

Agency Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	188,235,647	215,015,255	26,779,608	14.23 %
Operating Expenses	249,964,268	288,579,091	38,614,823	15.45 %
Equipment & Intangible Assets	673,515	2,805,704	2,132,189	316.58 %
Capital Outlay	41,546	41,546	0	0.00 %
Transfers	1,269,976	1,044,976	(225,000)	(17.72)%
Debt Service	1,920,576	2,142,106	221,530	11.53 %
Total Expenditures	\$442,105,528	\$509,628,678	\$67,523,150	15.27 %
General Fund	428,694,542	495,084,533	66,389,991	15.49 %
State/Other Special Rev. Funds	13,122,000	14,306,257	1,184,257	9.02 %
Proprietary Funds	288,986	237,888	(51,098)	(17.68)%
Total Funds	\$442,105,528	\$509,628,678	\$67,523,150	15.27 %
Total Ongoing	\$441,955,528	\$503,340,674	\$61,385,146	13.89 %
Total OTO	\$150,000	\$6,288,004	\$6,138,004	4,092.00 %

Agency Biennium Comparison -

The 2025 biennium budget for the Department of Corrections proposes an increase of 15.3% with an increase in general fund of 15.5%. Compared to the FY 2023 base appropriation, the biennial request is an overall increase of 14.1%.

Mission Statement

Creating a safer Montana through accountability, rehabilitation, and empowerment

Please refer to the agency profile at <https://leg.mt.gov/lfd/appropriation-subcommittee-section-d/agency-department-corrections/> for additional information about the agency's organization structure, historical expenditures, goals and objectives, and recent studies and audits.

Agency Highlights

Department of Corrections Major Budget Highlights
<p>The Department of Corrections 2025 biennium budget proposal is \$67.5 million or \$15.3% higher than the 2023 biennium. Significant changes include:</p> <ul style="list-style-type: none"> • Increases associated with statewide present law adjustments in personal services of \$5.3 million and inflation of \$17.9 million partially offset by reductions in fixed costs of \$2.0 million • \$18.0 million general fund over the biennium related to paying increased rates to providers at contracted secure facilities and treatment facilities with \$14.4 million covering a 4.0% increase in FY 2024 and an additional 4.0% in FY 2025 and \$3.6 million covering an OTO increase of 2.0% each fiscal year of the biennium • \$6.9 million general fund over the biennium for correctional officers and for the Probation & Parole PAWS (performance adjusted wage scale) program per negotiated union agreements • Overtime pay to employees in the amount of \$4.8 million general fund over the biennium to fund 12-hour shifts • An increase of nearly \$2.2 million over the 2025 biennium to create a statewide transitional living model to assist with offender reentry and 1.00 additional FTE to oversee the program • 13.00 FTE and associated \$1.7 million general fund over the biennium for various functions related to probation and parole.

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	1,282.17	1,282.17	1,297.17	1,297.17
Personal Services	88,375,589	90,258,016	97,977,631	107,237,821	107,777,434
Operating Expenses	121,413,990	125,792,662	124,171,606	141,863,576	146,715,515
Equipment & Intangible Assets	436,864	520,663	152,852	2,652,852	152,852
Capital Outlay	0	20,773	20,773	20,773	20,773
Transfers	711,234	772,488	497,488	522,488	522,488
Debt Service	1,425,120	1,459,290	461,286	1,071,053	1,071,053
Total Expenditures	\$212,362,797	\$218,823,892	\$223,281,636	\$253,368,563	\$256,260,115
General Fund	206,236,355	212,116,950	216,577,592	246,095,904	248,988,629
State/Other Special Rev. Funds	5,980,325	6,560,825	6,561,175	7,153,928	7,152,329
Proprietary Funds	146,117	146,117	142,869	118,731	119,157
Total Funds	\$212,362,797	\$218,823,892	\$223,281,636	\$253,368,563	\$256,260,115
Total Ongoing	\$212,287,797	\$218,748,892	\$223,206,636	\$248,874,561	\$254,466,113
Total OTO	\$75,000	\$75,000	\$75,000	\$4,494,002	\$1,794,002

Agency Discussion*Agency Summary*

The Department of Corrections (DOC) is charged with efficiently utilizing state resources to develop and maintain comprehensive adult and youth corrections services. The primary responsibility of DOC is to house and/or provide services to adults and youth who are sentenced to DOC or one of the facilities it operates. DOC is also responsible for parole and adult probation and parole functions. However, juvenile probation and parole services are part of the District Court Operations Program within the Judicial Branch. The Department of Corrections provides services through the operation of state institutions, with state employees and the purchase of incarceration and other services (such as community-based residential treatment programs) via contracts with local governments and private not-for-profit and for-profit businesses throughout the state. Costs and changes to the costs of the department are generally driven by several factors:

- Average daily population projections
- The level of supervision and/or treatment required and the availability of space in the appropriate settings
- Costs of contracts and state personnel
- Medical costs

Reorganization

During the interim, DOC reorganized their agency operations changing structure from a six-division agency to a four-division agency. All financial changes were finalized in mid-May, 2022. The following table shows how the FY 2022 budget was moved from the old program structure to the new structure.

Department of Corrections Reorganization - HB 2 Budget			
Program or Division - Old Structure	FY 2022 Budget	Program of Division - New Structure	FY 2022 Budget
01 Administrative Support Services	\$16,647,321	01 Directors Office - CSD	\$15,942,306
02 Probation and Parole Division	80,503,506	02 Public Safety Division	117,935,213
03 Secure Custody Facilities	87,981,720	03 Rehabilitation and Programs	83,867,026
04 Montana Correctional Enterprises	6,061,535	04 Board of Pardons and Parole	1,103,257
06 Clinical Services Division	26,855,939		
07 Board of Pardons and Parole	1,103,257		
Agency Total	\$219,153,278		\$218,847,802
*Note, the difference in the totals shown at the bottom is related to the reduction in workers compensation costs for FY 2022.			

Primary programmatic function and funding changes consist of the following:

- The new 02 Public Safety Division (PSD) includes functions of what was previously 03 Secure Custody Facilities Division, probation and parole (P&P) functions (previously managed in the 02 Probation and Parole Division), and small amounts of the previous 01 Administrative Support Services and 06 Clinical Services Division
- The new 03 Rehabilitation and Programs Division (RPD) includes contracted community corrections programs previously housed in the Probation and Parole Division, all functions related to the 04 Montana Correctional Enterprises Division, and the remaining functions of the 06 Clinical Services Division
- The Board of Pardons and Parole has remained unchanged
- The new Director's Office CSD remains mostly unchanged with the exception of the Investigations Unit, which moved to the new Public Safety Division. Records Management also moved out the into the new Director's Office.

Note, this comparison is a high-level presentation of the change and may not fully capture smaller changes between the old and new programs.

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Department of Corrections' FY 2022 modified HB 2 budget was \$218.8 million. Through the end of FY 2022, the department expended \$212.4 million (97.0%), leaving nearly \$6.5 million in unspent authority. The DOC continued \$5.5 million of the authority, primarily due to all appropriations in the Public Safety and Rehabilitation & Programs Divisions being biennial. The remaining appropriation for the Legislative Audit was also continued into FY 2023. Expenditures of 97.0% were proportionally higher than the five-year annual average of 94.3%.

FY 2022 Appropriations Compared to FY 2023 Appropriations

When compared to FY 2022 appropriations, FY 2023 appropriations increase by 2.0%. Changes can be mostly attributed to one-time-only reductions in general fund to the state share holiday in FY 2022 and increased per diem rates paid to the Crossroads Correctional Center and Dawson Regional Prison.

Comparison of FY 2023 Legislative Budget to FY 2023 Base

The figure below illustrates the beginning FY 2023 budget as adopted by the 2021 Legislature compared to the FY 2023 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2023 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2025 biennium budgeting process.

Department of Corrections				
Comparison of FY 2023 Legislative Budget to FY 2023 Base Budget				
	Legislative Action	Executive Modifications	Executive Base	% Change
01 Director's Office				
61000 Personal Services	\$9,293,152	-\$446,882	\$8,846,270	-4.8%
62000 Operating Expenses	7,425,910	(156,634)	7,269,276	-2.1%
68000 Transfers Out	100,000	-	100,000	0.0%
Total	\$16,819,062	-\$603,516	\$16,215,546	-3.6%
02 Public Safety Division				
61000 Personal Services	\$19,168,372	\$53,131,053	\$72,299,425	277.2%
62000 Operating Expenses	62,084,580	(13,545,274)	48,539,306	-21.8%
63000 Equipment/Intangible Assets	-	152,852	152,852	
64000 Capital Outlay	-	20,773	20,773	
68000 Transfers Out	6,250	149,871	156,121	2397.9%
69000 Debt Service	48,235	343,939	392,174	713.0%
Total	\$81,307,437	\$40,253,214	\$121,560,651	49.5%
03 Rehabilitation & Programs Division				
61000 Personal Services	\$53,659,025	-\$37,776,727	\$15,882,298	-70.4%
62000 Operating Expenses	36,001,406	32,102,466	68,103,872	89.2%
63000 Equipment/Intangible Assets	152,852	(152,852)	-	-100.0%
64000 Capital Outlay	20,773	(20,773)	-	-100.0%
67000 Benefits and Claims	489,573	(489,573)	-	-100.0%
68000 Transfers Out	4,100	237,267	241,367	5787.0%
69000 Debt Service	392,174	(323,062)	69,112	-82.4%
Total	\$90,719,903	-\$6,423,254	\$84,296,649	-7.1%
04 Board of Pardons and Parole				
61000 Personal Services	\$949,638	-	\$949,638	0.0%
62000 Operating Expenses	184,153	-	184,153	0.0%
Total	\$1,133,791	-	\$1,133,791	0.0%
Montana Correctional Enterprises				
61000 Personal Services	\$2,127,691	-\$2,127,691	-	-100.0%
62000 Operating Expenses	3,631,663	(3,631,663)	-	-100.0%
68000 Transfers Out	235,117	(235,117)	-	-100.0%
Total	\$5,994,471	-\$5,994,471	-	-100.0%
Clinical Services Division				
61000 Personal Services	\$12,576,016	-\$12,576,016	-	-100.0%
62000 Operating Expenses	14,665,775	(14,665,775)	-	-100.0%
69000 Debt Service	\$20,877	-\$20,877	-	-100.0%
Total	\$27,262,668	-\$27,262,668	-	-100.0%
Department of Corrections Total	\$223,237,332	-\$30,696	\$223,206,636	0.0%

The table above includes the department's reorganization as described earlier in addition to other modifications that effect the FY 2023 base budget. Modifications in the Clinical Services Division and Montana Correctional Enterprises fully eliminate these programs and disperse their functions across the other remaining programs in the agency.

