

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	1,092.80	0.00	0.00	1,092.80	0.00	0.00	1,092.80	1,092.80
Personal Services	43,498,841	3,883,925	(19,600)	47,363,166	3,935,378	(14,160)	47,420,059	94,783,225
Operating Expenses	47,640,104	7,693,116	(2,975,408)	52,357,812	6,654,104	(566,068)	53,728,140	106,085,952
Equipment	324,500	0	0	324,500	0	0	324,500	649,000
Capital Outlay	50	0	0	50	0	0	50	100
Grants	0	0	0	0	0	0	0	0
Benefits & Claims	8,040,196	(1,000,000)	0	7,040,196	(1,000,000)	0	7,040,196	14,080,392
Transfers	0	0	0	0	0	0	0	0
Debt Service	224,949	0	0	224,949	0	0	224,949	449,898
Total Costs	\$99,728,640	\$10,577,041	(\$2,995,008)	\$107,310,673	\$9,589,482	(\$580,228)	\$108,737,894	\$216,048,567
General Fund	96,890,254	10,323,427	(2,995,008)	104,218,673	9,328,179	(580,228)	105,638,205	209,856,878
State/Other Special	1,668,004	488,127	0	2,156,131	485,321	0	2,153,325	4,309,456
Federal Special	750,280	(353,227)	0	397,053	(353,227)	0	397,053	794,106
Proprietary	420,102	118,714	0	538,816	129,209	0	549,311	1,088,127
Total Funds	\$99,728,640	\$10,577,041	(\$2,995,008)	\$107,310,673	\$9,589,482	(\$580,228)	\$108,737,894	\$216,048,567

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 five programs are:

- o Administration and Support Services that consist of the Director's Office (training, internal audit, victims information, policy, and investigation) Centralized Services Division (accounting, budgeting, legal services, human resources, automation technology, statistics) and the administratively attached Board of Pardons
- o Community Corrections that includes probation and parole, adult prerelease programs, adult boot camp, and alcohol treatment facility
- o Secure Custody that includes the Montana State Prison (MSP) in Deer Lodge, the Montana Women's Prison (MWP) in Billings, and contract bed facilities
- o Correctional Enterprises that includes the ranch and prison industries programs
- o Juvenile Corrections Division that includes the Pine Hills Youth Correctional Facility (PHYCF), Riverside Youth Correctional Facility, and Juvenile Community Corrections (juvenile parole officers, placement funds, detention licensing, transition center).

Reorganization

A Juvenile Corrections Division was created to include services provided to youth offenders under one program. In the past, Riverside Youth Correctional Facility, Transition Center, juvenile parole officers, and placement funds were included in the Community Corrections program and Pine Hills Youth Correctional Facility was within the Secure Facilities program. Additionally, the Professional Services Division was reorganized and one senior management positions was eliminated in order to increase efficiencies and affect cost savings.

Supplemental Appropriation Description

Following the reductions ordered under 17-7-140, MCA, and the August 2002 Special Session, the department has a total fund appropriation of \$100.6 million for fiscal 2003. This is \$0.9 million more than fiscal 2002 expenditures. The executive does not include a supplemental amount for the Department of Corrections in HB 3. However, at the beginning of fiscal 2003 the department stated that they were facing a \$9.0 million shortfall. To deal with the shortfall, the department anticipated approving conditional releases for 400 offenders committed to the Department of Corrections

(DOC commits) early in fiscal 2003 (see "Population Reduction" under Agency Issues below). As of December 2, 2002, 310 DOC commits had received a conditional release. This would equate to a savings of approximately \$6.5 million if the 310 were released for the entire year. If the department approves an additional 90 conditional releases by the end of December to reach the 400, another \$0.9 million will be saved. The department will need to generate substantial savings through other means to live within the fiscal 2003 appropriation.

Agency Discussion

<p>Department of Corrections Major Budget Highlights</p>
<ul style="list-style-type: none"> o Increase of \$16.1 million in general fund for the 2005 biennium over the base budget o Increase of \$0.5 million in other funds for the 2005 biennium over the base budget o Proposed legislation to change statute to delay reissue of license plates o Adult populations projected to increase by approximately 3.5 percent each year of the 2005 biennium
<p>Major LFD Issues</p>
<ul style="list-style-type: none"> o Expand the pool of nonviolent offenders eligible for conditional release o Review parole criteria and revocation policies o Determine if the boot camp is cost effective o Fund vocational education/training with proprietary funds o Consider changing law to allow only one license plate

2005 Biennium Request

The Office of Budget and Program Planning (OBPP) accepted the department's population projections in developing the 2005 biennium budget with an increase of 3.5 percent in the adult population each year of the biennium. The projected institutional populations are much lower than past years due to the department granting conditional releases (see Agency Issues). In fiscal 2002, the growth of the male institutional population was 7.7 percent and the female institutional population grew 12.0 percent. The following figure shows the growth of the average daily population (ADP) of adults. (The average daily population is calculated by adding the daily number of offenders in a program/facility for the year and dividing that number by the number of days in the year.)

Figure 1
Department of Corrections
ADP Growth
Fiscal Years 1995 through 2005

Facility	1995 Actual	1996 Actual	1997 Actual	1998 Actual	1999 Actual	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected	2005 Projected
Montana State Prison	1,303	1,320	1,289	1,261	1,288	1,261	1,268	1,319	1,308	1,341	1,376
MSP Expansion Unit	0	68	52	54	0	0	0	0	0	0	0
County Jails & Regional Prisons	18	134	142	204	310	441	455	519	451	463	474
Private Prisons	0	1	224	350	341	307	384	394	412	423	433
Boot Camp	34	24	28	20	30	34	42	44	52	53	55
Prerelease	222	244	258	294	357	413	423	467	495	508	521
WATCH Program (DUI)	0	0	0	0	0	0	0	27	123	126	129
Subtotal Males	1,577	1,791	1,993	2,183	2,326	2,456	2,572	2,770	2,841	2,914	2,988
% Growth	11.76%	13.57%	11.28%	9.53%	6.55%	5.59%	4.72%	7.70%	2.56%	2.56%	2.56%
Montana Women's Prison	53	64	69	71	69	70	71	74	105	134	134
Boot Camp	0	0	0	0	1	3	4	0	0	0	0
Intensive Challenge Program	0	0	0	0	0	0	0	7	7	7	7
County Jails & Regional Prisons	0	1	5	20	16	12	16	22	18	18	18
Private Prisons	0	0	0	4	40	50	61	74	29	0	0
Prerelease	34	43	54	86	87	95	111	115	120	120	120
WATCH Program (DUI)	0	0	0	0	0	0	0	2	15	15	15
Subtotal Females	87	108	128	181	213	230	263	295	294	294	293
% Growth	26.09%	24.14%	18.52%	41.41%	17.68%	7.98%	14.35%	11.98%	-0.18%	-0.16%	-0.18%
Intensive Supervision Program	110	121	156	156	184	194	226	252	271	291	312
% Growth	42.86%	10.00%	28.93%	0.00%	17.95%	5.43%	16.49%	11.50%	7.37%	7.37%	7.37%
Probation & Parole	4,771	4,993	5,176	5,431	5,787	5,963	6,047	6,104	6,264	6,515	6,775
% Growth	0.02%	4.65%	3.67%	4.93%	6.55%	3.04%	1.41%	0.94%	2.62%	4.00%	4.00%
Total Adult ADP	6,545	7,013	7,453	7,951	8,510	8,843	9,108	9,421	9,670	10,014	10,369
% Growth	3.45%	7.15%	6.27%	6.68%	7.03%	3.91%	3.00%	3.43%	2.65%	3.56%	3.54%

The executive requests a general fund budget of \$209.9 million for the 2005 biennium. Requested general fund increases over the base year total \$7.3 million for fiscal 2004 and \$8.8 million for fiscal 2005. As shown in the following figure, the department proposes to address the population projections primarily by increasing expenditures in community corrections at the DUI Unit and the men and women's state prison. The following provides a brief summary of each major change. For a complete discussion of individual adjustments requested within each broad category, see the individual program narratives.

Figure 2
Department of Corrections
General Fund Increases Over Fiscal 2002 Base Expenditures
by Function

	FY 2002 Base Expenditures	FY 2004	FY 2005	Biennium	Percent of Total
Adult Secure Custody					
Montana State Prison	\$27,643,213	\$1,668,431	\$1,711,025	\$3,379,456	21.02%
Montana Womens Prison	2,783,831	1,921,897	1,923,237	3,845,134	23.92%
Contract Beds	18,889,655	(1,232,350)	(488,878)	(1,721,228)	-10.71%
Subtotal	\$49,316,699	\$2,357,978	\$3,145,384	\$5,503,362	34.23%
Juvenile					
Pine Hills School	\$5,520,504	\$790,819	\$798,334	\$1,589,153	9.89%
Riverside Facility	1,212,997	26,617	30,044	56,661	0.35%
Juvenile Placement	7,682,757	(1,000,000)	(1,000,000)	(2,000,000)	-12.44%
Transition Centers	<u>723,350</u>	<u>16,976</u>	<u>20,882</u>	<u>37,858</u>	<u>0.24%</u>
Subtotal	\$15,139,608	(\$165,588)	(\$150,740)	(\$316,328)	-1.97%
Community Corrections					
Pre-Release	\$9,461,291	\$968,061	\$1,166,726	\$2,134,787	13.28%
Boot Camp	1,430,786	17,648	21,792	39,440	0.25%
WATCH (DUI Unit)	706,791	2,239,677	2,312,005	4,551,682	28.31%
Probation & Parole	8,706,444	350,514	406,492	757,006	4.71%
Subtotal	\$20,305,312	\$3,575,900	\$3,907,015	\$7,482,915	46.55%
Outside Medical	\$1,958,365	\$373,544	\$690,714	\$1,064,258	6.62%
Other (including Admin)	\$9,230,083	\$1,075,161	\$1,042,749	\$2,117,910	13.17%
Prison Enterprises	\$940,187	\$111,424	\$112,829	\$224,253	1.39%
Total	<u>\$96,890,254</u>	<u>\$7,328,419</u>	<u>\$8,747,951</u>	<u>\$16,076,370</u>	<u>100.00%</u>

Community Corrections

A general fund increase of \$4.6 million is requested for the WATCH DUI Unit in the 2005 biennium, for total funding of \$6.0 million general fund. The unit became operational in February 2002 and had an average daily population of 29. The unit has 140 beds and is currently full. The increase requested annualizes the operating costs of the unit to operate at capacity.

Men and Women's Prison

The increase of \$3.4 million at Montana State Prison represents the amount needed for personal services that are zero based (overtime, differential pay, etc) and an adjustment for cook/chill meals. Even though the average daily population (ADP) is projected to increase each year of the biennium, the executive did not include additional funding. The increase at Montana Women's Prison is to annualize the expansion from 70 to 205 beds.

Contract Beds

Projections for contract beds in the 2005 biennium are lower than fiscal 2002 resulting in the executive requesting a decrease of \$1.7 million general fund for the 2005 biennium. The decrease in the projected population is a result of: 1) conditional release; 2) completion of the Montana Women's Prison expansion; and 3) opening the WATCH DUI Unit. Faced with increasing populations and a need to stay within the appropriated authority, the department adopted a policy change in late fiscal 2002 to screen inmates committed to the Department of Corrections and determine if they meet department established criteria for conditional release. In addition, the expansion at Montana Women's Prison was completed in the summer of 2002 allowing all female inmates to be moved out of the private prison. Lastly, the opening of the DUI Unit allows offenders convicted of a fourth or subsequent DUI to receive intensive residential treatment for six months, rather than a 13-month prison sentence.

Juvenile Corrections

The overall request for Juvenile Corrections reflects a biennial savings of about \$0.3 million. This is the net of an increase requested to annualize the expansion at the Pine Hills Youth Correctional Facility and a decrease in juvenile

placement funds. The amount available to judicial districts in the 2005 biennium for juvenile placement would be \$2.0 million less than the base budget. In fiscal 2002, approximately \$1.0 million less was spent for juvenile placement than the amount appropriated. The department projects that savings of another \$1.0 million can be realized each year. For additional information, see LFD Issue on juvenile placement funds in the Juvenile Corrections Division.

Inmate Cost Per Day

"Cost per day" is the general term used to describe the average costs for incarcerating an inmate for one day. The inmate cost per day rate is typically calculated by dividing the costs relating to the care and custody of inmates by the total number of inmate days provided during the period from which the costs were incurred. If the legislature changes the projections for the number of offenders in the system from the executive projections, these costs per inmate day can be used to estimate the necessary budget adjustments.

In order to make a comparison of cost per day rates between state correctional institutions or between state-operated and private prison facilities, it would be necessary to consider a number of operating variables, and construction and financing costs. Montana State Prison and Montana Women's Prison are multiple classification facilities with inmates ranging from maximum-security to low-security classification. The costs associated with a facility having multiple level classifications cannot be readily compared to facilities that do not have similar classifications. The same comparison precautions are true with regard to inmate programming. The type and amount of programming available has a direct effect on inmate per day costs, as well as comparison validity.

The following figure presents the direct average daily population costs associated with the adult male and female inmate correctional programs. These costs do not include administration, outside medical, industry training, or debt service. However, they are useful as a budget tool for comparing costs among the various incarceration alternatives. They are calculated simply by dividing the annual general fund program cost by the average daily population and then again by 365 days (366 days in fiscal years 2000 and 2004).

