

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	629.04	629.04	629.69	629.69	629.04	629.69	0.65	0.10 %
Personal Services	33,724,290	36,141,622	40,794,403	40,764,415	69,865,912	81,558,818	11,692,906	16.74 %
Operating Expenses	38,613,248	36,358,780	41,538,212	42,044,526	74,972,028	83,582,738	8,610,710	11.49 %
Equipment & Intangible Assets	87,605	115,351	87,605	87,605	202,956	175,210	(27,746)	(13.67)%
Capital Outlay	20,773	0	20,773	20,773	20,773	41,546	20,773	100.00 %
Transfers	53,100	49,500	53,100	53,100	102,600	106,200	3,600	3.51 %
Debt Service	173,888	170,341	217,578	217,578	344,229	435,156	90,927	26.41 %
Total Costs	\$72,672,904	\$72,835,594	\$82,711,671	\$83,187,997	\$145,508,498	\$165,899,668	\$20,391,170	14.01 %
General Fund	72,568,442	72,730,778	82,607,209	83,083,535	145,299,220	165,690,744	20,391,524	14.03 %
State/Other Special Rev. Funds	104,462	104,816	104,462	104,462	209,278	208,924	(354)	(0.17)%
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0.00 %
Total Funds	\$72,672,904	\$72,835,594	\$82,711,671	\$83,187,997	\$145,508,498	\$165,899,668	\$20,391,170	14.01 %

Program Description

The Secure Custody Facilities Program includes the Montana State Prison, Montana Women’s Prison, and contract bed facilities that include: Dawson County Correctional Facility, Cascade County Regional Prison, and Crossroads Correctional Center in Shelby. Approximately 2,300 male and 200 female inmates are incarcerated in these facilities.

Program Highlights

Secure Custody Facilities Program 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 fund pay increases for correctional officers ◦ A request for funding to add 5.00 FTE for security at the Lewistown infirmary ◦ A request to fund a prevailing wage increase addressed in the contract for services at the Shelby prison ◦ A request to fund a 2% annual provider rate increase
Major LFD Issues
<ul style="list-style-type: none"> • Costs for housing an inmate at the Lewistown infirmary compared to housing the inmate at the state prison

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 Secure Custody Facilities Program houses offenders in the Montana State Prison, Montana Women's Prison, and various contracted prison and detention facilities. Montana State Prison (MSP) for male offenders is the largest facility with an operational capacity of 1,485 inmates while regional prison facilities in Glendive and Great Falls that house a combined 293 inmates are the smallest facilities. Montana Women's Prison (MWP), the only female prison in the state, has an operational capacity of 194. Both male and female secure inmates are also held in county jails. The cost of contracted prison beds includes the cost to house 560 inmates in the Crossroads Correctional Center in Shelby as well as cost of housing offenders in county jails. The department also houses 25 inmates at the Montana Mental Health Nursing Care Center in Lewistown. The department is responsible for the cost of housing offenders after conviction.

Summary of Secure Custody Facilities Average Daily Populations (ADP)				
Segment	Actual	Department Projections		
	FY 2014	FY 2015	FY 2016	FY 2017
<u>Male Prison</u>				
Population	2,334	2,337	2,357	2,378
% Increase		0.1%	0.9%	0.9%
Capacity	2,373	2,373	2,373	2,373
Over Capacity	(39)	(36)	(16)	5
<u>Female Prison</u>				
Population	203	207	214	221
% Increase		2.0%	3.4%	3.3%
Capacity	200	200	200	200
Over Capacity	3	7	14	21

The primary cost drivers for this program include the average daily population (ADP) of offenders to be housed, operating costs at state facilities including staffing costs, and per diem rates negotiated with the private prison, regional prisons, county jails, and other contractors.

The figure shows the projected change in the average daily population (ADP) of offenders for male and female prisons including the growth rate from the previous year and a comparison to current capacities. For the 2017 biennium, the department projects that the ADP of male offenders will increase by an average annual rate of 0.9% or less per year and female offenders around 3.4% on average per year.

Projections in Relation to Capacity

At this time the MWP is above capacity. The department estimates the MSP will have excess capacity through FY 2016, but it would exceed capacity starting in FY 2017. The department uses county jail holds as a way to address short-term capacity issues in state and contracted facilities. The executive assumes space in county jails is available to address over-capacity situations through the 2017 biennium, but the growth in this area has led to budget pressures not anticipated by the 2013 Legislature and has driven funding shortfalls for this program.

