

Program Budget Comparison

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

Program 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	Biennium % Change
FTE	12.00	12.00	11.00	11.00	12.00	11.00	(1.00)	(8.33)%
Personal Services	655,800	761,155	770,732	770,825	1,416,955	1,541,557	124,602	8.79 %
Operating Expenses	2,270,880	2,421,560	2,627,193	2,626,082	4,692,440	5,253,275	560,835	11.95 %
Transfers	135,117	200,000	135,117	135,117	335,117	270,234	(64,883)	(19.36)%
Total Costs	\$3,061,797	\$3,382,715	\$3,533,042	\$3,532,024	\$6,444,512	\$7,065,066	\$620,554	9.63 %
General Fund	785,698	867,217	887,428	886,016	1,652,915	1,773,444	120,529	7.29 %
State/Other Special Rev. Funds	2,276,099	2,515,498	2,645,614	2,646,008	4,791,597	5,291,622	500,025	10.44 %
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0.00 %
Total Funds	\$3,061,797	\$3,382,715	\$3,533,042	\$3,532,024	\$6,444,512	\$7,065,066	\$620,554	9.63 %

Program Description

The Montana Correctional Enterprises (MCE) Industry program includes furniture, upholstery, print, sign, sewing, garment graphics, and laundry operations at the Montana State Prison and Montana Women's Prison facilities. At the current time there are no programs operating at the regional and private facilities.

The MCE Ranch and Dairy operation includes range cattle, crops, feedlot, land management, dairy milking parlor, dairy processing, heifer reproduction, and lumber processing, which are all located at the Montana State Prison facility.

The MCE Vocational Education program operates a motor vehicle maintenance shop at the Montana State Prison facility.

The MCE Food Factory program prepares bulk and trayed meals, including baked goods, at the Montana State Prison facility for eight institutions in Montana.

The MCE License Plate program manufactures vehicle license plates at the Montana State Prison facility. Currently there are over 160 different types of plates manufactured.

The MCE Inmate Canteen provides offender commissary goods for all Montana correctional facilities. The commissary is located at the Montana State Prison facility.

The Adult Education and MCE Vocational Education program is funded with general fund and operates at the Montana State Prison.

Program Highlights

Montana Correctional Enterprises Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the 2015 biennium legislative funding, budget changes are for: <ul style="list-style-type: none"> ◦ Funding for pay changes made at the agency's discretion during the 2015 biennium and for anticipated longevity pay in the 2017 biennium ◦ An increase to purchase items for the canteen ◦ An increase for overtime and inmate pay

Funding

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

Department of Corrections, 04-Montana Correctional Enterprises Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,773,444	0	0	1,773,444	5.56 %
02917 MSP Canteen Revolving Acct	5,291,622	0	0	5,291,622	100.00 %
State Special Total	\$5,291,622	\$0	\$0	\$5,291,622	16.59 %
03315 Misc Federal Grants	0	0	0	0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
06033 Prison Ranch	0	8,944,494	0	8,944,494	36.03 %
06034 MSP Institutional Industries	0	4,522,298	0	4,522,298	18.22 %
06545 Prison Indust. Training Prog	0	1,464,398	0	1,464,398	5.90 %
06572 MCE License Plate Production	0	1,872,510	0	1,872,510	7.54 %
06573 MSP - Cook Chill	0	8,020,922	0	8,020,922	32.31 %
Proprietary Total	\$0	\$24,824,622	\$0	\$24,824,622	77.85 %
Total All Funds	\$7,065,066	\$24,824,622	\$0	\$31,889,688	

Besides general fund, the bulk of the HB 2 funding for this program is state special revenue, primarily from fees charged for the collection of restitution from offenders and prison canteen sales. The remainder of the program's funding comes from proprietary funds such as the prison ranch, industries program, and cook chill operation.

