

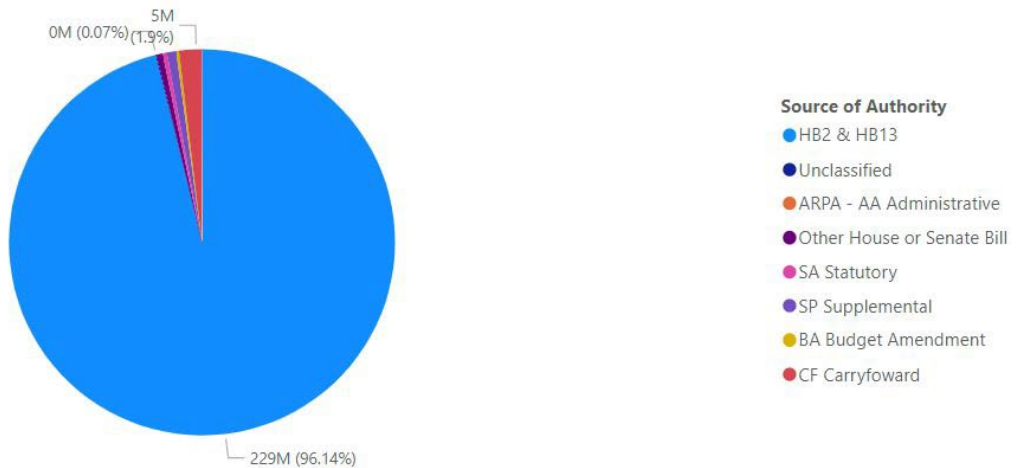
DEPARTMENT OF CORRECTIONS

(SPENDING REPORT JULY 1, 2022 THROUGH JUNE 30, 2023 – FY 2023)

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Department of Corrections is shown in the pie chart below. HB 2 and HB 13 provide 96.1% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	FYE23 Modified Budget	FYE23 Expended Budget	Percent Expended
HB2 & HB13	228,658,270	225,644,004	98.7%
BA Budget Amendment	547,599	203,625	37.2%
CF Carryforward	4,529,903	4,390,554	96.9%
Other House or Senate Bill	1,228,817	1,228,817	100.0%
SA Statutory	843,391	575,470	68.2%
SP Supplemental	1,861,056	1,850,236	99.4%
Unclassified	163,445		
ARPA	811	811	100.0%
Total	237,833,291	233,893,517	98.3%

Report Period

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

Budget Amendments

In FY 2023, the Department of Corrections (DOC) had a total in budget amendment (BA) authority of \$547,599. At fiscal-year end (FYE) 2023, the Department of Corrections (DOC) had expended \$203,625, or 37.2%, of this authority. BA funding supports the following activities in the DOC budget:

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

There is an unexpended/unobligated balance of \$343,973 in BA authority which continues into the 2025 biennium and will expire in calendar year 2024.

Carryforward Authority

DOC had \$4.5 million of carryforward authority in FY 2023 derived from 30.0% of the qualifying unexpended balance of FY 2021 and FY 2022 appropriations. The DOC expended \$4.4 million or 96.9% of carryforward authority in FY 2023.

The authority is funded 100.0% from the general fund and is allocated primarily to operating expenses. There remains \$89,349 in carryforward authority from FY 2022 that was unexpended and will be available to continue into FY 2024.

Other Bills

HB 13 (2023 Legislature) included a one-time, lump-sum payment to state employees. Full-time employees received a payment of \$1,040, which was prorated for employees that work less than full-time. This payment was effective in the first full pay period following HB 13 being enacted. The DOC expended \$1,228,817 in FY 2023 for these lump-sum payouts.

COVID-19 Authority

Too small to be evident in total authority, DOC continued \$811 of ARPA funding through elementary & secondary schools' emergency relief funds that was appropriated and not expended in FY 2022. The grant is provided through the Office of Public Instruction. The DOC expended the full \$811 in FY 2023.

Statutory Appropriations

The DOC has a statutory appropriation (SA) authority within the Inmate Welfare state special account that supports inmate priorities at the Pine Hills Correctional Facility and the state prisons, as provided in 53-1-109, MCA.

In FY 2023, \$31,656 was expended on inmate pay and \$543,814 on operating expenses which included the costs of athletic and recreational equipment, shop supplies and tools, subscriptions, minor office equipment, and groceries.

