

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING
STATE OF MONTANA

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GOVERNOR



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'29B - Memo 7
1 Attachment

May 4, 2026

TO: Misty Ann Giles, Department of Administration
Christopher Dorrington, Department of Transportation
Angus Maciver, Legislative Auditor
Christi Jacobsen, Secretary of State
Jennie Stapp, Montana State Library
Brendan Beatty, Department of Revenue

FROM: Ryan Osmundson, Budget Director, Office of Budget and Program Planning

SUBJECT: Guidelines for Fixed Costs Schedules for the 2029 Biennium Budget

The Office of Budget and Program Planning is beginning the process of developing the fixed cost allocations for the 2029 Biennium Executive Budget. These guidelines apply to the development of all fixed costs.

Agency Submissions

The following agencies must submit the proposed rate for the following services:

- Secretary of State (SOS):
 - Administrative Rules
 - Records Management
 - Microfilming/Imaging Services
- Department of Administration (DOA)
 - Office of Public Information Requests
- Department of Revenue (DOR)
 - Revenue Collection Services
- Montana Department of Transportation (MDT):
 - 62404 - In-State Motor Pool
 - 62510 - Motor Pool Leased Vehicles

The following agencies must submit the fixed costs allocations for each client agency. If there is a change in the allocation method, please discuss with Evelyn Davis at OBPP.

- Department of Administration (DOA):
 - 621D1 - Chief Data Office
 - 62809B - Enterprise Learning and Development
 - 62104 - Insurance & Bonds - Fixed Costs
 - 62113 - Warrant Writing Services
 - 62114 - HRIS Service Fees
 - 62148 - SABHRS Administrative Costs
 - 62307 - Messenger Services
 - 62527 - DOA Facilities Management Fee
 - 62888 - Statewide Indirect Costs (SWCAP)
 - 62114A - Workers' Comp Program Fees
 - 621ITSD - SITSD Services
 - 62153 - Procurement Agency Support Services
 - 62152 - Human Resources Agency Support Services
 - Equipment price lists and natural gas procurement costs.
- Architecture and Engineering (A&E):
 - Energy Conservation Account repayment schedule.
- Legislative Audit Division (LAD):
 - 62122 - Audit Fees
- Montana State Library (MSL):
 - 621L1 - NRIS/GIS

Supporting Documentation for Rate Development

All rate and allocation proposals must comply with Montana laws (MCA 17-8-101, 17-7-123) and federal cost allocation standards (2 CFR 200, App. V). Agencies must submit Attachment 1: Proprietary Fund Excel Template – 2029B and provide information about:

- Services provided.
- Underlying methodology for rate development and projected customer demand.
- PL and NP decision packages impacting rates.
 - E.g., “A 5% contract escalation increases rent by \$0.05 per sq. ft.”

- FY 2024–FY 2025: Actual revenues, expenditures, fees, and year-end working capital.
- FY 2026: Estimated or actual (if known) figures.
- FY 2027: Budgeted amounts.
- FY 2028–FY 2029: Projections using FY 2027 as the base year assuming 0% inflation.
 - Any deviation from 0% inflation must include cost factors and justification.

Working Capital

In accordance with 2 CFR Part 200, Appendix V, budgeted working capital may not exceed 60 days of average operating expenses.

- Balances above allowable limits require federal approval or written justification.
- Working capital is defined as cash available after satisfying current liabilities; non-cash assets such as inventory are excluded from reserve calculations.

Service Category Segregation

Agencies are required to maintain distinct accounting and rate development for every service category. While a category may encompass multiple related services, cross-subsidization is prohibited without explicit authorization from the Legislature or the OBPP.

Due Date: July 9, 2026

All requested information must be e-mailed to Evelyn Davis at OBPP.

Fixed Costs Workshop: August 4, 2026

Agencies must present and justify proposed rates to client agencies.

CC: Affected Agency Centralized Services Administrators.