

### 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	Budget FY 2026	Budget FY 2027	Biennium Change from Base Amount	Percent	
PB	43.00	43.00	43.00	0.00	0.0%	
Proprietary Funds	6,458,037	6,797,097	6,717,280	598,303	4.6%	
<b>Total Funds</b>	<b>6,458,037</b>	<b>6,797,097</b>	<b>6,717,280</b>	<b>598,303</b>	<b>4.6%</b>	
Personal Services	3,953,146	4,425,819	4,439,372	958,899	12.1%	
Operating Expenses	2,504,891	2,371,278	2,277,908	(360,596)	(7.2%)	
<b>Total Expenditures</b>	<b>6,458,037</b>	<b>6,797,097</b>	<b>6,717,280</b>	<b>598,303</b>	<b>4.6%</b>	
<b>Total Ongoing</b>	<b>6,458,037</b>	<b>6,797,097</b>	<b>6,717,280</b>	<b>598,303</b>	<b>4.6%</b>	
<b>Total One-Time-Only</b>					<b>0.0%</b>	

### Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, A-1

### Agency Highlights

Secretary of State Major Budget Highlights
<ul style="list-style-type: none"> <li>The Secretary of State's 2027 biennium non-budgeted proprietary appropriations are approximately \$598,000 or 4.6% higher than the FY 2025 base budget</li> <li>This increase is entirely due to increased statewide present law adjustments for personal services, which is partially offset by a decreased 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 requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	3,712,645	3,794,921	3,953,146	4,425,819	4,439,372
Operating Expenses	3,218,542	3,516,026	2,504,891	2,371,278	2,277,908
Transfers	106,840	144,000	0	0	0
<b>Total Expenditures</b>	<b>\$7,038,027</b>	<b>\$7,454,947</b>	<b>\$6,458,037</b>	<b>\$6,797,097</b>	<b>\$6,717,280</b>
Proprietary Funds	7,038,027	7,454,947	6,458,037	6,797,097	6,717,280
<b>Total Funds</b>	<b>\$7,038,027</b>	<b>\$7,454,947</b>	<b>\$6,458,037</b>	<b>\$6,797,097</b>	<b>\$6,717,280</b>
<b>Total Ongoing</b>	<b>\$7,038,027</b>	<b>\$7,454,947</b>	<b>\$6,458,037</b>	<b>\$6,797,097</b>	<b>\$6,717,280</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, A-2

### 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								
	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
Budget Item	Fiscal 2025	Fiscal 2026	Fiscal 2026	Fiscal 2026	Fiscal 2027	Fiscal 2027	Fiscal 2027	Fiscal 26-27
Personal Services	3,953,146	4,425,819	4,425,819	0	4,439,372	4,439,372	0	0
Operating Expenses	2,504,891	2,371,278	2,371,278	0	2,277,908	2,277,908	0	0
Equipment & Intangible Assets	0	0	0	0	0	0	0	0
Grants	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$6,458,037</b>	<b>\$6,797,097</b>	<b>\$6,797,097</b>	<b>\$0</b>	<b>\$6,717,280</b>	<b>\$6,717,280</b>	<b>\$0</b>	<b>\$0</b>
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0
Other	6,458,037	6,797,097	6,797,097	0	6,717,280	6,717,280	0	0
<b>Total Funds</b>	<b>\$6,458,037</b>	<b>\$6,797,097</b>	<b>\$6,797,097</b>	<b>\$0</b>	<b>\$6,717,280</b>	<b>\$6,717,280</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Ongoing</b>	<b>\$6,458,037</b>	<b>\$6,797,097</b>	<b>\$6,797,097</b>	<b>\$0</b>	<b>\$6,717,280</b>	<b>\$6,717,280</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 is no change between the executive proposed budget and the budget reviewed by the legislature for the Secretary of State.

**Funding**

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

Total Secretary of State 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>State Special Revenue Total</b>	-	-	-	-	-	<b>0.0%</b>
<b>Federal Special Revenue Total</b>	-	-	-	-	-	<b>0.0%</b>
06053 Sec of St Business Services			13,514,377		13,514,377	100.0%
<b>Proprietary Fund Total</b>	-	-	<b>13,514,377</b>	-	<b>13,514,377</b>	<b>100.0%</b>
<b>Total of All Funds</b>	-	-	<b>13,514,377</b>	-	<b>13,514,377</b>	
<b>Percent of All Sources of Authority</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0.0%</b>		

*Non-Budgeted Proprietary*

The Secretary of State is entirely funded with non-budgeted proprietary funding. This fund is described in further detail later in this budget analysis.

**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.

Secretary of State 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,458,037</b>	<b>95.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,458,037</b>	<b>96.1%</b>
Statewide PL										
Personal Services	0	0	0	472,673	7.0%	0	0	0	486,226	7.2%
Fixed Costs	0	0	0	(133,613)	(2.0%)	0	0	0	(226,983)	(3.4%)
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	339,060	5.0%	0	0	0	259,243	3.9%
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>339,060</b>	<b>5.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>259,243</b>	<b>3.9%</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,797,097</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>6,717,280</b>	

**Page Reference**

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**Page Reference**

N/A

**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	472,673	0.00	0	0	0	486,226
DP 2 - Fixed Costs	0.00	0	0	0	(133,613)	0.00	0	0	0	(226,983)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$339,060</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$259,243</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.

## Proprietary Program Revenues and Expenses

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

2027 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Program Name			
6053	Business Services	32010	Business Services			
			Actual	Estimated	Review ed	Review ed
			FY 24	FY 25	FY 26	FY 27
Operating Revenues						
Fees and Charges						
Charges for Service			5,752,240	5,970,779	9,746,942	9,703,744
Sale of Documents			109,260	109,260	109,260	109,260
Federal ID Cost Recovery			-	184,817	184,817	184,817
Other Operating Revenues						
BOI Investment Earnings			598,618	358,340	399,322	427,434
SOS Miscellaneous Receipts			207,058	22,241	22,241	22,241
Total Operating Revenues			6,667,176	6,645,437	10,462,582	10,447,496
Expenses						
Personal Services			3,712,645	3,953,146	4,425,819	4,439,372
Operating Expense			3,218,542	2,504,891	2,371,278	2,277,908
Total Operating Expense			6,931,187	6,458,037	6,797,097	6,717,280
Operating Income (Loss)			(264,011)	187,400	3,665,485	3,730,216
Nonoperating Revenues						
Nonoperating Expenses						
Total Nonoperating Revenues (Expenses)			-	-	-	-
Income (Loss) Before Contributions and Transfers			(264,011)	187,400	3,665,485	3,730,216
Transfers In			302,113			
Transfers Out			(106,840)			
Change in Net Position			(68,738)	187,400	3,665,485	3,730,216
Beginning Net Position - July 1			14,160,481	13,350,457	13,537,857	17,203,341
Prior Period Adjustments			(741,286)	-	-	-
Change in Net Position			(68,738)	187,400	3,665,485	3,730,216
Ending Net Position - June 30			13,350,457	13,537,857	17,203,341	20,933,557

*Expenditures*

Expenditures for FY 2026 and FY 2027 show increased personal services and decreased operating expenses due to statewide present law adjustments.

*Revenues*

Revenue is received from the following sources:

- Fees charged to businesses and corporations for corporate filings and registration of assumed business names and trademarks
- Fees charged to state agencies for publishing the Administrative Rule of Montana and the Montana Administrative Register
- Fees charged to candidates who file for elections
- Fees charged to Montana citizens who apply to be notaries

The program collects the largest amount of revenues on the annual report filings during the annual report season.

In FY 2024 and FY 2025 the Secretary of State waived the annual report filing fee. The Secretary is currently evaluating the agency's financial position and considering additional fee reductions and waivers for the 2027 biennium.

*Proprietary Rates*

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.

The administrative rule that establishes fees charged to agencies for publication of the Administrative Rules of Montana and notices in the Montana Administrative Register was amended in June 2024. Beginning in FY 2026, an agency will have the option between two methods for paying filing fees.

1. Pay \$60 per page for each notice at the time of publication
2. Pay on an annual basis a fee based on the volume of notice submissions:
  - 1 to 4 notices - \$550
  - 5 to 9 notices - \$1,650
  - 10 to 15 notices - \$3,475
  - 16 to 25 notices - \$4,400
  - 26 to 35 notices - \$8,675
  - 36 or more notices - \$16,750

It should be noted that this does not increase the rate charged to agencies but rather gives the agency the choice between paying per page for each notice as they have been doing previously or to pay on an annual basis.

### 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	Requested Budget FY 2026	Budget FY 2027	Biennium Change from Base		
				Amount	Percent	
PB	3.50	3.50	3.50	0.00	0.0%	
Proprietary Funds	322,668	349,768	350,898	55,330	8.6%	
<b>Total Funds</b>	<b>322,668</b>	<b>349,768</b>	<b>350,898</b>	<b>55,330</b>	<b>8.6%</b>	
Personal Services	256,271	273,061	273,062	33,581	6.6%	
Operating Expenses	66,397	76,707	77,836	21,749	16.4%	
<b>Total Expenditures</b>	<b>322,668</b>	<b>349,768</b>	<b>350,898</b>	<b>55,330</b>	<b>8.6%</b>	
<b>Total Ongoing</b>	<b>322,668</b>	<b>349,768</b>	<b>350,898</b>	<b>55,330</b>	<b>8.6%</b>	
<b>Total One-Time-Only</b>					<b>0.0%</b>	

### Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, Page A-7

### Agency Highlights

Department of Revenue Major Budget Highlights
<ul style="list-style-type: none"> <li>The Department of Revenue's 2027 biennium non-budgeted proprietary appropriations are approximately of 8.6%, or \$55,000, higher than the FY 2025 base budget. Significant rate changes adopted by the legislature include: <ul style="list-style-type: none"> <li>An increase in the bad debt collection rate from 4.75% in FY 2025 to 6.00% in FY 2026 and FY 2027</li> </ul> </li> </ul>

**Agency Actuals and Budget Comparison**

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

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	239,780	242,234	256,271	273,061	273,062
Operating Expenses	64,348	66,279	66,397	76,707	77,836
<b>Total Expenditures</b>	<b>\$304,128</b>	<b>\$308,513</b>	<b>\$322,668</b>	<b>\$349,768</b>	<b>\$350,898</b>
Proprietary Funds	304,128	308,513	322,668	349,768	350,898
<b>Total Funds</b>	<b>\$304,128</b>	<b>\$308,513</b>	<b>\$322,668</b>	<b>\$349,768</b>	<b>\$350,898</b>
<b>Total Ongoing</b>	<b>\$304,128</b>	<b>\$308,513</b>	<b>\$322,668</b>	<b>\$349,768</b>	<b>\$350,898</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Page Reference**

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**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	256,271	273,061	273,061	0	273,062	273,062	0	0
Operating Expenses	66,397	76,707	76,707	0	77,836	77,836	0	0
<b>Total Costs</b>	<b>\$322,668</b>	<b>\$349,768</b>	<b>\$349,768</b>	<b>\$0</b>	<b>\$350,898</b>	<b>\$350,898</b>	<b>\$0</b>	<b>\$0</b>
Other	322,668	349,768	349,768	0	350,898	350,898	0	0
<b>Total Funds</b>	<b>\$322,668</b>	<b>\$349,768</b>	<b>\$349,768</b>	<b>\$0</b>	<b>\$350,898</b>	<b>\$350,898</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Ongoing</b>	<b>\$322,668</b>	<b>\$349,768</b>	<b>\$349,768</b>	<b>\$0</b>	<b>\$350,898</b>	<b>\$350,898</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>

The Legislature did not adopt any changes to the non-budgeted proprietary appropriations proposed by the executive.



## Funding

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

Total Department of Revenue Funding by Source of Authority 2027 Biennium Budget Request						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
<b>01100 General Fund</b>	<b>141,394,375</b>			<b>352,583,000</b>	<b>493,977,375</b>	<b>38.1%</b>
02442 Cannabis	197,366,157				197,366,157	15.2%
02168 MT Oil Production Tax				130,606,005	130,606,005	10.1%
02083 Oil & Gas Local Assistance				10,242,000	10,242,000	0.8%
02008 Tobacco And Cig. Tribal Agree.				6,159,910	6,159,910	0.5%
02966 Tribal Agreement - Alcohol				2,018,000	2,018,000	0.2%
Other State Special Revenue	2,081,408			3,912,037	5,993,445	0.5%
<b>State Special Revenue Total</b>	<b>199,447,565</b>	-	-	<b>152,937,952</b>	<b>352,385,517</b>	<b>27.2%</b>
03928 Royalty Audit - NRCT	1,006,046				1,006,046	0.1%
<b>Federal Special Revenue Total</b>	<b>1,006,046</b>	-	-	-	<b>1,006,046</b>	<b>0.1%</b>
06005 Liquor Division	449,079,507				449,079,507	34.6%
06554 Bad Debt Collection Services			700,666		700,666	0.1%
<b>Proprietary Fund Total</b>	<b>449,079,507</b>	-	<b>700,666</b>	-	<b>449,780,173</b>	<b>34.7%</b>
<b>Total of All Funds</b>	<b>790,927,493</b>	-	<b>700,666</b>	<b>505,520,952</b>	<b>1,297,149,111</b>	
<b>Percent of All Sources of Authority</b>	<b>61.0%</b>	<b>0.0%</b>	<b>0.1%</b>	<b>39.0%</b>		

## Non-Budgeted Proprietary Funds

The finances of the bad debt collection services are funded with non-budgeted proprietary funds which will be discussed in the Proprietary Program Description Section of this narrative.

## 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.

Department of Revenue 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>322,668</b>	<b>92.3%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>322,668</b>	<b>92.0%</b>
Statewide PL										
Personal Services	0	0	0	16,790	4.8%	0	0	0	16,791	4.8%
Fixed Costs	0	0	0	10,310	2.9%	0	0	0	11,439	3.3%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	27,100	7.7%	0	0	0	28,230	8.0%
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>27,100</b>	<b>7.7%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,230</b>	<b>8.0%</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>349,768</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>350,898</b>	

**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	Requested Budget FY 2026	Budget FY 2027	Biennium Change from Base		
				Amount	Percent	
PB	3.50	3.50	3.50	0.00	0.0%	
Proprietary Funds	322,668	349,768	350,898	55,330	8.6%	
<b>Total Funds</b>	<b>322,668</b>	<b>349,768</b>	<b>350,898</b>	<b>55,330</b>	<b>8.6%</b>	
Personal Services	256,271	273,061	273,062	33,581	6.6%	
Operating Expenses	66,397	76,707	77,836	21,749	16.4%	
<b>Total Expenditures</b>	<b>322,668</b>	<b>349,768</b>	<b>350,898</b>	<b>55,330</b>	<b>8.6%</b>	
<b>Total Ongoing</b>	<b>322,668</b>	<b>349,768</b>	<b>350,898</b>	<b>55,330</b>	<b>8.6%</b>	
<b>Total One-Time-Only</b>					<b>0.0%</b>	

**Page Reference**

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**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	239,780	242,234	256,271	273,061	273,062
Operating Expenses	64,348	66,279	66,397	76,707	77,836
<b>Total Expenditures</b>	<b>\$304,128</b>	<b>\$308,513</b>	<b>\$322,668</b>	<b>\$349,768</b>	<b>\$350,898</b>
Proprietary Funds	304,128	308,513	322,668	349,768	350,898
<b>Total Funds</b>	<b>\$304,128</b>	<b>\$308,513</b>	<b>\$322,668</b>	<b>\$349,768</b>	<b>\$350,898</b>
<b>Total Ongoing</b>	<b>\$304,128</b>	<b>\$308,513</b>	<b>\$322,668</b>	<b>\$349,768</b>	<b>\$350,898</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Page Reference**

N/A

**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.

Information Management and Collections Division 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>322,668</b>	<b>92.3%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>322,668</b>	<b>92.0%</b>
Statewide PL										
Personal Services	0	0	0	16,790	4.8%	0	0	0	16,791	4.8%
Fixed Costs	0	0	0	10,310	2.9%	0	0	0	11,439	3.3%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	27,100	7.7%	0	0	0	28,230	8.0%
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>27,100</b>	<b>7.7%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,230</b>	<b>8.0%</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>349,768</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>350,898</b>	

**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	16,790	0.00	0	0	0	16,791
DP 2 - Fixed Costs	0.00	0	0	0	10,310	0.00	0	0	0	11,439
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$27,100</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$28,230</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.

## Bad Debt Collection Services – Fund 06554

*Proprietary Program Revenues and Expenses*

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

2027 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
6554	Bad Debt Collection Services	58010	Information Mgmt & Collections

	Actual FY 24	Estimated FY 25	Adopted FY 26	Adopted FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Fee Revenue A	337,170	300,000	350,000	360,000
Other Operating Revenues				
<b>Total Operating Revenues</b>	337,170	300,000	350,000	360,000
<b>Expenses</b>				
Personal Services	239,961	256,271	273,061	273,062
Other Operating Expense				
Expense A	64,685	66,397	76,707	77,836
<b>Total Operating Expense</b>	304,646	322,668	349,768	350,898
<b>Operating Income (Loss)</b>	32,524	(22,668)	232	9,102
<b>Nonoperating Revenues</b>				
Other Revenue A				
Other Revenue B				
<b>Nonoperating Expenses</b>				
Other Expense A				
Other Expense B				
<b>Total Nonoperating Revenues (Expenses)</b>	-	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>	32,524	(22,668)	232	9,102
<b>Capital Contributions</b>				
<b>Transfers In</b>				
<b>Transfers Out</b>				
<b>Loans and Lease Payments</b>				
<b>Change in Net Position</b>	32,524	(22,668)	232	9,102
<b>Beginning Net Position - July 1</b>	261,177	293,951	271,283	271,515
Prior Period Adjustments	250			
Change in Net Position	32,524	(22,668)	232	9,102
<b>Ending Net Position - June 30</b>	293,951	271,283	271,515	280,617
<b>Net Position (Fund Balance) Analysis</b>				
Restricted Net Position (Enterprise Funds Only)				
Unrestricted Net Position				

Expenses

The Department of Revenue is currently authorized to charge a commission rate for its collection services, excluding the collection of overpaid child support payments made to custodial parents and collection of delinquent child support payments from noncustodial parents. The commissions collected are used to pay the expenses of the Collection Services Program. Historically, 76.5% of the expenditures from this fund are paid in salary and benefits (personal services) with the remaining expenditures being operating expenses.

Revenues

Administration of this program has required a minimum of a nine-month working capital balance due to the timing of program collections through offset of other state monies, as the program collects the largest amount of revenues on delinquent accounts during the income tax season and the hunting permitting season.

Proprietary Rates

The legislature adopted a commission rate of 6.00% in both FY 2026 and FY 2027, which is an increase from the rates approved by the 2023 Legislature. This will provide the department with approximately nine months' worth of working capital. The nine-month working capital balance allows the agency to pay expenses as they are incurred as most of commission revenue is not collected until the income tax filing season each year, which is six to nine months after the start of the fiscal year. The department will continue to evaluate the commission rate as actual revenues and expenditures are received and incurred to maintain the working capital balance at the appropriate level.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved FY 2024	Approved FY 2025	Adopted FY 2026	Adopted FY 2027
Fee Description:	5.00%	4.75%	6.00%	6.00%

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.

### 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	Budget FY 2026	Budget FY 2027	Biennium Change from Base Amount	Percent
PB	407.81	406.81	406.81	(1.00)	(0.1%)
Proprietary Funds	383,938,114	425,234,482	439,657,052	97,015,306	12.6%
<b>Total Funds</b>	<b>383,938,114</b>	<b>425,234,482</b>	<b>439,657,052</b>	<b>97,015,306</b>	<b>12.6%</b>
Personal Services	40,942,227	41,464,457	41,585,484	1,165,487	1.4%
Operating Expenses	109,240,992	120,458,418	120,573,816	22,550,250	10.3%
Equipment & Intangible Assets	949,236	949,236	949,236		0.0%
Grants	520,113	520,113	520,113		0.0%
Benefits & Claims	230,268,119	258,722,273	273,046,615	71,232,650	15.5%
Transfers	159,000	450,092	387,914	520,006	163.5%
Debt Service	1,858,427	2,669,893	2,593,874	1,546,913	41.6%
<b>Total Expenditures</b>	<b>383,938,114</b>	<b>425,234,482</b>	<b>439,657,052</b>	<b>97,015,306</b>	<b>12.6%</b>
<b>Total Ongoing</b>	<b>383,938,114</b>	<b>425,234,482</b>	<b>439,657,052</b>	<b>97,015,306</b>	<b>12.6%</b>
<b>Total One-Time-Only</b>					<b>0.0%</b>

### Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, A-13

### Agency Highlights

Department of Administration Major Budget Highlights
<ul style="list-style-type: none"> <li>The Department of Administration's 2027 biennium non-budgeted proprietary appropriations are approximately \$97.0 million or 12.6% higher than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> <li>Approximately \$71.2 million of this increase is due to an increase in benefits and claims for the Health Care and Benefits Division due to projected claims payments</li> <li>A transfer of 5.00 PB and its associated appropriation authority from the State Information Technology Services Division (SITSD) to the Director's Office and 1.00 PB from the Director's Office to SITSD</li> <li>Adopted rate changes for the Management Services Program, SABHRS, Warrant Writer, Facilities Management Bureau, Workers Compensation Management Program, Enterprise Learning and Development, SITSD, and the Human Resources Information System Program</li> </ul> </li> </ul>

### Agency Actuals and Budget Comparison

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

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	39,640,492	41,226,954	40,942,227	41,464,457	41,585,484
Operating Expenses	101,215,232	115,430,727	109,240,992	120,458,418	120,573,816
Equipment & Intangible Assets	1,507,162	1,511,266	949,236	949,236	949,236
Capital Outlay	208,961	208,849	0	0	0
Grants	467,888	520,113	520,113	520,113	520,113
Benefits & Claims	225,513,642	234,768,119	230,268,119	258,722,273	273,046,615
Transfers	315,856	317,000	159,000	450,092	387,914
Debt Service	10,039,837	2,793,519	1,858,427	2,669,893	2,593,874
<b>Total Expenditures</b>	<b>\$378,909,070</b>	<b>\$396,776,547</b>	<b>\$383,938,114</b>	<b>\$425,234,482</b>	<b>\$439,657,052</b>
Proprietary Funds	378,909,070	396,776,547	383,938,114	425,234,482	439,657,052
<b>Total Funds</b>	<b>\$378,909,070</b>	<b>\$396,776,547</b>	<b>\$383,938,114</b>	<b>\$425,234,482</b>	<b>\$439,657,052</b>
<b>Total Ongoing</b>	<b>\$378,909,070</b>	<b>\$396,776,547</b>	<b>\$383,938,114</b>	<b>\$425,234,482</b>	<b>\$439,657,052</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, A-15

### 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	40,942,227	41,464,457	41,464,457	0	41,585,484	41,585,484	0	0
Operating Expenses	109,240,992	120,532,389	120,458,418	(73,971)	120,654,514	120,573,816	(80,698)	(154,669)
Equipment & Intangible Assets	949,236	949,236	949,236	0	949,236	949,236	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Grants	520,113	520,113	520,113	0	520,113	520,113	0	0
Benefits & Claims	230,268,119	258,722,273	258,722,273	0	273,046,615	273,046,615	0	0
Transfers	159,000	450,092	450,092	0	387,914	387,914	0	0
Debt Service	1,858,427	2,669,893	2,669,893	0	2,593,874	2,593,874	0	0
<b>Total Costs</b>	<b>\$383,938,114</b>	<b>\$425,308,453</b>	<b>\$425,234,482</b>	<b>(\$73,971)</b>	<b>\$439,737,750</b>	<b>\$439,657,052</b>	<b>(\$80,698)</b>	<b>(\$154,669)</b>
General Fund	0	0	0	0	0	0	0	0
State/other Special Rev.	0	0	0	0	0	0	0	0
Funds								
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0
Other	383,938,114	425,308,453	425,234,482	(73,971)	439,737,750	439,657,052	(80,698)	(154,669)
<b>Total Funds</b>	<b>\$383,938,114</b>	<b>\$425,308,453</b>	<b>\$425,234,482</b>	<b>(\$73,971)</b>	<b>\$439,737,750</b>	<b>\$439,657,052</b>	<b>(\$80,698)</b>	<b>(\$154,669)</b>
<b>Total Ongoing</b>	<b>\$383,938,114</b>	<b>\$425,308,453</b>	<b>\$425,234,482</b>	<b>(\$73,971)</b>	<b>\$439,737,750</b>	<b>\$439,657,052</b>	<b>(\$80,698)</b>	<b>(\$154,669)</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>

The legislature adopted an adjustment to DP 2 which removed the newly proposed Robert's Rules of Order training. This removal lowered expenditures statewide by approximately \$63,000 each fiscal year of the 2027 biennium.

Additionally, the legislature approved a reduction in the human resource rate charged by the Department of Administration to other internal divisions. Overall, these rate adjustments reduced the Department of Administration's non-budgeted proprietary authority by \$147,000 in the 2027 biennium.

### Funding

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

Total Department of Administration 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>115,188,943</b>			<b>182,795,928</b>	<b>297,984,871</b>	<b>20.9%</b>
02858 Mineral Impact				16,908,187	16,908,187	1.2%
02077 Financial Institutions Div	10,240,659				10,240,659	0.7%
02030 Arch & Engin Construction	6,112,000				6,112,000	0.4%
02211 Procurement Special Revenue	1,207,777				1,207,777	0.1%
02098 Insurance Proceeds - State Bld				91,000	91,000	0.0%
<b>State Special Revenue Total</b>	<b>17,560,436</b>	-	-	<b>16,999,187</b>	<b>34,559,623</b>	<b>2.4%</b>
03425 Forest Reserve Shared Revenue				9,760,900	9,760,900	0.7%
03095 Taylor Grazing Act Dist.				250,000	250,000	0.0%
03369 Flood Control Payments	45,414				45,414	0.0%
03320 CMIA Funds	11,656				11,656	0.0%
<b>Federal Special Revenue Total</b>	<b>57,070</b>	-	-	<b>10,010,900</b>	<b>10,067,970</b>	<b>0.7%</b>
06559 Group Benefits Claims A/C			521,459,403		521,459,403	36.5%
06001 State Lottery Fund	13,528,435			207,292,700	220,821,135	15.5%
06522 ISD Proprietary			158,946,255		158,946,255	11.1%
06532 Agency Insurance Int. Svc.			76,433,266		76,433,266	5.4%
06528 Rent And Maintenance			27,384,352		27,384,352	1.9%
Other Proprietary Fund	175,756		80,668,258		80,844,014	5.7%
<b>Proprietary Fund Total</b>	<b>13,704,191</b>	-	<b>864,891,534</b>	<b>207,292,700</b>	<b>1,085,888,425</b>	<b>76.0%</b>
<b>Total of All Funds</b>	<b>146,510,640</b>	-	<b>864,891,534</b>	<b>417,098,715</b>	<b>1,428,500,889</b>	
<b>Percent of All Sources of Authority</b>	<b>10.3%</b>	<b>0.0%</b>	<b>60.5%</b>	<b>29.2%</b>		

The majority of the Department of Administration is funded with non-budgeted proprietary funds. These funds support the operations of the Director's Office, State Financial Services Division, General Services Division, State Information Technology Services Division, Healthcare and Benefits Division, State Human Resource Division, and Risk Management and Tort Defense Division.