Other modifications performed during the 2023 interim include the following:

- A reduction of \$30,696 general fund authority within the Director's Office, as a result of moving the Bureau of Crime Control to the Department of Justice
- The transfer of \$152,000 in operating expenses to transfers to pay the Montana Highway Patrol for memorandums of agreement (MOAs) including approximately \$104,000 within Public Safety Division and nearly \$49,000 in Rehabilitation and Programs Division
- The transfer of \$67,000 from operating expenses to personal services to fund a modified position in the Public Safety Division

Executive Request

The executive requests a \$67.5 million increase of 15.3% compared to the 2023 biennium. The largest portion of this requested increase relates to statewide present law adjustments in personal services of \$5.3 million and inflation of \$17.9 million. Additional notable requests include:

- \$18.0 million general fund related to paying increased rates to providers at contracted secure facilities and treatment facilities, with \$14.4 million covering a 4% increase in FY 2024 and an additional 4% in FY 2025 and \$3.6 million covering an OTO increase of 2% each fiscal year of the biennium
- \$6.1 million general fund for correctional officers and \$800,000 for the Probation and Parole PAWS (performance adjusted wage scale) program per negotiated union agreements
- Overtime pay to employees in the amount of \$4.8 million general fund to fund 12-hour shifts
- An increase of nearly \$2.2 million to create a statewide transitional living model to assist with offender reentry by contracting with a single entity to provide regulation over housing providers and 1.00 additional FTE to oversee the program
- 13.00 FTE and associated \$1.7 million general fund for various functions related to probation and parole
- \$1.5 million additional general fund to cover an increase Probation & Parole (P&P) performance adjusted wage scale (PAWS) program per negotiated union agreements with P&P officers
- \$1.5 million general fund for one-time-only vehicle replacements
- \$1.0 million in one-time-only general fund for equipment/IT upgrades
- \$1.0 million in general fund for non-profit provider increases
- Additional general fund to move payment of indigent kits to the general fund as recommended by legislative audit and to provide for negotiation of inmate telephone rates
- \$1.0 million in additional state special revenue authority in the inmate canteen revolving fund to increase the number of items purchased to meet demand.
- \$1.0 million general fund for increased rates paid to for non-profit providers
- \$800,000 general fund to pay rate increase for existing leases
- \$800,000 general fund to cover anticipated contract increases for medical, dental, nursing, and telepsychiatry services.
- \$700,000 general fund for increased rates contracting with licensed barbers or cosmetologists
- \$150,000 general fund for ongoing staff training
- \$200,000 general fund in FY 2024 for temporary staff to scan documents and perform quality control as internal records are moved from paper to electronic files. No additional FTE are requested
- \$150,000 general fund associated with 1.00 FTE for a maintenance manager position in Butte, Montana

5.0% Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% plan, submitted by the agency, can be found on the agency profile page online.

The Department of Corrections' plan to reduce the base budget by 5.0% includes reductions of \$10.5 million in General Fund and \$300,000 in state special revenue. These changes are outlined below:

- Reduce the number of inmates in regional prisons by 100 (nearly \$3.1 million general fund)
- Eliminate a total of 20 positions including 8 PSI writers and 12 P&P Officers added last session (nearly \$1.5 million general fund)
- A 10% reduction in pre release center (PRC) beds, treatment center beds, and enhance/transitional supervision services (ETSS) contracts (nearly \$3.9 million general fund)
- Reduce contracted nurses and telepsychiatry contracts (\$950,000 general fund)
- Eliminate federal court filing services and FTE (\$120,000 general fund)
- Close offices in Sidney, Cut Bank, and Dillon – associated reductions (\$276,000 general fund)
- 5.0% reduction to supplies and materials (\$377,000 general fund)
- Reduce repair and maintenance budget (\$250,000 general fund)
- Reduce the use of probation and parole supervision fees (\$300,000 state special revenue)

Agency Goals and Objectives

Statute requires that agencies submit a statement of the agency mission and a statement of goals and objectives for each program of the agency. The goals and objectives are required to be concise, specific, quantifiable, and measurable. Goals and objectives, submitted by the agency, are included on the agency profile webpage.

Agency Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP 1) has been broken down into three categories, as follows:

- Legislatively approved changes – This category includes adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs included in the FY 2023 statewide pay plan adjustments, changes to benefit rates, increases in pay approved by the legislature, longevity adjustments required by statute, and changes in rates for workers’ compensation and unemployment insurance
- Management decisions – This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring full time equivalent (FTE) at a lower rate to replace senior staff and broadband pay adjustments for recruitment and retention
- Budget modifications – This category includes other modifications to the FY 2023 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or transfers to move personal services funding to or from other expenditure categories (e.g. moving funding from operating expenses to personal services)

The figure below shows the analysis of the executive budget for personal services for each program.

Statewide Present Law Adjustment for Personal Services FY 2024 Decision Package 1				
Program	Legislative Changes	Management Decisions	Budget Modifications	Decision Package 1
01 Director's Office Centralized Services Division	\$103,577	\$372,180	-	\$475,757
02 Public Safety Division	91,194	2,040,231	(67,306)	2,064,119
03 Rehabilitation and Programs Division	(258,806)	122,717	-	(136,089)
04 Board of Pardons & Parole	(40,975)	18,545	-	(22,430)
06 Clinical Services Division	-	-	-	-
07 Board of Pardons & Parole	-	-	-	-
Grand Total	-\$105,009	\$2,553,673	-\$67,306	\$2,381,357

Personal services were \$98.0 million or 43.9% of the agency’s total appropriations in FY 2023. The agency made one budget modification associated with personal services which transferred operating expense funding into personal services to fund a modified position. The majority of management decisions within personal services include raises to recruit/retain nurses and attorneys in addition to pay increases for correctional officers per union agreements and to combat issues with larger than expected position vacancies.

The greatest issues related to hiring or keeping employees in the department revolve around wages and lack of affordable or available housing for employees. Nationally, there is a shortage of correctional workers, and here in Montana, the department noticed the greatest difficulties hiring and retaining in the following areas:

- Correctional officers
- Cook supervisors
- Plumbers
- Electricians
- Mental Health staff (therapists and registered nurses)
- Teachers

Funding

The following table shows proposed agency funding for all sources of authority.

Total Department of Corrections Funding by Source of Authority 2025 Biennium Budget Request - Department of Corrections						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	488,796,529	6,288,004	0	5,140	495,089,673	90.62 %
State Special Total	14,306,257	0	0	1,492,043	15,798,300	2.89 %
Federal Special Total	0	0	0	0	0	0.00 %
Proprietary Total	237,888	0	35,194,440	0	35,432,328	6.49 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$503,340,674	\$6,288,004	\$35,194,440	\$1,497,183	\$546,320,301	
Percent - Total All Sources	92.13 %	1.15 %	6.44 %	0.27 %		

The Department of Corrections is primarily funded with general fund at approximately 97.1% of HB 2 funds. The remaining amount is comprised of state special revenues with a small portion coming from budgeted proprietary funds. Some of the largest state special revenue funds are:

- The canteen revolving fund, which receives revenue from the sale of items to inmates
- Probation and parole supervision fees collected from offenders under the supervision of the department
- Pine Hills donations, interest, and income funds coming mostly from interest and income collected on school trust lands

Additional proprietary funds are non-budgeted and support programs that provide services to other governmental entities or the public associated with Montana Correctional Enterprises.

There is nearly \$1.5 million in statutory appropriations over the 2025 biennium, which are used to support the Public Safety Division. This funding is for the Inmate Welfare Fund and is used to benefit inmates and their families per 53-1-109, MCA.