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	867,217	867,217	1,734,434	97.80 %	3,382,715	3,382,715	6,765,430	95.76 %
PL Adjustments	20,211	18,799	39,010	2.20 %	150,327	149,309	299,636	4.24 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$887,428	\$886,016	\$1,773,444		\$3,533,042	\$3,532,024	\$7,065,066	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

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 515 - State Share Health Insurance	0.00	3,888	1,458	0	5,346	0.00	3,888	1,458	0	5,346
DP 516 - Correct State Share Health Insurance	0.00	3,402	(1,458)	0	1,944	0.00	3,402	(1,458)	0	1,944
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	13,461	0	0	13,461	0.00	13,461	0	0	13,461
DP 527 - Inflation\Deflation Adjustment	0.00	6,146	0	0	6,146	0.00	4,875	0	0	4,875
DP 536 - Other 2015 Biennium Budget Adjustments	0.00	(23,286)	0	0	(23,286)	0.00	(23,427)	0	0	(23,427)
DP 600 - 2015 Biennium Career Increment Pay Increases	0.00	6,965	0	0	6,965	0.00	6,965	0	0	6,965
DP 601 - Longevity Pay Increases	0.00	6,264	0	0	6,264	0.00	6,264	0	0	6,264
DP 602 - 2015 Biennium Other Pay Increases	0.00	5,842	0	0	5,842	0.00	5,842	0	0	5,842
DP 603 - Correctional Officer and Market Pay Adjustments	0.00	1,827	0	0	1,827	0.00	1,827	0	0	1,827
DP 400019 - Overtime and Inmate Pay	0.00	(4,298)	0	0	(4,298)	0.00	(4,298)	0	0	(4,298)
DP 400022 - MCE Canteen Additional Authority	0.00	0	130,116	0	130,116	0.00	0	130,510	0	130,510
DP 400444 - Statewide 4% FTE Reduction	(1.00)	0	0	0	0	(1.00)	0	0	0	0
Grand Total All Present Law Adjustments	(1.00)	\$20,211	\$130,116	\$0	\$150,327	(1.00)	\$18,799	\$130,510	\$0	\$149,309

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 516 - Correct State Share Health Insurance -

The legislature approved an adjustment to the state share for health insurance to correct for an error in calculating the initial amounts.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 527 - Inflation\Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 536 - Other 2015 Biennium Budget Adjustments -

The legislature approved various unspecified budget adjustments to move operating expenses to the FY 2015 legislative base.

DP 600 - 2015 Biennium Career Increment Pay Increases -

The legislature approved funding to annualize career increment pay increases provided by the agency during the 2015 biennium.

DP 601 - Longevity Pay Increases -

The legislature funded longevity pay adjustments.

DP 602 - 2015 Biennium Other Pay Increases -

The legislature approved funding to annualize various pay increases that were not for correctional officer or probation officer market movement, market adjustment to move employees to the entry level for the pay band, career increment movement, or longevity that were provided by the agency during the 2015 biennium.

DP 603 - Correctional Officer and Market Pay Adjustments -

The legislature funded pay adjustments given in the 2015 biennium for correctional and probation officer increments and adjustment to raise employees to 80% of market.

DP 400019 - Overtime and Inmate Pay -

The legislature reduced funding for overtime and inmate pay.

DP 400022 - MCE Canteen Additional Authority -

The legislature approved funding for increased purchases at the inmate canteen.

DP 400444 - Statewide 4% FTE Reduction -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. This change package includes a reduction of 1.00 FTE each year.

Other Issues

The Montana Correctional Enterprises Program provides the following functions funded with proprietary funds. These programs are described below along with a discussion of the program revenues, expenses, and rates being requested to finance the programs:

- Agriculture (Prison Ranch)
- Industries
- Food Factory
- License Plate Operations

Agricultural – Fund 06033

Proprietary Program Description

The Agriculture program trains inmates in specific work skills and life skills in operations which include range and dairy cattle production, dairy milking parlor and processing plant, crops and land management, lumber processing, wild land firefighting, and various community work programs.

Proprietary Rates

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program.

