

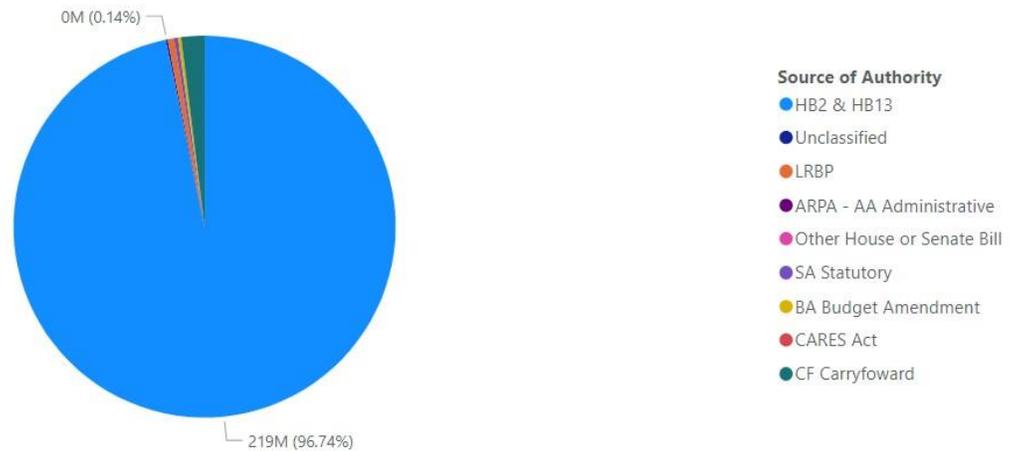
# DEPARTMENT OF CORRECTIONS

**(Spending report July 1, 2021 through June 30, 2022 – FYE 2022)**

## TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 96.7% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



| Source of Authority        | FYE22 Modified Budget | FYE22 Expended Budget | Percent Expended |
|----------------------------|-----------------------|-----------------------|------------------|
| HB2 & HB13                 | 218,823,892           | 212,362,721           | 97.0%            |
| BA Budget Amendment        | 619,469               | 133,141               | 21.5%            |
| CF Carryforward            | 4,440,554             | 0                     | 0.0%             |
| LRBP                       | 1,300,000             |                       |                  |
| Other House or Senate Bill | 900                   | 900                   | 100.0%           |
| SA Statutory               | 686,021               | 528,651               | 77.1%            |
| Unclassified               | 322,915               |                       |                  |
| ARPA                       | 811                   |                       |                  |
| <b>Total</b>               | <b>226,194,562</b>    | <b>213,025,413</b>    | <b>94.2%</b>     |

### Report Period

- Jul
- Aug
- Sep
- Oct
- Nov
- Dec
- Jan
- Feb
- Mar
- Apr
- May
- Jun

## Budget Amendments

At fiscal-year end (FYE) 2022, the Department of Corrections (DOC) had expended \$133,141, or 21.5%, of the \$619,469 of budget amendment (BA) authority. Since June, DOC added \$28,863 of federal BA authority to their budget. The authority is 100.0% federally funded. BA funding supports the following activities in the DOC budget:

- Addressing the needs of incarcerated parents and their minor children
- Providing basic programs, effective instruction, and language instruction
- Providing housing for criminal alien offenders

At FYE 2022, the DOC had an unexpended/unobligated balance of \$486,328 in BA authority and continued the full amount to FY 2023. From the continued authority, the full amount was initially scheduled to expire at the end of September 2022, but 94.5% of the balance was authorized to be continued until September 2023.

### **Carryforward**

DOC had \$4.4 million of carryforward authority in FY 2022, which is derived from 30.0% of the qualifying unexpended balance of FY 2021 appropriations. The authority is funded 100.0% from the general fund and is allocated to operating expenses. DOC had not expended any of the carryforward authority at FYE 2022 and continued the full amount of authority to the FY 2023 budget.

### **Other Bills**

DOC was provided \$900 of general fund authority in HB 658, which provides guidelines for mental health appraisals for inmates in restrictive housing. The funds were used to provide an additional camera in the restrictive housing unit at the Montana State Prison. By FYE 2022, DOC expended 100.0% of the authority.

### **Long-Range Building Program (LRBP)**

In June, DOC transferred \$1.3 million of LRBP authority into the Montana Correctional Enterprises program budget. This authority is funded with proprietary funds and will be used to purchase laundry equipment. At FYE, none of the authority had been expended, and the full amount was re-appropriated in the FY 2023 budget, as allowed by 17-7-212, MCA (Reappropriation of capital projects...until the project is complete).

