

The Legislative Fiscal Division Presents an Agency Profile of:

The Judicial Branch

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Updated November 2014

Definition of Terms

Agency Description

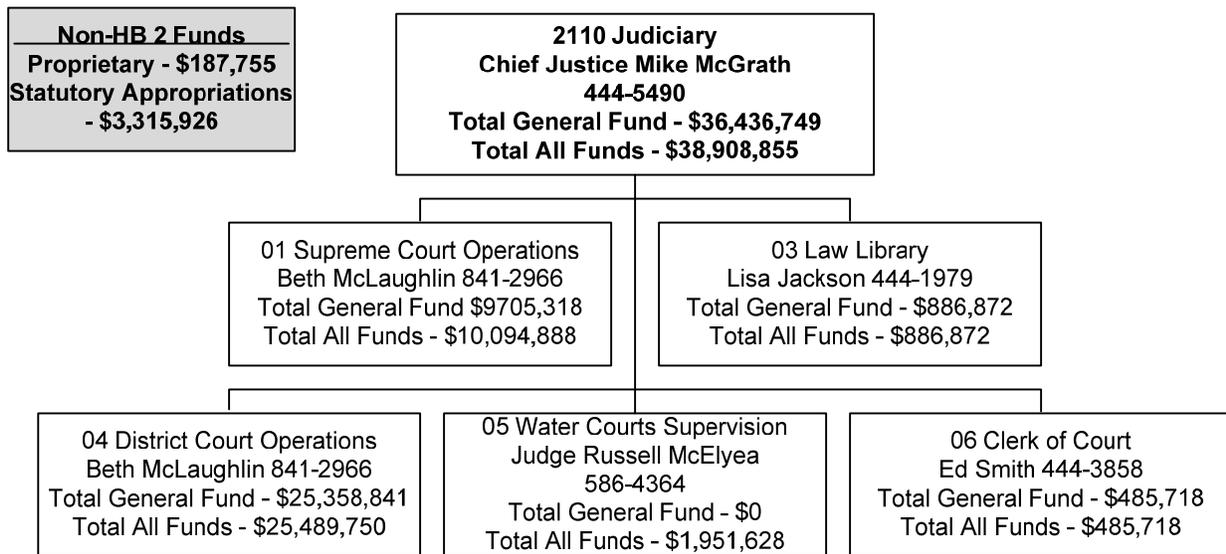
The Judicial Branch, an independent branch of government, provides an independent forum to resolve disputes, preserve the rule of law, and protect the rights and liberties guaranteed by the Constitutions of the United States and Montana. Additionally, Juvenile Probation is part of the District Court Operations Program within the Judicial Branch. The branch provides these services through:

- The Supreme Court, based in Helena, with seven justices
- District Courts (56 courts) split into 22 judicial districts with 46 district court judges, and staff including law clerks, assistants, court reporters, support staff, and juvenile probation officers
- A Water Court with a chief judge, associate water judge, and various water masters and administrative staff specializing in adjudication of water rights
- Boards, commissions, and councils that oversee various aspects of legal practice in the state
- A state law library in Helena
- A Clerk of Court for the Supreme Court

The Supreme Court Justices and District Court judges are elected through a nonpartisan ballot. The Clerk of the Supreme Court is also an elected official.

Article III, Section I, and Article VII of the Montana Constitution authorizes the Judicial Branch. There are five programs within the branch: 1) Supreme Court Operations; 2) Law Library; 3) District Court Operations; 4) Water Court Supervision; and 5) Clerk of the Supreme Court.

Below is an organizational chart of the agency including general fund appropriations, statutory appropriations, proprietary funds, and total funds.



The Judicial Branch provides services through the following courts and supporting functions.

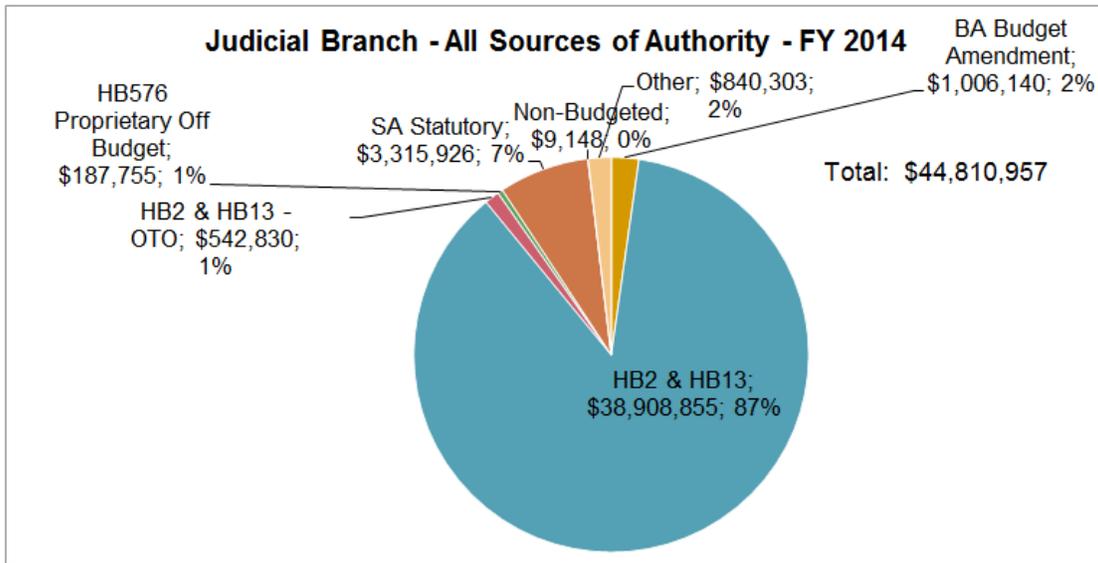
The Montana Supreme Court, which is a court of review and a court of original jurisdiction. The court has jurisdiction over appeals from all Montana district courts. This court also hears appeals from the Water and the Workers' Compensation Courts. It has original jurisdiction to hear and determine writs, attorney discipline, rules governing appellate procedure, and practice and procedures for the other courts. It also has supervisory control of all state courts and the entire judicial system. Under this court is the Office of Court Administrator who is the appointed administrative officer of the Supreme Court, administrative services, court services, and information technology development and support. The court uses boards and commissions to assist it in matters involving rulemaking and oversight of Judicial Branch functions in Montana. Among the boards and commissions within the branch are the: Sentence Review Board, Commission on Practice, Commission on Courts of Limited Jurisdiction, Judicial Standards Commission, and the Judicial Nomination Commission. The Clerk of the Supreme Court, an elected official, conducts the business of the Supreme Court, including controlling the dockets and filings, managing appellate mediations, maintaining the official roll of Montana attorneys, and licensing for the attorneys.

District courts are courts of general jurisdiction that process felony cases, probate cases, civil cases and actions, special actions and proceedings, naturalization proceedings, writs, and ballot issues and have some appellate jurisdiction of cases from courts of limited jurisdiction. Included in district courts is a function for overseeing probation of juveniles. Except for clerks of court or other elected county officials, operations of district courts including judges are funded by the state.

The Water Court adjudicates state law-based water rights and federal and Indian water right claims.

The State Law Library, governed by the board of trustees composed of the seven members of the Supreme Court, provides resource information to the public and those working within the court system.