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	216,502,592	216,502,592	433,005,184	87.46 %	223,206,636	223,206,636	446,413,272	87.60 %
SWPL Adjustments	8,860,481	11,041,632	19,902,113	4.02 %	8,929,096	11,109,074	20,038,170	3.93 %
PL Adjustments	6,506,572	5,185,492	11,692,064	2.36 %	6,506,572	5,185,492	11,692,064	2.29 %
New Proposals	14,226,259	16,258,913	30,485,172	6.16 %	14,726,259	16,758,913	31,485,172	6.18 %
Total Budget	\$246,095,904	\$248,988,629	\$495,084,533		\$253,368,563	\$256,260,115	\$509,628,678	

HB 2 Language -

All appropriations for the Director's Office/Central Services Division, the Public Safety Division, and the Rehabilitation and Programs Division are biennial.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	16,991,934	18,697,123	1,705,189	10.04 %
Operating Expenses	15,904,524	12,551,584	(3,352,940)	(21.08)%
Transfers	200,000	200,000	0	0.00 %
Total Expenditures	\$33,096,458	\$31,448,707	(\$1,647,751)	(4.98)%
General Fund	31,856,454	30,183,490	(1,672,964)	(5.25)%
State/Other Special Rev. Funds	951,018	1,027,329	76,311	8.02 %
Proprietary Funds	288,986	237,888	(51,098)	(17.68)%
Total Funds	\$33,096,458	\$31,448,707	(\$1,647,751)	(4.98)%
Total Ongoing	\$33,096,458	\$31,248,707	(\$1,847,751)	(5.58)%
Total OTO	\$0	\$200,000	\$200,000	100.00 %

Program Biennium Comparison -

The 2025 biennium budget for the Director’s Office proposes a decrease of 5.0% with an overall decrease in general fund of 5.3%. Compared to the FY 2023 base appropriation, the biennial request is a decrease of 3.2%.

Program Description

The Director's Office and the Central Services Division include the following bureaus: the Legal Bureau, the Communications Bureau, the Financial Services Bureau, the Information Technology Bureau, the Human Resources Bureau, the Records Management Bureau, the Research & Analytics Bureau, and the Project Management Bureau.

This program provides services to the department and the public in the areas of: public information, human resource management, American Indian liaison services, information technology, legal support, technical correctional services, research and statistics, project management, payroll, budgeting and program planning, contract development, federal grants management, victim restitution, supervision fee collection, accounting, and various administrative and management support functions.

Program Highlights

Director's Office - CSD Major Budget Highlights
<p>The Director’s Office 2025 biennium budget request shows a biennial decrease of 5.0% or \$1.6 million when compared with the 2023 biennium including:</p> <ul style="list-style-type: none"> • A total decrease of nearly \$1.3 million related to statewide present law adjustments in personal services, fixed costs, and inflation • An increase of \$200,000 one-time-only (OTO) general fund in FY 2024 for temporary staff

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	105.81	105.81	105.81	105.81
Personal Services	8,039,074	8,145,664	8,846,270	9,322,027	9,375,096
Operating Expenses	7,807,867	8,635,249	7,269,275	6,397,892	6,153,692
Transfers	100,000	100,000	100,000	100,000	100,000
Total Expenditures	\$15,946,941	\$16,880,913	\$16,215,545	\$15,819,919	\$15,628,788
General Fund	15,432,078	16,259,455	15,596,999	15,186,751	14,996,739
State/Other Special Rev. Funds	368,746	475,341	475,677	514,437	512,892
Proprietary Funds	146,117	146,117	142,869	118,731	119,157
Total Funds	\$15,946,941	\$16,880,913	\$16,215,545	\$15,819,919	\$15,628,788
Program Actuals and Budget Comparison					
Total Ongoing	\$15,946,941	\$16,880,913	\$16,215,545	\$15,619,919	\$15,628,788
Total OTO	\$0	\$0	\$0	\$200,000	\$0

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

In FY 2022, expenditures from the Director’s Office totaled 94.5% of the FY 2022 modified HB 2 budget. Personal services were expended at 98.7% while operating expenses were expended at 90.4%. The department received general fund in the amount of \$1.6 million for FY 2022 contingent on the Office of Budget and Program Planning monthly verification that county jail holds are maintained at a monthly average of 250 or less and has accessed approximately 75.0% of this funding in FY 2022. The department struggled in FY 2022 to keep jail holds at 250 or below and was unable to access the remaining \$400,000 of contingent appropriations. Additionally, nearly \$300,000 in restricted State Information and Technology Services Division (SITSD) operating expenses authority was not expended due to supply chain issues regarding cameras.

FY 2022 Appropriations Compared to FY 2023 Appropriations

When compared to FY 2022 amounts, appropriations in FY 2023 decreased by 4.1% or \$660,000. The majority of this decrease is explained by a reduction of \$1.4 million in operating expenses, which is partially offset by increases in personal services. Offsetting increases in personal services can mainly be attributed to reductions to the state share holiday made to FY 2022 appropriations.

Executive Request

In addition to increases in statewide present law adjustments for personal services, inflation, and fixed costs, the executive proposes the following increases:

- An increase of \$200,000 general fund in FY 2024 for temporary staff to scan documents and perform quality control as internal records are moved from paper to electronic files. No additional FTE are requested.
- \$87,000 general fund for increases related to additional funding for the Chief Data Office and the State Management Training Center

Program Personal Services

Personal services are \$8.8 million or 54.6% of total FY 2023 appropriations. The executive proposes an increase of approximately \$480,000 in FY 2024 and \$530,000 in FY 2025 for statewide present law adjustments. In addition to expected changes, management decisions included broadband pay increases given to employees during the interim.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Corrections, 01-Director's Office - C S D Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	29,983,490	200,000	0	0	30,183,490	95.98 %
02689 Offender Restitution	1,022,306	0	0	0	1,022,306	99.51 %
02917 MSP Canteen Revolving Acct	5,023	0	0	0	5,023	0.49 %
State Special Total	\$1,027,329	\$0	\$0	\$0	\$1,027,329	3.27 %
03008 Juvenile Justice Coucil	0	0	0	0	0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
06033 Prison Ranch	59,210	0	0	0	59,210	24.89 %
06034 MSP Institutional Industries	59,210	0	0	0	59,210	24.89 %
06545 Prison Indust. Training Prog	1,044	0	0	0	1,044	0.44 %
06573 MSP - Cook Chill	59,212	0	0	0	59,212	24.89 %
06011 License Plate Production	59,212	0	0	0	59,212	24.89 %
06004 Electronic Government Services	0	0	0	0	0	0.00 %
Proprietary Total	\$237,888	\$0	\$0	\$0	\$237,888	0.76 %
Total All Funds	\$31,248,707	\$200,000	\$0	\$0	\$31,448,707	

The majority of funding for this program comes from the general fund. There is a small amount of funding for this program that comes from state special revenues, primarily from fees charged for collection of restitution from offenders. The remaining portion of funding comes from proprietary funds such as prison ranch, industries program, cook chill operation, and license plate production.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	15,596,999	15,596,999	31,193,998	103.35 %	16,215,545	16,215,545	32,431,090	103.12 %
SWPL Adjustments	(653,729)	(643,741)	(1,297,470)	(4.30)%	(639,107)	(630,238)	(1,269,345)	(4.04)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	243,481	43,481	286,962	0.95 %	243,481	43,481	286,962	0.91 %
Total Budget	\$15,186,751	\$14,996,739	\$30,183,490		\$15,819,919	\$15,628,788	\$31,448,707	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	Fiscal 2024					Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	436,476	39,281	0	475,757	0.00	491,109	37,717	0	528,826
DP 2 - Fixed Costs	0.00	(1,544,052)	(521)	0	(1,568,711)	0.00	(1,672,024)	(502)	0	(1,696,238)
DP 3 - Inflation Deflation	0.00	453,847	0	0	453,847	0.00	537,174	0	0	537,174
Grand Total All Present Law Adjustments	0.00	(\$653,729)	\$38,760	\$0	(\$639,107)	0.00	(\$643,741)	\$37,215	\$0	(\$630,238)

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	Fiscal 2024					Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	43,481	0	0	43,481	0.00	43,481	0	0	43,481
DP 101 - Contracted Staff for Records Conversion - OTO	0.00	200,000	0	0	200,000	0.00	0	0	0	0
Total	0.00	\$243,481	\$0	\$0	\$243,481	0.00	\$43,481	\$0	\$0	\$43,481

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

DP 99 - New Fixed Costs -

The executive requests appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. Additionally, the executive requests appropriations for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 101 - Contracted Staff for Records Conversion - OTO -

This request is for additional general fund to support temporary staff to scan documents and perform quality control as internal records are moved from paper to electronic files.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	138,457,449	162,687,418	24,229,969	17.50 %
Operating Expenses	98,064,406	111,790,071	13,725,665	14.00 %
Equipment & Intangible Assets	470,704	2,805,704	2,335,000	496.07 %
Capital Outlay	41,546	41,546	0	0.00 %
Transfers	418,492	362,242	(56,250)	(13.44)%
Debt Service	1,718,266	1,907,412	189,146	11.01 %
Total Expenditures	\$239,170,863	\$279,594,393	\$40,423,530	16.90 %
General Fund	235,911,163	276,009,693	40,098,530	17.00 %
State/Other Special Rev. Funds	3,259,700	3,584,700	325,000	9.97 %
Total Funds	\$239,170,863	\$279,594,393	\$40,423,530	16.90 %
Total Ongoing	\$239,170,863	\$276,059,861	\$36,888,998	15.42 %
Total OTO	\$0	\$3,534,532	\$3,534,532	100.00 %

Program Biennium Comparison -

The 2025 biennium budget for the Public Safety Division proposes an increase of 16.9% with an increase in general fund of 17.0%. Compared to the FY 2023 base appropriation, the biennial request is an increase of 15.0%.

