

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	102.00	102.00	105.00	105.00	102.00	105.00	3.00	2.94%
Personal Services	5,860,119	6,330,106	6,799,426	6,805,073	12,190,225	13,604,499	1,414,274	11.60%
Operating Expenses	3,549,053	3,584,854	3,875,746	3,902,930	7,133,907	7,778,676	644,769	9.04%
Equipment & Intangible Assets	123,452	170,162	123,452	123,452	293,614	246,904	(46,710)	(15.91%)
Transfers	11,295	11,295	11,295	11,295	22,590	22,590	0	0.00%
Total Costs	\$9,543,919	\$10,096,417	\$10,809,919	\$10,842,750	\$19,640,336	\$21,652,669	\$2,012,333	10.25%
General Fund	5,639,292	6,133,196	6,980,510	7,005,342	11,772,488	13,985,852	2,213,364	18.80%
State Special	3,182,165	3,095,269	3,142,057	3,150,056	6,277,434	6,292,113	14,679	0.23%
Federal Special	722,462	867,952	687,352	687,352	1,590,414	1,374,704	(215,710)	(13.56%)
Total Funds	\$9,543,919	\$10,096,417	\$10,809,919	\$10,842,750	\$19,640,336	\$21,652,669	\$2,012,333	10.25%

Program Description

The Division of Criminal Investigation (DCI) includes the administration, management, and coordination of criminal investigative services and training performed by the Investigations Bureau, the Narcotics Bureau, the Investigative Support Bureau, and the Law Enforcement Academy Bureau.

The Investigations Bureau consists of four sections:

- The Fire Prevention and Investigation Section is responsible for safeguarding life and property from fire, explosion, and arson through investigation, inspection, and fire code interpretation and enforcement functions
- The Special Investigations Unit investigates crimes involving the use of computers, maintains the Sexual and Violent Offender Registry, and provides advanced training opportunities for law enforcement officials statewide
- The Major Case Section provides criminal investigative assistance to city, county, state, and federal law enforcement agencies
- The Medicaid Fraud Control Section is responsible for investigating any crime that occurs in a health care facility, including theft, drug diversion, sexual assault, and homicide. The section also investigates elder exploitation, elder abuse, and fraud by providers within the Medicaid system.

The Narcotics Bureau investigates dangerous drug violations and provides investigative assistance to city, county, state, and federal law enforcement agencies as requested. The bureau also investigates organized criminal activity.

The Investigative Support Bureau is responsible for establishing a statewide intelligence center, performing criminal records checks, operating the Criminal Justice Information Network, and addressing homeland security issues.

The Law Enforcement Academy Bureau provides criminal justice officers and other qualified individuals with basic and specialized training in the field of law enforcement.

Program Highlights

Division of Criminal Investigation Major Budget Highlights	
<ul style="list-style-type: none"> ◆ The major factors contributing to the proposed funding increases are: <ul style="list-style-type: none"> • Requests to add 3.00 FTE for various purposes detailed below • Statewide present law adjustments primarily for personal services and fixed costs • A request for overtime and operating costs for the Child Predator and Drug Diversion Program ◆ The Governor proposes to add FTE for the following functions: <ul style="list-style-type: none"> • 2.00 FTE to support compliance of the Sexual and Violent Offender Registry Program • 1.00 FTE trainer at the Montana Law Enforcement Academy where funding was provided without FTE in the 2013 biennium ◆ The Governor also proposes switching funding from state special revenue to general fund for maintenance and utility costs at the Montana Law Enforcement Academy 	
Major LFD Issues	
<ul style="list-style-type: none"> ◆ Funding associated with FTE outfitting costs in FY 2014 are not ongoing and could be designated as one-time-only ◆ Operating cost funding for the Child Predator and Drug Diversion Program are double those funded in the 2013 biennium ◆ Law Enforcement academy funding 	

Funding

The following table shows program funding, by source for the 2015 biennium as recommended by the Governor.

