

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 FY 2027		Biennium Change from Base Amount Percent	
Proprietary Funds	285,424	285,261	285,261	(326)	(0.1%)
Total Funds	285,424	285,261	285,261	(326)	(0.1%)
Operating Expenses	9,044	8,881	8,881	(326)	(1.8%)
Debt Service	276,380	276,380	276,380		0.0%
Total Expenditures	285,424	285,261	285,261	(326)	(0.1%)
Total Ongoing	285,424	285,261	285,261	(326)	(0.1%)
Total One-Time-Only					0.0%

Page Reference

LFD Non-budgeted Proprietary Budget Analysis, D-1

Agency Highlights

The legislature reviewed the report for the Lexis Proprietary Account in the State Law Library and had no concerns. These rates do not require approval by the legislature. Total non-budgeted proprietary authority for the 2027 biennium is a reduction of \$326.

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
Operating Expenses	1,268	1,268	9,044	8,881	8,881
Debt Service	276,719	276,720	276,380	276,380	276,380
Total Expenditures	\$277,987	\$277,988	\$285,424	\$285,261	\$285,261
Proprietary Funds	277,987	277,988	285,424	285,261	285,261
Total Funds	\$277,987	\$277,988	\$285,424	\$285,261	\$285,261
Total Ongoing	\$277,987	\$277,988	\$285,424	\$285,261	\$285,261
Total OTO	\$0	\$0	\$0	\$0	\$0

Page Reference

LFD Non-budgeted Proprietary Budget Analysis, D-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								
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
Operating Expenses	9,044	8,881	8,881	0	8,881	8,881	0	0
Debt Service	276,380	276,380	276,380	0	276,380	276,380	0	0
Total Costs	\$285,424	\$285,261	\$285,261	\$0	\$285,261	\$285,261	\$0	\$0
Other	285,424	285,261	285,261	0	285,261	285,261	0	0
Total Funds	\$285,424	\$285,261	\$285,261	\$0	\$285,261	\$285,261	\$0	\$0
Total Ongoing	\$285,424	\$285,261	\$285,261	\$0	\$285,261	\$285,261	\$0	\$0
Total OTO	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

The legislature reviewed the financial report for the Lexis Proprietary Account and had no concerns. The rates and decision packages are not approved by the legislature.

Funding

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

Total Judicial Branch Funding by Source of Authority 2027 Biennium Budget Request									
HB2 Funds	HB2	Non-Budgeted	Statutory Ongoing	OTO	Total	% Total Proprietary	Appropriation	All Sources	All Funds
01100 General Fund		127,266,516						127,266,516	93.9%
02431 Water Adjudication		3,430,865		400,000				3,830,865	2.8%
02562 Crt Appointed Special Advocate		1,327,898						1,327,898	1.0%
02961 State Grants to Drug Courts		573,030						573,030	0.4%
02373 Treatment Court Support Acct		491,971						491,971	0.4%
02536 Legal Assistance		258,774						258,774	0.2%
Other State Special Revenue		420,240						420,240	0.3%
State Special Revenue Total		6,502,778		400,000		-	-	6,902,778	5.1%
03240 Court Assessment Program		757,600						757,600	0.6%
Federal Special Revenue Total		757,600		-		-	-	757,600	0.6%
06019 Lexis Proprietary Account						570,522		570,522	0.4%
Proprietary Fund Total		-		-		570,522	-	570,522	0.4%
Total of All Funds		134,526,894		400,000		570,522	-	135,497,416	
Percent of All Sources of Authority		99.3%		0.3%		0.4%	0.0%		

Non-Budgeted Proprietary Funds

The Lexis Proprietary Account within the Law Library is an enterprise proprietary program funded by fees charged to users for access to a legal database.

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.