Figure 3
Adult Inmates Direct General Fund Cost Per Day
Projected 2005 Biennium

	Fiscal 2000 ADP Actual	Fiscal 2001 ADP Actual	Fiscal 2002 ADP Actual	Fiscal 2003 ADP Projected	Fiscal 2004 ADP Projected	Fiscal 2005 ADP Projected
Average Daily Population						
Montana State Prison	1,261	1,268	1319	1,308	1341	1376
Montana Women's Prison	70	71	81	141	141	141
Contract Beds	810	916	1,009	881	904	925
Treasure State Correctional Training Center	37	46	44	52	53	55
Residential Alcohol Treatment	0	0	29	138	141	144
Pre-Release	508	534	582	615	628	641
Probation & Parole	6,157	6,273	6,356	6,535	6,806	7,087
Total	8,843	9,108	9,420	9,670	10,014	10,369
Annual General Fund Budget	Actual	Actual	Actual	Appropriated*	Projected	Projected
Montana State Prison	\$21,022,420	\$22,427,850	\$27,643,213	\$27,942,632	\$29,311,644	\$29,354,238
Montana Women's Prison	2,283,210	2,534,108	2,783,831	3,282,085	4,705,728	4,707,068
Contract Beds	15,638,789	17,664,767	18,889,655	15,091,386	17,657,305	18,400,777
Treasure State Correctional Training Center	1,272,086	1,433,303	1,430,786	1,377,861	1,448,434	1,452,578
Residential Alcohol Treatment	0	0	706,791	2,165,633	2,946,468	3,018,796
Pre Release	8,085,162	8,768,797	9,461,291	10,191,520	10,429,352	10,628,017
Probation & Parole & ISP	8,459,613	9,121,096	8,706,444	9,275,635	9,056,958	9,112,936
Total	\$56,761,280	\$61,949,921	\$69,622,011	\$69,326,752	\$75,555,889	\$76,674,410
General Fund Cost Per Inmate Day	Actual	Actual	Actual	Projected	Projected	Projected
Montana State Prison	\$45.55	\$48.46	\$57.42	\$58.53	\$59.72	\$58.45
Montana Women's Prison	\$89.12	\$97.79	\$94.16	\$63.77	\$91.19	\$91.46
Contract Beds	\$52.75	\$52.83	\$51.29	\$46.93	\$53.37	\$54.50
Treasure State Correctional Training Center	\$93.94	\$85.37	\$89.09	\$72.60	\$74.67	\$72.36
Residential Alcohol Treatment	\$0.00	\$0.00	\$66.77	\$42.99	\$57.10	\$57.44
Pre Release	\$43.49	\$44.99	\$44.54	\$45.40	\$45.37	\$45.43
Probation & Parole & ISP	\$3.75	\$3.98	\$3.75	\$3.89	\$3.64	\$3.52

*After 17-7-140 reductions and special session reductions

It should be noted that only the cost of contract beds increase or decrease in direct proportion to population changes.

Operating costs of the correctional institutions have a large fixed cost component, and unless radical population changes occur within the institution, average daily population costs will increase if the population decreases, and decrease if the population increases. (For example, if the population of the prison increases by ten, it is unlikely that the prison would be required to hire additional staff. Therefore, the cost per day would go down because the same staffing level is supervising more inmates.)

Funding

The following table summarizes funding for the agency, by program and source, as recommended by the Governor. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2005 Biennium Executive Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
Admin And Support Services	\$ 20,705,767	\$ 10,398	\$ -	\$ 198,160	\$ 20,914,325	9.7%
Community Corrections	49,389,959	607,656	-	-	49,997,615	23.1%
Secure Custody Facilities	104,136,760	2,817,376	160,576	-	107,114,712	49.6%
Mont Correctional Enterprises	2,104,627	-	-	889,967	2,994,594	1.4%
Juvenile Corrections	33,519,765	874,026	633,530	-	35,027,321	16.2%
Grand Total	\$ 209,856,878	\$ 4,309,456	\$ 794,106	\$ 1,088,127	\$ 216,048,567	100.0%

Biennium Budget Comparison								
Budget Item	Present Law Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	Present Law Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Biennium Fiscal 02-03	Total Exec. Budget Fiscal 04-05
FTE	1,092.80	0.00	1,092.80	1,092.80	0.00	1,092.80	1,092.80	1,092.80
Personal Services	47,382,766	(19,600)	47,363,166	47,434,219	(14,160)	47,420,059	88,837,615	94,783,225
Operating Expenses	55,333,220	(2,975,408)	52,357,812	54,294,208	(566,068)	53,728,140	97,791,970	106,085,952
Equipment	324,500	0	324,500	324,500	0	324,500	637,383	649,000
Capital Outlay	50	0	50	50	0	50	50	100
Grants	0	0	0	0	0	0	30,218	0
Benefits & Claims	7,040,196	0	7,040,196	7,040,196	0	7,040,196	13,743,861	14,080,392
Transfers	0	0	0	0	0	0	0	0
Debt Service	224,949	0	224,949	224,949	0	224,949	308,037	449,898
Total Costs	\$110,305,681	(\$2,995,008)	\$107,310,673	\$109,318,122	(\$580,228)	\$108,737,894	\$201,349,134	\$216,048,567
General Fund	107,213,681	(2,995,008)	104,218,673	106,218,433	(580,228)	105,638,205	195,203,921	209,856,878
State/Other Special	2,156,131	0	2,156,131	2,153,325	0	2,153,325	3,393,847	4,309,456
Federal Special	397,053	0	397,053	397,053	0	397,053	1,736,235	794,106
Proprietary	538,816	0	538,816	549,311	0	549,311	1,015,131	1,088,127
Total Funds	\$110,305,681	(\$2,995,008)	\$107,310,673	\$109,318,122	(\$580,228)	\$108,737,894	\$201,349,134	\$216,048,567

New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

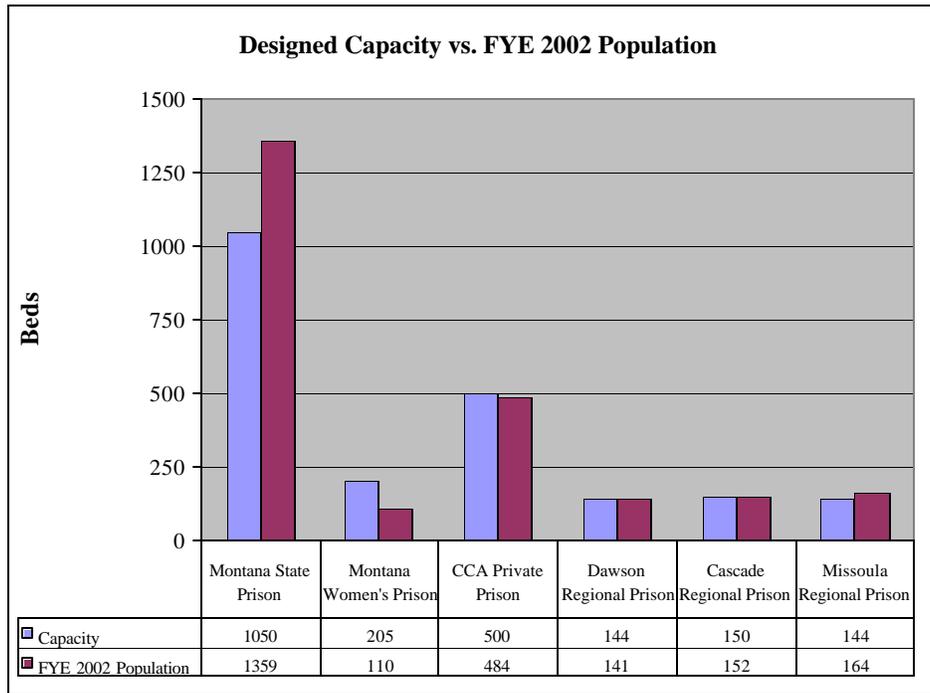
Program	-----Fiscal 2004-----					-----Fiscal 2005-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8001 - MCE License Plate reissue Delete 04	0.00	(2,995,008)	0	0	(2,995,008)	0.00	(580,228)	0	0	(580,228)
Total	0.00	(\$2,995,008)	\$0	\$0	(\$2,995,008)	0.00	(\$580,228)	\$0	\$0	(\$580,228)

Agency Issues

Population Reduction

The following figure illustrates the secure facility populations at the end of fiscal 2002 in comparison to design capacity of the facilities.

Figure 4



Faced with increasing prison populations, budget cuts, and the potential of a \$9.0 million supplemental, the department was forced to look at ways to decrease costs for fiscal 2003. Under 46-18-201, MCA, the judge may commit an offender to the department for up to five years with a recommendation for placement in an appropriate correctional facility or program (DOC commitments). This provides the department with flexibility in determining placement. In the summer of 2002, the department adopted a policy where offenders committed to the department would be screened for conditional release. The department has set the following criteria in determining conditional release:

- Offenders committed to the department and placed in a correctional facility or program
- Offenders who are in prerelease, on ISP, or in prison in medium or minimum custody
- Offenders who are serving a sentence for fourth offense or subsequent DUI and are not serving the initial 13-month sentence
- Offenders who have at least 60 days of conduct without a severe disciplinary infraction
- Offenders who have formally violated conditions of parole or conditional release and have been sent back to prison for a minimum of four months from the date of the violation hearing

As of December 2, 2002, 310 offenders had been released from prison. Nineteen of those released have been returned to prison due to a release violation.

Another change the department made to deal with the increasing prison populations was to change the role of the Missoula Regional Prison to become an assessment and sanction center. This will provide space for the assessment of male offenders committed to the Department of Corrections and some of the beds will be available for sanctioning offenders who have violated conditions of probation, parole, prerelease, or conditional release.

**LFD
ISSUE****Population Reductions**

In 1999, it is estimated that it cost Americans \$24 billion to incarcerate 1.2 million nonviolent offenders. In Montana, it cost the state approximately \$31.5 million to incarcerate nonviolent offenders in fiscal 2002.¹

This is over four times more than general fund spent on foster care. There are many policy implications in incarcerating nonviolent offenders, but this population may deserve further scrutiny to determine whether the costs of incarceration outweigh the benefits. After evaluating some of the information provided below, the legislature may want to provide the department with an expanded list of options for conditional release and for diverting offenders from prison to community supervision. In addition, the legislature may want to determine if parole policies are releasing low-risk prisoners and if the emphasis of parole revocations are based on public safety rather than a means to supervise.

Women Prisoners

The Justice Policy Institute suggests looking at the incarcerated female population for ways to reduce correctional costs. The rationale used by the Institute is based on the following four factors:

- The rate of growth of incarcerated women is the fastest growing portion of the U.S. prison population. In Montana, the growth rate of incarcerated women has averaged over 15 percent each year for the last 10 years compared to 7 percent for men
- Most women offenders are incarcerated for nonviolent property and drug crimes, approximately 75 percent in Montana
- Nationally, the rate of recidivism for women is much lower than for men - 27 percent for women compared to 41 percent for men
- There are additional economic and social costs involved with the incarceration of women, in particular those who have children under age 18. Sixty-five percent of the women at Montana Women's Prison have children under age 18

Currently, the department can only consider for conditional release those women who were committed to the department, approximately 47 percent. Based on the nature of the crimes for the majority of this population and that women are not as likely to return to prison, a large portion of this population appears to be a low-risk to society. The legislature may want to expand the department options for this group.

With approximately 75 percent of women offenders incarcerated for nonviolent property and drug crimes in Montana, the legislature may want to divert more offenders to community supervision and expand rehabilitation and treatment services in the community. By providing drug and alcohol treatment or other needed programming to nonviolent offenders under community supervision, it allows them to be taxpaying members of the community, rather than tax-using offenders, and the potential exists to increase restitution to victims and provide community service.

Voters in Arizona and California approved initiatives to divert from prison nonviolent offenders convicted of drug possession. Drug treatment slots were created for offenders who would be diverted from prison. It is estimated that the initiative is saving more than \$6.0 million per year in Arizona and \$100.0-150.0 million in prison costs in California (plus savings in avoiding construction of a new prison). Campaigns for similar initiatives were launched in three additional states - Florida, Michigan, and Ohio.² The California Department of Corrections reports a 10 percent drop in the female inmate population and acknowledged that this decline is due in a large part to this initiative.³ The Ohio Campaign for New Drug Policies states it costs approximately \$3,500 for one year in drug treatment as opposed to approximately \$23,000 for one year in prison.

¹ Based on the following assumptions: An average of 47.9 percent of the adult population were incarcerated for a nonviolent offense in between fiscal years 1991 and 2001. In 2002, approximately 6.1 percent of the nonviolent population was over the age of 55. Average yearly cost to incarcerate offenders age 55 or less - \$20,688. Average daily cost to incarcerate offenders over age 55 based on national statistics - \$69,000.

² Greene, Judith and Vincent Schiraldi. "Cutting Correctly: New Prison Policies for Times of Fiscal Crisis." Justice Policy Institute.

³ California Proposition 36, The Substance Abuse and Crime Prevention Act of 2000. Drug Policy Alliance. May 2002

Montana tackled a portion of this population when the 2001 legislature approved the WATCH DUI Unit, which provides intensive residential treatment for offenders who have had four or more driving-under-the-influence convictions. This type of residential program is more expensive than the drug treatment referred to in the Arizona and California programs, but the length of stay is about one-half of what incarceration in a state prison would be.

Options:

- o Change statute to allow the department to consider all nonviolent offenders who meet stipulated criteria for conditional release
- o Divert more offenders to community supervision and expand community rehabilitation and treatment

Elderly Prisoners

Inmates tend to have health problems that are more common in people ten years older. There is a great variation in how correctional systems define elderly, but for the purposes of this discussion 55 years or older will be used. It is estimated that health care costs are three times higher for this population than the rest of the population and that the cost of incarcerating an elderly inmate averages \$69,000 per year⁴ for medical and incarceration costs.⁵ In contrast, probation would cost roughly \$1,350 per year or \$4,380 for intensive supervision.

An offender in community corrections is, for the most part, responsible for their own health care costs. Therefore, if the offender does not have sufficient resources, the medical costs may shift to a different part of the state budget. Medicaid may cover the medical care for some of these individuals, but it has not been determined whether any of this group would fall under the following two eligibility criteria: 1) aged (over 65), blind, or disabled; or 2) be in a family with dependent children. In addition, resource and assets tests must be met in order to be eligible for Medicaid. The average cost to serve an aged Medicaid recipient was about \$13,000 in fiscal 1999 in Montana.

The following national statistics indicate that a large proportion of this population may be a low-risk to society:

- o The National Center on Institutions and Alternatives found that more than 50 percent of elderly prisoners are convicted of nonviolent offenses
- o Studies on criminal behavior show that as offenders age, they "age-out" of their crime-prone years⁶
- o Parolees age 55 or older had the highest rate of successful completion of parole (55 percent)⁷
- o Recidivism of older parolees and probationers is low⁸

Options:

There are currently 152 inmates age 55 or older serving time for a nonviolent offense. The legislature may want to ask the department to:

- o Research the costs of nonviolent, elderly offenders in Montana and determine if there are lower-cost options available, such as:
 - o Adopt a prison release policy that would target nonviolent offenders over the age of 55 who have served a pre-determined portion of their sentence (Virginia recently changed statute to allow a release program for elderly inmates)
 - o Consider home custody options
 - o Provide intensive probation supervision at a nursing home, for those who are in poor health (some may be Medicaid eligible)

⁴ This figure does not represent savings to the state if the prisoners were released, as marginal costs of incarceration are lower than average costs. These savings would be realized only if the prison were able to close a wing. In addition, the cost to incarcerate an elderly prisoner in Montana has not been determined.