Total Department Of Justice Funding by Source of Authority 2015 Biennium Budget - Div. Of Criminal Investigation							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$13,985,852	\$0	\$0	\$13,985,852	64.4%		
State Special Total	\$6,292,113	\$0	\$0	\$6,292,113	29.0%		
02006 Cigarette Fire Safety Standard	\$189,634	\$0	\$0	\$189,634	0.9%		
02016 Criminal Justice Info Network	\$1,004,544	\$0	\$0	\$1,004,544	4.6%		
02546 Mtlaw Enforc. Acad. Surcharge	\$2,472,307	\$0	\$0	\$2,472,307	11.4%		
02797 Cjis - Background Checks	\$2,262,348	\$0	\$0	\$2,262,348	10.4%		
02937 Justice State Special Misc	\$363,280	\$0	\$0	\$363,280	1.7%		
Federal Special Total	\$1,374,704	\$0	\$78,400	\$1,453,104	6.7%		
03187 Bcc Grants To Dept. Of Justice	\$322,748	\$0	\$0	\$322,748	1.5%		
03214 Special Law Enforcement Assist	\$0	\$0	\$78,400	\$78,400	0.4%	44-12-206	Direct
03800 Medicaid Fraud	\$1,051,956	\$0	\$0	\$1,051,956	4.8%		
Total All Funds	\$21,652,669	\$0	\$78,400	\$21,731,069	100.0%		
Percent - Total All Sources	99.6%	0.0%	0.4%				

The division is supported by a combination of general fund, state special revenue, and federal funds. General fund supports criminal investigations, fire prevention and investigation, match for federal funds supporting Medicaid fraud

investigations, drug task forces, the computer crime unit, sexual and violent offender registry, amber alert, child sexual abuse response team, and Public Safety Officer Standards and Training (POST).

The three largest sources of state special revenue supporting the division are Montana Law Enforcement Academy surcharges that support operation of the academy, criminal justice information network (CJIN) revenue that supports itself, and revenue from criminal justice background checks that are paid in exchange for completion of a background check.

The largest source of federal funds is Medicaid funding that supports investigation of Medicaid fraud. Other federal grants support drug enforcement task forces and homeland security functions. Federal funds for homeland security and grants received through the Montana Board of Crime Control (MBCC) did not reach the budgeted level in the 2011 biennium and are included in the 2013 biennium request at the level received in the base budget year.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	5,639,292	5,639,292	11,278,584	80.64%	9,543,919	9,543,919	19,087,838	88.15%
Statewide PL Adjustments	644,244	655,756	1,300,000	9.30%	744,026	763,537	1,507,563	6.96%
Other PL Adjustments	291,028	304,671	595,699	4.26%	291,028	304,671	595,699	2.75%
New Proposals	405,946	405,623	811,569	5.80%	230,946	230,623	461,569	2.13%
Total Budget	\$6,980,510	\$7,005,342	\$13,985,852		\$10,809,919	\$10,842,750	\$21,652,669	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					931,720					937,988
Vacancy Savings					(271,658)					(271,904)
Inflation/Deflation					(24,604)					(18,489)
Fixed Costs					108,568					115,942
Total Statewide Present Law Adjustments		\$644,244	\$134,892	(\$35,110)	\$744,026		\$655,756	\$142,891	(\$35,110)	\$763,537
DP 1804 - DCI Child Sexual Predator and Drug Diversion	0.00	191,498	0	0	191,498	0.00	191,498	0	0	191,498
DP 1806 - DCI Base Adjustments	0.00	38,183	0	0	38,183	0.00	51,913	0	0	51,913
DP 1808 - MLEA Trainer	1.00	61,347	0	0	61,347	1.00	61,260	0	0	61,260
Total Other Present Law Adjustments	1.00	\$291,028	\$0	\$0	\$291,028	1.00	\$304,671	\$0	\$0	\$304,671
Grand Total All Present Law Adjustments	1.00	\$935,272	\$134,892	(\$35,110)	\$1,035,054	1.00	\$960,427	\$142,891	(\$35,110)	\$1,068,208

DP 1804 - DCI Child Sexual Predator and Drug Diversion - The executive requests general fund to continue the Child Sexual Predator and Drug Diversion Programs. The request would fund \$30,000 in overtime each year with the remaining funding for operating costs.

