>	<b>15.4%</b>
06021 MT Shared Catalog			955,342		955,342	4.7%
06025 MT State Reference Network-RTN			407,546		407,546	2.0%
<b>Proprietary Fund Total</b>	-	-	<b>1,362,888</b>	-	<b>1,362,888</b>	<b>6.8%</b>
<b>Total of All Funds</b>	<b>16,671,569</b>	-	<b>1,362,888</b>	<b>2,108,163</b>	<b>20,142,620</b>	
<b>Percent of All Sources of Authority</b>	<b>82.8%</b>	<b>0.0%</b>	<b>6.8%</b>	<b>10.5%</b>		

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

*Non-Budgeted Proprietary Funds*

Proprietary funds are used for the Montana Shared Catalog and the Montana State Reference Network. For additional detail, please see the proprietary program descriptions.

## 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 Adopted Budget	General Fund	State Special	Federal Special	Total Funds	% of Adopted Budget
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>628,844</b>	<b>92.4%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>628,844</b>	<b>92.2%</b>
Statewide PL										
Personal Services	0	0	0	51,967	7.6%	0	0	0	53,233	7.8%
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	51,967	7.6%	0	0	0	53,233	7.8%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
<b>Total HB 2 Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>51,967</b>	<b>7.6%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53,233</b>	<b>7.8%</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>680,811</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>682,077</b>	

### Other Legislation

There were no significant bills related to the Montana State Library's proprietary programs that were passed and approved during the 2025 Legislative Session.

### 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	349,278	401,245	401,245	0	402,511	402,511	0	0
Operating Expenses	99,815	99,815	99,815	0	99,815	99,815	0	0
Debt Service	179,751	179,751	179,751	0	179,751	179,751	0	0
<b>Total Costs</b>	<b>\$628,844</b>	<b>\$680,811</b>	<b>\$680,811</b>	<b>\$0</b>	<b>\$682,077</b>	<b>\$682,077</b>	<b>\$0</b>	<b>\$0</b>
Other	628,844	680,811	680,811	0	682,077	682,077	0	0
<b>Total Funds</b>	<b>\$628,844</b>	<b>\$680,811</b>	<b>\$680,811</b>	<b>\$0</b>	<b>\$682,077</b>	<b>\$682,077</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Ongoing</b>	<b>\$628,844</b>	<b>\$680,811</b>	<b>\$680,811</b>	<b>\$0</b>	<b>\$682,077</b>	<b>\$682,077</b>	<b>\$0</b>	<b>\$0</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

There were no differences between the executive and legislative budgets.

### 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 FY 2026	Budget FY 2027	Biennium Change from Base Amount	Percent
PB	2.62	2.62	2.62	0.00	0.0%
Proprietary Funds	478,844	477,038	478,304	(2,346)	(0.2%)
<b>Total Funds</b>	<b>478,844</b>	<b>477,038</b>	<b>478,304</b>	<b>(2,346)</b>	<b>(0.2%)</b>
Personal Services	227,778	225,972	227,238	(2,346)	(0.5%)
Operating Expenses	71,315	71,315	71,315		0.0%
Debt Service	179,751	179,751	179,751		0.0%
<b>Total Expenditures</b>	<b>478,844</b>	<b>477,038</b>	<b>478,304</b>	<b>(2,346)</b>	<b>(0.2%)</b>
<b>Total Ongoing</b>	<b>478,844</b>	<b>477,038</b>	<b>478,304</b>	<b>(2,346)</b>	<b>(0.2%)</b>
<b>Total One-Time-Only</b>					<b>0.0%</b>

### 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 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	257,761	257,764	227,778	225,972	227,238
Operating Expenses	28,136	95,102	71,315	71,315	71,315
Debt Service	171,447	171,447	179,751	179,751	179,751
<b>Total Expenditures</b>	<b>\$457,344</b>	<b>\$524,313</b>	<b>\$478,844</b>	<b>\$477,038</b>	<b>\$478,304</b>
Proprietary Funds	457,344	524,313	478,844	477,038	478,304
<b>Total Funds</b>	<b>\$457,344</b>	<b>\$524,313</b>	<b>\$478,844</b>	<b>\$477,038</b>	<b>\$478,304</b>
<b>Total Ongoing</b>	<b>\$457,344</b>	<b>\$524,313</b>	<b>\$478,844</b>	<b>\$477,038</b>	<b>\$478,304</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Funding**

The following table shows the adopted 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 %
<b>State Special Total</b>	<b>\$1,020,606</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,020,606</b>	<b>15.45 %</b>
03018 IMLS	3,109,956	0	0	3,109,956	100.00 %
<b>Federal Special Total</b>	<b>\$3,109,956</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,109,956</b>	<b>47.08 %</b>
06021 MT Shared Catalog	0	955,342	0	955,342	100.00 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$955,342</b>	<b>\$0</b>	<b>\$955,342</b>	<b>14.46 %</b>
<b>Total All Funds</b>	<b>\$4,565,803</b>	<b>\$955,342</b>	<b>\$1,084,226</b>	<b>\$6,605,371</b>	

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

*Non-Budgeted Proprietary Funds*

The non-budgeted proprietary fund for the Patron and Local Library Development Program is for the Montana Shared Catalog. For additional detail, please see the proprietary program description.