⁵ *Real War on Crime*, National Center on Institutions and Alternatives. 1996 (Other studies have estimated the cost of incarcerating elderly inmates between \$60,000 and \$80,000 per inmate.)

⁶ Holman, Barry. "Old Men Behind Bars." National Center on Institutions and Alternatives. 1999.

⁷ Hughes, Timothy and Doris Wilson and Allen Beck. "Trends in State Parole, 1990-2000." Bureau of Justice Statistics. October 2001. (The overall success rate for all parolees is 42 percent.)

⁸ U.S. Department of Justice, Bureau of Justice Statistics, "Probation and Parole Violators in State Prison, 1991." August 1995.

Probation/Parole Violators

While revocations remove felons from the streets, it is not known how much risk those individuals pose. The number of probation and parole violators in the prison system has grown through the years due to an increase in the number of revocations and an increase in the length of stay. In 2001, 55 percent of adult incarcerations in Montana were due to revocations. The cost to incarcerate those individuals was approximately \$21.4 million in general fund. The percent of adult incarcerations from revocations in Montana has grown from 48 percent in 1991 to 55 percent in 2001. In addition, national statistics show parole violators served an average length of sentence of 13 months in 1999 - up from 11 months in 1990. (Utah reduced the average sentence for parole violators from 10.7 months to 6 months.) In Montana, the average length of incarceration for revocations was significantly higher than the national average:

- 16.0 months for male non-violent revocations
- 10.2 months for female a non-violent revocations
- 33.4 months for male violent revocations
- 21.9 months for female violent revocations

Due to the increase in revocations, some jurisdictions are looking for ways to increase the success rate of parolees and better ways to manage the transition from prison to community. Kansas legislators mandated that probation and parole violators be sanctioned within the community corrections system rather than being sent to prison. In addition, supervision time in Kansas was reduced 50 percent for offenders convicted of low-level offenses.⁹ In Montana, the department has recently changed the Missoula Regional Prison to become an assessment and sanction center. This will provide space for the assessment of male offenders committed to the Department of Corrections and some of the beds will be available for sanctioning offenders who have violated conditions of probation, parole, prerelease, or conditional release.

To help determine whether revocation responses can be improved, it might be useful to answer the following questions.

- Are there alternative strategies and resources that could be used to reduce risk?
- What is the lowest level of a sanction or removal of a freedom that would reduce risk?
- Could lower-risk parolees be placed in unsupervised parole?
- Should the average length of stay be lower for revocations? (The department's goal is to lower the length of incarceration for revocations to six months)
- Should the use of voice recognition supervision for low-risk parolees and probationers be expanded?

The legislature may want to ask the department to provide statistics on who is on probation and parole, who is violating, what types of violation, and the types of responses by the department and, subsequently county attorneys and the court. This will help the legislature determine if offenders are being supervised safely, but also cost-effectively. It might also help the legislature answer the questions posed above and determine if any action needs to be taken to improve the policies that currently dictate probation and parole violations.

⁹ Greene, Judith and Vincent Schiraldi.
Dept. Of Corrections

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	91.50	0.00	0.00	91.50	0.00	0.00	91.50	91.50
Personal Services	3,960,266	385,201	0	4,345,467	383,959	0	4,344,225	8,689,692
Operating Expenses	5,303,576	635,914	0	5,939,490	926,481	0	6,230,057	12,169,547
Equipment	0	0	0	0	0	0	0	0
Debt Service	27,543	0	0	27,543	0	0	27,543	55,086
Total Costs	\$9,291,385	\$1,021,115	\$0	\$10,312,500	\$1,310,440	\$0	\$10,601,825	\$20,914,325
General Fund	9,220,046	991,447	0	10,211,493	1,274,228	0	10,494,274	20,705,767
State/Other Special	4,321	2,281	0	6,602	(525)	0	3,796	10,398
Federal Special	0	0	0	0	0	0	0	0
Proprietary	67,018	27,387	0	94,405	36,737	0	103,755	198,160
Total Funds	\$9,291,385	\$1,021,115	\$0	\$10,312,500	\$1,310,440	\$0	\$10,601,825	\$20,914,325

Program Description

The Administration and Support Services Program includes the Director's Office, Centralized Services Division, and the administratively attached Board of Pardons. This program provides: 1) administrative and management support, human resources, budget, fiscal, and legal information; 2) technical correctional services; 3) policy and staff development; 4) research; 5) facility management; and 6) access to health care services.

Program Narrative

Administration and Support Services Program Major Budget Highlights
<ul style="list-style-type: none"> ○ Increase of \$2.3 million general fund requested for 2005 biennium over the base budget <ul style="list-style-type: none"> ○ \$1.2 million for statewide present law adjustments ○ \$1.1 million for an increase in outside medical costs
Major LFD Issues
<ul style="list-style-type: none"> ○ None

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding	Base	% of Base	Budget	% of Budget	Budget	% of Budget
	Fiscal 2002	Fiscal 2002	Fiscal 2004	Fiscal 2004	Fiscal 2005	Fiscal 2005
01100 General Fund	\$ 9,220,046	99.2%	\$ 10,211,493	99.0%	\$ 10,494,274	99.0%
02261 P & P Supervisory Fee	-	-	-	-	-	-
02917 Msp Canteen Revolving Acct	3,083	0.0%	1,322	0.0%	144	0.0%
02927 Phs Donations/I & I	1,238	0.0%	5,280	0.1%	3,652	0.0%
03316 Mbcc Grants	-	-	-	-	-	-
06033 Prison Ranch	47,790	0.5%	64,945	0.6%	10,606	0.1%
06034 Msp Institutional Industries	14,215	0.2%	20,583	0.2%	73,753	0.7%
06545 Prison Indust. Training Prog	5,013	0.1%	8,877	0.1%	19,396	0.2%
Grand Total	\$ 9,291,385	100.0%	\$ 10,312,500	100.0%	\$ 10,601,825	100.0%

	-----Fiscal 2004-----					-----Fiscal 2005-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					538,183					536,899
Vacancy Savings					(179,932)					(179,890)
Inflation/Deflation					11,273					16,609
Fixed Costs					235,347					208,408
Total Statewide Present Law Adjustments					\$604,871					\$582,026
DP 1 - Board Member Per Diem and Travel Increase	0.00	22,700	0	0	22,700	0.00	22,700	0	0	22,700
DP 2 - Board Member Base Per Diem and ACA Reaccreditation	0.00	20,000	0	0	20,000	0.00	15,000	0	0	15,000
DP 26 - Outside Medical Adjustment	0.00	373,544	0	0	373,544	0.00	690,714	0	0	690,714
Total Other Present Law Adjustments	0.00	\$416,244	\$0	\$0	\$416,244	0.00	\$728,414	\$0	\$0	\$728,414
Grand Total All Present Law Adjustments					\$1,021,115					\$1,310,440

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Board Member Per Diem and Travel Increase - The executive requests funding for board member per diem of \$50 per day for every day the member is engaged in performance of board duties. Funding is also requested for increases in travel expenses due to court rulings that changed how parole hearings are held. The Board has previously utilized one hearing examiner in accordance with 46-23-108, MCA, to conduct many hearings throughout the State of Montana and utilized other states' paroling authorities to conduct hearings for Montana offenders housed out-of-state. The Montana Supreme Court recently issued opinions that mandate offenders, who committed crimes prior to April 30, 2001, appear before at least a majority of the Montana Board. The Court ruled that all Native American offender parole applications require the full participation of the Board member with "particular knowledge of Indian culture and problems."

LFD COMMENT	The executive requests \$45,400 general fund for the biennium. Travel expenditures for the Board of Pardons in the base budget are \$22,513. An increase of \$10,750 is requested. This represents an increase of 48.5 percent in travel.
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DP 2 - Board Member Base Per Diem and ACA Reaccreditation - This is a request to fund per diem and expenses involved with American Corrections Association reaccreditation in fiscal 2004. The projected per diem of \$15,000 per fiscal year and \$5,000 in fiscal 2004 is requested for accreditation.

**LFD
COMMENT**

Combined per diem in the above two decision packages would fund seven board members for 77 days per year at \$50 per day. Base expenditures for per diem in fiscal 2002 were \$15,000, which equates to approximately 43 days per year for seven board members. The increase requested in this decision package and the decision package above would provide \$26,950 general fund for per diem each year - an increase of 79.6 percent.

DP 26 - Outside Medical Adjustment - This request contains an increase for pharmaceutical costs and an inflationary adjustment of 5 percent per year for outside medical treatment based on the allowed inflation rate by the budget office. The total in this request is a net of these increases and a reduction of \$2,371 due to an alternative pay plan adjustment required by the executive.

**LFD
COMMENT**

Based on projected populations and an increase in outside medical costs of 5 percent each year, the LFD calculation reflects a present law adjustment of approximately \$146,000 less than requested by the executive. However, the department has built in a contingency amount of approximately \$175,000 for the biennium in the event medical services are needed for offenders receiving conditional release.

Other Issues

Broadbanding

The Board of Pardons moved to the alternative pay plan called broadbanding in March 2001. The increases (1.9 to 11.9 percent) approved in the initial move were captured in the "snapshot" and are fully funded in the present law budget. This represents an increase of approximately \$10,000, which creates a higher base for all subsequent statutory pay increases.

The board recently granted "result" pay increases in October of 2002, which were not captured in the snapshot. These costs will have to be funded within the existing budget. The October 2002 increases will have an annual impact of an additional \$6,140. Overall, the average salary in the Board of Pardons has increased 16.0 percent since moving to the broadband pay plan (this includes the annualized increase of HB 13).

The executive stated they would reduce budgets by an amount necessary to fund the increases granted by broadbanding. The executive requests a reduction of \$2,371 in the Outside Medical Adjustment decision package, but this does not offset the \$10,000 granted in fiscal 2002.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	205.00	0.00	0.00	205.00	0.00	0.00	205.00	205.00
Personal Services	8,526,396	349,171	0	8,875,567	364,528	0	8,890,924	17,766,491
Operating Expenses	12,670,357	3,234,492	0	15,904,849	3,552,006	0	16,222,363	32,127,212
Equipment	24,243	0	0	24,243	0	0	24,243	48,486
Debt Service	27,713	0	0	27,713	0	0	27,713	55,426
Total Costs	\$21,248,709	\$3,583,663	\$0	\$24,832,372	\$3,916,534	\$0	\$25,165,243	\$49,997,615
General Fund	20,944,881	3,583,663	0	24,528,544	3,916,534	0	24,861,415	49,389,959
State/Other Special	303,828	0	0	303,828	0	0	303,828	607,656
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$21,248,709	\$3,583,663	\$0	\$24,832,372	\$3,916,534	\$0	\$25,165,243	\$49,997,615

Program Description

The Community Corrections Program includes adult probation and parole, WATCH DUI Unit, Interstate Compact, and the Treasure State Correctional Training Center. In addition, the department contracts with non-profit corporations in Great Falls, Butte, Missoula, Billings, and Helena for pre-release services.

Program Narrative

Community Corrections Program Major Budget Highlights	
<ul style="list-style-type: none"> o Increase of \$7.5 million general fund requested for 2005 biennium over the base budget. Major increases include: o \$0.9 general fund increase for prerelease o \$1.2 million for alternatives to prison o \$4.6 million to annualize DUI WATCH program 	
Major LFD Issues	
<ul style="list-style-type: none"> o Determine if boot camp is cost effective o Raise supervision fee 	

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding Table Community Corrections							
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005	
01100 General Fund	\$ 20,944,881	98.6%	\$24,528,544	98.8%	\$ 24,861,415	98.8%	
02261 P & P Supervisory Fee	303,828	1.4%	303,828	1.2%	303,828	1.2%	
03315 Misc Federal Grants	-	-	-	-	-	-	
03316 Mbcc Grants	-	-	-	-	-	-	
Grand Total	\$ 21,248,709	100.0%	\$24,832,372	100.0%	\$ 25,165,243	100.0%	

	-----Fiscal 2004-----					-----Fiscal 2005-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					718,988					734,992
Vacancy Savings					(369,817)					(370,464)
Inflation/Deflation					4,754					51,630
Fixed Costs					(420)					(420)
Total Statewide Present Law Adjustments					\$353,505					\$415,738
DP 3 - Alternatives to Prison - Treatment and Employment	0.00	623,433	0	0	623,433	0.00	623,952	0	0	623,952
DP 7 - Cook/Chill Base Adjustment for TSCTC	0.00	21,347	0	0	21,347	0.00	21,347	0	0	21,347
DP 10 - Base and Inflation Increase for Prerelease Centers	0.00	344,628	0	0	344,628	0.00	542,774	0	0	542,774
DP 11 - Base and Inflation Increase for DUI Facility	0.00	2,240,750	0	0	2,240,750	0.00	2,312,723	0	0	2,312,723
Total Other Present Law Adjustments	0.00	\$3,230,158	\$0	\$0	\$3,230,158	0.00	\$3,500,796	\$0	\$0	\$3,500,796
Grand Total All Present Law Adjustments					\$3,583,663					\$3,916,534

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Sub-Program Details

COMMUNITY CORRECTION ADMIN 01

Community Corrections Administration includes supervisory staff.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	12.50	0.00	0.00	12.50	0.00	0.00	12.50	12.50
Personal Services	568,301	7,872	0	576,173	8,795	0	577,096	1,153,269
Operating Expenses	62,447	(109)	0	62,338	724	0	63,171	125,509
Equipment	0	0	0	0	0	0	0	0
Debt Service	8,821	0	0	8,821	0	0	8,821	17,642
Total Costs	\$639,569	\$7,763	\$0	\$647,332	\$9,519	\$0	\$649,088	\$1,296,420
General Fund	639,569	7,763	0	647,332	9,519	0	649,088	1,296,420
State/Other Special	0	0	0	0	0	0	0	0
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$639,569	\$7,763	\$0	\$647,332	\$9,519	\$0	\$649,088	\$1,296,420