Program Description

The Public Safety Division oversees secure correctional facilities across the state. This includes three state-owned secure facilities (Montana State Prison, Montana Women’s Prison, and Pine Hills Correctional Facility), as well as the state’s two contracted secure facilities (Crossroads Correctional Center and Dawson County Correctional Facility). Through the Probation and Parole Bureau, this division provides community supervision services to offenders across the state. Also housed in this division are the Investigations Bureau and various support functions to include staff development and quality assurance.

Program Highlights

Public Safety Division Major Budget Highlights
<p>The proposed 2025 biennium budget reflects an increase of 16.9% or \$40.4 million when compared to the 2023 biennium, including:</p> <ul style="list-style-type: none"> • Nearly \$14.7 million general fund over the biennium related to statewide present law adjustments, increases in motor pool rates, and one-time-only vehicle replacements and IT upgrades • \$6.1 million general fund over the biennium for an additional \$2 per hour for correctional officers at the Montana State Prison (MSP) and \$3 at Pine Hills and the Montana Women's Prison (MWP) and an additional \$800,000 for the Probation & Parol performance adjusted wage scale (PAWS) program per negotiated union agreements • \$4.0 million general fund over the biennium related to paying increased rates to providers with just over \$2.9 million covering a 4% increase in FY 2024 and an additional 4% in FY 2025 and \$1.0 million covering an OTO increase of 2% each fiscal year of the biennium • Overtime pay to employees in the amount of \$4.8 million general fund over the biennium to fund the move to 12-hour shifts • An additional 13.00 FTE and associated \$1.7 million general fund over the biennium for various functions related to probation and parole.

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	989.36	989.36	1,002.36	1,002.36
Personal Services	65,195,333	66,158,024	72,299,425	81,066,794	81,620,624
Operating Expenses	49,200,161	49,525,100	48,539,306	54,979,803	56,810,268
Equipment & Intangible Assets	234,053	317,852	152,852	2,652,852	152,852
Capital Outlay	0	20,773	20,773	20,773	20,773
Transfers	262,371	262,371	156,121	181,121	181,121
Debt Service	1,291,922	1,326,092	392,174	953,706	953,706
Total Expenditures	\$116,183,840	\$117,610,212	\$121,560,651	\$139,855,049	\$139,739,344
General Fund	115,040,915	116,142,862	119,768,301	138,062,699	137,946,994
State/Other Special Rev. Funds	1,142,925	1,467,350	1,792,350	1,792,350	1,792,350
Total Funds	\$116,183,840	\$117,610,212	\$121,560,651	\$139,855,049	\$139,739,344
Total Ongoing	\$116,183,840	\$117,610,212	\$121,560,651	\$136,837,783	\$139,222,078
Total OTO	\$0	\$0	\$0	\$3,017,266	\$517,266

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Public Safety Division expended 98.8% of its modified HB 2 budget. Personal services were expended at 98.5% while operating expenses were expended at 99.3%.

Through FYE 2022, DOC expended 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. At FYE 2022, DOC had an unexpended appropriation balance of \$157,370 in authority that was continued to the FY 2023 budget.

FY 2022 Appropriations Compared to FY 2023 Appropriations

When compared with FY 2022 amounts, appropriations in FY 2023 increased by 3.4% or \$3.9 million. There were reductions made to both operating costs (\$1.6 million) and debt service (nearly \$1.0 million) which partially offset an increase in personal services of \$6.1 million. Personal services increases in FY 2023 can mostly be attributed to the following:

- Additional pay plan funding in FY 2023 of just over \$1.0 million
- Reductions for the state share holiday made in FY 2022 in the amount of nearly \$2.0 million
- Increased personal services funding of \$2.0 million in FY 2023 transferred from what used to be Secure Custody Facilities into the Public Safety Division associated with the department's reorganization

Executive Request

In addition to proposed statewide present law increases for personal services, fixed costs, and inflation, the executive is proposing the following:

- Overtime pay to employees in the amount of \$4.8 million general fund over the biennium to fund 12-hour shifts
- Nearly \$4.0 million general fund over the biennium related to paying increased rates to providers with \$2.9 million covering a 4.0% increase in FY 2024 and an additional 4.0% in FY 2025 and \$1.0 million covering an OTO increase of 2.0% each fiscal year of the biennium
- \$6.1 million general fund over the biennium for an additional \$2 per hour to correctional officers as per union agreements
- An additional 13.00 FTE and associated \$1.7 million general fund over the biennium for various functions related to probation and parole
- \$1.5 million additional general fund over the biennium to cover an increase in costs related to the proposed rate increase for MCE's food factory, which provides food for the prison facilities.
- \$1.5 million in one-time only general fund in FY 2024 for vehicle replacement
- General fund in the amount of \$800,000 over the biennium for the Probation & Parole PAWS (performance adjusted wage scale) program per negotiated union agreements with P&P officers
- \$790,000 general fund to pay rate increase for existing leases
- \$1.0 million in one-time-only general fund for equipment/IT upgrades
- General fund to move payment of indigent kits to the general fund as recommended by legislative audit and to provide for negotiation of inmate telephone rates
- \$580,000 general fund for increased rates contracting with licensed barbers or cosmetologists
- \$300,000 general fund for the department's leased motor pool

Program Personal Services

Personal services in the Public Safety Division are nearly \$72.3 million or 59.5% of total FY 2023 appropriations. The executive proposes an increase from the base budget of approximately \$2.1 million in FY 2024 and \$2.6 million in FY 2025 for statewide present law adjustments with the total change in personal services amounting to \$24.2 million when compared to the 2023 biennium. Changes in personal services expenditures through the statewide present law adjustment can be attributed to increased pay for Correctional Officers in the amount of \$2/hour at MSP and \$1/hour at MWP provided by the department during the 2023 interim.

Through the end of FY 2022, DOC had approximately \$3.7 million in savings through the vacancies of correctional officers (113.50 vacant FTE) which accounted for over 56.0% of the department's total vacancies. This realized savings in the Public Safety Division was offset by \$3.3 million in overtime costs associated with the move to 12 hour shifts to combat high vacancy rates.

LFD COMMENT

In March 2022, DOC reached an agreement with the prison staffs' union to provide the pay raises mentioned above to all correctional officers. In FY 2022, the pay raises did not increase personal services costs beyond the budgeted amount. In FY 2023 and going forward, the increase in pay, assuming full employment, was expected to cost a little over \$2.0 million per year. The executive is also requesting an additional \$2 per hour raise for correctional officers at MSP and \$3 per hour at MWP and Pine Hills in FY 2024 and FY 2025 through new proposals per union negotiations. The agreement that DOC has reached with the union is that the department provide these raises if the funding is approved by the legislature.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Corrections, 02-Public Safety Division Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	272,475,161	3,534,532	0	5,140	276,014,833	98.19 %
02033 Pine Hills Vocational Program	200,000	0	0	0	200,000	3.94 %
02034 Earmarked Alcohol Funds	51,046	0	0	0	51,046	1.01 %
02261 P & P Supervisory Fee	2,113,340	0	0	0	2,113,340	41.63 %
02339 Inmate Welfare/Inmate Pay	200,000	0	0	0	200,000	3.94 %
02345 Inmate Welfare Fund	0	0	0	1,492,043	1,492,043	29.39 %
02916 PHS-Canteen	7,046	0	0	0	7,046	0.14 %
02927 PHS Donations/I & I	754,660	0	0	0	754,660	14.87 %
02970 Juvenile Plcmnt Cost of Care	258,608	0	0	0	258,608	5.09 %
State Special Total	\$3,584,700	\$0	\$0	\$1,492,043	\$5,076,743	1.81 %
03089 PHS-School Foods	0	0	0	0	0	0.00 %
03099 PHS-ESEA Title I	0	0	0	0	0	0.00 %
03315 Misc Federal Grants	0	0	0	0	0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$276,059,861	\$3,534,532	\$0	\$1,497,183	\$281,091,576	

Just over 98.0% of the program's funding comes from the general fund. The remaining funding comes from state special revenues. The largest portion of these state special funds are collected from offenders who are required to pay supervision fees related to probation and parole. Parental contributions toward the costs of care and interest and income related to Pine Hills school lands primarily make up additional state special revenue and are used for additional support related to direct and non-direct care costs in the Pine Hills Correctional Facility.

The inmate welfare state special revenue fund is used to fund activities and basic needs of inmates and is comprised of the sales of contraband and confiscated items, as well as proceeds from inmate canteen purchases from the state prison. A little over half of the state special revenue for the inmate welfare fund is statutorily appropriated.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	119,768,301	119,768,301	239,536,602	86.79 %	121,560,651	121,560,651	243,121,302	86.95 %
SWPL Adjustments	5,871,271	7,065,979	12,937,250	4.69 %	5,871,271	7,065,979	12,937,250	4.63 %
PL Adjustments	5,563,957	4,242,877	9,806,834	3.55 %	5,563,957	4,242,877	9,806,834	3.51 %
New Proposals	6,859,170	6,869,837	13,729,007	4.97 %	6,859,170	6,869,837	13,729,007	4.91 %
Total Budget	\$138,062,699	\$137,946,994	\$276,009,693		\$139,855,049	\$139,739,344	\$279,594,393	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	2,064,119	0	0	2,064,119	0.00	2,610,820	0	0	2,610,820
DP 2 - Fixed Costs	0.00	586,532	0	0	586,532	0.00	586,532	0	0	586,532
DP 3 - Inflation Deflation	0.00	3,220,620	0	0	3,220,620	0.00	3,868,627	0	0	3,868,627
DP 208 - Appropriation for Food Factory Rate Increases	0.00	634,768	0	0	634,768	0.00	818,171	0	0	818,171
DP 209 - Differential and Overtime Pay	0.00	2,416,608	0	0	2,416,608	0.00	2,416,608	0	0	2,416,608
DP 211 - Vehicle Replacement - OTO	0.00	1,500,000	0	0	1,500,000	0.00	0	0	0	0
DP 213 - Motor Pool	0.00	145,398	0	0	145,398	0.00	145,398	0	0	145,398
DP 214 - Prior Session Staffing Correction	13.00	867,183	0	0	867,183	13.00	862,700	0	0	862,700
Grand Total All Present Law Adjustments	13.00	\$11,435,228	\$0	\$0	\$11,435,228	13.00	\$11,308,856	\$0	\$0	\$11,308,856

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 208 - Appropriation for Food Factory Rate Increases -

This request is for additional general fund over the biennium to cover inflationary increases in costs related to the proposed rate increase for MCE's food factory, which provides food for the prison facilities.