Judicial Branch 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
Base Budget	0	0	0	285,424	100.1%	0	0	0	285,424	100.1%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
Fixed Costs	0	0	0	(163)	(0.1%)	0	0	0	(163)	(0.1%)
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	(163)	(0.1%)	0	0	0	(163)	(0.1%)
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	0	0	(163)	(0.1%)	0	0	0	(163)	(0.1%)
Total Budget	0	0	0	285,261		0	0	0	285,261	

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 2 - Fixed Costs	0.00	0	0	0	(163)	0.00	0	0	0	(163)
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	(\$163)	0.00	\$0	\$0	\$0	(\$163)

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

DP 2 – Fixed Costs -

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

Lexis Proprietary Account – 06019

Revenue And Expenses

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

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

Expenses

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

Revenues

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

Proprietary Rates

This program is funded with an enterprise type proprietary fund. Rates charged by the program align with actual costs. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviewed the report for the enterprise fund and did not identify any concerns with the financial position of the fund.

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 FY 2027		Biennium Change from Base Amount Percent	
PB	14.00	14.00	14.00	0.00	0.0%
Proprietary Funds	1,901,844	1,777,938	1,782,958	(242,792)	(6.4%)
Total Funds	1,901,844	1,777,938	1,782,958	(242,792)	(6.4%)
Personal Services	1,705,487	1,606,276	1,611,296	(193,402)	(5.7%)
Operating Expenses	194,277	169,582	169,582	(49,390)	(12.7%)
Debt Service	2,080	2,080	2,080		0.0%
Total Expenditures	1,901,844	1,777,938	1,782,958	(242,792)	(6.4%)
Total Ongoing	1,901,844	1,777,938	1,782,958	(242,792)	(6.4%)
Total One-Time-Only					0.0%

Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, D-5

Agency Highlights

The 2027 biennium proprietary budget for the Agency Legal Services (ALS) within the Department of Justice is \$243,000 or 6.4% lower than FY 2025 base appropriations. This biennial decrease is attributed to statewide present law decreases to personal services and fixed costs.

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	1,211,770	1,634,358	1,705,487	1,606,276	1,611,296
Operating Expenses	197,009	193,791	194,277	169,582	169,582
Debt Service	0	2,080	2,080	2,080	2,080
Total Expenditures	\$1,408,779	\$1,830,229	\$1,901,844	\$1,777,938	\$1,782,958
Proprietary Funds	1,408,779	1,830,229	1,901,844	1,777,938	1,782,958
Total Funds	\$1,408,779	\$1,830,229	\$1,901,844	\$1,777,938	\$1,782,958
Total Ongoing	\$1,408,779	\$1,830,229	\$1,901,844	\$1,777,938	\$1,782,958
Total OTO	\$0	\$0	\$0	\$0	\$0

Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, D-6

Executive Budget Comparison

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

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2025	Executive Budget Fiscal 2026	Legislative Budget Fiscal 2026	Leg — Exec. Difference Fiscal 2026	Executive Budget Fiscal 2027	Legislative Budget Fiscal 2027	Leg — Exec. Difference Fiscal 2027	Biennium Difference Fiscal 26-27
Personal Services	1,705,487	1,606,277	1,606,276	(1)	1,611,296	1,611,296	0	(1)
Operating Expenses	194,277	169,582	169,582	0	169,582	169,582	0	0
Debt Service	2,080	2,080	2,080	0	2,080	2,080	0	0
Total Costs	\$1,901,844	\$1,777,939	\$1,777,938	(\$1)	\$1,782,958	\$1,782,958	\$0	(\$1)
General Fund	0	0	0	0	0	0	0	0
Other	1,901,844	1,777,939	1,777,938	(1)	1,782,958	1,782,958	0	(1)
Total Funds	\$1,901,844	\$1,777,939	\$1,777,938	(\$1)	\$1,782,958	\$1,782,958	\$0	(\$1)
Total Ongoing	\$1,901,844	\$1,777,939	\$1,777,938	(\$1)	\$1,782,958	\$1,782,958	\$0	(\$1)
Total OTO	\$0	\$	\$0	\$0	\$0	\$0	\$0	\$0

The legislature approved the internal service rates for attorney and paralegal work as requested by the executive. A summary of these rates approved is provided further down in this report.

