'29 B – Memo 9

INTRODUCTION

The Governor's 2029 Biennium Executive Budget will be prepared and distributed in November 2026 in accordance with provisions of Title 17, Chapter 7, Part 1, MCA. The budget will be completed by state agencies and the Office of Budget and Program Planning (OBPP) using the Internet Budget Analysis and Reporting System (IBARS) in accordance with the training manual and videos provided by OBPP. The purpose of these instructions is to provide the policy guidance and the specific schedules that are to be used in preparing the 2029 Biennium Executive Budget.

Agencies will submit budget requests to the OBPP no later than September 1, 2026. Agency submissions of initial drafts of legislation to the OBPP should be ongoing with the deadline for transmittal to the Legislative Services Division (LSD) now November 1, 2026. The statutory date for the OBPP to transmit personal services funding and the present law base to the Legislative Fiscal Division (LFD) is November 1, 2026. The projected date for the revenue committee to make changes to economic assumptions/revenue estimates is mid-November. The OBPP will provide a final copy of the executive budget (EB), including all long-range planning recommendations and the proposed pay plan schedule, to the LFD by the November 15 statutory deadline. The OBPP may submit amendments to the November 15 preliminary budget up to December 15, 2026. The 70th Legislative Assembly convenes on Monday, January 4, 2027.

OBPP will submit the 2029 Biennium Executive Budget with a "starting point," or base, of FY 2027 budgets.

GENERAL NOTES

- The content of this memo has been revised to remove specific instructions on how to accomplish tasks in IBARS. This was done after surveying some agencies about the ease of use of this document. To access all IBARS training videos, user guides, and other instructions, visit General | GOV 2029 Biennium Budget. If you need access to the TEAMS Channel you can contact Michael McCarthy or Jason Harlow. Training information is also available on the OBPP Guest Directory at Guest\Reporting Levels\Instructions.
- Copies of statutory definitions have also been removed from this memo. To reference any statutory definitions, visit 17-7-102, MCA.
- All related attachments to this memo are located on the OBPP Guest Directory at Guest\Forms&Memos\2029 Biennium.

CENTRALIZATION

The centralizations of HR, Procurement, and IT staff will be addressed in the budget as follows:

- Each agency with staff who are being transferred will find a change package for two of the three centralizations – HR and Procurement. These new proposal change packages have been preloaded with transferred positions for each agency and are consistently numbered across all agencies. **[This load will occur no later than 8/18/26.]**
- Because the list of positions to be transferred has not been finalized, this process for the IT consolidation will occur at a later date. It is unknown at this time whether the creation and loading of positions for the IT consolidation will occur before or after the September 1 budget submission deadline.
- The change packages for the Department of Administration will include the addition of FTE, personal services budget, and operating expenses.
- The change packages for the agencies will reflect the reduction of FTE and personal services budgets. No operating expenses will be reduced in "sending agency" budgets for the Procurement and HR centralizations as they have already been reduced through SWPL 2. It is yet to be

determined if there will be an operating budget reduction related to the transfer of IT positions.

- The positions have been copied and preloaded into the change packages. FTE attributes will be those captured by the snapshot.
- Agencies will be required to verify the positions reduced and enter the funding for the change package.
- Agencies will also enter their fixed cost allocation for the centralized service in the same change package.
- The following narrative can be used for each change package:
    - NP 2399 Centralization of Human Resource Staff – “The budget includes a reduction of X FTE each year and associated personal services costs to reflect the centralization of HR staff in the State Human Resources Division at the Department of Administration. The change package also includes the fixed cost allocation that will be charged to the agency from the Department of Administration.”
    - NP 599 Centralization of Procurement Staff - “The budget includes a reduction of X FTE each year and associated personal services costs to reflect the centralization of procurement staff in the State Procurement Division at the Department of Administration. The change package also includes the fixed cost allocation that will be charged to the agency from the Department of Administration.”

BUDGET REQUEST PREPARATION AND SUBMISSION

On August 17, 2026, Michael McCarthy from the OBPP will advise each state agency when the IBARS agency budget “E” version is available for budget preparation. Security levels have remained the same for anyone who previously had access to IBARS. Agency security officers should utilize the agency security pages via the MINE page to request new users.

REQUEST PREPARATION TASKS:

1. Verify 2026 actuals (the 2026 actuals are informational only and will be used in some reports)
2. Verify 2027 starting point (note this is captured before FY 2026 continuing approp balances are carried forward into FY 2027)
3. Review 2028 and 2029 funded base
4. Review FTE allocations and adjust among RLs within programs and sources of authority as necessary
5. Enter pay plan funding percentages
6. Enter data into Statewide Present Law subschedule (SWPL)
7. Verify expenditure data and enter funding for SWPL change packages including narrative
8. Edit/Build present law change packages (PLs) including narrative
9. Edit/Build new proposal change packages (NPs) including narrative
10. Ensure budget request is in balance
11. Edit/enter revenue estimates
12. Enter or update agency and program narratives
13. Develop 17-7-111(3)(f) 5% reduction plans in Excel spreadsheets
14. As applicable, prepare change packages for all statutory authority
15. As applicable, prepare special information technology CPs and narrative
16. As applicable, enter “NAPROP” data, proprietary rate information and narrative
17. Submit agency statement of goals and objectives or a link to agency strategic plan update (as applicable)
18. Confirm all elements are complete and submit

DEFINITIONS

Base Budget: The base budget for 2029 biennium budget development and analysis purposes will be the combined level of ongoing appropriations using FY 2027 standard budgets captured from SABHRS for authority contained in HB 2 and other permanent appropriations bills and sources. The 2027 budget may also be referred to as the **"Starting Point"**. [The FY 2027 starting point will not include the unspent balance of continuing appropriations from FY 2026.]

