

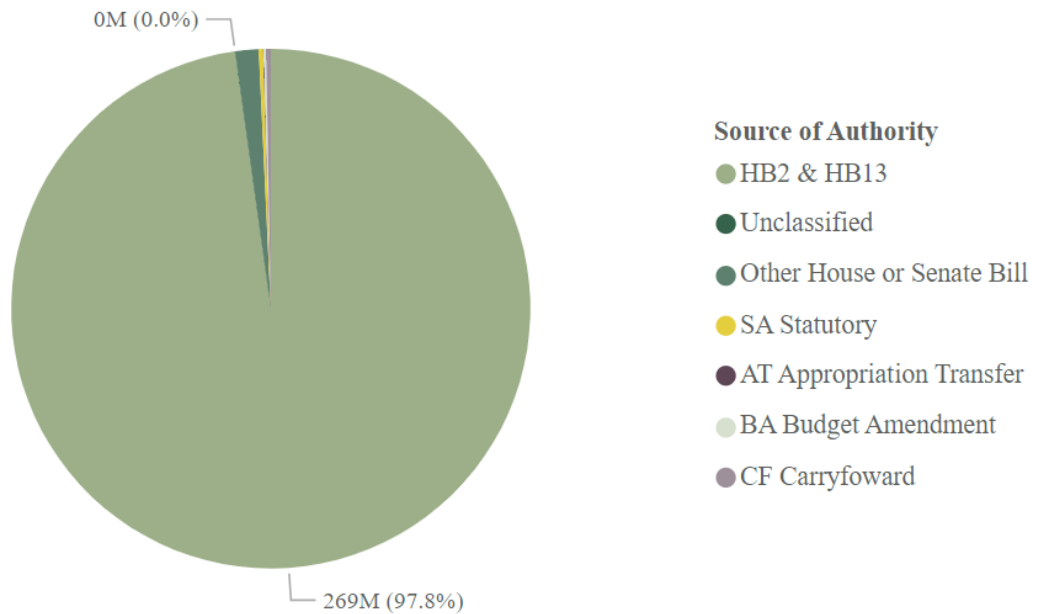
# DEPARTMENT OF CORRECTIONS

## FYE 2024 Financial Report

### TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Department of Corrections (DOC) is shown in the pie chart below. HB 2 and HB 13 provide 97.8% of the total authority for this agency in FY 2024. 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	Modified Budget	Expended Budget	% Expended
HB2 & HB13	269,245,595	264,290,530	98.2%
AT Appropriation Transfer	75,000	68,780	91.7%
BA Budget Amendment	431,209	221,784	51.4%
CF Carryforward	787,998	787,998	100.0%
Other House or Senate Bill	4,003,604	2,489,194	62.2%
SA Statutory	744,982	426,623	57.3%
Unclassified	17,753		
<b>Total</b>	<b>275,306,141</b>	<b>268,284,908</b>	<b>97.4%</b>

## **Budget Amendments**

Through the end of FY 2024, the department expended approximately \$222,000 or 51.4% of the \$431,000 in budget amendment authority for FY 2024. Total budget amendment authority has been increased by \$27,000 in FY 2024 for offsetting costs of housing criminal alien offenders at the state prison through the US Department of Justice State Criminal Alien Assistance Program (SCAAP). This authority is 100.0% funded with federal dollars, and remaining funding does not expire until September 30, 2024, with a bit of funding extending to the end of 2025. The budget amendment authority and expenditures are summarized as follows:

- \$323,000 addresses the needs of incarcerated parents and their minor children and supports 1.00 modified FTE. The DOC expended nearly \$146,000 of this authority. Remaining authority has been extended until September of 2024
- \$61,000 is used to reimburse the department for costs related to housing criminal alien offenders. The department uses this funding to offset a portion of personal service expenditures for correctional officers. This appropriation was fully expended
- \$26,000 provides additional operational support in the education department for youth housed at Pine Hills Correctional Facility. No expenditures were made from this authority in FY 2024
- Nearly \$20,000 supports rural schools in providing basic programs, effective instruction, and language instruction. The DOC expended about \$14,000 from this authority in FY 2024

## **Other Bills**

In FY 2024, the DOC had \$4.0 million in appropriation authority contained in other legislation, which is separate from HB 2 and HB 13. Of this authority, \$3.9 million of general fund was provided through HB 817 of the 2023 Legislature. The authority provides funding for the department to obtain 120 secure contracted beds. The Department of Corrections entered into a two-year contract with Core Civic to obtain bed space at the Saguaro Correctional Facility in Arizona. The contract went into effect in mid-November of 2023 resulting in approximately 7 months of expenditures from this appropriation totaling just over \$2.4 million in FY 2024.