Unclassified

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

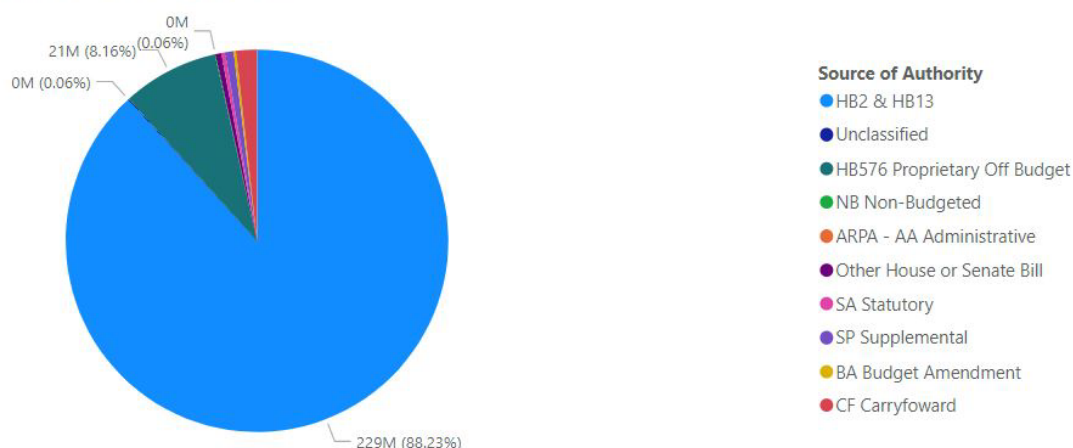
- Reduce HB 2, statutory, and proprietary appropriations
- Create a separate offsetting entry on the financial statements in the same amount using an identifying number for workers' compensation entries (shown in the Total Authority figure above as "Unclassified")

The offsetting entries are identified as "frozen" appropriations, which means the appropriations will not be spent unless authorized by OBPP. Total DOC personal service budgets were reduced by \$163,445 and have an offsetting unclassified appropriation of a like amount.

EXPENDITURE AUTHORITY

The total expenditure authority for the agency is shown in the following pie chart. Total expenditure authority includes non-budgeted proprietary funding and non-budgeted expenditures such as transfers or indirect costs which are not included in the previous pie chart as the expenditures are not appropriated.

Modified Budget and Expended Budget by Source of Authority



Source of Authority	FYE23 Modified Budget	FYE23 Expended Budget	Percent Expended
HB2 & HB13	228,658,270	225,644,004	98.7%
HB576 Proprietary Off Budget	21,157,364	17,793,507	84.1%
CF Carryforward	4,529,903	4,390,554	96.9%
SP Supplemental	1,861,056	1,850,236	99.4%
Other House or Senate Bill	1,228,817	1,228,817	100.0%
SA Statutory	843,391	575,470	68.2%
BA Budget Amendment	547,599	203,625	37.2%
Unclassified	163,445		
NB Non-Budgeted	156,949	70,089	44.7%
ARPA	811	811	100.0%
Total	259,147,604	251,757,114	97.1%

Report Period

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Non-Budgeted Proprietary Fund Authority

The DOC had nearly \$21.2 million in non-budget proprietary authority for the Montana Correctional Enterprises program in FY 2023. The program provides services to the Montana State Prison (Deer Lodge) and Montana Women's Prison (Billings), which includes license plate manufacturing, motor vehicle shop, wood shop, state ranch, tailor shop, and canine training. By FYE 2023, the Montana Correctional Enterprises program had expended \$17.8 million leaving an unexpended/unobligated appropriation balance of \$3.3 million. The table below shows the FY 2023 budget, expenditures, remaining budget, and percent expended for each of the non-budgeted proprietary accounts.

Montana Correctional Enterprises FY 2023				
Program	Budgeted	Expenditures	Remaining Budget	Percent Expended
Prison Ranch	4,857,867	2,951,458	1,906,409	60.8%
Institutional Industries	4,152,858	4,103,341	49,517	98.8%
Food Factory	7,526,253	6,647,146	879,107	88.3%
Vocational Education	1,194,137	1,026,254	167,883	85.9%
License Plate Factory	3,426,249	3,104,676	321,573	90.6%
Totals	\$21,157,364	\$17,832,875	\$3,324,489	84.3%