One-Time-Only Appropriations (OTOs) refer to funding authorized by the previous legislature, which was assigned a separate subclass by the OBPP due to appropriation restrictions in HB 2 Specifying that an amount of funding/FTE was not to be included in the base budget for the next biennium or the authority was administratively created.

Reporting Levels (RLs) are used to group expenditure and budget data for reporting and analysis. There are five (5) different levels. Reports can be generated at levels 1 - 4. Level 4 (RL4) is the analytical level at which agencies submit budgets and at which both the OBPP and the LFD analyze, adjust, and maintain budget data. RL 5 is where specific SABHRS org data is mapped. Multiple RL 5s roll up to an RL 4. RL4s are used for clearly defined functions within a state government program, primarily when funding sources and/or constraints are different for that function than for other functions within the program, but also for statutory and proprietary funds. Each budget change package must be assigned to an RL4.

Funded Base is used in IBARS to capture funding that should be included in a specific line item in HB 2. The funded base will be identical by fund to the FY 2027 starting point.

Statewide Present Law (SWPL) subschedule: This subschedule is used to allocate fixed costs and to calculate the increases (or decreases) in personal services and fixed costs. IBARS generates a type of change package, called a SWPL change package, for each of these items. These change packages will always be the same number for every program: SWPL 1 = Personal Services and SWPL 2 = Fixed Costs.

REQUEST PREPARATION TASKS

1 & 2) VERIFY INFORMATION

You will receive an IBARS electronic "E" version for your agency. The version will include fiscal year end (FYE) 2026 actuals including A-accruals for all non-OTO appropriations. The version will also include the FY 2027 starting point. Verify the information for these columns in each reporting level. In the event of questions, please call your assigned executive budget analyst.

3) REVIEW FY 2028 AND FY 2029 FUNDED BASE

The IBARS General Budget Detail Screen will display two columns titled 2028 Funded Base and 2029 Funded Base. The values for expenditures and funding in these columns should be identical to the FY 2027 Starting Point. Agency users will see these columns as read only. If there is funding contained in the funded base that needs to be broken out into separate budget line items, please provide the information to your assigned OBPP budget analyst to create these line items in the system after the September 1 budget submission.

4) REVIEW FTE ALLOCATIONS AND MAKE ADJUSTMENTS

The personal services allocations by position in each program have been loaded to RL 4s based on actual FY 2026 expenditures. For most agencies, a review of the data may be the only task. All positions must be allocated 100% to reporting levels for full funding for the positions to be posted to budgets. **Reallocation among RLs within a program is the only allowable FTE change to the base budget.** In RLs with multiple funding sources, it may also be necessary to adjust the proportional splits used to fund positions in the affected RLs. HB 2 positions must be allocated solely to HB 2 reporting levels. NAPROP positions must be allocated solely to NAPROP reporting levels. Positions funded by a statutory appropriation must be allocated solely to SA reporting levels. **A position may not be reallocated to a new source of authority without a change package.** Pay special attention to positions with no expenditures during FY 2026. If a position had no expenditures in FY 2026, it has been allocated 100% to the first reporting level in the program the position belongs to. This will likely need reallocation. The total FTE by bill number (HB 2, NAPROP, SA) should match the totals in SABHRS HR. The SR14 Position Detail Report may be helpful in this exercise.

5) ENTER PAY PLAN FUNDING PERCENTAGES

To accurately project the cost of any pay plan proposals that the Governor may bring forward as part of the Executive Budget, the OBPP must have data regarding how a pay plan proposal would be funded for each reporting level. Do this for each year. This must be done for every reporting level 4 that has at least one position allocated to it.

If a new fund is required to complete the pay plan funding percentages, please call or e-mail Michael McCarthy at 406-444-4405 or michael.mccarthy@mt.gov with information regarding the fund and its name. The OBPP will assign the new number and make it available for your agency-specific use so the new row can be inserted on this screen. Michael will advise you when the new fund number is available, which will be the actual number that will be used in SABHRS during the turnaround process if the request is approved. If the request is approved by the legislature, the agency will need to work with the State Accounting Bureau to complete the processing to establish the new fund on SABHRS.