## 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.

Department of Administration 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0 383,938,114</b>	<b>90.3%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0 383,938,114</b>	<b>87.3%</b>
Statewide PL										
Personal Services	0	0	0	658,944	0.2%	0	0	0	781,374	0.2%
Fixed Costs	0	0	0	258,954	0.1%	0	0	0	(35,893)	(0.0%)
Inflation Deflation	0	0	0	(2,313)	(0.0%)	0	0	0	(1,563)	(0.0%)
Total Statewide PL	0	0	0	915,585	0.2%	0	0	0	743,918	0.2%
Present Law (PL)	0	0	0	40,517,497	9.5%	0	0	0	55,113,137	12.5%
New Proposals	0	0	0	(136,714)	(0.0%)	0	0	0	(138,117)	(0.0%)
<b>Total HB 2 Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0 41,296,368</b>	<b>9.7%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0 55,718,938</b>	<b>12.7%</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0 425,234,482</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0 439,657,052</b>	

### 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	Budget FY 2026	Budget FY 2027	Biennium Change from Base Amount Percent		
PB	27.51	31.51	31.51	4.00	7.3%	
Proprietary Funds	3,611,415	4,129,652	4,141,300	1,048,122	14.5%	
<b>Total Funds</b>	<b>3,611,415</b>	<b>4,129,652</b>	<b>4,141,300</b>	<b>1,048,122</b>	<b>14.5%</b>	
Personal Services	3,108,819	3,432,429	3,450,836	665,627	10.7%	
Operating Expenses	502,596	697,223	690,464	382,495	38.1%	
<b>Total Expenditures</b>	<b>3,611,415</b>	<b>4,129,652</b>	<b>4,141,300</b>	<b>1,048,122</b>	<b>14.5%</b>	
<b>Total Ongoing</b>	<b>3,611,415</b>	<b>4,129,652</b>	<b>4,141,300</b>	<b>1,048,122</b>	<b>14.5%</b>	
<b>Total One-Time-Only</b>					<b>0.0%</b>	

### Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, A-16

### 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	2,288,555	2,836,310	3,108,819	3,432,429	3,450,836
Operating Expenses	359,297	473,699	502,596	697,223	690,464
<b>Total Expenditures</b>	<b>\$2,647,852</b>	<b>\$3,310,009</b>	<b>\$3,611,415</b>	<b>\$4,129,652</b>	<b>\$4,141,300</b>
Proprietary Funds	2,647,852	3,310,009	3,611,415	4,129,652	4,141,300
<b>Total Funds</b>	<b>\$2,647,852</b>	<b>\$3,310,009</b>	<b>\$3,611,415</b>	<b>\$4,129,652</b>	<b>\$4,141,300</b>
<b>Total Ongoing</b>	<b>\$2,647,852</b>	<b>\$3,310,009</b>	<b>\$3,611,415</b>	<b>\$4,129,652</b>	<b>\$4,141,300</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, A-18

### Funding

#### Non-Budgeted Proprietary Appropriations

A small portion of the Director's Office functions are supported by non-budgeted proprietary funds. These funds are discussed in the Proprietary Rates section of this report.

**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.

Director's Office 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,611,415</b>	<b>87.5%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,611,415</b>	<b>87.2%</b>
Statewide PL										
Personal Services	0	0	0	(19,882)	(0.5%)	0	0	0	(7,743)	(0.2%)
Fixed Costs	0	0	0	146,929	3.6%	0	0	0	140,173	3.4%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	127,047	3.1%	0	0	0	132,430	3.2%
Present Law (PL)	0	0	0	32,698	0.8%	0	0	0	32,695	0.8%
New Proposals	0	0	0	358,492	8.7%	0	0	0	364,760	8.8%
<b>Total HB 2 Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>518,237</b>	<b>12.5%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>529,885</b>	<b>12.8%</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,129,652</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>4,141,300</b>	

**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	(19,882)	0.00	0	0	0	(7,743)
DP 2 - Fixed Costs	0.00	0	0	0	146,929	0.00	0	0	0	140,173
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	0	0	0	33,086	0.00	0	0	0	33,179
DP 5 - Management Services HR Rate Adjustment	0.00	0	0	0	(78)	0.00	0	0	0	(174)
DP 22 - Fixed Cost Adjustment for Robert's Rules	0.00	0	0	0	(310)	0.00	0	0	0	(310)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$159,745</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$165,125</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 4 - Allocate Department Indirect/Administrative Costs -

The legislature reviewed an adjustment to provide the funding to pay the Department of Administration's indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

DP 5 - Management Services HR Rate Adjustment -

The legislature reviewed an adjustment to the human resources rate charged to the department's programs for centralized services.

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

The legislature reviewed 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 1701 - Transfer of Financial Positions	4.00	0	0	0	358,492	4.00	0	0	0	364,760
<b>Total</b>	<b>4.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$358,492</b>	<b>4.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$364,760</b>

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

DP 1701 - Transfer of Financial Positions -

The legislature reviewed a transfer of 5.00 PB from the State Information Technology Services Division (SITSD) to the Director's Office. In April 2024, the chief financial officer position in SITSD was eliminated as part of a reorganization within the department. The five financial positions residing in SITSD will now report to the department's chief financial officer in the Director's Office. The reorganization was completed to eliminate a duplicative position and to continue to drive efficiencies within the department's accounting and financial functions.

Also reviewed, is the transfer of 1.00 PB attorney position from the Director's Office to SITSD. Due to the increase in enterprise contracts, policy reviews, and other legal work, SITSD will utilize this attorney full time, which permits the division to more efficiently, and cost effectively, provide enterprise procurement.

**Management Services Fund – Fund 06534***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
06534	Management Services	61010	Department of Administration	Director's Office

	Actual FY 24	Estimated FY 25	Review ed FY 26	Review ed FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Legal and Management Services Fees	1,723,220	1,675,818	2,200,000	2,200,000
Personnel Unit Cost	812,782	820,000	851,309	850,612
Grants/Transfers/Misc.	478	-		
<b>Total Operating Revenues</b>	2,536,480	2,495,818	3,051,309	3,050,612
<b>Expenses</b>				
Personal Services	1,892,332	2,356,524	2,711,206	2,725,609
Operating Expense	274,495	358,596	370,688	365,400
<b>Total Operating Expenses</b>	2,166,827	2,715,120	3,081,894	3,091,009
<b>Operating Income (Loss)</b>	369,653	(219,302)	(30,585)	(40,397)
<b>Nonoperating Revenues</b>				
Other Revenue A	-	12	12	12
<b>Nonoperating Expenses</b>				
Other Expense A	-	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	-	12	12	12
<b>Income (Loss) Before Contributions and Transfers</b>	369,653	(219,290)	(30,573)	(40,385)
Capital Contributions				
Transfers In				
Transfers Out		(240,000)		
Loans and Lease Payments				
<b>Change in Net Position</b>	369,653	(459,290)	(30,573)	(40,385)
<b>Beginning Net Position - July 1</b>	321,811	690,211	230,921	200,347
Prior Period Adjustments	(1,253)			
Change in Net Position	369,653	(459,290)	(30,573)	(40,385)
<b>Ending Net Position - June 30</b>	690,211	230,921	200,347	159,962

*Expenses*

The expenditure increase is primarily attributed to the transfer of 5.00 PB financial positions from the State Information Technology Services Division (SITSD) to the Office of Finance and Budget. This change also transfers 1.00 PB from the Office of Legal Services to the SITSD, leading to the reduction in that office.

*Revenues*

The Director's Office and the Office of Legal Services' total costs are allocated based on total PB by division. The Office of Human Resources costs are charged on a per PB rate based on the number of PB within a program. The Office of Finance and Budget's costs are allocated to divisions in the department based on estimated PB support. The allocations may be realigned if there are changes to the customer base.

*Proprietary Rates*

The figure below shows the rates approved by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved FY 24	Approved FY 25	Approved FY 26	Approved FY 27
Fee Description:				
Total Allocation of Costs	\$ 1,723,224	\$ 1,723,224	\$ 3,060,000	\$ 3,070,000
Portion of unit for HR charges per PB of user programs	\$ 1,265	\$ 1,265	\$ 1,320	\$ 1,320

This program is funded with an internal service fund, which is a type of a 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.

### Proprietary Program Revenues and Expenses

Fund	Fund Name	Agency #	Agency Name	Program Name
06504	Chief Data Office	61010	Dept, of Administration	Director's Office - Chief Data Office

  

	Actual FY 24	Estimated FY 25	Review ed FY 26	Reviewed FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Charges for Services	500,000	500,000	500,000	500,000
<b>Total Operating Revenues</b>	500,000	500,000	500,000	500,000
<b>Expenses</b>				
Personal Services	251,823	428,000	391,937	394,397
Other Operating Expense	64,054	72,000	216,830	216,124
<b>Total Operating Expense</b>	315,877	500,000	608,767	610,521
<b>Operating Income (Loss)</b>	184,123	-	(108,767)	(110,521)
<b>Nonoperating Revenues</b>				
Miscellaneous Revenue		12	12	12
<b>Nonoperating Expenses</b>				
<b>Total Nonoperating Revenues (Expenses)</b>	-	12	12	12
<b>Income (Loss) Before Contributions and Transfers</b>	184,123	12	(108,755)	(110,509)
<b>Capital Contributions</b>				
<b>Transfers In</b>				
<b>Transfers Out</b>				
<b>Loans and Lease Payments</b>				
<b>Change in Net Position</b>	184,123	12	(108,755)	(110,509)
<b>Beginning Net Position - July 1</b>	-	184,123	184,135	75,380
Prior Period Adjustments				
Change in Net Position	184,123	12	(108,755)	(110,509)
<b>Ending Net Position - June 30</b>	184,123	184,135	75,380	(35,129)

Expenses

The expenditure increase is primarily attributed to statewide present law adjustments for SITSD fixed costs.

Revenues

Revenue is generated for this program by charging each participating agency a fee based on the participating agency’s base budget for technology services.

Proprietary Rates

The figure below shows the rates approved by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved FY 24	Approved FY 25	Approved FY 26	Approved FY 27
Fee Description:	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000

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.



### Proprietary Program Revenues and Expenses

Fund	Fund Name	Agency #	Agency Name	Program Name
06020	OFFICE OF PUBLIC INFO REQ	61010	Department of Administration	Office of Public Information Requests

  

	Actual FY 24	Estimated FY 25	Review ed FY 26	Reviewed FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Charge to requestor	10,496	20,000	33,800	33,800
Rate to agencies			218,400	260,000
transaction fee			90,800	115,200
<b>Total Operating Revenues</b>	10,496	20,000	343,000	409,000
<b>Expenses</b>				
Personal Services	175,881	236,014	329,286	330,830
Other Operating Expense	19,572	20,000	109,705	108,940
<b>Total Operating Expense</b>	195,453	256,014	438,991	439,770
<b>Operating Income (Loss)</b>	(184,957)	(236,014)	(95,991)	(30,770)
<b>Nonoperating Revenues</b>				
Miscellaneous Revenue	26	12	12	12
<b>Nonoperating Expenses</b>				
<b>Total Nonoperating Revenues (Expenses)</b>	26	12	12	12
<b>Income (Loss) Before Contributions and Transfers</b>	(184,931)	(236,002)	(95,979)	(30,758)
<b>Capital Contributions</b>				
Transfers In	202,319	240,000		
Transfers Out				
Loans and Lease Payments				
<b>Change in Net Position</b>	17,388	3,998	(95,979)	(30,758)
<b>Beginning Net Position - July 1</b>	-	17,388	21,386	(74,593)
Prior Period Adjustments				
Change in Net Position	17,388	3,998	(95,979)	(30,758)
<b>Ending Net Position - June 30</b>	17,388	21,386	(74,593)	(105,351)

Expenses

The expenditure increase is attributed to statewide present law adjustments for personal service and fixed costs as well as indirect administrative costs.

Revenues

Revenue is generated by charging a fee for each public information request.

Proprietary Rates

The figure below shows the rates reviewed by the legislature for the 2027 biennium. Due to the Office of Public Information Requests being created in the 2025 biennium no rates were approved in the 2025 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved FY 24	Approved FY 25	Reviewed FY 26	Reviewed FY 27
Fee Description:	\$ -	\$ -	\$ 421,000	\$ 421,000

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.

### 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	Budget FY 2026	Budget FY 2027	Biennium Change from Base Amount Percent		
PB	31.33	31.33	31.33	0.00	0.0%	
Proprietary Funds	7,095,509	7,453,477	7,385,011	647,470	4.6%	
<b>Total Funds</b>	<b>7,095,509</b>	<b>7,453,477</b>	<b>7,385,011</b>	<b>647,470</b>	<b>4.6%</b>	
Personal Services	3,201,892	3,254,767	3,264,005	114,988	1.8%	
Operating Expenses	3,887,013	4,192,106	4,114,402	532,482	6.8%	
Equipment & Intangible Assets	6,604	6,604	6,604		0.0%	
<b>Total Expenditures</b>	<b>7,095,509</b>	<b>7,453,477</b>	<b>7,385,011</b>	<b>647,470</b>	<b>4.6%</b>	
<b>Total Ongoing</b>	<b>7,095,509</b>	<b>7,453,477</b>	<b>7,385,011</b>	<b>647,470</b>	<b>4.6%</b>	
<b>Total One-Time-Only</b>					<b>0.0%</b>	

### Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, A-30

### 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	2,745,211	2,925,640	3,201,892	3,254,767	3,264,005
Operating Expenses	3,982,529	4,323,801	3,887,013	4,192,106	4,114,402
Equipment & Intangible Assets	592,978	592,979	6,604	6,604	6,604
Debt Service	0	11,600	0	0	0
<b>Total Expenditures</b>	<b>\$7,320,718</b>	<b>\$7,854,020</b>	<b>\$7,095,509</b>	<b>\$7,453,477</b>	<b>\$7,385,011</b>
Proprietary Funds	7,320,718	7,854,020	7,095,509	7,453,477	7,385,011
<b>Total Funds</b>	<b>\$7,320,718</b>	<b>\$7,854,020</b>	<b>\$7,095,509</b>	<b>\$7,453,477</b>	<b>\$7,385,011</b>
<b>Total Ongoing</b>	<b>\$7,320,718</b>	<b>\$7,854,020</b>	<b>\$7,095,509</b>	<b>\$7,453,477</b>	<b>\$7,385,011</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, A-32

### Funding

#### *Non-budgeted Proprietary Appropriations*

Non-budgeted proprietary funds include Local Government Services Audit Reporting, the State Accounting, Budgeting, and Human Resources System (SABHRS), and Warrant Writing. These funds are discussed in the Proprietary Rates section of this report.

**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 Financial Services Division 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,095,509</b>	<b>95.2%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,095,509</b>	<b>96.1%</b>
Statewide PL										
Personal Services	0	0	0	52,875	0.7%	0	0	0	62,113	0.8%
Fixed Costs	0	0	0	149,118	2.0%	0	0	0	47,473	0.6%
Inflation Deflation	0	0	0	(66)	(0.0%)	0	0	0	(45)	(0.0%)
Total Statewide PL	0	0	0	201,927	2.7%	0	0	0	109,541	1.5%
Present Law (PL)	0	0	0	156,041	2.1%	0	0	0	179,961	2.4%
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>357,968</b>	<b>4.8%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>289,502</b>	<b>3.9%</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,453,477</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>7,385,011</b>	

**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	52,875	0.00	0	0	0	62,113
DP 2 - Fixed Costs	0.00	0	0	0	149,118	0.00	0	0	0	47,473
DP 3 - Inflation Deflation	0.00	0	0	0	(66)	0.00	0	0	0	(45)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	0	0	0	366	0.00	0	0	0	851
DP 5 - Management Services HR Rate Adjustment	0.00	0	0	0	(407)	0.00	0	0	0	(909)
DP 22 - Fixed Cost Adjustment for Robert's Rules	0.00	0	0	0	(353)	0.00	0	0	0	(353)
DP 303 - WWU - Increase in Operating Costs	0.00	0	0	0	156,435	0.00	0	0	0	180,372
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$357,968</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$289,502</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.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature reviewed an adjustment to provide the funding to pay the Department of Administration's indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

DP 5 - Management Services HR Rate Adjustment -

The legislature reviewed an adjustment to the human resources rate charged to the department's programs for centralized services.

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

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

DP 303 - WWU - Increase in Operating Costs -

The legislature reviewed an increase in proprietary fund authority to adjust for increases in postage rates and the cost of paper.

### Proprietary Program Revenues and Expenses

Fund	Fund Name	Agency #	Agency Name	Program Name
6511	SABHRS	61010	Dept. of Administration	State Financial Services Division

  

	Actual FY 24	Estimated FY 25	Review ed FY 26	Review ed FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
SABHRS Services	4,786,192	4,570,860	4,936,529	5,035,259
Other Operating Revenues	224,873	224,873	236,117	247,922
<b>Total Operating Revenues</b>	5,011,065	4,795,733	5,172,646	5,283,181
<b>Expenses</b>				
Personal Services	2,034,257	2,301,839	2,319,187	2,326,528
Other Operating Expense	2,805,527	2,933,354	3,084,373	2,985,255
<b>Total Operating Expense</b>	4,839,784	5,235,193	5,403,560	5,311,783
<b>Operating Income (Loss)</b>	84,493	(439,460)	(230,914)	(28,602)
Nonoperating Revenues				
Nonoperating Expenses				
<b>Total Nonoperating Revenues (Expenses)</b>	-	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>	84,493	(439,460)	(230,914)	(28,602)
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments				
<b>Change in Net Position</b>	84,493	(439,460)	(230,914)	(28,602)
<b>Beginning Net Position - July 1</b>	924,564	1,009,057	569,597	338,683
Prior Period Adjustments				
Change in Net Position	84,493	(439,460)	(230,914)	(28,602)
<b>Ending Net Position - June 30</b>	1,009,057	569,597	338,683	310,081

Expenses

The expenditure increase is primarily attributed to statewide present law adjustments for fixed costs including audit fees in FY 2026 and increased SITSD fixed costs.

Revenues

All state agencies are required to use the SABHRS program to ensure consistent, accurate, and transparent financial and budgeting information. Revenues are based on the costs to operate.

Proprietary Rates

The figure below shows the rates approved by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved FY 24	Approved FY 25	Approved FY 26	Approved FY 27
Fee Description:				
SABHRS Rates	\$ 4,793,865	\$ 4,570,860	\$ 4,936,529	\$ 5,035,259

This program is funded with an internal service fund, which is a type of a 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.

### Proprietary Program Revenues and Expenses

Fund	Fund Name	Agency #	Agency Name	Program Name
6564	Warrant Writing	61010	Dept of Administration	State Financial Services Division

  

	Actual FY 24	Estimated FY 25	Review ed FY 26	Review ed FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Warrant Writer Revenue	1,264,026	1,035,652	1,270,918	1,270,918
<b>Total Operating Revenues</b>	1,264,026	1,035,652	1,270,918	1,270,918
<b>Expenses</b>				
Personal Services	296,946	302,708	325,992	326,517
Other Operating Expense	1,012,879	597,530	759,876	782,750
Equipment & Intangible Assets		6,604	6,604	6,604
<b>Total Operating Expense</b>	1,309,825	906,842	1,092,472	1,115,871
<b>Operating Income (Loss)</b>	(45,799)	128,810	178,446	155,047
<b>Nonoperating Revenues</b>				
Miscellaneous Revenue	24			
<b>Nonoperating Expenses</b>				
<b>Total Nonoperating Revenues (Expenses)</b>	24	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>	(45,775)	128,810	178,446	155,047
<b>Capital Contributions</b>				
<b>Transfers In</b>				
<b>Transfers Out</b>				
<b>Loans and Lease Payments</b>				
<b>Change in Net Position</b>	(45,775)	128,810	178,446	155,047
<b>Beginning Net Position - July 1</b>	85,263	39,585	168,395	346,841
Prior Period Adjustments	97			
<b>Change in Net Position</b>	(45,775)	128,810	178,446	155,047
<b>Ending Net Position - June 30</b>	39,585	168,395	346,841	501,888



*Expenses*

The expenditure increase is primarily attributed to the Warrant Writer Unit increase in operating costs to account for the increase in cost for postage rates and paper.

*Revenues*

Revenues are derived from monthly billing based on the number of actual warrants issued. Budget authority to pay the costs is a fixed cost item in state agency budgets.

*Proprietary Rates*

The figure below shows the rates approved by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved FY 24	Approved FY 25	Approved FY 26	Approved FY 27
Fee Description:				
Mailer	\$ 0.88432	\$ 0.88432	\$ 1.30	\$ 1.30
Non-Mailer	\$ 0.38241	\$ 0.38241	\$ 0.60	\$ 0.60
Emergency	\$ 14.34045	\$ 14.34045	\$ 15.00	\$ 15.00
Duplicate	\$ 9.56030	\$ 9.56030	\$ 12.00	\$ 12.00
Payroll - Printed Warrants	\$ 0.16126	\$ 0.16126	\$ 0.40	\$ 0.40
External - University System	\$ 0.12907	\$ 0.12907	\$ 0.40	\$ 0.40
Direct Deposit Mailer	\$ 1.05163	\$ 1.05163	\$ 1.30	\$ 1.30
Direct Deposit Non-mailer	\$ 0.14340	\$ 0.14340	\$ 0.20	\$ 0.20
UI - Warrant Printing Only	\$ 0.12564	\$ 0.12564	\$ 0.40	\$ 0.40
UI - Direct Deposit	\$ 0.03162	\$ 0.03162	\$ 0.10	\$ 0.10

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.

## Local Government Audit and Reporting – Fund 06042

## 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			
06042	Local Govt Svcs	61010	DOA	SFSD			
				Actual	Estimated	Reviewed	Reviewed
				FY 24	FY 25	FY 26	FY 27
<b>Operating Revenues</b>							
<b>Fees and Charges</b>							
	Charges for Services			789,479	790,000	815,000	815,000
	Fines/Forfeits			12,391	12,500	12,500	12,500
<b>Total Operating Revenues</b>				801,870	802,500	827,500	827,500
<b>Expenses</b>							
	Personal Services			414,008	597,345	609,588	610,960
	Other Operating Expense			164,123	356,129	347,857	346,397
	Equipment & Intangible Assets			592,978			
<b>Total Operating Expense</b>				1,171,109	953,474	957,445	957,357
<b>Operating Income (Loss)</b>				(369,239)	(150,974)	(129,945)	(129,857)
<b>Nonoperating Revenues</b>							
	Misc. Revenue			40	10	10	10
<b>Nonoperating Expenses</b>							
<b>Total Nonoperating Revenues (Expenses)</b>				40	10	10	10
<b>Income (Loss) Before Contributions and Transfer</b>				(369,199)	(150,964)	(129,935)	(129,847)
<b>Capital Contributions</b>							
<b>Transfers In</b>							
<b>Transfers Out</b>							
<b>Loans and Lease Payments</b>							
<b>Change in Net Position</b>				(369,199)	(150,964)	(129,935)	(129,847)
<b>Beginning Net Position - July 1</b>				798,519	927,206	776,242	646,307
<b>Prior Period Adjustments</b>							
<b>Change in Net Position</b>				(369,199)	(150,964)	(129,935)	(129,847)
<b>Ending Net Position - June 30</b>				927,206	776,242	646,307	516,460

*Expenses*

The expenditure increase is attributed to statewide present law adjustments for personal service and indirect administrative costs adjustments. Statewide present law adjustments for fixed costs are negative due to a reduction in fixed costs charges for SITSD services.

*Revenues*

The program is funded with enterprise funds, as it serves entities outside of state government. The fund receives revenues from the following:

- A report filing fee as required by 2-7-514, MCA, and defined in ARM 2.4.402. All local government entities that are required to submit audits pay the filing fee
- As provided by 2-7-503, MCA, a fee is collected from local governments that are required to submit financial revenues. The fee has been adopted in ARM 2.4.410. The current fee in the rule is \$75
- A roster fee is collected from certified public accountants for inclusion on a roster of independent auditors who are authorized to audit local government entities in Montana. The annual auditor roster fee has been adopted as ARM 2.4.406. The current fee in the rule is \$100 per year
- As provided by 2-7-517, MCA, when a local government entity fails to file a report as required by 2-7-503, MCA, they are required to make a payment within 60 days, per 2-7-514, MCA, the department may charge a late payment penalty. The penalty has been adopted in ARM 2.4.404 and is currently 10.0% of the filing fee per month
- A fine for failure to file audits or reports required by 2-7-503, MCA, is also provided by 2-7-517, MCA. When a local government entity fails to file an audit or report within 180 days of the required date, the department must notify the entity of the fine due and provide public notice of the delinquent report. The fine has been adopted in ARM 2.4.403. The current fine in rule is \$75 per publication

*Proprietary Rates*

The figure below shows the rates reviewed by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Approved FY 24	Approved FY 25	Reviewed FY 26	Reviewed FY 27
Fee Description:				
Annual revenues equal to or greater than \$750,000 but less than \$1,000,000	\$550	\$550		
Annual revenues equal to or greater than \$1,000,000 but less than \$1,500,000	\$800	\$800	\$800	\$800
Annual revenues equal to or greater than \$1,500,000 but less than \$2,500,000	\$950	\$950	\$950	\$950
Annual revenues equal to or greater than \$2,500,000 but less than \$5,000,000	\$1,300	\$1,300	\$1,300	\$1,300
Annual revenues equal to or greater than \$5,000,000 but less than \$10,000,000	\$1,700	\$1,700	\$1,700	\$1,700
Annual revenues equal to or greater than \$10,000,000 but less than \$50,000,000	\$2,500	\$2,500	\$2,500	\$2,500
Annual revenues equal to or greater than \$50,000,000	\$3,000	\$3,000	\$3,000	\$3,000
Local Government Financial Review Fee	\$75	\$75	\$75	\$75
Roster Fee	\$100	\$100	\$100	\$100

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.