Funding

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

Total Department of Justice Funding by Source of Authority 2027 Biennium Budget Request									
HB2 Funds	HB2	Non-Budgeted	Statutory	Total	% Total	Appropriation	All Sources	All Funds	
		Ongoing	OTO	Proprietary					
01100 General Fund		105,218,766	1,000,000			8,557,000	114,775,766	30.6%	
02464 MHP Highway State Special		72,397,362					72,397,362	19.3%	
02799 Motor Vehicle Administration		32,844,148					32,844,148	8.8%	
02014 Highway Patrol Pay & Retention		20,854,300					20,854,300	5.6%	
02997 911 Distribution						19,499,532	19,499,532	5.2%	
02690 Public Service Radio		6,246,486	10,769,346				17,015,832	4.5%	
Other State Special Revenue		46,367,942	290,000			11,446,960	58,104,902	15.5%	
State Special Revenue Total		178,710,238	11,059,346	-	-	30,946,492	220,716,076	58.9%	
03192 Crime Victim Assistance		14,870,334					14,870,334	4.0%	
03343 Criminal History record Improv		4,200,000					4,200,000	1.1%	
03344 Violence Against Women Act		2,048,576					2,048,576	0.5%	
03188 Justice Assistance Grant		1,885,608					1,885,608	0.5%	
03800 Medicaid Fraud		1,384,564					1,384,564	0.4%	
Other Federal Special Revenue		6,736,118				250,000	6,986,118	1.9%	
Federal Special Revenue Total		31,125,200	-	-	-	250,000	31,375,200	8.4%	
06500 Agency Legal Services		13,930			3,560,896		3,574,826	1.0%	
06005 Liquor Division		3,143,448					3,143,448	0.8%	
06083 61-3-118 MVD E-Commerce		1,108,416					1,108,416	0.3%	
Proprietary Fund Total		4,265,794	-	-	3,560,896	-	7,826,690	2.1%	
Total of All Funds		319,319,998	12,059,346	3,560,896	39,753,492	374,693,732			
Percent of All Sources of Authority		85.2%	3.2%	1.0%	10.6%				

Non-Budgeted Proprietary Funds

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

Legislative Budget

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

Agency Legal Services 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
Base Budget	0	0	0	1,901,844	107.0%	0	0	0	1,901,844	106.7%
Statewide PL										
Personal Services	0	0	0	(99,211)	(5.6%)	0	0	0	(94,191)	(5.3%)
Fixed Costs	0	0	0	(24,695)	(1.4%)	0	0	0	(24,695)	(1.4%)
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	(123,906)	(7.0%)	0	0	0	(118,886)	(6.7%)
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	0	0	(123,906)	(7.0%)	0	0	0	(118,886)	(6.7%)
Total Budget	0	0	0	1,777,938		0	0	0	1,782,958	

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.

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

**"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. This request has been broken into the following categories, and further detail is shown in the agency summary:

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.

Agency Legal Services Bureau – 06500

ALS provides legal services to state agencies.

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			
06500	Agency Legal Services	41100	Agency Legal Services			
			Actual FY 24	Estimated FY 25	Approved FY 26	Approved FY 27
Operating Revenues						
Fees and Charges						
Charges for Services			1,321,461	1,908,809	1,908,809	1,908,809
Total Operating Revenues			1,321,461	1,908,809	1,908,809	1,908,809
Expenses						
Personal Services			1,169,681	1,705,487	1,606,276	1,611,296
Other Operating Expense			197,928	194,277	169,582	169,582
Total Operating Expense			1,367,609	1,899,764	1,775,858	1,780,878
Operating Income (Loss)			(46,148)	9,045	132,951	127,931
Total Nonoperating Revenues (Expenses)			-	-	-	-
Income (Loss) Before Contributions and Transfers			(46,148)	9,045	132,951	127,931
Capital Contributions						
Transfers In						
Transfers Out						
Loans and Lease Payments			-	(2,080)	(2,080)	(2,080)
Change in Net Position			(46,148)	6,965	130,871	125,851
Beginning Net Position - July 1			(917,600)	(963,748)	(956,783)	(825,912)
Prior Period Adjustments						
Change in Net Position			(46,148)	6,965	130,871	125,851
Ending Net Position - June 30			(963,748)	(956,783)	(825,912)	(700,061)
Net Position (Fund Balance) Analysis						