Additionally, the department was directly allocated appropriations of \$61,600 from HB 5 of the 2023 Legislature for FY 2024. This appropriation was provided for maintenance and renovation of the recently acquired Acadia facility in Butte and was 73.5% expended at approximately \$45,000.

## **Statutory Appropriations**

At the end of FY 2024, the department expended just a little over \$427,000 or 57.3% of the \$745,000 in 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. Expenditures are comprised of \$25,000 in personal services for inmate pay and a little over \$401,000 in operating expenses for 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:

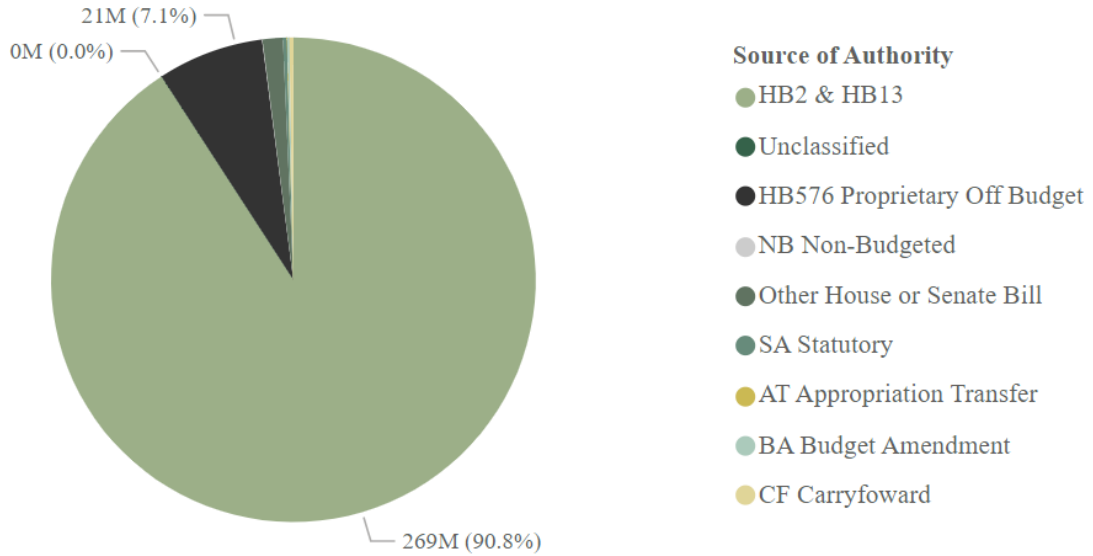
- Reduce HB 2, statutory, and proprietary appropriations
- Create a separate offsetting entry on the financial statements in the same amount using an identifying number for workers' compensation entries (shown in the Total Appropriation Authority figure above as "Unclassified")

The offsetting entries are identified as "frozen" appropriations, which means the appropriations will not be spent unless authorized by OBPP. The total DOC personal service budget has been reduced by \$17,753 and has an offsetting unclassified appropriation of a like amount.

## **EXPENDITURE AUTHORITY**

The total expenditure authority for the DOC 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 & Expended Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	% Expended
HB2 & HB13	269,245,595	264,290,530	98.2%
AT Appropriation Transfer	75,000	68,780	91.7%
BA Budget Amendment	431,209	221,784	51.4%
CF Carryforward	787,998	787,998	100.0%
HB576 Proprietary Off Budget	21,028,608	18,964,018	90.2%
NB Non-Budgeted	86,860	86,860	100.0%
Other House or Senate Bill	4,003,604	2,489,194	62.2%
SA Statutory	744,982	426,623	57.3%
Unclassified	17,753		
<b>Total</b>	<b>296,421,608</b>	<b>287,335,786</b>	<b>96.9%</b>

### Non-Budgeted Proprietary Funding

In FY 2024, the DOC had \$21.0 million in non-budgeted proprietary authority for the Montana Correctional Enterprises Program. 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. Total authority within these accounts increased by approximately \$2.7 since the June IBC meeting. These increases in authority were made in order to pay additional personal services and operating expenses and are covered by increased revenues due to the completion and sales of products.