LFD COMMENT The 2011 Legislature appropriated \$395,000 in FY 2013 to fund costs associated with the addition of 4.00 FTE for the Child Sexual Predator and Drug Diversion Program. The associated FTE and personal services funding continues on to the 2015 biennium budget, but since the funding began in FY 2013, no base exists for the associated operating costs.

LFD ISSUE Operating Expenses Would Nearly Double
 Operating expenses in this request would nearly double from those funded by the 2011 Legislature. Operating expenses in this request total nearly \$162,000 per year compared to \$99,000 funded for FY 2013. Furthermore, \$42,000 or 68% of the increase in operating expenses are for items typically associated with FTE startup costs like office equipment, computer hardware, radio equipment, and law enforcement equipment for individuals and vehicles. These cost appear in both years and as requested would carry forward into the base for the 2017 biennium.

Legislative Consideration

The legislature may want to discuss with the agency why the nearly doubled amount of operating expenses are requested and if any of the items are for purchases that would not be ongoing, such as FTE startup expenses. Further, it may want to discuss if any FTE startup items identified are needed in both years. The legislature may wish to designate items that are not of an ongoing nature as one-time-only and reduce funding for FTE startup items not needed in FY 2015.

DP 1806 - DCI Base Adjustments - The executive requests general fund to fund lease increases for office space across the state that is rented from the private sector.

DP 1808 - MLEA Trainer - The executive requests general fund to fund the personal services for the addition of 1.00 FTE training development specialist at the Montana Law Enforcement Academy (MLEA).

LFD COMMENT The 2011 Legislature appropriated \$50,934 general fund for each year of the 2013 biennium with funds reduced in the Department of Corrections to reflect the movement of funding related to training provided by the Montana Law Enforcement Academy for corrections staff. While appropriating the funding the legislature did not authorize additional FTE for the MLEA in the 2013 biennium for this function.

New Proposals

Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1801 - DCI SVOR Compliance Investigators	18	230,946	0	0	230,946	2.00	230,623	0	0	230,623
DP 1807 - DCI MLEA Maintenance	18	175,000	(175,000)	0	0	0.00	175,000	(175,000)	0	0
Total	2.00	\$405,946	(\$175,000)	\$0	\$230,946	2.00	\$405,623	(\$175,000)	\$0	\$230,623

DP 1801 - DCI SVOR Compliance Investigators - The executive requests general fund to fund the personal services and associated operating costs for the addition of 2.00 FTE for a compliance program for the Sexual and Violent Offender

Registry Program. The positions, one crime investigator and one crime analyst, would process compliance documents and perform forensic training across Montana for the Children's Justice Center (CJC) and the Sexual and Violent Offender Registry program (SVOR).

DP 1807 - DCI MLEA Maintenance - The executive requests a funding shift for the Montana Law Enforcement Academy (MLEA) by reducing state special revenues and offsetting the reduction with general fund for maintenance and utility costs.

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Cost and Reason for Funding Switch

In the request for general fund to support MLEA, the executive stated the request was to support maintenance and utilities for the academy. Base expenditures for maintenance and utilities totaled \$120,000, which is \$55,000 per year higher than the requested general fund switch for their support. Staff requested further information on what specific costs would be funded by the general fund under this request and the rationale behind requesting general fund support for the MLEA. The agency stated in its response to more specific items that would be funded by this request that it would fund costs associated with training Montana law enforcement and would address previous and projected MLEA revenue shortfalls. The response would apply to any cost of MLEA and fails to provide specific clarification on the request.

The figure shows the funding history for MLEA since FY 2000. The figure shows that prior to FY 2004, MLEA was funded primarily with general fund. This funding changed when HB 124 of the 2003 Legislative Session established a surcharge on certain criminal convictions to fund MLEA. Until the 2013 biennium, MLEA has been funded without the support of the general fund except for the funding added in the 2011 Legislative Session to support personal services for one trainer associated with correction officers of the Department of Corrections. This request departs from the principle that the surcharge would fund MLEA.