Expenses

The primary costs for ALS are personal services for 14.00 PB and associated operating costs. Factors that influence costs include the state pay plan, the ability to recruit and retain staff, and general inflationary pressures that increase costs for items such as utilities, rent, supplies, and equipment. As proposed, the costs for Agency Legal Services Bureau decrease by \$124,000 in FY 2026 and \$119,000 in FY 2027 when compared to FY 2025 base appropriations. The decreases are included as part of the statewide present law adjustment for the ALS and are primarily for personal services.

Revenues

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

Proprietary Rates

The legislature adopted an increase in the proprietary rates charged for attorney and paralegal positions when compared to the FY 2025 base rates. The figure below shows the rates approved by the legislature for the 2027 biennium which are calculated based on projected costs versus the average billable service provided by attorneys/paralegals on an annual basis.

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

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge. The Department of Justice has asked for the flexibility to adjust these rates to reflect additional changes related to HB 13 pay plan.

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

Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, D-11

Agency Highlights

Total non-budgeted proprietary appropriations in the 2027 biennium for the Montana Correctional Enterprises is \$37.4 million. This is an increase of just over \$1.0 million or 2.8% compared to FY 2025 base appropriations. Changes primarily relate to increasing or decreasing authority within programs to accurately account for actual expenses and include:

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

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	5,046,122	5,285,002	5,752,910	5,559,235	5,568,680
Operating Expenses	12,831,919	14,482,447	11,637,192	12,337,192	12,337,192
Equipment & Intangible Assets	868,533	864,789	548,389	548,389	548,389
Capital Outlay	0	0	35,464	35,464	35,464
Debt Service	217,461	396,370	207,678	207,678	207,678
Total Expenditures	\$18,964,035	\$21,028,608	\$18,181,633	\$18,687,958	\$18,697,403
Proprietary Funds	18,964,035	21,028,608	18,181,633	18,687,958	18,697,403
Total Funds	\$18,964,035	\$21,028,608	\$18,181,633	\$18,687,958	\$18,697,403
Total Ongoing	\$18,964,035	\$21,028,608	\$18,181,633	\$18,687,958	\$18,697,403
Total OTO	\$0	\$0	\$0	\$0	\$0

Page Reference

LFD Non-Budgeted Proprietary Budget Analysis, D-12

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	5,752,910	5,559,235	5,559,235	0	5,568,680	5,568,680	0	0
Operating Expenses	11,637,192	12,337,192	12,337,192	0	12,337,192	12,337,192	0	0
Equipment & Intangible Assets	548,389	548,389	548,389	0	548,389	548,389	0	0
Capital Outlay	35,464	35,464	35,464	0	35,464	35,464	0	0
Debt Service	207,678	207,678	207,678	0	207,678	207,678	0	0
Total Costs	\$18,181,633	\$18,687,958	\$18,687,958	\$0	\$18,697,403	\$18,697,403	\$0	\$0
General Fund	0	0	0	0	0	0	0	0
Other	18,181,633	18,687,958	18,687,958	0	18,697,403	18,697,403	0	0
Total Funds	\$18,181,633	\$18,687,958	\$18,687,958	\$0	\$18,697,403	\$18,697,403	\$0	\$0
Total Ongoing	\$18,181,633	\$18,687,958	\$18,687,958	\$0	\$18,697,403	\$18,697,403	\$0	\$0
Total OTO	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

The legislature approved the rates requested by the executive for internal service funds in the Montana Correctional Enterprises. Rates approved include costs for laundry services, hourly labor charges for auto repair in the Vocational Education (Industries Training) fund, and meal rates within the Cook Chill Fund. The rates will be summarized in more detail further down in the report.