DP 209 - Differential and Overtime Pay -

Union contracts require payment of differential pay for certain shifts or job duties. The department is requesting appropriation to cover the cost of that differential pay. The department is also requesting funding for overtime due to the change to 12-hour shifts.

DP 211 - Vehicle Replacement - OTO -

This proposal requests additional one-time-only general fund authority for replacement of several vehicles across the department, including security vehicles at Montana State Prison and box trucks and refrigerated trucks that are used to deliver meals, supplies, and furniture across the Montana State Prison complex and the rest of the state.

DP 213 - Motor Pool -

This proposal requests additional general fund for the department's leased motor pool.

DP 214 - Prior Session Staffing Correction -

This request is for 13.00 FTE and corresponding general fund for Probation & Parole functions.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 201 - Request Additional funding for Union Agreement Pay Increase	0.00	3,019,459	0	0	3,019,459	0.00	3,031,071	0	0	3,031,071
DP 202 - P&P Performance Adjustment Wage Scale	0.00	400,000	0	0	400,000	0.00	400,000	0	0	400,000
DP 203 - Equipment/IT Upgrades - OTO	0.00	1,000,000	0	0	1,000,000	0.00	0	0	0	0
DP 204 - IWF Adjustments	0.00	270,000	0	0	270,000	0.00	270,000	0	0	270,000
DP 207 - Appropriation for Existing Lease Rate Increases	0.00	395,282	0	0	395,282	0.00	395,282	0	0	395,282
DP 297 - Barber Services	0.00	307,050	0	0	307,050	0.00	277,050	0	0	277,050
DP 298 - Provider Rate Adjustment - 2% - OTO	0.00	517,266	0	0	517,266	0.00	517,266	0	0	517,266
DP 299 - Provider Rate Adjustment	0.00	950,113	0	0	950,113	0.00	1,979,168	0	0	1,979,168
Total	0.00	\$6,859,170	\$0	\$0	\$6,859,170	0.00	\$6,869,837	\$0	\$0	\$6,869,837

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

DP 201 - Request Additional funding for Union Agreement Pay Increase -

This proposal is to fund an additional \$2 per hour for Correctional Officers at Montana State Prison and \$3 per hour for Correctional Officers at the Montana Women's Prison and Pine Hills Correctional Facility in accordance with negotiated union contracts and to equalize pay for Correctional Officers across all DOC facilities.

DP 202 - P&P Performance Adjustment Wage Scale -

This proposal requests funding for the Probation & Parole performance adjusted wage scale (PAWS) program per negotiated union agreements with P&P officers.

DP 203 - Equipment/IT Upgrades - OTO -

This proposal includes general fund to update and replace equipment within the department's secure facilities.

DP 204 - IWF Adjustments -

This proposal is requesting to move payment of indigent kits to the general fund, as recommended by legislative audit and to move authority for inmate wages from the Inmate Welfare Fund (IWF) to the general fund, providing for negotiation of inmate telephone rates.

**LFD
COMMENT**

The Legislative Audit Division performed an audit on the inmate welfare fund during the interim and came to the conclusion that kits containing basic hygiene supplies and supplies for legal communications fall under the responsibility of the state to provide and are not appropriate uses of the inmate welfare fund. The department estimates annual expenses of indigent kits to be approximately \$28,000.

DP 207 - Appropriation for Existing Lease Rate Increases -

This proposal requests additional general fund to cover rate increases for existing leases, as required by lease agreements.

DP 297 - Barber Services -

This request is for additional general fund for costs related to contracting with licensed barbers or cosmetologists to provide haircuts in correctional facilities. IF LC77 passes, this appropriation will not be needed.

**LFD
COMMENT**

The Legislative Finance Committee generally recommends that subcommittees not pass contingent DPs until the corresponding bill has passed.

DP 298 - Provider Rate Adjustment - 2% - OTO -

This request is for additional one-time-only general fund for a 2.0% provider rate adjustment each fiscal year of the 2025 biennium.

**LFD
COMMENT**

Provider rate enhancements, even if intended to be temporary, could create an ongoing fiscal obligation. If the Legislature wishes to provide this as OTO funding, they may wish to provide additional clarification on the use of this funding and avoid an actual rate increase.

DP 299 - Provider Rate Adjustment -

This request is for additional general fund for an ongoing 4.0% provider rate adjustment in FY 2024 and an additional 4.0% in FY 2025.

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	30,942,856	31,773,200	830,344	2.68 %
Operating Expenses	135,750,449	163,854,924	28,104,475	20.70 %
Equipment & Intangible Assets	202,811	0	(202,811)	(100.00)%
Transfers	651,484	482,734	(168,750)	(25.90)%
Debt Service	145,411	234,694	89,283	61.40 %
Total Expenditures	\$167,693,011	\$196,345,552	\$28,652,541	17.09 %
General Fund	158,781,729	186,651,324	27,869,595	17.55 %
State/Other Special Rev. Funds	8,911,282	9,694,228	782,946	8.79 %
Total Funds	\$167,693,011	\$196,345,552	\$28,652,541	17.09 %
Total Ongoing	\$167,543,011	\$193,792,080	\$26,249,069	15.67 %
Total OTO	\$150,000	\$2,553,472	\$2,403,472	1,602.31 %

Program Biennium Comparison -

The 2025 biennium budget for the Rehabilitation and Programs proposes an increase of 17.1% with an increase in general fund of 17.6%. Compared to the FY 2023 base appropriation, the biennial request is an increase of 16.5%.

Program Description

The Rehabilitation and Programs Division is comprised of the Programs and Facilities Bureau, the Health Services Bureau, Montana Correctional Enterprises, the Evidence-Based Programming and Practices Bureau, and the Victim Services Bureau.

The Programs & Facilities Bureau provides community corrections programs to include chemical dependency treatment programs; DUI treatment facilities, methamphetamine treatment facilities; assessment, sanction, and revocation centers; and various other prison diversion programs. The department contracts with nonprofit corporations in Great Falls, Missoula, Billings, Bozeman, Butte, and Helena for prerelease services. The Health Services Bureau provides medical, dental, and mental health care to inmates in DOC’s secure facilities and oversees the provision of these services in contracted facilities. Montana Correctional Enterprises (MCE) provides education and vocational training to inmates and operates the department’s correctional industries program. The Evidence-Based Programming and Practices Bureau provides quality assurance services, reviewing programming options offered across the department. The Victim Services Bureau provides crucial support and assistance to victims across the state.

Program Highlights

Rehabilitation and Programs Major Budget Highlights
<p>The proposed 2025 biennium budget within the Rehabilitation and Programs Division is 17.1% or \$28.7 million higher when compared to the 2023 biennium, including:</p> <ul style="list-style-type: none"> An increase of nearly \$8.4 million for statewide present law increases in personal services, fixed costs, and inflation \$14.0 million general fund related to paying increased rates to providers with nearly \$12.5 million covering a 4.0% increase in FY 2024 and an additional 4.0% in FY 2025 and just over \$2.5 million covering an OTO request for 2.0% each fiscal year of the upcoming biennium An increase of nearly \$2.2 million to create a statewide transitional living model and 1.00 additional FTE to oversee the program \$1.0 million in additional state special revenue authority in the canteen revolving fund

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	177.00	177.00	179.00	179.00
Personal Services	14,247,412	15,060,558	15,882,298	15,921,792	15,851,408
Operating Expenses	64,345,226	67,571,577	68,178,872	80,295,090	83,559,834
Equipment & Intangible Assets	202,811	202,811	0	0	0
Transfers	348,863	410,117	241,367	241,367	241,367
Debt Service	76,299	76,299	69,112	117,347	117,347
Total Expenditures	\$79,220,611	\$83,321,362	\$84,371,649	\$96,575,596	\$99,769,956
General Fund	74,751,957	78,703,228	80,078,501	91,728,455	94,922,869
State/Other Special Rev. Funds	4,468,654	4,618,134	4,293,148	4,847,141	4,847,087
Total Funds	\$79,220,611	\$83,321,362	\$84,371,649	\$96,575,596	\$99,769,956
Total Ongoing	\$79,145,611	\$83,246,362	\$84,296,649	\$95,298,860	\$98,493,220
Total OTO	\$75,000	\$75,000	\$75,000	\$1,276,736	\$1,276,736

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Rehabilitations and Programs Division (RPD) expended 95.1% of its FY 2022 modified HB 2 budget. Personal services were 94.6% expended while operating expenses were 95.2% expended.