Present Law Adjustments										
	-----Fiscal 2004-----				-----Fiscal 2005-----					
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					31,881					32,841
Vacancy Savings					(24,009)					(24,046)
Inflation/Deflation					(109)					724
Total Statewide Present Law Adjustments					\$7,763					\$9,519
Grand Total All Present Law Adjustments					\$7,763					\$9,519

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Sub-Program Details

TREASURE STATE CORRECTIONAL TRAINING 02

Treasure State Correctional Training Center (TSCTC), referred to as the boot camp, is located on the campus of Montana State Prison. Approximately 100 completed training at the center in fiscal 2002. The boot camp program is voluntary. By volunteering, offenders may have their sentences reduced.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	26.51	0.00	0.00	26.51	0.00	0.00	26.51	26.51
Personal Services	1,091,202	(5,198)	0	1,086,004	(2,458)	0	1,088,744	2,174,748
Operating Expenses	335,982	22,846	0	358,828	24,250	0	360,232	719,060
Equipment	0	0	0	0	0	0	0	0
Debt Service	3,602	0	0	3,602	0	0	3,602	7,204
Total Costs	\$1,430,786	\$17,648	\$0	\$1,448,434	\$21,792	\$0	\$1,452,578	\$2,901,012
General Fund	1,430,786	17,648	0	1,448,434	21,792	0	1,452,578	2,901,012
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$1,430,786	\$17,648	\$0	\$1,448,434	\$21,792	\$0	\$1,452,578	\$2,901,012

Present Law Adjustments										
-----Fiscal 2004----- Fiscal 2005-----										
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					40,053					42,907
Vacancy Savings					(45,251)					(45,365)
Inflation/Deflation					1,499					2,903
Total Statewide Present Law Adjustments					(\$3,699)					\$445
DP 7 - Cook/Chill Base Adjustment for TSCTC	0.00	21,347		0	21,347	0.00	21,347		0	21,347
Total Other Present Law Adjustments	0.00	\$21,347		\$0	\$21,347	0.00	\$21,347		\$0	\$21,347
Grand Total All Present Law Adjustments					\$17,648					\$21,792

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 7 - Cook/Chill Base Adjustment for TSCTC - This request is to fund the cost increase to pay the allocated share of Montana State Prison's (MSP) cook/chill rate structure in accordance with state law regarding internal service funds.

LFD COMMENT	An adjustment in the cook/chill rates at MSP results in a request for an increase of approximately \$0.5 million in general fund in the 2005 biennium for all of the Department of Correction facilities. The cook/chill operation is proprietary funded, but entities within the department purchasing meals from the cook/chill are general funded.
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**LFD
ISSUE**

Evaluate Cost Effectiveness of Boot Camp

Boot camps became a popular incarceration model in the late 1980's to early 1990's, partially in response to a political climate of "getting tough on crime". Because boot camps were new, little research was available to determine the effectiveness of this type of incarceration. In 1988, the U.S. General Accounting Office (GAO) concluded, "available data are not sufficient to determine if boot camps reduce prison overcrowding, costs, or recidivism."

More recent research shows that:

- While participants are in boot camp, there is a positive impact on their attitudes. However, the short-term benefits appear to disappear once the participant leaves the program¹⁰
- Most boot camp programs do not reduce recidivism; although, programs that include an intensive supervision phase may lower recidivism.¹¹ In Montana, an initial study shows the two and three-year recidivism rate of TSCTC graduates is actually higher than for those out of the prison system, although the new conviction rate of the prison system is higher than the boot camp. The division states that a more complete study will be released in the near future that will give a more complete picture. Higher recidivism rates mean increased costs
- Boot camps can save money if an offender goes to boot camp rather than to a secure facility, successfully graduates, has a sentence reduction, and does not recidivate at a higher rate than someone out of the prison system. The average daily cost of keeping an offender in boot camp is significantly higher than Montana State Prison (\$89/day versus \$57/day in fiscal 2002), but offenders have shorter stays (90-120 days). However, the fact that a person can be admitted to TSCTC from probation widens the net for higher-cost supervision. It is possible for an offender to go to TSCTC (\$89/day) who otherwise would have been on probation (\$3.54/day). This "net-widening" has the potential to put more offenders in boot camp where they receive more expensive treatment. If the offender coming from probation fails at boot camp, prison may be the next stop
- Since 1998, the length of stay at TSCTC has gradually increased for those successfully completing the program. The average length of stay in 1998 was 106.3 days and in 2002 was 114.7 days. This also contributes to increased costs
- Approximately 53 percent of offenders admitted to TSCTC have successfully completed the program over the past five years. Those failing stayed an average of 43.8 days
- The percent of probationers successfully completing the TSCTC program is 59 percent

Options:

- Continue funding of the program at the requested level
- Change statute so probationers cannot be admitted to the boot camp. This could save general fund; however, if those slots filled by probationers are not filled by other offenders, economies of scale may dilute any savings
- Discontinue funding for the boot camp. This option would require a statutory change. As an alternative to closure, the legislature may want to request that the department provide information necessary to determine
 - whether better step-down services would increase the success of the program; and/or
 - if the boot camp is successful in its mission and if it reduces costs to taxpayers compared to incarceration in a secure facility.

If the legislature determines that the boot camp has not been successful and decides to change statute to eliminate the boot camp, it may want to keep in mind gender-equity issues. The Montana Women's Prison (MWP) has an Intensive Challenge Program (similar to the boot camp) available to the women. Therefore, the legislature may want to direct the department to offer a scaled-down version of the boot camp at the state prison or eliminate the Intensive Challenge Program at MWP.

If eliminated, approximately \$1.6 million of the \$2.9 million boot camp budget would need to be appropriated to contract beds (unless it is determined a portion of the population could be served in lower-cost supervision). In addition, the legislature may want the department to propose an alternative use for the facility.

¹⁰ MacKenzie, Doris and Claire Souryal. "Multisite Study of Correctional Boot Camps." Koch Crime Institute.

¹¹ MacKenzie, Doris and Claire Souryal.

Sub-Program Details

PRE-RELEASE 03

The department currently contracts with pre-release centers located in Butte, Billings, Great Falls, Missoula, and Helena. Prerelease centers provide supervised education, treatment, and work opportunities for offenders. Offenders are required to reside in these centers during their placements. Currently there are 520 traditional prerelease beds, 26 beds for boot camp, and 30 chemical dependency beds.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	0	0	0	0	0	0	0	0
Operating Expenses	9,461,291	968,061	0	10,429,352	1,166,726	0	10,628,017	21,057,369
Total Costs	\$9,461,291	\$968,061	\$0	\$10,429,352	\$1,166,726	\$0	\$10,628,017	\$21,057,369
General Fund	9,461,291	968,061	0	10,429,352	1,166,726	0	10,628,017	21,057,369
Total Funds	\$9,461,291	\$968,061	\$0	\$10,429,352	\$1,166,726	\$0	\$10,628,017	\$21,057,369

Present Law Adjustments										
	-----Fiscal 2004-----					-----Fiscal 2005-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					0					0
Vacancy Savings					0					0
Total Statewide Present Law Adjustments					\$0					\$0
DP 3 - Alternatives to Prison - Treatment and Employment										
	0.00	623,433	0	0	623,433	0.00	623,952	0	0	623,952
DP 10 - Base and Inflation Increase for Prerelease Centers										
	0.00	344,628	0	0	344,628	0.00	542,774	0	0	542,774
Total Other Present Law Adjustments	0.00	\$968,061	\$0	\$0	\$968,061	0.00	\$1,166,726	\$0	\$0	\$1,166,726
Grand Total All Present Law Adjustments					\$968,061					\$1,166,726

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 3 - Alternatives to Prison - Treatment and Employment - The executive requests an increase of \$1.2 million for the 2005 biennium to the Community Corrections budget to provide service for the increasing number of inmates being sent directly to community corrections or being moved from secure custody to community corrections.

LFD COMMENT The decision package includes biennial amounts of approximately \$465,000 for contracted tracking services for ISP offenders and \$782,000 for contracted chemical dependency treatment and employment counseling. The chemical dependency counselors and employment specialists would be located at probation and parole offices to provide onsite treatment. Employment specialists would also work with prerelease centers.

This decision package should be included in the Probation and Parole subprogram rather than Prerelease. When the legislature takes action on this decision package, this amount will increase the Probation and Parole subprogram rather than Prerelease.

The 2001 legislature approved an increase in Probation and Parole contracted services of \$0.5 million, increasing the total annual amount allocated for contracted services to \$0.7 million for each year of the 2003 biennium. In fiscal 2002, only \$215,000 of that amount was used for contracted services. Due to prison populations being higher than the number appropriated for, the other \$500,000 was used to offset shortfalls in the budget to prevent the need for a supplemental.

LFD ISSUE Provide Cost-Effectiveness Report

The legislature may want to require the department to provide to the next legislature a report documenting the cost-effectiveness of these programs and any impact on revocations. The department states that where the fiscal 2002 funds were used, it had a positive impact on reducing revocations.

DP 10 - Base and Inflation Increase for Prerelease Centers - The executive requests an increase for annualization of operating costs for prerelease centers. In fiscal 2002, the Helena center operated under capacity and the prerelease centers in Great Falls, Missoula, Butte and Billings periodically operated under capacity.

LFD COMMENT The division states there are currently 113 people on the waiting list.

Sub-Program Details

PROBATION AND PAROLE 04

Probation and Parole supervises over 6,000 inmates.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	165.99	0.00	0.00	165.99	0.00	0.00	165.99	165.99
Personal Services	6,866,893	346,497	0	7,213,390	358,191	0	7,225,084	14,438,474
Operating Expenses	2,128,089	4,017	0	2,132,106	48,301	0	2,176,390	4,308,496
Equipment	0	0	0	0	0	0	0	0
Debt Service	15,290	0	0	15,290	0	0	15,290	30,580
Total Costs	\$9,010,272	\$350,514	\$0	\$9,360,786	\$406,492	\$0	\$9,416,764	\$18,777,550
General Fund	8,706,444	350,514	0	9,056,958	406,492	0	9,112,936	18,169,894
State/Other Special	303,828	0	0	303,828	0	0	303,828	607,656
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$9,010,272	\$350,514	\$0	\$9,360,786	\$406,492	\$0	\$9,416,764	\$18,777,550

Present Law Adjustments									
-----Fiscal 2004-----					-----Fiscal 2005-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				647,054					659,244
Vacancy Savings				(300,557)					(301,053)
Inflation/Deflation				4,437					48,721
Fixed Costs				(420)					(420)
Total Statewide Present Law Adjustments				\$350,514					\$406,492
Grand Total All Present Law Adjustments				\$350,514					\$406,492

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**LFD
ISSUE**

Supervision Fee

Statute states that a probationer or parolee shall pay a supervisory fee of no less than \$120 a year and no more than \$360 a year, prorated at no less than \$10 a month for the number of months under supervision. The court or the board may reduce or waive the fee or suspend the monthly payment of the fee if it determines that the payment would cause the probationer or parolee a significant financial hardship.¹² Revenues to this account in fiscal 2002 were \$383,643, with expenditures of \$304,000. In the Governor's reductions ordered under 17-7-140, MCA, \$150,000 was taken from the fund balance of this account. The revenue from this fee is used for training and equipment for probation and parole officers and some operating costs.

Approximately one-third of the current probationers and parolees in Montana pay a supervision fee of \$15 per month. Increasing numbers in probation and parole should increase the revenues slightly in the 2005 biennium. The supervisory fee charged by several surrounding states is:

- \$35/month - Idaho
- \$30/month - Utah
- \$15/month regular probation and \$50/month for ISP - Washington
- \$50/month (70 percent goes to victim compensation and 30 percent to adult probation services) - Arizona

It is hard to determine whether this population could sustain an increase in the fee, but the legislature may want to consider:

- Charging the maximum allowed in current statute - this would double revenues to approximately \$1.5 million for the biennium
- Increasing the fee to \$35 - with one-third paying the fee, revenues for the biennium would equal \$1.8 million

¹² 46-23-1031, MCA.

Sub-Program Details

DUI UNIT 05

The DUI Unit is under contract with Community, Counseling, and Correctional Services, Inc. Intensive residential alcohol treatment is provided for offenders convicted of a fourth or subsequent driving under the influence offense. The facility has 140 beds.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	682,548	2,239,677	0	2,922,225	2,312,005	0	2,994,553	5,916,778
Equipment	24,243	0	0	24,243	0	0	24,243	48,486
Total Costs	\$706,791	\$2,239,677	\$0	\$2,946,468	\$2,312,005	\$0	\$3,018,796	\$5,965,264
General Fund	706,791	2,239,677	0	2,946,468	2,312,005	0	3,018,796	5,965,264
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$706,791	\$2,239,677	\$0	\$2,946,468	\$2,312,005	\$0	\$3,018,796	\$5,965,264

Present Law Adjustments										
-----Fiscal 2004-----					-----Fiscal 2005-----					
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Inflation/Deflation					(1,073)					(718)
Total Statewide Present Law Adjustments					(\$1,073)					(\$718)
DP 11 - Base and Inflation Increase for DUI Facility	0.00	2,240,750	0	0	2,240,750	0.00	2,312,723	0	0	2,312,723
Total Other Present Law Adjustments	0.00	\$2,240,750	\$0	\$0	\$2,240,750	0.00	\$2,312,723	\$0	\$0	\$2,312,723
Grand Total All Present Law Adjustments					\$2,239,677					\$2,312,005

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 11 - Base and Inflation Increase for DUI Facility – This request annualizes the costs associated with operating the felony DUI WATCH program. The executive is recommending general fund of \$4.6 million for the 2005 biennium. The 2001 legislature authorized the department to contract with a private service provider to operate a facility for felony DUI offenders. The facility opened on February 2, 2002 and provides more intensive treatment, but also saves general fund over placement in secure custody.