Through FYE 2024, the Montana Correctional Enterprises Program expended approximately 90.2% or \$19.0 million, leaving an unexpended/unobligated appropriation balance of about \$2.1 million. The table below shows the FY 2024 budget, current expenditures, and percent expended for each of the non-budgeted proprietary accounts. Unexpended balances will revert to their proper accounts.

Proprietary Account	FY 2024 Budget	FY 2024 Expenditures	Percent Expended
Prison Ranch	\$5,170,342	\$4,060,754	78.5%
Institutional Industries	4,788,294	4,598,212	96.0%
Food Factory	6,827,358	6,435,573	94.3%
Vocational Education	1,282,546	1,217,011	94.9%
License Plate Factory	2,960,068	2,652,468	89.6%
<b>Totals</b>	<b>\$21,028,608</b>	<b>\$18,964,018</b>	<b>90.2%</b>

## 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 from June 1, 2024, through FYE of 2024. 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	Modified Budget	Net Modifications
▾ Dept of Corrections	259,145,595	269,245,595	10,100,000
▾ 01 DIRECTOR'S OFFICE CSD	20,747,038	20,500,352	-246,686
▾ 02 PUBLIC SAFETY	136,024,288	140,676,576	4,652,288
▾ 03 REHABILITATION AND PROGRAMS	101,032,248	106,787,299	5,755,051
▾ 04 BOARD OF PARDONS AND PAROLE	1,342,021	1,281,368	-60,653
<b>Total</b>	<b>259,145,595</b>	<b>269,245,595</b>	<b>10,100,000</b>

Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
▾ 61000 Personal Services	108,786,739	109,462,355	675,616
▾ 62000 Operating Expenses	147,596,083	156,138,024	8,541,941
▾ 63000 Equipment & Intangible Assets	938,552	938,552	
▾ 64000 Capital Outlay	20,773	20,773	
▾ 68000 Transfers-out	732,395	732,395	
▾ 69000 Debt Service	1,071,053	1,953,496	882,443
<b>Total</b>	<b>259,145,595</b>	<b>269,245,595</b>	<b>10,100,000</b>

Fund Type	HB 2 Budget	Modified Budget	Net Modifications
▾ 01 General	251,926,113	262,026,113	10,100,000
▾ 02 State/Other Spec Rev	7,100,679	7,100,679	0
▾ 06 Enterprise	88,711	88,711	
▾ 06 Internal Service	30,092	30,092	
<b>Total</b>	<b>259,145,595</b>	<b>269,245,595</b>	<b>10,100,000</b>

The figures above highlight modifications to the HB 2 budget that have occurred in June of FY 2024. The HB 2 appropriation authority increased by \$10.1 million in June of FY 2024 due to a series of fiscal transfers which

moved \$10.1 million in authority from FY 2025 to FY 2024 to cover areas of shortfall. The shortfalls described below in a few of these areas indicate potential needs for supplemental appropriations in FY 2025. These fiscal transfers are outlined as follows:

**Fiscal Transfer 1:**

This fiscal transfer moved \$2.1 million in operating expense authority within the Public Safety Division from FY 2025 to FY 2024. HB 174 of the 2023 Session increased the rates paid to local detention centers for housing convicted offenders to be based on the rate paid to Core Civic for offenders at Crossroads Correctional Center in Shelby minus 10.0% creating a daily reimbursement rate to local detention centers of \$82.80. The fiscal note estimating the increase in costs was based on average daily population numbers from FY 2022. In FY 2024, the DOC experienced average daily jail hold numbers that were approximately 31.0% higher than FY 2022 numbers resulting in a shortfall.