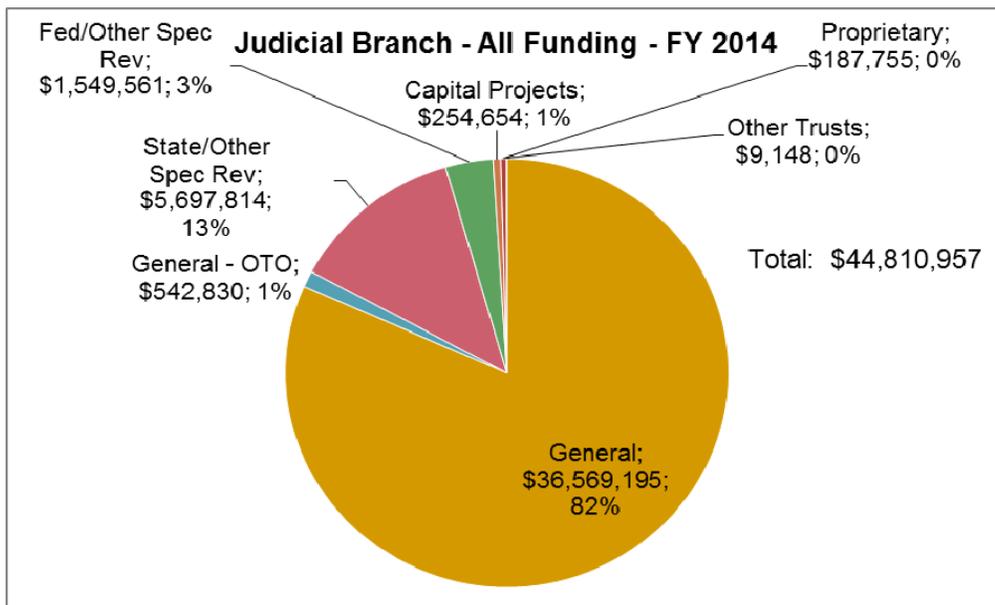
Sources of Spending Authority



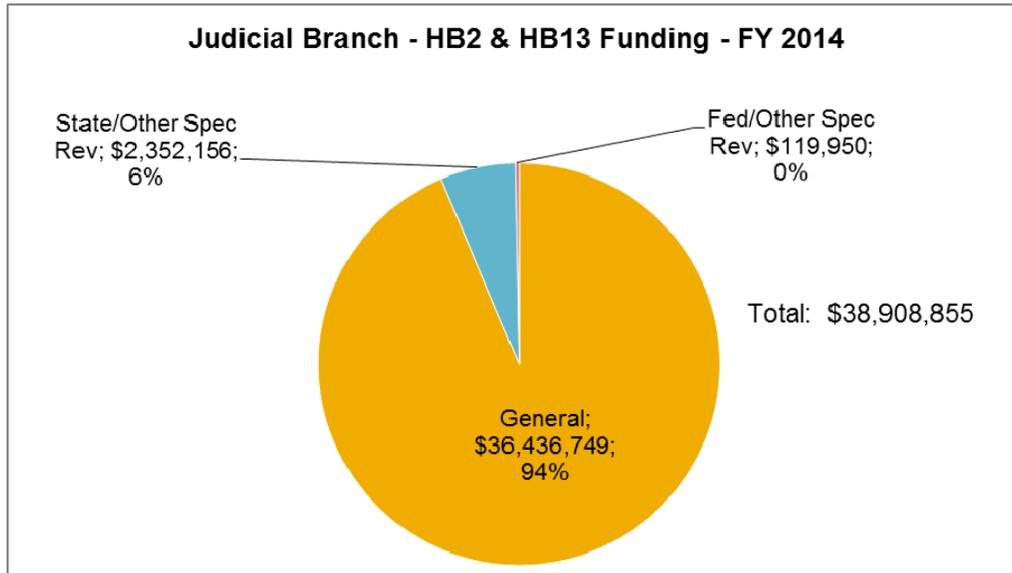
The above chart shows the sources of authority for the Judicial Branch. The accounting term “off base” includes one-time-only appropriations for guardian ad litem services in the 2nd judicial district and the Court Help Program. Other legislative appropriations (sometimes called cat and dog bills) are included in the above categories as appropriate. For a more detailed description of accounting terminology, please refer to the definition of terms.

HB 2 Funding

The following charts show the agency’s HB 2 funding authority by fund type and all sources of its total funding authority.

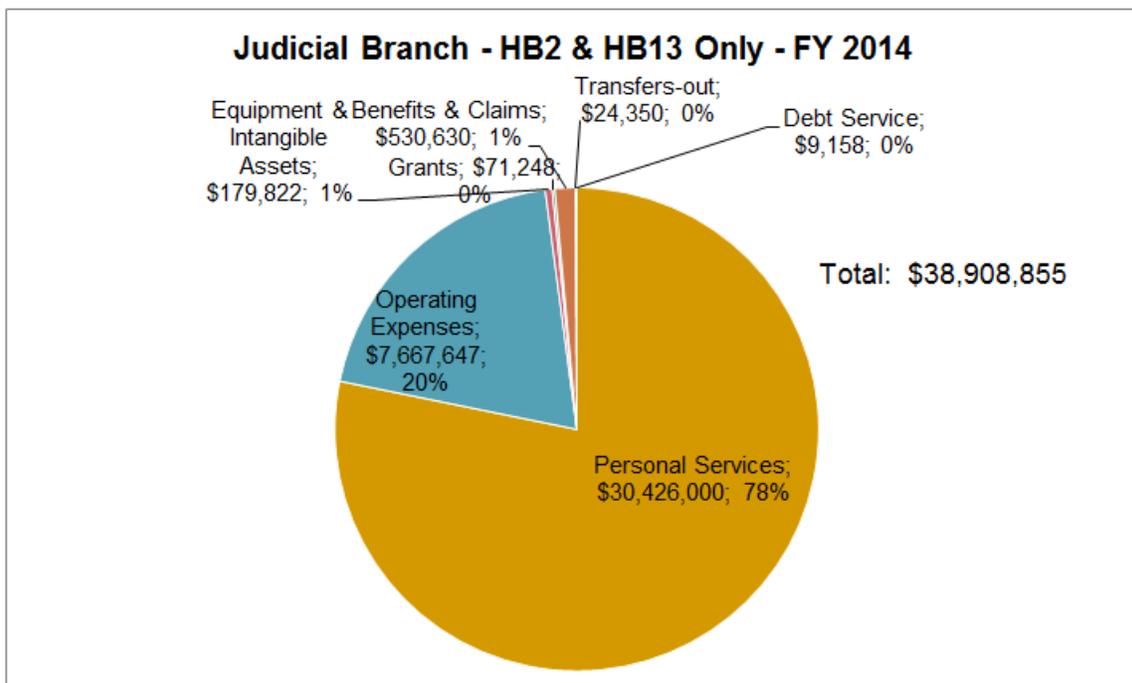


This chart matches the agency chart found in the 2015 Budget Analysis. Some minor discrepancies may occur as a result of rounding.



Expenditures

The next chart explains how the HB 2 authority is spent. Personal services funds costs of Montana Supreme Court and district court judges, judicial assistants, court reporters, juvenile probation officers, and other support staff, except clerks of district courts. Operating expenses includes operating costs for the Montana Supreme Court and district courts, the law library, and clerk of courts office.