6) ENTER STATEWIDE PRESENT LAW (SWPL) ADJUSTMENTS DATA INCLUDING NARRATIVE

A. *PERSONAL SERVICES*: For personal services, the 2027 Budget Starting Point Column will contain the FY 2027 budgets captured from SABHRS standard budgets for all orgs mapped to a reporting level 4. There are two columns, labeled 2028 Personal Services and 2029 Personal Services, which will contain projected personal services costs based upon the personal services snapshot taken July 21, 2026. The difference between the starting point and the projected costs will be posted to the SWPL 1 change package.

   a. The FY 2027 budget starting point includes personal services items such as overtime, differential pay, per diem etc. (to the extent that these items were funded by the previous legislature). However, these items are not re-projected by the snapshot. Therefore, these items must be manually re-entered to be included in the personal services budget request. Third level budgets for these items have been included in Attachment 3. Please enter the amounts in the attachment into the FY 2028 personal services and FY 2029 personal services columns of the appropriate reporting level 4 budgets in the SWPL subschedule in the corresponding third level account. The total for these accounts in the SWPL subschedule should not exceed the amounts in Attachment 3 by bill type for each program (exceptions to this program requirement will be made for agencies that may have had a reorganization during the fiscal year. The total may not exceed the amount for the agency in the attachment). If a program plans to request more (or less) funding for one of these personal services items than was approved for FY 2027, then the difference should be included in a Present Law Change Package.
   b. For the 2029 biennium, a vacancy savings rate of 4% has been applied to all positions that are not otherwise exempted by policy or by statute. Vacancy savings will be posted to the SWPL change package for personal services.

B. *FIXED COSTS:* Because the 2027 Budget Starting Point Column contains all operating expense funding from the 2027 budgets captured from SABHRS standard budgets for all orgs mapped to a given reporting level 4, fixed costs budgets cannot be distinguished from other operating funds. Therefore, the starting point budget for fixed costs must be manually recreated. There are three columns that will require data entry for fixed cost budgeting. Agencies will be provided with FY 2027 fixed cost budgets in Attachment 1. Amounts from this attachment should be entered in the column labeled FY 2027 Fixed Costs and distributed among all the appropriate reporting level 4s to properly represent accurate budget allocations. The allocation should be made appropriately by bill type and must not exceed the amounts in Attachment 1. Agencies will also be provided with 2029 biennium fixed cost allocations in Attachment 1. These amounts should also be allocated in the SWPL subschedule in the columns labeled 2028 Fixed Costs and 2029 Fixed Costs. The incremental change in fixed costs from FY 2027 to FY 2028 and FY 2027 to FY 2029 will be posted to the SWPL 2 change package.

Attachment 1 contains the data necessary for this step. Although most agencies will be billed in the next biennium consistent with the amounts budgeted, there may be a few exceptions, such as warrant writing fees for warrants actually issued and that portion of lease vehicles based on number of days used and miles driven.

Account	Fixed Cost
621D1	DofA Chief Data Office **
62890B	DofA Enterprise Learning and Development
62104	DofA Insurance
62113	DofA Warrant Writing Fees
62114	DofA Human Resource Information Fees
62114A	DofA Workers' Comp Management Fee
62122	Legislative Audit Fees
62148	DofA SABHRS Costs
621ITSD	Adjustment Account for SITSD Charges **
621L1	MSL NRIS/GIS Fees
62307	DofA Messenger Services
62MTR	Motor Pool Lease Vehicles
62527	DofA Capitol Complex Rent
62888	DofA SWCAP
62D9	DofA OPIR **
62152	DofA State HR ****
62153	DofA State Procurement ****
62ITC	DofA SITSD (Centralization Portion) ****

<u>** NOTE – The rates for SITSD, CDO, and OPIR and not finalized. Please allocate the amounts on attachment 1. Your OBPP Budget Analyst will correct the allocations on IBARS when the rates are finalized.</u>

<u>**** NOTE – See page 1-2 for instructions on change packages for Centralizations. These should not be included in the SWPL subschedule.</u>

Note that the amount for **Legislative Audit Fees (account 62122)** is a biennial amount and should be entered entirely in FY 2028. There should be no entry for Legislative Audit Fees in the FY 2027 Starting Point column of the SWPL subschedule as the entire amount was budgeted in FY 2026.

Also, for account 621ITSD, the adjustment account for SITSD Charges, the base amount will be

$0 for FY 2027. Because SITSD costs are recorded across several SABHRS accounts, only the change will be entered into the SWPL subschedule. Enter the amounts for FY 2028 and FY 2029 as shown on Attachment 1. These amounts will not include the budget for centralization.

** **NEW –** The rates for all Motor Pool accounts have been moved from SWPL 3 to SWPL 2. Attachment 1 will include incremental amounts for FY 2028 and FY 2029 based on proposed Motor Pool rates. Like SITSD, nothing should be entered for FY 2027. Using account 62MTR, enter the amounts from Attachment 1 in FY 2028 and FY 2029.

**** UPDATED – Adjust State Building Energy Conservation Program (SBECP)** amounts using Attachment 2 in the guest directory, if applicable.

The Architecture & Engineering Division (A&E) within the Department of Administration manages the State Building Energy Conservation Program (SBECP), which reduces operating costs in state facilities by identifying and funding cost effective energy efficiency improvements. Projects are financed through state general funds or state special revolving funds, and agencies repay these internal loan programs using the resulting energy cost savings. Each project is structured so that the savings meet or exceed the original investment.