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget in FY 2023. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	HB 2 Budget	FYE23 Modified Budget	Net Modifications
Dept of Corrections	223,312,332	228,658,270	5,345,938
BOARD OF PARDONS AND PAROLE	5,994,471	1,066,287	-4,928,184
DIRECTOR'S OFFICE CSD	16,894,062	18,972,197	2,078,135
PUBLIC SAFETY	81,307,437	121,840,198	40,532,761
REHABILITATION AND PROGRAMS	90,719,903	86,779,588	-3,940,315
TBD - BOARD OF PARDONS & PAROLE	1,133,791	0	-1,133,791
TBD - CLINICAL SERVICES DIVISION	27,262,668	0	-27,262,668
Total	223,312,332	228,658,270	5,345,938

Acct & Lvl 1 DESC	HB 2 Budget	FYE23 Modified Budget	Net Modifications
61000 Personal Services	97,773,894	92,743,152	-5,030,742
62000 Operating Expenses	124,068,487	133,340,173	9,271,686
63000 Equipment & Intangible Assets	152,852	110,185	-42,667
64000 Capital Outlay	20,773	0	-20,773
67000 Benefits & Claims	489,573	0	-489,573
68000 Transfers-out	345,467	907,062	561,595
69000 Debt Service	461,286	1,557,698	1,096,412

Fund Type	HB 2 Budget	FYE23 Modified Budget	Net Modifications
01 General	216,601,502	221,603,644	5,002,142
02 State/Other Spec Rev	6,561,238	6,911,757	350,519
03 Fed/Other Spec Rev	6,723	0	-6,723
06 Enterprise	106,681	106,681	0
06 Internal Service	36,188	36,188	0

The figure above highlights modifications to the HB 2 budget that occurred in FY 2023. The DOC performed a major reorganization during the 2023 biennium which structurally changed the department from six programs to four. Primary programmatic funding changes consist of the following:

In addition to the reorganization, DOC made the following modifications that effected the magnitude of their overall HB 2 budget in FY 2023:

- Continued FY 2022 authority of \$5.5 million (primarily in operating expenses) into FY 2023 as a result of the budgets within the Public Safety Division and Rehabilitations and Programs Division being biennial

- A \$152,741 reduction related to worker's compensation premiums
- A \$30,696 reduction in general fund budget authority, as a result of the move of the Bureau of Crime Control to the Department of Justice in the 2023 biennium

Lastly, additional modifications were made moving funds between programs or expenditure categories. The most notable of these modifications are as follows:

- A large change within the Director's Office, Public Safety Division, and Board of Pardons and Parole which effectively moved \$6.6 million in personal service authority to operating expenses (\$5.6 million) and debt services (\$1.0 million)
 - Excess personal service authority was due to a large number of vacancies
 - Movement of authority at the end of the fiscal year is common due to the need to accurately record expenditures and balance funds
 - Debt service authority is required to properly account for leases as per guidance from the Department of Administration
- A program transfer which moved \$2.6 million (primarily operating expenses) from the RPD to the Director's Office to cover shortfalls due to the department being unable to access contingent funding related to jail hold populations

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through FYE 2023.

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



acclv1_desc	Modified Budget	Expended Budget	Percent Expended
Personal Services	92,743,152	92,500,844	99.7%
Operating Expenses	133,340,173	130,669,172	98.0%
Equipment & Intangible Assets	110,185	110,225	100.0%
Capital Outlay	0		
Benefits & Claims	0		
Transfers-out	907,062	806,065	88.9%
Debt Service	1,557,698	1,557,697	100.0%

Program Name	Modified Budget	Expended Budget	Percent Expended
BOARD OF PARDONS AND PAROLE	1,066,287	1,066,287	100.0%
DIRECTOR'S OFFICE CSD	18,972,197	17,066,996	90.0%
PUBLIC SAFETY	121,840,198	120,939,999	99.3%
REHABILITATION AND PROGRAMS	86,779,588	86,570,722	99.8%
TBD - BOARD OF PARDONS & PAROLE	0		
Total	228,658,270	225,644,004	98.7%

Through FYE 2023, DOC expended \$225.6 million, or 98.7%, of the modified HB 2 budget. The figure at the top of this page explains the HB 2 funding. The DOC HB 2 budget is principally funded, 96.9%, with general fund. Not seen in the figure above, \$142,869 of the HB 2 budget was funded through proprietary funds and the department expended all this funding. Spending of 99.7% in personal services and 98.0% in operating expenses were principally in line with expectations.