**LFD
COMMENT**

In 1997, a fourth driving under the influence of alcohol or drugs offense became a felony punishable by: 1) imprisonment for a term of not less than 6 months or more than 13 months; 2) probation for a term of not less than 1 year or more than 4 years; and 3) a fine of not less than \$1,000 or more than \$10,000. In an attempt to deal with rising contract bed costs and to provide better chemical dependency treatment, the 2001 legislature passed SB 489. SB 489 revised the penalties for fourth or subsequent offenses of driving under the influence of alcohol or drugs. The act allows those persons convicted of a fourth or subsequent offense to be sentenced to the Department of Corrections for appropriate placement in a correctional facility or residential alcohol treatment program. If the person successfully completes a residential alcohol treatment program operated or approved by the Department of Corrections, the remainder of the 13-month sentence must be served on probation. The department projected that with the passage of SB 489, there would be savings in contract beds and chemical dependency pre-release beds. Therefore, the 2001 legislature approved a biennial reduction of approximately \$5.8 million general fund for contract beds for an overall net reduction of \$2.5 million in fiscal 2003 in the department's budget. Savings of approximately \$3.0 million per year are projected for the 2005 and future biennia.

WATCH Statistics as of November 1, 2002:

- Total of 231 admitted to the program since opening on February 1, 2002
- Average number of DUI's of program admittees: 5.81
- Blood alcohol content at time of arrest: 0.21
- 93 discharges to date, with 71 completing the program and 22 not completing the program
- Aftercare statistics for the 71 completing the program show:
 - 65 (91.6 percent) have kept their initial aftercare appointments - of the 6 individuals who did not keep their initial appointments, 3 have rescheduled and made the follow-up appointment, constituting a 95.8 percent follow-up compliance rate
 - 66 individuals (93.0 percent) are attending AA on a "regular basis"
 - 68 individuals (95.8 percent) are regularly reporting to their probation/parole officer
 - 54 individuals (76.1 percent) are currently employed - 6 of those not employed were released from the program less than 30 days ago
 - 2 individuals (2.8 percent) have received sanctions for initial non-compliance with probation and parole rules. Both of these individuals are now in compliance
 - 3 individuals (4.2 percent) have absconded from supervision
 - No arrests for committing a new crime

Of the 22 not completing the program:

- 18 returned to a higher level of custody to serve remainder of 13-month sentence
- 1 died
- 1 transferred to prerelease center
- 2 did not complete program because sentence expired

In August 2002, the first group of graduates finished the program. Although the statistics presented above look very positive, there has not been sufficient time to measure the success of the program. However, a calculation of the 71 completing the program as of November 1 versus the cost if they had been imprisoned for 13 months reveals a savings of approximately \$0.8 million. If the program graduates 76 percent of the number admitted, savings of \$4.8 million would be realized in the 2005 biennium. This is less than the fiscal note projection of \$6.0 million due to the contract cost being slightly higher than originally projected and because the fiscal note assumes an 80 percent success rate.

**LFD
ISSUE**

Follow-Up

The legislature may want to request that the department provide a report to the appropriate interim committee in the fall of 2003, providing a full-year of statistics on the program, including, but not limited to:

- Numbers graduated versus admitted
- Sanctions, revocations, and new arrests of graduates
- Length of stay for those who did not complete and subsequent sentence of those not graduating
- Comparison statistics of sanctions, revocations, and new arrests of those fourth or subsequent DUI offenders serving prison time

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	578.45	0.00	0.00	578.45	0.00	0.00	578.45	578.45
Personal Services	22,628,824	2,325,324	0	24,954,148	2,357,881	0	24,986,705	49,940,853
Operating Expenses	27,156,550	600,154	0	27,756,704	1,355,003	0	28,511,553	56,268,257
Equipment	292,757	0	0	292,757	0	0	292,757	585,514
Capital Outlay	50	0	0	50	0	0	50	100
Grants	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	159,994	0	0	159,994	0	0	159,994	319,988
Total Costs	\$50,238,175	\$2,925,478	\$0	\$53,163,653	\$3,712,884	\$0	\$53,951,059	\$107,114,712
General Fund	49,316,699	2,357,978	0	51,674,677	3,145,384	0	52,462,083	104,136,760
State/Other Special	841,188	567,500	0	1,408,688	567,500	0	1,408,688	2,817,376
Federal Special	80,288	0	0	80,288	0	0	80,288	160,576
Total Funds	\$50,238,175	\$2,925,478	\$0	\$53,163,653	\$3,712,884	\$0	\$53,951,059	\$107,114,712

Program Description

The Secure Facilities Program includes the Montana State Prison, Montana Women's Prison, and contract beds.

Program Narrative

Secure Facilities Program Major Budget Highlights
<ul style="list-style-type: none"> o Increase of \$5.5 million general fund requested for 2005 biennium over the base budget. Major changes include: <ul style="list-style-type: none"> o \$3.0 million increase for zero-based personal services o \$2.5 million increase to annualize MWP expansion o \$1.7 million increase for statewide present law adjustments o \$1.7 million decrease in contract beds
Major LFD Issues
<ul style="list-style-type: none"> o Inmate canteen surcharge o 124 percent increase in operating cost requested for MWP due to expansion

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding	Base	% of Base	Budget	% of Budget	Budget	% of Budget
	Fiscal 2002	Fiscal 2002	Fiscal 2004	Fiscal 2004	Fiscal 2005	Fiscal 2005
01100 General Fund	\$ 49,316,699	98.2%	\$ 51,674,677	97.2%	\$ 52,462,083	97.2%
02339 Inmate Welfare/Inmate Pay	100,000	0.2%	100,000	0.2%	100,000	0.2%
02917 Msp Canteen Revolving Acct	741,188	1.5%	1,308,688	2.5%	1,308,688	2.4%
03315 Misc Federal Grants	80,288	0.2%	80,288	0.2%	80,288	0.1%
Grand Total	\$ 50,238,175	100.0%	\$ 53,163,653	100.0%	\$ 53,951,059	100.0%

	-----Fiscal 2004-----					-----Fiscal 2005-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					1,803,064					1,837,021
Vacancy Savings					(977,238)					(978,638)
Inflation/Deflation					37,672					48,675
Fixed Costs					(758)					(758)
Total Statewide Present Law Adjustments					\$862,740					\$906,300
DP 5 - Adjustment for Employee & Inmate Personal Services										
0.00 1,499,498	0.00	1,499,498	0	0	1,499,498	0.00	1,499,498	0	0	1,499,498
DP 8 - Cook/Chill Rate Adjustment Montana State Prison										
0.00 221,153	0.00	221,153	0	0	221,153	0.00	221,153	0	0	221,153
DP 12 - Montana Women's Prison Expansion										
0.00 1,280,431	0.00	1,280,431	0	0	1,280,431	0.00	1,280,431	0	0	1,280,431
DP 15 - Increase in Inmate Canteen Authority										
0.00 0 283,750	0.00	0	283,750	0	283,750	0.00	0	283,750	0	283,750
DP 25 - Contract Placement Present Law Decrease										
0.00 (1,222,094)	0.00	(1,222,094)	0	0	(1,222,094)	0.00	(478,248)	0	0	(478,248)
Total Other Present Law Adjustments	0.00	\$1,778,988	\$283,750	\$0	\$2,062,738	0.00	\$2,522,834	\$283,750	\$0	\$2,806,584
Grand Total All Present Law Adjustments					\$2,925,478					\$3,712,884

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Sub-Program Details

MONTANA STATE PRISON 01

The Montana State Prison (MSP), located in Deer Lodge, had an average daily population of 1,319 in fiscal 2002.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	501.17	0.00	0.00	501.17	0.00	0.00	501.17	501.17
Personal Services	20,476,563	1,700,367	0	22,176,930	1,734,196	0	22,210,759	44,387,689
Operating Expenses	7,645,105	535,564	0	8,180,669	544,329	0	8,189,434	16,370,103
Equipment	292,757	0	0	292,757	0	0	292,757	585,514
Capital Outlay	50	0	0	50	0	0	50	100
Grants	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	150,214	0	0	150,214	0	0	150,214	300,428
Total Costs	\$28,564,689	\$2,235,931	\$0	\$30,800,620	\$2,278,525	\$0	\$30,843,214	\$61,643,834
General Fund	27,643,213	1,668,431	0	29,311,644	1,711,025	0	29,354,238	58,665,882
State/Other Special	841,188	567,500	0	1,408,688	567,500	0	1,408,688	2,817,376
Federal Special	80,288	0	0	80,288	0	0	80,288	160,576
Total Funds	\$28,564,689	\$2,235,931	\$0	\$30,800,620	\$2,278,525	\$0	\$30,843,214	\$61,643,834

Present Law Adjustments									
-----Fiscal 2004-----					-----Fiscal 2005-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				1,062,378					1,097,666
Vacancy Savings				(861,509)					(862,968)
Inflation/Deflation				31,151					39,916
Fixed Costs				(490)					(490)
Total Statewide Present Law Adjustments				\$231,530					\$274,124
DP 5 - Adjustment for Employee & Inmate Personal Services	0.00	1,499,498	0	1,499,498	0.00	1,499,498	0	0	1,499,498
DP 8 - Cook/Chill Rate Adjustment Montana State Prison	0.00	221,153	0	221,153	0.00	221,153	0	0	221,153
DP 15 - Increase in Inmate Canteen Authority	0.00	0	283,750	283,750	0.00	0	283,750	0	283,750
Total Other Present Law Adjustments	0.00	\$1,720,651	\$283,750	\$2,004,401	0.00	\$1,720,651	\$283,750	\$0	\$2,004,401
Grand Total All Present Law Adjustments				\$2,235,931					\$2,278,525

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 5 - Adjustment for Employee & Inmate Personal Services - The executive recommends this request be approved as costs of overtime, differential pay, holidays worked, comp time pay out, holiday pay out, and related benefits are zero based. These items are necessary and are re-established each biennium.

DP 8 - Cook/Chill Rate Adjustment Montana State Prison - This authority increase is necessary to pay the allocated share of Montana State Prison's cook/chill rate structure in accordance with state laws and policies regarding internal service funds.

DP 15 - Increase in Inmate Canteen Authority - This is a request for additional state special revenue authority to fund purchases for the inmate canteen at Montana State Prison (MSP). MSP has decreased the ability of inmates to order items from outside vendors and receive items from family members. This has caused more inmate dependence on the canteen system to procure personal need hygiene/food items. In addition, increased authority is needed due to increased population at MSP.

LFD ISSUE	<p>Inmate Canteen Surcharge Iowa has a 6 percent surcharge on inmate canteen purchases. The funds offset operating costs of the respective institution. Inmate canteen funds at Montana secure facilities were approximately \$1.0 million in fiscal 2002. A surcharge of 6 percent would generate \$0.1 million for the biennium.</p>
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Sub-Program Details

MONTANA WOMENS PRISON 02

The Montana Women's Prison (MWP), located in Billings, Montana, was recently expanded to 205 beds. The expansion was completed in the summer of 2002.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	68.27	0.00	0.00	68.27	0.00	0.00	68.27	68.27
Personal Services	1,741,632	635,402	0	2,377,034	634,821	0	2,376,453	4,753,487
Operating Expenses	1,033,111	1,286,495	0	2,319,606	1,288,416	0	2,321,527	4,641,133
Debt Service	9,088	0	0	9,088	0	0	9,088	18,176
Total Costs	\$2,783,831	\$1,921,897	\$0	\$4,705,728	\$1,923,237	\$0	\$4,707,068	\$9,412,796
General Fund	2,783,831	1,921,897	0	4,705,728	1,923,237	0	4,707,068	9,412,796
Total Funds	\$2,783,831	\$1,921,897	\$0	\$4,705,728	\$1,923,237	\$0	\$4,707,068	\$9,412,796

Present Law Adjustments										
-----Fiscal 2004-----					-----Fiscal 2005-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				734,455					733,844	
Vacancy Savings				(99,053)					(99,023)	
Inflation/Deflation				6,212					8,133	
Fixed Costs				(148)					(148)	
Total Statewide Present Law Adjustments				\$641,466					\$642,806	
DP 12 - Montana Women's Prison Expansion	0.00	1,280,431	0	0	1,280,431	0.00	1,280,431	0	0	1,280,431
Total Other Present Law Adjustments	0.00	\$1,280,431	\$0	\$0	\$1,280,431	0.00	\$1,280,431	\$0	\$0	\$1,280,431
Grand Total All Present Law Adjustments				\$1,921,897					\$1,923,237	

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 12 - Montana Women's Prison Expansion - The expansion of the Montana Women's Prison was completed in the summer of 2002 and this decision package annualizes the costs of expansion. The expansion of MWP required additional FTE, increased operating costs, utilities, and contracted services, as well as equipment. The population of the facility is projected to increase to 141 by fiscal year end 2004.

Contracted services include medical, mental health, chemical dependency, and educational/vocational programming.

**LFD
COMMENT**

Expansion Costs

The expansion was originally slated to be complete in early calendar year 2003. Based on the original completion date, the 2001 legislature approved funding for approximately six months of the expansion in fiscal 2003. The 2001 legislature approved \$0.5 million for increased personal services costs (21.00 FTE for fiscal 2003, which would annualize to 28.00 FTE in fiscal 2004) and \$0.3 million in increased operating costs. With the expansion completed at the end of fiscal 2002, the increased operating costs were not captured in the base budget. This decision package provides funding to annualize those costs.

The "snapshot" fully funds the 28.00 FTE; therefore, the \$2.6 million requested for the 2005 biennium is for increased operating costs. This represents an increase of 124 percent in the operating costs for an increase in the average daily population of 74 percent. Based on the present law adjustment requested, the average cost per day would decrease from \$94.16 in fiscal 2002 to \$91.46 in fiscal 2005. In the past, it was projected that the cost per day would drop to the \$60/day range once the expansion unit was complete due to economies of scale. The average daily population for fiscal years 2004 and 2005 is based on conditional releases reducing populations. Once the prison is closer to capacity, greater economies of scale should be realized. However, if the present fiscal realities cause a permanent policy shift in determining that there is a better way to supervise nonviolent offenders, the possibility exists that the economies of scale envisioned will not be realized for years.

Sub-Program Details

CONTRACTED BEDS 04

The contract beds budget represents those expenditures directly related to housing Montana inmates outside of the state-operated correctional institutions. These currently include the regional prisons, county jails, and Crossroads (private prison in Shelby).