Not included in the table above, DOC had \$19.7 million in off-budget proprietary authority for the Montana Correctional Enterprises program in FY 2022 which provides services to the Montana State Prison (Deer Lodge) and Montana Women’s Prison (Billings). At the end of FY 2022, the Montana Correctional Enterprises program had an appropriation balance of \$3.4 million, and the balance was reverted to the appropriate proprietary accounts at fiscal year-end.

FY 2022 Appropriations Compared to FY 2023 Appropriations

When compared with FY 2023 appropriations, FY 2022 appropriations are 1.3% or nearly \$1.1 million lower. Differences can mainly be attributed to one-time-only reductions in general fund made in FY 2022 to the state share holiday.

Executive Request

In addition to increases in statewide present law adjustments for personal services and inflation, the executive requests the following:

- \$14.0 million general fund over the biennium related to paying increased rates to providers with \$11.5 million covering a 4.0% increase in FY 2024 and an additional 4.0% in FY 2025 and \$2.5 million covering an OTO request for 2.0% each fiscal year of the upcoming biennium
- An increase of nearly \$2.2 million over the 2025 biennium to create a statewide transitional living model to assist with offender reentry by contracting with a single entity to provide regulation over housing providers and 1.00 additional FTE to oversee the program
- \$1.0 million in additional state special revenue authority in the inmate canteen revolving fund to increase the number of items purchased to meet demand.
- \$1.0 million general fund over the biennium for increased rates paid to for non-profit providers
- \$800,000 general fund over the biennium to cover anticipated contract increases for medical, dental, nursing, and telepsychiatry services
- \$150,000 general fund for the biennium for ongoing staff training
- \$150,000 general fund associated with 1.00 FTE for a maintenance manager position in Butte, Montana

Program Personal Services

Personal services are nearly \$15.9 million or 18.8% of total FY 2023 appropriations. In terms of statewide present law adjustments, the executive proposes a decrease of \$136,000 in FY 2024 and \$206,000 in FY 2025. The majority of personal service changes within RPD include expected changes partially offset by management decisions for broadband pay increases.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Corrections, 03-Rehabilitations & Programs Division							
Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	184,097,852	2,553,472	0	0	186,651,324	80.61 %	
02261 P & P Supervisory Fee	134,612	0	0	0	134,612	1.39 %	
02844 Inter-Agency Fund	0	0	0	0	0	0.00 %	
02917 MSP Canteen Revolving Acct	9,559,616	0	0	0	9,559,616	98.61 %	
State Special Total	\$9,694,228	\$0	\$0	\$0	\$9,694,228	4.19 %	
03099 PHS-ESEA Title I	0	0	0	0	0	0.00 %	
03315 Misc Federal Grants	0	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
06033 Prison Ranch	0	0	10,222,755	0	10,222,755	29.05 %	
06034 MSP Institutional Industries	0	0	7,932,387	0	7,932,387	22.54 %	
06545 Prison Indust. Training Prog	0	0	1,445,985	0	1,445,985	4.11 %	
06573 MSP - Cook Chill	0	0	10,512,183	0	10,512,183	29.87 %	
06011 License Plate Production	0	0	5,081,130	0	5,081,130	14.44 %	
Proprietary Total	\$0	\$0	\$35,194,440	\$0	\$35,194,440	15.20 %	
Total All Funds	\$193,792,080	\$2,553,472	\$35,194,440	\$0	\$231,539,992		

The Rehabilitation and Programs Division is comprised mostly of general fund (80.0%) and state special revenues (4.4%).

These state special funds are collected from offenders who are required to pay supervision fees related to probation and parole and from the inmate canteen state special fund which receives revenues from the sale of products to inmates and is paid by inmates through inmate wages and money received from family members.

Additional funding supports functions related to Montana Correctional Enterprises (MCE), now located within the Rehabilitation and Programs Division. Non-budgeted proprietary funds such as license plate productions, prison ranch, and cook chill operations make up the largest portion of funding for the MCE.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	80,003,501	80,003,501	160,007,002	85.73 %	84,296,649	84,296,649	168,593,298	85.87 %
SWPL Adjustments	3,658,731	4,631,158	8,289,889	4.44 %	3,712,724	4,685,097	8,397,821	4.28 %
PL Adjustments	942,615	942,615	1,885,230	1.01 %	942,615	942,615	1,885,230	0.96 %
New Proposals	7,123,608	9,345,595	16,469,203	8.82 %	7,623,608	9,845,595	17,469,203	8.90 %
Total Budget	\$91,728,455	\$94,922,869	\$186,651,324		\$96,575,596	\$99,769,956	\$196,345,552	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(136,089)	0	0	(136,089)	0.00	(205,586)	0	0	(205,586)
DP 2 - Fixed Costs	0.00	48,235	0	0	48,235	0.00	48,235	0	0	48,235
DP 3 - Inflation Deflation	0.00	3,746,585	53,993	0	3,800,578	0.00	4,788,509	53,939	0	4,842,448
DP 209 - Differential and Overtime Pay	0.00	0	0	0	0	0.00	0	0	0	0
DP 301 - Correction for increase for non-profit providers	0.00	508,498	0	0	508,498	0.00	508,498	0	0	508,498
DP 302 - Increase Contract Services MH, SOP, Medical, Dental	0.00	400,000	0	0	400,000	0.00	400,000	0	0	400,000
DP 307 - Differential Pay	0.00	34,117	0	0	34,117	0.00	34,117	0	0	34,117
Grand Total All Present Law Adjustments	0.00	\$4,601,346	\$53,993	\$0	\$4,655,339	0.00	\$5,573,773	\$53,939	\$0	\$5,627,712

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 209 - Differential and Overtime Pay -

Our union contracts require payment of differential pay for certain shifts or job duties (Fire Crew, etc.) The department has not historically requested this appropriation.

DP 301 - Correction for increase for non-profit providers -

This request is for additional funding for increased non-profit provider rates.

DP 302 - Increase Contract Services MH, SOP, Medical, Dental -

This requests additional general fund authority to cover anticipated contract increases for medical, dental, nursing, and telepsychiatry services.

DP 307 - Differential Pay -

This request is for additional general fund for the payment of differential pay for certain shifts and job duties required under union contract.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 306 - Additional Authority for DOC-MCE Canteen	0.00	0	500,000	0	500,000	0.00	0	500,000	0	500,000
DP 310 - Evidence Based training and technical assistance	0.00	75,000	0	0	75,000	0.00	75,000	0	0	75,000
DP 312 - Transitional Living Program Model	1.00	1,075,906	0	0	1,075,906	1.00	1,075,148	0	0	1,075,148
DP 397 - Provider Rate Adjustment - 2% - OTO	0.00	1,276,736	0	0	1,276,736	0.00	1,276,736	0	0	1,276,736
DP 398 - Provider Rate Adjustment	0.00	4,620,255	0	0	4,620,255	0.00	6,845,929	0	0	6,845,929
DP 399 - Acadia Maintenance Position	1.00	75,711	0	0	75,711	1.00	72,782	0	0	72,782
Total	2.00	\$7,123,608	\$500,000	\$0	\$7,623,608	2.00	\$9,345,595	\$500,000	\$0	\$9,845,595

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

DP 306 - Additional Authority for DOC-MCE Canteen -

This request is for additional state special revenue within the Montana Correctional Enterprises Canteen revolving fund to increase the number of items purchased to meet increasing demand.

DP 310 - Evidence Based training and technical assistance -

This request is for additional general fund for ongoing staff training.

LFD COMMENT	The 2021 Legislature provided \$75,000 in OTO appropriations each year of the biennium for training related to core correctional practices (CCP) and continued training for staff in the correctional program checklist (CPC) and the CPC group assessment (CPCGA).
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DP 312 - Transitional Living Program Model -

This proposal is for additional general fund to create a statewide Transitional Living Model to assist with offender reentry by contracting with a single entity to provide regulation over housing providers and 1.00 FTE to review offender eligibility and provide program oversight.

DP 397 - Provider Rate Adjustment - 2% - OTO -

This request is for additional one-time-only general fund for a 2% provider rate adjustment each fiscal year of the 2025 biennium.

LFD COMMENT	Please refer to the previous comment in the Public Safety Division regarding this request for OTO provider rate increases.
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DP 398 - Provider Rate Adjustment -

This request is to provide funding for a 4% provider rate adjustment in FY 2024 and an additional 4% in FY 2025. This also contains funding for negotiated rates for RFPs.

DP 399 - Acadia Maintenance Position -

This request is for 1.00 FTE and associated general fund, allowing the department to maintain the current maintenance position at the recently purchased Acadia facility near Butte.

Other Issues -**Proprietary Rates**

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

- License plate factory
- Agricultural program
- MSP institutional industries
- MCE food factory
- Vocational education industries training

License Plate Factory – Fund 06011

Proprietary Proposed Budget

The 2025 Biennium Report on Internal Service and Enterprise Funds for fund 06011 License Plate Factory shows the financial information for the fund from FY 2020 through FY 2025. The report is provided as submitted by the executive, but the LFD has edited and reconfigured the figure for clarity. This table is shown below.

Proprietary Program Description

The License Plate Program trains inmates in specific work skills and life skills in license plate production, graphics design, inventory control and shipping, while providing all license plates to county treasurers throughout Montana.

*Proprietary Program Narrative*Expenses

Expenses include funding for 4.01 FTE as well as various operating costs and products such as aluminum, reflective sheeting, and other raw materials.

Revenues

Revenues are derived from the sale of license plates to vehicle owners. A \$10.00 fee is paid for each set, where \$2.00 of this rate is deposited in the general fund, and the remaining \$8.00 and tabs/decals are deposited into a state special revenue account with the Department of Justice.