**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	Budget FY 2026	Budget FY 2027	Biennium Change from Base Amount Percent		
PB	72.35	72.35	72.35	0.00	0.0%	
Proprietary Funds	26,013,072	27,797,938	27,762,963	3,534,757	6.8%	
<b>Total Funds</b>	<b>26,013,072</b>	<b>27,797,938</b>	<b>27,762,963</b>	<b>3,534,757</b>	<b>6.8%</b>	
Personal Services	5,732,472	5,734,124	5,744,520	13,700	0.1%	
Operating Expenses	18,938,974	20,334,623	20,351,430	2,808,105	7.4%	
Equipment & Intangible Assets	571,771	571,771	571,771		0.0%	
Transfers	159,000	450,092	387,914	520,006	163.5%	
Debt Service	610,855	707,328	707,328	192,946	15.8%	
<b>Total Expenditures</b>	<b>26,013,072</b>	<b>27,797,938</b>	<b>27,762,963</b>	<b>3,534,757</b>	<b>6.8%</b>	
<b>Total Ongoing</b>	<b>26,013,072</b>	<b>27,797,938</b>	<b>27,762,963</b>	<b>3,534,757</b>	<b>6.8%</b>	
<b>Total One-Time-Only</b>					<b>0.0%</b>	

**Page Reference**

LFD Non-Budgeted Proprietary Budget Analysis, A-42

**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	6,980,883	6,966,416	5,732,472	5,734,124	5,744,520
Operating Expenses	18,597,833	18,726,422	18,938,974	20,334,623	20,351,430
Equipment & Intangible Assets	666,668	670,771	571,771	571,771	571,771
Capital Outlay	208,961	208,849	0	0	0
Transfers	315,856	317,000	159,000	450,092	387,914
Debt Service	540,337	540,855	610,855	707,328	707,328
<b>Total Expenditures</b>	<b>\$27,310,538</b>	<b>\$27,430,313</b>	<b>\$26,013,072</b>	<b>\$27,797,938</b>	<b>\$27,762,963</b>
Proprietary Funds	27,310,538	27,430,313	26,013,072	27,797,938	27,762,963
<b>Total Funds</b>	<b>\$27,310,538</b>	<b>\$27,430,313</b>	<b>\$26,013,072</b>	<b>\$27,797,938</b>	<b>\$27,762,963</b>
<b>Total Ongoing</b>	<b>\$27,310,538</b>	<b>\$27,430,313</b>	<b>\$26,013,072</b>	<b>\$27,797,938</b>	<b>\$27,762,963</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Page Reference**

LFD Non-Budgeted Proprietary Budget Analysis, A-44

**Funding***Non-Budgeted Proprietary Funds*

The General Services Division is entirely supported through non-budgeted proprietary funds. These funds are discussed in the Proprietary Rates section of this report.

**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 Division 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,013,072</b>	<b>93.6%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,013,072</b>	<b>93.7%</b>
Statewide PL										
Personal Services	0	0	0	1,652	0.0%	0	0	0	12,048	0.0%
Fixed Costs	0	0	0	(232,479)	(0.8%)	0	0	0	(315,016)	(1.1%)
Inflation Deflation	0	0	0	(6)	0.0%	0	0	0	(4)	0.0%
Total Statewide PL	0	0	0	(230,833)	(0.8%)	0	0	0	(302,972)	(1.1%)
Present Law (PL)	0	0	0	2,015,699	7.3%	0	0	0	2,052,863	7.4%
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>1,784,866</b>	<b>6.4%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,749,891</b>	<b>6.3%</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,797,938</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>27,762,963</b>	

**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	1,652		0.00	0	0	0	12,048
DP 2 - Fixed Costs										
0.00	0	0	0	(232,479)		0.00	0	0	0	(315,016)
DP 3 - Inflation Deflation										
0.00	0	0	0	(6)		0.00	0	0	0	(4)
DP 4 - Allocate Department Indirect/Administrative Costs										
0.00	0	0	0	16,856		0.00	0	0	0	18,304
DP 5 - Management Services HR Rate Adjustment										
0.00	0	0	0	(1,214)		0.00	0	0	0	(2,707)
DP 22 - Fixed Cost Adjustment for Robert's Rules										
0.00	0	0	0	(1,056)		0.00	0	0	0	(1,056)
DP 601 - Increase in Postage										
0.00	0	0	0	1,059,296		0.00	0	0	0	1,059,296
DP 602 - Contracted Services Increase										
0.00	0	0	0	845,344		0.00	0	0	0	882,553
DP 604 - Increase to Lease Liability										
0.00	0	0	0	96,473		0.00	0	0	0	96,473
<b>Grand Total All Present Law Adjustments</b>										
<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,784,866</b>		<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,749,891</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.

**DP 4 - Allocate Department Indirect/Administrative Costs -**

The legislature reviewed adjustments in FY 2026 and FY 2027 to provide the funding to pay the Department of Administration's indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

**DP 5 - Management Services HR Rate Adjustment -**

The legislature reviewed an adjustment to the human resources rate charged to the department's programs for centralized services.

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

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

DP 601 - Increase in Postage -

The legislature reviewed an increase in proprietary funding for FY 2026 and FY 2027 to adjust for increased postage expense for the State Print & Mail Bureau. Postage is purchased by the bureau with the cost billed to utilizing agencies through monthly billing.

DP 602 - Contracted Services Increase -

The legislature reviewed an increase in proprietary funding for the Capitol Facilities Management Bureau to reflect increases in contracted services cost. These contracted services include contracts for State Capitol security, janitorial services, software maintenance, and building access control.

DP 604 - Increase to Lease Liability -

The legislature reviewed an increase in proprietary funding for lease liabilities to align with the new lease parameters. This proposal is due to recent changes in accounting guidance requiring leases that meet certain criteria to be classified as a financing (debt service) transaction.



**Capitol Facilities Management Rent and Maintenance – Fund 06528***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
06528	Rent and Maintenance	61010	Administration	General Services Division

  

	Actual FY 24	Estimated FY 25	Reviewed FY 26	Reviewed FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Charges for Services				
Facilities Management Rate	10,106,701	10,135,578	12,617,367	12,652,564
Non - Office Rental Rate	850,657	851,567	-	-
Maintenance Charges	257,499	257,499	257,499	257,499
Project Work	704,211	459,471	459,471	459,471
Construction Supervisory Fees	46,417	28,396	28,396	28,396
Access and ID Card Revenue	26,050	25,530	25,530	25,530
Other Operating Revenues	62,989	59,485	59,485	59,485
<b>Total Operating Revenues</b>	<b>12,054,524</b>	<b>11,817,526</b>	<b>13,447,748</b>	<b>13,482,945</b>
<b>Expenses</b>				
Personal Services	3,947,401	2,880,981	2,744,329	2,749,881
Operating Expense	7,611,484	9,368,081	9,537,404	9,561,908
Equipment	492,701	300,000	300,000	300,000
Capital Outlay	82,617	-	-	-
<b>Total Operating Expense</b>	<b>12,134,203</b>	<b>12,549,062</b>	<b>12,581,733</b>	<b>12,611,789</b>
<b>Operating Income (Loss)</b>	<b>(79,679)</b>	<b>(731,536)</b>	<b>866,015</b>	<b>871,156</b>
<b>Nonoperating Revenues</b>	<b>3,182</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>
Gain on the sale of a fixed Asset	48,307			
<b>Nonoperating Expenses</b>				
<b>Total Nonoperating Revenues (Expenses)</b>	<b>51,489</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(28,190)</b>	<b>(730,036)</b>	<b>867,515</b>	<b>872,656</b>
<b>Capital Contributions</b>	<b>-</b>	<b>200,000</b>	<b>300,000</b>	<b>300,000</b>
<b>Transfers In</b>	<b>358,801</b>	<b>562,400</b>	<b>562,400</b>	<b>562,400</b>
<b>Transfers Out</b>	<b>(315,855)</b>	<b>(159,000)</b>	<b>(450,092)</b>	<b>(387,914)</b>
<b>Loans and Lease Payments</b>	<b>(509,421)</b>	<b>(579,939)</b>	<b>(676,412)</b>	<b>(676,412)</b>
<b>Change in Net Position</b>	<b>(123,423)</b>	<b>(706,575)</b>	<b>603,411</b>	<b>670,730</b>
<b>Beginning Net Position - July 1</b>	<b>2,551,592</b>	<b>2,468,672</b>	<b>1,762,097</b>	<b>2,365,508</b>
Prior Period Adjustments	40,503	-	-	-
Change in Net Position	(123,423)	(706,575)	603,411	670,730
<b>Ending Net Position - June 30</b>	<b>2,468,672</b>	<b>1,762,097</b>	<b>2,365,508</b>	<b>3,036,238</b>

*Expenses*

The expenditure increase is primarily attributed to increased contracted services for State Capitol security, janitorial services, software maintenance, and building access control. The increase is also due to lease liabilities.

*Revenues*

Revenues are based on square footage rental rates charged for office and non-office space billed to agencies occupying space in state owned buildings overseen by the Department of Administration.

*Proprietary Rates*

The figure below shows the rates approved by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
Fee Description:	Approved	Approved	Approved	Approved
	FY24	FY25	FY26	FY27
Office Rent (per sq. ft.)	\$11.415	\$11.421		
Nonoffice Rent (per sq. ft.)	\$7.599	\$7.605		
Single Rate Rent (per sq. ft.)			\$11.757	\$11.790
Grounds Maintenance (per sq. ft. - only one building)	\$0.615	\$0.615		
Project Mgmt. (In-house)	15%	15%	15%	15%
Project Mgmt. (Consultation)	Actual Cost	Actual Cost	Actual Cost	Actual Cost
State Employee Access ID Card	Actual Cost	Actual Cost	Actual Cost	Actual Cost

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

### Proprietary Program Revenues and Expenses

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

2027 Biennium

*Expenses*

The majority of the expenditure increase is due to an increase in postage costs. Other increases are for statewide present law adjustments and administrative indirect costs for support services.

*Revenues*

All state agencies in Helena use the services of the State Print and Mail depending on their printing and mail needs. Printing revenues are based on the actual type and volume of printing provided and mail services is based on agency specified service frequency.

*Proprietary Rates*

All Print and Mail Services projects are unique and have many rates to provide services to agencies. Direct and administrative overhead is allocated to each program, and costs are recovered by charging for each unit of service provided. External printing and the Managed Print Program recover costs by charging a percentage markup on the invoice for the printing job and/or multi-function device.

The figure below shows the rates approved by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds								
Fee/Rate Information								
	Approved FY 24		Approved FY 25		Approved FY 26		Approved FY 27	
Fee Description:								
<b>Internal Printing</b>								
Impressions		Cost + 25%		Cost + 25%		Cost + 25%		Cost + 25%
Ink		Cost + 25%		Cost + 25%		Cost + 25%		Cost + 25%
Bindery work		Cost + 25%		Cost + 25%		Cost + 25%		Cost + 25%
Pre-Press work		Cost + 25%		Cost + 25%		Cost + 25%		Cost + 25%
CD/DVD duplicating		Cost + 25%		Cost + 25%		Cost + 25%		Cost + 25%
Variable data printing		Cost + 25%		Cost + 25%		Cost + 25%		Cost + 25%
Large Format Color per ft.		Cost + 25%		Cost + 25%		Cost + 25%		Cost + 25%
Scan		Cost + 25%		Cost + 25%		Cost + 25%		Cost + 25%
Pick and Pack Fulfillment	\$	1.00	\$	1.00	\$	1.00	\$	1.00
Overtime	\$	30.00	\$	30.00				
Desktop	\$	75.00	\$	75.00	\$	75.00	\$	75.00
IT Programming	\$	95.00	\$	95.00	\$	95.00	\$	95.00
File Transfer	\$	25.00	\$	25.00				
Mainframe Print	\$	0.07	\$	0.07				
Warrant Printing	\$	0.30	\$	0.30	\$	0.30	\$	0.30
Inventory Mark Up		20.00%		20.00%		20.00%		20.00%
<b>External Printing</b>								
Percent of Invoice Mark-Up		8.80%		8.80%		8.80%		8.80%
<b>Managed Print</b>								
Percent of Invoice Mark-Up		15.90%		15.90%		15.90%		15.90%
<b>Mail Preparation</b>								
Tabbing	\$	0.023	\$	0.023	Cost + 25%		Cost + 25%	
Labeling	\$	0.023	\$	0.023	Cost + 25%		Cost + 25%	
Ink Jet	\$	0.036	\$	0.036	Cost + 25%		Cost + 25%	
Inserting	\$	0.045	\$	0.045	Cost + 25%		Cost + 25%	
Waymark	\$	0.069	\$	0.069	Cost + 25%		Cost + 25%	
Permit mailings	\$	0.069	\$	0.069	Cost + 25%		Cost + 25%	
<b>Mail Operations</b>								
Machinable	\$	0.043	\$	0.043	Cost + 25%		Cost + 25%	
Non-Machinable	\$	0.110	\$	0.110	Cost + 25%		Cost + 25%	
Seal Only	\$	0.020	\$	0.020	Cost + 25%		Cost + 25%	
Post cards	\$	0.070	\$	0.070	Cost + 25%		Cost + 25%	
Certified Mail	\$	0.620	\$	0.620	Cost + 25%		Cost + 25%	
Registered Mail	\$	0.614	\$	0.614	Cost + 25%		Cost + 25%	
Internatl Mail	\$	0.510	\$	0.510	Cost + 25%		Cost + 25%	
Flats	\$	0.150	\$	0.150	Cost + 25%		Cost + 25%	

Priority	\$	0.614	\$	0.614	Cost + 25%	Cost + 25%
Express Mail	\$	0.614	\$	0.614	Cost + 25%	Cost + 25%
USPS Parcels	\$	0.510	\$	0.510	Cost + 25%	Cost + 25%
Insured mail	\$	0.614	\$	0.614	Cost + 25%	Cost + 25%
Media Mail	\$	0.320	\$	0.320	Cost + 25%	Cost + 25%
Standard Mail	\$	0.200	\$	0.200	Cost + 25%	Cost + 25%
Postage Due	\$	0.061	\$	0.061	Cost + 25%	Cost + 25%
Fee Due	\$	0.061	\$	0.061	Cost + 25%	Cost + 25%
Tapes	\$	0.245	\$	0.245	Cost + 25%	Cost + 25%
Express Services	\$	0.500	\$	0.500	Cost + 25%	Cost + 25%
Mail tracking	\$	0.250	\$	0.250	Cost + 25%	Cost + 25%
Cass letters/postcards	\$	0.047	\$	0.047	Cost + 25%	Cost + 25%
Cass flats	\$	0.100	\$	0.100	Cost + 25%	Cost + 25%
Flat sorter	\$	0.250	\$	0.250	Cost + 25%	Cost + 25%
<b>Inter-agency Mail</b>						
Dollars-yearly	\$	365,550	\$	365,550	\$	397,635
<b>Postal Contract (Capitol)</b>						
Dollars-yearly	\$	38,976	\$	38,976	\$	38,976

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.

**Surplus Property – Fund 06066***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			
06066	Surplus Property	61010	Administration	Surplus Property			
				Actual	Estimated	Review ed	Review ed
				FY 24	FY 25	FY 26	FY 27
<b>Operating Revenues</b>							
<b>Fees and Charges</b>							
Surplus Property Handling Fee				916,410	841,000	920,000	920,000
<b>Total Operating Revenues</b>				916,410	841,000	920,000	920,000
<b>Expenses</b>							
Personal Services				537,702	547,635	471,659	473,182
Other Operating Expense				324,149	347,612	388,684	386,873
Equipment				8,000	11,150	11,150	11,150
<b>Total Operating Expense</b>				869,851	906,397	871,493	871,205
<b>Operating Income (Loss)</b>				46,559	(65,397)	48,507	48,795
<b>Nonoperating Revenues</b>							
Sale of Documents				42,381			
<b>Nonoperating Expenses</b>							
<b>Total Nonoperating Revenues (Expenses)</b>				42,381	-	-	-
<b>Income (Loss) Before Contributions and Transfe</b>				88,940	(65,397)	48,507	48,795
<b>Capital Contributions</b>							
Capital Contributions				1,394,783	1,425,000	800,000	800,000
<b>Transfers In</b>							
Transfers In							
<b>Transfers Out</b>							
Transfers Out							
<b>Loans and Lease Payments</b>							
Loans and Lease Payments							
<b>Change in Net Position</b>				1,483,723	1,359,603	848,507	848,795
<b>Beginning Net Position - July 1</b>				1,228,613	2,712,336	4,071,939	4,920,446
<b>Prior Period Adjustments</b>							
Prior Period Adjustments							
<b>Change in Net Position</b>				1,483,723	1,359,603	848,507	848,795
<b>Ending Net Position - June 30</b>				2,712,336	4,071,939	4,920,446	5,769,241



*Expenses*

The expenditure decrease is primarily attributed to a reduction in the statewide present law adjustment for personal services. This decrease is partially offset by an increase for statewide present law adjustments in fixed costs and indirect administrative costs for support services.

*Revenues*

The Surplus Property and Recycling Program is an enterprise fund which sells property to the general public. The program operates by charging up to \$750 plus 5.0% per item sold. The fee was raised from \$500 to \$750 at the beginning of FY 2020.

*Proprietary Rates*

The figure below shows the rates reviewed by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information			
Approved FY 24	Approved FY 25	Reviewed FY 26	Reviewed FY 27
Fee Description: The State Surplus handling fees are: If property is sold for less than \$750, the program retains the proceeds. The program retains \$750 plus 5.0% and unusual expenses for property sold for more than \$750. The Federal Surplus Property program fees are an allocation of freight expense and 14.0% of acquisition cost. This is included in the Federal Plan of Operation, which has been approved by the Federal General Services Administration.			

This program is funded with an enterprise fund, which is a type of a 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.

**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	Budget FY 2026	Budget FY 2027	Biennium Change from Base Amount	Percent
PB	213.00	208.00	208.00	(5.00)	(1.2%)
Proprietary Funds	71,297,437	80,784,365	80,815,857	19,005,348	13.3%
<b>Total Funds</b>	<b>71,297,437</b>	<b>80,784,365</b>	<b>80,815,857</b>	<b>19,005,348</b>	<b>13.3%</b>
Personal Services	22,351,981	22,538,138	22,602,401	436,577	1.0%
Operating Expenses	47,404,595	55,990,373	56,033,621	17,214,804	18.2%
Equipment & Intangible Assets	370,861	370,861	370,861		0.0%
Debt Service	1,170,000	1,884,993	1,808,974	1,353,967	57.9%
<b>Total Expenditures</b>	<b>71,297,437</b>	<b>80,784,365</b>	<b>80,815,857</b>	<b>19,005,348</b>	<b>13.3%</b>
<b>Total Ongoing</b>	<b>71,297,437</b>	<b>80,784,365</b>	<b>80,815,857</b>	<b>19,005,348</b>	<b>13.3%</b>
<b>Total One-Time-Only</b>					<b>0.0%</b>

**Page Reference**

LFD Non-Budgeted Proprietary Budget Analysis Addendum, A-56

**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	22,073,903	22,234,940	22,351,981	22,538,138	22,602,401
Operating Expenses	38,335,391	47,852,204	47,404,595	55,990,373	56,033,621
Equipment & Intangible Assets	247,516	247,516	370,861	370,861	370,861
Debt Service	9,421,928	2,163,492	1,170,000	1,884,993	1,808,974
<b>Total Expenditures</b>	<b>\$70,078,738</b>	<b>\$72,498,152</b>	<b>\$71,297,437</b>	<b>\$80,784,365</b>	<b>\$80,815,857</b>
Proprietary Funds	70,078,738	72,498,152	71,297,437	80,784,365	80,815,857
<b>Total Funds</b>	<b>\$70,078,738</b>	<b>\$72,498,152</b>	<b>\$71,297,437</b>	<b>\$80,784,365</b>	<b>\$80,815,857</b>
<b>Total Ongoing</b>	<b>\$70,078,738</b>	<b>\$72,498,152</b>	<b>\$71,297,437</b>	<b>\$80,784,365</b>	<b>\$80,815,857</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Page Reference**

LFD Non-Budgeted Proprietary Budget Analysis Addendum, A-58

## Funding

*Non-Budgeted Proprietary Funds*

The functions within the State Information Technology Services Division are funded with nonbudgeted proprietary funds. The executive has an internal services fund that receives revenues from information technology costs charged to state agencies. Additionally, SITSD has an enterprise fund for eGovernment services. These proprietary funds are discussed in more detail in the Proprietary Rates section of the narrative.

## 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 Information Technology Services Div 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>71,297,437</b>	<b>88.3%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>71,297,437</b>	<b>88.2%</b>
Statewide PL										
Personal Services	0	0	0	666,363	0.8%	0	0	0	738,297	0.9%
Fixed Costs	0	0	0	(119,937)	(0.1%)	0	0	0	(113,371)	(0.1%)
Inflation Deflation	0	0	0	(1,218)	(0.0%)	0	0	0	(823)	(0.0%)
Total Statewide PL	0	0	0	545,208	0.7%	0	0	0	624,103	0.8%
Present Law (PL)	0	0	0	9,436,926	11.7%	0	0	0	9,397,194	11.6%
New Proposals	0	0	0	(495,206)	(0.6%)	0	0	0	(502,877)	(0.6%)
<b>Total HB 2 Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,486,928</b>	<b>11.7%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,518,420</b>	<b>11.8%</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>80,784,365</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>80,815,857</b>	

## 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	666,363	0.00	0	0	0	738,297
DP 2 - Fixed Costs	0.00	0	0	0	(119,937)	0.00	0	0	0	(113,371)
DP 3 - Inflation Deflation	0.00	0	0	0	(1,218)	0.00	0	0	0	(823)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	0	0	0	438,075	0.00	0	0	0	441,530
DP 701 - SITSD - Contracted Services Increase	0.00	0	0	0	9,463,985	0.00	0	0	0	9,500,385
DP 702 - eGOV Operations and Debt Service Adjustments	0.00	0	0	0	(459,718)	0.00	0	0	0	(535,737)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,987,550</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,030,281</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.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature reviewed an adjustment to provide the funding to pay the Department of Administration's indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

DP 701 - SITSD - Contracted Services Increase -

The legislature reviewed an increase in proprietary funding for additional operating expenses due to increases in information technology contract costs.

DP 702 - eGOV Operations and Debt Service Adjustments -

The legislature reviewed adjustments to the operating and debt service budget within the eGovernment services fund to more closely align these costs with the program's projected revenues for the 2027 biennium.

**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 703 - Eliminate CFO Position	(1.00)	0	0	0	(138,605)	(1.00)	0	0	0	(138,606)
DP 1701 - Transfer of Financial Positions	(4.00)	0	0	0	(356,601)	(4.00)	0	0	0	(364,271)
<b>Total</b>	<b>(5.00)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$495,206)</b>	<b>(5.00)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$502,877)</b>

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

DP 703 - Eliminate CFO Position -

The legislature reviewed a decrease in proprietary funding for 1.00 PB for a chief financial officer position. This position was eliminated as part of a reorganization within the department.

DP 1701 - Transfer of Financial Positions -

The legislature reviewed a decrease in proprietary funding for 4.00 PB. This involves transferring 5.00 PB from the SITSD to the Director's Office. In April 2024, the chief financial officer position in SITSD was eliminated as part of a reorganization within the department. The five financial positions residing in SITSD are now reporting to the department's chief financial officer in the Director's Office. The reorganization was completed to eliminate a duplicative position and to increase efficiencies within the department's accounting and financial functions.

Also included is the transfer of 1.00 PB, an attorney, from the Director's Office to SITSD. Due to the increase in enterprise contracts, policy reviews, and other legal work, SITSD will utilize this attorney full time.

**SITSD Proprietary Fund – 06522***Proprietary Program Description*

Under the direction of the state chief information officer, the division supports and manages the following key information technology programs and services:

- Information Systems Security
  - Manages solutions and services to ensure continuity of enterprise operations and security of data through risk assessment and mitigation, planning and monitoring, detailed recovery planning, incident response, and periodic testing
  - Coordinates security policies and procedures
- Network and Communications
  - Manages the statewide network that connects over 22,000 devices across more than 600 locations, delivering prioritized voice, video, data, and wireless services
  - Develops and implements network solutions that address customer needs for bandwidth and connectivity
- Enterprise Infrastructure
  - Specializes in the design, implementation, and management of shared IT hardware and software infrastructure within a virtualized environment
  - Provides platforms for application and database hosting, utilizing enterprise-class computing and storage capabilities and maintaining load balancing hardware and security policy configuration for externally facing agency applications
  - Supports and maintains the infrastructure responsible for DNS, DHCP, and IP addressing for the enterprise
- Database Services
  - Deploys, manages, and maintains the integrity, performance, and security of SQL Server and Oracle databases, ensuring these systems are available, reliable, and optimized to meet the needs of various agencies
- Montana Data Centers
  - Oversees the state's primary data center in Helena and a disaster recovery facility in Miles City
  - Maintains the reliability, efficiency, security, and availability of computer processing and storage resources for all customers
- Operations
  - Manages the service desk, network operations and security center, IT asset management, and customer success managers to assist customers regarding hardware and software applications as well as any other IT questions and/or issues from the enterprise
- Enterprise Platforms
  - Implements and manages large scale enterprise platforms for state use
  - Builds, deploys, and patches endpoints for the Department of Administration and supported agencies
- Application Technology Services
  - Supports the state's mt.gov websites
  - Assists customers with designing and deploying customized applications and online services, including eGovernment applications
- Strategic Planning Services
  - Ensures IT operations are conducted in an organized, deliberative, and cost-effective manner through planning, periodic performance reports, and oversight of agency IT procurements and plans
  - Publishes the state IT strategic plan and biennial report

- State IT Project Management Services
  - Provides expertise, assistance, tools, methodologies, and training to customers to ensure IT projects are conducted in an organized, deliberative, and cost-effective manner
- Financial Management Services
  - Manages budget, billing, acquisition, and contract management services for SITSD
  - Sets rates and manages the revenues and expenses for more than 200 enterprise services provided to state and local government IT customers
- IT Contract, Procurement, and Vendor Management Services
  - Manages the full lifecycle of IT contracts and procurement activities, ensuring compliance with the Department of Administration, State Procurement Division, and applicable regulations and maximizing value for the state
  - Oversees vendor relationships, performance, and risk while driving cost efficiency and strategic partnerships to support operational and programmatic goals
- Change Enablement –
  - Provides comprehensive support for organizational change through strategic communications, event planning, end-user training
  - Provides organizational change management practices to prepare, equip, and support people adopting changes
- State IT Enterprise Architecture
  - Oversees and guides the development, implementation, and management of the state's IT enterprise architecture (EA). The EA provides a strategic blueprint that aligns the business processes, data, applications, and technology infrastructure with strategic objectives
- Portfolio Operations
  - Provides support for long-range planning and funding by collecting and analyzing data, reporting to the Legislative Finance and Interim Budget committees, and ensuring alignment with strategic goals
  - Supports the State CIO by overseeing IT project portfolio operations and management, ensuring projects are prioritized, resourced, and executed

*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																	
<table><tr><th>Fund</th><th>Fund Name</th><th colspan="4">Program Name</th></tr><tr><td>06522</td><td>SITSD Proprietary</td><td colspan="4">State Information Technology Services</td></tr></table>						Fund	Fund Name	Program Name				06522	SITSD Proprietary	State Information Technology Services			
Fund	Fund Name	Program Name															
06522	SITSD Proprietary	State Information Technology Services															
		Actual FY 24	Estimated FY 25	Adoped FY 26	Adopted FY 27												
<b>Operating Revenues</b>																	
<b>Fees and Charges</b>																	
Charges for Services - Agency		68,243,497	54,123,818	79,679,603	79,291,001												
Security Consolidation			1,528,032														
Cybersecurity			10,300,097														
<b>Other Operating Revenues</b>																	
Revenue A - External Users			619,470	809,607	809,607												
Revenue B - eGOV Receipts			700,000	-	-												
Revenue C - Projected Grow th			728,583														
<b>Total Operating Revenues</b>		68,243,497	68,000,000	80,489,210	80,100,608												
<b>Expenses</b>																	
Personal Services		22,418,151	22,351,981	22,538,138	22,602,401												
Operating Expense		46,728,317	45,579,884	55,340,373	55,383,621												
Equipment and Intangible Assets		-	370,861	370,861	370,861												
<b>Total Operating Expense</b>		69,146,468	68,302,726	78,249,372	78,356,883												
<b>Operating Income (Loss)</b>		(902,971)	(302,726)	2,239,838	1,743,725												
<b>Nonoperating Revenues</b>																	
Other Revenue A		29,267	-	-	-												
<b>Total Nonoperating Revenues (Expenses)</b>		29,267	-	-	-												
<b>Income (Loss) Before Contributions and Tra</b>		(873,704)	(302,726)	2,239,838	1,743,725												
<b>Capital Contributions</b>																	
Transfers In		-	770,000	770,000	770,000												
Transfers Out																	
Loans and Lease Payments		(396,629)	(1,170,000)	(1,170,000)	(1,170,000)												
<b>Change in Net Position</b>		(1,270,333)	(702,726)	1,839,838	1,343,725												
<b>Beginning Net Position - July 1</b>		2,926,295	1,655,962	953,236	2,793,074												
Prior Period Adjustments																	
Change in Net Position		(1,270,333)	(702,726)	1,839,838	1,343,725												
<b>Ending Net Position - June 30</b>		1,655,962	953,236	2,793,074	4,080,269												

In the 2027 biennium, services provided by State Information Technology Services can be rolled up to seven high-level categories, which include:

- Enterprise service allocation (ESA)
- Microsoft enterprise agreement
- Cybersecurity enterprise rate (CESA)
- ServiceNow enterprise agreement
- Rated Services
- General pass thru
- Tanium enterprise agreement

The table below shows the FY 2025 base year information technology rates compared to the FY 2026 and FY 2027 rates. The legislature reviewed an increase of revenues of \$30.4 million or 23.6% when comparing the FY 2025 base year to the 2027 biennium.