How the 2015 Legislature Can Effect Change

In order to change expenditure levels and/or agency activity, the legislature must address one or more of the following factors that drive costs:

- Change constitutional guarantees and/or provisions related to the judicial system
- Impact caseloads by changing statutes – criminal and civil proceedings. Also, in some cases dollar value of the crime directs the case to either a district court or lower court. Cases could be shifted between courts by changing the dollar threshold. This could create cost shifts since the state funds district courts while counties and cities fund lower court activities
- Increase or decrease the number of courts and/or create specialty courts (for example, family court, drug court, treatment courts). A change in the number and/or function(s) of a court may also increase or decrease efficiency, and thus increase or decrease costs
- Change the number of counties in the state, which would in turn change the number of courthouses to be staffed and maintained
- Use of technology, such as video conferencing, may impact costs
- Change statutory requirements related to how courts are funded

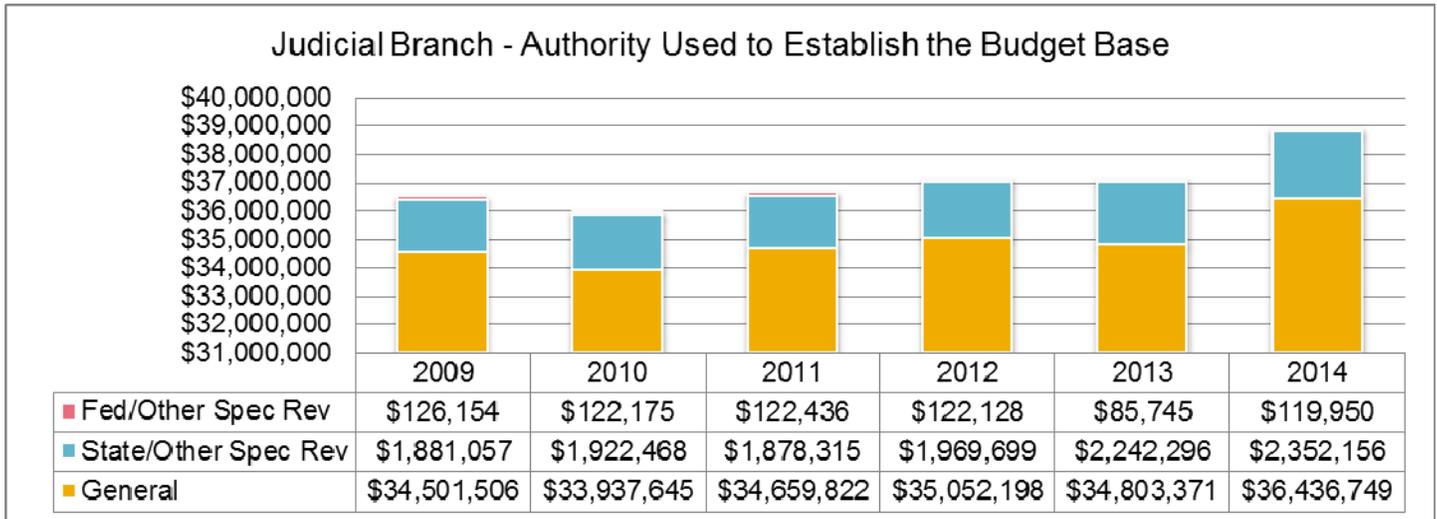
Major Cost Drivers

Driver	2002	2013	Significance of Data
New district court cases filled and reopened - Abuse and Neglect	906	1,527	Shows caseload impacts of abuse and neglect cases
New district court cases filled and reopened - Criminal	7,046	9,147	Shows caseload impacts of criminal cases
New district court cases filled and reopened - Civil	10,673	18,899	Shows caseload impacts of civil cases
New district court cases filled and reopened -Domestic Relations	8,003	10,732	Shows caseload impacts of domestic relations cases
New district court cases filled and reopened - All Cases	33,443	52,105	Shows caseload impacts of all cases on district courts
New case filings - Montana Supreme Court	793	860	Shows caseloads of Montana Supreme Court
Court cases are shown for calendar year			

The table above provides some cost drivers that can indirectly impact the operating costs of the department.

Funding/Expenditure History, Authority Used to Establish the Budget Base

The following figure shows how expenditures in base of HB 2 have been funded for the period from FY 2009 through FY 2014. Over the period, base funding has not changed materially.



Major Legislative Changes in the Last Ten Years

The following legislative changes have impacted the funding for the Judicial Branch:

- A surcharge on court cases was increased from \$5 to \$10 for funding of court technology in HB 18 of the 2003 Legislature
- A statewide public defender system was established and the functions were moved from the branch in SB 146 of the 2005 Legislature
- A district court judge was added to the 18th judicial district by SB 18 of the 2005 Legislature
- Funding previously established from a surcharge on court cases was directed for deposit into the general fund and general fund began funding court automation costs in HB 536 of the 2005 Legislature
- The Juvenile Delinquency Intervention Act was revised as were the Department of Corrections and the branch in SB 146 of the 2007 Legislature
- An accelerated water adjudication program was established in HB 473 of the 2007 Legislature and \$25 million general fund was transferred to the water adjudication state special revenue account to fund the program through FY 2020
- Long-range information technology program funding was appropriated in HB 4 of the May 2007 Special Session for case management and courtroom technology improvements
- Three district court judges, in the 1st, 11th, and 13th districts, were added by SB 158 of the 2009 Legislature
- An associate water judge was added to the water court by HB 587 of the 2011 Legislature
- HB 107 of the 2013 Legislature assigned funding responsibility for court appointed guardian ad litem and court appointed special advocate in an abuse and neglect petition

For further information, you may wish to contact the agency at:

Montana Supreme Court
Justice Building
215 N. Sanders
P.O. Box 203001
Helena, Montana 59620-3001
Phone: 406-444-5490
Fax: 406-444-3274
web: <http://courts.mt.gov>
Office of the Court Administrator

Room 328, Park Avenue Building
301 S. Park
P.O. Box 203005
Helena, Montana 59620-3005
Phone: 406-841-2950
Fax: 406-841-2955

5% Base Budget Reduction Form
[17-7-111-3\(f\)](#)

AGENCY CODE & NAME:

		Minimum Requirement	
		General Fund	State Special Revenue Fund
TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET		\$ 1,820,331	\$ 17,160
Priority	SERVICE(S) TO BE ELIMINATED OR REDUCED	General Fund Annual Savings	State Special Revenue Annual Savings
1	Supreme Court Operations Program - Civil Legal Assistance		\$ 10,249
2	Supreme Court Operations - Operational Categories		\$ 3,232
3	District Court Operations - Probation Fees		\$ 3,679
4	Law Library - Operational Categories	\$ 44,344	
5	Clerk of Court - Operational Categories	\$ 24,286	
6	District Court Operations - Witness Costs	\$ 129,106	
7	District Court Operations - Jury Costs	\$ 459,439	
8	District Court Operations - Evaluations	\$ 122,255	
9	Supreme Court Operations - Drug Courts	\$ 1,040,901	
10			
11	TOTAL SAVINGS	\$ 1,820,331	\$ 17,160
	DIFFERENCE	0	0

Form A

5% Base Budget Reduction Form

AGENCY CODE & NAME:

21100, Judicial Branch, Supreme Court Operations

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduction of spending authority to transfer filing fee state special revenue to Montana Legal Services for providing legal representation for indigent victims in civil matters in domestic violence cases and for alternative dispute resolution initiatives in family law cases.

#2 THE SAVINGS THAT ARE EXPECTED:

\$10,249 State Special Revenue

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Payment to Montana Legal Services will be reduced which may result in revenue exceeding spending authority. Services provided by Montana Legal Services to indigent victims of domestic violence cases will be reduced.

#4

HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

The Judicial Branch does not currently have any other option to mitigate this reduction.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes. 3-2-714 and 25-1-201 (3) (a) MCA

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME:

21100, Judicial Branch, Supreme Court Operations

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduction of operational categories including printing, contracted services, office supplies, postage, long distance and other telephone costs, travel, and meeting costs. State Special expenditure reduction due to funds collected for training conferences for Courts of Limited Jurisdiction Judges and Clerks.