At the current capacity levels the department is at risk if the population grows significantly above its projections. This would leave the department without adequate funding or the existence of an adequate number of male and female prison beds within the current system. The department would be forced as it has in the 2015 biennium to rely on the availability of beds in county jails to address its population growth pressures. Housing more inmates in county jails during FY 2014 at levels

double those budgeted was a major factor in the funding shortfall the agency experienced in FY 2014 that necessitated it moving funds from FY 2015 to FY 2014 to cover the shortfall. It may also risk having the available inmate programming capacity to adequately address inmate criminality issues prior to the end of inmate sentences, which may adversely impact recidivism rates.

Personal Services

In FY 2014, personal services comprised 46.4% of the program budget. The Governor proposes 48.6% in FY 2016 and 48.4% in FY 2017. The increases in costs are due to:

- A request to add 5.00 FTE to security at the Lewistown Infirmary
- Funding to annualize legislative pay plan increases
- Funding to annualize pay increases provided at the agency’s discretion

For this program, 535 pay adjustments were funded within the agency’s budget during FY 2014 in addition to the increases funded in HB 13. These increases averaged 4.8% and added an estimated \$890,000 to the funding requirements of subsequent years.

The program experienced a 10.8% vacancy savings in hours expended compared to hours budgeted. During FY 2014, the program experience challenges hiring correctional officers at the Montana State Prison. These challenges are factors for the unusually high vacancy rate and resulted in the program expending \$273,000 more in overtime and holiday time worked than in FY 2013.

Supplemental Appropriation

During FY 2014, the executive moved nearly \$1.4 million of HB 2 general fund budgeted in FY 2015 to FY 2014 to offset funding shortfalls mostly due to county jail holds nearly double the number of beds that were budgeted. The combined impact of reducing funding available for FY 2015 and more utilization of county jail holds will likely lead to a request for supplemental funding in HB 3. The executive has requested \$7.0 million in supplemental funding to address a FY 2015 projected shortfall.

Funding

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

Department of Corrections, 03-Secure Custody Facilities Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	165,690,744	0	0	165,690,744	99.37 %
02339 Inmate Welfare/Inmate Pay	200,000	0	0	200,000	19.02 %
02345 Inmate Welfare Fund	0	0	842,651	842,651	80.13 %
02355 Miscellaneous Fines and Fees	8,924	0	0	8,924	0.85 %
State Special Total	\$208,924	\$0	\$842,651	\$1,051,575	0.63 %
03099 PHS-ESEA Title I	0	0	0	0	0.00 %
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	\$165,899,668	\$0	\$842,651	\$166,742,319	

This division is funded almost entirely by the general fund. State special funds are from the sale of canteen items to inmates and support the cost of purchasing canteen items.

Budget Summary by Category

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

Budget Summary by Category								
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	82,776,210	82,776,210	165,552,420	99.92 %	82,881,026	82,881,026	165,762,052	99.92 %
PL Adjustments	(1,831,030)	(1,598,122)	(3,429,152)	(2.07)%	(1,831,384)	(1,598,476)	(3,429,860)	(2.07)%
New Proposals	1,662,029	1,905,447	3,567,476	2.15 %	1,662,029	1,905,447	3,567,476	2.15 %
Total Budget	\$82,607,209	\$83,083,535	\$165,690,744		\$82,711,671	\$83,187,997	\$165,899,668	

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 79.50 FTE to other programs along with medical costs and budgets. For FY 2015, \$8.9 million of HB 2 budget authority was reduced.

Although not contained in the agency reorganization, 4.00 FTE were transferred to this program from the Youth Services Program to fulfill the security role under the memorandum of understanding with the Department of Public Health and Human Services and serve as correctional officers at the Lewistown Infirmary. This FTE transfer brought with it \$204,673 in personal services budget authority in FY 2015.

