

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	256.50	256.50	262.50	262.50	256.50	262.50	6.00	2.34 %
Personal Services	15,921,993	15,086,799	17,670,364	17,655,220	31,008,792	35,325,584	4,316,792	13.92 %
Operating Expenses	47,196,650	48,918,496	50,873,999	51,652,934	96,115,146	102,526,933	6,411,787	6.67 %
Equipment & Intangible Assets	18,235	12,500	18,235	18,235	30,735	36,470	5,735	18.66 %
Transfers	6,250	6,250	6,250	6,250	12,500	12,500	0	0.00 %
Debt Service	70,483	68,111	70,483	70,483	138,594	140,966	2,372	1.71 %
Total Costs	\$63,213,611	\$64,092,156	\$68,639,331	\$69,403,122	\$127,305,767	\$138,042,453	\$10,736,686	8.43 %
General Fund	62,399,444	62,591,945	67,825,164	68,588,955	124,991,389	136,414,119	11,422,730	9.14 %
State/Other Special Rev. Funds	814,167	1,500,211	814,167	814,167	2,314,378	1,628,334	(686,044)	(29.64)%
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0.00 %
Total Funds	\$63,213,611	\$64,092,156	\$68,639,331	\$69,403,122	\$127,305,767	\$138,042,453	\$10,736,686	8.43 %

Program Description

The Probation & Parole Division, previously named Community Corrections Division, includes probation and parole, intensive and enhanced supervision programs, male and female community corrections programs that include: the Treasure State Correctional Training Center (boot camp), chemical dependency treatment programs, DUI treatment facilities, Methamphetamine treatment facilities, assessment, sanction and revocation centers, and various other prison diversion programs. The department contracts with nonprofit corporations in Great Falls, Missoula, Billings, Bozeman, Butte and Helena for prerelease services.

Program Highlights

Probation & Parole Division Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the 2015 legislative funding budget changes are for: <ul style="list-style-type: none"> ◦ Funding reductions as the result of an agency reorganization during the 2015 biennium ◦ Funding for various present law adjustments such as fixed costs to pay for services provided by other agencies ◦ A request to annualize funding for contracted facilities ◦ A request to address increases to probation and parole office lease costs ◦ A request for funding to add 10.00 FTE probation and parole officers to address workload impacts ◦ A request to fund a 2% annual provider rate increase
Major LFD Issues
<ul style="list-style-type: none"> • The request for funding to address lease cost increases includes a funding switch • Outfitting costs for new FTE are one-time-only and the legislature may want to designate them as such

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Offender Populations

The Probation & Parole Division supervises offenders in settings other than prison. The types of services vary in intensity from community supervision to supervised residential settings such as pre-release centers and treatment facilities. The division provides services through the use of state employees (probation and parole officers) and contracts with nonprofit organizations that operate various types of community based residential programs.

Summary of Probation & Parole Division Populations Average Daily Populations (ADP)				
Segment	Actual	Department Projections		
	FY 2014	FY 2015	FY 2016	FY 2017
<u>Alternatives to Prison</u>				
Population	1,085	1,066	1,101	1,137
% Increase		-1.8%	3.3%	3.3%
Current Capacity	987	987	987	987
Over Capacity (positive is over capacity)	98	79	114	150
<u>Prerelease/Transitional Living</u>				
Population	924	1,026	1,061	1,095
% Increase		11.0%	3.4%	3.2%
Current Capacity	945	945	945	945
Over Capacity (positive is over capacity)	(21)	81	116	150
<u>Specialized Supervision</u>				
Population	517	677	677	677
% Increase		30.9%	0.0%	0.0%
Current Capacity	568	568	568	568
Over Capacity (positive is over capacity)	(51)	109	109	109
<u>Probation, Parole, and Enhanced Supervision</u>				
Population	7,920	7,774	7,812	7,850
% Increase		-1.8%	0.5%	0.5%
Current Capacity	7,884	7,884	7,884	7,884
Over Capacity (positive is over capacity)	36	(110)	(72)	(34)

The executive request increased funding for the division by 8.4% or about \$10.7 million when the two biennia are compared. The majority of this increase is included in present law decision packages that annualize the costs of existing contract facilities and adjust for increased lease costs for probation and parole offices. Requests to fund provider rate increases and to fund additional probation and parole officers also add to the increase.

The primary drivers of community correctional costs are increases in the number of offenders to be supervised or housed and the type of placement or service that is needed to supervise the offenders. Community residential treatment programs such as the methamphetamine treatment centers tend to have the highest per day costs while probation and parole supervision has the lowest per day costs. While fewer offenders receive residential services than supervision services, the cost per day can be almost twenty times greater. Projections for probation and parole indicate growth for the 2017 biennium at levels lower than the 2015 biennium. The figure shows actual and estimated average daily population (ADP) for FY 2014 through FY 2017 by category of service. Current capacity is based on a standard caseload for probation and parole officers and the current contracted capacities at contracted facilities.