**Fiscal Transfer 2:**

This fiscal transfer moves \$2.5 million in personal service authority within the Public Safety Division from FY 2025 to FY 2024. The 2023 Legislature provided additional authority of \$2.5 million for the biennium in order to pay correctional officer positions but made this appropriation contingent on the DOC first expending its base appropriation on correctional officer positions for the biennium which totaled over \$69.0 million.

This effectively makes the appropriation unavailable in FY 2024 due to this contingency that the entire amount for the biennium being expended first. By moving \$2.5 million in base appropriations from FY 2025, this hole in the second year would be refilled by the availability of this contingent \$2.5 million appropriation should the entire correctional officer budget be spent, and this appropriation be needed. All authority within this division is biennially appropriated.

**Fiscal Transfer 3:**

This fiscal transfer moves \$5.5 million in operating expense authority within both the Public Safety Division (PSD) and Rehabilitation and Programs Division (RPD) from FY 2025 to FY 2024. Within the PSD, approximately \$364,000 was transferred to cover shortfalls in reimbursing other government agencies based on actual costs. Additionally, in the RPD, the DOC moved \$5.1 million from FY 2025 to FY 2024 to cover shortfalls related to prescription drug costs and unanticipated building emergency costs.

**Additional Modifications:**

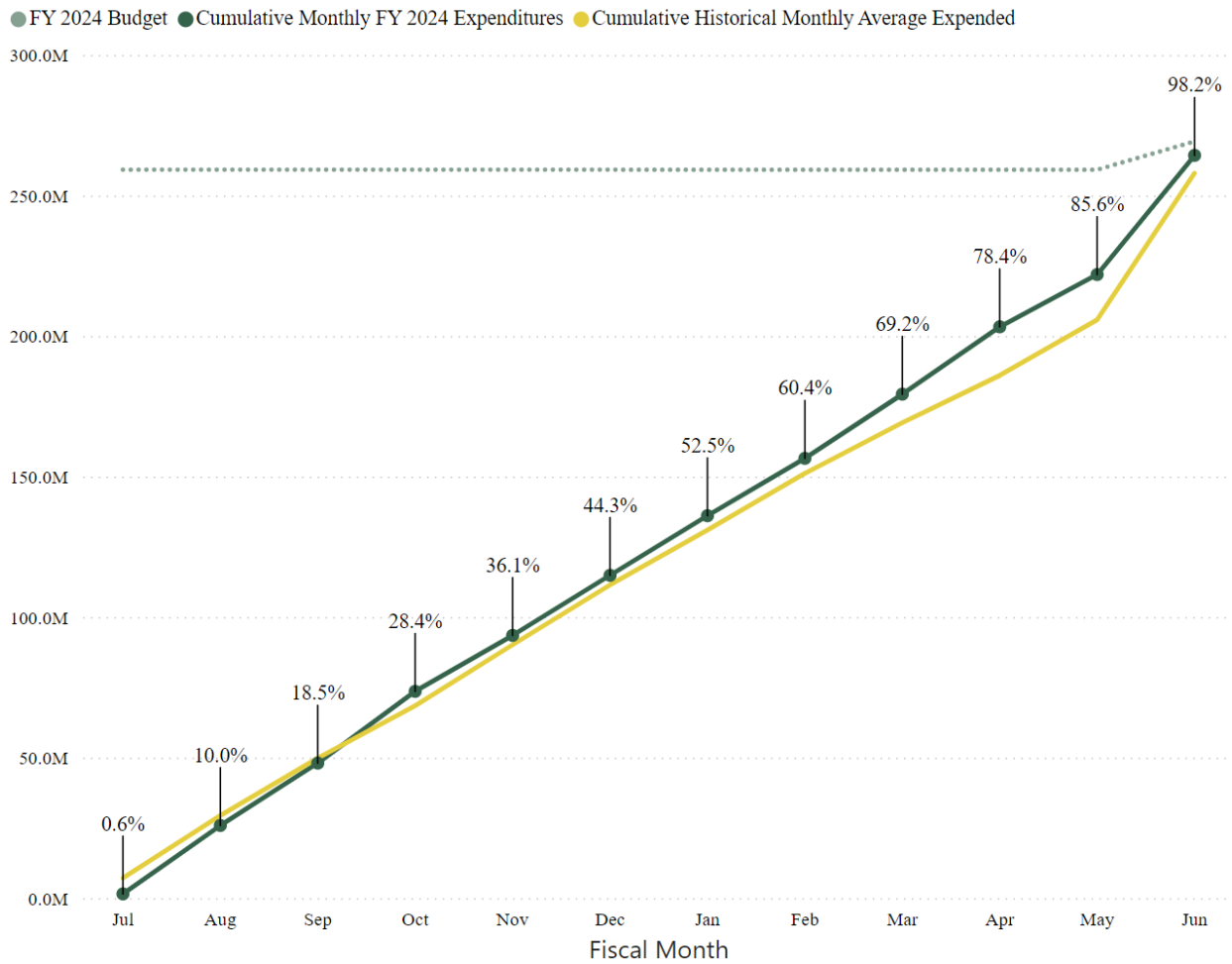
In addition to the fiscal transfers discussed above, the DOC performed other budget changes that moved authority within the agency. The transfer of authority between divisions within the agency occurred in a few instances at fiscal year end. These program transfers were performed in order to tie out yearly expenses and move funds to areas experiencing increases in costs. A little over \$400,000 was moved in these changes.