MSP Institutional Industries – Fund 06034

Proprietary Program Description

The Industries program trains inmates in specific work skills and life skills in operations which include manufacturing of furniture, upholstery, print work and signs, sewing and embroidery, institutional laundry, screen printing, inventory management, shipping, AutoCAD design, Web design, marketing, and hygiene kit assembly. In addition Industries includes a dog training program located at the Montana Women's Prison, called Prison Paws and teaches inmates how to provide basic training and social skills to dogs that have been donated to the program or rescued from the local animal shelters.

Two industries are certified by the U.S. Justice Department's Prison Industry Enhancement Certification Program. Inmates in these programs are paid prevailing wage for their work, and 80 percent of their gross wage is deducted for state and federal income tax, crime victim compensation, family support, and room and board. In addition, each inmate working in a certified program has 10 percent of his or her net wages deposited into a mandatory savings account available upon release.

Proprietary Rates

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Although the industries program is an enterprise fund, it has requested rate approvals for the laundry rate per pound, as these will directly affect the general fund customers served. The laundry is not an internal service fund as it is a small operation in the overall industries program. The following rates were approved by the legislature for the 2017 biennium.

Requested Rates for Internal Service Fund 06034		
Rate Item	FY 2016	FY 2017
Cost Per Pound Laundry Services	\$0.59	\$0.60
Delivery Charge per Pound:		
Montana Development Center	0.05	0.05
Riverside Youth Correctional Facility	0.05	0.05
Montana Law Enforcement Academey	0.15	0.15
Montana Chemical Dependency Corp	0.04	0.04
START Program	0.01	0.01
Montana State Hospital	0.00	0.00
University of Montana	\$0.20	\$0.20

MCE Food Factory – Fund 06573*Proprietary Program Description*

This proprietary program consists of food processing and creation of trayed meals and products that are sold to other facilities of the agency and the Montana State Hospital at Warm Springs.

Proprietary Rates

This program is funded with an internal service type proprietary fund. As such, the legislature approves the maximum rates the program may charge for its services. The legislature approved rates are shown in the figure.

Requested Rates for Internal Service - Fund 06573		
Rate Item	Request FY 2016	Request FY 2017
Tray Meal Prices to all customers		
Base Tray-hot/cold	\$2.32	\$2.35
Base Tray-hot	1.18	1.22
Detention Center Trays	2.92	2.95
Accessory Package	0.16	0.16
Delivery Charge Per Trayed Meal		
Delivery charge per mile	0.50	0.50
Delivery charge per hour	\$35.00	\$35.00
Spoilage percentage to all bulk customers	5%	5%
Overhead Charges		
Montana State Prison	76%	76%
Montana State Hospital	11%	11%
Treasure State Correctional Training	13%	13%

Note: Bulk food is sold at cost, with a spoilage percentage added on and an overhead charge to cover operating expenses. The overhead charge is based on historical costs and volume of sales to the customer, as a percentage of overall food costs. Delivery is based on actual delivery costs. The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

Vocational Education (Industries Training) – Fund 06545*Proprietary Program Description*

The Vocational Education program trains inmates in specific work skills and life skills in operations which include motor vehicle maintenance, welding and machining and metals programs in conjunction with the general fund vocational education program.

Proprietary Rates

This program is funded with an internal service type proprietary fund. As such, the legislature approves the maximum rates the program may charge for its services. The legislature approved the following rates for the program.

Requested Rates for Internal Service - Fund 06545		
Rate Item	Request FY 2016	Request FY 2017
Fee Description:		
Labor Charge/hour	\$28.45	\$28.45
Supply fee as percentage of actual cost of parts	8%	8%
Parts are sold at cost		

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

MCE License Plate – Fund 06572

Proprietary Program Description

This proprietary program consists of license plate manufacturing. The License Plate Factory program trains inmates in specific work skills and life skills in license plate production, inventory control and shipping, while providing all license plates to County Treasurers throughout Montana.

Proprietary Rates

This program is funded with an internal service type proprietary fund. As such, the legislature approves the maximum rates the program may charge for its services. The legislature approved \$6.20 per set of plates as the rate for both FY 2016 and FY 2017. This is the same rate set for the 2015 biennium.

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.