Department of Administration State Information Technology Services Division State Agency Fixed Costs for Information Technology by Service					
	FY 2025	FY 2026	FY 2027	FY 2025 to 2027 Biennium Change	
				Amount	Percent
Enterprise Services Allocation	\$ 5,964,003	\$ 6,703,302	\$ 6,703,302	\$ 1,478,597	12.4%
Microsoft Enterprise Agreement	4,813,944	5,528,448	5,542,950	1,443,509	15.0%
Cybersecurity Enterprise Rate	11,828,129	13,272,399	13,272,399	2,888,539	12.2%
ServiceNow Enterprise Agreement	3,573,587	4,949,820	4,949,828	2,752,473	38.5%
Rated Services	32,916,519	38,797,918	38,898,033	11,862,913	18.0%
General Pass Thru	5,212,415	8,869,823	8,366,597	6,811,590	65.3%
Tanium Enterprise Agreement	-	1,557,894	1,557,894	3,115,788	100.0%
Grand Total	<u>\$ 64,308,597</u>	<u>\$ 79,679,603</u>	<u>\$ 79,291,001</u>	<u>\$ 30,353,408</u>	<u>23.6%</u>

#### Proprietary Rate

For the 2027 biennium the following rates are adopted by the legislature. The rates charged in the base year are shown for comparison purposes. 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.

Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Adopted FY 2024	Adopted FY 2025	Adopted FY 2026	Adopted FY 2027
Fee Description:	30-day working capital reserve	30-day working capital reserve	30-day working capital reserve	30-day working capital reserve

Additionally, the legislature adopted the following language related to the SITSD rates:

"The office of budget and program planning shall establish a separate appropriation on the statewide accounting, budgeting, and human resource system for the funding included in each executive branch agency's budget [this act] to pay fixed cost allocations for the state information technology services division of the department of administration. The appropriations must be designated as restricted.



The 30-day working capital reserve used to establish state information technology services division rates for state agencies included in HB-2 shall be based on personal services of \$22,538,138 in FY 2026 and \$22,602,401 in FY 2027, operating expenses of \$55,345,789 in FY 2026 and \$55,392,605 in FY 2027, equipment and intangible assets of \$370,861 in FY 2026 and \$370,861 in FY 2027, and debt service of \$1,170,000 in FY 2026 and \$1,170,000 in FY 2027. The state information technology services division shall report to the legislative finance committee at its June 2025 meeting on how it implemented the state agency rates for information technology services. The state information technology services division shall also report any adjustments to state agency rates for information technology or changes in appropriations of 5.0% or greater to each expenditure category at each subsequent meeting of the legislative finance committee."

### eGovernment Services – 06522

#### Proprietary Program Description

Digital government (eGovernment) services include permitting, registration, licensing, inspections, financial reconciliation, reporting, point of sale card swipe devices and mobile payments, monthly billing, and management and collection of customer accounts. The State Information Technology Services Division has established an enterprise fund for the management of these fees.

#### 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	Program Name		
06004	eGovernment	Electronic Government Services		
	Actual FY 24	Estimated FY 25	Review ed FY 26	Review ed FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Fee	713,126	1,234,924	1,738,856	1,738,856
<b>Total Operating Revenues</b>	713,126	1,234,924	1,738,856	1,738,856
<b>Expenses</b>				
Personal Services	-	-	-	-
Operating Expense	187,369	650,000	650,000	650,000
<b>Total Operating Expense</b>	187,369	650,000	650,000	650,000
<b>Operating Income (Loss)</b>	525,757	584,924	1,088,856	1,088,856
<b>Income (Loss) Before Contributions and Transfers</b>	525,757	584,924	1,088,856	1,088,856
Loans and Lease Payments		(446,033)	(714,993)	(638,974)
<b>Change in Net Position</b>	525,757	138,891	373,863	449,882
<b>Beginning Net Position - July 1</b>	(2,142,335)	(1,616,578)	(1,477,687)	(1,103,824)
Prior Period Adjustments				
Change in Net Position	525,757	138,891	373,863	449,882
<b>Ending Net Position - June 30</b>	(1,616,578)	(1,477,687)	(1,103,824)	(653,942)

Revenues are earned through a fee that is charged to each eGovernment transaction. Fees earned will be used to help offset the costs for the payment processing vendor, as well as for costs to administer the program and other expenses associated with the development of enterprise electronic government services.

Proprietary Rate

The figure below shows the rates reviewed by the legislature for the 2027 biennium.

Rates for Internal Service or Enterprise Funds			
Fee/Rate Information			
	Reviewed FY 2024	Reviewed FY 2025	Reviewed FY 2026
			Reviewed FY 2027
Fee Description:			1.5%
Fee Cap		\$ 20.00	\$ 20.00

The eGovernment services program is funded with an enterprise fund, which is a type of a 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.

### 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	Requested Budget FY 2026	Budget FY 2027	Biennium Change from Base Amount	Percent
PB	21.87	21.87	21.87	0.00	0.0%
Proprietary Funds	233,076,725	261,493,900	275,817,002	71,157,452	15.3%
<b>Total Funds</b>	<b>233,076,725</b>	<b>261,493,900</b>	<b>275,817,002</b>	<b>71,157,452</b>	<b>15.3%</b>
Personal Services	2,077,746	2,029,203	2,033,627	(92,662)	(2.2%)
Operating Expenses	16,188,427	16,199,991	16,194,327	17,464	0.1%
Benefits & Claims	214,810,552	243,264,706	257,589,048	71,232,650	16.6%
<b>Total Expenditures</b>	<b>233,076,725</b>	<b>261,493,900</b>	<b>275,817,002</b>	<b>71,157,452</b>	<b>15.3%</b>
<b>Total Ongoing</b>	<b>233,076,725</b>	<b>261,493,900</b>	<b>275,817,002</b>	<b>71,157,452</b>	<b>15.3%</b>
<b>Total One-Time-Only</b>					<b>0.0%</b>

### Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, A-73

### 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	1,397,923	1,986,608	2,077,746	2,029,203	2,033,627
Operating Expenses	20,775,165	21,451,688	16,188,427	16,199,991	16,194,327
Benefits & Claims	219,488,119	219,310,552	214,810,552	243,264,706	257,589,048
<b>Total Expenditures</b>	<b>\$241,661,207</b>	<b>\$242,748,848</b>	<b>\$233,076,725</b>	<b>\$261,493,900</b>	<b>\$275,817,002</b>
Proprietary Funds	241,661,207	242,748,848	233,076,725	261,493,900	275,817,002
<b>Total Funds</b>	<b>\$241,661,207</b>	<b>\$242,748,848</b>	<b>\$233,076,725</b>	<b>\$261,493,900</b>	<b>\$275,817,002</b>
<b>Total Ongoing</b>	<b>\$241,661,207</b>	<b>\$242,748,848</b>	<b>\$233,076,725</b>	<b>\$261,493,900</b>	<b>\$275,817,002</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, A-75

### Funding

The Health Care and Benefits Division (HCBF) is funded entirely with non-budgeted proprietary funds which are not appropriated in HB 2. These funds are discussed in greater detail in the Proprietary Rates section of this report.

## 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.

Health Care & Benefits Div 2027 Biennium HB 2 Base Budget and Adjustments										
FY 2026						FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>233,076,725</b>	<b>89.1%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>233,076,725</b>	<b>84.5%</b>
Statewide PL										
Personal Services	0	0	0	(48,543)	(0.0%)	0	0	0	(44,119)	(0.0%)
Fixed Costs	0	0	0	3,354	0.0%	0	0	0	(2,365)	(0.0%)
Inflation Deflation	0	0	0	(223)	(0.0%)	0	0	0	(151)	(0.0%)
Total Statewide PL	0	0	0	(45,412)	(0.0%)	0	0	0	(46,635)	(0.0%)
Present Law (PL)	0	0	0	28,462,587	10.9%	0	0	0	42,786,912	15.5%
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>28,417,175</b>	<b>10.9%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>42,740,277</b>	<b>15.5%</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>261,493,900</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>275,817,002</b>	

## 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	(48,543)	0.00	0	0	0	(44,119)
DP 2 - Fixed Costs	0.00	0	0	0	3,354	0.00	0	0	0	(2,365)
DP 3 - Inflation Deflation	0.00	0	0	0	(223)	0.00	0	0	0	(151)
DP 4 - Allocate Department Indirect/Administrative Costs	0.00	0	0	0	8,969	0.00	0	0	0	9,308
DP 5 - Management Services HR Rate Adjustment	0.00	0	0	0	(289)	0.00	0	0	0	(645)
DP 22 - Fixed Cost Adjustment for Robert's Rules	0.00	0	0	0	(247)	0.00	0	0	0	(247)
DP 2101 - HCBD - Increase in Estimated Claims Expense	0.00	0	0	0	28,454,154	0.00	0	0	0	42,778,496
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$28,417,175</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$42,740,277</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.

DP 4 - Allocate Department Indirect/Administrative Costs -

The legislature reviewed adjustments to provide the funding to pay the Department of Administration's indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

DP 5 - Management Services HR Rate Adjustment -

The legislature reviewed an adjustment to the human resources rate charged to the department's programs for centralized services.

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

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

DP 2101 - HCBD - Increase in Estimated Claims Expense -

The legislature reviewed additional proprietary authority to pay estimated claims expenses for the State of Montana Benefit Plan (State Plan).

**Employee Benefits Program – Group Benefits and Claims – Fund 06559***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			
06559	Group Benefits and Claims	61010	DOA	HCBD			
				Actual	Estimated	Review ed	Review ed
				FY 24	FY 25	FY 26	FY 27
<b>Operating Revenues</b>							
<b>Fees and Charges</b>							
Charges for Services				225,923,326	226,063,596	234,890,000	245,420,000
BOI Investment Earnings				7,296,617	4,970,000	4,120,000	2,750,000
Other Operating Revenues							
Federal				3,172,470	4,607,894	4,725,000	4,725,000
<b>Total Operating Revenues</b>				236,392,413	235,641,490	243,735,000	252,895,000
<b>Expenses</b>							
Personal Services				1,164,334	1,776,100	1,703,683	1,707,988
Other Operating Expense				20,574,234	15,951,861	15,958,723	15,953,737
Benefits and Claims				211,918,533	207,103,322	235,557,476	249,881,818
<b>Total Operating Expense</b>				233,657,101	224,831,283	253,219,882	267,543,543
<b>Operating Income (Loss)</b>				2,735,312	10,810,207	(9,484,882)	(14,648,543)
Nonoperating Revenues							
Fines/Forfeits				67,049	61,000	61,000	61,000
Nonoperating Expenses							
<b>Total Nonoperating Revenues (Expenses)</b>				67,049	61,000	61,000	61,000
<b>Income (Loss) Before Contributions and Transfers</b>				2,802,361	10,871,207	(9,423,882)	(14,587,543)
Capital Contributions							
Transfers In							
Transfers Out							
Loans and Lease Payments							
<b>Change in Net Position</b>				2,802,361	10,871,207	(9,423,882)	(14,587,543)
<b>Beginning Net Position - July 1</b>				169,966,705	172,753,078	183,624,285	161,128,742
Prior Period Adjustments				(15,988)			
Change in Net Position				2,802,361	10,871,207	(9,423,882)	(14,587,543)
<b>Ending Net Position - June 30</b>				172,753,078	183,624,285	161,128,742	146,541,199

Expenses

The majority of the expenditure increase is due to greater projected benefit and claims payments in the 2027 biennium. This increase is based on a projected increase of 6.0% in medical claims and 9.0% in prescription claims, year over year.

Revenues

The state employee group benefit plan (SEGBP) is self-funded, and as such, is responsible for medical costs incurred by its members. SEGBP is funded through a combination of state share paid by the State of Montana as an employer and member (employee and retiree) contribution payments. The state share is \$1,054 per month and is established in 2-18-703(2), MCA. As a component of employee compensation, the state share contribution amount is a subject of collective bargaining and is negotiated as part of the overall pay package for state employees. The state share is proposed to increase to \$1,080 in FY 2026 and \$1,107 in FY 2027 in HB 13.

Proprietary Rates

The figure below shows the rates as the currently appear in statute for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved FY 24	Approved FY 25	Reviewed FY 26	Reviewed FY 27
Fee Description:				
State Share Contribution	\$ 1,054	\$ 1,054	\$ 1,054	\$ 1,054
Rates are established to maintain adequate reserves. Actual state share rates are set for each calendar year as opposed to a fiscal year. This table shows the average month state share rate for each fiscal year.				

The amounts shown as rates above are the state share contribution for each state employee each month. The state share contribution amounts are contained in statute. The various contribution costs for the program are not limited through the legislative process but are determined by the division based on actuarial estimates of the claim costs for each insurance type. Any difference between the state share contribution and actual costs are made up by employee and retiree contributions and investment income. As the plan year for the state employee health insurance is a calendar year, the revenues for the plans are a combination of contributions for two years.

### Proprietary Program Revenues and Expenses

Fund	Fund Name	Agency #	Agency Name	Program Name
06575	Workers Comp Mgmt. Program	61010	Dept. of Administration	HCBD

  

	Actual FY 24	Estimated FY 25	Review ed FY 26	Review ed FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Charges for Services	296,414	349,312	443,485	443,485
<b>Total Operating Revenues</b>	296,414	349,312	443,485	443,485
<b>Expenses</b>				
Personal Services	233,589	301,646	325,520	325,639
Other Operating Expense	51,929	52,570	57,272	56,594
<b>Total Operating Expense</b>	285,518	354,216	382,792	382,233
<b>Operating Income (Loss)</b>	15,260	(4,904)	60,693	61,252
Nonoperating Revenues				
Nonoperating Expenses				
<b>Total Nonoperating Revenues (Expenses)</b>	-	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>	15,260	(4,904)	60,693	61,252
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments				
<b>Change in Net Position</b>	15,260	(4,904)	60,693	61,252
<b>Beginning Net Position - July 1</b>	(24,643)	(9,383)	(14,287)	46,406
Prior Period Adjustments				
Change in Net Position	15,260	(4,904)	60,693	61,252
<b>Ending Net Position - June 30</b>	(9,383)	(14,287)	46,406	107,658



*Expenses*

The majority of the expenditure increase is due to statewide present law adjustments for personal services due to pay and benefit increases. Statewide present law adjustments for fixed costs and indirect administrative costs adjustments for support services also increased.

*Revenues*

The Workers' Compensation Management Program fees are composed of a fixed cost rate allocated to each state agency based on the average number of payroll warrants issued each pay period.

*Proprietary Rates*

The figure below shows the rates approved by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved FY 24	Approved FY 25	Approved FY 26	Approved FY 27
Fee Description:	\$ 0.9700	\$ 0.9700	\$ 1.24	\$ 1.23

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.

### Proprietary Program Revenues and Expenses

Fund	Fund Name	Agency #	Agency Name	Program Name
06027	Flexible Spending	61010	Dept. of Administration	HCBD

  

	Actual FY 24	Estimated FY 25	Reviewed FY 26	Reviewed FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Charges for Services	7,869,631	7,741,250	7,800,000	7,800,000
BOI Investment Earnings	168,495	100,000	100,000	100,000
<b>Total Operating Revenues</b>	8,038,126	7,841,250	7,900,000	7,900,000
<b>Expenses</b>				
Personal Services	-	-	-	-
Other Operating Expense	149,002	183,996	183,996	183,996
Expense A	7,569,586	7,707,230	7,707,230	7,707,230
<b>Total Operating Expense</b>	7,718,588	7,891,226	7,891,226	7,891,226
<b>Operating Income (Loss)</b>	319,538	(49,976)	8,774	8,774
Nonoperating Revenues				
Nonoperating Expenses				
<b>Total Nonoperating Revenues (Expenses)</b>	-	-	-	-
<b>Income (Loss) Before Contributions and Transfer</b>	319,538	(49,976)	8,774	8,774
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments				
<b>Change in Net Position</b>	319,538	(49,976)	8,774	8,774
<b>Beginning Net Position - July 1</b>	3,587,838	3,893,523	3,843,547	3,852,321
Prior Period Adjustments	(13,853)			
Change in Net Position	319,538	(49,976)	8,774	8,774
<b>Ending Net Position - June 30</b>	3,893,523	3,843,547	3,852,321	3,861,095

Expenses

Expenses are not projected to increase in the Flexible Spending Program for the 2027 biennium as compared to the FY 2025 base budget.

Revenues

The flexible spending account program is funded from an administrative fee of \$2.16 per month on each account participating in the program. This fee is charged per participant whether the participant has a medical account, a dependent care account, or both.

Proprietary Rates

The figure below shows the rates reviewed by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
Approved FY 24		Approved FY 25		Reviewed FY 26
				Reviewed FY 27
Fee Description:	\$ 2.16	\$ 2.16	\$ 2.16	\$ 2.16

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.

**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	Budget FY 2026	FY 2027	Biennium Change from Base Amount	Percent
PB	24.75	24.75	24.75	0.00	0.0%
Proprietary Funds	4,807,779	5,358,250	5,518,553	1,261,245	13.1%
<b>Total Funds</b>	<b>4,807,779</b>	<b>5,358,250</b>	<b>5,518,553</b>	<b>1,261,245</b>	<b>13.1%</b>
Personal Services	2,609,746	2,622,321	2,632,807	35,636	0.7%
Operating Expenses	1,975,553	2,513,449	2,663,266	1,225,609	31.0%
Benefits & Claims	222,480	222,480	222,480		0.0%
<b>Total Expenditures</b>	<b>4,807,779</b>	<b>5,358,250</b>	<b>5,518,553</b>	<b>1,261,245</b>	<b>13.1%</b>
<b>Total Ongoing</b>	<b>4,807,779</b>	<b>5,358,250</b>	<b>5,518,553</b>	<b>1,261,245</b>	<b>13.1%</b>
<b>Total One-Time-Only</b>					<b>0.0%</b>

**Page Reference**

LFD Non-Budgeted Proprietary Budget Analysis, A-83

**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	2,417,526	2,498,920	2,609,746	2,622,321	2,632,807
Operating Expenses	1,696,545	2,030,981	1,975,553	2,513,449	2,663,266
Benefits & Claims	0	222,480	222,480	222,480	222,480
<b>Total Expenditures</b>	<b>\$4,114,071</b>	<b>\$4,752,381</b>	<b>\$4,807,779</b>	<b>\$5,358,250</b>	<b>\$5,518,553</b>
Proprietary Funds	4,114,071	4,752,381	4,807,779	5,358,250	5,518,553
<b>Total Funds</b>	<b>\$4,114,071</b>	<b>\$4,752,381</b>	<b>\$4,807,779</b>	<b>\$5,358,250</b>	<b>\$5,518,553</b>
<b>Total Ongoing</b>	<b>\$4,114,071</b>	<b>\$4,752,381</b>	<b>\$4,807,779</b>	<b>\$5,358,250</b>	<b>\$5,518,553</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Page Reference**

LFD Non-Budgeted Proprietary Budget Analysis, A-85

**Funding**

The majority of the State Human Resources Division's operations are supported by proprietary funds. This includes:

- Enterprise Learning and Development
- Human Resource Information Services (HRIS) Bureau

The Enterprise Learning and Development generates revenue by charging a fee for services to each agency that utilizes its services. The Human Resource Information Services Bureau (HRIS) is funded through a fee charged to state agencies for each employee payroll processed in a pay period. Both funds are considered and approved as rates charged to other state agencies and are discussed in greater detail in the Proprietary Rates section of this narrative.

### 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 Human Resources Division 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,807,779</b>	<b>89.7%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,807,779</b>	<b>87.1%</b>
Statewide PL										
Personal Services	0	0	0	12,575	0.2%	0	0	0	23,061	0.4%
Fixed Costs	0	0	0	125,171	2.3%	0	0	0	24,997	0.5%
Inflation Deflation	0	0	0	(9)	(0.0%)	0	0	0	(6)	(0.0%)
Total Statewide PL	0	0	0	137,737	2.6%	0	0	0	48,052	0.9%
Present Law (PL)	0	0	0	412,734	7.7%	0	0	0	662,722	12.0%
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>550,471</b>	<b>10.3%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>710,774</b>	<b>12.9%</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,358,250</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>5,518,553</b>	

**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	12,575		0.00	0	0	0	23,061
DP 2 - Fixed Costs										
0.00	0	0	0	125,171		0.00	0	0	0	24,997
DP 3 - Inflation Deflation										
0.00	0	0	0	(9)		0.00	0	0	0	(6)
DP 4 - Allocate Department Indirect/Administrative Costs										
0.00	0	0	0	14,954		0.00	0	0	0	15,338
DP 5 - Management Services HR Rate Adjustment										
0.00	0	0	0	(322)		0.00	0	0	0	(718)
DP 22 - Fixed Cost Adjustment for Robert's Rules										
0.00	0	0	0	(312)		0.00	0	0	0	(312)
DP 2301 - HRIS - Contracted Services Increase										
0.00	0	0	0	232,006		0.00	0	0	0	482,006
DP 2302 - ELD - Contracted Services Increase										
0.00	0	0	0	166,408		0.00	0	0	0	166,408
<b>Grand Total All Present Law Adjustments</b>										
<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$550,471</b>		<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$710,774</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.

**DP 4 - Allocate Department Indirect/Administrative Costs -**

The legislature reviewed adjustments to provide the funding to pay the Department of Administration's indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

DP 5 - Management Services HR Rate Adjustment -

The legislature reviewed an adjustment to the human resources rate charged to the department's programs for centralized services.

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

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

DP 2301 - HRIS - Contracted Services Increase -

The legislature reviewed increased non-budgeted proprietary funding for increased contract costs related to current human resource systems. The State Human Resources Division currently contracts with Oracle for five human resource systems: Service Cloud, Taleo, Fusion, People Soft, and Oracle Analytics Cloud. These contracts are renewed annually, except Fusion, which is currently on a two-year contract. The division's current budget allows for up to a 5.0% annual increase per system. However, the renewal rates for the system have increased, and the division is anticipating the renewal rate to increase by another 3.0%, which will bring the increase up to 8.0% annually.

Additionally, the legislature reviewed additional authority for an estimated contract increase due to the transition to a new enterprise recruiting system as the old recruiting system will no longer be supported. This annual increase is dependent on the new enterprise recruiting software application approval in HB 10.

DP 2302 - ELD - Contracted Services Increase -

The legislature reviewed increased non-budgeted proprietary funding for the Enterprise Learning and Development Program (ELD). State Human Resources Division (SHRD) currently has a three-year contract with LinkedIn Learning for 12,500 seats for enterprise training. The current contract ends June 30, 2026. The State Human Resources Division will need to renew the contract to retain Linked-In Learning for enterprise training. The renewal contract would span FY 2027 through FY 2029 and is expected to increase in cost.

## Human Resources Information System Bureau (HRIS) – Fund 06563

*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			
06563	HR Info Services	61010	Department of Administration	State Human Resources Division			
				Actual	Estimated	Review ed	Review ed
				FY 24	FY 25	FY 26	FY 27
<b>Operating Revenues</b>							
<b>Fees and Charges</b>							
Charges for Services				3,849,451	3,849,451	4,344,873	4,561,663
Other Operating Revenues							
Misc. Revenue				341	100	100	100
<b>Total Operating Revenues</b>				3,849,792	3,849,551	4,344,973	4,561,763
<b>Expenses</b>							
Personal Services				2,215,707	2,290,295	2,336,441	2,346,581
Other Operating Expense				1,410,732	1,736,727	2,067,777	2,218,281
<b>Total Operating Expense</b>				3,626,439	4,027,022	4,404,218	4,564,862
<b>Operating Income (Loss)</b>				223,353	(177,471)	(59,245)	(3,099)
Nonoperating Revenues							
Nonoperating Expenses							
<b>Total Nonoperating Revenues (Expenses)</b>				-	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>				223,353	(177,471)	(59,245)	(3,099)
Capital Contributions							
Transfers In							
Transfers Out							
Loans and Lease Payments							
<b>Change in Net Position</b>				223,353	(177,471)	(59,245)	(3,099)
<b>Beginning Net Position - July 1</b>				549,718	773,071	595,600	536,355
Prior Period Adjustments							
Change in Net Position				223,353	(177,471)	(59,245)	(3,099)
<b>Ending Net Position - June 30</b>				773,071	595,600	536,355	533,256



Expenses

The majority of the increase is attributed to increased contract costs for current human resource systems, which are estimated to increase by an additional 3.0%. Statewide present law adjustments for fixed costs and personal services are also expected to increase. Greater fixed costs in FY 2026 are due to audit fees.

Revenues

HRIS fees charged to state agencies are determined by projecting the cost of operating the HRIS program through the next biennium. HRIS rates are set as a fixed cost and allocated out to each agency based on the number of paychecks processed during the two prior fiscal years.

Proprietary Rates

The figure below shows the rates approved by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved FY 24	Approved FY 25	Approved FY 26	Approved FY 27
Fee Description:	\$ 10.12	\$ 10.10	\$ 11.82	\$ 12.39

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.