Montana Law Enforcement Academy HB 2 Funding History														
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
General fund	\$1,076,716	\$1,056,371	\$1,104,721	\$1,089,970	\$0	\$0	\$51,507	\$51,730	\$0	\$0	\$0	\$0	\$50,934	\$50,934
State Special	50,000	50,000	50,000	50,000	1,183,463	1,187,015	1,106,467	1,093,247	1,369,122	1,370,942	1,566,025	1,580,971	1,529,448	1,531,504
Federal Special	<u>100,000</u>	<u>100,000</u>	<u>199,607</u>	<u>199,722</u>	<u>176,760</u>	<u>177,923</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>53,329</u>	<u>53,400</u>
Total HB 2 Funding	<u>\$1,226,716</u>	<u>\$1,206,371</u>	<u>\$1,354,328</u>	<u>\$1,339,692</u>	<u>\$1,360,223</u>	<u>\$1,364,938</u>	<u>\$1,157,974</u>	<u>\$1,144,977</u>	<u>\$1,369,122</u>	<u>\$1,370,942</u>	<u>\$1,566,025</u>	<u>\$1,580,971</u>	<u>\$1,633,711</u>	<u>\$1,635,838</u>
General fund as a % of Tot	87.8%	87.6%	81.6%	81.4%	0.0%	0.0%	4.4%	4.5%	0.0%	0.0%	0.0%	0.0%	3.1%	3.1%

The fiscal note associated with HB 124 assumed that the surcharge would generate \$1.1 million in annual revenues. This has not been the case as the surcharge has generated an average of \$951,000 annually since 2005. Other major support for the academy comes from course fees, which average around \$341,000 per year. The following figure shows the balance between revenues and expenditures of the MLEA account used to finance its operations. The account has operated at a loss in four of the last five years. This indicates any of three things: 1) the surcharge is not adequate to fund the academy as intended; 2) course fees are not appropriate to recover costs; or 3) expenditures have grown at a higher pace than revenues.

MLEA Account Revenues and Expenditures								
Item	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$1,219,680	\$1,210,931	\$1,414,066	\$1,310,398	\$1,380,280	\$1,430,686	\$1,408,032	\$1,377,633
Expenditures	<u>1,021,853</u>	<u>1,248,719</u>	<u>1,288,196</u>	<u>1,440,933</u>	<u>1,427,983</u>	<u>1,411,085</u>	<u>1,505,285</u>	<u>1,508,049</u>
Operating gains (loss)	<u>\$197,827</u>	<u>(\$37,788)</u>	<u>\$125,870</u>	<u>(\$130,535)</u>	<u>(\$47,703)</u>	<u>\$19,601</u>	<u>(\$97,253)</u>	<u>(\$130,416)</u>

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ISSUE CONT.***Legislative Consideration*

The legislature may want to discuss with the agency the rationale for requesting general fund support of MLEA. Further, the legislature may want to discuss what costs the request would fund and why it considers the general fund a more appropriate funding source than the surcharge the legislature established to fund the operation of the academy.

If the legislature wishes to provide funding to address the revenue shortfalls of MLEA, it may want to consider the longer-term issues of MLEA funding, such as:

- Does the legislature want to provide general fund support for MLEA on an ongoing basis or only long enough to identify and correct the issues of funding MLEA with course fees and a surcharge on convictions?

Legislative Options For Correcting Surcharge Funding

If instead of supplementing MLEA funding with general fund on an ongoing basis and if the legislature wants to address the issues of surcharge funding for MLEA, it may want to consider the following options:

- Designate general fund as one-time-only
- Request that the legislature increase the surcharge (based on revenue history, a \$1 increase in the surcharge of 3-1-318, MCA, would generate \$95,000 in additional revenues, so a \$2 increase would be needed to offset the supplemental funding of this request)
- Request an interim study of MLEA funding with the intent to propose legislation for the 2015 Legislative Session to address long term needs and funding sources