

Agency Budget Comparison

The following table compares 2014 actuals expenditures without one-time appropriations plus 2015 estimated appropriations including one-time appropriations, but excluding certain base appropriations to the 2017 biennial total legislative budget. The comparison is listed by year, type of expenditure, and source of funding. The biennial percent change column has been eliminated to allow for the transition to a comparison of biennial appropriations consistent with SB 140 in the future. The biennial appropriation growth/decline is listed in the agency highlight tables and the expenditure section of Volume 1 of this Fiscal Report.

Agency Budget Comparison							
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change
FTE	1,281.89	1,281.89	1,274.52	1,274.52	1,281.89	1,274.52	(7.37)
Personal Services	74,213,255	75,563,723	85,808,976	85,766,282	149,776,978	171,575,258	21,798,280
Operating Expenses	105,766,792	106,391,602	114,645,404	116,054,130	212,158,394	230,699,534	18,541,140
Equipment & Intangible Assets	152,852	127,851	167,852	177,852	280,703	345,704	65,001
Capital Outlay	20,773	0	20,773	20,773	20,773	41,546	20,773
Benefits & Claims	2,460,387	2,080,087	540,598	540,598	4,540,474	1,081,196	(3,459,278)
Transfers	3,260,421	3,715,659	194,467	194,467	6,976,080	388,934	(6,587,146)
Debt Service	265,248	259,329	308,938	308,938	524,577	617,876	93,299
Total Costs	\$186,139,728	\$188,138,251	\$201,687,008	\$203,063,040	\$374,277,979	\$404,750,048	\$30,472,069
General Fund	181,629,002	182,099,010	196,762,815	198,133,433	363,728,012	394,896,248	31,168,236
State/Other Special Rev. Funds	4,444,319	5,960,225	4,821,418	4,822,378	10,404,544	9,643,796	(760,748)
Federal Spec. Rev. Funds	240	16,005	0	0	16,245	0	(16,245)
Proprietary Funds	66,167	63,011	102,775	107,229	129,178	210,004	80,826
Total Funds	\$186,139,728	\$188,138,251	\$201,687,008	\$203,063,040	\$374,277,979	\$404,750,048	\$30,472,069

Agency Description

The Department of Corrections (DOC), authorized in section 2-15-2301, MCA, is directed in section 53-1-201, MCA, to "utilize at maximum efficiency the resources of state government in a coordinated effort to: 1) develop and maintain comprehensive services and programs in the field of adult and youth corrections; and 2) provide for the care, protection, and mental and physical development of youth alleged to be youth in need of supervision, or delinquent youth who are referred or committed to the department." The department's six programs are:

- Director's Office including the Director's Office, Information Technology Division, Business Management Services Division, and the administratively attached Board of Pardons and Parole
- Probation and Parole Division including probation and parole; Treasure State Correctional Training Center (TSCTC); contracted pre-release centers; DUI Unit (Warm Springs Addictions Treatment and Change Program (WATCH)); Elkhorn and Nexus methamphetamine treatment centers, Missoula Assessment and Sanction Center (MASC); and the Sanction, Treatment, Assessment, Revocation, and Transition Center (START)
- Secure Custody including Montana State Prison (MSP), Montana Women's Prison (MWP), contract beds including regional prisons in Great Falls and Glendive, and a privately operated prison (Crossroads Correctional Center) in Shelby
- Montana Correctional Enterprises (MCE) including agriculture, ranching, industries, vocational education, food factory, license plate factory, fire crew and inmate canteen
- Youth Services Division including statewide juvenile community corrections functions, Riverside Youth Correctional Facility, the Transition Center, and Pine Hills Youth Correctional Facility
- Clinical services including division administration and the medical and mental health services provided at the Montana State Prison (MSP), Treasure State Correctional Training Center (TSCTC), Montana Women's Prison (MWP), and the two youth correctional facilities, either directly by DOC staff or through contracted healthcare providers. The division also has oversight of the health services provided at contracted facilities.