Funding Sources

Revenues supporting license plate manufacturing come from members of the public who purchase license plates.

Proprietary Rates

The license plate factory fund had previously been implemented as an internal service fund with rates approved by the Legislature. This is now an enterprise fund and will require no action from the 2025 Legislature to set rates.

Prison Ranch – Fund 06033*Proprietary Proposed Budget*

The 2025 Biennium Report on Internal Service and Enterprise Funds for fund 06033 Prison Ranch shows the financial information for the fund from FY 2020 through FY 2025. The report is provided as submitted by the executive, but the LFD has edited and reconfigured the figure for clarity. This table is shown below.

2025 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06033	Prison Ranch	64010	Department of Corrections	Montana Correctional Enterprises		
			Actual	Estimated	Proposed	Proposed
			FY 22	FY 23	FY 24	FY 25
Operating Revenues						
Fees and Charges						
	Fee Revenue A		2,623,437	2,630,000	2,623,437	2,623,437
	Other Operating Revenues					
Total Operating Revenues			<u>2,623,437</u>	<u>2,630,000</u>	<u>2,623,437</u>	<u>2,623,437</u>
Expenses						
	Personal Services		1,264,811	1,265,000	1,266,000	1,275,000
	Other Operating Expense		2,035,374	2,055,728	2,076,285	2,097,048
Total Operating Expense			<u>3,300,186</u>	<u>3,320,728</u>	<u>3,342,285</u>	<u>3,372,048</u>
Operating Income (Loss)			<u>(676,748)</u>	<u>(690,728)</u>	<u>(718,848)</u>	<u>(748,611)</u>
Nonoperating Revenues						
	Other Revenue A		318,728	30,000	30,000	30,000
	Nonoperating Expenses					
Total Nonoperating Revenues (Expenses)			<u>318,728</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
Income (Loss) Before Contributions and Transfers			<u>(358,020)</u>	<u>(660,728)</u>	<u>(688,848)</u>	<u>(718,611)</u>
Capital Contributions						
	Transfers In		369,323	700,000	700,000	700,000
Change in Net Position			<u>11,303</u>	<u>39,272</u>	<u>11,152</u>	<u>(18,611)</u>
Beginning Net Position - July 1			10,087,881	10,090,276	10,129,548	10,140,700
	Prior Period Adjustments		(8,908)			
	Change in Net Position		11,303	39,272	11,152	(18,611)
Ending Net Position - June 30			<u>10,090,276</u>	<u>10,129,548</u>	<u>10,140,700</u>	<u>10,122,089</u>
Net Position (Fund Balance) Analysis						
	Unrestricted Net Position		10,090,276	10,129,548	10,140,700	10,122,089

LFD COMMENT

The Prison Ranch proprietary account has a current fund balance that exceeds yearly expenditures. The Legislature may wish to have a conversation with the Department regarding plans for this balance

Proprietary Program Description

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

*Proprietary Program Narrative*Expenses

Personal services funds 19.88 FTE. Some of the largest operating expenses for the program include services such as the following:

- Feed not grown on the ranch and feed supplements
- Fertilizer
- Grain
- Diesel Fuel
- Merchandise
- Electricity

The costs of these supplies are somewhat associated with economic conditions and will tend to vary

Revenues

The Agriculture Program derives revenues from the sale of products and services including cattle, milk, and other dairy products reclaimed and blue wood products, wild land firefighting, fencing, tree-thinning, janitorial and grounds keeping services for various governmental agencies and non-profit organizations.

Funding Sources Prison ranch products are sold in the private sector.

Proprietary Rates

The prison ranch fund is an enterprise fund and will require no action from the 2025 Legislature to set rates.

MSP Institutional Industries – Fund 06034*Proprietary Proposed Budget*

The 2025 Biennium Report on Internal Service and Enterprise Funds for fund 06034 shows the financial information for the fund from FY 2020 through FY 2025. The report is provided as submitted by the executive, but the LFD has edited and reconfigured the figure for clarity. This table is shown below.

2025 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06034	MSP Institutional Industries	64010	Department of Corrections	Montana Correctional Enterprises		
			Actual	Estimated	Proposed	Proposed
			FY 22	FY 23	FY 24	FY 25
Operating Revenues						
Fees and Charges						
	Fee Revenue A		14,469	15,000	15,000	15,000
	Fee Revenue B		4,269,815	4,270,000	4,270,000	4,270,000
Total Operating Revenues			<u>4,284,283</u>	<u>4,285,000</u>	<u>4,285,000</u>	<u>4,285,000</u>
Expenses						
	Personal Services		1,682,551	1,690,000	1,700,000	1,700,000
	Other Operating Expense		2,325,942	2,400,000	2,400,000	2,400,000
	Expense B					
Total Operating Expense			<u>4,008,493</u>	<u>4,090,000</u>	<u>4,100,000</u>	<u>4,100,000</u>
Operating Income (Loss)			<u>275,790</u>	<u>195,000</u>	<u>185,000</u>	<u>185,000</u>
Nonoperating Revenues						
Nonoperating Expenses						
Total Nonoperating Revenues (Expenses)			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers			<u>275,790</u>	<u>195,000</u>	<u>185,000</u>	<u>185,000</u>
Change in Net Position			<u>275,790</u>	<u>195,000</u>	<u>185,000</u>	<u>185,000</u>
Beginning Net Position - July 1			1,697,438	1,973,228	2,168,228	2,353,228
Prior Period Adjustments						
Change in Net Position			<u>275,790</u>	<u>195,000</u>	<u>185,000</u>	<u>185,000</u>
Ending Net Position - June 30			<u>1,973,228</u>	<u>2,168,228</u>	<u>2,353,228</u>	<u>2,538,228</u>
Net Position (Fund Balance) Analysis						
Unrestricted Net Position			1,973,228	2,168,228	2,353,228	2,538,228

Program Description

The Industries Program trains inmates in specific work skills and life skills in operations which include manufacturing of furniture, upholstery, print work and signs, sewing and embroidery, institutional laundry, screen printing, inventory management, shipping, AutoCAD design, web design, marketing, hygiene kit assembly and public-private partnerships. In addition, MSP Institutional Industries includes a dog training program located at the Montana Women’s Prison. Three

active prison industry enhancement certification programs, Jelt Belt, SIMMS Fishing Products and TrussLux, have a 10.0% mandatory net pay savings for workers.

Proprietary Program Narrative

Expenses

Personal service expenses are used to fund 21.13 FTE. Operating expenses make up the largest portion of expenditures and are mostly used for items such as merchandise, sewing/embroidered clothing, manufacturing hardwood/plywood, and shop supplies.

Revenues

The Industries Program derives revenues from the sale of products (primarily furniture) and services such as laundry. Prices for manufactured products are set utilizing current market values and take into account cost of materials, overhead, and capital outlay.

Funding Sources

Some revenue received by the program comes indirectly from the state's general fund and other special revenue and proprietary funds due to large portions of revenues resulting from business done with agencies statewide. These funds come in undeterminable amounts.

Proprietary Rates

Revenues for all industries programs are based on customer orders, inventory levels, available customer budgets and customer satisfaction. Although the Industries Program is an enterprise fund, the agency has historically requested a rate approval for laundry, as the rate directly affects several customers who are general funded. MCE is requesting that the Legislature approve the following per-pound rates for the laundry program. The laundry is not an internal service fund as it is a small operation in the overall industries program. There is no request for an increase in rates for the 2025 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Estimated FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Fee Description:				
Cost Per Pound Laundry Services	\$0.68	\$0.68	\$0.68	\$0.68
Delivery Charge per Pound				
Montana Development Center	-	-	-	-
Riverside Youth Correctional/Riverside Special Needs Unit	\$0.05	\$0.05	\$0.05	\$0.05
Montana Law Enforcement Academy	\$0.15	\$0.15	\$0.15	\$0.15
Montana Chemical Dependency Corp	\$0.04	\$0.04	\$0.04	\$0.04
START Program	\$0.01	\$0.01	\$0.01	\$0.01
Montana State Hospital	-	-	-	-
University of Montana	\$67.50	\$67.50	\$67.50	\$67.50
Calculated at 67.50 per shared round trip				
<p>The Laundry is a small part of the Industries Enterprise Fund operation. It is not an actual internal service fund. MCE requests rate approval for this operation to allow the general fund customers to request the required appropriation to cover any additional rate increase, though no rate increase is being requested this biennium.</p>				

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

MCE Food Factory – Fund 06573

Proprietary Proposed Budget

The 2025 Biennium Report on Internal Service and Enterprise Funds for fund 06573 shows the financial information for the fund from FY 2020 through FY 2025. The report is provided as submitted by the executive, but the LFD has edited and reconfigured the figure for clarity. This table is shown below.