#2 THE SAVINGS THAT ARE EXPECTED:

\$3,232 State Special Revenue Funds

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Reductions in costs related to statutorily mandated training of Courts of Limited Jurisdiction Judges.

#4

HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

The Judicial Branch does not currently have any other option to mitigate this reduction.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes. 3-10-203 MCA

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME:

21100, Judicial Branch, District Court Operations

#1 **BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**

Reduction of expenses related to probation fees revenue. Reduction would be to training, supplies and materials and other miscellaneous expenditure categories.

#2 **THE SAVINGS THAT ARE EXPECTED:**

\$3,679 State Special Revenue Fund

#3 **THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

Reduced operational costs in all areas affect staff efficiency and effectiveness. Reduction of training and related travel directly affect the professional development of staff. Reductions in equipment maintenance and replacement threaten Branch missions. The Branch would be unable to comply with state standards, react to technological changes or provide the tools necessary for staff to perform critical work.

#4

HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

The Judicial Branch does not currently have any other option to mitigate this reduction.

#5 **WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

Yes. Titls 41, MCA.

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME:

21100, Judicial Branch, Law Library

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduction in purchase of books and other library materials.

#2 THE SAVINGS THAT ARE EXPECTED:

\$44,344 General Fund

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Cuts will be made to materials purchased and used by the legislative branch and executive agencies. In past years this has led to those agencies each purchasing duplicate titles, but being unaware of the redundancies in spending. Required titles will not be available for loaning to public libraries, the other courts around the state, court officers, and the general public. Litigants will be less prepared for trial, which will delay judicial opinions and sentences.

#4

HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

The Judicial Branch does not currently have any other option to mitigate this reduction.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes. Title 22, Chapter 1, Part 5, MCA.

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME:

21100, Judicial Branch, Clerk of Court

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduction of all operational categories including copying, office supplies, postage, records storage, long distance and other telephone charges, travel, office equipment maintenance and training.

#2 THE SAVINGS THAT ARE EXPECTED:

\$24,286 General Fund

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Reductions would severely impede the Clerk of Court from performing required duties in support of the Montana Supreme Court.

#4

HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

The Judicial Branch does not currently have any other option to mitigate this reduction.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes, Title 3, Chapter 2, Part 4, MCA.

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME:

21100, Judicial Branch, District Court Operations

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Eliminate the reimbursement of witness and expert witness fees and related costs in District Courts.

#2 THE SAVINGS THAT ARE EXPECTED:

\$129,106 General Fund

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Costs of witnesses called by the Attorney General or County Attorneys would not be paid or would be paid by local governments. Costs were assumed by the state from the counties in 2002. Statutory change would be necessary.

#4

HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

The Judicial Branch does not currently have any other option to mitigate this reduction.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes, 26-2-506 and 46-15-116, MCA.

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME:

21100, Judicial Branch, District Court Operations

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Eliminate the reimbursement of jury fees and related costs in District Courts.

#2 THE SAVINGS THAT ARE EXPECTED:

\$459,439 General Fund

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Jury fees and related costs (mileage, postage, etc) would not be paid or would be paid by local governments. Costs were assumed by the state from the counties in 2002. Statutory change would be necessary.

#4

HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

The Judicial Branch does not currently have any other option to mitigate this reduction.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes, 3-5-901 and 3-15-201, MCA.

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME:

21100, Judicial Branch, District Court Operations

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Eliminate the payment of court ordered evaluations, fitness to proceed evaluations and psychosexual evaluations in criminal cases in District Courts.

#2 THE SAVINGS THAT ARE EXPECTED:

\$122,255 General Fund

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Evaluation costs of defendants in criminal cases would not be paid or would be paid by local governments. Costs were assumed by the state from the counties in 2002. Statutory change would be necessary.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

The Judicial Branch does not currently have any other option to mitigate this reduction.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes, 46-14-206, 46-14-221 and 46-18-111, MCA.

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME:

21100, Judicial Branch, Supreme Court Operations

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Eliminate the payment for alcohol and drug treatment court costs and administration.

#2 THE SAVINGS THAT ARE EXPECTED:

\$1,040,901 General Fund

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Nationally and in Montana, drug court programs have resulted in lowered recidivism rates for offenders, substantially reduced drug use, allowed offenders to stay in their communities to support their families, work and pay taxes and reduced the number of babies born drug addicted. Eliminating drug courts would reverse these impacts.

#4

HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

The Judicial Branch does not currently have any other option to mitigate this reduction.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

No, allowed but not required 46-1-1104, MCA

Form B

The Legislative Fiscal Division Presents an Agency Profile of: The Montana Board of Crime Control

Contact: Greg DeWitt, Senior Fiscal Analyst
Room 119, State Capitol Building
Phone: 444-5392

Updated November 2014

Definition of Terms

Agency Description

The Montana Board of Crime Control (MBCC) was established to promote public safety by strengthening the coordination and performance of the criminal and juvenile justice systems. The MBCC is an 18-member board appointed by the Governor. The MBCC supervises the Crime Control Division (CCD), which provides financial support, technical assistance, and support services to state and local criminal justice agencies. The CCD administers a number of federal grants including anti-drug, anti-crime, victim assistance, and juvenile justice programs. The MBCC administers contracts with regional juvenile detention centers that are supported by state general fund and the misdemeanor domestic violence program supported by state special revenue. The MBCC also collects and analyzes crime data from Montana's law enforcement agencies and publishes the annual "Crime in Montana" report. MBCC is established in 2-15-2006, MCA.

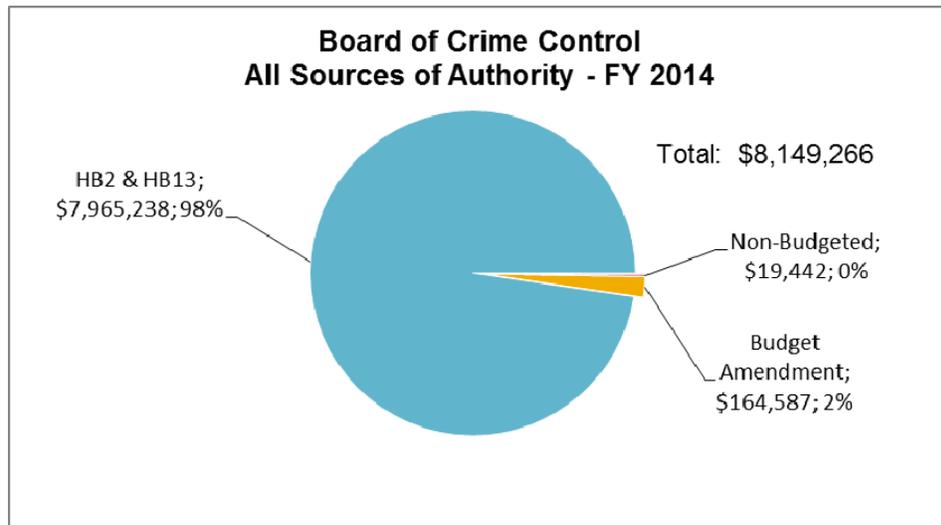
The MBCC has one advisory council, the Youth Justice Council (YJC). YJC develops and implements the state's juvenile justice plan and recommends educational, training, research, prevention, diversion, treatment and rehabilitation programs.