### ***COVID-19 Authority***

Too small to be evident in the COVID-19 Authority figure, DOC was allocated \$811 of ARPA funding through elementary & secondary schools' emergency relief funds in FY 2022. The grant is provided through the Office of Public Instruction. DOC had not expended any of this authority at FYE 2022, and the full amount was continued into the FY 2023 budget.

### **Statutory Appropriations**

Through FYE 2022, DOC expended \$528,651, or 77.1%, of the \$686,021 in statutory appropriation (SA) authority supporting inmate priorities at the Pine Hills Correctional Facility and the state prisons, as provided in 53-1-109, MCA. In FY 2022, \$39,876 was expended on inmate pay and \$488,775 on operating expenses, for which included the costs of subscriptions, athletic and recreational expenses, and shop supplies, tools, and minor equipment.

At FYE 2022, DOC had an unexpended/unobligated appropriation balance of \$157,370 in SA authority. The SA balance was continued to the FY 2023 budget.

### **Unclassified**

Per 39-71-403(1)(b)(iv), MCA, when workers' compensation premiums are lower than the previous year, state agencies shall reduce personal services appropriations by the amount of the premium reduction. To track the changes in appropriation authority, total appropriations are not reduced, instead the Governor's Office of Budget and Program Planning (OBPP) requires state agencies to:

- Reduce HB 2, statutory, and proprietary appropriations
- Create a separate offsetting entry on the financial statements in the same amount using an identifying number for workers' compensation entries (shown in the Total Authority figure above as "Unclassified")

The offsetting entries are identified as "frozen" appropriations, which means the appropriations will not be spent unless authorized by OBPP. Total DOC personal services budgets were reduced by \$322,915 and have an offsetting unclassified appropriation of a like amount.

### **Non-Budgeted Proprietary Funding**

Not included in the total authority figure, DOC had \$19.7 million in off-budget proprietary authority for the Montana Correctional Enterprises program. In June, the program received budget modifications adding \$1.3 million to the budget. The program provides services to the Montana State Prison (Deer Lodge) and Montana Women's Prison (Billings), which includes license plate manufacturing, motor vehicle shop, wood shop, state ranch, tailor shop, and canine training.

At FYE 2022, the Montana Correctional Enterprises program had an unexpended/unobligated appropriation balance of \$3.4 million. During the FYE closing, the balance was reverted to the appropriated proprietary account.

## HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget through FYE 2022. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

### Legislative Budget Compared to Modified Budget - HB 2 Only

| Agency Name                 | June Modified Budget | FYE22 Modified Budget | Net Modifications |
|-----------------------------|----------------------|-----------------------|-------------------|
| <b>Dept of Corrections</b>  | <b>218,847,802</b>   | <b>218,823,892</b>    | <b>-23,910</b>    |
| BOARD OF PARDONS AND PAROLE | 1,103,257            | 1,011,405             | -91,852           |
| DIRECTOR'S OFFICE CSD       | 15,942,306           | 16,880,913            | 938,607           |
| PUBLIC SAFETY               | 117,935,213          | 117,610,213           | -325,000          |
| REHABILITATION AND PROGRAMS | 83,867,026           | 83,321,362            | -545,664          |
| <b>Total</b>                | <b>218,847,802</b>   | <b>218,823,892</b>    | <b>-23,910</b>    |

| Acct & Lvl 1 DESC                   | June Modified Budget | FYE22 Modified Budget | Net Modifications |
|-------------------------------------|----------------------|-----------------------|-------------------|
| 61000 Personal Services             | 93,688,568           | 90,258,016            | -3,430,552        |
| 62000 Operating Expenses            | 123,793,850          | 125,792,662           | 1,998,812         |
| 63000 Equipment & Intangible Assets | 364,937              | 520,663               | 155,726           |
| 64000 Capital Outlay                | 20,773               | 20,773                |                   |
| 67000 Benefits & Claims             | 0                    | 0                     |                   |
| 68000 Transfers-out                 | 518,388              | 772,488               | 254,100           |
| 69000 Debt Service                  | 461,286              | 1,459,290             | 998,004           |

| Fund Type               | June Modified Budget | FYE22 Modified Budget | Net Modifications |
|-------------------------|----------------------|-----------------------|-------------------|
| 01 General              | 212,140,860          | 212,116,950           | -23,910           |
| 02 State/Other Spec Rev | 6,560,825            | 6,560,825             | 0                 |
| 03 Fed/Other Spec Rev   | 0                    | 0                     |                   |
| 06 Enterprise           | 109,118              | 109,118               |                   |
| 06 Internal Service     | 36,999               | 36,999                |                   |

