

Agency Budget Comparison

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

Agency 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	1,281.89	1,281.89	1,283.52	1,283.52	1,281.89	1,283.52	1.63	0.13 %
Personal Services	74,213,255	75,563,723	87,600,561	87,556,285	149,776,978	175,156,846	25,379,868	16.95 %
Operating Expenses	105,766,792	106,391,602	116,215,902	117,508,863	212,158,394	233,724,765	21,566,371	10.17 %
Equipment & Intangible Assets	152,852	127,851	189,652	213,652	280,703	403,304	122,601	43.68 %
Capital Outlay	20,773	0	20,773	20,773	20,773	41,546	20,773	100.00 %
Benefits & Claims	2,460,387	2,080,087	2,460,387	2,460,387	4,540,474	4,920,774	380,300	8.38 %
Transfers	3,260,421	3,715,659	3,260,421	3,260,421	6,976,080	6,520,842	(455,238)	(6.53)%
Debt Service	265,248	259,329	308,938	308,938	524,577	617,876	93,299	17.79 %
Total Costs	\$186,139,728	\$188,138,251	\$210,056,634	\$211,329,319	\$374,277,979	\$421,385,953	\$47,107,974	12.59 %
General Fund	181,629,002	182,099,010	204,953,652	206,227,914	363,728,012	411,181,566	47,453,554	13.05 %
State/Other Special Rev. Funds	4,444,319	5,960,225	4,994,880	4,995,068	10,404,544	9,989,948	(414,596)	(3.98)%
Federal Spec. Rev. Funds	240	16,005	240	240	16,245	480	(15,765)	(97.05)%
Proprietary Funds	66,167	63,011	107,862	106,097	129,178	213,959	84,781	65.63 %
Total Funds	\$186,139,728	\$188,138,251	\$210,056,634	\$211,329,319	\$374,277,979	\$421,385,953	\$47,107,974	12.59 %

Mission Statement

The Montana Department of Corrections' staff enhances public safety, supports victims of crime, promotes positive change in offender behavior, and reintegrates offenders into the community.

There is additional, more detailed information about the department in the agency profile. The profile may be viewed at:

<http://leg.mt.gov/fbp-2017.asp>

Agency Highlights

Department of Corrections 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 to annualize an agency reorganization during the 2015 biennium ◦ Funding to annualize the 2013 legislative pay plan ◦ Funding for various present law adjustments such as fixed costs to pay for services provided by other agencies ◦ Requests to annualize funding for contracted facilities ◦ Requests to fund a 2% annual provider rate increase ◦ A request to fund pay increases for correctional officers ◦ A request to fund a prevailing wage increase addressed in the contract for services at the Shelby prison ◦ A request to address increases to probation and parole office lease costs ◦ A request to fund increased medical costs ◦ A request to fund increases to the Montana State Prison infirmary costs ◦ A request for funding to add 5.00 FTE for security at the Lewistown infirmary ◦ A request for funding to add 10.00 FTE probation and parole officers to address workload impacts ◦ A request for funding to add 1.00 FTE psychiatrist at the Montana State Prison ◦ A request for funding to add 2.50 FTE for health services at the Montana Woman's Prison ◦ A request for funding authority to implement a medical co-payment system
Legislative Action Issues
<ul style="list-style-type: none"> • Revenues estimated by the executive for the industries proprietary program may not be realistic • Funding for a medical co-payment system is based on a yet to be completed process and are speculative. The Legislature may want to restrict funding for this request • 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

Agency 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.

Agency Summary

The Department of Corrections (DOC) is charged with efficiently utilizing state resources to develop and maintain comprehensive adult and youth corrections services. The primary responsibility of DOC is to house and/or provide services to adults and youth who are sentenced to DOC or one of the facilities it operates. DOC is also responsible for juvenile

parole and adult probation and parole functions. However, juvenile probation services are part of the District Court Operations Program within the Judicial Branch.

The Department of Corrections provides services through the operation of state institutions, with state employees (such as probation and parole) and the purchase of incarceration and other services (such as community-based residential programs) via contracts with local governments and private not-for-profit and for-profit businesses throughout the state.