Under an updated accounting treatment this biennium, all SBECP loan repayments are recorded in the 62xxx account series. As a result, a one-time final adjustment may be required for FY 2028 and FY 2029. Agencies with existing authority in 69205 (Principal Payment – SBECP) or 69206 (Interest Expense – SBECP) should create a negative entry in those accounts and increase the appropriate 628xx account by an equal amount. For all other agencies, no reallocation is necessary going forward.

C. ***** NEW - INFLATION/DEFLATION:*** Due to the difficulty of applying inflation factors to individual accounts when the starting point is a second-level budget, **SWPL 3 for Inflation has been eliminated**. The Motor Pool accounts will be rolled into SWPL 2, and acceptable inflation factors are included later in these instructions for inclusion in PL change packages.

7) VERIFY DATA & ENTER FUNDING FOR STATEWIDE PRESENT LAW (SWPL) CHANGE PACKAGES

When data has been entered into the SWPL subschedule, the data must be posted to get that expenditure data into the SWPL change packages. This process must be re-initiated if any additional data entry or data changes are made to the SWPL subschedule. Once the expenditure data has been posted to the SWPL change packages, the change packages must be funded.

<u>Legislative Audit</u> – When funding SWPL 2 for reporting level 4s that include all or a portion of the cost of the Legislative Audit fees, please insert a row for an additional LITM (Line Item) value and select LITM value 1 – Legislative Audit (Restricted/Biennial) and associate funding for the audit. Insert additional funds associated with LITM value 1 if needed to complete the creation of the HB 2 line-item for your agency's legislative audit.

Each SWPL change package must have a narrative explanation for each program. The following canned narrative can be used for these requests (do not include SWPL #):

SWPL 1: The request includes $xx in FY 2028 and $xx in FY 2029 to annualize various personal services costs including the FY 2027 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings. [optional sentence] Additional factors contributing to the budget request include:

SWPL 2: The request includes $xx in FY 2028 and $xx in FY 2029 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

8) BUILD PRESENT LAW CHANGE PACKAGES

Consistent with 17-7-102(12), MCA, PL adjustments will include "that level of funding needed under present law to maintain operations and services at the level authorized by the previous legislature, including but not limited to:

(a) changes resulting from legally mandated workload, caseload, or enrollment increases or decreases;
(b) changes in funding requirements resulting from constitutional or statutory schedules or formulas;
(c) inflationary or deflationary adjustments; and
(d) elimination of nonrecurring appropriations."

Agencies are encouraged to group all like and similar changes into as few requests as possible. Focus on functions and funding rather than accounts, however, use as many change packages as is logical to be able to clearly define what the requests are for.

IBARS allows a change package to be created at the agency level and that change package can be used for the same purpose in multiple or all programs within an agency. A change package can also be associated with multiple RLs within a program. The request narrative should reference the entire program and individual change package narrative entries should be entered for each program when a change package is used across multiple programs.

The narrative for a request should briefly address increases/decreases from the FY 2027 Starting Point. More explanation may be required to address specifics contained within a request. Update/enter change package narrative to succinctly describe what the request is for including dollar amounts and funding. Reference the 2027 Governor's Executive Budget for examples.

When preparing a PL change package with equipment, use the approved budget amounts listed below. Your budget analyst will evaluate all other equipment requests on a case-by-case basis.

New Employee Office Package (including Chair, Desk, Chair Mat, and Side Chair) $1,600

Computer Equipment: Desktop or Laptop Computer $1,400

Some of the components that may be edited in pending or approved PL requests include:

- **Phased-in 2027 Biennium Modifications –** Since the 2027 Budget is being used as the budget starting point for the 2029 biennium, there should be little or no need for change packages to annualize programs or funding. If a modified FTE is moving to a permanent position in the PL proposal, it should be possible to adjust the position detail budgeted amount to match the modified position. Enter the current position number.

- **Caseload/Workload Increases/Decreases -** Workload increases/decreases from the FY 2027 budgeted level would be incorporated in PL change packages: for example, foster care, public school enrollment, inmate populations, some inspections, some permit processing, and primary care.

- **Account 61000 Series [Differential, Overtime, Holidays Worked, etc.] -** Personal services in IBARS is driven by the position detail computations and ONLY contains budget authority based on that information. The opportunity to adjust for non-snapshot related personal services expenditures is afforded in Step 6A in the Statewide Present Law subschedule. Agencies can reestablish personal services items such as overtime, differential pay, per diem, etc. in the SWPL subschedules. Any requests above or below the 2027 budgeted amounts must be included in a separate change package.

- **Match Rate Changes -** If federal participation in non-discretionary programs is changing, for example from 25 percent general fund/75 percent federal funds appropriated for FY 2027 to 40 percent general fund/60 percent federal funds for FY 2028 and FY 2029, this change would be part of a PL change package.

- **Contract Rate Changes –** Adjustments for most ongoing contracts will be incorporated into a PL change package as rate increases/decreases for persons, businesses, and organizations providing services for the state. Provider rate increases are in NPs and will be coordinated with OBPP.