### Proprietary Program Revenues and Expenses

Fund	Fund Name	Agency #	Agency Name	Program Name
06525	Enterprise Learning and Development	61010	Department of Administration	State Human Resources Division

  

	Actual FY 24	Estimated FY 25	Review ed FY 26	Review ed FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
ELD Program Fees	409,131	406,856	492,684	492,684
Linked-In Learning			146,285	146,285
Robert's Rules				
Other Operating Revenues				
Misc. Revenue	373			
<b>Total Operating Revenues</b>	409,504	406,856	638,969	638,969
<b>Expenses</b>				
Personal Services	99,777	194,658	180,748	180,748
Other Operating Expense	264,148	219,770	425,346	424,903
<b>Total Operating Expense</b>	363,925	414,428	606,094	605,651
<b>Operating Income (Loss)</b>	45,579	(7,572)	32,875	33,318
Nonoperating Revenues				
Nonoperating Expenses				
<b>Total Nonoperating Revenues (Expenses)</b>	-	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>	45,579	(7,572)	32,875	33,318
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments				
<b>Change in Net Position</b>	45,579	(7,572)	32,875	33,318
<b>Beginning Net Position - July 1</b>	163,878	209,457	201,885	234,760
Prior Period Adjustments				
Change in Net Position	45,579	(7,572)	32,875	33,318
<b>Ending Net Position - June 30</b>	209,457	201,885	234,760	268,078

Expenses

The majority of the expenditure increase is due to Enterprise Learning and Development contract cost increases, including the contract with Linked-In Learning.

Revenues

The Enterprise Learning and Development Program (ELD) generates revenue through charging fees for the services provided based on the average PB that utilize the service within each agency.

Proprietary Rates

The figure below shows the rates approved by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved	Approved	Approved	Approved
	FY 24	FY 25	FY 26	FY 27
Fee Description:				
ELD Program Fees	\$ 33.2965	\$ 33.2965	\$ 40.3206	\$ 40.3206
Linked-In Learning			\$ 9.9830	\$ 9.9830
Robert's Rules				

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.

**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	Requested Budget FY 2026	Budget FY 2027	Biennium Change from Base Amount	Percent
PB	17.00	17.00	17.00	0.00	0.0%
Proprietary Funds	38,036,177	38,216,900	38,216,366	360,912	0.5%
<b>Total Funds</b>	<b>38,036,177</b>	<b>38,216,900</b>	<b>38,216,366</b>	<b>360,912</b>	<b>0.5%</b>
Personal Services	1,859,571	1,853,475	1,857,288	(8,379)	(0.2%)
Operating Expenses	20,343,834	20,530,653	20,526,306	369,291	0.9%
Grants	520,113	520,113	520,113		0.0%
Benefits & Claims	15,235,087	15,235,087	15,235,087		0.0%
Debt Service	77,572	77,572	77,572		0.0%
<b>Total Expenditures</b>	<b>38,036,177</b>	<b>38,216,900</b>	<b>38,216,366</b>	<b>360,912</b>	<b>0.5%</b>
<b>Total Ongoing</b>	<b>38,036,177</b>	<b>38,216,900</b>	<b>38,216,366</b>	<b>360,912</b>	<b>0.5%</b>
<b>Total One-Time-Only</b>					<b>0.0%</b>

**Page Reference**

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**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	1,736,491	1,778,120	1,859,571	1,853,475	1,857,288
Operating Expenses	17,468,472	20,571,932	20,343,834	20,530,653	20,526,306
Grants	467,888	520,113	520,113	520,113	520,113
Benefits & Claims	6,025,523	15,235,087	15,235,087	15,235,087	15,235,087
Debt Service	77,572	77,572	77,572	77,572	77,572
<b>Total Expenditures</b>	<b>\$25,775,946</b>	<b>\$38,182,824</b>	<b>\$38,036,177</b>	<b>\$38,216,900</b>	<b>\$38,216,366</b>
Proprietary Funds	25,775,946	38,182,824	38,036,177	38,216,900	38,216,366
<b>Total Funds</b>	<b>\$25,775,946</b>	<b>\$38,182,824</b>	<b>\$38,036,177</b>	<b>\$38,216,900</b>	<b>\$38,216,366</b>
<b>Total Ongoing</b>	<b>\$25,775,946</b>	<b>\$38,182,824</b>	<b>\$38,036,177</b>	<b>\$38,216,900</b>	<b>\$38,216,366</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Page Reference**

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## Funding

### Non-Budgeted Proprietary Appropriations

The majority of the Risk Management and Tort Defense Division's (RMTD) budget is comprised of non-budgeted proprietary funds that are derived from premium assessments on insurance risks paid by state agencies and the Montana University System. These funds are considered and approved as rates charged to the other state agencies are discussed in the Proprietary Rates section.

### Statutory Appropriations

Statutory appropriations comprise less than 1.0% of the total appropriations for RMTD. The statutory appropriation is for the receipt of insurance proceeds for claims that fall above the amount that the state self-insures.

## 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.

Risk Mgmt & Tort Defense Div 2027 Biennium HB 2 Base Budget and Adjustments										
FY 2026						FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38,036,177</b>	<b>99.5%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38,036,177</b>	<b>99.5%</b>
Statewide PL										
Personal Services	0	0	0	(6,096)	(0.0%)	0	0	0	(2,283)	(0.0%)
Fixed Costs	0	0	0	186,798	0.5%	0	0	0	182,216	0.5%
Inflation Deflation	0	0	0	(791)	(0.0%)	0	0	0	(534)	(0.0%)
Total Statewide PL	0	0	0	179,911	0.5%	0	0	0	179,399	0.5%
Present Law (PL)	0	0	0	812	0.0%	0	0	0	790	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>180,723</b>	<b>0.5%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>180,189</b>	<b>0.5%</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38,216,900</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>38,216,366</b>	

**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	(6,096)		0.00	0	0	0	(2,283)
DP 2 - Fixed Costs										
0.00	0	0	0	186,798		0.00	0	0	0	182,216
DP 3 - Inflation Deflation										
0.00	0	0	0	(791)		0.00	0	0	0	(534)
DP 4 - Allocate Department Indirect/Administrative Costs										
0.00	0	0	0	1,283		0.00	0	0	0	1,577
DP 5 - Management Services HR Rate Adjustment										
0.00	0	0	0	(257)		0.00	0	0	0	(573)
DP 22 - Fixed Cost Adjustment for Robert's Rules										
0.00	0	0	0	(214)		0.00	0	0	0	(214)
<b>Grand Total All Present Law Adjustments</b>										
<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$180,723</b>		<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$180,189</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.

**DP 4 - Allocate Department Indirect/Administrative Costs -**

The legislature reviewed an adjustment to provide the funding to pay the Department of Administration's indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

**DP 5 - Management Services HR Rate Adjustment -**

The legislature reviewed an adjustment to the human resources rate charged to the department's programs for centralized services.

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

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

*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			
06532	Agency Insurance	61010	Dept. of Administration	Risk Management & Tort Defense Division			
				Actual	Estimated	Review ed	Review ed
				FY 24	FY 25	FY 26	FY 27
<b>Operating Revenues</b>							
<b>Fees and Charges</b>							
Premium				-	-	12,075,506	12,075,506
Other Operating Revenue - Motorcycle Training				5,974	-	-	-
Investment Earnings				6,674,126	4,680,337	3,744,269	2,995,415
<b>Total Operating Revenues</b>				6,680,099	4,680,337	15,819,775	15,070,921
<b>Expenses</b>							
Personal Services				1,736,491	1,859,571	1,853,475	1,857,288
Other Operating Expense				2,975,908	5,990,545	6,177,364	6,173,017
Insurance Premiums				14,960,452	14,873,402	14,873,402	14,873,402
Claims				6,025,523	15,235,087	15,235,087	15,235,087
<b>Total Operating Expense</b>				25,698,374	37,958,605	38,139,328	38,138,794
<b>Operating Income (Loss)</b>				(19,018,275)	(33,278,268)	(22,319,553)	(23,067,873)
<b>Nonoperating Revenues</b>							
Other Revenue A - Subrogation Proceeds				347,022	178,145	178,159	178,159
<b>Nonoperating Expenses</b>							
Other Expense A - A&E expenses				(838,394)	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>				(491,372)	178,145	178,159	178,159
<b>Income (Loss) Before Contributions and Transfers</b>				(19,509,646)	(33,100,123)	(22,141,394)	(22,889,714)
<b>Capital Contributions</b>							
Transfers In - Insurance Proceeds Transfer				507,607	98,950	98,950	98,950
Transfers Out				-	-	-	-
Loans and Lease Payments				(77,572)	(77,572)	(77,572)	(77,572)
<b>Change in Net Position</b>				(19,079,611)	(33,078,745)	(22,120,016)	(22,868,336)
<b>Beginning Net Position - July 1</b>				117,396,487	98,316,876	68,058,980	45,938,964
Prior Period Adjustments							
Change in Net Position				(19,079,611)	(33,078,745)	(22,120,016)	(22,868,336)
<b>Ending Net Position - June 30</b>				98,316,876	68,058,980	45,938,964	23,070,628

*Expenses*

The majority of the expenditure increase is due to statewide present law adjustments for information technology fixed costs.

*Revenue*

Montana self-insures its insurance risks for automobile, aviation, general liability and property via the RMTD. All agencies pay insurance premiums to the division.

Premium amounts for state agencies are determined based on the predicted costs of losses the state may incur as a result of claims and the costs for operating the division. The division utilizes reasonable industry standards and practices employed by other municipalities and municipal risk pools in setting rates. Budgeted authority to pay insurance premiums is a fixed cost item in agency budgets.

Premiums for the 2027 biennium are apportioned based upon exposure and loss experience as follows:

- Automobile – comprised of two separate components:
  - Comprehensive and collision based upon total value of reported vehicles
  - Auto liability premium based on agency losses over the past four years and number of vehicles reported
- Aviation – allocated to those agencies that have aircraft based on charges on commercial insurance carriers for each aircraft, depending on the year, make, model, and value of the aircraft. Airport premium is apportioned to those agencies that have airports based upon the number of airports
- General Liability – comprised of commercial coverage negotiated with commercial insurance carriers and self-insurance for those risks that are not insurable through commercial coverage based on number of exposures
- Property – allocated to each agency based on its percentage of reported expenses (e.g., building replacement cost values, boilers, and machinery, etc.)

Payments for claims and the operational expenses incurred by the division are expended from the state property/casualty insurance fund. In addition, reserves for each insurance risk are maintained within the fund. Reserves are used for higher than anticipated claim costs, unexpected large losses, and increases in the costs of commercial excess insurance form catastrophic events, and incurred, but not yet reported, claims as determined by actuarial opinion and input from industry peer groups.

*Proprietary Rates*

The figure below shows the rates approved by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Approved FY 24	Approved FY 25	Approved FY 26	Approved FY 27
Fee Description:				
Auto Comprehensive/Collision	1,820,313	1,820,313	1,820,313	1,820,313
Aviation	169,961	169,961	169,961	169,961
General Liability	13,151,738	13,151,738	13,151,738	13,151,738
Property/Miscellaneous	9,009,000	9,009,000	9,009,000	9,009,000
	\$ 24,151,012	\$ 24,151,012	\$ 24,151,012	\$ 24,151,012

This program is funded with an internal service fund, which is a type of a 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.



In FY 2022, the amount of the reserves in the RMTD fund increased significantly. The Risk Management and Tort Defense Division won a judgement of approximately \$78.6 million against the state's former insurance carrier for recovery of expenses incurred in defense and settlement of Libby asbestos claims. Additionally, in the same fiscal year, the former insurance carrier agreed to pay the state \$62.5 million in another settlement involving Libby asbestos claims.

The 2023 Legislature approved a premium holiday for the 2025 biennium in order to reduce the level of reserves in the state insurance fund to fall within an acceptable range of target funding ratios that are commonly used by public entities and higher education. The results of the premium holiday are that the excess reserves are reduced over time and those agencies that are federally funded are beneficiaries of lower costs over time as opposed to transferring the excess to the general fund, which would necessitate a payment to the federal government. For the 2027 biennium, the legislature approved a partial premium holiday, reducing the premium by half, to continue to reduce the reserves. The legislature also approved the following language related to this rate:

"State agencies and universities will be billed half the insurance premium in the 2027 biennium by the Risk Management and Tort Defense Division (RMTD) due to an overage in the state insurance fund's reserves. Any insurance premium discounts that would have been realized in the 2027 biennium through participation in RMTD's risk management/loss mitigation programs must be applied from each state agency's or university's insurance premium holiday savings in a reasonable manner to avoid programmatic and funding shortfalls. RMTD has the authority to bill state agencies and universities an increased insurance premium if the agency or university does not participate in risk management/loss mitigation activities during the 2027 biennium."

"It is the intent of the Legislature that the Risk Management and Tort Defense Division's proprietary fund partial rate holiday be one-time-only and the full rate amount will be included in the 2029 biennium's base budget."

### 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	Requested Budget FY 2026	Budget FY 2027	Biennium Change from Base Amount Percent	
PB	115.33	115.33	115.33	0.00	0.0%
Proprietary Funds	79,475,160	79,486,098	79,203,122	(261,100)	(0.2%)
<b>Total Funds</b>	<b>79,475,160</b>	<b>79,486,098</b>	<b>79,203,122</b>	<b>(261,100)</b>	<b>(0.2%)</b>
Personal Services	13,319,898	12,959,876	12,989,834	(690,086)	(2.6%)
Operating Expenses	10,246,780	10,626,881	10,295,478	428,799	2.1%
Equipment & Intangible Assets	312,000	312,000	312,000		0.0%
Grants	150,000	150,000	150,000		0.0%
Benefits & Claims	54,789,200	54,789,200	54,789,200		0.0%
Transfers	35,000			(70,000)	(100.0%)
Debt Service	622,282	648,141	666,610	70,187	5.6%
<b>Total Expenditures</b>	<b>79,475,160</b>	<b>79,486,098</b>	<b>79,203,122</b>	<b>(261,100)</b>	<b>(0.2%)</b>
<b>Total Ongoing</b>	<b>79,475,160</b>	<b>79,486,098</b>	<b>79,203,122</b>	<b>(261,100)</b>	<b>(0.2%)</b>
<b>Total One-Time-Only</b>					<b>0.0%</b>

### Page Reference

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### Agency Highlights

Department of Commerce Major Budget Highlights
<ul style="list-style-type: none"> <li>The Department of Commerce's 2027 biennium non-budgeted proprietary appropriations are approximately \$261,000 or 0.2% less than the FY 2025 base budget. Significant changes include: <ul style="list-style-type: none"> <li>Decreased statewide present law adjustments for personal services</li> <li>The removal of indirect administrative costs from the Board of Investments budget</li> <li>Increased statewide present law adjustments for fixed costs and administrative cost adjustments for all other divisions</li> <li>Increased rates for centralized services provided to all divisions</li> </ul> </li> </ul>

### Agency Actuals and Budget Comparison

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

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	12,864,003	13,160,709	13,319,898	12,959,876	12,989,834
Operating Expenses	9,477,268	10,844,197	10,246,780	10,626,881	10,295,478
Equipment & Intangible Assets	0	0	312,000	312,000	312,000
Grants	50,000	100,000	150,000	150,000	150,000
Benefits & Claims	52,605,429	55,670,725	54,789,200	54,789,200	54,789,200
Transfers	0	35,000	35,000	0	0
Debt Service	374,809	625,282	622,282	648,141	666,610
<b>Total Expenditures</b>	<b>\$75,371,509</b>	<b>\$80,435,913</b>	<b>\$79,475,160</b>	<b>\$79,486,098</b>	<b>\$79,203,122</b>
Proprietary Funds	75,371,509	80,435,913	79,475,160	79,486,098	79,203,122
<b>Total Funds</b>	<b>\$75,371,509</b>	<b>\$80,435,913</b>	<b>\$79,475,160</b>	<b>\$79,486,098</b>	<b>\$79,203,122</b>
<b>Total Ongoing</b>	<b>\$75,371,509</b>	<b>\$80,435,913</b>	<b>\$79,475,160</b>	<b>\$79,486,098</b>	<b>\$79,203,122</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, A-102

### 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								
	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
Budget Item	Fiscal 2025	Fiscal 2026	Fiscal 2026	Fiscal 2026	Fiscal 2027	Fiscal 2027	Fiscal 2027	Fiscal 26-27
Personal Services	13,319,898	12,959,876	12,959,876	0	12,989,834	12,989,834	0	0
Operating Expenses	10,246,780	10,629,750	10,626,881	(2,869)	10,298,347	10,295,478	(2,869)	(5,738)
Equipment & Intangible Assets	312,000	312,000	312,000	0	312,000	312,000	0	0
Grants	150,000	150,000	150,000	0	150,000	150,000	0	0
Benefits & Claims	54,789,200	54,789,200	54,789,200	0	54,789,200	54,789,200	0	0
Transfers	35,000	0	0	0	0	0	0	0
Debt Service	622,282	648,141	648,141	0	666,610	666,610	0	0
<b>Total Costs</b>	<b>\$79,475,160</b>	<b>\$79,488,967</b>	<b>\$79,486,098</b>	<b>(\$2,869)</b>	<b>\$79,205,991</b>	<b>\$79,203,122</b>	<b>(\$2,869)</b>	<b>(\$5,738)</b>
General Fund	0	0	0	0	0	0	0	0
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0
Other	79,475,160	79,488,967	79,486,098	(2,869)	79,205,991	79,203,122	(2,869)	(5,738)
<b>Total Funds</b>	<b>\$79,475,160</b>	<b>\$79,488,967</b>	<b>\$79,486,098</b>	<b>(\$2,869)</b>	<b>\$79,205,991</b>	<b>\$79,203,122</b>	<b>(\$2,869)</b>	<b>(\$5,738)</b>
<b>Total Ongoing</b>	<b>\$79,475,160</b>	<b>\$79,488,967</b>	<b>\$79,486,098</b>	<b>(\$2,869)</b>	<b>\$79,205,991</b>	<b>\$79,203,122</b>	<b>(\$2,869)</b>	<b>(\$5,738)</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>

The legislature adopted an adjustment to DP 2 which removed the newly proposed Robert's Rules of Order training. Overall, these rate adjustments reduced the Department of Commerce's non-budgeted proprietary authority by \$6,000 in the 2027 biennium.

## Funding

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

Total Department of Commerce Funding by Source of Authority 2027 Biennium Budget Request						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
<b>01100 General Fund</b>	<b>12,915,751</b>			<b>3,600,000</b>	<b>16,515,751</b>	<b>4.4%</b>
02116 Accommodation Tax Account	1,066,238			32,566,553	33,632,791	8.9%
02254 Regional Accommodation Tax				31,079,986	31,079,986	8.2%
02771 Big Sky Economic Dev Program	961,531			17,656,591	18,618,122	4.9%
02279 Accom. Tax - Tourism Grants				17,328,778	17,328,778	4.6%
02277 Accom. Tax - Rural Tourism				16,950,821	16,950,821	4.5%
Other State Special Revenue	18,828,023			10,991,645	29,819,668	7.9%
<b>State Special Revenue Total</b>	<b>20,855,792</b>	-	-	<b>126,574,374</b>	<b>147,430,166</b>	<b>38.9%</b>
03059 Community Development Block	15,065,588				15,065,588	4.0%
03585 HTF	12,576,671				12,576,671	3.3%
03300 Home Grants	11,560,034				11,560,034	3.1%
03092 Distressed Woods Federal				2,001,215	2,001,215	0.5%
03207 Small Business Dev. Centers	1,776,703				1,776,703	0.5%
Other Federal Special Revenue	2,712,206				2,712,206	0.7%
<b>Federal Special Revenue Total</b>	<b>43,691,202</b>	-	-	<b>2,001,215</b>	<b>45,692,417</b>	<b>12.1%</b>
06074 SEC 8 Project Based			57,291,001		57,291,001	15.1%
06054 Section 8 HAP			48,101,012		48,101,012	12.7%
06527 Investment Division			15,394,102		15,394,102	4.1%
06014 BOI Municipal Finance Programs			1,085,144	10,600,000	11,685,144	3.1%
06075 Section 8 Vouchers			8,264,967		8,264,967	2.2%
Other Proprietary Fund			28,552,994		28,552,994	7.5%
<b>Proprietary Fund Total</b>	-	-	<b>158,689,220</b>	<b>10,600,000</b>	<b>169,289,220</b>	<b>44.7%</b>
<b>Total of All Funds</b>	<b>77,462,745</b>	-	<b>158,689,220</b>	<b>142,775,589</b>	<b>378,927,554</b>	
<b>Percent of All Sources of Authority</b>	<b>20.4%</b>	<b>0.0%</b>	<b>41.9%</b>	<b>37.7%</b>		

*Non-Budgeted Proprietary Funds*

Non-budgeted proprietary funds are primarily for the Housing MT Division but also includes authority for the Board of Investments, Facility Finance Authority, and the Director's Office. These funds are discussed in further detail 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.

Department of Commerce 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79,475,160</b>	<b>100.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79,475,160</b>	<b>100.3%</b>
Statewide PL										
Personal Services	0	0	0	(362,522)	(0.5%)	0	0	0	(332,564)	(0.4%)
Fixed Costs	0	0	0	605,402	0.8%	0	0	0	269,071	0.3%
Inflation Deflation	0	0	0	(1,048)	(0.0%)	0	0	0	(708)	(0.0%)
Total Statewide PL	0	0	0	241,832	0.3%	0	0	0	(64,201)	(0.1%)
Present Law (PL)	0	0	0	(230,894)	(0.3%)	0	0	0	(207,837)	(0.3%)
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>10,938</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(272,038)</b>	<b>(0.3%)</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79,486,098</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>79,203,122</b>	

**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	Requested Budget FY 2026	Budget FY 2027	Biennium Change from Base		
				Amount	Percent	
PB	3.00	3.00	3.00	0.00	0.0%	
Proprietary Funds	985,339	948,452	898,344	(123,882)	(6.3%)	
<b>Total Funds</b>	<b>985,339</b>	<b>948,452</b>	<b>898,344</b>	<b>(123,882)</b>	<b>(6.3%)</b>	
Personal Services	495,094	386,388	388,092	(215,708)	(21.8%)	
Operating Expenses	276,189	383,008	331,196	161,826	29.3%	
Grants	150,000	150,000	150,000		0.0%	
Transfers	35,000			(70,000)	(100.0%)	
Debt Service	29,056	29,056	29,056		0.0%	
<b>Total Expenditures</b>	<b>985,339</b>	<b>948,452</b>	<b>898,344</b>	<b>(123,882)</b>	<b>(6.3%)</b>	
<b>Total Ongoing</b>	<b>985,339</b>	<b>948,452</b>	<b>898,344</b>	<b>(123,882)</b>	<b>(6.3%)</b>	
<b>Total One-Time-Only</b>					<b>0.0%</b>	

**Page Reference**

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**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	489,055	550,158	495,094	386,388	388,092
Operating Expenses	223,481	270,162	276,189	383,008	331,196
Grants	50,000	100,000	150,000	150,000	150,000
Transfers	0	35,000	35,000	0	0
Debt Service	25,588	29,056	29,056	29,056	29,056
<b>Total Expenditures</b>	<b>\$788,124</b>	<b>\$984,376</b>	<b>\$985,339</b>	<b>\$948,452</b>	<b>\$898,344</b>
Proprietary Funds	788,124	984,376	985,339	948,452	898,344
<b>Total Funds</b>	<b>\$788,124</b>	<b>\$984,376</b>	<b>\$985,339</b>	<b>\$948,452</b>	<b>\$898,344</b>
<b>Total Ongoing</b>	<b>\$788,124</b>	<b>\$984,376</b>	<b>\$985,339</b>	<b>\$948,452</b>	<b>\$898,344</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Page Reference**

LFD Non-Budgeted Proprietary Budget Analysis, A-105

## Funding

### Non-Budgeted Proprietary Appropriations

The Montana Facility Finance Authority is entirely supported through non-budgeted proprietary funds. These funds are discussed in more detail in the program discussion.

## 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 Facility Finance Authority 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>985,339</b>	<b>103.9%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>985,339</b>	<b>109.7%</b>
Statewide PL										
Personal Services	0	0	0	(111,206)	(11.7%)	0	0	0	(109,502)	(12.2%)
Fixed Costs	0	0	0	55,505	5.9%	0	0	0	1,826	0.2%
Inflation Deflation	0	0	0	(33)	(0.0%)	0	0	0	(22)	(0.0%)
Total Statewide PL	0	0	0	(55,734)	(5.9%)	0	0	0	(107,698)	(12.0%)
Present Law (PL)	0	0	0	18,847	2.0%	0	0	0	20,703	2.3%
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>(36,887)</b>	<b>(3.9%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(86,995)</b>	<b>(9.7%)</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>948,452</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>898,344</b>	

## 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	(111,206)	0.00	0	0	0	(109,502)
DP 2 - Fixed Costs	0.00	0	0	0	55,505	0.00	0	0	0	1,826
DP 3 - Inflation Deflation	0.00	0	0	0	(33)	0.00	0	0	0	(22)
DP 22 - Fixed Cost Adjustment for Robert's Rules	0.00	0	0	0	(70)	0.00	0	0	0	(70)
DP 7105 - FFA ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	0	0	0	18,917	0.00	0	0	0	20,773
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$36,887)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$86,995)</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.

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

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

DP 7105 - FFA ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature reviewed adjustments for additional board member per diem, and increased costs for travel, as well as indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs. There are reductions for support services previously paid to the Board of Investments that are no longer required.



*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
06012	FFA Loan Program	65010	Dept of Commerce	MT Facility Finance Authority
06015	Facilities Finance Authority	65010	Dept of Commerce	MT Facility Finance Authority
06017	C-PACE Commercial Property	65010	Dept of Commerce	MT Facility Finance Authority

  

	Actual FY 24	Estimated FY 25	Review ed FY 26	Review ed FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Charges For Services	669,345	800,000	827,000	835,000
Grants	9,544	-	-	-
<b>Total Operating Revenues</b>	678,889	800,000	827,000	835,000
<b>Expenses</b>				
Personal Services	489,055	495,094	386,388	388,092
Operating Expense	223,581	276,189	383,008	331,196
<b>Total Operating Expense</b>	712,636	771,283	769,396	719,288
<b>Operating Income (Loss)</b>	(33,747)	28,717	57,604	115,712
 Nonoperating Revenues				
BOI Investment Earnings	435,985	87,500	285,000	265,000
Nonoperating Expenses				
Grants	(50,000)	(150,000)	(150,000)	(150,000)
<b>Total Nonoperating Revenues (Expenses)</b>	385,985	(62,500)	135,000	115,000
<b>Income (Loss) Before Contributions and Transfers</b>	352,238	(33,783)	192,604	230,712
 Capital Contributions				
Transfers In				
Transfers Out		(35,000)		
Loans and Lease Payments	(25,588)	(29,056)	(29,056)	(29,056)
<b>Change in Net Position</b>	326,650	(97,839)	163,548	201,656
 <b>Beginning Net Position - July 1</b>	9,845,229	10,171,904	10,074,065	10,237,613
Prior Period Adjustments	25			
Change in Net Position	326,650	(97,839)	163,548	201,656
 <b>Ending Net Position - June 30</b>	10,171,904	10,074,065	10,237,613	10,439,269
 <b>Net Position (Fund Balance) Analysis</b>				
Restricted Net Postion (Enterprise Funds Only)				
Unrestricted Net Position	10,171,904	10,074,065	10,237,613	10,439,269

*Expenses*

Personal services expenditures are projected to decrease due to statewide present law adjustments for personal services. Operating expenses are projected to increase in the 2027 biennium due statewide present law adjustments for fixed costs and administrative cost adjustments.