How Services are Provided

The board promotes public safety through its supervision of the Crime Control Division and board actions. Under the supervision of the board the Crime Control Division coordinates and assists public safety agencies and private non-profits both directly and in supportive functions such as:

- The direct provision of services such as planning, training, and awareness
- Collection, analysis, and distribution of crime data and statistics
- Allocation of federal grants to public safety agencies
- Provision of financial and technical support, coordination, and oversight for granted funds
- Administrative support for the activities of the board and the Youth Justice Council

Sources of Spending Authority



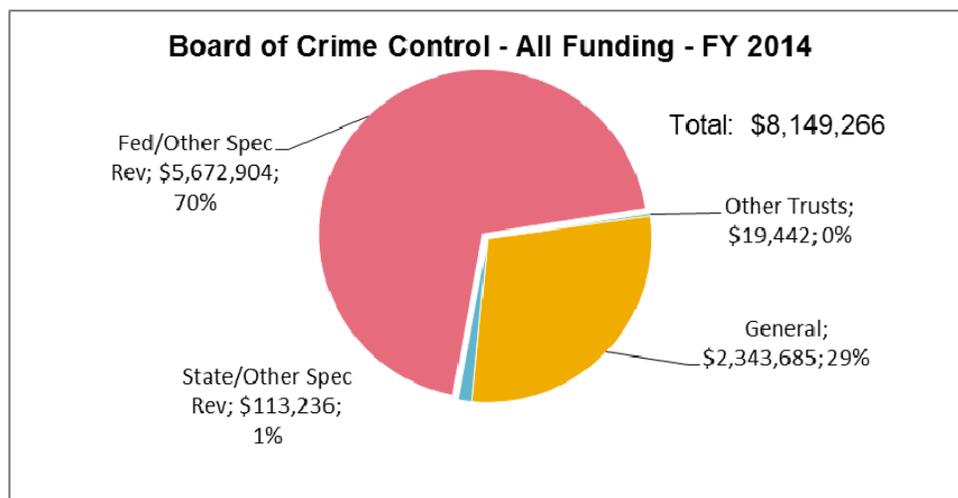
The above chart shows the sources of authority for the Montana Board of Crime Control. Non-budgeted spending is mainly from registration fees for conferences and workshops. Budget amendment funding is for programs to:

- Encourage qualified attorneys to choose careers as prosecutors and public defenders and to continue in that service
- Enhance the capacity of regulatory and law enforcement agencies to collect and analyze controlled substance prescription data through a centralized database

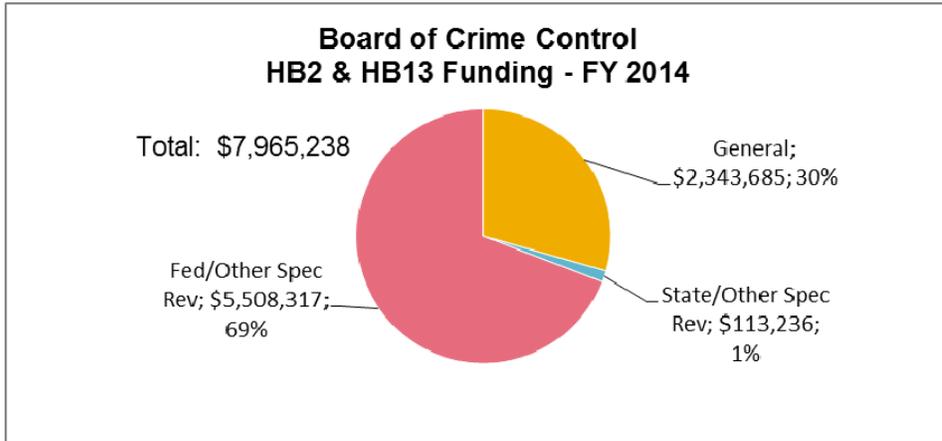
For a more detailed description of accounting terminology, please refer to the definition of terms.

HB 2 Funding

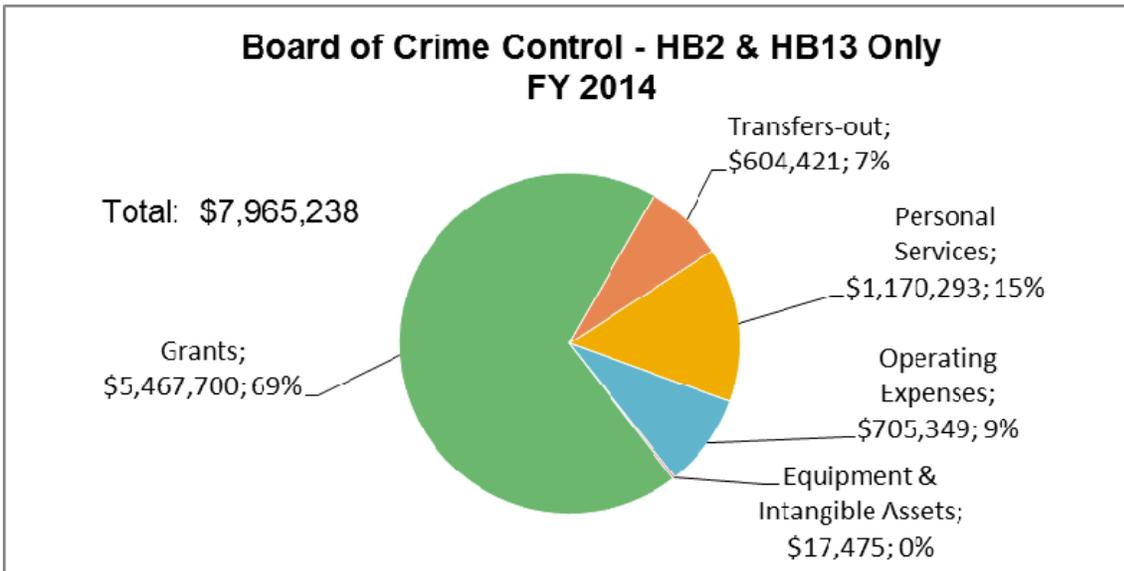
The following charts show the agency's FY 2014 HB 2 and HB 13 funding authority by fund type and all sources of its total funding authority. The state special revenue funds are domestic violence intervention funds received from court fees collected from filers of petitions for dissolution of marriage.



This chart matches the agency funding in the 2015 Budget Analysis. Some minor discrepancies may occur as a result of rounding.



Expenditures



The above chart explains how the HB 2 authority is spent. Of the total HB 2 expenditures made in FY 2014, 69% were for grants consisting of nearly all granted to non-state public safety agencies (grants category) and 7% to state agencies (transfers-out). The remaining funds were used to administer the grants or provide direct services. This chart matches the agency chart found in the 2015 Budget Analysis. Some minor discrepancies may occur as a result of rounding.

How the 2015 Legislature Can Effect Change

In order to change expenditure levels and/or agency activity, the legislature must address one or more of the following basic elements that drive costs:

- MBCC expenditures are driven mainly by the cost of personal services
- The level of funding provided for juvenile detention centers
- The amount of federal funding available

Major Cost Drivers

Driver	FY 2004	FY 2014	Significance of Data
Federal funds revenue	\$10.6 million	\$6.7 million	Shows federal funds available to the state have been declining
Grants for detention centers	\$0.9 million	\$0.9 million	Shows the funding for this area has remained stable
State special revenue domestic violence misdemeanor grants	\$0	\$0.1 million	Shows new sources of funding for new services
Local matching funds	\$3.7 million	\$6.0 million	Shows that local contributions have increased as federal awards have declined