- **Federal Medical Assistance Percentage (FMAP)** - An adjustment from the current rate to the following projection for the 2029 biennium budget may be incorporated in a PL adjustment:

	General Fund	Federal Revenue
FFY 2028	39.99%	60.01%
FFY 2029	40.27%	59.73%

- **Biennial Appropriations –** FY 2027 amounts (before the unspent balance of FY 2026 continuing appropriations is carried forward) are included in the FY 2027 Starting Point. If adjustments are required to restore biennial appropriations, they can be made in a PL change package. For balance sheet purposes, it is preferred that biennial appropriations are split between fiscal years as they are anticipated to be spent. If you have questions about how to make these adjustments, contact your assigned budget analyst.

- **Inflation/Deflation –** The following inflation factors will be permitted for the specified accounts:

  - Motor Fuel (accounts 62216, 62216A, 62242, 62242A)
    FY 2028 22.4% FY 2029 22.4%
  - Postage and Delivery Services (accounts 62918, 62919, 62304, 62305, 62325)
    FY 2028 19.0% FY 2029 19.0%

9) BUILD NEW PROPOSAL CHANGE PACKAGES

Update expenditure and funding data for each NP Change Package that was either pending or approved through the Executive Planning Process (EPP). Enter change package narrative to succinctly describe what the request is for including dollar amounts and funding. Reference the 2027 Governor's Executive Budget for examples.

In most cases, one-time-only appropriations in the 2027 biennium, if re-requested for the 2029 biennium, must be requested as a new proposal. However, if ongoing base funding was appropriated as an OTO, restoring the funding back to base, would be present law.

Already-approved Budget Amendments - If information is available that a budget amendment (BA) will be continuing through the 2027 biennium and into future biennia, the projected request may be included in the budget in accordance with 17-7-402(6), MCA.

The NP change package request name should be clear. The Budget Change Document (BCD) reference number, subclass number and name should be included in the narrative justification. If there are any FTE, the current SABHRS position number and attributes must be used.

Continue to submit all BA BCDs as soon as possible throughout budget development and the legislative session.

1. **Processing BA BCDs up until the legislature convenes (January 1, 2027)**

   If the federal award goes past the end of the federal fiscal year (September 30, 2027), then OBPP will include language in HB 4 for "…all remaining federal authority from FY 2027 can continue into FY 2028."

2. **Processing BA BCDs January 1, 2027 but before the Senate Finance & Claims Committee meets to hear HB 4 (approx April 6, 2027)**

   For all BAs received during the legislative session, regardless of duration, OBPP will draft an amendment to HB 4. BCDs will not be processed until after the Governor has signed HB 4. Each agency must submit a BCD IMMEDIATELY upon receipt of the award to ensure inclusion in HB 4. If an agency receives a federal award during the legislative session and fails to submit a BA BCD for inclusion in HB 4, OBPP cannot and will not approve the BCD after session.

3. **Processing BA BCDs after Senate Finance & Claims Committee hears HB 4 (approx April 6, 2027)**

   Submit BCDs as usual. Agency must not have had knowledge of the award prior to this date, or OBPP cannot and will not approve the BCD.

Funding shifts will require an NP in the budget request. If a funding shift or new source of funding is dependent upon legislation being passed and approved during the 2027 legislative session, the change package should be created using a Change Package (CP) Type of "Legislation". Include a reference to the proposed legislation in the CP narrative.

10) ENSURE THE BUDGET REQUEST IS IN BALANCE

Once an agency has completed entering budget requests and funding, the General Budget checklist item must be marked complete. Checking this checklist item will initiate a set of budget validations. If there are issues, the checkbox will be unchecked. Users can run the SR06 Budget Validation report to identify where the issues lie. Once the issues have been corrected, the checklist item can be marked complete again. If the check box stays checked, the budget has passed all validations. If it remains unchecked, the user can re-run the SR06 report to identify further issues. **NOTE:** If the user does not re-run the validations by checking the Budget Request checklist item to complete after corrections have been made, the data in the SR06 report will NOT be updated.

11) EDIT/ENTER NEW REVENUE ESTIMATES

From the Checklist/Fund Balance/Detail screen, estimates should be updated. The E version includes the revenue accounts and funds from FY 2026 actuals and the SABHRS budgeted revenue estimate amounts for FY 2027. The first task is to review and update the FY 2027 column. This task is important because the executive budget must be balanced for all funds and requested expenditures may be reduced if there is a shortfall in revenue over the three-year period. The second task is to add the projected revenue in the FY 2028 and FY 2029 columns. In addition, you may insert a row to enter a revenue estimate for a new fund or revenue account.

Revenue projections for sources with multi-agency or multi-fund impacts may be available from OBPP. Contact your budget analyst for specific information regarding revenue sources for your agency.

12) ENTER OR UPDATE AGENCY AND PROGRAM NARRATIVES

IBARS narrative items that will be published in the Governor's Executive Budget and completed as part of the agency budget request are listed below. The executive budget must be succinct and easy to read. You can copy text prepared in Microsoft Word into IBARS. Narrative edit tools are available on the narrative screen similar to those found in Microsoft Word. The narrative item headers will be generated automatically as part of the narrative processing.