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	(2,012,761)	23,668	0	(1,989,093)	0.00	(2,038,074)	24,382	0	(2,013,692)
DP 99 - LEG. Present Law	0.00	181,731	(24,022)	0	157,709	0.00	439,952	(24,736)	0	415,216
Grand Total All Present Law Adjustments	0.00	(\$1,831,030)	(\$354)	\$0	(\$1,831,384)	0.00	(\$1,598,122)	(\$354)	\$0	(\$1,598,476)

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	541.19	\$303,599	\$0	\$0	\$303,599
Executive Implementation of 2015 Pay Increase		597,830	-	-	597,830
Fully Fund 2015 Legislatively Authorized FTE		128,734	-	-	128,734
Other					
Fund Security Staff at the Lewistown Infirmary	5.00	482,529	-	-	482,529
Reorganization and FTE Transfer	83.50	(5,230,019)	-	-	(5,230,019)
Remainder of Other	0.00	1,704,565	23,668	-	1,728,233
Total Other	88.50	(3,042,925)	23,668	-	(3,019,257)
Personal Services Present Law Adjustments	629.69	(\$2,012,761)	\$23,668	\$0	(\$1,989,093)
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	541.19	\$303,599	\$0	\$0	\$303,599
Executive Implementation of 2015 Pay Increase		597,830	-	-	597,830
Fully Fund 2015 Legislatively Authorized FTE		128,734	-	-	128,734
Other					
Fund Security Staff at the Lewistown Infirmary	5.00	48,123	-	-	48,123
Reorganization and FTE Transfer	83.50	(5,230,019)	-	-	(5,230,019)
Remainder of Other	0.00	2,113,658	24,382	-	2,138,040
Total Other	88.50	(3,068,238)	24,382	-	(3,043,856)
Personal Services Present Law Adjustments	629.69	(\$2,038,074)	\$24,382	\$0	(\$2,013,692)

The executive has proposed to reduce general fund to support personal services by 4.8% in FY 2016 and by 4.9% in FY 2017 compared to the FY 2015 legislative budget.

Reorganization - The executive reorganized the agency in FY 2014. The reorganization moved 79.50 FTE from this program to a new Clinical Services Program. Refer to the Summary section for this agency for further discussion of the reorganization. Additionally, 4.00 FTE and the associated personal services budget were moved from the Youth Services Program to this program to provide security at the Lewistown Infirmary.

Fund Security Staff at the Lewistown Infirmary - The executive requests \$546,862 for the biennium in funding to add 5.00 FTE correctional officer positions to serve as security for the infirmary in Lewistown. The staffing would include four correctional officers and one correctional officer supervisor. During the 2015 biennium, modified FTE are being used to provide this security function. Also included is nearly \$417,000 in biennium funding not in the 2015 legislative budget for this program to fund 4.00 FTE transferred from the Youth Services Program to provide security at the Lewistown Infirmary.

LFD ISSUE	<p><u>Cost Per Bed at the Lewistown Infirmary</u></p> <p>The Lewistown Infirmary is operated by the Department of Public Health and Human Services and nursing care services at this facility are provided under a memorandum of understanding (MOU) with the department. The FY 2015 per diem rate per day per bed is \$157.37 just for the MOU. Security costs that would be funded in this request for 5.00 FTE, funding for 4.00 FTE transferred from other programs, and the request for overtime would add \$52.88 more to the per day per bed, for a total cost of \$210.25 per bed per day. This daily bed cost is more than two times the average cost at the Montana State Prison to house the 25 inmates at the infirmary.</p>
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The legislature may want to discuss with the department how it is financially justified to continue to house these inmates off the grounds of the Montana State Prison.

Remainder of Other - Changes that make up the remainder of the other adjustments include the following:

- Overtime at Montana State Prison, Lewistown Infirmery
- Inmate pay at Montana State Prison, Montana Women’s Prison, and the Lewistown Infirmery
- Pay changes made in FY 2014 at the agency’s discretion that are over and above the legislative pay plan, \$924,000 per year (estimated)

The 2013 Legislature funded \$1.7 million for overtime costs across this program while actual expenditures in FY 2014 were \$2.16 million. Overtime for the 2017 biennium is requested at near the FY 2014 actual expenditure level, which is a \$586,871 increase over the FY 2015 legislative funding each year. Overtime is requested for the Montana State Prison (\$2.04 million), Montana Woman’s Prison (\$222,025), and Lewistown Infirmery (\$23,968). Inmate pay is also requested for the same institutions and at nearly the FY 2014 actual expenditure level of \$279,372 per year, or \$9,732 per year above the 2015 legislative funding level.