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	9.01	0.00	0.00	9.01	0.00	0.00	9.01	9.01
Personal Services	410,629	(10,445)	0	400,184	(11,136)	0	399,493	799,677
Operating Expenses	18,478,334	(1,221,905)	0	17,256,429	(477,742)	0	18,000,592	35,257,021
Debt Service	692	0	0	692	0	0	692	1,384
Total Costs	\$18,889,655	(\$1,232,350)	\$0	\$17,657,305	(\$488,878)	\$0	\$18,400,777	\$36,058,082
General Fund	18,889,655	(1,232,350)	0	17,657,305	(488,878)	0	18,400,777	36,058,082
Total Funds	\$18,889,655	(\$1,232,350)	\$0	\$17,657,305	(\$488,878)	\$0	\$18,400,777	\$36,058,082

Present Law Adjustments										
-----Fiscal 2004-----					-----Fiscal 2005-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				6,231					5,511	
Vacancy Savings				(16,676)					(16,647)	
Inflation/Deflation				309					626	
Fixed Costs				(120)					(120)	
Total Statewide Present Law Adjustments				(\$10,256)					(\$10,630)	
DP 25 - Contract Placement Present Law Decrease	0.00	(1,222,094)	0	0	(1,222,094)	0.00	(478,248)	0	0	(478,248)
Total Other Present Law Adjustments	0.00	(\$1,222,094)	\$0	\$0	(\$1,222,094)	0.00	(\$478,248)	\$0	\$0	(\$478,248)
Grand Total All Present Law Adjustments				(\$1,232,350)					(\$488,878)	

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 25 - Contract Placement Present Law Decrease - The executive requests a decrease in the contract beds budget for the 2005 biennium. The reduction is due to department efforts to move inmates through the system as quickly as possible, use of the conditional release program, and changes in sentencing patterns by judges who are aware of the financial crisis in the state. Public safety continues to be the number one priority. The projected savings to the general fund, due to a new growth projection of approximately 3.6 percent each year, is \$1.7 million for the 2005 biennium.

Proprietary Rates

Program Description

Food Factory Program - The food factory was established to provide cost effective nutritional meals to the Montana State Prison and other state and county agencies, using a cook/chill method of food preparation. The cook/chill method allows food to be prepared a week in advance and packaged in bulk or individual trays.

Revenues and Expenses

The food factory derives its revenue from the sale of bulk food and trayed meals to customers. Currently the customers who are served include: Montana State Prison, Montana State Hospital, Treasure State Correctional Training Center, Riverside Youth Correctional Facility, WATCH DUI Unit, and the Helena Prerelease Center. The anticipated revenues for fiscal 2004 and fiscal 2005 are \$2,230,000 and \$2,271,000 respectively. The largest expense the food factory incurs is the purchase of raw food items and personal services costs. The anticipated expenses for fiscal 2004 and fiscal 2005 are \$2,179,470 and \$2,221,266 respectively. The fiscal 2005 amount includes the purchase of equipment for \$41,796.

Food Factory Rates

Current food factory rates charged to the customers are lower than the rates established during the 2001 legislative session. The rates, as they were established, assumed that all customers would be purchasing a complete trayed meal. In reality, most customers receive a bulk product. The bulk customers are charged the food cost plus a monthly overhead charge. The per meal trayed customer rates for the 2005 biennium are as follows:

Montana State Prison	\$1.37
Riverside Youth Correctional Facility	\$2.01
WATCH DUI Unit	\$1.59
Helena Prerelease:	\$2.01

All meal rates include delivery costs.

Report on Internal Service and Enterprise Funds, 2005 Biennium

Fund	Fund Name	Agency #	Agency Name	Program Name
06573	Prison Industries Cook Chill	64010	Dept. of Corrections	

	actual FY00	actual FY01	actual FY02	budgeted FY03	budgeted FY04	budgeted FY05
Operating Revenues:						
Fee revenue						
Food Factory	-	-	-	2,200,000	2,230,000	2,271,000
Net Fee Revenue			2,048,468	2,200,000	2,230,000	2,271,000
Investment Earnings			-	-	-	-
Securities Lending Income			-	-	-	-
Premiums			-	-	-	-
Other Operating Revenues						
Total Operating Revenues			2,048,468	2,200,000	2,230,000	2,271,000
Intrafund Revenue			-	-	-	-
Net Operating Revenues	-	-	2,048,468	2,200,000	2,230,000	2,271,000
Operating Expenses:						
Personal Services			715,330	750,000	820,196	820,196
Other Operating Expenses						
Miscellaneous, operating			1,427,073	1,511,178	1,359,274	1,401,070
Miscellaneous, other			-	-	-	-
Total Operating Expenses			2,142,403	2,261,178	2,179,470	2,221,266
Intrafund Expense			-	-	-	-
Net Operating Expenses	-	-	2,142,403	2,261,178	2,179,470	2,221,266
Operating Income (Loss)			(93,935)	(61,178)	50,530	49,734
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets			-	-	-	-
Federal Indirect Cost Recoveries			-	-	-	-
Other Nonoperating Revenues (Expenses)						
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers			(93,935)	(61,178)	50,530	49,734
Contributed Capital			3,806,076	-	-	-
Operating Transfers In (Note 13)			47,508	-	-	-
Operating Transfers Out (Note 13)			-	-	-	-
Retained Earnings/Fund Balances - July 1 - As Restated			-	3,759,649	3,698,471	3,749,001
Net Income (Loss)	-	-	3,759,649	(61,178)	50,530	49,734
Retained Earnings/Fund Balances - June 30	-	-	3,759,649	3,698,471	3,749,001	3,798,735
60 days of expenses (Total Operating Expenses divided by 6)	-	-	357,067	376,863	363,245	370,211

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	15.00	0.00	0.00	15.00	0.00	0.00	15.00	15.00
Personal Services	638,268	221,828	(19,600)	840,496	218,586	(14,160)	842,694	1,683,190
Operating Expenses	655,003	2,975,931	(2,975,408)	655,526	566,943	(566,068)	655,878	1,311,404
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$1,293,271	\$3,197,759	(\$2,995,008)	\$1,496,022	\$785,529	(\$580,228)	\$1,498,572	\$2,994,594
General Fund	940,187	3,106,432	(2,995,008)	1,051,611	693,057	(580,228)	1,053,016	2,104,627
Proprietary	353,084	91,327	0	444,411	92,472	0	445,556	889,967
Total Funds	\$1,293,271	\$3,197,759	(\$2,995,008)	\$1,496,022	\$785,529	(\$580,228)	\$1,498,572	\$2,994,594

Program Description

The Montana Correctional Enterprises (MCE) Program includes the ranch, industries, dairy, license plate, and vocational education programs at the Montana State Prison facility. MCE also has industry programs located at the Montana Women's Prison, Cascade County Regional Detention Facility, and Crossroads Correctional Facility. MCE programs provide employment and vocational educational training opportunities to offenders. Approximately 350 offenders are involved in education, training, and employment with MCE programs.

Program Narrative

Montana Correctional Enterprises Program	
Major Budget Highlights	
<ul style="list-style-type: none"> ○ Increase of \$3.7 million general fund requested for 2005 biennium over the base budget for license plate reissue (costs are offset but require legislation) ○ \$0.5 million increase in proprietary authority ○ 	
Major LFD Issues	
<ul style="list-style-type: none"> ○ Increase of 171.3 percent general fund requested for inmate pay ○ Fund vocational education/training with proprietary funds - \$1.1 million general fund savings ○ Change statute to allow only one license plate on motor vehicle - \$0.8 million general fund savings 	

Although there is a present law decision package of \$3.7 million for the license plate reissue, there is a new proposal that offsets this amount that is dependent on legislation passing. The legislation would change the date of reissue of license plates to fiscal 2006.

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
Program Funding						
01100 General Fund	\$ 940,187	72.7%	\$ 1,051,611	70.3%	\$ 1,053,016	70.3%
06034 Msp Institutional Industries	-	-	-	-	-	-
06545 Prison Indust. Training Prog	<u>353,084</u>	<u>27.3%</u>	<u>444,411</u>	<u>29.7%</u>	<u>445,556</u>	<u>29.7%</u>
Grand Total	<u>\$ 1,293,271</u>	<u>100.0%</u>	<u>\$ 1,496,022</u>	<u>100.0%</u>	<u>\$ 1,498,572</u>	<u>100.0%</u>

The Industries program had general fund support equal to approximately 50.5 percent in the 2001 biennium, which increased to 64.1 percent in the 2003 biennium. The request for the 2005 biennium is 57.8 percent general fund.

	-----Fiscal 2004-----					-----Fiscal 2005-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					79,636					81,926
Vacancy Savings					(28,715)					(28,807)
Inflation/Deflation					523					875
Total Statewide Present Law Adjustments					\$51,444					\$53,994
DP 16 - MCE Voc Ed and Lic Plate Factory Inmate Payroll										
0.00 83,201	0.00	83,201	0	0	151,307 *	0.00	83,201	0	0	151,307 *
DP 18 - MCE License Plate Factory -Plate Reissue request										
0.00 2,995,008	0.00	2,995,008	0	0	2,995,008	0.00	580,228	0	0	580,228
Total Other Present Law Adjustments	0.00	\$3,078,209	\$0	\$0	\$3,146,315 *	0.00	\$663,429	\$0	\$0	\$731,535 *
Grand Total All Present Law Adjustments					\$3,197,759 *					\$785,529 *

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 16 - MCE Voc Ed and License Plate Factory Inmate Payroll - The executive requests \$166,402 in general fund and \$136,212 in proprietary funds for the 2005 biennium. The general funds will be used for inmate payroll for the License Plate Factory and student payroll for inmates who attend classes on both the high and low security sides of the MSP compound. Vocational education proprietary funds requested are for inmates involved in motor vehicle maintenance, apprenticeship training, and the Toyota Project. Vocational Education and License Plate Factory inmate payroll is based on the approved Montana Correctional Enterprises inmate pay policy. Inmate payroll costs are only incurred as needed.

LFD ISSUE	<p>Increase in Inmate Pay</p> <p>In fiscal years 2000 through 2002, the program requested approximately \$28,000 each year more than actual expenditures for inmate pay. The increase requested for the 2005 biennium represents a 171 percent increase in general fund and a 209 percent increase in total funds over the base year. The decision package for the license plate reissue also contains approximately \$5,400 each year for inmate pay. The figure below shows historical expenditures for inmate pay. In 1998, the general fund supported 16 percent of inmate pay compared to 63 percent in fiscal 2002.</p> <p>In the prison industries program, the general fund amount approved by the legislature for inmate pay in the 2001 biennium was 15.0 percent of the total request.</p>
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**LFD
ISSUE
(continued)**

Even though total funds were underspent in the 2001 biennium, the amount of general fund spent totaled 44.4 percent. In fiscal 2002, 43.4 percent of the total approved for inmate pay was general fund, yet the general fund percent of actual expenditures totaled 58.0 percent.

Option:

The request for general fund was over-estimated in fiscal years 2000 through 2002 by approximately \$28,000 each year and average general fund expenditures for the last three years are \$32,000. In addition, the division has used a higher percent of

		Figure House Bill 2 Inmate Pay License Plate Factory and Prison Industries								
		1996	1997	1998	1999	2000	2001	2002	2004	2005
		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Requested	Requested
General Fund		\$22,766	\$13,224	\$10,222	\$23,483	\$32,763	\$32,796	\$30,666	\$83,201	\$83,201
Proprietary		50,412	56,288	54,508	31,566	24,065	19,167	18,354	68,106	68,106
Total		\$73,178	\$69,512	\$64,730	\$55,049	\$56,828	\$51,963	\$49,020	\$151,307	\$151,307
% GF of Total		31.11%	19.02%	15.79%	42.66%	57.65%	63.11%	62.56%	54.99%	54.99%

general fund for inmate pay than the division is funded at. Therefore, the legislature may want to appropriate general fund closer to the average general fund expenditures in fiscal years 2000 through 2002 and mandate that the division expend inmate pay in line with the percent that general fund supports the Industries Program. A savings of \$96,500 general fund for the biennium would be realized if general fund of \$35,000 is appropriated each year of the 2005 biennium.

DP 18 - MCE License Plate Factory -Plate Reissue request - Current law requires a reissue of license plates in fiscal 2004, and every four years thereafter. Last session the legislature approved a new digital license plate system in SB 393 and HB 191. It is believed that the intent was to convert the entire license plate system over to the digital system this biennium. The executive requests approximately \$3.6 million in general fund for the biennium to fund the specialty license plates and the regular reissue license plates using the digital license plate system.

The costs associated with the license plate reissue are based on a plate production projection of 2,300,000 plates (1,800,000 reissue plates, and regular yearly production of 50,000 small and 450,000 large plates) in fiscal 2004 and regular plate production of 500,000 (50,000 small and 450,000 large plates) in fiscal 2005. The costs in this request are in addition to the base budget and include funding for the digital license plate equipment lease, personal services (including inmate payroll), additional material, and operational costs.

**LFD
ISSUE**

Plate Reissue

The department has indicated that this decision package can be reduced by \$61,500 each year, as there is one assumption that changed since this proposal was submitted to the Office of Budget and Program Planning.

Legislation is being proposed to delay the issue of new plates from 2004 to 2006. If this legislation is passed, new proposal 8001 below, will negate the above present law decision package.