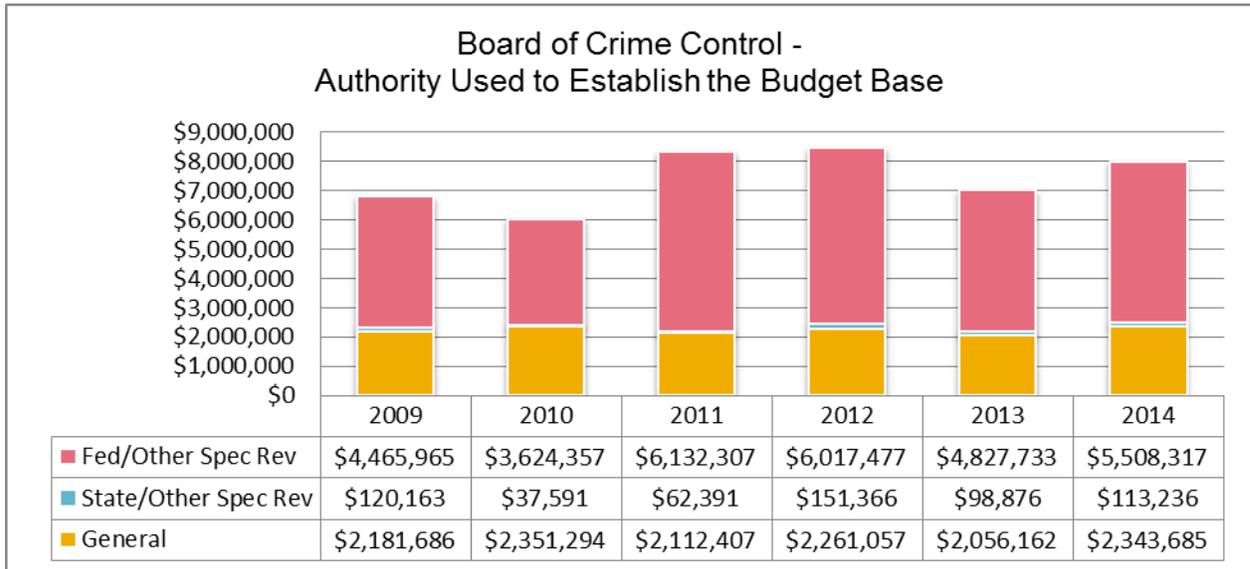
The table above provides some cost drivers that can indirectly impact the operating costs of the board. Federal funds play a significant role in this agency. With the uncertainties of the federal Budget Control Act of 2011, levels of federal funds are uncertain, but are likely to decline even further than the declines shown in the table.

Funding/Expenditure History, Authority Used to Establish the Budget Base

The figure on the next page shows how expenditures in HB 2 have been funded for the period from FY 2009 through FY 2014. Over the period, general fund support for the board has remained somewhat constant. Federal funds have experienced the following significant changes over the period:

- Sexual assault services funds were first received in FY 2012, \$159,000
- Paul Coverdell Forensic Science Improvement Grants have steadily increased over the years from \$85,000 in FY 2009 to \$190,000 in FY 2012, but have dropped to \$48,000 in FY 2014.

- Justice Assistance Grants saw a decline for FY 2009 to FY 2010, going from \$521,000 to \$43,000 then a rebound in FY 2011 to \$1.2 million, In FY 2010, \$3.2 million of Justice Assistance Grants were funded in HB 624 (recovery act funds) instead of HB 2
- Crime victim assistance funding grew by \$452,000 from FY 2009 to FY 2014
- Prescription drug monitoring funds were first received in FY 2014, \$74,000



Major Legislative Changes in the Last Ten Years

The only major change for the boards was in the 2007 Legislative Session when the functions of the Montana Public Safety Officer Standards and Training Council (POST) were moved to the Department of Justice.

For further information, you may wish to contact the agency at:

Montana Board of Crime Control

5 S Last Chance Gulch

PO Box 201408

Helena, MT 59620-1408

(406) 444-3604

TTY: (406) 444-7099

web: <http://mbcc.mt.gov/>

Agency Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	17.50	17.50	17.50	17.50	17.50	17.50	0.00	0.00 %
Personal Services	1,170,292	1,274,934	1,318,846	1,318,651	2,445,226	2,637,497	192,271	7.86 %
Operating Expenses	705,359	789,953	730,344	730,478	1,495,312	1,460,822	(34,490)	(2.31)%
Equipment & Intangible Assets	17,475	12,779	17,475	17,475	30,254	34,950	4,696	15.52 %
Grants	5,467,703	5,930,638	5,467,703	5,467,703	11,398,341	10,935,406	(462,935)	(4.06)%
Transfers	604,421	637,956	604,421	604,421	1,242,377	1,208,842	(33,535)	(2.70)%
Total Costs	\$7,965,250	\$8,646,260	\$8,138,789	\$8,138,728	\$16,611,510	\$16,277,517	(\$333,993)	(2.01)%
General Fund	2,343,689	2,411,273	2,483,795	2,483,734	4,754,962	4,967,529	212,567	4.47 %
State/Other Special Rev. Funds	113,236	152,830	127,335	127,335	266,066	254,670	(11,396)	(4.28)%
Federal Spec. Rev. Funds	5,508,325	6,082,157	5,527,659	5,527,659	11,590,482	11,055,318	(535,164)	(4.62)%
Total Funds	\$7,965,250	\$8,646,260	\$8,138,789	\$8,138,728	\$16,611,510	\$16,277,517	(\$333,993)	(2.01)%

Mission Statement

The mission of the Board of Crime Control is to proactively contribute to public safety, crime prevention, and victim assistance through planning, policy development, and coordination of the justice system in partnership with citizens, government, and communities.

There is additional, more detailed information about the department in the agency profile. The profile may be viewed at: <http://leg.mt.gov/fbp-2017.asp>

Agency Highlights

Crime Control Division Major Budget Highlights
<ul style="list-style-type: none"> • The growth from the FY 2015 legislative budget are for: <ul style="list-style-type: none"> ◦ Funding to annualize pay increases provided at the agency’s discretion ◦ Funding to annualize the legislative pay plan, HB 13 of the 2013 Legislature ◦ Funding for increase in fixed costs for services purchased from other agencies

Agency Discussion

This agency was exempt from the HB 2 boilerplate language.

5% Reduction Plan

With fewer than 20.00 FTE, this agency is exempt in statute from the requirements that agencies submit plans to reduce general fund and certain state special revenue funds by 5%.

Agency Personal Services

Personal services comprise 14.7% of FY 2015 legislative budget, while the Governor proposes 16.2% in both FY 2016 and FY 2017.

Vacancy Savings – The FY 2014 personal services expenditures were roughly \$51,000, or 4.2%, lower than the legislature budgeted.

Long-term Vacancies - The agency is currently experiencing no long-term vacancies and states that they have seen hiring pools of sufficient size and quality to fill positions when vacated.

Major Non-Pay Plan Salary Adjustments - Pay increases made at the agency’s discretion and funded out of agency funding above that provided in the 2013 legislative pay plan were awarded in FY 2014 to 6 employees, or 34% of staff, for what are described by the agency as demonstrated competencies, positive behaviors, and overall contributions to the success of the agency. These pay adjustments ranged from 4.0% to 12.0% and add an estimated \$12,000 to the funding requirements for subsequent years.

Retirements – nearly 44% of the agency’s staff will be eligible for in the 2017 biennium. Of those eligible to retire, one has indicated considering retiring in the 2017 biennium. The agency has not requested funding for retirement payouts.

Refer to the discussion of present law adjustments for a further discussion of personal services.

Comparison of FY 2015 Legislative Base to FY 2015 Appropriation

The following highlights the differences between the FY 2015 appropriations as shown in the main table to the FY 2015 legislative appropriations used for purposes of the budget base, by program.

FY 2015 Appropriation Transactions - Crime Control Division		
Program	Legislative Appropriation	Total Executive Implementation
01 Justice System Support Service	\$8,646,260	\$8,646,260
Personal Services	1,274,934	1,274,934
Operating Expenses	789,953	789,953
Equipment & Intangible Assets	12,779	12,779
Grants	5,930,638	5,930,638
Transfers	637,956	637,956

The executive made no changes to the 2015 legislative budget.