**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 Local Library Development Services 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Adopted Budget	General Fund	State Special	Federal Special	Total Funds	% of Adopted Budget
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>478,844</b>	<b>100.4%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>478,844</b>	<b>100.1%</b>
Statewide PL										
Personal Services	0	0	0	(1,806)	(0.4%)	0	0	0	(540)	(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	0	0	0	(1,806)	(0.4%)	0	0	0	(540)	(0.1%)
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
<b>Total HB 2 Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,806)</b>	<b>(0.4%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(540)</b>	<b>(0.1%)</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>477,038</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>478,304</b>	

**Montana Shared Catalog - 06021***Proprietary Program Description*

The Montana Shared Catalog (MSC) is a cooperative project involving approximately 180 libraries across Montana. Public, school, academic, medical, and other special libraries have pooled resources to purchase a robust library automation system. The Montana State Library became the fiscal agent for the Montana Shared Catalog in FY 2008.

*Proprietary Program Revenues and Expenses*

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

2027 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06021	Montana Shared Catalog	51150	Montana State Library	Statewide Library Resources

	Actual FY 2024	Budgeted FY 2025	Reviewed FY 2026	Reviewed FY 2027
<b>Operating Revenues:</b>				
<b>Fees and Charges</b>				
Member Fees	495,380	500,000	500,000	500,000
<b>Total Operating Revenues</b>	495,380	500,000	500,000	500,000
<b>Expenses:</b>				
Personal Services	255,116	227,778	225,972	227,238
Other Operating Expense	106,774	71,315	71,315	71,315
	110,979	179,751	179,751	179,751
<b>Total Operating Expense</b>	472,869	478,844	477,038	478,304
<b>Operating Income (Loss)</b>	22,511	21,156	22,962	21,696
<b>Income (Loss) Before Contributions and Transfers</b>	22,511	21,156	22,962	21,696
<b>Change in Net Position</b>	22,511	21,156	22,962	21,696
<b>Beginning Net Position - July 1</b>	(25,452)	(2,941)	18,215	41,177
Prior Period Adjustments	-	-	-	-
Change in Net Position	22,511	21,156	22,962	21,696
<b>Ending Net Position - June 30</b>	(2,941)	18,215	41,177	62,873
<b>Net Position (Fund Balance) Analysis</b>				
Unrestricted Net Position				

*Expenditures*

Expenditures include:

- Personal services for 2.62 PB
- The payment of required fees for software licensing
- User interface
- Indexing to make the system run
- Payment for required yearly catalog director station maintenance
- Travel budget for meeting with stakeholders and conference attendance
- Member training
- Equipment replacement

*Revenues*

The MSC members pay membership dues that are used to pay operating expenses. There are approximately 180 member libraries that pay membership fees each year.

*Proprietary Rates*

In accordance with the written agreement each participating library signs upon joining this consortium, the annual fee assessed to each library is established on the basis of a membership-approved cost formula. The goal of the cost formula is to distribute MSC operational costs as fairly and evenly as possible based on the following:

- Individual library's title count
- Patron count
- Circulation count
- Equal share contribution

This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

**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-----				
	FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	(1,806)		0.00	0	0	(540)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,806)</b>		<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$540)</b>

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

**DP 1 - Personal Services -**

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

### 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 FY 2026	Budget FY 2027	Biennium Change from Base		
				Amount	Percent	
PB	2.00	2.00	2.00	0.00	0.0%	
Proprietary Funds	150,000	203,773	203,773	107,546	35.8%	
<b>Total Funds</b>	<b>150,000</b>	<b>203,773</b>	<b>203,773</b>	<b>107,546</b>	<b>35.8%</b>	
Personal Services	121,500	175,273	175,273	107,546	44.3%	
Operating Expenses	28,500	28,500	28,500	0	0.0%	
<b>Total Expenditures</b>	<b>150,000</b>	<b>203,773</b>	<b>203,773</b>	<b>107,546</b>	<b>35.8%</b>	
<b>Total Ongoing</b>	<b>150,000</b>	<b>203,773</b>	<b>203,773</b>	<b>107,546</b>	<b>35.8%</b>	
<b>Total One-Time-Only</b>					<b>0.0%</b>	