*Revenues*

Revenues are projected to increase in the Facility Finance Authority in the 2027 biennium. These projections were made due to the higher market rates and greater activity in the revolving loan program.

*Proprietary Rates*

The figure below shows the rates reviewed by the legislature for the 2027 biennium.

<b>Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information</b>	
Application Fee:	
Conduit Bonds	
Loan Amount	Fee
Up to \$5,000,000	30 basis points (bp) (.0030)
Up to \$10,000,000	the > of 25 bp or \$ 15,000
Up to \$25,000,000	the > of 15 bp or \$ 25,000
Up to \$50,000,000	the > of 12.5 bp or \$ 37,500
Up to \$100,000,000	the > of 7.5 bp or \$ 62,500
Over \$100,000,000	the > of 6.5 bp or \$ 75,000
C-PACE Financings	
1.25% of the par amount of the financing.	
Annual Fee:	
Stand Alone Bond Issues	5 bp X the outstanding principal amount
Private Placement bond issues	5 bp X the outstanding principal amount
Master Loan Program	10 bp X the outstanding principal amount
C-PACE	Lesser of 100 bp X the amount of the annual payment or \$3,000
Monthly fee:	
Trust Fund Loan Program	50 bp X the outstanding principal amount
Authority:	
Fee revenues: 90-7-202 and 90-7-211, MCA; Investment Earnings: 90-7-202, MCA	

This program is funded with an enterprise fund, which is a type of a 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.

### 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	Requested Budget FY 2026	Budget FY 2027	Biennium Change from Base Amount	Percent
PB	58.33	58.33	58.33	0.00	0.0%
Proprietary Funds	66,875,288	67,340,714	67,216,351	806,489	0.6%
<b>Total Funds</b>	<b>66,875,288</b>	<b>67,340,714</b>	<b>67,216,351</b>	<b>806,489</b>	<b>0.6%</b>
Personal Services	5,111,734	4,956,241	4,969,810	(297,417)	(2.9%)
Operating Expenses	6,209,412	6,812,487	6,661,810	1,055,473	8.5%
Equipment & Intangible Assets	312,000	312,000	312,000		0.0%
Benefits & Claims	54,789,200	54,789,200	54,789,200		0.0%
Debt Service	452,942	470,786	483,531	48,433	5.3%
<b>Total Expenditures</b>	<b>66,875,288</b>	<b>67,340,714</b>	<b>67,216,351</b>	<b>806,489</b>	<b>0.6%</b>
<b>Total Ongoing</b>	<b>66,875,288</b>	<b>67,340,714</b>	<b>67,216,351</b>	<b>806,489</b>	<b>0.6%</b>
<b>Total One-Time-Only</b>					<b>0.0%</b>

### Page Reference

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### 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	4,746,246	4,916,180	5,111,734	4,956,241	4,969,810
Operating Expenses	5,279,083	6,391,360	6,209,412	6,812,487	6,661,810
Equipment & Intangible Assets	0	0	312,000	312,000	312,000
Benefits & Claims	52,605,429	55,670,725	54,789,200	54,789,200	54,789,200
Debt Service	240,980	452,942	452,942	470,786	483,531
<b>Total Expenditures</b>	<b>\$62,871,738</b>	<b>\$67,431,207</b>	<b>\$66,875,288</b>	<b>\$67,340,714</b>	<b>\$67,216,351</b>
Proprietary Funds	62,871,738	67,431,207	66,875,288	67,340,714	67,216,351
<b>Total Funds</b>	<b>\$62,871,738</b>	<b>\$67,431,207</b>	<b>\$66,875,288</b>	<b>\$67,340,714</b>	<b>\$67,216,351</b>
<b>Total Ongoing</b>	<b>\$62,871,738</b>	<b>\$67,431,207</b>	<b>\$66,875,288</b>	<b>\$67,340,714</b>	<b>\$67,216,351</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, A-112

**Funding***Non-Budgeted Proprietary*

The majority of the Housing MT Division's funding is from non-budgeted proprietary funds. These funds are discussed in the program discussion.

**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.

Housing M T 2027 Biennium HB 2 Base Budget and Adjustments										
FY 2026						FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>66,875,288</b>	<b>99.3%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>66,875,288</b>	<b>99.5%</b>
Statewide PL										
Personal Services	0	0	0	(155,493)	(0.2%)	0	0	0	(141,924)	(0.2%)
Fixed Costs	0	0	0	214,720	0.3%	0	0	0	61,017	0.1%
Inflation Deflation	0	0	0	(907)	(0.0%)	0	0	0	(613)	(0.0%)
Total Statewide PL	0	0	0	58,320	0.1%	0	0	0	(81,520)	(0.1%)
Present Law (PL)	0	0	0	407,106	0.6%	0	0	0	422,583	0.6%
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>465,426</b>	<b>0.7%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>341,063</b>	<b>0.5%</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67,340,714</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>67,216,351</b>	

**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	(155,493)	0.00	0	0	0	(141,924)
DP 2 - Fixed Costs	0.00	0	0	0	214,720	0.00	0	0	0	61,017
DP 3 - Inflation Deflation	0.00	0	0	0	(907)	0.00	0	0	0	(613)
DP 22 - Fixed Cost Adjustment for Robert's Rules	0.00	0	0	0	(1,375)	0.00	0	0	0	(1,375)
DP 7405 - HMT ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	0	0	0	408,481	0.00	0	0	0	423,958
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$465,426</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$341,063</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.

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

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

DP 7405 - HMT ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature reviewed adjustments for non-state rent increases per the terms of the negotiated lease, and indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs.

## Montana Board of Housing – Funds 06030, 06031, 06032, 06078, 06079

## 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
06030	BOH Financial Program	65010	Dept. of Commerce	Housing Division - Board of Housing
06031	Housing Trust Fund			
06032	BOH Loan Servicing			
06078	Affordable Housing Revolving			
06079	Revolving Loan - TANF			

  

	Actual FY 24	Estimated FY 25	Review ed FY 26	Reviewed FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Charges For Services	4,932,435	5,104,928	5,283,601	5,468,527
<b>Total Operating Revenues</b>	4,932,435	5,104,928	5,283,601	5,468,527
<b>Expenses</b>				
Personal Services	2,944,357	3,185,633	2,992,817	3,002,953
Other Operating Expense	7,565,675	2,760,009	3,115,877	3,046,905
<b>Total Operating Expense</b>	10,510,032	5,945,642	6,108,694	6,049,858
<b>Operating Income (Loss)</b>	(5,577,597)	(840,714)	(825,093)	(581,331)
<b>Nonoperating Revenues</b>				
BOI Investment Earnings Class	29,099,433	30,117,913	31,172,040	32,263,062
<b>Nonoperating Expenses</b>				
Grants				
<b>Total Nonoperating Revenues (Expenses)</b>	29,099,433	30,117,913	31,172,040	32,263,062
<b>Income (Loss) Before Contributions and Transfers</b>	23,521,836	29,277,199	30,346,947	31,681,731
<b>Capital Contributions</b>				
Transfers In	350,000	387,070	400,618	414,639
Transfers Out	(350,000)	(387,070)	(400,618)	(414,639)
Loans and Lease Payments	(19,673,223)	(20,846,345)	(21,889,895)	(22,982,029)
<b>Change in Net Position</b>	3,848,613	8,430,854	8,457,052	8,699,702
<b>Beginning Net Position - July 1</b>	165,754,763	169,603,376	178,034,230	186,491,282
Prior Period Adjustments				
Change in Net Position	3,848,613	8,430,854	8,457,052	8,699,702
<b>Ending Net Position - June 30</b>	169,603,376	178,034,230	186,491,282	195,190,984

*Expenses*

The expenditures for personal services are projected to decrease in the 2027 biennium due to statewide present law adjustments. Operating expenses are projected to increase due to statewide present law adjustments for fixed costs as well as administrative cost increases for indirect support service costs.

*Revenues*

The Board of Housing's income is derived primarily from mortgage investment income. Mortgage income is the interest paid on Board of Housing loans and is limited by the Internal Revenue Service as a condition of using tax-free bonds as a financing source. Mortgage income is also controlled by the national markets, which set both mortgage rates and bond financing rates. Investment income comes from interest earned in investing reserves that the Board of Housing is required to hold as well as bond and program moneys not yet used to buy mortgages and pay bondholders. Both future mortgage and investment income depend on the interest rate environment, which is determined by the national financial markets.

*Proprietary Rates*

The Board of Housing recovers costs from charging application and compliance fees for the Low-Income Tax Credit Program and from charging a spread on loan programs. The figure below shows the rates reviewed by the legislature for the 2027 biennium. Several fees have been added this biennium including the 42M letter fee, additional credit request, board legal fees, underwriting fees 10.0% test, underwriting fees – average income, compliance fees – average income. These new fee options are specific to the Low-Income Housing Tax Credit. This reviewed rate is not an increase in fee charges but an expansion of fee options.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information					
		Approved FY 24	Approved FY 25	Reviewed FY 26	Reviewed FY 27
Fee Description:					
Pre 1980 Single Family Programs	% spread between mortgage interest rate and bond yield. No limit on investment earnings	1.50%	1.50%	1.50%	1.50%
Post Single Family Programs	% spread between mortgage interest rate and bond yield. Investment earnings limited to the bond yield	1.125%	1.125%	1.125%	1.125%
Pre 1986 Multifamily Program	% spread between the mortgage interest rate and the bond yield. No limit on investment earnings	1.50%	1.50%	1.50%	1.50%
Post 1986 Multifamily Program	% spread between the mortgage interest rate and the bond yield. Investment earnings limited to the bond yield	1.50%	1.50%	1.50%	1.50%
Multifamily Reservation Fee	up to a % of the loan amount reserved	1.00%	1.00%	1.00%	1.00%
Letter of Intent - Housing Credits	per submission	\$3,000	\$3,000	\$3,000	\$3,000
Application - Housing Credits	% of the tax credit amount requested (4% and 9%)	1.00%	1.00%	1.00%	1.00%
42M letter fee	4% of the tax credit amount requested	4.00%	4.00%	4.00%	4.00%
Additional credit request	sum of application (\$3,000) and 10% reservation fee (9%)	\$3,000 + 10%	\$3,000 + 10%	\$3,000 + 10%	\$3,000 + 10%
Board legal fees	invoiced amount based on actual hours	invoiced amount	invoiced amount	invoiced amount	invoiced amount
Reservation fees-Housing Credits	% of the tax credit amount reserved	10.00%	10.00%	10.00%	10.00%
Underwriting Fees - Housing Credits (8609)	per application	\$3,000	\$3,000	\$3,000	\$3,000
Underwriting Fees - 10% Test	per application	\$1,500	\$1,500	\$1,500	\$1,500
Underwriting Fees - Average Income	applicable only to Average Income LIHTC projects	\$2,000	\$2,000	\$2,000	\$2,000
Compliance fees-Housing Credit Program	per unit	\$45	\$45	\$45	\$45
Compliance fees - Average Income	additional \$20/each non-market unit	\$20	\$20	\$20	\$20
Interest income on reverse annuity mortgage loans	4-5% (new) 5% (old) loans	3-5%	3-5%	3-5%	3-5%
Housing Revolving Loan Fund (HRLA)	variable rates ranging from 2% to 6%	2-6%	2-6%	2-6%	2-6%
Interest on Investments	STIP investment rate	varies	varies	varies	varies
*-There are various extension, late and cancelation fees for both multifamily and homeownership programs not listed but applied a case by case basis					



This program is funded with an enterprise fund, which is a type of a 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.

## HUD Section 8 (Project Based Housing) – Fund 06074

## 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
06074	SEC 8 Project Based	65010	Dept. of Commerce	Housing MT - PB Section 8

	Actual FY 24	Estimated FY 25	Review ed FY 26	Review ed FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Fines/Forfeits	61			
Federal	30,011,661	31,512,244	33,087,856	34,742,249
<b>Total Operating Revenues</b>	30,011,722	31,512,244	33,087,856	34,742,249
<b>Expenses</b>				
Personal Services	923,061	960,426	871,307	873,672
Other Operating Expense	410,034	384,499	494,073	453,128
Equipment & Intangible Assets	-	156,000	156,000	156,000
<b>Total Operating Expense</b>	1,333,095	1,500,925	1,521,380	1,482,800
<b>Operating Income (Loss)</b>	28,678,627	30,011,319	31,566,476	33,259,449
<b>Nonoperating Revenues</b>				
BOI Investment Earnings Class	207,653	218,036	228,938	240,385
<b>Nonoperating Expenses</b>				
Benefits & Claims	(28,757,640)	(27,076,686)	(27,076,686)	(27,076,686)
<b>Total Nonoperating Revenues (Expenses)</b>	(28,549,987)	(26,858,650)	(26,847,748)	(26,836,301)
<b>Income (Loss) Before Contributions and Transfers</b>	128,640	3,152,669	4,718,728	6,423,148
<b>Capital Contributions</b>				
Transfers In				
Transfers Out				
Loans and Lease Payments	(13,073)	(61,881)	(65,450)	(67,999)
<b>Change in Net Position</b>	115,567	3,090,788	4,653,278	6,355,149
<b>Beginning Net Position - July 1</b>	4,417,432	4,532,999	7,623,787	12,277,065
Prior Period Adjustments				
Change in Net Position	115,567	3,090,788	4,653,278	6,355,149
<b>Ending Net Position - June 30</b>	4,532,999	7,623,787	12,277,065	18,632,214

Expenses

The legislature reviewed a decrease in personal services due to statewide present law adjustments. Operating expenses are projected to increase due to statewide present law adjustments for fixed costs as well as administrative cost increases for indirect support service costs.

Revenue

Revenues are generated in the Project Based Section 8 Contract Administration under a HUD performance-based contract using 17 incentive-based performance standards, which are calculated by HUD monthly, quarterly, and annually. Revenues generated are required to be used for contract administration. Rental assistance payments are made based on contracts negotiated by program staff and tenant income data. Payments are paid and reimbursed monthly by HUD, based on actual program benefits paid to owners.

Proprietary Rates

The Project Based Section 8 Contract Administration is funded through a performance-based contract with HUD, based on a five-year renewable request for proposals. Retained earnings are to be used for operations of this program. Funding for rents is paid by HUD, based on actual contracts negotiated between the department and the individual owners of the projects, set up on the procedure dictated by HUD. The figure below shows the rates reviewed by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved FY 24	Approved FY 25	Reviewed FY 26	Reviewed FY 27
Fee Description:				
Administration Contract				
	2.5%	2.5%	2.5%	2.5%
Base fee rate paid by HUD = 2.5% times the two bedroom Fair Market Rent for all projects under ACC contract for standard performance, as judged by HUD monthly, quarterly, and annually.				
Administration Contract				
	1.0%	1.0%	1.0%	1.0%
Performance fee incentive rate based on 17 Incentive Based Performance Standards (IBPS), graded monthly, quarterly, and annually by HUD. Can be either positive or negative, based on whether time standards and performance requirements are met on each of the 17 IBPS standards.				
Rents Contract				
	100.0%	100.0%	100.0%	100.0%
Amounts for rentals are based on 100.0% of contracted amounts per unit each month, less tenant share of rents.				

This program is funded with an enterprise fund, which is a type of a 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.

## HUD Section 8 – Fund 06037 (Mod Rehab HAP), 06054 (Section 8 HAP), 06075 (Tenant Based), 06085 (Mod Rehab)

*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
06037	Sect 8 Mod Rehab HAP	65010	Dept. of Commerce	Housing MT - TB Section 8
06054	Section 8 HAP			
06075	Section 8 Vouchers			
06085	Section 8 Mod Rehab			

  

	Actual FY 24	Estimated FY 25	Review ed FY 26	Review ed FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Charges For Services	114			
Federal	26,262,401	28,701,447	30,014,359	31,392,916
<b>Total Operating Revenues</b>	26,262,515	28,701,447	30,014,359	31,392,916
<b>Expenses</b>				
Personal Services	877,586	963,175	1,085,824	1,086,860
Other Operating Expense	2,640,570	2,914,904	3,049,515	3,008,749
Equipment & Intangible Assets		156,000	156,000	156,000
<b>Total Operating Expense</b>	3,518,156	4,034,079	4,291,339	4,251,609
<b>Operating Income (Loss)</b>	22,744,359	24,667,368	25,723,020	27,141,307
<b>Nonoperating Revenues</b>				
BOI Investment Earnings Class	354,694	363,942	382,135	401,238
<b>Nonoperating Expenses</b>				
Benefits & Claims	(22,916,797)	(26,517,514)	(26,457,764)	(26,395,026)
<b>Total Nonoperating Revenues (Expenses)</b>	(22,562,103)	(26,153,572)	(26,075,629)	(25,993,788)
<b>Income (Loss) Before Contributions and Transfers</b>	182,256	(1,486,204)	(352,609)	1,147,519
<b>Capital Contributions</b>				
Transfers In				
Transfers Out				
Loans and Lease Payments	(13,073)	(201,600)	(205,169)	(207,718)
<b>Change in Net Position</b>	169,183	(1,687,804)	(557,778)	939,801
<b>Beginning Net Position - July 1</b>	6,606,139	6,775,322	5,087,518	4,529,740
Prior Period Adjustments				
Change in Net Position	169,183	(1,687,804)	(557,778)	939,801
<b>Ending Net Position - June 30</b>	6,775,322	5,087,518	4,529,740	5,469,541

Expenses

The legislature reviewed an increase in personal services and operating costs due to statewide present law adjustments and administrative cost adjustments for indirect support service costs paid to the Director's Office.

Revenue

The Tenant Based Section 8 Program is supported by an enterprise fund with revenues derived from performance-based Annual Contribution Contracts with HUD. Revenues for the Tenant Based Section 8 Program are generated per unit for each rental unit under lease each month.

Proprietary Rates

Fund revenues are derived from competitively awarded, performance-based annual contribution contracts with HUD. The program is completely self-supporting. The department is the only statewide housing authority in Montana and specifically budgeted for in HUD's ongoing appropriation for Tenant Based Section 8. The figure below shows the rates reviewed by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved FY 24	Approved FY 25	Reviewed FY 26	Reviewed FY 27
Fee Description:				
Administration Contract	\$91.90	\$95.12	\$98.45	\$101.90
Base fee rate paid by HUD = \$91.90 (before proration) per unit per month under lease, which is HUD's column B rate for units beyond the first 600 Housing Choice Vouchers (or 7,200 unit months per year) for the majority of leases. Mod Rehab earned fee rate is \$98.46 per lease per month (HUD's column A rate, no proration). Estimate increases of 3.5% per year for FY 2023, FY 2024 and FY 2025.				
Rents Contract	100.00%	100.00%	100.00%	100.00%
Amounts for rentals are based on 100% of contracted amounts per unit each month, less tenant share of rents.				

This program is funded with an enterprise fund, which is a type of a 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.

**HUD Emergency Housing Vouchers and Mainstream Housing Choice Vouchers – Fund 06028 (Emergency Housing Vouchers – Administration), 06029 (Emergency Housing Vouchers – Housing Assistance Payments), 06044 (Mainstream Housing Choice Voucher Program – Administration), 06045 (Mainstream Housing Choice Voucher Program – Housing Assistance Payments)**

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
06028	Emergency Housing Vouchers-Adm	65010	Dept. of Commerce	Housing MT - TB Section 8
06029	Emergency Housing Vouchers-HAP			
06044	Mainstream HCVP-Admin			
06045	Mainstream HCVP-HAP			

	Actuals FY 24	Estimated FY 25	Review ed FY 26	Review ed FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Federal	1,117,534	1,173,411	1,232,081	1,293,686
<b>Total Operating Revenues</b>	1,117,534	1,173,411	1,232,081	1,293,686
<b>Expenses</b>				
Personal Services	2,645	2,500	6,293	6,325
Other Operating Expense	103,829	150,000	153,022	153,028
<b>Total Operating Expense</b>	106,474	152,500	159,315	159,353
<b>Operating Income (Loss)</b>	1,011,060	1,020,911	1,072,766	1,134,333
<b>Nonoperating Revenues</b>				
BOI Investment Earnings Class	26,115	27,422	28,793	30,233
<b>Nonoperating Expenses</b>				
Benefits & Claims	(918,147)	(1,195,000)	(1,254,750)	(1,317,488)
<b>Total Nonoperating Revenues (Expenses)</b>	(892,032)	(1,167,578)	(1,225,957)	(1,287,255)
<b>Income (Loss) Before Contributions and Transfers</b>	119,028	(146,667)	(153,191)	(152,922)
<b>Capital Contributions</b>				
Transfers In	486,885	546,626	573,957	602,655
Transfers Out				
Loans and Lease Payments				
<b>Change in Net Position</b>	605,913	399,959	420,766	449,733
<b>Beginning Net Position - July 1</b>	-	605,913	1,005,872	1,426,638
Prior Period Adjustments				
Change in Net Position	605,913	399,959	420,766	449,733
<b>Ending Net Position - June 30</b>	605,913	1,005,872	1,426,638	1,876,371

Expenses

Expenses are projected to increase in the 2027 biennium for personal services and operating expenses due to statewide present law adjustments.

Revenues

The Mainstream Housing Choice Voucher Program is supported by an enterprise fund with revenues derived from performance-based Annual Contribution Contracts with HUD. Revenues for the Mainstream Housing Choice Voucher Program are generated per unit for each rental unit under lease each month.

Proprietary Rates

Fund revenues are derived from competitively awarded, performance-based annual contribution contracts with HUD. The program is completely self-supporting. The department is the only statewide housing authority in Montana and specifically budgeted for in HUD’s ongoing appropriation for Tenant Based Section 8. The figure below shows the rates reviewed by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved FY 24	Approved FY 25	Reviewed FY 26	Reviewed FY 27
Fee Description:				
Administration Contract	\$91.90	\$95.12	\$98.45	\$101.90
Base fee rate paid by HUD = \$91.90 (before proration) per unit per month under lease, w hich is HUD's column B rate for units beyond the first 600 Housing Choice Vouchers (or 7,200 unit months per year) for the majority of leases. Mod Rehab earned fee rate is \$98.46 per lease per month (HUD's column A rate, no proration). Estimate increases of 3.5% per year for FY 2023, FY 2024 and FY 2025.				
Rents Contract	100.00%	100.00%	100.00%	100.00%
Amounts for rentals are based on 100% of contracted amounts per unit each month, less tenant share of rents.				

This program is funded with an enterprise fund, which is a type of a 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.

### 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	Requested Budget FY 2026	Budget FY 2027	Biennium Change from Base		
				Amount	Percent	
PB	33.00	33.00	33.00	0.00	0.0%	
Proprietary Funds	8,628,255	8,303,802	8,175,444	(777,264)	(4.5%)	
<b>Total Funds</b>	<b>8,628,255</b>	<b>8,303,802</b>	<b>8,175,444</b>	<b>(777,264)</b>	<b>(4.5%)</b>	
Personal Services	5,166,689	5,295,753	5,300,465	262,840	2.5%	
Operating Expenses	3,461,010	3,007,493	2,874,423	(1,040,104)	(15.0%)	
Debt Service	556	556	556		0.0%	
<b>Total Expenditures</b>	<b>8,628,255</b>	<b>8,303,802</b>	<b>8,175,444</b>	<b>(777,264)</b>	<b>(4.5%)</b>	
<b>Total Ongoing</b>	<b>8,628,255</b>	<b>8,303,802</b>	<b>8,175,444</b>	<b>(777,264)</b>	<b>(4.5%)</b>	
<b>Total One-Time-Only</b>					<b>0.0%</b>	

### Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, A-124

### 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	5,203,495	5,241,267	5,166,689	5,295,753	5,300,465
Operating Expenses	3,213,297	3,480,143	3,461,010	3,007,493	2,874,423
Debt Service	0	556	556	556	556
<b>Total Expenditures</b>	<b>\$8,416,792</b>	<b>\$8,721,966</b>	<b>\$8,628,255</b>	<b>\$8,303,802</b>	<b>\$8,175,444</b>
Proprietary Funds	8,416,792	8,721,966	8,628,255	8,303,802	8,175,444
<b>Total Funds</b>	<b>\$8,416,792</b>	<b>\$8,721,966</b>	<b>\$8,628,255</b>	<b>\$8,303,802</b>	<b>\$8,175,444</b>
<b>Total Ongoing</b>	<b>\$8,416,792</b>	<b>\$8,721,966</b>	<b>\$8,628,255</b>	<b>\$8,303,802</b>	<b>\$8,175,444</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, A-126

### Funding

#### Statutory Authority

Section 17-7-502, MCA provides funding to the Board of Investments related to the debt services for the Intermediate Term Capital (INTERCAP) Program. Statutory authority provides funding for legal and marketing fees related to these debt services.



*Non-Budgeted Proprietary Fund*

The majority of the Board of Investments funding comes from non-budgeted proprietary funding. These funds are discussed in the Proprietary Rates section of this narrative.

**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 Investments 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,628,255</b>	<b>103.9%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,628,255</b>	<b>105.5%</b>
Statewide PL										
Personal Services	0	0	0	129,064	1.6%	0	0	0	133,776	1.6%
Fixed Costs	0	0	0	210,953	2.5%	0	0	0	77,849	1.0%
Inflation Deflation	0	0	0	(103)	(0.0%)	0	0	0	(69)	(0.0%)
Total Statewide PL	0	0	0	339,914	4.1%	0	0	0	211,556	2.6%
Present Law (PL)	0	0	0	(664,367)	(8.0%)	0	0	0	(664,367)	(8.1%)
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>(324,453)</b>	<b>(3.9%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(452,811)</b>	<b>(5.5%)</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,303,802</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>8,175,444</b>	

**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	129,064	0.00	0	0	0	133,776
DP 2 - Fixed Costs	0.00	0	0	0	210,953	0.00	0	0	0	77,849
DP 3 - Inflation Deflation	0.00	0	0	0	(103)	0.00	0	0	0	(69)
DP 22 - Fixed Cost Adjustment for Robert's Rules	0.00	0	0	0	(929)	0.00	0	0	0	(929)
DP 7505 - BOI ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	0	0	0	(663,438)	0.00	0	0	0	(663,438)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$324,453)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$452,811)</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.

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

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

DP 7505 - BOI ADMINISTRATIVE COSTS ADJUSTMENTS -

The legislature reviewed an adjustment to ongoing appropriations for a decrease in the indirect costs paid to the Director's Office for support services provided to supported divisions, bureaus, and programs.