Narrative fields for Mission, Agency Description, Statutory Authority, Program Description, and Proprietary Program Description have been copied forward from the IBARS 2027 versions into the “E” version for review and edits. The executive budget will include the following fields:

Agency Level Only:

Agency Description – [Edit]
Mission Statement – [Edit]
Statutory Authority – [Edit]
Executive Budget Recommendation - [Please leave this field blank for OBPP use]
[Optional] Language - [for HB 2 at the agency level]

Program Level Only:

Program Description - [Edit this BRIEF description]
Executive Budget Recommendation - [Please leave this field blank for OBPP use]
Language - [please enter all language at the agency level]

Agency Organization Charts

The OBPP will be inserting **agency organization charts** into the executive budget publication. The org charts are in electronic files at OBPP prepared with Microsoft Visio. A hard copy was distributed on June 6th with Memo 8 for your updates and is due back on or before September 11th.

13) 5 PERCENT BUDGET REDUCTION PLANS - IMPLEMENTING 17-7-111(3)(f), MCA - DUE SEPT. 1st

The provision in 17-7-111(3)(f), MCA, requires that reductions in state agency base budgets be available to the legislature and the Governor. The statute states:

> (f) for only agencies with more than 20 FTE, a plan to reduce the proposed base budget for the general appropriations act and the proposed state pay plan to 95% of the current base budget or lower if directed by the budget director. Each agency plan must include base budget reductions that reflect the required percentage reduction by fund type for the general fund and state special revenue fund types. Exempt from the calculations of the 5% target amounts are legislative audit costs, administratively attached entities that hire their own staff under 2-15-121, and state special revenue accounts that do not transfer their investment earnings or fund balances to the general fund. The plan must include:
>
> (i) a prioritized list of services that would be eliminated or reduced;

(ii) for each service included in the prioritized list, the savings that would result from the elimination or reduction; and
(iii) the consequences or impacts of the proposed elimination or reduction of each service.

Note that most state special revenue funds are exempt from these 5% reduction plans, but some state special funds are still subject to these provisions. It is difficult to determine if some state special funds should be excluded from the calculations. If you have questions or concerns about what was included or excluded, please contact Brian Hannan at 406-444-7802.

An agency plan may reduce one or more programs in the agency, one or more field offices that may contain multiple programs, or any other combination of programs and services. It is suggested that each agency assess the impact on services, workload, employees, and constituents in making those determinations based upon which reductions would have the least impact to the citizens of Montana.

Sometimes the services listed for possible reduction or elimination will be required by statute, and sometimes they will be either implied or assumed to be necessary under the law. The agency plan will explain the specific authority for providing the services and identify what statutory or rule change would be necessary if the reduction plan were to be implemented.

To Implement These Provisions During Budget Development

1. The file Memo 9 - Attachment 4 – 5% Targets.pdf shows agency target amounts based on FY 2026 HB 2 expenditures, excluding OTO expenditures, and other exemptions provided by the law.
2. Go to the OBPP Guest directory Guest\Forms&Memos\2029 Biennium\. Open the file called 5%_form.xls. SAVE as Guest\Session\XXXX\XXXX.xls where XXXX is your agency code. Copy the general fund and the state special revenue fund target amounts for your agency to your new XXXX file in Form A.
3. Complete Form A - a list of the services that would be eliminated or reduced.
4. Complete Form B for each service listed on Form A. [Ten copies have been provided. Duplicate Form B if necessary—right click on the tab, move or copy, check create a copy, and OK.] Form B is designed to provide:
    - a brief description of the service, including why it can be considered for elimination or reduction;
    - the savings that are expected (# of FTE but no position numbers; personal services costs, operating, equipment, etc. at 1st level);
    - the consequences or impacts of the proposed elimination or reduction;
    - how the impacts to constituents and staff might be mitigated; and
    - whether the service is specifically required by statute – yes or no (if yes, provide the statutory cite; if no, provide the authority under which the services are provided).
5. Complete by September 1st and send an e-mail to your budget analyst with a copy to Brandy Itzel (Brandy.Itzel@mt.gov) when your forms are saved.

14) CHANGE PACKAGES FOR STATUTORY AUTHORITY

Your agency version contains RLs for applicable statutory appropriations, which are treated just like any other budget. The reporting level includes a 2027 Starting Point. The budget level will be carried forward into FY 2028 and FY 2029. If applicable, the reporting level may also require SWPL subschedule adjustments. Follow the same tasks as for other budgets, including building PL adjustments to increase or decrease the expected level.

The Department of Administration (DofA) will budget the total statutory authority for general obligation (G.O.) bond debt service for which it is responsible statewide. Agencies will budget all other funds for G.O. debt service bills from DofA. Agencies also will budget the statutorily appropriated general fund and other funds for other purposes.

15) INFORMATION TECHNOLOGY SPECIAL PROVISIONS

New Proposals for Information Technology (IT) – "New investments" in information technology can be included in the Governor's budget only if the project is contained in the approved agency information technology plan. (2-17-523 and 17-7-111(3)(g), MCA). New investments can include IT projects and activities that are funded through an agency's base budget or grants and are not limited to just IT projects and activities funded through Change Packages.