This budget increases are driven by requests for increased funding to: 1) address medical cost growth; 2) annualize the funding for contracted beds, 3) fund security staff for a contract with the Department of Public Health and Human Services to house 25 inmates needing assistance providing for their daily personal needs; 4) provide provider rate increases for contracted providers; 5) fund pay adjustments for correctional officers; and 6) fund an increase in the contract for housing inmates in the private prison in Shelby that is associated with prevailing wage increases published by the Department of Labor and Industry.

Costs and changes to those costs of the department are generally driven by several factors:

- Average daily population projections
- The level of supervision and/or treatment required and the availability of space in the appropriate settings
- Costs of contracts and state personnel
- Medical costs

Average Daily Population Projections

When offenders are sentenced to either a facility or to the supervision of the department it assumes responsibility for placement of the offender within a facility most appropriate to that offender. Because the main mission of the department is to eventually return the offender back to the community as a law-abiding citizen, the department must have adequate capacity to place the offender in the most appropriate facility to address the issue of the offender's criminality. The first part of the figure below shows the population projections of the department, yearly changes, and the capacities for broad categories of placement options currently available to the department. The executive has requested funding to address the capacity issues facing the agency only in the area of probation and parole officers.

Summary of Department of Corrections Population Projections to Capacity Department Projections of Average Daily Population (ADP)					
Segment	FY 2014	FY 2015	Change	From	Previous
	Actual	Projection	Year	Amount	Percentage
Projections:					
Male Prison	2,334	2,337		3	0.1%
Female Prison	203	207		4	2.0%
Alternatives to Prison	1,085	1,066		(19)	-1.8%
Pre-release and Transitional Living	924	1,026		102	11.0%
Specialized Supervision Programs	517	677		160	30.9%
Probation and Parole	7,920	7,774		(146)	-1.8%
Total ADP	12,983	13,087		104	0.8%
Current Capacity:					
Male Prison		2,373			
Female Prison		200			
Alternatives to Prison		987			
Pre-release and Transitional Living		945			
Specialized Supervision Programs		568			
Probation and Parole (at standard caseload)		7,884			
Total Current Capacity		12,957			
Available Capacity (negative number means over capacity):					
Male Prison		36			
Female Prison		(7)			
Alternatives to Prison		(79)			
Pre-release and Transitional Living		(81)			
Specialized Supervision Programs		(109)			
Probation and Parole (at standard caseload)		110			
Total Available Capacity		(130)			
Projections:					
		FY 2016	Change	From	Previous
		Projection	Year	Amount	Percentage
Male Prison		2,357		20	0.9%
Female Prison		214		7	3.4%
Alternatives to Prison		1,101		35	3.3%
Pre-release and Transitional Living		1,061		35	3.4%
Specialized Supervision Programs		677		-	0.0%
Probation and Parole		7,812		38	0.5%
Total ADP		13,222		135	1.0%
Current Capacity:					
Male Prison		2,373			
Female Prison		200			
Alternatives to Prison		987			
Pre-release and Transitional Living		945			
Specialized Supervision Programs		568			
Probation and Parole (at standard caseload)		7,884			
Total Current Capacity		12,957			
Available Capacity (negative number means over capacity):					
Male Prison		16			

Female Prison	(14)		
Alternatives to Prison	(114)		
Pre-release and Transitional Living	(116)		
Specialized Supervision Programs	(109)		
Probation and Parole (at standard caseload)	72		
Total Available Capacity	(265)		
	FY 2017	Change From Previous Year	
	Projection	Amount	Percentage
Projections:			
Male Prison	2,378	21	0.9%
Female Prison	221	7	3.3%
Alternatives to Prison	1,137	36	3.3%
Prerelease and Transitional Living	1,095	34	3.2%
Specialized Supervision Programs	677	-	0.0%
Probation and Parole	7,850	38	0.5%
Total ADP	13,358	136	1.0%
Current Capacity:			
Male Prison	2,373		
Female Prison	200		
Alternatives to Prison	987		
Pre-release and Transitional Living	945		
Specialized Supervision Programs	568		
Probation and Parole (at standard caseload)	7,884		
Total Current Capacity	12,957		
Available Capacity (negative number means over capacity):			
Male Prison	(5)		
Female Prison	(21)		
Alternatives to Prison	(150)		
Pre-release and Transitional Living	(150)		
Specialized Supervision Programs	(109)		
Probation and Parole (at standard caseload)	34		
Total Available Capacity	(401)		

The figure shows that, based on projections, during the 2017 biennium the department will likely see over capacity situations overall and in many of the placement options available to it.