The figures above highlight modifications to the HB 2 budget that occurred in June 2022. The June modified budget, as seen in the figure above, was presented at the June Interim Budget Committee (IBC) meeting. During FYE activities, it is not unusual for agencies to process numerous modifications to align expenditures with appropriations and to balance costs in funds. In June, primary modifications to the HB 2 budget include:

- \$23,910 reduction of DOC general fund budget authority, as a result of the move of the Bureau of Crime Control to the Department of Justice
- \$912,867 of authority transferred to the Director's Office from the other three divisions to align personal services and operating expense authority with incurred costs
- \$3.0 million movement of personal services and transfer-out authority to operating expenses and debt service to balance first account levels authority in multiple programs

## HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through FYE 2022.

Expended Budget and Remaining Budget by Fund Type - HB 2 Only



| acclv1_descr                  | Modified Budget | Expended Budget | Percent Expended |
|-------------------------------|-----------------|-----------------|------------------|
| Personal Services             | 90,258,016      | 88,375,573      | 97.9%            |
| Operating Expenses            | 125,792,662     | 121,413,930     | 96.5%            |
| Equipment & Intangible Assets | 520,663         | 436,864         | 83.9%            |
| Capital Outlay                | 20,773          | 0               | 0.0%             |
| Benefits & Claims             | 0               | 0               | 0.0%             |
| Transfers-out                 | 772,488         | 711,234         | 92.1%            |
| Debt Service                  | 1,459,290       | 1,425,120       | 97.7%            |

| Program Name                | Modified Budget    | Expended Budget    | Percent Expended |
|-----------------------------|--------------------|--------------------|------------------|
| BOARD OF PARDONS AND PAROLE | 1,011,405          | 1,011,405          | 100.0%           |
| DIRECTOR'S OFFICE CSD       | 16,880,913         | 15,946,926         | 94.5%            |
| PUBLIC SAFETY               | 117,610,213        | 116,183,799        | 98.8%            |
| REHABILITATION AND PROGRAMS | 83,321,362         | 79,220,591         | 95.1%            |
| <b>Total</b>                | <b>218,823,892</b> | <b>212,362,721</b> | <b>97.0%</b>     |

Through FYE 2022, DOC expended \$212.4 million, or 97.0%, of the modified HB 2 budget. The figure at the top of this page explains the HB 2 funding. The DOC HB 2 budget is principally funded, 96.9%, with general fund and the spending was 97.1% general fund.

Expenditures of 97.0% of the modified budget were proportionally higher than the five-year annual average of 94.3% and were higher than the same period in FY 2021, 90.4% of the budget. Changes when compared to FY 2021 result from the overall change in the total budget. In nominal terms, the FY 2022 HB 2 budget was \$17.5 million lower than in FY 2021, and expenditures were \$1.3 million lower, causing the proportional difference.

HB 2 (2021 Legislative Session) included six line-items, as detailed in earlier quarterly reports. The FY 2022 line-item appropriations and associated spending through FY 2022 include:

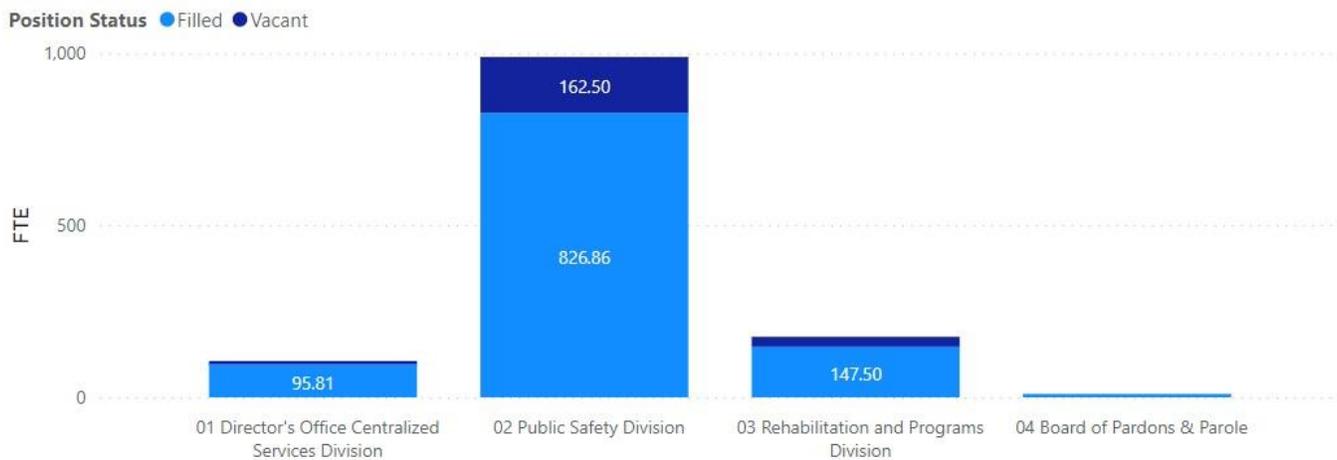
- \$1.6 million – Director’s Office Contingency, Restricted (contingent on Office of Budget and Program Planning monthly verification that county jail holds are maintained at a monthly average of 250 or less)
  - DOC has accessed \$1.2 million, or 75.0% of the funding

- \$75,000 – Evidence Based Practices – 100.0% expended
- \$6.4 million – Jail Holds – 100.0% expended
- \$509,164 – Nonprofit Provider Per Diem, Restricted – 100.0% expended
- \$304,229 – For Profit Per Diem, Restricted – 100.0% expended
- \$67,903 – Regional Prison Per Diem Increase, Restricted – 100.0% expended

At FYE 2022, DOC had an unexpended/unobligated HB 2 authority balance of \$6.7 million. The DOC continued \$5.5 million of the authority, primarily due to biennial appropriations in the Public Safety and Rehabilitation & Programs Divisions. The remaining appropriation for the Legislative Audit was also continued into FY 2023. Qualifying balances that were not continued will be available to establish FY 2022 carryforward authority, estimated at approximately \$89,349, and any remaining authority will be reverted to the appropriated fund/account.