2025 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06573	MSP Cook Chill	64010	Department of Corrections	Montana Correctional Enterprises		
			Actual	Estimated	Proposed	Proposed
			FY 22	FY 23	FY 24	FY 25
Operating Revenues						
Fees and Charges						
	Fee Revenue A		5,737,468	5,800,000	6,047,359	6,335,290
	Fee Revenue B					
Total Operating Revenues			5,737,468	5,800,000	6,047,359	6,335,290
Expenses						
	Personal Services		1,012,265	1,100,000	1,150,000	1,200,000
	Other Operating Expense		4,442,604	4,500,000	4,600,000	4,700,000
Total Operating Expense			5,454,869	5,600,000	5,750,000	5,900,000
Operating Income (Loss)			282,599	200,000	297,359	435,290
Nonoperating Expenses						
	Other Expense A					
	Other Expense B		(20,699)	(20,699)	(20,700)	(20,700)
Total Nonoperating Revenues (Expenses)			(20,699)	(20,699)	(20,700)	(20,700)
Income (Loss) Before Contributions and Transfers			261,900	179,301	276,659	414,590
Change in Net Position			261,900	179,301	276,659	414,590
Beginning Net Position - July 1			3,262,796	3,524,696	3,703,997	3,980,656
	Prior Period Adjustments					
	Change in Net Position		261,900	179,301	276,659	414,590
Ending Net Position - June 30			3,524,696	3,703,997	3,980,656	4,395,246
Net Position (Fund Balance) Analysis						
	Unrestricted Net Position		3,524,696	3,703,997	3,980,656	4,395,246

Program Description

The Food Factory Program trains inmates in specific work skills and life skills in meal preparation, bakery and cook chill operations while providing meals to numerous state and county facilities in western Montana.

Proprietary Program Narrative

Expenses

Personal service expenses are used to fund 22.00 FTE. Operating expenses make up the majority of expenses and are primarily used for bulk food items to sell and to prepare tray meals.

Revenues

The food factory sells bulk food items and tray meals to customers to obtain revenue.

Funding Sources Revenues from MSP, the food factory's largest customer, come from the general fund.

Proprietary Rates

Rates are based on the cost of raw materials, supplies, and other operating expenses. There is a request for a \$0.10 increase on base tray hot/cold in FY 2024 and a \$0.20 increase in FY 2025. Other requested increases are for base tray hot (\$0.12 in FY 2024 and \$0.38 in FY 2025) and for detention center trays (\$0.33 in FY 2024 and \$0.68 in FY 2025). The executive is requesting that the legislature approve the rates shown for the Food Service Program.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Estimated FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Fee Description:				
Tray Meal Prices to all customers				
Base Tray-hot/cold	\$2.45	\$2.45	\$2.55	\$2.65
Base Tray-hot	\$1.32	\$1.32	\$1.44	\$1.70
Base Tray-hot	\$3.05	\$3.05	\$3.38	\$3.73
Accessory Package	\$0.20	\$0.20	\$0.20	\$0.20
Disposable tray	-	-	at cost	at cost
Delivery Charge Per Trayed Meal				
Delivery charge per mile	\$0.50	\$0.50	\$0.50	\$0.50
Delivery charge per hour	\$35.00	\$35.00	\$35.00	\$35.00
Spoilage percentage to all bulk customers	5.00%	5.00%	5.00%	5.00%
Overhead Charges				
Montana State Prison	90.00%	90.00%	94.00%	94.00%
Montana State Hospital	10.00%	10.00%	6.00%	6.00%

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

Vocational Education (Industries Training) – Fund 06545

Proprietary Proposed Budget

The 2023 Biennium Report on Internal Service and Enterprise Funds for fund 06545 shows the financial information for the fund from FY 2018 through FY 2023. The report is provided as submitted by the executive, but the LFD has edited and reconfigured the figure for clarity.

2025 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06545	Prison Indust. Training Prog	64010	Department of Corrections	Montana Correctional Enterprises		
			Actual	Estimated	Proposed	Proposed
			FY 22	FY 23	FY 24	FY 25
Operating Revenues						
Fees and Charges						
	Fee Revenue A		1,001,097	1,005,000	1,005,000	1,005,000
Total Operating Revenues			1,001,097	1,005,000	1,005,000	1,005,000
Expenses						
	Personal Services		245,747	250,000	250,000	250,000
	Other Operating Expense		714,303	715,000	722,150	729,372
Total Operating Expense			960,050	965,000	972,150	979,372
Operating Income (Loss)			41,047	40,000	32,850	25,629
Nonoperating Revenues						
	Other Revenue A		7,602			
Total Nonoperating Revenues (Expenses)			7,602	-	-	-
Income (Loss) Before Contributions and Transfers			48,648	40,000	32,850	25,629
Change in Net Position			48,648	40,000	32,850	25,629
Beginning Net Position - July 1			96,961	145,609	185,609	218,459
	Prior Period Adjustments					
	Change in Net Position		48,648	40,000	32,850	25,629
Ending Net Position - June 30			145,609	185,609	218,459	244,088
Net Position (Fund Balance) Analysis						
	Unrestricted Net Position		145,609	185,609	218,459	244,088

Proprietary Program Description

The Vocational Education Program trains inmates in specific work skills and life skills in operations which include motor vehicle maintenance, vehicle restoration welding, and machining and metals programs in conjunction with the general funded vocational education program. This table is shown below and is combined with one other fund.

Proprietary Program Narrative

Expenses

Expenses include personal service funding for 24.50 FTE as well as various parts to perform repairs and operating costs associated with the various programs.

Revenues

Revenues are derived primarily through repair, maintenance, and restoration work on customer vehicles and equipment, as well as, the sale of products and services in the welding, machining, and metal programs.

Funding Sources

Primary funding supporting payment for services are the ranch proprietary and general funds. Both of these funds support the MSP and are associated with large portions of revenue for the program.

Proprietary Rates

Motor vehicle maintenance rates are based on the costs of parts and a supply charge to cover consumable supplies for auto repairs and labor to perform tasks. The labor charge is based on the cost of civilian and inmate labor and program overhead. MCE is requesting an increase in labor 2025 biennium of \$1.55 per hour. The executive is requesting that the legislature approve the rates shown for the Vocational Education Program.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Estimated FY 22	Estimated FY 23	Proposed FY 24	Proposed FY 25
Fee Description:				
Labor Charge/hour	\$28.45	\$28.45	\$30.00	\$30.00
Supply fee as percentage of actual cost of parts	10%	10%	10%	10%
Note: Parts are sold at cost				

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

Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	1,843,408	1,857,514	14,106	0.77 %
Operating Expenses	244,889	382,512	137,623	56.20 %
Debt Service	56,899	0	(56,899)	(100.00)%
Total Expenditures	\$2,145,196	\$2,240,026	\$94,830	4.42 %
General Fund	2,145,196	2,240,026	94,830	4.42 %
Total Funds	\$2,145,196	\$2,240,026	\$94,830	4.42 %
Total Ongoing	\$2,145,196	\$2,240,026	\$94,830	4.42 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Board of Pardons and Parole, as an essential part of the criminal justice process, serves all Montana citizens by administering a parole system that is balanced with public safety, offender accountability and rehabilitation, as well as protecting the interests of victims and communities, with the goal of successfully reintegrating merited offenders back into society through a reentry process.

Program Highlights

<p>Board of Pardons and Parole Major Budget Highlights</p>
<p>The 2025 biennium budget is nearly \$95,000 or 4.4% higher when compared to the 2023 biennium budget. Compared to the FY 2023 base appropriation, the biennial request is an overall decrease of 1.3% related to statewide present law adjustments.</p>

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	10.00	10.00	10.00	10.00
Personal Services	893,770	893,770	949,638	927,208	930,306
Operating Expenses	60,736	60,736	184,153	190,791	191,721
Debt Service	56,899	56,899	0	0	0
Total Expenditures	\$1,011,405	\$1,011,405	\$1,133,791	\$1,117,999	\$1,122,027
General Fund	1,011,405	1,011,405	1,133,791	1,117,999	1,122,027
Total Funds	\$1,011,405	\$1,011,405	\$1,133,791	\$1,117,999	\$1,122,027
Total Ongoing	\$1,011,405	\$1,011,405	\$1,133,791	\$1,117,999	\$1,122,027
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The Board of Pardons and Parole expended all (100.0%) of its FY 2022 modified HB 2 budget. Personal services made up nearly 88.4% of expenditures, while both operating expenses and debt services made up the remainder.

FY 2022 Appropriations Compared to FY 2023 Appropriations

When compared to FY 2022 amounts, FY 2023 appropriations increased by 12.1% or nearly \$123,000. Nearly all of this difference is explained by increases in personal services and operating expenses that were partially offset by reductions in debt service.

Executive Request

The executive is proposing a reduction of nearly \$28,000 related to statewide present law adjustments in personal services and fixed costs for the 2025 biennium

Program Personal Services

In FY 2023, personal services account for nearly 83.8% of total appropriations. This biennium, the executive is proposing a decrease of \$41,000 in personal services over the biennium related to statewide present law increases. Decreases in personal services are a result of expected changes.

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Corrections, 04-Board of Pardons & Parole Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	2,240,026	0	0	0	2,240,026	100.00 %
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$2,240,026	\$0	\$0	\$0	\$2,240,026	

The Board of Pardons and Parole is fully funded by the general fund.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	1,133,791	1,133,791	2,267,582	101.23 %	1,133,791	1,133,791	2,267,582	101.23 %
SWPL Adjustments	(15,792)	(11,764)	(27,556)	(1.23)%	(15,792)	(11,764)	(27,556)	(1.23)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$1,117,999	\$1,122,027	\$2,240,026		\$1,117,999	\$1,122,027	\$2,240,026	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(22,430)	0	0	(22,430)	0.00	(19,332)	0	0	(19,332)
DP 3 - Inflation Deflation	0.00	6,638	0	0	6,638	0.00	7,568	0	0	7,568
Grand Total All Present Law Adjustments	0.00	(\$15,792)	\$0	\$0	(\$15,792)	0.00	(\$11,764)	\$0	\$0	(\$11,764)

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.