Agency Highlights

**Department of Corrections
Major Budget Highlights**

- In HB 2 total funds, biennial appropriations increased by 6.5%, or \$24.6 million due primarily to approval of funding to:
 - Annualize beds at contracted facilities
 - Provide inflationary adjustments for costs of treating inmates outside the state facilities
 - Provide a 2% annual provider rate increase for facilities providing services to the Probation and Parole Division and for the Shelby prison
 - Increase pay for correctional officers
 - Increase overtime and inmate pay
 - Replace state special revenue funding with general fund for probation and parole office rent costs
 - Provide a prevailing wage increase specified in the contract for services at the Shelby prison
 - Add 6.00 FTE probation and parole officers to address workload impacts
 - Add 2.50 FTE for health services at the Montana Woman's Prison as one-time-only
 - Add 5.00 FTE correctional officers for the Lewistown infirmary as one-time-only
 - Annualize pay increases provided by the department during the 2015 biennium
- In HB 2 general fund, biennial appropriations increased by 7.3%, or \$26.8 million for mostly the same reasons as total funds
- Juvenile delinquency intervention and prevention funds and their administration, including funding for 4.00 FTE, was moved from the agency to the Judicial Branch to implement HB 233

Summary of Legislative Action

The legislature approved the department's 2017 biennium HB 2 budget with an increase of \$24.6 million, or 6.5%, over the 2015 biennium. The following items were funded and drove the increase:

- Annualization of beds at contracted facilities
- Inflationary adjustments for costs of treating inmates outside the state facilities
- A 2% annual provider rate increase for contracted providers
- A prevailing wage increase specified in the contract for services at the Shelby prison

Offsetting the increases was a reduction when funding for Judicial Branch juvenile placement funds and their administration was moved to the Judicial Branch.

Additionally, the legislature provided \$5.5 million general fund for FY 2015 to address projected budget shortfalls in the Secure Custody Facilities program, due mostly to housing offenders in county jails.

Funding

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

Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	394,896,248	0	0	394,896,248	91.75 %
State Special Total	9,643,796	0	842,651	10,486,447	2.44 %
Federal Special Total	0	0	0	0	0.00 %
Proprietary Total	210,004	24,824,622	0	25,034,626	5.82 %
Other Total	0	0	0	0	0.00 %
Total All Funds	\$404,750,048	\$24,824,622	\$842,651	\$430,417,321	
Percent - Total All Sources	94.04 %	5.77 %	0.20 %		

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
- Offender restitution collected from restitution payments collected from offenders
- Pine Hills donations, interest, and income funds that come mostly from the Pine Hills 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 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 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	94.30 %	192,225,637	192,225,637	384,451,274	94.98 %
PL Adjustments	12,747,241	13,069,890	25,817,131	6.54 %	11,595,251	11,923,314	23,518,565	5.81 %
New Proposals	(2,170,822)	(1,122,853)	(3,293,675)	(0.83)%	(2,133,880)	(1,085,911)	(3,219,791)	(0.80)%
Total Budget	\$196,762,815	\$198,133,433	\$394,896,248		\$201,687,008	\$203,063,040	\$404,750,048	

Other Legislation

HB 28 - HB 28 requires the Board of Pardons and Parole to audio-record and video-record meetings of the board and all hearings held to consider parole, rescission, revocation, or clemency decisions and to make the recordings available to the public. The fiscal note for HB 28 assumed costs of \$145,638 in FY 2016 and \$101,770 in FY 2017 to implement the provisions of HB 28. No funding was provided in the bill or included in HB 2 for this bill.

HB 111 - HB 111 changes the sentence for felony driving under the influence of alcohol or drug convictions from 13 months to no less than 13 months and up to 2 years. The fiscal note for HB 111 assumed the potential costs for the potential 11 additional months, which could result in \$335,868 additional costs for housing offenders under the potentially longer sentence. No funding was provided in the bill or included in HB 2 for this bill.

HB 233 - HB 233 transferred the administration of juvenile placements funds from the department to the Judicial Branch. HB 2 includes the transfer of the funding for the administration, including 4.00 FTE, and for Judicial Branch juvenile

placement funds. Refer to new proposal DP 100233 in the Supreme Court Operations program of the Judicial Branch and new proposal DP 500233 in the Youth Services program of the Department of Corrections for the transfer of these functions to implement HB 233.