### Program Description

The Geographic Information System (GIS), Data, and Information 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 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	0	0	121,500	175,273	175,273
Operating Expenses	0	0	28,500	28,500	28,500
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$150,000</b>	<b>\$203,773</b>	<b>\$203,773</b>
Proprietary Funds	0	0	150,000	203,773	203,773
<b>Total Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$150,000</b>	<b>\$203,773</b>	<b>\$203,773</b>
<b>Total Ongoing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$150,000</b>	<b>\$203,773</b>	<b>\$203,773</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



## Funding

The following table shows adopted 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 %
<b>State Special Total</b>	<b>\$5,326,046</b>	<b>\$0</b>	<b>\$1,023,937</b>	<b>\$6,349,983</b>	<b>77.85 %</b>
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
06025 MT State Reference Network-RTN	0	407,546	0	407,546	100.00 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$407,546</b>	<b>\$0</b>	<b>\$407,546</b>	<b>5.00 %</b>
<b>Total All Funds</b>	<b>\$6,725,024</b>	<b>\$407,546</b>	<b>\$1,023,937</b>	<b>\$8,156,507</b>	

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

*Non-Budgeted Proprietary Funds*

The non-budgeted proprietary fund for the GIS, Data, and Information Program is for the Montana State Reference Network. For additional detail, please see the proprietary program description.

## 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 Information Services 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Adopted Budget	General Fund	State Special	Federal Special	Total Funds	% of Adopted Budget
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150,000</b>	<b>73.6%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150,000</b>	<b>73.6%</b>
Statewide PL										
Personal Services	0	0	0	53,773	26.4%	0	0	0	53,773	26.4%
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	53,773	26.4%	0	0	0	53,773	26.4%
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%
<b>Total HB 2 Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53,773</b>	<b>26.4%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53,773</b>	<b>26.4%</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>203,773</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>203,773</b>	

**Montana State Reference Network - 06025***Proprietary Program Description*

The Montana State Reference Network (MTSRN, formerly the Montana Real Time Network) 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. It was formerly known as the real time network.

*Proprietary Program Revenues and Expenses*

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

2027 Biennium Report on Internal Service and Enterprise Funds							
Fund	Fund Name	Agency #	Agency Name	Program Name			
06025	Montana State Reference Network	51150	Montana State Library	Statewide Library Resources			
				Actual FY 2024	Budgeted FY 2025	Reviewed FY 2026	Reviewed FY 2027
<b>Operating Revenues:</b>							
<b>Fees and Charges</b>							
Subscriber Fees			62,087	150,000	225,000	375,000	
<b>Total Operating Revenues</b>			62,087	150,000	225,000	375,000	
<b>Expenses:</b>							
Personal Services			-	121,500	175,273	175,273	
Other Operating Expense			-	28,500	28,500	28,500	
<b>Total Operating Expense</b>			-	150,000	203,773	203,773	
<b>Operating Income (Loss)</b>			62,087	-	21,227	171,227	
<b>Income (Loss) Before Contributions and Transfers</b>			62,087	-	21,227	171,227	
<b>Change in Net Position</b>			62,087	-	21,227	171,227	
<b>Beginning Net Position - July 1</b>			-	62,087	62,087	83,314	
Prior Period Adjustments			-	-	-	-	
<b>Change in Net Position</b>			62,087	-	21,227	171,227	
<b>Ending Net Position - June 30</b>			62,087	62,087	83,314	254,541	
<b>Net Position (Fund Balance) Analysis</b>							
Unrestricted Net Position							

Expenditures

Expenditures include:

- Payment of required fees for software licensing
- User interface
- Agency support staff and overhead
- Equipment replacement

Revenues

The Montana State Reference Network subscribers pay subscription fees that are used to pay for the operations of the program. Montana State Library analyzes rates charged to subscribers on a biannual basis. Rates are reflective of projected program costs and number of program subscribers.

For the 2025 biennium, the legislature also appropriated \$500,000 per fiscal year of one-time-only state special revenue authority in HB 2 for additional start-up and ongoing costs related to the Montana State Reference Network in HB 2. This funding does not continue into the 2027 biennium.

Proprietary Rates

Montana State Library analyzes rates charged to subscribers on a biannual basis. Rates are reflective of projected program costs and number of program subscribers.

This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

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				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	53,773	0.00	0	0	0	53,773
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$53,773	0.00	\$0	\$0	\$0	\$53,773

\*"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 reviewed adjustments to the present law personal services budget.