New Proposals	Fiscal 2004					Fiscal 2005				
	Program	FTE	General	State Special	Federal Special Total Funds	FTE	General	State Special	Federal Special Total Funds	
DP 8001 - MCE License Plate reissue Delete	04	0.00	(2,995,008)	0	0 (2,995,008)	0.00	(580,228)	0	0 (580,228)	
Total		0.00	(\$2,995,008)	\$0	\$0 (\$2,995,008)	0.00	(\$580,228)	\$0	\$0 (\$580,228)	

New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

DP 8001 - MCE License Plate Reissue Delete - This request is a companion to PL 18 and is contingent upon passage and approval of proposed legislation to change the statutory requirements for license plate reissue every four years. The proposed legislation would delay the reissue until 2006. [LC 162]

LFD ISSUE	Contingent on Passage of Legislation The legislature may want to delay action on this decision package until the proposed legislation has been passed and approved.
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Other Issues

LFD ISSUE	Vocational Training/Education Proprietary The 2005 biennium request for vocational training/education is \$1.1 million general fund and \$0.8 million in proprietary funds. The legislature may want to direct the department to ensure the rates charged for products are sufficient to also cover the general fund vocational training/education costs.
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LFD ISSUE	<p>One License Plate Under current law, two license plates must be issued to the owner of a motor vehicle. Some vehicles, such as motorcycles, are exempt from this provision. As of March 2001, nineteen states require that motor vehicles carry only one license plate. Considering the current state fiscal condition, the legislature may want to consider legislation that would require only one license plate on motor vehicles. The department estimates that it costs \$2.20 to produce each digital license plate and regular plate production is approximately 500,000 each year. Going to one plate could result in a biennial savings of \$1.1 million general fund (because economies of scale would not be as great with decreased production, savings may be slightly overstated). Savings in the Department of Justice of slightly over \$10,000 for the biennium would also be realized for lower postage and freight of delivering the plates to county offices.</p> <ul style="list-style-type: none"> ○ Introduce legislation to require only one license plate. Contingent upon passage, general fund could be reduced \$1.1 million. ○ Take no action
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Proprietary Rates

Program Description

The Montana Correctional Enterprise (MCE) Industry program includes furniture, upholstery, print, sign, and laundry operations at the Montana State Prison facility. In addition, telemarketing programs are operated at the regional and private prison locations around Montana.

The MCE Ranch and Dairy operation includes range cattle, dairy, crops, feedlot and composting located at the Montana State Prison facility.

The MCE Vocational Education program operates a motor vehicle maintenance shop, Toyota cutaway operation, 2 x 4 lumber processing plant, and the Montana Food Bank cannery at the Montana State Prison Facility.

Revenues and Expenses

Montana Correctional Enterprises (MCE) Industry revenues are derived from product sales to state and private customers. Operational needs, cash flow, economic return, customer orders, and product inventory levels determine the expenses. Overall revenue levels are dependant on marketing efforts, legislative restrictions, state agency purchases, retail outlet dealer sales, expansion and adjustment of the product line, continuation of the Certified Industry Program, private sector

complaints, private customer contracts, and the success of the programs at the Montana Women's Prison, regional, and private prisons.

MCE Ranch and Dairy revenues are based on the market value of products sold. Expenditures are dependant on operational needs, cash flow, economic return, weather conditions, product market prices, and discussions with the Ranch Advisory Committee.

MCE Vocational Education Motor Vehicle Maintenance (MVM) revenues are based on customer vehicle and equipment repair and maintenance needs. Toyota revenues are based on contracts with the Toyota Company for producing motor vehicle cut-aways and trainers. Revenues and the need for parts and supplies for the repairs and contract projects determine the expenditure levels. The MCE Vocational Education Food Bank revenues are derived from reimbursement of actual costs incurred.

Rate Explanation

The MCE Industries rates for furniture, upholstery, print and sign shops are based on competitive product pricing.

The MCE Industries laundry rates increased in fiscal year 2002 for the first time since the inception of the laundry program in 1996. MCE is not projecting any rate increase for the 2005 biennium. The current laundry rates are as follows:

- Montana State Prison and Treasure State Correctional Training Center - \$.39 per pound
- Montana State Hospital - \$.38 per pound
- Montana Developmental Center and Riverside Youth Correctional Facility - \$.46 per pound.

The break-even cost for laundry operations is approximately \$.35 per pound without delivery costs. Any profit is maintained within the Industries account to be used for future laundry equipment replacement, as well as the overall Industries enterprise operation.

The Industries telemarketing rates are based on contracts with private companies.

MCE Ranch and Dairy rates are based on the current market prices of cattle, crops and dairy products.

MCE Vocational Education Motor Vehicle Maintenance (MVM) and Toyota pricing are based on the cost of parts and an hourly labor charge. The labor charge covers the cost of the four FTE associated with the MVM and Toyota operations.

Report on Internal Service and Enterprise Funds, 2005 Biennium

Fund	Fund Name	Agency #	Agency Name	Program Name
06033	Prison Ranch	64010	Dept. of Corrections	

	actual FY00	actual FY01	actual FY02	budgeted FY03	budgeted FY04	budgeted FY05
Operating Revenues:						
Fee revenue						
Net Fee Revenue	3,343,668	2,485,690	2,694,306	2,682,000	2,700,000	2,600,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenues	3,343,668	2,485,690	2,694,306	2,682,000	2,700,000	2,600,000
Intrafund Revenue	-	-	-	-	-	-
Net Operating Revenues	3,343,668	2,485,690	2,694,306	2,682,000	2,700,000	2,600,000
Operating Expenses:						
Personal Services	855,191	933,222	1,017,836	1,038,360	1,049,235	1,049,235
Other Operating Expenses	1,718,787	1,382,573	1,377,785	1,578,381	1,298,465	1,301,050
Miscellaneous, operating	253,738	266,320	277,376	250,000	250,000	250,000
Miscellaneous, other	-	-	-	-	-	-
Total Operating Expenses	2,827,716	2,582,115	2,672,997	2,866,741	2,597,700	2,600,285
Intrafund Expense	-	-	-	-	-	-
Net Operating Expenses	2,827,716	2,582,115	2,672,997	2,866,741	2,597,700	2,600,285
Operating Income (Loss)	515,952	(96,425)	21,309	(184,741)	102,300	(285)
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	2,513	7,571	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	(332,014)	477,783	(68,349)	-	-	-
Net Nonoperating Revenues (Expenses)	(332,014)	480,296	(60,778)	-	-	-
Income (Loss) Before Operating Transfers	183,938	383,871	(39,469)	(184,741)	102,300	(285)
Contributed Capital	20,955	20,955	-	-	-	-
Operating Transfers In (Note 13)	-	425	-	78,500	78,500	78,500
Operating Transfers Out (Note 13)	(17,506)	-	-	-	-	-
Retained Earnings/Fund Balances - July 1 - As Restated	7,672,811	7,812,084	8,217,335	8,177,866	8,071,625	8,252,425
Net Income (Loss)	187,387	405,251	(39,469)	(106,241)	180,800	78,215
Retained Earnings/Fund Balances - June 30	7,860,198	8,217,335	8,177,866	8,071,625	8,252,425	8,330,640
60 days of expenses (Total Operating Expenses divided by 6)	471,286	430,353	445,500	477,790	432,950	433,381

Report on Internal Service and Enterprise Funds, 2005 Biennium

Fund	Fund Name	Agency #	Agency Name	Program Name
06034, 06545	Prison Industries	64010	Dept. of Corrections	Secure Facilities

	actual FY00	actual FY01	actual FY02	budgeted FY03	budgeted FY04	budgeted FY05
Operating Revenues:						
Fee revenue						
Revenue from Fees	-	-	2,889,002	3,333,806	2,835,000	2,835,000
Net Fee Revenue	2,659,771	2,819,132	2,889,002	3,333,806	2,835,000	2,835,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenues	2,659,771	2,819,132	2,889,002	3,333,806	2,835,000	2,835,000
Intrafund Revenue	-	-	-	-	-	-
Net Operating Revenues	2,659,771	2,819,132	2,889,002	3,333,806	2,835,000	2,835,000
Operating Expenses:						
Personal Services	1,302,543	1,565,072	1,617,664	1,978,931	1,532,321	1,532,321
Other Operating Expenses	1,570,372	1,153,694	1,057,340	1,314,057	1,410,702	1,312,239
Miscellaneous, operating	15,808	37,352	27,850	12,672	-	-
Miscellaneous, other	-	-	-	-	-	-
Total Operating Expenses	2,888,723	2,756,118	2,702,854	3,305,660	2,943,023	2,844,560
Intrafund Expense	-	-	-	-	-	-
Net Operating Expenses	2,888,723	2,756,118	2,702,854	3,305,660	2,943,023	2,844,560
Operating Income (Loss)	(228,952)	63,014	186,148	28,146	(108,023)	(9,560)
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	(2,044)	(8,257)	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	(2,044)	(8,257)	-	-	-
Income (Loss) Before Operating Transfers	(228,952)	60,970	177,891	28,146	(108,023)	(9,560)
Contributed Capital	255,192	255,192	-	-	-	-
Operating Transfers In (Note 13)	-	-	2,345	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Retained Earnings/Fund Balances - July 1 - As Restated	1,545,030	1,199,033	1,515,195	1,695,431	1,723,577	1,615,554
Net Income (Loss)	26,240	316,162	180,236	28,146	(108,023)	(9,560)
Retained Earnings/Fund Balances - June 30	1,571,270	1,515,195	1,695,431	1,723,577	1,615,554	1,605,994
60 days of expenses (Total Operating Expenses divided by 6)	481,454	459,353	450,476	550,943	490,504	474,093

Significant Present Law

PL 17 – MCE Industries Equipment - MCE Industries is responsible for providing industry programs at the Montana Women's Prison, Great Falls Regional Jail, Cascade County Regional Detention Center, and Crossroads Correctional Center in Shelby. To start new programs it is foreseeable that equipment purchases would be necessary. The purchase of the equipment will only be made if the programs are started and if the Industries proprietary account (06034) has adequate cash flow.

PL 19 – MCE Ranch LP Program Authority Request - MCE Ranch and Louisiana Pacific (LP) lumber mill in Deer Lodge are working on a cooperative project where MCE processes non-stud (re-trim and economy) grade 2X4 and 2X6 lumber

by cutting out the defects in the lumber and palletizing the remaining sections to be used as finger-jointer blocks for processing at the LP mill. This request will continue this program, which was implemented in fiscal 2002.

PL 20 – MCE Ranch Dam Compliance Authority - MCE is requesting spending authority for continuation of the rehabilitation work on the MCE Ranch high hazard dams to comply with DNRC and the Montana Dam Safety Act requirements.

MCE Ranch has eight irrigation dams as part of overall ranch operation. Five of these dams have been classified as high-hazard by DNRC. The term high-hazard does not refer to the condition of the dam; rather it refers to the potential for loss of life downstream. The five high-hazard dams are permitted under the Montana Dam Safety Act. MCE Ranch has been working with DNRC to bring the five high-hazard dams into compliance, allowing the dam permits to continue. In the last legislative session, MCE Ranch received a DNRC renewable resource grant to partially fund the cost of engineering services on two of the high-hazard dams, Mud Lake and Upper Taylor. MCE has submitted another DNRC grant request for the 2005 biennium.

PL 24 – Ranch & Industries Inmate Payroll & Supervisor Overtime - The executive requests \$2.2 million in proprietary authority for the biennium for overtime and inmate pay.

**LFD
COMMENT**

Overtime expenditures in the base year were \$87,500. This request includes \$126,995 each year for overtime, an increase of 45 percent.

PL 28 – Termination of the Montana Food Bank Program - Montana Correctional Enterprises Ranch operates the Montana Food Bank Network Cannery. Funding for the Food Bank is split between the Montana Correctional Enterprises and the Department of Health and Human Services. During the past legislative session, the legislature approved the funding for a 50/50 split between these two agencies.

This proposal would terminate the cannery project due to cost inefficiencies, which would free general fund (DPHHS) and proprietary fund monies to be used for other areas. Based on current funding, termination of this program would result in yearly savings of approximately \$70,000 in each of the general and proprietary fund annual budgets.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	202.85	0.00	0.00	202.85	0.00	0.00	202.85	202.85
Personal Services	7,745,087	602,401	0	8,347,488	610,424	0	8,355,511	16,702,999
Operating Expenses	1,854,618	246,625	0	2,101,243	253,671	0	2,108,289	4,209,532
Equipment	7,500	0	0	7,500	0	0	7,500	15,000
Benefits & Claims	8,040,196	(1,000,000)	0	7,040,196	(1,000,000)	0	7,040,196	14,080,392
Debt Service	9,699	0	0	9,699	0	0	9,699	19,398
Total Costs	\$17,657,100	(\$150,974)	\$0	\$17,506,126	(\$135,905)	\$0	\$17,521,195	\$35,027,321
General Fund	16,468,441	283,907	0	16,752,348	298,976	0	16,767,417	33,519,765
State/Other Special	518,667	(81,654)	0	437,013	(81,654)	0	437,013	874,026
Federal Special	669,992	(353,227)	0	316,765	(353,227)	0	316,765	633,530
Total Funds	\$17,657,100	(\$150,974)	\$0	\$17,506,126	(\$135,905)	\$0	\$17,521,195	\$35,027,321

Program Description

The Juvenile Corrections Division is responsible for all state operated youth programs, including: Pine Hills Youth Correctional Facility for males located in Miles City, Riverside Youth Correctional Facility for females in Boulder, as well as statewide juvenile community corrections including parole services for youth released from state operated secure care facilities, youth transition center, specialized foster care services, interstate compact service for probation and parole in and out of state, juvenile detention licensing, monitoring and funding for state district probation placements, research and training for the division and other agencies, and administrative support services.