Lastly, the Department moved 3.00 positions budgeted and associated \$240,000 from the Public Safety Division to the Director's Office to fully align positions with responsibilities that were moved during the reorganization performed earlier this fiscal year.

**HB 2 APPROPRIATION AUTHORITY**

The following chart shows the appropriated budget for the agency compared to expenditures through June 30, 2024.

### Monthly Expenditures Compared to Historical Average



Program Name	Modified Budget	Expended Budget	% Expended
⊕ 01 DIRECTOR'S OFFICE CSD	20,500,352	20,295,087	99.0%
⊕ 02 PUBLIC SAFETY	140,676,576	137,811,836	98.0%
⊕ 03 REHABILITATION AND PROGRAMS	106,787,299	104,965,519	98.3%
⊕ 04 BOARD OF PARDONS AND PAROLE	1,281,368	1,218,087	95.1%
<b>Total</b>	<b>269,245,595</b>	<b>264,290,530</b>	<b>98.2%</b>

Expenditure Type	Modified Budget	Expended Budget	% Expended
⊕ Personal Services	109,462,355	108,103,269	98.8%
⊕ Operating Expenses	156,138,024	153,361,130	98.2%
⊕ Equipment & Intangible Assets	938,552	480,837	51.2%
⊕ Capital Outlay	20,773		
⊕ Transfers-out	732,395	672,086	91.8%
⊕ Debt Service	1,953,496	1,673,207	85.7%
<b>Total</b>	<b>269,245,595</b>	<b>264,290,530</b>	<b>98.2%</b>

Fund Type	Modified Budget	Expended Budget	% Expended
⊕ 01 General	262,026,113	258,549,583	98.7%
⊕ 02 State/Other Spec Rev	7,100,679	5,622,144	79.2%
⊕ 06 Enterprise	88,711	88,711	100.0%
⊕ 06 Internal Service	30,092	30,092	100.0%
<b>Total</b>	<b>269,245,595</b>	<b>264,290,530</b>	<b>98.2%</b>

The DOC HB 2 modified budget for FY 2024 was principally funded with general fund at 97.2%, and current fiscal year expenditures follow a similar trend. Through FYE, the Department of Corrections expended 98.2%, or nearly \$264.3 million, of its \$269.2 million HB 2 modified budget. This is higher than the historical average of 95.8% through the full fiscal year. Without the transfers of FY 2025 appropriations to FY 2024 described earlier, the Department would have over expended its budget by approximately \$5.1 million. The remaining authority that was not spent carries back over to FY 2025 given the biennial nature of the agency's authority.

Operating expenses and personal services attributed are the largest DOC expenditures in FY 2024. Operating expenses accounted for 58.0% of total expenditures. Within operating expenses, the department expended nearly \$153.4 million, of which \$99.9 million or 65.1% can be attributed to costs for housing inmates at county jails, contracted prison facilities, and contracted community corrections facilities including treatment, sanction, and pre-release centers.

Personal services accounted for an additional 40.9% of expenditures. DOC has expended \$108.1 million, or 98.8%, of the modified personal services budget through FYE 2024. This percentage is similar when compared to personal service spending in previous fiscal years. Position vacancies have been consistently dropping throughout FY 2024. For more detail regarding personal services, please see the Personal Services section of this report.