### Proprietary Program Revenues and Expenses

2027 Biennium Report on Internal Service and Enterprise Funds				
Fund	Fund Name	Agency #	Agency Name	Program Name
06014	BOI Municipal Finance Programs	65010	Dept. of Commerce	Board of Investments
			Actual	Estimated
			FY 24	FY 25
			Review ed	Review ed
			FY 26	FY 27
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
	Charges For Service		-	-
<b>Total Operating Revenues</b>			-	-
<b>Expenses</b>				
	Personal Services		474,011	469,317
	Other Operating Expense		145,978	205,583
<b>Total Operating Expense</b>			619,989	674,900
<b>Operating Income (Loss)</b>			(619,989)	(674,900)
	Nonoperating Revenues			
	BOI Investment Earnings Class		4,347,027	1,211,901
	Nonoperating Expenses			
<b>Total Nonoperating Revenues (Expenses)</b>			4,347,027	1,211,901
<b>Income (Loss) Before Contributions and Transfers</b>			3,727,038	537,001
	Capital Contributions			
	Transfers In			
	Transfers Out			
	Loans and Lease Payments		(3,571,186)	(5,185,244)
<b>Change in Net Position</b>			155,852	(4,648,243)
<b>Beginning Net Position - July 1</b>			5,765,478	5,921,330
	Prior Period Adjustments			
	Change in Net Position		155,852	(4,648,243)
<b>Ending Net Position - June 30</b>			5,921,330	1,273,087

Expenses

The legislature reviewed a decrease in personal services due to employee turnover and hiring new employees at lower wages. Decreases in operating expenses are primarily due to a decrease in indirect administrative costs and is slightly offset by an increase in statewide present law adjustments for fixed costs.

Revenues

Nearly all bond program revenues are generated by the difference between interest rates on bonds sold and the interest rate charged on loans to borrowers. Since these revenues are only received from the trustee on an annual basis, a 270-day fund balance is required to provide adequate funding for the bond program between draws. Remaining revenues are received monthly from the board’s contract with the Montana Facility Finance Authority.

Proprietary Rates

The Board of Investments recovers its costs from the entities that use its services. Typically, this has been done by requesting a maximum level of expenditures and setting a fee at that level. The legislature reviewed an increased rate for the 2027 biennium due to increased loan activity and increased interest rates charged to borrowers. Fees reviewed for the INTERCAP Program are shown below.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Actual	Estimated	Reviewed	Reviewed
	FY 24	FY 25	FY 26	FY 27
Fee Description:				
Fees & Investment Revenue	\$ 1,211,901	\$ 1,211,901	\$ 5,914,586	\$ 5,914,586

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.

## Investment Division – 06527

## 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			
06527	Investment Division	65010	Dept. of Commerce	Board of Investments			
				Actual FY 24	Estimated FY 25	Review ed FY 26	Review ed FY 27
<b>Operating Revenues</b>							
<b>Fees and Charges</b>							
Charges For Services				7,826,576	7,826,543	8,079,321	8,079,321
<b>Total Operating Revenues</b>				7,826,576	7,826,543	8,079,321	8,079,321
<b>Expenses</b>							
Personal Services				4,833,770	4,785,250	4,895,598	4,899,459
Other Operating Expense				2,786,242	3,178,008	2,862,737	2,736,308
<b>Total Operating Expense</b>				7,620,012	7,963,258	7,758,335	7,635,767
<b>Operating Income (Loss)</b>				206,564	(136,715)	320,986	443,554
Nonoperating Revenues							
Nonoperating Expenses							
<b>Total Nonoperating Revenues (Expenses)</b>				-	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>				206,564	(136,715)	320,986	443,554
Capital Contributions							
Transfers In				3,500			
Transfers Out							
Loans and Lease Payments				(298,997)	-	-	-
<b>Change in Net Position</b>				(88,933)	(136,715)	320,986	443,554
<b>Beginning Net Position - July 1</b>				90,817	1,884	(134,831)	186,155
Prior Period Adjustments							
Change in Net Position				(88,933)	(136,715)	320,986	443,554
<b>Ending Net Position - June 30</b>				1,884	(134,831)	186,155	629,709

Expenses

The legislature reviewed an increase in statewide present law adjustments for personal services. Decreases in operating expenses are due to a reduction in indirect costs for support services.

Revenues

Nearly all investment program revenues are generated from charges to each account that the board invests. The revenue objective of the investment program is to fairly assess the costs of operations while maintaining a 60-day working capital reserve.

Proprietary Rates

The Board of Investments recovers its costs from the entities that use its services. Typically, this has been done by requesting a maximum level of expenditures and setting the fee at that level. The legislature adopted the Board of Investment's proposed increase in the rate. The legislature did adopt the following language relating to the Board of Investments administrative fee: "If [an act] is passed and approved to require the Board of Investments to operate as a fiduciary, then the Board of Investments internal service rate is void."

Requested Rates for Internal Service or Enterprise Funds			
Fee/Rate Information			
Approved FY 24	Approved FY 25	Approved FY 26	Approved FY 27
BOI Administrative Fee			
Rate	\$ 7,826,543	\$ 7,826,543	\$ 8,079,321

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.

### 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	Requested Budget FY 2026	Budget FY 2027	Biennium Change from Base		
				Amount	Percent	
PB	21.00	21.00	21.00	0.00	0.0%	
Proprietary Funds	2,986,278	2,893,130	2,912,983	(166,443)	(2.8%)	
<b>Total Funds</b>	<b>2,986,278</b>	<b>2,893,130</b>	<b>2,912,983</b>	<b>(166,443)</b>	<b>(2.8%)</b>	
Personal Services	2,546,381	2,321,494	2,331,467	(439,801)	(8.6%)	
Operating Expenses	300,169	423,893	428,049	251,604	41.9%	
Debt Service	139,728	147,743	153,467	21,754	7.8%	
<b>Total Expenditures</b>	<b>2,986,278</b>	<b>2,893,130</b>	<b>2,912,983</b>	<b>(166,443)</b>	<b>(2.8%)</b>	
<b>Total Ongoing</b>	<b>2,986,278</b>	<b>2,893,130</b>	<b>2,912,983</b>	<b>(166,443)</b>	<b>(2.8%)</b>	
<b>Total One-Time-Only</b>					<b>0.0%</b>	

### Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, A-132

### 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	2,425,207	2,453,104	2,546,381	2,321,494	2,331,467
Operating Expenses	761,407	702,532	300,169	423,893	428,049
Debt Service	108,241	142,728	139,728	147,743	153,467
<b>Total Expenditures</b>	<b>\$3,294,855</b>	<b>\$3,298,364</b>	<b>\$2,986,278</b>	<b>\$2,893,130</b>	<b>\$2,912,983</b>
Proprietary Funds	3,294,855	3,298,364	2,986,278	2,893,130	2,912,983
<b>Total Funds</b>	<b>\$3,294,855</b>	<b>\$3,298,364</b>	<b>\$2,986,278</b>	<b>\$2,893,130</b>	<b>\$2,912,983</b>
<b>Total Ongoing</b>	<b>\$3,294,855</b>	<b>\$3,298,364</b>	<b>\$2,986,278</b>	<b>\$2,893,130</b>	<b>\$2,912,983</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, A-134

### Funding

#### Non-Budgeted Proprietary Funding

The Director's Office is also funded by an internal service type non-budgeted proprietary fund from indirect costs charged to programs in the Department of Commerce. This fund will be discussed in further detail in the Proprietary Rates section of this analysis.

**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.

Director's Office 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,986,278</b>	<b>103.2%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,986,278</b>	<b>102.5%</b>
Statewide PL										
Personal Services	0	0	0	(224,887)	(7.8%)	0	0	0	(214,914)	(7.4%)
Fixed Costs	0	0	0	124,224	4.3%	0	0	0	128,379	4.4%
Inflation Deflation	0	0	0	(5)	(0.0%)	0	0	0	(4)	(0.0%)
Total Statewide PL	0	0	0	(100,668)	(3.5%)	0	0	0	(86,539)	(3.0%)
Present Law (PL)	0	0	0	7,520	0.3%	0	0	0	13,244	0.5%
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>(93,148)</b>	<b>(3.2%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(73,295)</b>	<b>(2.5%)</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,893,130</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>2,912,983</b>	

**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	(224,887)	0.00	0	0	0	(214,914)
DP 2 - Fixed Costs	0.00	0	0	0	124,224	0.00	0	0	0	128,379
DP 3 - Inflation Deflation	0.00	0	0	0	(5)	0.00	0	0	0	(4)
DP 22 - Fixed Cost Adjustment for Robert's Rules	0.00	0	0	0	(495)	0.00	0	0	0	(495)
DP 8105 - DO ADMINISTRATIVE COSTS ADJUSTMENTS	0.00	0	0	0	8,015	0.00	0	0	0	13,739
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$93,148)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$73,295)</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.

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

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

DP 8105 - DO ADMINISTRATIVE COSTS ADJUSTMENTS –

The legislature reviewed adjustments for increased non-state building rent per the terms of the lease agreement, and indirect costs paid to the Director's Office's Centralized Services for support services provided to supported divisions, bureaus, and programs.

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

2027 Biennium

*Expenses*

Overall, the legislature reviewed a slight decrease in personal services due to statewide present law adjustments. Operating expenses and debt services are projected to increase due to statewide present law adjustments for fixed costs and administrative cost adjustments.

*Revenues*

The Director's Office is funded by revenues from charges allocated to all divisions, bureaus, and programs supported by the division's indirect cost plan. Indirect costs are allocated to supported programs based upon federally calculated, and legislatively approved, indirect cost rates applied to actual personal services expenditures.

*Proprietary Rates*

Indirect cost rates are charged to supported programs based upon actual personal services expenditures.

The Director's Office calculates a federal indirect cost rate on an annual basis. This rate is a fixed rate for federally funded programs, which is applied against actual federally funded personal services expenditures within the department. The federally calculated rate requires that a carry-forward amount be built into the rate. This carry-forward amount represents the amount the Director's Office under-recovered or over-recovered in a given fiscal year. This computation compares what was originally calculated to what actually occurred. The difference is then carried forward into the following year's rate.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Approved FY 24	Approved FY 25	Reviewed FY 26	Reviewed FY 27
Fee Description:	13.47%	13.47%	19.89%	19.89%

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.

Due to the rate change, the following table shows the estimated change in cost to each division using the Department of Commerce's centralized services.

Director's Office Estimated Change in Cost for Commerce Centralized Services for All Funding Levels		
	FY 2026	FY 2027
51 Business MT	\$ 127,595	\$ 128,819
52 Brand MT	196,067	195,827
60 Community MT	201,879	203,153
71 Facility Finance Authority	37,299	37,655
74 Housing MT	430,877	434,148
75 Board of Investments	(663,438)	(663,438)
78 Board of Horse Racing	17,801	17,801
80 Montana Heritage Commission	48,904	49,120
81 Director's Office Research Information Services	47,413	48,416
<b>Total</b>	<b>\$ 444,397</b>	<b>\$ 451,501</b>

### 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	Budget FY 2026	Budget FY 2027	Biennium Change from Base Amount Percent		
PB	93.75	93.75	93.75	0.00	0.0%	
Proprietary Funds	156,245,909	158,885,874	165,410,460	11,804,516	3.8%	
<b>Total Funds</b>	<b>156,245,909</b>	<b>158,885,874</b>	<b>165,410,460</b>	<b>11,804,516</b>	<b>3.8%</b>	
Personal Services	10,033,219	10,049,837	10,074,616	58,015	0.3%	
Operating Expenses	9,738,762	9,372,441	9,231,657	(873,426)	(4.5%)	
Benefits & Claims	135,503,328	138,492,996	145,133,587	12,619,927	4.7%	
Transfers	25,048	25,048	25,048		0.0%	
Debt Service	945,552	945,552	945,552		0.0%	
<b>Total Expenditures</b>	<b>156,245,909</b>	<b>158,885,874</b>	<b>165,410,460</b>	<b>11,804,516</b>	<b>3.8%</b>	
<b>Total Ongoing</b>	<b>156,245,909</b>	<b>158,885,874</b>	<b>165,410,460</b>	<b>11,804,516</b>	<b>3.8%</b>	
<b>Total One-Time-Only</b>					<b>0.0%</b>	

### Page Reference

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### Agency Highlights

Department of Labor and Industry Major Budget Highlights
<ul style="list-style-type: none"> <li>The Department of Labor and Industry's 2027 biennium non-budgeted proprietary appropriations are \$11.8 million, or 3.8% higher than the FY 2025 base budget. Significant increases include: <ul style="list-style-type: none"> <li>An increase in the Unemployment Insurance Division of \$12.6 million to pay additional benefits and claims from the unemployment insurance benefit trust</li> </ul> </li> <li>Additionally, there are adopted increases in two internal services funds, which include: <ul style="list-style-type: none"> <li>The technical services fund within the Technology Services Division. This fund supports staff in development and testing department applications</li> <li>The technical services direct fund within the Technology Services Division. The increase is within the enterprise services rate that is transferred to the State Information Technology Services Division</li> </ul> </li> </ul>

**Agency Actuals and Budget Comparison**

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

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Legislative Fiscal 2026	Legislative Fiscal 2027
Personal Services	8,194,124	9,611,296	10,033,219	10,049,837	10,074,616
Operating Expenses	11,883,514	13,307,150	9,738,762	9,372,441	9,231,657
Benefits & Claims	140,261,554	143,499,728	135,503,328	138,492,996	145,133,587
Transfers	29,368	28,648	25,048	25,048	25,048
Debt Service	866,916	875,938	945,552	945,552	945,552
<b>Total Expenditures</b>	<b>\$161,235,476</b>	<b>\$167,322,760</b>	<b>\$156,245,909</b>	<b>\$158,885,874</b>	<b>\$165,410,460</b>
Proprietary Funds	161,235,476	167,322,760	156,245,909	158,885,874	165,410,460
<b>Total Funds</b>	<b>\$161,235,476</b>	<b>\$167,322,760</b>	<b>\$156,245,909</b>	<b>\$158,885,874</b>	<b>\$165,410,460</b>
<b>Total Ongoing</b>	<b>\$161,235,476</b>	<b>\$167,322,760</b>	<b>\$156,245,909</b>	<b>\$158,885,874</b>	<b>\$165,410,460</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Page Reference**

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**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	10,033,219	10,049,837	10,049,837	0	10,074,616	10,074,616	0	0
Operating Expenses	9,738,762	9,372,692	9,372,441	(251)	9,231,908	9,231,657	(251)	(502)
Benefits & Claims	135,503,328	138,492,996	138,492,996	0	145,133,587	145,133,587	0	0
Transfers	25,048	25,048	25,048	0	25,048	25,048	0	0
Debt Service	945,552	945,552	945,552	0	945,552	945,552	0	0
<b>Total Costs</b>	<b>\$156,245,909</b>	<b>\$158,886,125</b>	<b>\$158,885,874</b>	<b>(\$251)</b>	<b>\$165,410,711</b>	<b>\$165,410,460</b>	<b>(\$251)</b>	<b>(\$502)</b>
General Fund	0	0	0	0	0	0	0	0
State/other Special Rev. Funds	0	0	0	0	0	0	0	0
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0
Other	156,245,909	158,886,125	158,885,874	(251)	165,410,711	165,410,460	(251)	(502)
<b>Total Funds</b>	<b>\$156,245,909</b>	<b>\$158,886,125</b>	<b>\$158,885,874</b>	<b>(\$251)</b>	<b>\$165,410,711</b>	<b>\$165,410,460</b>	<b>(\$251)</b>	<b>(\$502)</b>
<b>Total Ongoing</b>	<b>\$156,245,909</b>	<b>\$158,886,125</b>	<b>\$158,885,874</b>	<b>(\$251)</b>	<b>\$165,410,711</b>	<b>\$165,410,460</b>	<b>(\$251)</b>	<b>(\$502)</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>

The legislature adopted changes to the statewide present law adjustment for fixed costs for the newly proposed Robert's Rules of Order training.

## Funding

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

Total Department of Labor and Industry 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>2,261,181</b>				<b>2,261,181</b>	<b>0.4%</b>
02258 Employment Security Account	55,559,589	100,000			55,659,589	10.5%
02448 Building Codes State Spec Rev	12,923,124				12,923,124	2.4%
02455 Workers' Comp Regulation	12,245,929				12,245,929	2.3%
02347 Safety Administration Fund	5,019,319				5,019,319	0.9%
02805 Weights & Measures Bureau	4,421,971				4,421,971	0.8%
Other State Special Revenue	36,725,770			1,407,247	38,133,017	7.2%
<b>State Special Revenue Total</b>	<b>126,895,702</b>	<b>100,000</b>	<b>-</b>	<b>1,407,247</b>	<b>128,402,949</b>	<b>24.2%</b>
03954 UI Administrative Grants	21,889,398				21,889,398	4.1%
03124 Employment Trng Grants	18,851,159				18,851,159	3.6%
03682 Wagner Peyser	12,301,441				12,301,441	2.3%
03322 MT Community Service FSR	8,091,201				8,091,201	1.5%
03982 RESEA	2,133,719				2,133,719	0.4%
Other Federal Special Revenue	11,423,034				11,423,034	2.2%
<b>Federal Special Revenue Total</b>	<b>74,689,952</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,689,952</b>	<b>14.1%</b>
06069 UI Tax Benefit Fund			280,619,927		280,619,927	52.9%
06578 Technical Services Direct			14,633,532		14,633,532	2.8%
06546 Commissioner's Office/CSD			10,338,091		10,338,091	1.9%
06552 Legal Admin Services			7,882,590		7,882,590	1.5%
06568 Technical Services			7,761,942		7,761,942	1.5%
Other Proprietary Fund			3,060,252	614,578	3,674,830	0.7%
<b>Proprietary Fund Total</b>	<b>-</b>	<b>-</b>	<b>324,296,334</b>	<b>614,578</b>	<b>324,910,912</b>	<b>61.3%</b>
<b>Total of All Funds</b>	<b>203,846,835</b>	<b>100,000</b>	<b>324,296,334</b>	<b>2,021,825</b>	<b>530,264,994</b>	
<b>Percent of All Sources of Authority</b>	<b>38.4%</b>	<b>0.0%</b>	<b>61.2%</b>	<b>0.4%</b>		

## Non-Budgeted Proprietary Funds

Within the Department of Labor and Industry are numerous non-budgeted proprietary funds, both enterprise and internal service funds. More detail on these funds will be provided at the program level of this report.

## 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.

Department of Labor and Industry 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>156,245,909</b>	<b>98.3%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>156,245,909</b>	<b>94.5%</b>
Statewide PL										
Personal Services	0	0	0	16,618	0.0%	0	0	0	41,397	0.0%
Fixed Costs	0	0	0	(358,133)	(0.2%)	0	0	0	(499,225)	(0.3%)
Inflation Deflation	0	0	0	(950)	(0.0%)	0	0	0	(642)	(0.0%)
Total Statewide PL	0	0	0	(342,465)	(0.2%)	0	0	0	(458,470)	(0.3%)
Present Law (PL)	0	0	0	2,982,430	1.9%	0	0	0	9,623,021	5.8%
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>2,639,965</b>	<b>1.7%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,164,551</b>	<b>5.5%</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>158,885,874</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>165,410,460</b>	

**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	Requested Budget FY 2026	Budget FY 2027	Biennium Change from Base Amount	Percent
Proprietary Funds	8,737	1,750	1,750	(13,974)	(80.0%)
<b>Total Funds</b>	<b>8,737</b>	<b>1,750</b>	<b>1,750</b>	<b>(13,974)</b>	<b>(80.0%)</b>
Operating Expenses	8,737	1,750	1,750	(13,974)	(80.0%)
<b>Total Expenditures</b>	<b>8,737</b>	<b>1,750</b>	<b>1,750</b>	<b>(13,974)</b>	<b>(80.0%)</b>
<b>Total Ongoing</b>	<b>8,737</b>	<b>1,750</b>	<b>1,750</b>	<b>(13,974)</b>	<b>(80.0%)</b>
<b>Total One-Time-Only</b>					<b>0.0%</b>

**Page Reference**

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**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	875	8,594	8,737	1,750	1,750
<b>Total Expenditures</b>	<b>\$875</b>	<b>\$8,594</b>	<b>\$8,737</b>	<b>\$1,750</b>	<b>\$1,750</b>
Proprietary Funds	875	8,594	8,737	1,750	1,750
<b>Total Funds</b>	<b>\$875</b>	<b>\$8,594</b>	<b>\$8,737</b>	<b>\$1,750</b>	<b>\$1,750</b>
<b>Total Ongoing</b>	<b>\$875</b>	<b>\$8,594</b>	<b>\$8,737</b>	<b>\$1,750</b>	<b>\$1,750</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Page Reference**

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**Funding***Non-Budgeted Proprietary Funds*

The Montana Career Information System (MCIS) has been active in Montana since 1980. The purpose of MCIS is to deliver current career and labor market information to Montanans in an easy-to-use and easy-to-understand format. The MCIS is the only career information delivery system in the country that has specific Montana labor market information included in each file.

**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.

Workforce Services Division 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,737</b>	<b>499.3%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,737</b>	<b>499.3%</b>
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	(6,987)	(399.3%)	0	0	0	(6,987)	(399.3%)
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>(6,987)</b>	<b>(399.3%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,987)</b>	<b>(399.3%)</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,750</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>1,750</b>	

**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 3 - Inflation Deflation	0.00	0	0	0	0	0.00	0	0	0	0
DP 103 - MCIS Proprietary Authority Adjustment	0.00	0	0	0	(6,987)	0.00	0	0	0	(6,987)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$6,987)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$6,987)</b>

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

**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 103 - MCIS Proprietary Authority Adjustment -**

The legislature reviewed adjustments to the appropriation of this fund to align with the estimated revenues more closely.



## Montana Career Information System – Fund 06051

## Proprietary Program Revenues and Expenses

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

## 2027 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
06051	Montana Career Information System	66020	Workforce Services Division

	Actual FY 204	Estimated FY 205	Reviewed FY 206	Reviewed FY 207
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Fee Revenue A      MCIS License Renewal	875	1,750	1,750	1,750
<b>Total Operating Revenues</b>	875	1,750	1,750	1,750
<b>Expenses</b>				
Personal Services				
Other Operating Expense				
Expense A	1,500	1,750	1,750	1,750
<b>Total Operating Expense</b>	1,500	1,750	1,750	1,750
<b>Operating Income (Loss)</b>	(625)	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>	(625)	-	-	-
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments				
<b>Change in Net Position</b>	(625)	-	-	-
<b>Beginning Net Position - July 1</b>	1,417	792	792	792
Prior Period Adjustments				
Change in Net Position	(625)	-	-	-
<b>Ending Net Position - June 30</b>	792	792	792	792
<b>Net Position (Fund Balance) Analysis</b>				
Restricted Net Position (Enterprise Funds Only)				
Unrestricted Net Position				

Expenses

The expenses for the MCIS fund are limited to operating expenses regarding the optional features. These are typically site-specific licensing fees.

Revenues

Revenue is generated through fees for the purchase of a one-year optional component license. Fees are collected from the sites purchasing the license or assessment. Collected fees are used to pay the service provider on a one-to-one ratio.

Proprietary Rates

The legislature reviewed an increase in the MCIS proprietary rate in FY 2026 and FY 2027 when compared to the FY 2025 base rates. The increase in the revenues for FY 2026 and FY 2027 is due an increase the agency experienced in FY 2024.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Reviewed FY 2024	Reviewed FY 2025	Adopted FY 2026	Adopted FY 2027
Fee Description:				
Fees are collected from schools and transferred to MCIS contractor on a 1:1 ratio				
IDEAS Assessment @ \$125/test	375.00	375.00	500.00	500.00
Peterson's Academic Practice Tests - Pkg 1 @\$250/test	1,250.00	1,250.00	1,250.00	1,250.00
Peterson's Academic Practice Tests - Pkg 2 @\$200/test				
Peterson's Civil Service Practice Tests @ \$200/test				
Peterson's College Placement Skills @ \$225/test				
Total	\$1,625.00	\$1,625.00	\$1,750.00	\$1,750.00

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.

**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	Requested Budget FY 2026	Budget FY 2027	Biennium Change from Base Amount	Percent
Proprietary Funds	134,000,000	136,989,668	143,630,259	12,619,927	4.7%
<b>Total Funds</b>	<b>134,000,000</b>	<b>136,989,668</b>	<b>143,630,259</b>	<b>12,619,927</b>	<b>4.7%</b>
Benefits & Claims	134,000,000	136,989,668	143,630,259	12,619,927	4.7%
<b>Total Expenditures</b>	<b>134,000,000</b>	<b>136,989,668</b>	<b>143,630,259</b>	<b>12,619,927</b>	<b>4.7%</b>
<b>Total Ongoing</b>	<b>134,000,000</b>	<b>136,989,668</b>	<b>143,630,259</b>	<b>12,619,927</b>	<b>4.7%</b>
<b>Total One-Time-Only</b>					<b>0.0%</b>

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**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
Benefits & Claims	139,248,071	142,000,000	134,000,000	136,989,668	143,630,259
<b>Total Expenditures</b>	<b>\$139,248,071</b>	<b>\$142,000,000</b>	<b>\$134,000,000</b>	<b>\$136,989,668</b>	<b>\$143,630,259</b>
Proprietary Funds	139,248,071	142,000,000	134,000,000	136,989,668	143,630,259
<b>Total Funds</b>	<b>\$139,248,071</b>	<b>\$142,000,000</b>	<b>\$134,000,000</b>	<b>\$136,989,668</b>	<b>\$143,630,259</b>
<b>Total Ongoing</b>	<b>\$139,248,071</b>	<b>\$142,000,000</b>	<b>\$134,000,000</b>	<b>\$136,989,668</b>	<b>\$143,630,259</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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**Funding***Non-Budgeted Proprietary Funds*

The unemployment insurance tax benefit fund (UI fund) is a proprietary account to fund unemployment benefits to claimants through state unemployment taxes. The tax amount depends on the ratio of the unemployment insurance trust fund balance to the total covered wages in Montana and the employer's experience. Montana uses 11 schedules with 10 contribution rates in each schedule to assess State Unemployment Tax Act (SUTA).

During the interim, the agency contracted an actuary to study the UI fund, the revenues to this fund, and the fund balance. With that, the actuary concluded that the agency may be able to make changes to the revenue structure of the fund while maintaining a sufficient fund balance. There is currently legislation, HB 210, that includes the recommended changes.

**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.

Unemployment Insurance Division 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>134,000,000</b>	<b>97.8%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>134,000,000</b>	<b>93.3%</b>
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	2,989,668	2.2%	0	0	0	9,630,259	6.7%
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>2,989,668</b>	<b>2.2%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,630,259</b>	<b>6.7%</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>136,989,668</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>143,630,259</b>	

**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 202 - UI Proprietary Adjustment	0.00	0	0	0	2,989,668	0.00	0	0	0	9,630,259
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,989,668</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,630,259</b>

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

**DP 202 - UI Proprietary Adjustment -**

The legislature reviewed an adjustment in non-budgeted proprietary funding due to projected revenue and benefit levels for the upcoming biennium.