Program Narrative

Juvenile Corrections Division Major Budget Highlights
<ul style="list-style-type: none"> o Decrease of \$1.5 million general fund requested for 2005 biennium over the base budget o \$2.0 million decrease in juvenile placement funds o \$0.5 million increase to annualize PHYCF expansion
Major LFD Issues
<ul style="list-style-type: none"> o None

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

<u>Program Funding</u>	Base		Budget		Budget	
	<u>Fiscal 2002</u>	<u>% of Base Fiscal 2002</u>	<u>Fiscal 2004</u>	<u>% of Budget Fiscal 2004</u>	<u>Fiscal 2005</u>	<u>% of Budget Fiscal 2005</u>
01100 General Fund	\$ 16,468,441	93.3%	\$ 16,752,348	95.7%	\$ 16,767,417	95.7%
02034 Earmarked Alcohol Funds	25,523	0.1%	25,523	0.1%	25,523	0.1%
02916 Phs-Canteen	6,236	0.0%	6,236	0.0%	6,236	0.0%
02927 Phs Donations/I & I	257,115	1.5%	257,115	1.5%	257,115	1.5%
02970 Juvenile Plcmnt Cost Of Care	229,793	1.3%	148,139	0.8%	148,139	0.8%
03084 Mvs-School Foods	17,096	0.1%	-	-	-	-
03089 Phs-School Foods	139,012	0.8%	-	-	-	-
03099 Phs-Esea Title I	45,941	0.3%	45,941	0.3%	45,941	0.3%
03315 Misc Federal Grants	397,504	2.3%	200,385	1.1%	200,385	1.1%
03530 93.658 - Iv-E Fost Care & Adp	70,439	0.4%	70,439	0.4%	70,439	0.4%
Grand Total	\$ 17,657,100	100.0%	\$ 17,506,126	100.0%	\$ 17,521,195	100.0%

	-----Fiscal 2004-----					-----Fiscal 2005-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					948,449					956,802
Vacancy Savings					(347,748)					(348,078)
Inflation/Deflation					11,317					18,363
Fixed Costs					(1,140)					(1,140)
Total Statewide Present Law Adjustments					\$610,878					\$625,947
DP 9 - Contract Adjustments for Riverside										
0.00 7,328	0.00	7,328	0	0	7,328	0.00	7,328	0	0	7,328
DP 13 - PHYCF Expansion Unit Request										
0.00 230,820	0.00	230,820	0	0	230,820	0.00	230,820	0	0	230,820
DP 7001 - Continue reduction in Juvenile Placement disburse										
0.00 (1,000,000)	0.00	(1,000,000)	0	0	(1,000,000)	0.00	(1,000,000)	0	0	(1,000,000)
Total Other Present Law Adjustments	0.00	(\$761,852)	\$0	\$0	(\$761,852)	0.00	(\$761,852)	\$0	\$0	(\$761,852)
Grand Total All Present Law Adjustments					(\$150,974)					(\$135,905)

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Sub-Program Details

JUVENILE CORRECTIONS ADMINISTRATION 01

The Juvenile Corrections Administration Division is responsible for all state operated youth programs, including Pine Hills Youth Correctional Facility for males located in Miles City, Riverside Youth Correctional Facility for females in Boulder, and the Juvenile Community Corrections Bureau.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	3.68	0.00	0.00	3.68	0.00	0.00	3.68	3.68
Personal Services	119,238	112,624	0	231,862	112,061	0	231,299	463,161
Operating Expenses	35,541	137	0	35,678	466	0	36,007	71,685
Equipment	0	0	0	0	0	0	0	0
Benefits & Claims	0	0	0	0	0	0	0	0
Debt Service	2,307	0	0	2,307	0	0	2,307	4,614
Total Costs	\$157,086	\$112,761	\$0	\$269,847	\$112,527	\$0	\$269,613	\$539,460
General Fund	157,086	112,761	0	269,847	112,527	0	269,613	539,460
State/Other Special	0	0	0	0	0	0	0	0
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$157,086	\$112,761	\$0	\$269,847	\$112,527	\$0	\$269,613	\$539,460

Present Law Adjustments										
-----Fiscal 2004-----					-----Fiscal 2005-----					
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					122,284					121,699
Vacancy Savings					(9,660)					(9,638)
Inflation/Deflation					212					541
Fixed Costs					(75)					(75)
Total Statewide Present Law Adjustments					\$112,761					\$112,527
Grand Total All Present Law Adjustments					\$112,761					\$112,527

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Sub-Program Details

JUVENILE CORRECTIONS BUREAU 02

The Juvenile Corrections Bureau consists of statewide juvenile community corrections including parole services for youth released from state operated secure care facilities, youth transition center, specialized foster care services, interstate compact services for probation and parole in and out of state, juvenile detention licensing, monitoring and funding for state district probation placements, research and training for the division and other agencies, and administrative support services.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	21.04	0.00	0.00	21.04	0.00	0.00	21.04	21.04
Personal Services	869,056	148,151	0	1,017,207	148,304	0	1,017,360	2,034,567
Operating Expenses	491,160	114	0	491,274	416	0	491,576	982,850
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$1,360,216	\$148,265	\$0	\$1,508,481	\$148,720	\$0	\$1,508,936	\$3,017,417
General Fund	1,171,747	336,734	0	1,508,481	337,189	0	1,508,936	3,017,417
Federal Special	188,469	(188,469)	0	0	(188,469)	0	0	0
Total Funds	\$1,360,216	\$148,265	\$0	\$1,508,481	\$148,720	\$0	\$1,508,936	\$3,017,417

Present Law Adjustments									
-----Fiscal 2004-----					-----Fiscal 2005-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				190,535					190,696
Vacancy Savings				(42,384)					(42,392)
Inflation/Deflation				114					416
Total Statewide Present Law Adjustments				\$148,265					\$148,720
Grand Total All Present Law Adjustments				\$148,265					\$148,720

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Sub-Program Details

RIVERSIDE YOUTH CORRECTIONAL FACILITY 03

The Riverside Institution located in Boulder, is a detention facility for juvenile female offenders. The program places an emphasis on offenders accepting responsibility for their actions and gaining individual competencies that will help them avoid re-offending. The treatment programs include education, counseling, personal growth activities, and parental involvement. This facility has a capacity for an average daily population of 18. The average daily population in fiscal 2002 was 16 at a cost per day of \$208 general fund.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	25.00	0.00	0.00	25.00	0.00	0.00	25.00	25.00
Personal Services	1,039,431	(27,763)	0	1,011,668	(25,145)	0	1,014,286	2,025,954
Operating Expenses	211,469	8,977	0	220,446	9,786	0	221,255	441,701
Equipment	7,500	0	0	7,500	0	0	7,500	15,000
Total Costs	\$1,258,400	(\$18,786)	\$0	\$1,239,614	(\$15,359)	\$0	\$1,243,041	\$2,482,655
General Fund	1,212,997	26,617	0	1,239,614	30,044	0	1,243,041	2,482,655
State/Other Special	19,657	(19,657)	0	0	(19,657)	0	0	0
Federal Special	25,746	(25,746)	0	0	(25,746)	0	0	0
Total Funds	\$1,258,400	(\$18,786)	\$0	\$1,239,614	(\$15,359)	\$0	\$1,243,041	\$2,482,655

Present Law Adjustments										
-----Fiscal 2004-----					-----Fiscal 2005-----					
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					14,391					17,118
Vacancy Savings					(42,154)					(42,263)
Inflation/Deflation					1,649					2,458
Total Statewide Present Law Adjustments					(\$26,114)					(\$22,687)
DP 9 - Contract Adjustments for Riverside	0.00	7,328	0	0	7,328	0.00	7,328	0	0	7,328
Total Other Present Law Adjustments	0.00	\$7,328	\$0	\$0	\$7,328	0.00	\$7,328	\$0	\$0	\$7,328
Grand Total All Present Law Adjustments					(\$18,786)					(\$15,359)

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 9 - Contract Adjustments for Riverside - The executive requests the increase necessary to pay the allocated share of the MSP cook/chill rate structure in accordance with state law regarding internal service funds. The increase also includes Special Education services.

Sub-Program Details

TRANSITION CENTERS 04

The youth transition center serves as placement for youth prior to their return into the community. Program components include counseling, community service, education, and employment. An average of six beds were full in fiscal 2002.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	18.28	0.00	0.00	18.28	0.00	0.00	18.28	18.28
Personal Services	598,415	5,589	0	604,004	7,006	0	605,421	1,209,425
Operating Expenses	135,636	686	0	136,322	3,175	0	138,811	275,133
Total Costs	\$734,051	\$6,275	\$0	\$740,326	\$10,181	\$0	\$744,232	\$1,484,558
General Fund	723,350	16,976	0	740,326	20,882	0	744,232	1,484,558
State/Other Special	10,701	(10,701)	0	0	(10,701)	0	0	0
Total Funds	\$734,051	\$6,275	\$0	\$740,326	\$10,181	\$0	\$744,232	\$1,484,558

Present Law Adjustments									
-----Fiscal 2004-----					-----Fiscal 2005-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
				30,758					32,233
				(25,169)					(25,227)
				686					3,175
Total Statewide Present Law Adjustments				\$6,275					\$10,181
Grand Total All Present Law Adjustments				\$6,275					\$10,181

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Sub-Program Details

PINE HILLS YOUTH CORRECTIONAL FACILITY 05

Pine Hills Youth Correctional Facility located in Miles City, Montana, houses male juvenile offenders and provides rehabilitative services. In fiscal 2002, the capacity increased from 120 beds to 144. The expansion has allowed the facility to provide residential sex offender and chemical dependency programs. The average daily population in fiscal 2002 was 105 at a cost of \$144 per day.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	134.85	0.00	0.00	134.85	0.00	0.00	134.85	134.85
Personal Services	5,118,947	363,800	0	5,482,747	368,198	0	5,487,145	10,969,892
Operating Expenses	980,812	236,711	0	1,217,523	239,828	0	1,220,640	2,438,163
Equipment	0	0	0	0	0	0	0	0
Benefits & Claims	138,861	0	0	138,861	0	0	138,861	277,722
Debt Service	7,392	0	0	7,392	0	0	7,392	14,784
Total Costs	\$6,246,012	\$600,511	\$0	\$6,846,523	\$608,026	\$0	\$6,854,038	\$13,700,561
General Fund	5,520,504	790,819	0	6,311,323	798,334	0	6,318,838	12,630,161
State/Other Special	340,170	(51,296)	0	288,874	(51,296)	0	288,874	577,748
Federal Special	385,338	(139,012)	0	246,326	(139,012)	0	246,326	492,652
Total Funds	\$6,246,012	\$600,511	\$0	\$6,846,523	\$608,026	\$0	\$6,854,038	\$13,700,561

Present Law Adjustments										
-----Fiscal 2004-----					-----Fiscal 2005-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				590,481					595,056	
Vacancy Savings				(228,381)					(228,558)	
Inflation/Deflation				8,656					11,773	
Fixed Costs				(1,065)					(1,065)	
Total Statewide Present Law Adjustments				\$369,691					\$377,206	
DP 13 - PHYCF Expansion Unit Request	0.00	230,820	0	0	230,820	0.00	230,820	0	0	230,820
Total Other Present Law Adjustments	0.00	\$230,820	\$0	\$0	\$230,820	0.00	\$230,820	\$0	\$0	\$230,820
Grand Total All Present Law Adjustments				\$600,511					\$608,026	

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 13 - PHYCF Expansion Unit Request - This request annualizes the expansion at the Pine Hills Correctional Youth Facility. The new construction project allowed an increase in capacity from 120 beds to 144 beds and was completed in the spring of 2002. Therefore, the fiscal 2002 base reflects an increase in the average daily population and FTE for only a partial year. The ADP is projected at 135 for fiscal years 2004 and 2005.

**LFD
ISSUE**

Travel Request

The decision package includes an increase of \$74,529 for travel for a total in travel of approximately \$89,000. Base expenditures for travel are \$14,400. Travel expenditures in the base year are low compared to historical expenditures. Therefore, the legislature may want to appropriate an increase in travel that is more in line with historical expenditures of \$25,000 or an increase of \$10,600. This lower increase would amount to a biennial savings of approximately \$128,000 general fund.

Sub-Program Details

JUVENILE PLACEMENT FUNDS 06

Juvenile Placement funds are used to place youth under the supervision of the Department of Corrections into private treatment facilities. Over 1,026 youth were served with juvenile placement funds in fiscal 2002. Each judicial district has a Youth Placement Committee which functions as a screening committee for all juvenile offenders referred to as "out-of-home" placements, and makes recommendations to the Youth Court as to the most appropriate and cost-effective placement. The juvenile placement funds are allocated to judicial districts. In addition, \$1.0 million is placed in a cost containment fund each year. The cost containment panel determines the distribution of those funds.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	0	0	0	0	0	0	0
Benefits & Claims	7,901,335	(1,000,000)	0	6,901,335	(1,000,000)	0	6,901,335	13,802,670
Total Costs	\$7,901,335	(\$1,000,000)	\$0	\$6,901,335	(\$1,000,000)	\$0	\$6,901,335	\$13,802,670
General Fund	7,682,757	(1,000,000)	0	6,682,757	(1,000,000)	0	6,682,757	13,365,514
State/Other Special	148,139	0	0	148,139	0	0	148,139	296,278
Federal Special	70,439	0	0	70,439	0	0	70,439	140,878
Total Funds	\$7,901,335	(\$1,000,000)	\$0	\$6,901,335	(\$1,000,000)	\$0	\$6,901,335	\$13,802,670

Present Law Adjustments										
-----Fiscal 2004-----					-----Fiscal 2005-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
DP 7001 - Continue reduction in Juvenile Placement disburse	0.00	(1,000,000)	0	0	(1,000,000)	0.00	(1,000,000)	0	0	(1,000,000)
Total Other Present Law Adjustments	0.00	(\$1,000,000)	\$0	\$0	(\$1,000,000)	0.00	(\$1,000,000)	\$0	\$0	(\$1,000,000)
Grand Total All Present Law Adjustments					(\$1,000,000)					(\$1,000,000)

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 7001 - Continue Reduction in Juvenile Placement Disburse - The executive requests continuation of the Governor's fiscal 2003 expenditure reductions in Juvenile Placement funds of \$1.0 million in each year of the 2005 biennium.

**LFD
ISSUE**

The 2001 legislature appropriated \$17.7 million for the 2003 biennium for juvenile placement. This amount included \$1.0 million set aside each year in a cost containment fund. Fiscal 2002 expenditures were \$7.9 million, or \$1.0 million less than the amount appropriated. The Governor's expenditure reductions ordered under 17-7-140, MCA, included a \$1.0 million reduction for fiscal 2003 that kept the appropriation at 2002 expenditure levels. This decision package would reduce the appropriation by another million below the base, leaving a biennial appropriation of \$13.8 million.

The 2001 legislature approved two measures that may have facilitated the \$1.0 million savings in juvenile placement funds in fiscal 2002: 1) the expansion from 85 to 120 beds at Pine Hills allowing more youth to be served in state and saving out-of-state-placement monies; and 2) allowing judicial districts to voluntarily participate in the juvenile delinquency intervention program. The department started a pilot project in the 1999 biennium where juvenile placement funds were allocated directly to judicial districts in hopes that the districts would be innovative in developing early intervention and community alternatives and possibly save money. The 2001 legislature expanded the pilot project and made it available to all judicial districts on a voluntary basis.

The average daily population at Pine Hills increased from 60 in fiscal 2000 to 105 in fiscal 2002. With the last phase of the expansion completed at Pine Hills in the spring of 2002, an additional 24 beds are available. This may help reduce the impact of further reductions in juvenile placement funds.

The legislature may want to ask the department to provide information on how judicial districts will operate differently to reduce costs and still ensure that the reduction will not prevent youth from receiving the necessary services and placements.