There are two areas in which expenditure categories and fund types were not fully expended. The department's modified HB 2 budget for equipment and other intangible assets was 51.2% expended. Most biennial authority provided for equipment purchases was not expended but is available in FY 2025. Second, the department under expended on state special revenue authority by 20.8% mainly within probation and parole supervisory fees and the inmate canteen account.

For the department in the 2025 biennium, HB 2 includes a series of one-time-only, line-item appropriations. Those items are shown by program in the table below. The table includes any restrictions/conditions associated

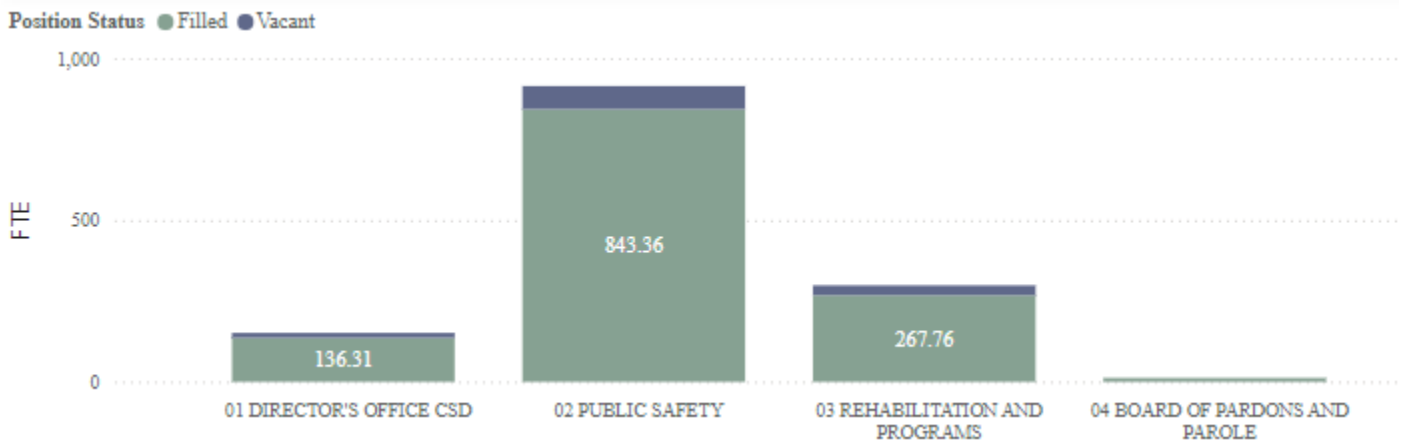


with the appropriation. In FY 2024, there have not yet been expenditures related to most of these appropriations which is associated with slightly lower spending within the Rehabilitation and Programs Division. The 2023 Legislature approved all these appropriations as biennial, and the FY 2024 amounts shown are available for both years of the 2025 biennium.

<b>Program</b>	<b>Line Item</b>	<b>FY 2024 Amount</b>	<b>FY 2024 Expenditures</b>
<b>02 Public Safety Division</b>	<b>Equipment/IT Upgrades</b>	<b>\$290,700</b>	<b>\$0</b>
Appropriations for Equipment/IT upgrades may be used by the Department of Corrections only to purchase the following items: one mini excavator, one manlift, additional security cameras, one warehouse forklift, one emergency generator for the Montana State Prison high side kitchen, and one security utility vehicle.			
	<b>Vehicle Replacement</b>	<b>\$495,000</b>	<b>\$129,484</b>
Appropriations for Vehicle Replacement may be used by the Department of Corrections only to purchase the following vehicles for operation at the Montana State Prison: eight new security vehicles, one new cargo van, and one new gator vehicle.			
	<b>Prior Session Staffing Correction</b>	<b>\$858,150</b>	<b>\$746,310</b>
This appropriation was provided to convert 13.00 modified FTE to permanent.			
	<b>Additional Authority for Correctional Officers</b>	<b>\$1,250,000</b>	<b>\$0</b>
Additional Authority for Correctional Officers may be used only after the Department of Corrections has fully expended all personal services appropriated for the purpose of paying correctional officers in the amount of \$67,692,715 for the 2025 biennium.			
<b>03 Rehabilitation and Programs Division</b>	<b>Efficiencies in Community Corrections</b>	<b>\$1,000,000</b>	<b>\$76,545</b>
Appropriations in Efficiencies in Community Corrections may be used by the Department of Corrections to expand nonresidential capacity by moving offenders that are suitable and appropriate to be moved into the community from prerelease beds			
	<b>DOC Supplemental Option 1</b>	<b>\$1,467,861</b>	<b>\$1,467,861</b>
Appropriations in DOC Supplemental Option 1 may be utilized by the Department of Corrections to expand capacity within community corrections providers.			
<b>04 Board of Pardons and Parole</b>	<b>ACA Accreditation</b>	<b>\$15,000</b>	<b>\$0</b>
Appropriations in ACA Accreditation are contingent on the Montana Board of Pardons and Parole first receiving its correctional certification through the American Correctional Association.			