Definition of a Major IT Investment
The OBPP and the SITSD are defining a *major IT investment* as (1) $500,000 *or* $100,000 *and* 25 percent of the IT base year expenditures of the agency; or (2) an inter-agency system change that affects IT plans of another agency or the state. **Total investment is the sum of all internal agency costs, staff time, and external IT expenses, and may be funded entirely from the agency base budget, federal grants, a Change Package request, or any other combination of funds.**

***Major IT investments* must be disclosed in the IT Projects section of your agency IT Plans, including supplements. Plans that are missing major IT investments will be required to be updated prior to May 29, 2026 for Executive Budget consideration.**

OBPP will be working with SITSD staff to evaluate any IT project requests for compliance with both agency and statewide IT strategic plans and prioritize projects based on the components of the statewide IT strategic plan. Any projects that are included in the final Governor's Budget presented to the legislature may be included in HB 2 or HB 10, depending on the project size and duration.

Volume 10 - IT Report

SITSD, in cooperation with OBPP, will produce an IT volume of the Executive Budget. In addition to several items required by the Montana Information Technology Act (MITA), the volume will include a comprehensive expenditure report of IT expenditures by state agencies made both internally (to SITSD) and external to state government. This report was developed based upon a set of IT expenditure accounts and IT job codes and was discussed at length by various groups such as ITMC, Enterprise IT Working Group, and the ITB.

In order to report detailed expenditure and funding data for FY 2027, FY 2028, and FY 2029, OBPP will be sending out an Excel spreadsheet for agencies to enter additional information. The basis of the report will be the SABHRS IT Expenditure Report, supplemented with data from IBARS. This report will be sent out in mid-September and must be returned to OBPP on October 5th.

The OBPP is required to prepare, in cooperation with the Department of Administration SITSD, a statewide summary of *major new IT investments* contained in the state budget. The project summary will be printed in Volume 10 and will include:

A listing by agency of all major new IT budget requests included in the state budget, including:

i. Description of the project
ii. Project purpose and objectives
iii. Business and IT Problems addressed
iv. Alternatives Considered
v. Estimated Cost of project

vi. The funding source(s) for the request
vii. The proposed cost of operating the new information technology system

Volume 10 will also include a listing of internal service rates proposed for providing IT services, with

- a description of the services provided and
- a breakdown, aggregated by fund type, of requests included in the state budget to support the rate

16) PREPARE PROPRIETARY "NAPROP" DATA, RATE INFORMATION AND NARRATIVES

Overview and Legal Requirements

Proprietary programs operate under the requirements established in 17-8-101, MCA, which govern fees and charges for services in internal service and enterprise funds. The form and content of the Executive Budget required under 17-7-123, MCA, determines what must be included in the Executive Budget for these funds.

In accordance with 17-8-101(8), MCA, Executive Budget (EB) program tables show only those proprietary funds sponsored within a program that requires an appropriation. If planned actions affect the rates charged to budgeted programs—for example, an expansion of non-appropriated services that will alter the charges assessed to appropriated divisions—then the action requires submission as a change package. The legislatively approved rate for the 2029 biennium serves as the present law base, along with the two statewide adjustments applied to all agencies:

Any issue that changes the legislatively adopted rate must be submitted in IBARS, and the impact on the base rate must be clearly quantified in the change package justification.

Agencies must submit budget requests for all proprietary-funded budgets, regardless of whether those budgets carry HB 2 authority.

Updated Proprietary Fund Template for the 2029 Biennium

For the 2029 biennium, OBPP has implemented a new proprietary fund schedule. The updated template simplifies and standardizes revenue and expense classifications to improve accuracy and reduce agency workload. Agencies must use this new schedule format for the 2029 biennium.

The template includes:

- **Fund Summary** - actuals, estimates, budgeted, and proposed values; separating budgeted from nonbudgeted accounts
- **Rate Table** – a listing of rates
- **Working Capital Analysis** – cash and short-term payables only. Note the 60-day reserve is only a benchmark figure. Enterprise funds likely have working capital needs that differ from the benchmark
- **Narratives** – various prompts for additional information

Agencies will enter the information from this template directly into IBARS. OBPP may request the Excel template as it verifies the information entered into IBARS.

IBARS Proprietary Fund Revenue and Expense Entries

For the 2029 biennium submission, agencies must input their proprietary fund information directly into IBARS. From the Checklist, select **Proprietary Fund**, then choose the appropriate reporting level for each fund.

Agencies must enter:

- Actual revenues and expenditures for FY 2024, FY 2025, and FY 2026
- Budgeted revenues and expenditures for FY 2027
- Proposed revenues and expenditures for FY 2028 and FY 2029

Agencies must ensure that the amounts entered in IBARS reconcile to these SABHRS-based categories shown in the template.

IBARS Proprietary Fund Narrative and Tables

Agencies should use the two narrative sections included in the updated proprietary fund template:

(1) **Program Description**, which applies at the program level, and
(2) **Proprietary Program Description**, which must be completed for each proprietary fund within the program.

1. Program Description (Mandatory)
Briefly describe the program's purpose, activities, and core responsibilities. This description should encompass all proprietary and non-proprietary elements of the program.

Authority and Governance
Identify the program's legal authority, relevant MCA citations, governing boards or commissions (if applicable), and any statutory or regulatory requirements that influence service delivery or funding.

Base Year Appropriations Comparison to Actual Expenditures
Provide a high-level comparison of base year appropriations to actual expenditures across all funds in the program.