Agency Wide Decision Packages

The executive budget for this agency includes requests to annualize funding for contract beds that are similar for multiple programs.

Annualize Contracted Beds

Several decision packages in the programs that contract with private entities for placement of offenders request to annualize funding for contracted services to fully utilize all contracted beds. The requests seek funding for the difference between what was spent for actual utilization during the base year and the funding needed for utilization at the full contracted level. The following programs request funding to annualize contracted beds:

- Probation and Parole Division
- Secure Custody Facilities

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2017 biennium 5% plan submitted for this agency is in the appendix. For this agency the 5% plan includes reductions totaling \$9.0 million general fund and \$222,000 state special revenue.

Agency Personal Services

The personal services budget for the 2017 biennium would increase over the FY 2015 legislative budget primarily due to the following factors:

- Funding for additional probation and parole officers
- Funding to annualize pay increases funded in the pay plan of the 2013 Legislature
- Funding to annualize pay increases funded within the agency's base funding
- Funding to correctional officer pay increases

In addition to pay increases funded in the state pay plan (HB 13) and longevity, the agency provided various additional increases selectively. Agency-wide, 949 additional pay adjustments were provided and added an estimated \$1.8 million to funding requirements for subsequent years. Market adjustments accounted for 61% and career ladder adjustments accounted for 38%.

The agency continues to experience high turnover in correctional officer positions and an average of 60 such positions were vacant during FY 2014. Montana State Prison and to a lesser extent Pine Hills Youth Correctional Facility are the most problematic areas for correctional officer turnover and retirements. The agency states that low pay and working conditions are the main factors for correctional officer turnover. As 24x7 facilities, correctional officer turnover directly impacts overtime expenditures.

The agency also continues to face challenges recruiting and retaining probation and parole officers and positions in the medical field, such as registered nurses, physicians, dentists, and therapists.

Although the agency didn't specify what percent of its workforce is eligible for retirement in the 2017 biennium, it stated that it expects it will have about 28% of total staff potentially eligible for retirement in the 2017 biennium. The agency did not request funds for this purpose for the 2017 biennium.

Comparison of FY 2015 Legislative Base to FY 2015 Appropriation

The following highlights the differences between the FY 2015 appropriations as shown in the main table and the FY 2015 legislative appropriations used for purposes of the budget base, by program.

FY 2015 Appropriation Transactions - Department of Corrections									
Program	Legislative Approp	Leg App OTO	Direct Transfers	Cons Bien Approp	Op Plan	Program Transfers	Reorgs	Total Exec Implement	
01 Director's Office	\$21,227,235	\$20,000				\$39,287	(\$9,192,456)	\$12,094,066	
Personal Services	7,318,091	-				39,287	(37,835)	7,319,543	
Operating Expenses	13,909,144	20,000					(9,154,621)	4,774,523	
02 Probation & Parole	65,065,717		(\$37,386)	(\$850,000)			(86,175)	64,092,156	
Personal Services	15,952,531			(795,800)			(69,932)	15,086,799	
Operating Expenses	49,022,125		(37,386)	(50,000)			(16,243)	48,918,496	
Equipment & Intangible Assets	15,500			(3,000)				12,500	
Transfers	6,250							6,250	
Debt Service	69,311			(1,200)				68,111	
03 Secure Cust Facilities	82,881,026	65,000	(100,000)	(1,385,000)		204,673	(8,930,105)	72,735,594	
Personal Services	41,371,641					204,673	(5,434,692)	36,141,622	
Operating Expenses	41,202,393	24,300	(100,000)	(1,372,500)			(3,495,413)	36,258,780	
Equipment & Intangible Assets	85,351	40,700		(10,700)				115,351	
Transfers	49,500							49,500	
Debt Service	172,141			(1,800)				170,341	
04 Correctional Enterprises	3,382,715					-		3,382,715	
Personal Services	761,155							761,155	
Operating Expenses	2,621,560				(200,000)			2,421,560	
Transfers					200,000			200,000	
05 Youth Services	19,668,944	-				(243,960)	(1,102,835)	18,322,149	
Personal Services	11,711,105					(243,960)	(825,291)	10,641,854	
Operating Expenses	2,396,966	-					(277,544)	2,119,422	
Benefits & Claims	2,080,087							2,080,087	
Transfers	3,459,909							3,459,909	
Debt Service	20,877							20,877	
06 Clinical Services				(1,900,000)			19,311,571	17,411,571	
Personal Services				(755,000)			6,367,750	5,612,750	
Operating Expenses				(1,145,000)			12,943,821	11,798,821	
Total	\$192,225,637	\$85,000	(\$137,386)	(\$4,135,000)	-	-	-	\$188,038,251	