## Personal Services

FY 2024 appropriations for personal services in the Department of Corrections total \$108.8 million and were 98.8% expended through FYE 2024. The following chart shows the filled and vacant full time equivalent (FTE) within the agency.



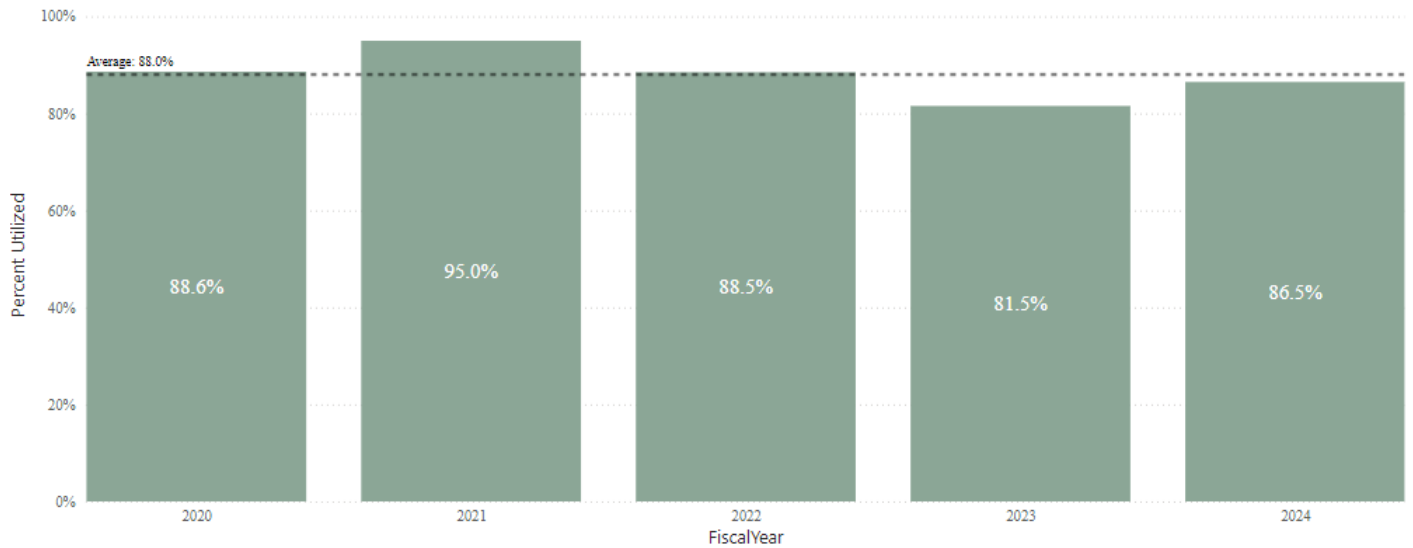
In FY 2024, the DOC was budgeted for 1,293.67 FTE in HB 2. Of the total FTE, DOC had 99.00 FTE vacant as of the end of the fiscal year which represents an agency vacancy rate of 7.7%, the lowest seen within the agency through FY 2024. Vacancies related to correctional officers have declined substantially in FY 2023 and FY 2024. Current vacancies related to correctional officer's total 50.50 FTE which represents an increase of 8.00 FTE from the June report but is still quite low in comparison to previous fiscal years. Other areas currently experiencing the most vacancies include:

- Probation and Parole Officers – 8.00 vacant FTE
- Inmate transportation officers – 5.00 vacant FTE
- Registered Nurses – 3.00 vacant FTE

In FY 2024, the department experienced turnover in a total of 215 positions. The turnover reasons for these positions are as follows:

- Left state employment – 168 positions
- Retired – 28 positions
- Transferred to a different state agency – 19 positions

The chart below shows the hourly utilization percentage for the Department of Corrections for each fiscal year when compared to the available hours for the same time period. Overall, the department has utilized 86.5% of the hours budgeted for this period in FY 2024, as shown in the chart below, which is lower than the historical five-year average of 88.0%. Hours utilized may appear lower than anticipated due to overtime hours by correctional officers using different accounting codes from regular hours and not being reflected in the chart below. This began in the middle of FY 2022 when the department moved to 12-hour shifts to combat large vacancies that were occurring within correctional officer positions at the time.



Additionally, the appendix below includes a table showing the vacant FTE in each division, the number of months each position has been vacant, the midpoint hourly pay rate, and an estimated amount of savings associated with the vacant term for the position. As seen in that table, for the 96.00 FTE that were vacant at FYE 2024, 13.00 FTE had been vacant for more than 12 months. The average period of time positions had been vacant, according to SABHRS reports, is just over 2 months.

**OTHER ISSUES**

**Information Technology Project Expenditures**

The Department of Corrections is in the process of obtaining a new offender management system to replace the current Offender Management Information System (OMIS). The 2023 Legislature awarded the department \$17.8 million through HB 10, and the project is currently in its initiation stages with no current expenditures.

**APPENDIX**

Position Description	FTE	Median Months Vacant	Market Midpoint (Hourly)
<b>Department of Corrections</b>	<b>96.00</b>	<b>2.16</b>	<b>19.69</b>
<b>01 DIRECTOR'S OFFICE CSD</b>	<b>15.00</b>	<b>4.92</b>	<b>25.33</b>
Administrative Specialist 3	1.00	0.98	43.02
Boilermaker	1.00	1.48	
Electrician	1.00	27.18	
Human Resource Manager	1.00	4.20	48.96
Inmate Production Officer 1	2.00	16.79	28.49
IT Systems Support 1	1.00	2.36	25.33
Lawyer 2	1.00	3.67	55.14
Legal Secretary 1	1.00	5.57	25.51
Maintenance Worker	1.00	4.92	18.88
Maintenance Worker 1	2.00	6.26	18.88
Plumber	2.00	14.67	
Purchaser 2	1.00	1.44	28.54
<b>02 PUBLIC SAFETY</b>	<b>69.50</b>	<b>2.02</b>	<b>19.69</b>
Administrative Assistant 2	1.00	24.85	18.15
Case Specialist	1.00	5.11	27.86
CO - Transportation	5.00	15.48	19.69
Compliance Specialist 3	1.00	5.11	42.55
Correctional Officer	47.50	1.89	19.69
Correctional Officer 1	1.00	1.90	19.69
Correctional Sergeant	1.00	0.75	25.66
Crime Investigator 2	1.00	0.95	36.55
Probation Parole Officer	8.00	1.21	22.71
Probation Parole Officer 1	1.00	0.98	22.71
Transportation Lieutenant	1.00	17.18	31.80
Warden	1.00	3.97	62.81
<b>03 REHABILITATION AND PROGRAMS</b>	<b>11.50</b>	<b>2.87</b>	<b>33.17</b>
Business Analyst 3	1.00	17.05	42.74
Clinical Therapist 1	1.00	1.80	29.45
Correctional Case Specialist 2	1.00	0.52	28.86
Correctional Unit Manager	1.00	4.66	36.35
MCE Administrator	0.50	10.62	75.89
Program Specialist 1	1.00	11.08	27.86
Program Specialist 2	1.00	2.36	36.35
Registered Nurse 2	2.00	3.30	35.20
Research Analyst 2	1.00	2.69	31.13
Trainer 2	1.00	0.07	29.91
Unit Case Manager	1.00	1.44	28.86