Executive Budget Comparison

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	1,281.89	1,283.52	1,274.52	(9.00)	1,283.52	1,274.52	(9.00)	(9.00)
Personal Services	74,213,255	87,600,561	85,808,976	(1,791,585)	87,556,285	85,766,282	(1,790,003)	(3,581,588)
Operating Expenses	105,766,792	116,215,902	114,645,404	(1,570,498)	117,508,863	116,054,130	(1,454,733)	(3,025,231)
Equipment & Intangible Assets	152,852	189,652	167,852	(21,800)	213,652	177,852	(35,800)	(57,600)
Capital Outlay	20,773	20,773	20,773	0	20,773	20,773	0	0
Benefits & Claims	2,460,387	2,460,387	540,598	(1,919,789)	2,460,387	540,598	(1,919,789)	(3,839,578)
Transfers	3,260,421	3,260,421	194,467	(3,065,954)	3,260,421	194,467	(3,065,954)	(6,131,908)
Debt Service	265,248	308,938	308,938	0	308,938	308,938	0	0
Total Costs	\$186,139,728	\$210,056,634	\$201,687,008	(\$8,369,626)	\$211,329,319	\$203,063,040	(\$8,266,279)	(\$16,635,905)
General Fund	181,629,002	204,953,652	196,762,815	(8,190,837)	206,227,914	198,133,433	(8,094,481)	(16,285,318)
State/other Special Rev. Funds	4,444,319	4,994,880	4,821,418	(173,462)	4,995,068	4,822,378	(172,690)	(346,152)
Federal Spec. Rev. Funds	240	240	0	(240)	240	0	(240)	(480)
Other	66,167	107,862	102,775	(5,087)	106,097	107,229	1,132	(3,955)
Total Funds	\$186,139,728	\$210,056,634	\$201,687,008	(\$8,369,626)	\$211,329,319	\$203,063,040	(\$8,266,279)	(\$16,635,905)

The legislative budget is \$16.6 million in total funds and \$16.3 million in general fund lower than the executive request. The main differences are:

- Funding was not provided to add 1.00 FTE psychiatrist at the Montana State Prison or to replace information technology and radio equipment
- Funding was provided at different levels than requested to add 6.00 FTE probation and parole officers instead of the 10.00 FTE requested
- Juvenile delinquency intervention and prevention funds and their administration, including funding for 4.00 FTE, was moved from the agency to the Judicial Branch to implement HB 233

Language and Statutory Authority

The legislature included the following language in HB 2:

Probation and Parole Division includes funding for payment of contracted treatment and prerelease beds. It is the intent of the legislature that, within existing funding at the contracted rate, the department of corrections may pay for beds filled at up to 110% of the contracted bed levels for treatment and prerelease beds.

All appropriations for Probation & Parole Division and Secure Custody Facilities not otherwise identified in a separate appropriation item are biennial.

Secure Custody Facilities includes funding to hold inmates in county jails. It is the intent of the legislature that the department of corrections may pay no more than \$69 per day to hold an inmate in any county jail. If the department of corrections certifies to the budget director that it cannot obtain the number of beds required to house inmates in county jails at the \$69 rate and the budget director verifies the certification, Secure Custody Facilities is increased by \$174,820 general fund each year of the 2017 biennium. It is the intent of the legislature that once the budget director verifies the certification, the department of corrections may pay no more than \$72.50 per day to hold an inmate in any county jail.

If HB 233 is not passed and approved, Youth Services is increased in general fund money by \$5,068,979 in FY 2016 and by \$5,068,622 in FY 2017, in state special revenue by \$171,718 in FY 2016 and by \$171,718 in FY 2017, and in federal special revenue by \$240 in FY 2016 and by \$240 in FY 2017.

(Note: HB 233 has become law so this contingency language does not apply and the adjustments in the Youth Services Program under new proposal DP 500233 remain in effects.)