The major differences between the funds the 2013 Legislature appropriated for FY 2015 and the FY 2015 legislative appropriations used for purposes of budget base are:

- Agency reorganization
- Funding transfer from FY 2015 to FY 2014 to address FY 2014 funding shortfalls
- Program transfer for Lewistown Infirmary security staff

It should be noted that the difference between this table and the Agency Budget Comparison table is the \$100,000 direct transfer from the Secure Custody Facilities program is not reflected in the budget comparison for FY 2015. The transfer was to the Department of Administration, Architecture and Engineering Division for replacement/upgrade of the heating, ventilation, and air condition (HVAC) system.

Reorganization

The agency established a new Clinical Services Division by moving funding and staff between various programs. The above figure shows the movement of funding and the figure below shows the FTE movements resulting from the reorganization.

Department of Corrections Reorganization	
Program	FTE
Director's Office	(0.50)
Probation & Parole Division	(1.00)
Secure Custody Facilities	(79.50)
Youth Services	(13.50)
Clinical Services Division	94.50

FY 2015 Fund Transfer to FY 2014

At the end of FY 2014, the agency anticipated a shortfall of funding for that year and the executive transferred \$4.1 million of FY 2015 funding that was designated as biennial to FY 2014 to cover the anticipated shortfall. Any funding from this transfer that was not expended in FY 2014 remains valid for FY 2015.

Lewistown Infirmery Security Staff

To establish security for the Lewistown Infirmery, the executive established 5.00 FTE with modified positions and additionally transferred 4.00 FTE from the Youth Services program to the Secure Custody Facilities program along with \$204,673 in personal services funding.

Funding

The following table shows proposed agency funding by source of authority as proposed. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Department of Corrections Funding by Source of Authority 2017 Biennium Budget - Department of Corrections						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	411,181,566	0	0	411,181,566	91.45 %	
State Special Total	9,989,948	0	842,651	10,832,599	2.41 %	
Federal Special Total	480	0	0	480	0.00 %	
Proprietary Total	213,959	27,397,744	0	27,611,703	6.14 %	
Other Total	0	0	0	0	0.00 %	
Total All Funds	\$421,385,953	\$27,397,744	\$842,651	\$449,626,348		
Percent - Total All Sources	93.72 %	6.09 %	0.19 %			

The department receives most of its funding from the general fund, with a small amount coming from state special revenue. The four largest state special revenue funds are:

- The canteen revolving fund, which receives revenue from the sale of items (such as personal hygiene items) to inmates
- Probation and parole supervision fees collected from offenders under the supervision of the department
- Pine Hills donations, interest, and income funds that come mostly from the collection of interest and income on school trust lands
- Juvenile placement costs of care that comes from payments made by parents and other responsible parties toward the costs of care of juveniles under the supervision of juvenile parole (Corrections) or juvenile probation (Judicial Branch)

The department receives a small amount of federal funds for the Youth Services program from the Title IV-E Foster Care and Adoption Program.

The remainder of the department’s funding comes from proprietary funds such as license plate manufacturing and prison ranch operations.

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	186,186,396	186,186,396	372,372,792	90.56 %	192,225,637	192,225,637	384,451,274	91.24 %
PL Adjustments	15,393,124	15,629,898	31,023,022	7.54 %	14,247,965	14,483,162	28,731,127	6.82 %
New Proposals	3,374,132	4,411,620	7,785,752	1.89 %	3,583,032	4,620,520	8,203,552	1.95 %
Total Budget	\$204,953,652	\$206,227,914	\$411,181,566		\$210,056,634	\$211,329,319	\$421,385,953	

Supplemental Appropriations -

During FY 2014, the executive moved \$4.1 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 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 is requesting \$7.0 million in supplemental funding to address projected shortfalls in FY 2015 funding in the Secure Custody program.

Language and Statutory Authority -

The following language is requested in HB 2:

"All appropriations for Adult Community Corrections and Secure Custody Facilities are biennial."