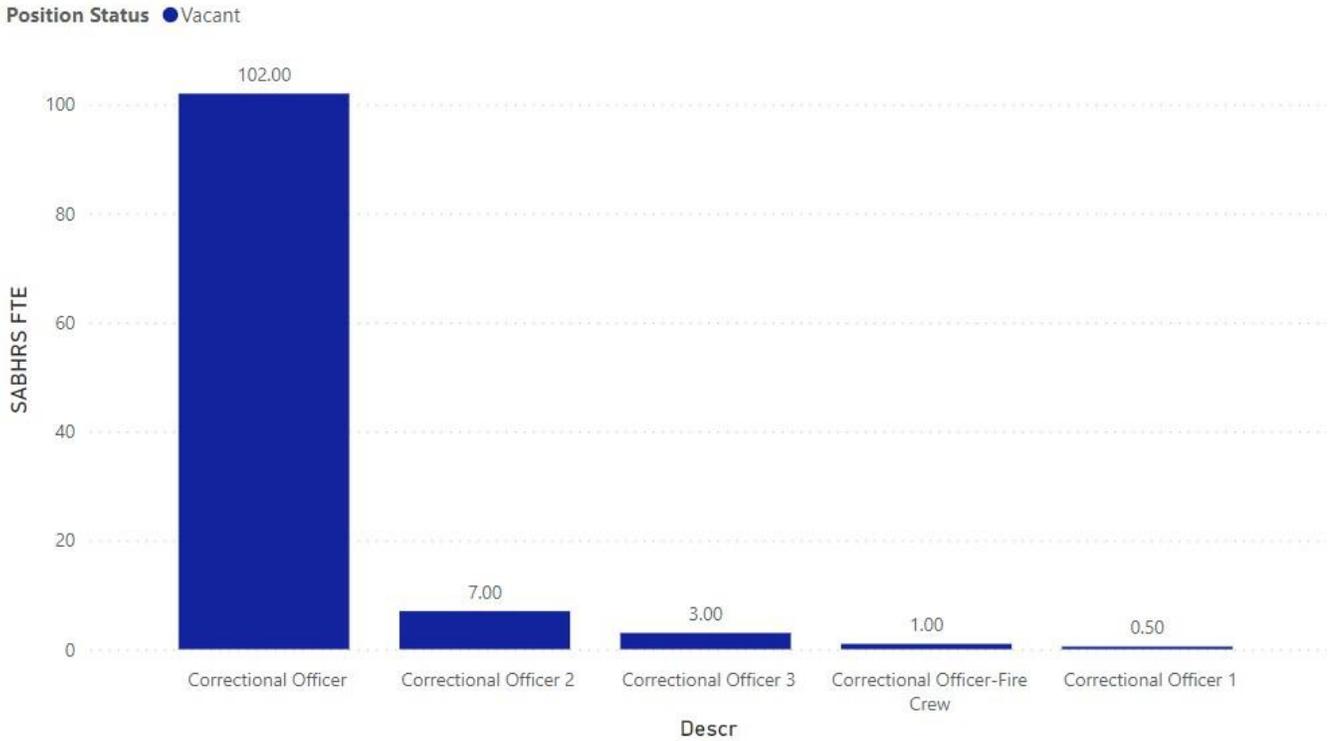
### Personal Services

The following chart shows the filled and vacant FTE within the agency as of June 30, 2022.



In FY 2022, the DOC has 1,281.17 FTE. Of the total FTE, DOC had 201.00 positions vacant as of June 30, 2022, an increase of 18.50 FTE vacancies since the report presented at the June meeting. This reflects an agency vacancy rate of 15.7%. Of the total vacancies, 162.50 FTE, or 80.8%, were in the new Public Safety Division.

## FTE by Job Type



The figure above shows the number of vacant correctional officer positions in the Public Safety Division. The 113.50 vacant correctional officer positions were 69.8% of the division's and 56.5% of the agency vacancies. Through the FYE 2022, DOC realized (as an estimate) approximately \$3.7 million of vacancy savings through the vacancies of correctional officers. The realized vacancy savings in the Public Safety Division was offset by \$3.3 million in overtime costs through FYE 2022.

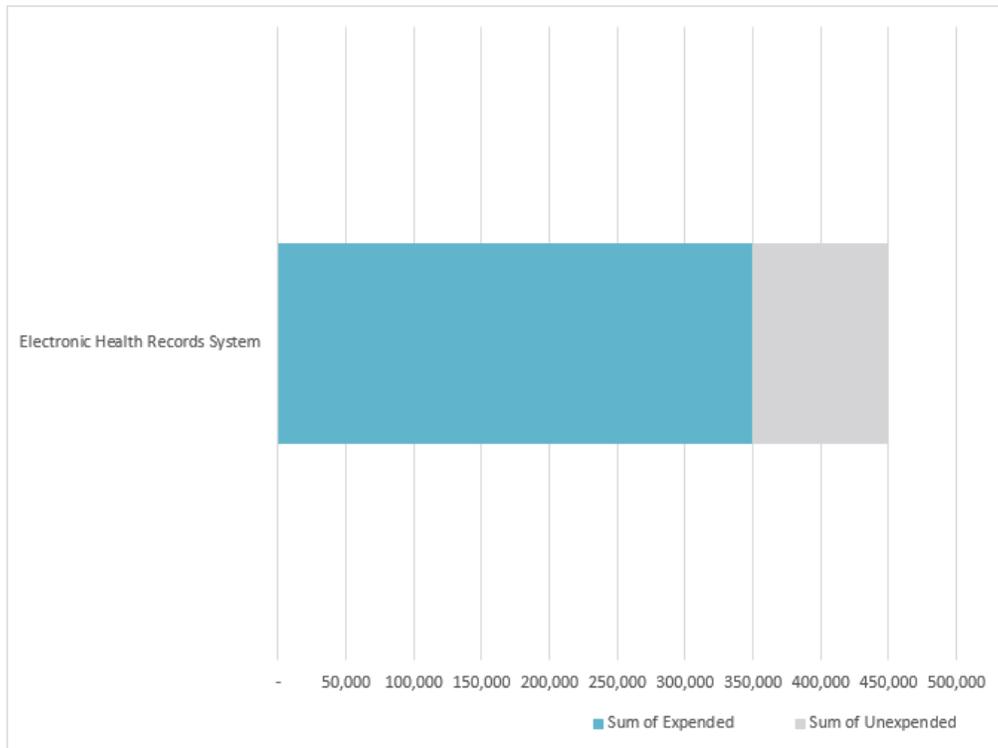
### Next Steps for Personal Services Reporting

The LFD has begun the process of a more comprehensive look at personal services. The LFD will compare two executive "snapshots" -- July 2020 and July 2022. The analysis will identify adjustments adopted by the legislature in 2021 and modifications made by the agencies, within the confines of budget law.