Funding

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

Total Department of Corrections Funding by Source of Authority 2027 Biennium Budget Request								
HB2 Funds	HB2	Non-Budgeted	Statutory	Total	% Total			
		Ongoing	OTO	Proprietary	Appropriation	All Sources	All Funds	
01100	General Fund	593,099,693	1,846,600			594,946,293	91.8%	
	02917 MSP Canteen Revolving Acct	9,527,072				9,527,072	1.5%	
	02261 P & P Supervisory Fee	2,266,566				2,266,566	0.3%	
	02345 Inmate Welfare Fund				1,410,030	1,410,030	0.2%	
	02689 Offender Restitution	937,763				937,763	0.1%	
	02927 PHS Donations/I & I	754,660				754,660	0.1%	
	Other State Special Revenue	716,700				716,700	0.1%	
	State Special Revenue Total	14,202,761	-	-	1,410,030	15,612,791	2.4%	
	Federal Special Revenue Total	-	-	-	-	-	0.0%	
	06573 MSP - Cook Chill	51,725		12,540,444		12,592,169	1.9%	
	06033 Prison Ranch	51,723		9,738,396		9,790,119	1.5%	
	06034 MSP Institutional Industries	51,723		7,732,086		7,783,809	1.2%	
	06011 License Plate Production	103,751		5,760,630		5,864,381	0.9%	
	06545 Prison Indust. Training Prog	909		1,613,805		1,614,714	0.2%	
	Proprietary Fund Total	259,831	-	37,385,361	-	37,645,192	5.8%	
	Total of All Funds	607,562,285	1,846,600	37,385,361	1,410,030	648,204,276		
	Percent of All Sources of Authority	93.7%	0.3%	5.8%	0.2%			

Non-Budgeted Proprietary Funds

The Montana Correctional Enterprises program is funded through a series of five non-budgeted proprietary funds which include three enterprise proprietary funds and two internal service funds. These funds along with their type are the following:

- Cook Chill Program – internal service proprietary fund
- Prison Ranch Program - enterprise proprietary fund
- MSP Institutional Industries – enterprise proprietary fund
- License Plate Production – enterprise proprietary fund
- Industries Training Program - internal service proprietary fund

While it is an enterprise fund, there is one rate within functions of the MSP Institutional Industries fund that the executive requested legislative approval for. This rate relates to the cost per pound for laundry services as this rate directly affects several entities who pay with general fund.

Present Law Adjustments -

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

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

*"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 391 - Reduce Ranch Operating Appropriation -

The legislature reviewed a reduction of proprietary fund within the Prison Ranch program to align appropriation balances with actual expenses.

DP 392 - Increase Operating Authority for Food Factory –

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

DP 393 - Increase Operating Authority for License Plate Factory –

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

License Plate Factory – Fund 06011

Proprietary Program Description

The License Plate Program trains inmates in specific work skills and life skills in license plate production, graphics design, inventory control and shipping, while providing all license plates to county treasurers throughout Montana.