Personal Services

In the FY 2015 legislative budget, personal services comprised 24.5% of the program budget. The Governor proposes 25.7% in FY 2016 and 25.4% in FY 2017. The increases in costs are due to:

- A request to add 5.00 FTE for security at the Lewistown Infirmary
- Pay increases funded both by the pay plan of the 2013 Legislature and those funded within the agency budget

For this program, 205 pay adjustments were funded within the agency's budget during FY 2014 in addition to the increases funded in HB 13. These additional increases averaged 4.6% and added an estimated \$323,000 to the funding requirements of subsequent years. Of these increases 57% were for market adjustments and 38% were for career ladder adjustments.

In FY 2014, the program experienced nearly no vacancy savings in hours expended compared to hours budgeted.

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Corrections, 02-Probation & Parole Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	136,414,119	0	0	136,414,119	98.82 %	
02261 P & P Supervisory Fee	1,628,334	0	0	1,628,334	100.00 %	
State Special Total	\$1,628,334	\$0	\$0	\$1,628,334	1.18 %	
03315 Misc Federal Grants	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$138,042,453	\$0	\$0	\$138,042,453		

General fund provides 98.8% of the division’s funding. About 1.2% of the division’s funding comes from state special revenue collected from offenders who must pay a probation and parole supervision fee.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	63,565,506	63,565,506	127,131,012	93.19 %	65,065,717	65,065,717	130,131,434	94.27 %
PL Adjustments	2,745,223	2,711,544	5,456,767	4.00 %	2,059,179	2,025,500	4,084,679	2.96 %
New Proposals	1,514,435	2,311,905	3,826,340	2.80 %	1,514,435	2,311,905	3,826,340	2.77 %
Total Budget	\$67,825,164	\$68,588,955	\$136,414,119		\$68,639,331	\$69,403,122	\$138,042,453	

Program Reorganization -

In the 2015 biennium, the executive reorganized the agency. The reorganization was done to consolidate all medical costs and services into a new program called Clinical Services. The reorganization impacted this program by moving 1.00 FTE to other programs along with personal services and operating cost budgets. For FY 2015, \$86,175 of HB 2 budget authority was reduced.

Present Law Adjustments -

The “Present Law Adjustments” table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments										
-----Fiscal 2016-----					-----Fiscal 2017-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 98 - LEG. Personal Services Present Law	0.00	1,477,746	(340,681)	0	1,137,065	0.00	1,463,335	(339,604)	0	1,123,731
DP 99 - LEG. Present Law	0.00	1,267,477	(345,363)	0	922,114	0.00	1,248,209	(346,440)	0	901,769
Grand Total All Present Law Adjustments	0.00	\$2,745,223	(\$686,044)	\$0	\$2,059,179	0.00	\$2,711,544	(\$686,044)	\$0	\$2,025,500

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	253.50	\$122,715	\$0	\$0	\$122,715
Executive Implementation of 2015 Pay Increase		285,431	-	-	285,431
Fully Fund 2015 Legislatively Authorized FTE		289,047	-	-	289,047
Other	(1.00)	780,553	(340,681)	-	439,872
Personal Services Present Law Adjustments	252.50	\$1,477,746	(\$340,681)	\$0	\$1,137,065
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	253.50	\$122,715	\$0	\$0	\$122,715
Executive Implementation of 2015 Pay Increase		285,431	-	-	285,431
Fully Fund 2015 Legislatively Authorized FTE		289,047	-	-	289,047
Other	(1.00)	766,142	(339,604)	-	426,538
Personal Services Present Law Adjustments	252.50	\$1,463,335	(\$339,604)	\$0	\$1,123,731

The executive has proposed to increase general fund to support personal services by 7.1% in FY 2016 and by 7.0% in FY 2017 compared to the FY 2015 legislative budget.

Other - Changes that make up the other adjustments include the following, while individually listed adjustments in the other category are described separately:

- Agency reorganization
- Overtime for the Treasure State Correctional Training Center, Probation and Parole Officers, and the Missoula Assessment and Sanction Center
- Pay changes made in FY 2014 at the agency's discretion that are over and above the legislative pay plan, \$339,000 per year (estimated)

The executive reorganized the agency in FY 2014. The reorganization moved 1.00 FTE from this program to a new Clinical Services Program. Refer to the Summary section for this agency for further discussion of the reorganization.

The 2015 Legislature funded \$66,777 for overtime costs across this program while actual expenditures in FY 2014 were \$83,376. Overtime for the 2017 biennium is requested at slightly less than the FY 2014 actual expenditure level, but \$15,759 each year more than the FY 2015 legislative budget. Overtime is requested each year for the Treasure State Correctional Training Center, Probation and Parole Officers, and Missoula Assessment and Sanction Center. Overtime for

the Treasure State Correctional Training Center exceeded its FY 2014 overtime budget by \$15,847, or 48%, and is the area driving the overtime funding increase. Overtime at the Treasure State Correctional Training Center was not the result of excess vacancies as the center utilized 98.7% of budgeted hours, but is due to being a 24/7 operation that uses overtime for coverage of unanticipated staff call-offs, extra posts needed for inmate transports, and training that is required outside of normal work hours.