Explain major variances, underlying drivers, timing differences, or structural changes that account for gaps between appropriated and actual amounts. Note any corrective actions, management decisions, or operational factors affecting those variances.

Base Year Appropriations Comparison to Requested Appropriations
Summarize how the program's requested budget compares to the base year budget. Identify and explain increases or decreases, including workload changes, cost drivers, shifts in service levels, or adjustments required for compliance, mandated services, or external factors. Describe any impacts or justifications associated with these differences.

2. Proprietary Program Description

Fund Number, Fund Name, and Fund Type
Provide the fund identifier and specify whether the fund is an Internal Service Fund or an Enterprise Fund.

Fund Purpose
Describe the purpose of the fund, the services provided, and the customers served. Explain how each service relates to its customer base.

Major Revenue Sources
Describe the major sources of revenue, including fees, charges for services, transfers, federal receipts, or non-typical revenue (e.g., investment earnings, seasonal revenue, or one-time receipts). Explain any

changes in fee structures, customer activity levels, volume assumptions, or revenue drivers across the budget period. If no changes occurred, state that explicitly.

Major Expenditures
Describe major expenditures, including personal services, operating expenses, equipment, capital outlay, transfers, or other significant cost categories. Explain the cost drivers and assumptions underlying projected expenses. Discuss the volume of services provided historically and expected future changes. Identify any non-typical, one-time, or irregular expenses included in historical or projected amounts.

Rates
Describe the type of rate used for the fund (e.g., per-unit charge, percentage of personal services, fixed rate, working-capital-based rate, fund-balance-targeted rate). Explain why the rate structure is the most logical or appropriate for the service. Describe how the rate was determined, including key assumptions, allocation methodologies, and any differences between requested rates and the billing methodologies used in practice. Where multiple rates support a single fund, explain how direct and indirect costs were allocated among rates (broken out by first-level SABHRS expenditure categories). Copy and paste the rate information from the Rate Table sheet directly into this section.

Cash Balances and Net Position / Fund Balance
Describe significant fluctuations in cash balances and fund balance/net position across all years. Explain management objectives for maintaining, increasing, or decreasing fund balance relative to the base year.

Identify any required reserves, legal restrictions, contractual obligations, or seasonal cash requirements. Discuss recurring cash obligations and any need for cash reserves, loans, or advance financing. If working capital deviates from a 60-day benchmark, explain the variance. Copy and paste the working capital table from the Excel template directly into this section.

Repeat the above narrative in the same IBARS narrative field, for multiple proprietary funds within a single program.

Change Package Narrative Requirements for Proprietary Funds
Change package (CP) narratives serve three purposes:

1. Present the concise description paragraph for EB and LFD publications
2. Provide sufficient detail for OBPP to evaluate the request
3. Supply any additional justification LFD may publish in its analysis

Present Law (PL) – Internal Service Funds Only
List and describe each significant PL adjustment. Provide the associated dollar amounts. Explain the impact of each PL item on requested rates and unreserved fund balance.

New Proposals (NP) – Internal Service Funds Only
List and describe all new proposals affecting the rate. Provide the dollar amounts and explain rate and fund balance impact. If a funding-switch NP is included, describe the total amount and justification and complete the Excel schedule without showing the switch; contact OBPP for additional instructions.

Impact on Rates
Agencies must quantify how PL and NP adjustments affect rates. Example: “A 10% increase in elevator service contracts results in a $0.05 per-square-foot increase in rental rates.” Rate impact documentation has been a major issue in prior sessions and must be clearly shown.

17) SUBMIT STATEMENT OF AGENCY GOALS AND OBJECTIVES

Memo 4 from the Budget Director, dated April 4, 2026, gives state agencies guidance on the development of a statement of goals and objectives or agency strategic plan (as applicable) for the 2029 biennium. The goals and objectives should be submitted to OBPP, in accordance with Memo 4, along with all other components of the agency budget submission no later than September 1. The goals and objectives can be emailed to Brandy Itzel at OBPP (Brandy.Itzel@mt.gov). Once approved, OBPP will work with agencies to identify a web location for goals and objectives as they are required to be published on the internet in accordance with 17-7-123 (2), MCA.

18) CONFIRM ALL ELEMENTS COMPLETE AND SUBMIT

To submit your budget request, you will need to ensure every item on the Checklist has been marked complete. Validations exist for checklist items to ensure your budget work has been completed. If the checklist items do not remain checked, you can run the SR06 report to determine what additional work may be required.

Once all status boxes on the checklist remain checked through validations, navigate to the Versions tab. On the versions tab, for the E version line, click Submit. This will create an F submitted version, which will be read-only.

NOTE: Agencies should select one user on behalf of the agency who is authorized to create the submitted version.

In addition, send an e-mail to your executive budget analyst with a copy to Brandy Itzel Brandy.Itzel@mt.gov to advise that your budget request has been submitted.

Attachments:

Available at
GUEST\Forms&Memos\2029 Biennium\Memos\

1 - Fixed Cost Detail by Agency
2 - State Building Program - Energy Savings
3 – Statewide Present Law Adjustment Addendum
4 - 5 Percent Reduction Information
5 – Proprietary Fund Excel Template