Proprietary Program Revenues and Expenses

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

2027 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Program Name			
06011	License Plate Production	64010	03 REHABILITATION AND PROGRAMS			
			Actual FY 24	Estimated FY 25	Review ed FY 26	Review ed FY 27
Operating Revenues						
Fees and Charges						
	Fee Revenue A		3,014,966	3,000,000	3,000,000	3,000,000
	Other Operating Revenues					
Total Operating Revenues			3,014,966	3,000,000	3,000,000	3,000,000
Expenses						
	Personal Services		518,590	550,000	648,463	648,637
	Other Operating Expense		2,216,055	2,350,000	2,408,917	2,408,917
	Expense A					
	Expense B					
	Expense C					
Total Operating Expense			2,734,646	2,900,000	3,057,380	3,057,554
Operating Income (Loss)			280,320	100,000	(57,380)	(57,554)
Total Nonoperating Revenues (Expenses)			-	-	-	-
Income (Loss) Before Contributions and Transfers			280,320	100,000	(57,380)	(57,554)
	Capital Contributions					
	Transfers In					
	Transfers Out					
	Loans and Lease Payments					
Change in Net Position			280,320	100,000	(57,380)	(57,554)
Beginning Net Position - July 1			943,730	1,224,050	1,324,050	1,266,670
	Prior Period Adjustments					
	Change in Net Position		280,320	100,000	(57,380)	(57,554)
Ending Net Position - June 30			1,224,050	1,324,050	1,266,670	1,209,116
Net Position (Fund Balance) Analysis						

Expenditures

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

Revenues

Revenues supporting license plate manufacturing come from members of the public who purchase license plates and are derived from the sale of license plates to vehicle owners.

Proprietary Rates

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

Prison Ranch – Fund 06033*Proprietary Program Description*

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

Proprietary Program Revenues and Expenses

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

2027 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Program Name			
06033	Prison Ranch	64010	Montana Correctional Enterprises			
			Actual FY 24	Estimated FY 25	Review ed FY 26	Review ed FY 27
Operating Revenues						
Fees and Charges						
	Fee Revenue A		3,737,321	3,900,000	4,000,000	4,000,000
Total Operating Revenues			3,737,321	3,900,000	4,000,000	4,000,000
Expenses						
	Personal Services		1,574,199	1,600,000	1,693,809	1,697,101
	Other Operating Expense		2,122,040	2,125,000	2,996,591	2,996,591
	Expense A					
	Expense B					
	Expense C					
Total Operating Expense			3,696,239	3,725,000	4,690,400	4,693,692
Operating Income (Loss)			41,082	175,000	(690,400)	(693,692)
Nonoperating Revenues						
	Other Revenue A		1,262,368	300,000	300,000	300,000
Total Nonoperating Revenues (Expenses)			1,262,368	300,000	300,000	300,000
Income (Loss) Before Contributions and Transfers			1,303,450	475,000	(390,400)	(393,692)
Capital Contributions						
	Transfers In		421,845	400,000	400,000	400,000
	Transfers Out					
	Loans and Lease Payments					
Change in Net Position			1,725,295	875,000	9,600	6,308
Beginning Net Position - July 1			12,332,255	14,057,550	14,932,550	14,942,150
	Prior Period Adjustments					
	Change in Net Position		1,725,295	875,000	9,600	6,308
Ending Net Position - June 30			14,057,550	14,932,550	14,942,150	14,948,458
Net Position (Fund Balance) Analysis						

Expenditures

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

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

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

Revenues

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

Proprietary Rates

The proprietary rates are the same as the FY 2025 base 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 reviewed the report for the enterprise fund and did not identify concerns.

MSP Institutional Industries – Fund 06034*Proprietary Program Description*

The Industries Program trains inmates in specific work skills and life skills in operations which include manufacturing of furniture, upholstery, print work and signs, sewing and embroidery, institutional laundry, screen printing, inventory management, shipping, AutoCAD design, web design, marketing, hygiene kit assembly and public-private partnerships. In addition, MSP Institutional Industries includes a dog training program located at the Montana Women's Prison. Three active prison industry enhancement certification programs, Jelt Belt, SIMMS Fishing Products, and TrussLux, have a 10.0% mandatory net pay savings for workers.