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

Legislative Present Law Adjustments				
CP 99 Item	FY 2016			
	General Fund	State Special	Federal Special	Total Funds
Probation and Parole Office Lease	\$823,500	\$0	\$0	\$823,500
Annualize Contracted Facilities Funding	725,187	-	-	725,187
Other	(281,210)	(345,363)	-	(626,573)
Legislative Present Law Adjustments	\$1,267,477	(\$345,363)	\$0	\$922,114
CP 99 Item	FY 2017			
	General Fund	State Special	Federal Special	Total Funds
Probation and Parole Office Lease	\$823,500	\$0	\$0	\$823,500
Annualize Contracted Facilities Funding	699,652	-	-	699,652
Other	(274,943)	(346,440)	-	(621,383)
Legislative Present Law Adjustments	\$1,248,209	(\$346,440)	\$0	\$901,769

The executive has proposed to increase general fund support for all other expenditure categories excluding personal services by 1.9% in FY 2016 and by 5.8% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other category include the following, while individually listed adjustments are described separately:

- Agency reorganization
- Increased costs for food services in treatment facilities and the Treasure State Correctional Center

As discussed, the executive reorganized the agency and moved costs budgeted by the 2013 Legislature to other programs. The reorganization is represented in the other grouping and equals a reduction of \$32,486 general fund for the biennium.

Probation and Parole Office Lease - The executive requests to switch office lease costs from state special revenue to general fund and use the freed up state special revenue for unspecified operating expenditures to support probation and parole operations. The request would support inflationary increases in office leases and relocate two offices.

LFD ISSUE	<p><u>Not Entirely a Lease Cost Increase – A Funding Switch</u></p> <p>Were this request only for office space lease costs it would represent increases for office space lease costs of 97.8% over the amount funded in FY 2015 or 83.1% of the amount expended in FY 2014. However, this request is for two purposes: 1) to fund lease cost inflation and to relocate two offices; and 2) to switch funding for lease costs from state special revenue to general fund and use the freed up state special revenue for other unspecified purposes. The funding switch would reverse the actions taken in the 2011 Legislature to switch funding for probation and parole office leases from general fund to state special revenue from the probation and parole supervisory fees. These fees are collected</p>
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from offenders who are supervised in the community. Historically, prior to the 2011 Legislature, the fees were used to fund training and tools used by probation and parole officers to supervise offenders.

The legislature may want to discuss with the agency what probation and parole costs would be funded with the freed up state special revenue funds. Additionally, the legislature may want to discuss with the agency what the impact has been on probation and parole operations from the actions taken in the 2011 Legislature to switch the lease costs from general fund to state special revenue.

Annualize Contracted Facilities Funding - The executive requests increases to annualize the funding for payments to private non-profit providers of community corrections facilities to the full contractual maximum capacities.

LFD COMMENT Fewer Beds Funded and Provider Rate Increases in 2013 Legislature

The 2013 legislature took two actions that impacted the FY 2015 legislative budget:

- Male pre-release beds were funded at 12 beds less than the executive requested for the 2015 biennium. The executive is requesting funding to annualize all contractual per-release beds including the 12 beds not funded
- Per diem rates for the Nexus and Elkhorn treatment facilities were funded in FY 2014 with a 1% increase and all other facilities were funded for a 2% increase in FY 2014. The executive is requesting funding to annualize all contracted facilities as if all facilities received a 2% increase in FY 2014

To fund the additional 12 male pre-release beds and additional 1% per diem rate increase for Nexus and Elkhorn, the agency used other agency funding. The FY 2015 legislative budget is \$226,000 less than full funding for pre-release beds at the contractual maximums and \$55,000 less than had all facilities received a 2% rate increase in FY 2014 as proposed in the executive request.

New Proposals -

Total funds in the New Proposals table do not include proprietary funds budgeted in House Bill 2.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 200009 - PPD Population Management	10.00	695,768	0	0	695,768	10.00	678,958	0	0	678,958
DP 200098 - PPD Provider Rate Increase - Restricted	0.00	818,667	0	0	818,667	0.00	1,632,947	0	0	1,632,947
Total	10.00	\$1,514,435	\$0	\$0	\$1,514,435	10.00	\$2,311,905	\$0	\$0	\$2,311,905

DP 200098 - PPD Provider Rate Increase - Restricted -

The executive requests funding to provide a 2% provider rate increase in FY 2016 and an additional 2% (4% total) rate increase for FY 2017 for all contracted providers. The executive recommends that funding for this request be designated as restricted only for this purpose.

DP 200009 - PPD Population Management -

The executive requests funding for the addition of 10.00 FTE probation and parole officers to address workload issues statewide.

**LFD
COMMENT**

Offender Populations

Refer to the Program Discussion for more information on offender populations.

**LFD
ISSUE**

FTE Startup Costs are One-Time Expenditures

The FY 2016 request includes \$15,000 of funding for outfitting new staff and these outfitting costs are not ongoing expenditures. The legislature may want to designate \$15,000 of the FY 2016 funding for this request as one-time-only.