DP 99 - LEG. Present Law -

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

Legislative Present Law Adjustments				
	FY 2016			
CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Shelby Prison Prevailing Wage Increase	\$915,700	\$0	\$0	\$915,700
Annualize Secure Care Contract Beds	3,328,347	-	-	3,328,347
Reorganization	(3,495,413)	-	-	(3,495,413)
Other	(566,903)	(24,022)	-	(590,925)
Legislative Present Law Adjustments	\$181,731	(\$24,022)	\$0	\$157,709
	FY 2017			
CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Shelby Prison Prevailing Wage Increase	\$915,700	\$0	\$0	\$915,700
Annualize Secure Care Contract Beds	3,558,446	-	-	3,558,446
Reorganization	(3,495,413)	-	-	(3,495,413)
Other	(538,781)	(24,736)	-	(563,517)
Legislative Present Law Adjustments	\$439,952	(\$24,736)	\$0	\$415,216

The executive has proposed to increase general fund support for all other expenditure categories excluding personal services by 0.22% in FY 2016 and by 0.84% 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:

- FY 2014 expenditures lower than the FY 2015 legislative budget that are requested at the FY 2014 level

Expenditures in FY 2014 were lower than the FY 2015 legislative funding level and are being requested at the FY 2014 expenditure level for several items, the most significant being: paper products, gasoline, office supplies, and various food items.

Shelby Prison Prevailing Wage Increase - The executive requests funding for a prevailing wage adjustment per the provisions of the contract for services at the Shelby Prison. The executive has recommended that these funds be designated as biennial for use in either year of the biennium.

LFD COMMENT	<p><u>Prevailing Wage Contract Provision</u></p> <p>The contract between the department and the Corrections Corporation of America to house inmates under the supervision of the department at the Crossroads Correctional Center in Shelby contains a clause that specifies prevailing wages for contractor staff at the level determined by the Montana Commissioner of Labor and Industry. The current contract sets the prevailing wages at the levels as of February 1, 2013. The request is based on prevailing wage rates published July 11, 2014, and raise the prevailing wage for correctional and detention officers by nearly \$1 per hour and the benefit component by nearly \$3 per hour.</p>
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Annualize Secure Care Contract Beds - The executive requests funding to annualize secure care contract beds over the amount funded by the 2013 Legislature. The executive has recommended that these funds be designated as biennial for use in either year of the biennium.

LFD COMMENT	<p><u>Factors for the Increase in Contracted Bed Costs</u></p> <p>Factors for the increase in contracted bed costs include:</p> <ul style="list-style-type: none"> • Per bed cost increases based on contract provisions • Growth in the number of beds being utilized in contracted facilities from 1,061 in the FY 2015 legislative budget to 1,128 in this request <p>When the 2013 Legislature appropriated funds for FY 2015, it anticipated that 183 beds would be utilized at county jails. During FY 2014, the actual average daily population of offenders housed in county jails was around 350 beds. The growth in utilization of county jails to house individuals under the department’s supervision has nearly doubled from that anticipated by the 2013 Legislature. Additionally, contract provisions for county jails and the Missoula Assessment and Sanction Center provides for contract costs to increase based on actual expenses of the facilities. These two factors combine to drive up the costs for county jail holds of the department.</p>
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Reorganization - 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 \$6.8 million of biennium general fund. The major costs moved from this program during the reorganization are medical costs, which are requested at nearly \$2.2 million lower than the FY 2015 legislative budget for this program.

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 300017 - Shelby Prison Per Diem Rate Increase (BIEN)	0.00	250,174	0	0	250,174	0.00	498,981	0	0	498,981
DP 300019 - Correctional Officer Pay Adjust	0.00	1,411,855	0	0	1,411,855	0.00	1,406,466	0	0	1,406,466
Total	0.00	\$1,662,029	\$0	\$0	\$1,662,029	0.00	\$1,905,447	\$0	\$0	\$1,905,447

DP 300019 - Correctional Officer Pay Adjust -

The executive requests funding for pay adjustments for all pay band 3 and 4 correctional officers.

LFD COMMENT	<u>Staffing Shortages</u> During FY 2014, the program experienced difficulties hiring correctional officers primarily at the Montana State Prison in Deer Lodge. During that year the program experienced a 10.8% vacancy savings in hours expended compared to hours budgeted and overtime expenditures were nearly \$600,000 more than budget. The executive states that this request is to address the pay factor contributing to this issue.
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DP 300017 - Shelby Prison Per Diem Rate Increase (BIEN) -

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 the contracted provider at the Shelby prison.