Proprietary Program Revenues and Expenses

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

2027 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Program Name			
06034	MSP Institutional Industries	64010	Montana Correctional Enterprises			
			Actual FY 24	Estimated FY 25	Review ed FY 26	Review ed FY 27
Operating Revenues						
Fees and Charges						
	Fee Revenue A		1,559	15,000	15,000	15,000
	Fee Revenue B		4,442,343	4,500,000	4,500,000	4,500,000
	Fee Revenue C		4,331			
Total Operating Revenues			4,448,233	4,515,000	4,515,000	4,515,000
Expenses						
	Personal Services		1,718,338	1,768,074	1,821,116	1,875,750
	Other Operating Expense		3,099,115	2,120,900	2,184,527	2,250,063
	Expense A		(206,839)	30,000	30,900	31,827
	Expense B		68,493	207,678	213,908	220,326
	Expense C					
Total Operating Expense			4,679,107	4,126,652	4,250,451	4,377,965
Operating Income (Loss)			(230,874)	388,348	264,549	137,035
Total Nonoperating Revenues (Expenses)			-	-	-	-
Income (Loss) Before Contributions and Transfers			(230,874)	388,348	264,549	137,035
	Capital Contributions					
	Transfers In					
	Transfers Out					
	Loans and Lease Payments					
Change in Net Position			(230,874)	388,348	264,549	137,035
Beginning Net Position - July 1			1,679,757	1,448,884	1,837,232	2,101,780
	Prior Period Adjustments					
	Change in Net Position		(230,874)	388,348	264,549	137,035
Ending Net Position - June 30			1,448,884	1,837,232	2,101,780	2,238,815
Net Position (Fund Balance) Analysis						

Expenditures

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

Revenues

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

Proprietary Rates

Although the Industries Program is an enterprise fund, the legislature approved a rate for laundry as per the executive's request, as the rate directly affects several customers who pay with general fund. This allows these general fund customers to request appropriations required to cover the requested rate increases.

Reviewed Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Actual FY 24	Actual FY 25	Reviewed FY 26	Reviewed FY 27
<u>Fee Description:</u>				
Cost Per Pound Laundry Services	\$ 0.68	\$ 0.68	\$ 0.73	\$ 0.73
<u>Delivery Charge per Pound:</u>				
Riverside Youth Correctional/Riverside Special Needs Unit	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05
Montana Law Enforcement Academy	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15
Montana Chemical Dependency Corp	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04
Southwest Montana Veterans' Home	\$ -	\$ -	\$ 0.04	\$ 0.04
START Program	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Montana State Hospital	\$ -	\$ -	\$ -	\$ -
University of Montana	\$ 67.50	\$ 67.50	\$ 67.50	\$ 67.50
Calculated at 67.50 per shared round trip				

The is an enterprise type proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program with the exception of laundry rate increases. The legislature reviewed the report for the enterprise fund and did not identify concerns.

Vocational Education (Industries Training) – Fund 06545

Proprietary Program Description

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

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			
06545	Prison Indust. Training Prog	64010	Montana Correctional Enterprises			
			Actual FY 24	Estimated FY 25	Approved FY 26	Approved FY 27
Operating Revenues						
Fees and Charges						
	Fee Revenue A		1,356,263	1,002,000	1,002,000	1,002,000
	Fee Revenue B		1,544	3,000	3,000	3,000
Total Operating Revenues			1,357,807	1,005,000	1,005,000	1,005,000
Expenses						
	Personal Services		307,031	250,281	257,789	265,523
	Other Operating Expense		906,705	536,050	552,132	568,695
	Expense A					
	Expense B					
	Expense C					
Total Operating Expense			1,213,736	786,331	809,921	834,219
Operating Income (Loss)			144,071	218,669	195,079	170,781
Total Nonoperating Revenues (Expenses)			-	-	-	-
Income (Loss) Before Contributions and Transfers			144,071	218,669	195,079	170,781
	Capital Contributions					
	Transfers In					
	Transfers Out					
	Loans and Lease Payments					
Change in Net Position			144,071	218,669	195,079	170,781
Beginning Net Position - July 1			127,126	271,197	489,866	684,945
	Prior Period Adjustments					
	Change in Net Position		144,071	218,669	195,079	170,781
Ending Net Position - June 30			271,197	489,866	684,945	855,726
Net Position (Fund Balance) Analysis						