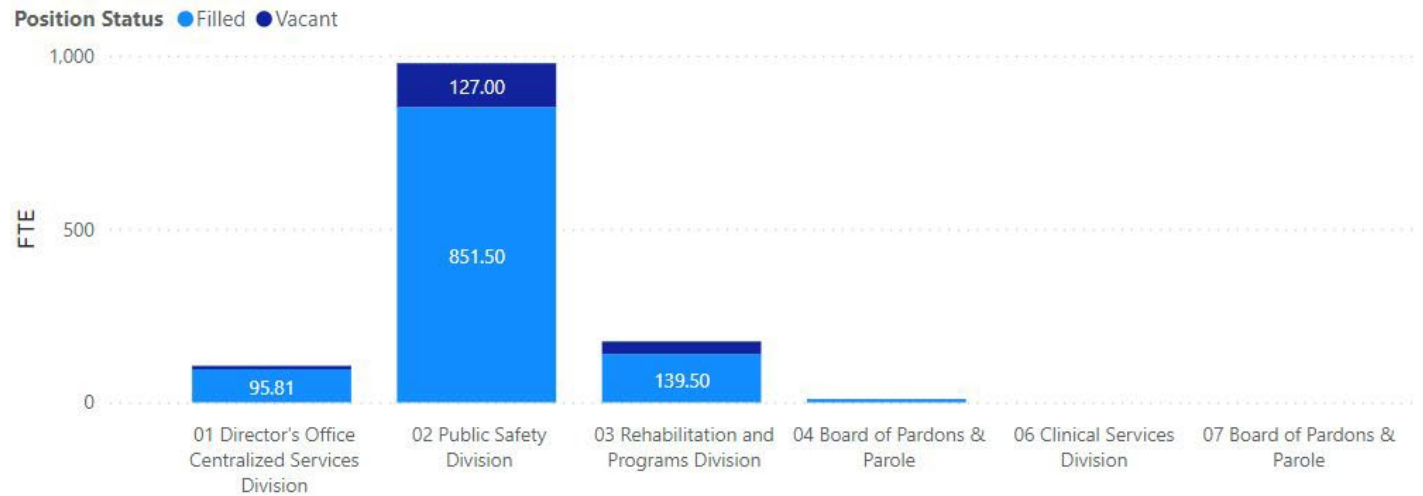
HB 2 (2021 Legislative Session) included six line-items. The FY 2023 line-item appropriations and associated spending through FY 2023 include:

- \$1.6 million – Director’s Office Contingency, Restricted (contingent on Office of Budget and Program Planning monthly verification that county jail holds are maintained at a monthly average of 250 or less). DOC did not access any of this funding in FY 2023 due to higher jail hold numbers
- \$75,000 – Evidence Based Practices (SB 59) – 19.9% expended
- \$6.4 million for county jail holds reflecting a per diem of \$69.63 per HB 2 language – 100.0% expended
- \$518,668 – Nonprofit Provider Per Diem, Restricted – 100.0% expended
- \$781,639 – For Profit Per Diem, Restricted – 100.0% expended
- \$132,184 – Regional Prison Per Diem Increase, Restricted – 100.0% expended