## Unemployment Insurance Trust Fund – Fund 06069

## Proprietary Program Revenues and Expenses

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

2027 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name			
6069	UI Trust Fund	66020	Unemployment Insurance			

	Actual FY 2024	Estimated FY 2025	Reviewed FY 2026	Reviewed FY 2027
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Fee Revenue A Investment Earnings	15,195,166	14,569,552	13,231,399	11,040,703
Fee Revenue B Contributions/Premium	161,878,065	180,217,905	184,022,299	188,818,261
Fee Revenue C Other Revenues	3,487,915	8,238,853	7,840,715	7,246,324
Fee Revenue D Penalty	125,699	238,466	255,269	268,294
Other Operating Revenues				
<b>Total Operating Revenues</b>	180,686,845	203,264,776	205,349,682	207,373,582
<b>Expenses</b>				
Personal Services				
Other Operating Expense				
Expense A Benefits	138,871,162	128,614,224	136,989,668	143,630,259
<b>Total Operating Expense</b>	138,871,162	128,614,224	136,989,668	143,630,259
<b>Operating Income (Loss)</b>	41,815,683	74,650,552	68,360,014	63,743,323
<b>Nonoperating Revenues</b>				
Other Revenue A				
<b>Nonoperating Expenses</b>				
Other Expense A Bad Debt	11,271,237			
<b>Total Nonoperating Revenues (Expenses)</b>	11,271,237	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>	53,086,920	74,650,552	68,360,014	63,743,323
<b>Capital Contributions</b>				
Transfers In	37,046			
Transfers Out				
Loans and Lease Payments				
<b>Change in Net Position</b>	53,123,966	74,650,552	68,360,014	63,743,323
<b>Beginning Net Position - July 1</b>	543,624,850	600,091,665	674,742,217	743,102,231
Prior Period Adjustments	3,342,849			
Change in Net Position	53,123,966	74,650,552	68,360,014	63,743,323
<b>Ending Net Position - June 30</b>	600,091,665	674,742,217	743,102,231	806,845,554
<b>Net Position (Fund Balance) Analysis</b>				
Restricted Net Postion (Enterprise Funds Only)				
Unrestricted Net Position				

*Expenses*

Significant costs for the program consist of unemployment insurance benefits paid to claimants while unemployed, including federal withholding tax and child support payments the claimants have elected to be taken out of their benefit check. The expenditures in this account are entirely dependent on the benefit payments that are to be made.

*Revenues*

The revenues received in the proprietary fund are from unemployment insurance tax collections, federal reimbursement for claims on federal employees, military personnel, claimants in other states, and interest earnings to the unemployment insurance trust fund.

*Proprietary Rates*

The Unemployment Insurance Division administers the state unemployment insurance law. There is no proprietary rate but rather a collection of contributions from employers that are used to pay the unemployment insurance benefits to claimants who have involuntarily become unemployed. The rate calculation is set in statute under 39-51-1217, MCA.

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.

**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	Budget FY 2026	Budget FY 2027	Biennium Change from Base		
				Amount	Percent	
PB	64.75	64.75	64.75	0.00	0.0%	
Proprietary Funds	9,550,104	9,170,963	9,049,718	(879,527)	(4.6%)	
<b>Total Funds</b>	<b>9,550,104</b>	<b>9,170,963</b>	<b>9,049,718</b>	<b>(879,527)</b>	<b>(4.6%)</b>	
Personal Services	6,878,508	6,856,118	6,875,747	(25,151)	(0.2%)	
Operating Expenses	2,581,921	2,225,170	2,084,296	(854,376)	(16.5%)	
Debt Service	89,675	89,675	89,675		0.0%	
<b>Total Expenditures</b>	<b>9,550,104</b>	<b>9,170,963</b>	<b>9,049,718</b>	<b>(879,527)</b>	<b>(4.6%)</b>	
<b>Total Ongoing</b>	<b>9,550,104</b>	<b>9,170,963</b>	<b>9,049,718</b>	<b>(879,527)</b>	<b>(4.6%)</b>	
<b>Total One-Time-Only</b>					<b>0.0%</b>	

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**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	5,683,783	6,212,841	6,878,508	6,856,118	6,875,747
Operating Expenses	2,192,407	2,525,656	2,581,921	2,225,170	2,084,296
Debt Service	68,737	77,425	89,675	89,675	89,675
<b>Total Expenditures</b>	<b>\$7,944,927</b>	<b>\$8,815,922</b>	<b>\$9,550,104</b>	<b>\$9,170,963</b>	<b>\$9,049,718</b>
Proprietary Funds	7,944,927	8,815,922	9,550,104	9,170,963	9,049,718
<b>Total Funds</b>	<b>\$7,944,927</b>	<b>\$8,815,922</b>	<b>\$9,550,104</b>	<b>\$9,170,963</b>	<b>\$9,049,718</b>
<b>Total Ongoing</b>	<b>\$7,944,927</b>	<b>\$8,815,922</b>	<b>\$9,550,104</b>	<b>\$9,170,963</b>	<b>\$9,049,718</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Page Reference**

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**Funding***Non-Budgeted Proprietary Funds*

The Commissioner's Office and Centralized Services Division provides two functions funded with non-budgeted proprietary funds. These programs are described separately along with a discussion of the program expenses, revenues, and rates.

**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's Office and Centralized Services Division 2027 Biennium HB 2 Base Budget and Adjustments										
FY 2026						FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,550,104</b>	<b>104.1%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,550,104</b>	<b>105.5%</b>
Statewide PL										
Personal Services	0	0	0	(22,390)	(0.2%)	0	0	0	(2,761)	(0.0%)
Fixed Costs	0	0	0	(355,550)	(3.9%)	0	0	0	(496,732)	(5.5%)
Inflation Deflation	0	0	0	(950)	(0.0%)	0	0	0	(642)	(0.0%)
Total Statewide PL	0	0	0	(378,890)	(4.1%)	0	0	0	(500,135)	(5.5%)
Present Law (PL)	0	0	0	(251)	(0.0%)	0	0	0	(251)	(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>(379,141)</b>	<b>(4.1%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(500,386)</b>	<b>(5.5%)</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,170,963</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>9,049,718</b>	

**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	(22,390)	0.00	0	0	0	(2,761)
DP 2 - Fixed Costs	0.00	0	0	0	(355,550)	0.00	0	0	0	(496,732)
DP 3 - Inflation Deflation	0.00	0	0	0	(950)	0.00	0	0	0	(642)
DP 22 - Fixed Cost Adjustment for Robert's Rules	0.00	0	0	0	(251)	0.00	0	0	0	(251)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$379,141)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$500,386)</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.

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

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

## Commissioner's Office/CSD – Fund 06546

## Proprietary Program Revenues and Expenses

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

2027 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
06546	Commissioner's Office/CSD	66020	CSD - CAP - NAPROP

	Actual FY 2024	Estimated FY 2025	Adopted FY 2026	Adopted FY 2027
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Non Federal Ind Cost Recovery	4,170,573	4,124,440	4,124,440	4,124,440
CSD Draws - CAP	988,320	1,025,560	1,025,560	1,025,560
Other Operating Revenues				
<b>Total Operating Revenues</b>	<b>5,158,893</b>	<b>5,150,000</b>	<b>5,150,000</b>	<b>5,150,000</b>
<b>Expenses</b>				
Personal Services	3,096,237	3,625,840	3,705,001	3,714,870
Other Operating Expense	1,676,984	1,959,240	1,517,198	1,376,834
Expense A				
Expense B				
Expense C				
<b>Total Operating Expense</b>	<b>4,773,221</b>	<b>5,585,080</b>	<b>5,222,199</b>	<b>5,091,704</b>
<b>Operating Income (Loss)</b>	<b>385,672</b>	<b>(435,080)</b>	<b>(72,199)</b>	<b>58,296</b>
Nonoperating Revenues				
Nonoperating Expenses				
<b>Total Nonoperating Revenues (Expenses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>385,672</b>	<b>(435,080)</b>	<b>(72,199)</b>	<b>58,296</b>
Capital Contributions				
Transfers In				
Transfers Out	-			
Loans and Lease Payments	(128)	(12,094)	(12,094)	(12,094)
<b>Change in Net Position</b>	<b>385,544</b>	<b>(447,174)</b>	<b>(84,293)</b>	<b>46,202</b>
<b>Beginning Net Position - July 1</b>	<b>(67,742)</b>	<b>318,062</b>	<b>(129,112)</b>	<b>(213,405)</b>
Prior Period Adjustments	260			
Change in Net Position	385,544	(447,174)	(84,293)	46,202
<b>Ending Net Position - June 30</b>	<b>318,062</b>	<b>(129,112)</b>	<b>(213,405)</b>	<b>(167,203)</b>
<b>Net Position (Fund Balance) Analysis</b>				
Restricted Net Postion (Enterprise Funds Only)				
Unrestricted Net Position				

Expenses

Major expenditures for this fund consist of the personal services costs for the Commissioner’s Office and CSD, as well as other operating expenses. Significant expenses within this fund include:

- Personal services costs for 34.00 PB, which accounts for \$3.6 million in estimated expenses in FY 2025
- Operating expenses, including:
  - Department-wide fixed costs, such as the statewide cost allocation plan (SWCAP), legislative audit fees, and the Human Resources Information System service fees
  - Charges for legal services that benefit the entire agency
  - Charges for information technology (IT) applications that benefit the entire agency

Revenues

The Commissioner’s Office and CSD is funded by revenues from charges allocated to all divisions, bureaus, and programs supported by the division’s indirect cost plan. Revenue for this fund is collected through an indirect cost rate that is charged against personal services expenses within the agency. The services provided for the fee that is collected include:

- Human Resources
- Accounting
- Budgeting
- Payroll processing
- Mail processing
- Other department-wide management and administration

Proprietary Rates

The legislature adopted no change to the Commissioner’s Office / CSD proprietary rate when compared to the FY 2025 base rates. The figure below shows the rates adopted by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved FY 2024	Approved FY 2025	Adopted FY 2026	Adopted FY 2027
Fee Description:	9.50%	9.50%	9.50%	9.50%

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.

## Legal Administrative Services – Fund 06552

## Proprietary Program Revenues and Expenses

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

2027 Biennium Report on Internal Service and Enterprise Funds				
Fund	Fund Name	Agency #	Program Name	
06552	Office of Legal Services	66020	Centralized Services	
	Actual FY 2024	Budget FY 2025	Adopted FY 2026	Adopted FY 2027
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Fee Revenue	3,067,215	4,050,000	4,050,000	4,050,000
Other Operating Revenues				
<b>Total Operating Revenues</b>	3,067,215	4,050,000	4,050,000	4,050,000
<b>Expenses</b>				
Personal Services	2,681,658	3,252,668	3,151,117	3,160,877
Other Operating Expense	518,817	622,681	707,972	707,462
<b>Total Operating Expense</b>	3,200,475	3,875,349	3,859,089	3,868,339
<b>Operating Income (Loss)</b>	(133,259)	174,651	190,911	181,661
Nonoperating Revenues				
Other Revenue A				
Other Revenue B				
Nonoperating Expenses				
Other Expense A				
Other Expense B				
<b>Total Nonoperating Revenues (Expenses)</b>	-	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>	(133,259)	174,651	190,911	181,661
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments	(38,527)	(77,581)	(77,581)	(77,581)
<b>Change in Net Position</b>	(171,787)	97,070	113,330	104,080
<b>Beginning Net Position - July 1</b>	206,547	38,033	135,103	248,433
Prior Period Adjustments	3,273			
Change in Net Position	(171,787)	97,070	113,330	104,080
<b>Ending Net Position - June 30</b>	38,033	135,103	248,433	352,513
<b>Net Position (Fund Balance) Analysis</b>				
Restricted Net Position (Enterprise Funds Only)				
Unrestricted Net Position				

Expenses

Within this fund, expenditures include personal services in form of salaries and overhead costs of agency legal staff, as well as other operating costs. Regarding personal services, this includes funding for 20.75 PB, with \$3.3 million in expenditures, or 83.4% of the total budgeted for FY 2025.

Revenues

Revenues for the Office of Legal Services are derived from charges for attorney time incurred by Department of Labor and Industry divisions. The rate is a direct hourly rate, charged to each division based on number of hours of legal service they receive. The rate per hour is calculated on actual costs of services divided by actual direct hours of service provided in FY 2024.

Proprietary Rates

The legislature adopted no change to the Office of Legal Services proprietary rate when compared to the FY 2025 base rates.

Requested Rates for Internal Service or Enterprise Funds							
Fee/Rate Information							
		Approved		Approved		Adopted	Adopted
		FY 2024		FY 2025		FY 2026	FY 2027
Fee Description: All							
Attorneys	\$	132	\$	132	\$	132	\$ 132
Paralegals & Other	\$	97	\$	97	\$	97	\$ 97

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.

**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	Requested Budget FY 2026	Budget FY 2027	Biennium Amount	Change from Base Percent
Proprietary Funds	1,528,376	1,528,376	1,528,376		0.0%
<b>Total Funds</b>	<b>1,528,376</b>	<b>1,528,376</b>	<b>1,528,376</b>		<b>0.0%</b>
Benefits & Claims	1,503,328	1,503,328	1,503,328		0.0%
Transfers	25,048	25,048	25,048		0.0%
<b>Total Expenditures</b>	<b>1,528,376</b>	<b>1,528,376</b>	<b>1,528,376</b>		<b>0.0%</b>
<b>Total Ongoing</b>	<b>1,528,376</b>	<b>1,528,376</b>	<b>1,528,376</b>		<b>0.0%</b>
<b>Total One-Time-Only</b>					<b>0.0%</b>

**Page Reference**

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**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
Benefits & Claims	1,013,483	1,499,728	1,503,328	1,503,328	1,503,328
Transfers	29,368	28,648	25,048	25,048	25,048
<b>Total Expenditures</b>	<b>\$1,042,851</b>	<b>\$1,528,376</b>	<b>\$1,528,376</b>	<b>\$1,528,376</b>	<b>\$1,528,376</b>
Proprietary Funds	1,042,851	1,528,376	1,528,376	1,528,376	1,528,376
<b>Total Funds</b>	<b>\$1,042,851</b>	<b>\$1,528,376</b>	<b>\$1,528,376</b>	<b>\$1,528,376</b>	<b>\$1,528,376</b>
<b>Total Ongoing</b>	<b>\$1,042,851</b>	<b>\$1,528,376</b>	<b>\$1,528,376</b>	<b>\$1,528,376</b>	<b>\$1,528,376</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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**Funding***Non-Budgeted Proprietary*

Within the Employment Standards Division (ESD), there is one non-budgeted proprietary fund. The subsequent injury fund (SIF) is a proprietary account that assists disabled persons in becoming employed by offering a financial incentive to employers who hire them. The fund rate is based on the total amount of paid losses reimbursed by the fund in the preceding calendar year. Although the board of public accountants is a proprietary fund, it is statutorily appropriated and discussed within the HB 2 narrative.

**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.

Employment Standards Division 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,528,376</b>	<b>100.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,528,376</b>	<b>100.0%</b>
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	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>0</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,528,376</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>1,528,376</b>	

### Subsequent Injury Trust Fund – Fund 06040

### Proprietary Program Revenues and Expenses

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

2027 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
06040	Subsequent Injury- Trust Fund	66020	Employment Standards Division

	Actual FY 2024	Budget FY 2025	Reviewed FY 2026	Reviewed FY 2027
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Fee Revenue A Subsequent Injury Fund Assessment (and Sur	1,826,448	1,543,376	1,543,376	1,543,376
<b>Other Operating Revenues</b>				
Revenue A Investment Earnings	67,979	25,000	25,000	25,000
Revenue B Securities Lending Income				
Revenue C Other Operating Revenues				
<b>Total Operating Revenues</b>	1,894,426	1,568,376	1,568,376	1,568,376
<b>Expenses</b>				
Personal Services				
Other Operating Expense				
Expense A Benefits and Claims	680,858	1,503,328	1,503,328	1,503,328
<b>Total Operating Expense</b>	680,858	1,503,328	1,503,328	1,503,328
<b>Operating Income (Loss)</b>	1,213,568	65,048	65,048	65,048
<b>Nonoperating Revenues</b>				
Other Revenue A				
<b>Nonoperating Expenses</b>				
Other Expense A				
<b>Total Nonoperating Revenues (Expenses)</b>	-	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>	1,213,568	65,048	65,048	65,048
<b>Capital Contributions</b>				
<b>Transfers In</b>				
<b>Transfers Out</b>	(29,368)	(25,048)	(25,048)	(25,048)
<b>Loans and Lease Payments</b>				
<b>Change in Net Position</b>	1,184,201	40,000	40,000	40,000
<b>Beginning Net Position - July 1</b>	(1,198,661)	(14,460)	25,540	65,540
Prior Period Adjustments				
Change in Net Position	1,184,201	40,000	40,000	40,000
<b>Ending Net Position - June 30</b>	(14,460)	25,540	65,540	105,540
<b>Net Position (Fund Balance) Analysis</b>				
Restricted Net Postion (Enterprise Funds Only)				
Unrestricted Net Position				



Expenses

The expenses of the program consist of administration costs and benefits for certified workers. Expenses are paid out when reimbursement requests are submitted to the department if there are sufficient monies in the fund to cover those expenses.

Revenues

The program is funded through an annual assessment on Plan 1 (self-insured) workers' compensation employers and a surcharge premium paid for Plan 2 (private sector) and Plan 3 (Montana State Fund) employers. The assessment is based on a percentage of the compensation and medical benefits paid in Montana by each insurer the preceding calendar year (39-71-915, MCA) and amounts actually paid out from SIF. The revenue to the fund is collected five times throughout the year.

Proprietary Rates

The legislature reviewed changes to Plan 1 and Plan 3 of the SIF proprietary rates when compared to the FY 2025 base rates. These changes are based upon the estimated rates for FY 2025. The SIF rate is set by the Employment Standards Division based on the total amount of paid losses reimbursed by the fund in the preceding year. Because the rate is based upon the previous years' experience, future rates beyond one year are unknown.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Reviewed FY 2024	Reviewed FY 2025	Reviewed FY 2026	Reviewed FY 2027
Plan I - Insureds	\$ 269,066.66	\$ 231,048.00	\$ 231,048.00	\$ 231,048.00
(Admin costs & benefits paid to certified claimants)				
Plan III - Old Insureds	\$ 11,201.85	\$ 9,619.00	\$ 9,619.00	\$ 9,619.00
(Admin costs & benefits paid to certified claimants)				
Plan II & III - (surcharge)	\$ 1,546,179.25	\$ 1,327,709.00	\$ 1,327,709.00	\$ 1,327,709.00
(Admin costs & benefits paid to certified claimants)				
(Admin costs & benefits paid to certified claimants)				

This program is funded with an enterprise fund, which is a type of a 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.

**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	Requested Budget FY 2026	Budget FY 2027	Biennium Change from Base Amount	Percent
PB	29.00	29.00	29.00	0.00	0.0%
Proprietary Funds	11,158,692	11,195,117	11,200,357	78,090	0.3%
<b>Total Funds</b>	<b>11,158,692</b>	<b>11,195,117</b>	<b>11,200,357</b>	<b>78,090</b>	<b>0.3%</b>
Personal Services	3,154,711	3,193,719	3,198,869	83,166	1.3%
Operating Expenses	7,148,104	7,145,521	7,145,611	(5,076)	(0.0%)
Debt Service	855,877	855,877	855,877		0.0%
<b>Total Expenditures</b>	<b>11,158,692</b>	<b>11,195,117</b>	<b>11,200,357</b>	<b>78,090</b>	<b>0.3%</b>
<b>Total Ongoing</b>	<b>11,158,692</b>	<b>11,195,117</b>	<b>11,200,357</b>	<b>78,090</b>	<b>0.3%</b>
<b>Total One-Time-Only</b>					<b>0.0%</b>

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**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	2,510,341	3,398,455	3,154,711	3,193,719	3,198,869
Operating Expenses	9,690,232	10,772,900	7,148,104	7,145,521	7,145,611
Debt Service	798,179	798,513	855,877	855,877	855,877
<b>Total Expenditures</b>	<b>\$12,998,752</b>	<b>\$14,969,868</b>	<b>\$11,158,692</b>	<b>\$11,195,117</b>	<b>\$11,200,357</b>
Proprietary Funds	12,998,752	14,969,868	11,158,692	11,195,117	11,200,357
<b>Total Funds</b>	<b>\$12,998,752</b>	<b>\$14,969,868</b>	<b>\$11,158,692</b>	<b>\$11,195,117</b>	<b>\$11,200,357</b>
<b>Total Ongoing</b>	<b>\$12,998,752</b>	<b>\$14,969,868</b>	<b>\$11,158,692</b>	<b>\$11,195,117</b>	<b>\$11,200,357</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Page Reference**

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**Funding**

The Technology Services Division is funded entirely with proprietary rates. The two proprietary funds utilized by the division are the technical services account and the technical services direct account. These funds will be discussed in further detail in the proprietary rates section 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.

Technology Services Division 2027 Biennium HB 2 Base Budget and Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
<b>Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,158,692</b>	<b>99.7%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,158,692</b>	<b>99.6%</b>
Statewide PL										
Personal Services	0	0	0	39,008	0.3%	0	0	0	44,158	0.4%
Fixed Costs	0	0	0	(2,583)	(0.0%)	0	0	0	(2,493)	(0.0%)
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	36,425	0.3%	0	0	0	41,665	0.4%
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>36,425</b>	<b>0.3%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41,665</b>	<b>0.4%</b>
<b>Total Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,195,117</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>11,200,357</b>	

**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	39,008	0.00	0	0	0	44,158
DP 2 - Fixed Costs	0.00	0	0	0	(2,583)	0.00	0	0	0	(2,493)
DP 3 - Inflation Deflation	0.00	0	0	0	0	0.00	0	0	0	0
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$36,425	0.00	\$0	\$0	\$0	\$41,665

\*\*\*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.

## Technical and Application Services – Fund 06568

*Proprietary Program Revenues and Expenses*

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

2027 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name			
06568	Technical Services	66020	Technology Services			

	Actual FY 2024	Estimated FY 2025	Adopted FY 2026	Adopted FY 2027
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Non Federal Ind Cost Recovery	3,053,938	3,325,488	3,980,720	3,922,610
Federal Indirect Cost Recoveries	25,520	175,026	315,000	315,000
Other Operating Revenues				
<b>Total Operating Revenues</b>	<b>3,079,458</b>	<b>3,500,514</b>	<b>4,295,720</b>	<b>4,237,610</b>
<b>Expenses</b>				
Personal Services	2,539,617	3,154,711	3,193,719	3,198,869
Other Operating Expense	453,259	585,321	582,738	582,828
Expense A Transfers				
Expense B				
Expense C				
<b>Total Operating Expense</b>	<b>2,992,876</b>	<b>3,740,032</b>	<b>3,776,457</b>	<b>3,781,697</b>
<b>Operating Income (Loss)</b>	<b>86,582</b>	<b>(239,518)</b>	<b>519,263</b>	<b>455,913</b>
<b>Nonoperating Revenues</b>				
Other Revenue A				
Other Revenue B				
<b>Nonoperating Expenses</b>				
Other Expense A				
Other Expense B				
<b>Total Nonoperating Revenues (Expenses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>86,582</b>	<b>(239,518)</b>	<b>519,263</b>	<b>455,913</b>
<b>Capital Contributions</b>				
Transfers In				
Transfers Out				
Loans and Lease Payments	(710)	(101,894)	(101,894)	(101,894)
<b>Change in Net Position</b>	<b>85,872</b>	<b>(341,412)</b>	<b>417,369</b>	<b>354,019</b>
<b>Beginning Net Position - July 1</b>	<b>107,071</b>	<b>194,125</b>	<b>(147,287)</b>	<b>270,082</b>
Prior Period Adjustments	1,182			
Change in Net Position	85,872	(341,412)	417,369	354,019
<b>Ending Net Position - June 30</b>	<b>194,125</b>	<b>(147,287)</b>	<b>270,082</b>	<b>624,101</b>
<b>Net Position (Fund Balance) Analysis</b>				
Restricted Net Position (Enterprise Funds Only)				
Unrestricted Net Position				

Expenses

The major expenses for this fund consist of the personal services for 34.00 PB, with an estimated \$3.2 million in personal services expense in FY 2026 and FY 2027. The remaining \$583,000 each fiscal year in expenditures lies within operating expenses.

Revenues

The rate for application services is assessed based on a direct hourly charge to the benefiting division. Revenues for the Application Section are billed to divisions also approved by the legislature and the U.S. Department of Labor.

All programs which utilize these services have a present law adjustment in the budget to account for the rate.

Proprietary Rates

The legislature adopted an increase to the technical services proprietary rate when compared to the FY 2025 base rates. The figure below shows the rates adopted by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved FY 2024	Approved FY 2025	Adopted FY 2026	Adopted FY 2027
Fee Description:				
Application Rate	104	104	120	120
Technical Services Rate	0	0	0	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.

## Technical Services Direct – Fund 06578

## Proprietary Program Revenues and Expenses

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

2027 Biennium Report on Internal Service and Enterprise Funds				
Fund	Fund Name	Agency #	Program Name	
06578	Technical Services	66020	Technology Services	
	Actual FY 2024	Estimated FY 2025	Adopted FY 2026	Adopted FY 2027
<b>Operating Revenues</b>				
<b>Fees and Charges</b>				
Non Federal Ind Cost Recovery	7,899,228	6,267,002	6,267,002	6,267,002
Federal Indirect Cost Recovery	1,323,172	1,049,764	1,049,764	1,049,764
Other Operating Revenues				
<b>Total Operating Revenues</b>	9,222,400	7,316,766	7,316,766	7,316,766
<b>Expenses</b>				
Personal Services				
Other Operating Expense	9,210,152	7,316,766	7,316,766	7,316,766
<b>Total Operating Expense</b>	9,210,152	7,316,766	7,316,766	7,316,766
<b>Operating Income (Loss)</b>	12,247	-	-	-
Nonoperating Revenues				
Other Revenue A				
Other Revenue B				
Nonoperating Expenses				
Other Expense A				
Other Expense B				
<b>Total Nonoperating Revenues (Expenses)</b>	-	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>	12,247	-	-	-
Capital Contributions				
Transfers In				
Transfers Out				
Loans and Lease Payments	(12,247)			
<b>Change in Net Position</b>	0	-	-	-
<b>Beginning Net Position - July 1</b>	(0)	0	0	0
Prior Period Adjustments				
Change in Net Position	0	-	-	-
<b>Ending Net Position - June 30</b>	0	0	0	0
<b>Net Position (Fund Balance) Analysis</b>				
Restricted Net Position (Enterprise Funds Only)				
Unrestricted Net Position				

Expenses

The technical services direct fund includes expenses for pass through information technology expenditures that could be directly related to a division. These include State Information Technology Services Division (SITSD) charges, software purchases, and contract payments.

Revenues

The enterprise services rate is all SITSD charges that directly benefit the department. Those total costs are distributed based on department PB. The direct rate includes actual expenditures that can be identified as directly benefiting a specific program such as contracts and specific SITSD services.

All programs that utilize these services have a present law adjustment in the budget to account for the rate.

Proprietary Rates

The legislature adopted an increase to the technical services direct proprietary rate when compared to the FY 2025 base rates. This increase is within the enterprise rate of funding passed through to SITSD. The figure below shows the rates adopted by the legislature for the 2027 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Approved FY 2024	Approved FY 2025	Adopted FY 2026	Adopted FY 2027
Fee Description:				
Enterprise	3,098,763	3,104,826	3,546,886	3,513,016
Direct Services	Actual Cost	Actual Cost	Actual Cost	Actual Cost

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