Expenditures

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

Revenues

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

Proprietary Rates

Motor vehicle maintenance rates are based on the costs of parts and a supply charge to cover consumable supplies for auto repairs and labor to perform tasks. The labor charge is based on the cost of civilian and inmate labor and program overhead. The MCE did not request an increase for these rates in the 2027 biennium. The legislature approved the following rates:

Approved Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Actual FY 24	Actual FY 25	Approved FY 26	Approved FY 27
<u>Fee Description:</u>				
Labor Charge/hour	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
Supply fee as percentage of actual cost of parts	10%	10%	10%	10%
Parts	Sold at Cost	Sold at Cost	Sold at Cost	Sold at Cost

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

MCE Food Factory (Cook Chill)– Fund 06573

Proprietary Program Description

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

Proprietary Program Revenues and Expenses

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

2027 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Program Name			
06573	MSP Cook Chill	64010	Montana Correctional Enterprises			
			Actual FY 24	Estimated FY 25	Approved FY 26	Approved FY 27
Operating Revenues						
Fees and Charges						
	Fee Revenue A		7,402,502	6,335,290	6,335,290	6,335,290
Total Operating Revenues			7,402,502	6,335,290	6,335,290	6,335,290
Expenses						
	Personal Services		900,936	1,000,000	1,440,633	1,442,635
	Other Operating Expense		5,510,783	5,525,000	4,828,588	4,828,588
	Expense A					
	Expense B					
	Expense C					
Total Operating Expense			6,411,720	6,525,000	6,269,221	6,271,223
Operating Income (Loss)			990,782	(189,710)	66,069	64,067
Total Nonoperating Revenues (Expenses)			-	-	-	-
Income (Loss) Before Contributions and Transfers			990,782	(189,710)	66,069	64,067
	Capital Contributions					
	Transfers In					
	Transfers Out					
	Loans and Lease Payments					
Change in Net Position			990,782	(189,710)	66,069	64,067
Beginning Net Position - July 1			3,225,992	4,216,774	4,027,064	4,093,133
	Prior Period Adjustments					
	Change in Net Position		990,782	(189,710)	66,069	64,067
Ending Net Position - June 30			4,216,774	4,027,064	4,093,133	4,157,200
Net Position (Fund Balance) Analysis						

Expenditures

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

Revenues

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

Proprietary Rates

Rates are based on the cost of raw materials, supplies, and other operating expenses. The legislature approved a \$0.10 increase on base tray hot/cold meals in FY 2026 and a \$0.20 increase in FY 2027. Other approved increases are for base tray hot meals and detention center trays (\$0.10 in FY 2026 and \$0.20 in FY 2027). A summary of these rates is as follows:

Approved Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Actual FY 24	Actual FY 25	Approved FY 26	Approved FY 27
<u>Fee Description:</u>				
<u>Tray Meal Prices to all customers</u>				
Base Tray-hot/cold	\$ 2.55	\$ 2.65	\$ 2.75	\$ 2.85
Base Tray-hot	\$ 1.44	\$ 1.70	\$ 1.80	\$ 1.90
Base Tray-hot (Detention Ctr Trays)	\$ 3.38	\$ 3.73	\$ 3.83	\$ 3.93
Accessory Package	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20
Disposable tray	at cost	at cost	at cost	at cost
<u>Delivery Charge Per Trayed Meal</u>				
Delivery charge per mile	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
Delivery charge per hour	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00
Bulk food is sold at cost, with a spoilage percentage added on and an overhead charge to cover operating expenses.				
Overhead charge is based on historical costs and volume of sales to the customer, as a percentage of overall food costs. Delivery is based on actual delivery costs.				
Spoilage percentage to all bulk customers	5.00%	5.00%	5.00%	5.00%
<u>Overhead Charges</u>				
Montana State Prison	94.00%	85.00%	85.00%	85.00%
Montana State Hospital	6.00%	7.00%	7.00%	7.00%
CCCS, Inc.WATCh Program	0.00%	8.00%	8.00%	8.00%

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.