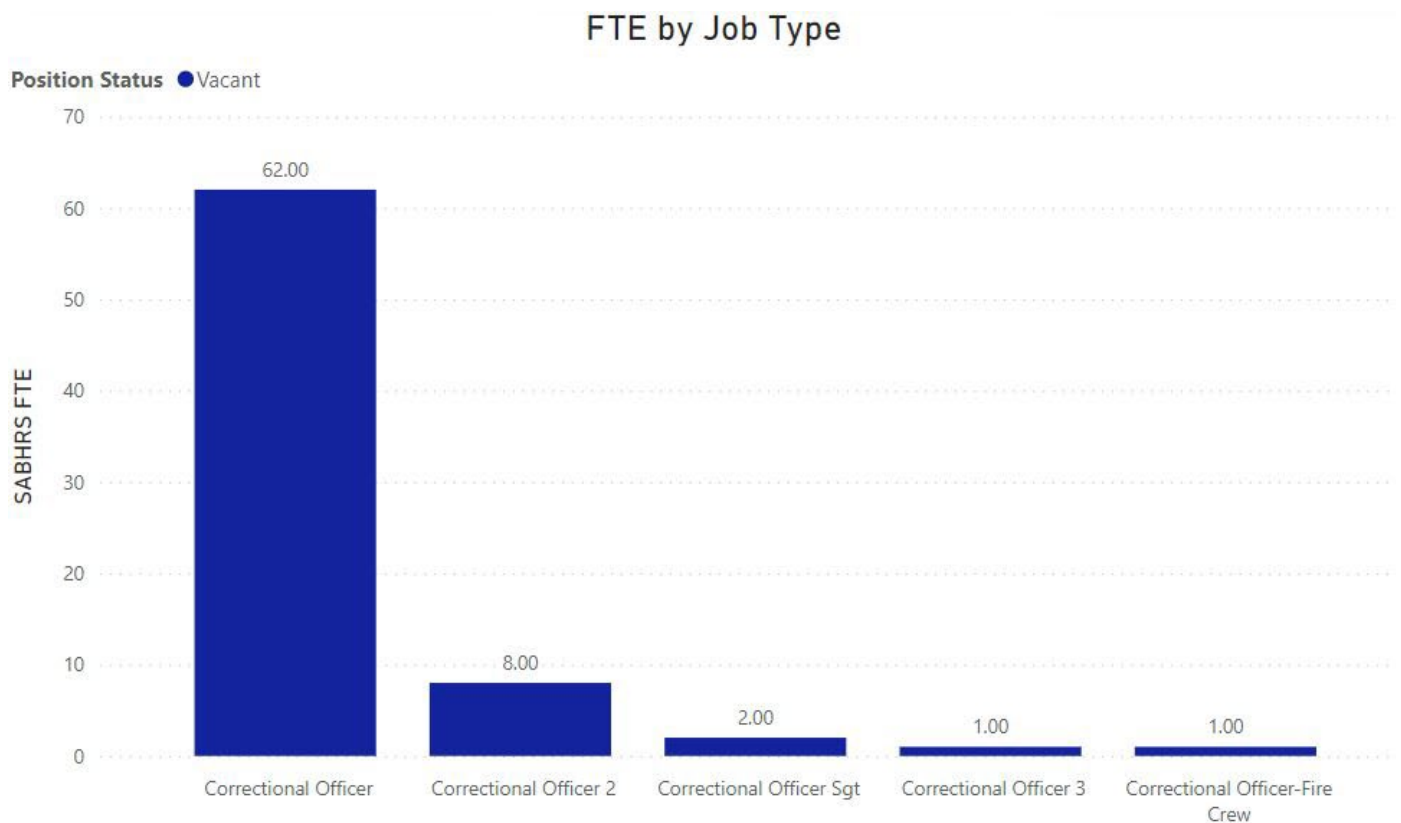
At FYE 2023, DOC had an unexpended/unobligated HB 2 authority balance of \$3.0 million. Qualifying balances are available to establish FY 2023 carryforward authority, and any remaining authority is reverted to the appropriated fund/account.

Personal Services

The following chart shows the filled and vacant FTE within the agency as of June 1, 2023. Personal service authority in FY 2023 totaled \$92.7 million and were 99.7% expended.



In FY 2023, the DOC had 1,275.90 FTE budgeted in HB 2. Of the total FTE, DOC had 173.50 positions vacant as of June 1, 2023. This reflects an agency vacancy rate of approximately 13.6%. Of the total vacancies, 127.00 FTE (73.2%) were located within the PSD, 36.50 FTE (21.0%) within the RPD, and the remaining 10.00 FTE (5.8%) were vacant within the Director's Office.