In September 2022, the LFD will update the interim budget committees on the comparison from July 2020 to July 2022 base salaries. Ultimately, the analysis will result in a description of all the components that will be part of the executive's decision package one (DP 1) 2025 biennium budget request. This work will be included in the 2025 Biennium Budget Analysis.

## OTHER ISSUES

### Information Technology Project Expenditures



As viewed in the State Information Technology Services Division (SITSD) dashboard report, the DOC has one major information technology project. The Electronic Health Records System project, with estimated costs of \$450,000, will allow the Clinical Services Division to make changes in state and federal policy and support new health care initiatives in a timely manner, leading to improvements in accuracy, efficiency, and costs. The project was started in FY 2021 and is 90.0% complete. The project went “live” in November and the remaining authority of \$100,000 will fund final interfacing. The project is expected to be completed by December 30, 2022.

## REPORTING REQUIREMENTS

### Triggering BCD’s

A triggering budget change document is one that makes changes to level 1 account categories (personal services, operating expenses and so on) that exceed \$1.0 million or 25.0% of the account level. To trigger review, BCD amounts are cumulative across the fiscal year. Time-sensitive “triggering” budget change documents (BCD’s) are reviewed by staff of the Legislative Fiscal Division (LFD). When a triggering BCD is non-time sensitive, the change requires review and comment by the Legislative Finance Committee. At the FYE closing, triggering BCD’s are common and are time-sensitive due to the need to close the accounting records. DOC requested a triggering BCD as follows:

- A time-sensitive BCD movement of \$155,726 from personal services and operating expenses to equipment & intangible assets for the purchase of vocational education equipment
  - LFD staff had no comments/concerns related to this change
- A time-sensitive BCD movement of \$2,970,580 from personal services and transfers-out to equipment & intangible assets and debt service to balance first level accounts across multiple divisions

- LFD staff had no comments/concerns related to this change
- A time-sensitive BCD transfer of \$912,867 of authority from the Board of Pardons and Patrol and Public Safety Divisions to the Director's Office Division to cover FY 2022 expenditures
  - LFD staff had no comments/concerns related to this change

HB 693 Reporting – This legislation requires reporting by the DOC on the following items (as excerpted):

- (1) Each quarter of the fiscal year, the Department of Corrections shall report to the Law and Justice Interim Committee and the Legislative Finance Committee on the utilization of drug treatment beds and any payments made to contractors for the failure to allow the contractor to operate at 75.0% capacity.
- (2) The department of corrections shall report to the law and justice interim committee and the legislative finance committee no later than September 1, 2022, on the rental voucher program to identify:
  - (a) where the voucher program is being utilized based on the location of expenditures; and
  - (b) the strengths and weaknesses of the program as identified by the department.
- (3) The department of corrections shall examine additional vocational programming options for the Montana women's prison and report its findings to the law and justice interim committee and the legislative finance committee no later than September 1, 2022.
- (4) Each quarter of the 2023 biennium, for the quarter preceding the report, the Department of Corrections shall report to the Law and Justice Interim Committee and the Legislative Finance Committee on:
  - the number of occasions a defendant sentenced for one or more felonies remained in a county detention facility for more than 10 business days after sentencing;
  - the names of the defendants who remained in a county detention facility for more than 10 business days after sentencing and the county detention facility in which they were held; and
  - for those defendants remaining in a county detention facility for more than 10 business days after sentencing, on the relevant facts leading to the delay in transfer out of the facility and whether the delay is attributable to untimely receipt of a judgment or other sentencing documents from the judicial branch.
- (5) No later than September 1, 2022, for offenders who were under the department's supervision or in the department's custody between July 1, 2015, and July 1, 2021, the department of corrections shall report to the law and justice interim committee and the criminal justice oversight council the identity, criminal history, including the crimes or violations requiring the report, and correctional institution history of individuals:
  - (a) who were sentenced for a felony offense between July 1, 2021, and June 30, 2022; or
  - (b) whose sentences were revoked for a violation of the terms and conditions of a suspended or deferred sentence between July 1, 2021, and June 30, 2022, excluding a violation that is not a compliance violation as defined in 46-18-203.

These reports will be posted on the Section D Interim Budget Committee webpage with the September meeting materials as they are provided.