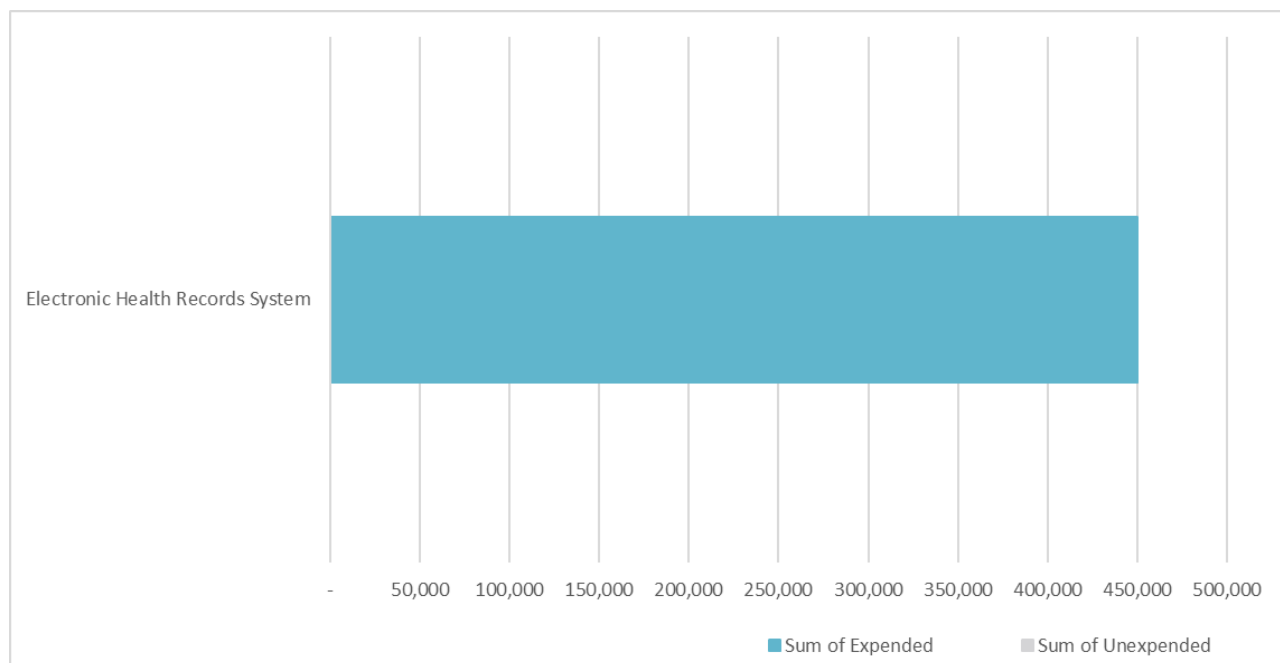
The figure above shows the number of vacant correctional officer positions in the PSD. In June of 2023, the Department had 74.00 vacant FTE related to correctional officer positions. While this number still represents a large number of vacant positions, this is a reduction from the 113.50 FTE vacant correctional officer positions at the end of FY 2022. Pay increases for Correctional Officers were provided through HB 3 and occurred in the last quarter of FY 2023.

Other areas experiencing the greatest number of vacancies include:

- Clinical therapists – 8.00 vacant FTE
- Registered nurses – 7.50 vacant FTE
- Cook Supervisors – 7.00 vacant FTE
- Probation and Parole Officers – 8.00 vacant FTE

OTHER ISSUES

Information Technology Project Expenditures



As viewed in the State Information Technology Services Division (SITSD) dashboard report, the DOC has one current major information technology project. The Electronic Health Records System project, with total appropriations of \$450,000, allows the Clinical Services Division to make changes in state and federal policy and support new health care initiatives in a timely manner, leading to improvements in accuracy, efficiency, and costs. The project was started in FY 2021 and was officially completed in December of 2022.

REPORTING REQUIREMENTS

Triggering BCD's

A triggering budget change document is one that makes changes to level 1 account categories (personal services, operating expenses, etc.) that exceed \$1.0 million or 25.0% of the account level. Time-sensitive "triggering" budget change documents (BCDs) are reviewed by staff of the Legislative Fiscal Division (LFD). When a triggering BCD is non-time sensitive, the change requires review and comment by the Legislative Finance Committee. At the FYE closing, triggering BCDs are common and are time-sensitive due to the need to close the accounting records. DOC requested the following triggering BCDs:

- A time-sensitive BCD which moved nearly \$6.6 million from personal services and small amounts from equipment & intangible assets to operating expenses and debt service to balance first level accounts across multiple divisions and accurately record lease expenses
 - LFD staff had no comments/concerns related to this change
- A time-sensitive BCD which moved \$2.5 million operating expenses and \$130,000 personal services from the RPD to the Director's office
 - Operating expenses were needed as authority contingent on the number of jail holds was not accessed
 - LFD staff had no comments/concerns related to this change

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

- (1) Each quarter of the fiscal year, the Department of Corrections shall report to the Law and Justice Interim Committee and the Legislative Finance Committee on the utilization of drug treatment beds and any payments made to contractors for the failure to allow the contractor to operate at 75.0% capacity.
- (4) Each quarter of the 2023 biennium, for the quarter preceding the report, the Department of Corrections shall report to the Law and Justice Interim Committee and the Legislative Finance Committee on:
 - the number of occasions a defendant sentenced for one or more felonies remained in a county detention facility for more than 10 business days after sentencing
 - the names of the defendants who remained in a county detention facility for more than 10 business days after sentencing and the county detention facility in which they were held; and
 - for those defendants remaining in a county detention facility for more than 10 business days after sentencing, on the relevant facts leading to the delay in transfer out of the facility and whether the delay is attributable to untimely receipt of a judgment or other sentencing documents from the judicial branch.

The final submissions of these reports for the 2023 biennium are posted on the Section D Interim Budget Committee webpage with the September meeting materials.