Language and Statutory Authority -

The Governor proposes the following language for inclusion in HB 2.

"All pass-through grant authority is biennial."

"All remaining pass-through grant appropriations, up to \$100,000 in general fund money, \$180,000 in state special revenue, and \$7 million in federal funds, including reversions, for the 2015 biennium are authorized to continue and are appropriated in fiscal year 2016 and fiscal year 2017."

**LFD
COMMENT**

Continuing Grant Authority Skews FY 2015 Appropriations in the Biennium Comparison Table

Continuing authority remaining valid due to similar language approved for the 2015 biennium accounts for why the 2015 appropriated amounts in the Agency Budget Comparison table are out of proportion with those shown in FY 2014 and the 2017 biennium amounts for Grants, Transfers, Federal Special, Total Costs, and Total Funds. For example, FY 2015 appropriated federal special funds show \$10.1 million while base FY 2014, budgeted FY 1016 and budgeted FY 2017 shows \$5.5 million each. The \$4.6 million difference is due to continuing grant authority reverted from prior years skewing the FY 2015 appropriated levels in the table.

Funding

The following table shows proposed program funding by source from all sources of authority.

Crime Control Division, 01-Justice System Support Service Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	4,967,529	0	0	4,967,529	30.52 %	
02768 Dom Violence Intervention - HB 476	254,670	0	0	254,670	100.00 %	
State Special Total	\$254,670	\$0	\$0	\$254,670	1.56 %	
03006 DMC Junvenile Detention	0	0	0	0	0.00 %	
03008 Juvenile Justice Council	989,954	0	0	989,954	8.95 %	
03009 Juvenile Accountability	0	0	0	0	0.00 %	
03081 OVW Sexual Assault Services	546,528	0	0	546,528	4.94 %	
03090 P COVERDELL FORENSIC SCIENCE	143,196	0	0	143,196	1.30 %	
03093 TITLE V DELINQUENCY INTERVENTION	0	0	0	0	0.00 %	
03111 RSAT RESIDENTIAL SUBSTANCE ABUSE	123,000	0	0	123,000	1.11 %	
03186 Project Safe Neighborhood	0	0	0	0	0.00 %	
03188 Justice Assistance Grants	2,461,090	0	0	2,461,090	22.26 %	
03192 Crime Victim Assistance	3,741,792	0	0	3,741,792	33.85 %	
03200 SORNA CFDA 16.580.7	61,534	0	0	61,534	0.56 %	
03201 Justice System Enhancements	168,368	0	0	168,368	1.52 %	
03248 Prescription Drug Monitoring	520,000	0	0	520,000	4.70 %	
03343 Criminal History Record Improv	194,010	0	0	194,010	1.75 %	
03344 Violence Against Women Act	2,005,846	0	0	2,005,846	18.14 %	
03961 BJA Mental Health Collaberatio	0	0	0	0	0.00 %	
03962 Enf. Underage Drinking Laws	0	0	0	0	0.00 %	
03963 John R Justice Grant	100,000	0	0	100,000	0.90 %	
Federal Special Total	\$11,055,318	\$0	\$0	\$11,055,318	67.92 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$16,277,517	\$0	\$0	\$16,277,517		

General fund supports agency operations and grants to regional juvenile detention centers. Agency operations receives most of its support from the general fund with the balance funded primarily with federal funds. State special revenue for the misdemeanor domestic violence intervention program is administered by this agency. Federal funds administered by the agency come from federal grants with the majority of these funds being pass-through funds that go to state and local agencies. A small portion of the federal funds support agency operations. Administrative costs account for about 6.0% of all federal funds administered by the agency.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	2,411,273	2,411,273	4,822,546	97.08 %	8,646,260	8,646,260	17,292,520	106.24 %
PL Adjustments	72,522	72,461	144,983	2.92 %	(507,471)	(507,532)	(1,015,003)	(6.24)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$2,483,795	\$2,483,734	\$4,967,529		\$8,138,789	\$8,138,728	\$16,277,517	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	(289,482)	(21,918)	355,312	43,912	0.00	(286,365)	(21,700)	351,782	43,717
DP 99 - LEG. Present Law	0.00	362,004	(3,577)	(909,810)	(551,383)	0.00	358,826	(3,795)	(906,280)	(551,249)
Grand Total All Present Law Adjustments	0.00	\$72,522	(\$25,495)	(\$554,498)	(\$507,471)	0.00	\$72,461	(\$25,495)	(\$554,498)	(\$507,532)

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
FY 2016					
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	17.50	\$6,778	\$20	\$1,708	\$8,505
Executive Implementation of 2015 Pay Increase		17,966	52	4,527	22,545
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other		(314,226)	(21,990)	349,077	12,862
Personal Services Present Law Adjustments	17.50	(\$289,482)	(\$21,918)	\$355,312	\$43,912
FY 2017					
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	17.50	\$6,778	\$20	\$1,708	\$8,505
Executive Implementation of 2015 Pay Increase		17,976	52	4,517	22,545
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other		(311,119)	(21,772)	345,557	12,667
Personal Services Present Law Adjustments	17.50	(\$286,365)	(\$21,700)	\$351,782	\$43,717

The executive has proposed to increase funding for personal services by 3.4% in FY 2016 and FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other adjustments are to fund pay increases provided at the agency's discretion.

DP 99 - LEG. Present Law -

The executive has proposed to reduce funding for all other expenditure categories excluding personal services by 7.5% in FY 2016 and FY 2017 compared to the FY 2015 legislative budget. Changes that make up the LGPL adjustment are:

- Lower funding requested for system development costs
- Lower requested level of grant funding

The Legislative Fiscal Division Presents an Agency Profile of:

The Department of Justice

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Phone: 444-5392

E-mail: gcdewitt@mt.gov

Updated November 2014

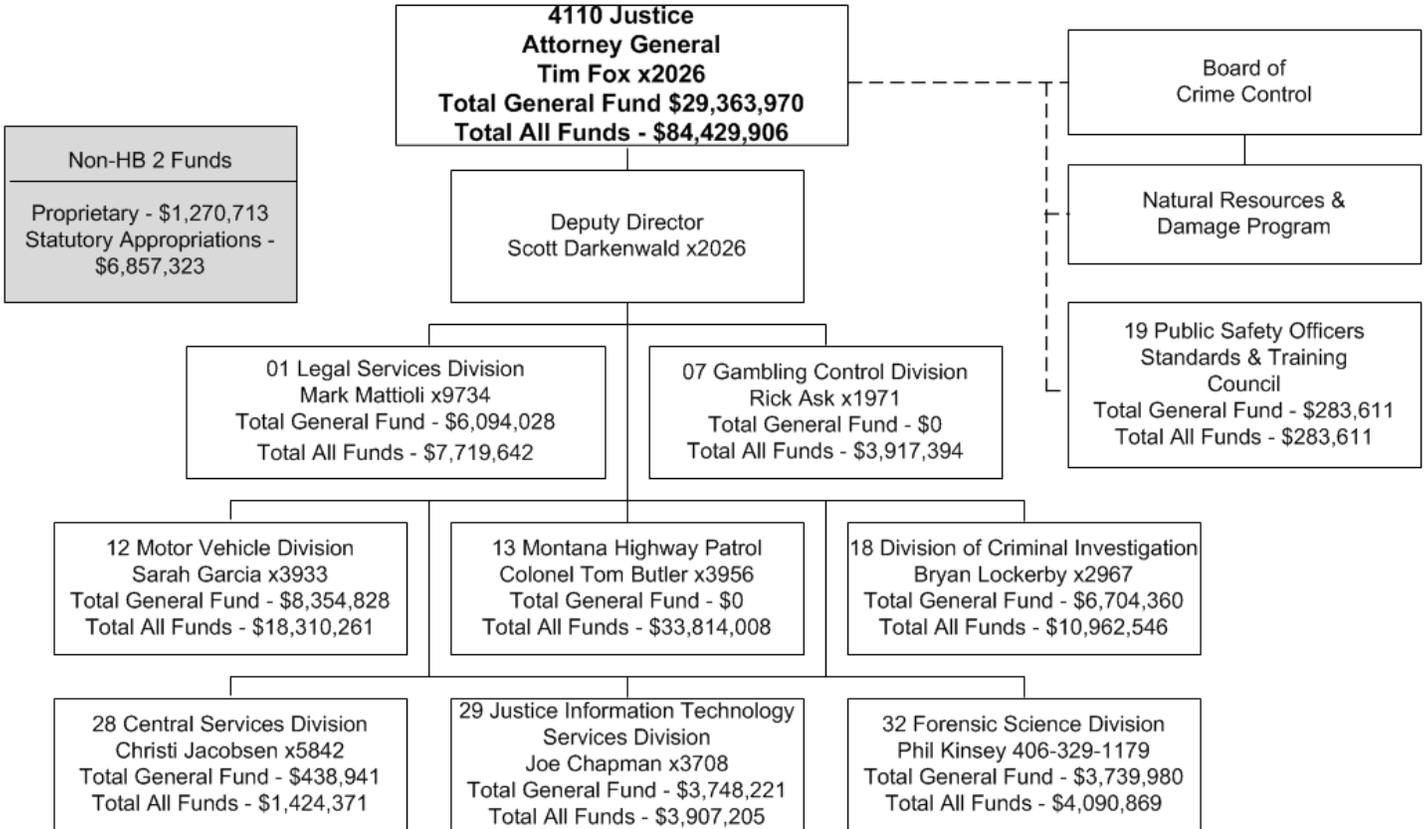
Definition of Terms

Agency Description

The Department of Justice, under the direction of the Attorney General, is responsible for statewide legal services and counsel, law enforcement, and public safety. The department:

- Provides legal representation for the state and its political subdivisions in criminal appeals
- Provides legal services and counsel for the state, county, and municipal agencies and their officials
- Enforces Montana traffic laws and registers all motor vehicles
- Enforces state fire safety codes and regulations
- Assists local law enforcement agencies in bringing offenders to justice
- Provides criminal justice officers and other qualified individuals with basic and specialized training in the field of law enforcement
- Manages a statewide system of death investigations
- Provides scientific analyses of specimens submitted by law enforcement officials, coroners, and state agencies
- Maintains and disseminates criminal justice information to authorized state, local, and other entities
- Provides uniform regulation of all gambling activities in the state of Montana
- Enforces consumer protection laws and regulations relating to unfair and deceptive business practices
- Assists Montana consumers in making sound decisions by providing public outreach
- Provides statewide leadership on issues related to victims of crime and administers the Crime Victims Compensation program

Below is an organizational chart of the agency including general fund appropriations, statutory appropriations, proprietary funds, and total funds. Unless otherwise noted, all phone extensions are preceded by (406) 444.



How Services are Provided

The Department of Justice provides these services through a structure consisting of nine divisions with the following functions:

Legal Services Division provides the Attorney General with legal research and analysis; legal counsel for state government officials, agencies, and boards; legal assistance to local governments and Indian tribes including assistance, training, and support for county attorneys (prosecutors). This division is also responsible for victims’ assistance and compensation functions.

How Services are Provided, cont.

Office of Consumer Protection advocates on behalf of Montana Consumers, investigates consumer complaints and enforces consumer protection laws.

Gambling Control Division has criminal justice authority and conducts routine field inspections and investigations related to gambling activities. In addition to collecting and distributing licensing fees for gambling machines and activities, the division is responsible for collecting the gambling tax assessed on the net proceeds of gambling activities, and investigative functions relating to alcoholic beverage licensing and tobacco enforcement. An appointed gaming advisory council of nine members provides advisory services to the department.

Motor Vehicle Division is responsible for examination and licensure of motor vehicle drivers, maintenance of driver and motor vehicle records, titling and registration of vehicles, inspection and verification of vehicle identification numbers, and licensure and compliance control of motor vehicle dealers and manufacturers.

Montana Highway Patrol is responsible for patrolling the highways of Montana, enforcing traffic laws, and investigating traffic crashes. The patrol provides 24-hour seven-day-a-week communication and radio dispatch for the highway patrol and other state agencies.

Division of Criminal Investigation Under both state and federal mandates, the division investigates crimes, provides for fire safety inspections, and provides officer training including operation of the Montana Law Enforcement Academy. Investigators conduct criminal investigations of homicide, fraud, robbery, assault, corruption, arson, organized crime, computer crime, dangerous drug activity, and other felony crimes. The division also has specialized criminal investigation units for workers' compensation, public assistance, Medicaid, legislative audit and computer crime fraud.

POST (Peace Officers Standards and Training Council) is administratively attached to the Department of Justice and establishes basic and advanced qualifications and training standards for employment of Montana's public safety officers.

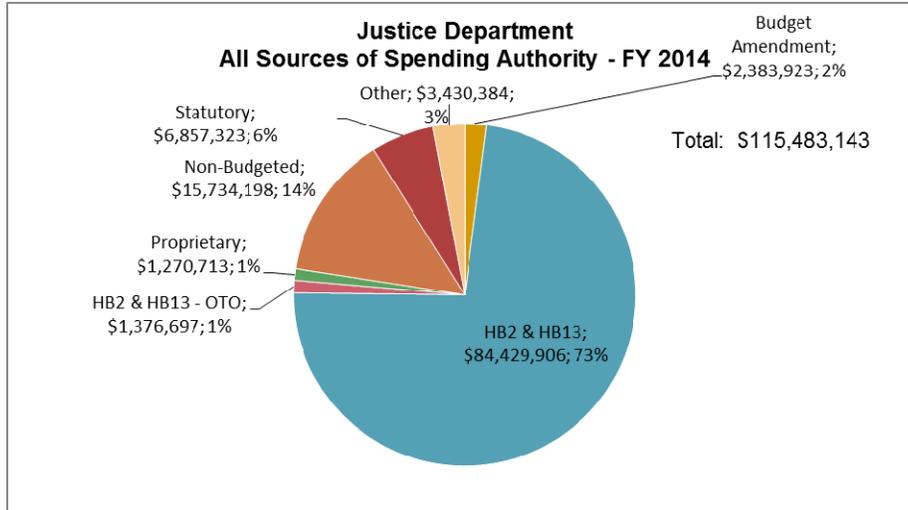
Central Services Division provides the administrative, personnel, budgetary, accounting, and fiscal support for the department. This division also administers payment of the state contribution toward county attorney costs.

Information Technology Services Division provides a full range of information technology and criminal justice services for the department including system development and maintenance of motor vehicle titling and registration systems, driver license and history system, criminal history record information system and the Sexual and Violent Offender Registry. The Criminal Justice Information Network (CJIN) links law enforcement and criminal justice agencies with information sources at local, state, and national levels.

Forensic Science Division, which includes the state crime lab in Missoula, provides for a statewide system of death investigation, forensic science training, and scientific criminal investigation and analysis of specimens. The division tests firearms, tool marks, hair, fibers, body fluids, and tissues. The laboratory also analyzes blood and urine samples, and provides the certification, maintenance, and training of all law enforcement personnel on breath testing instruments.

Sources of Spending Authority

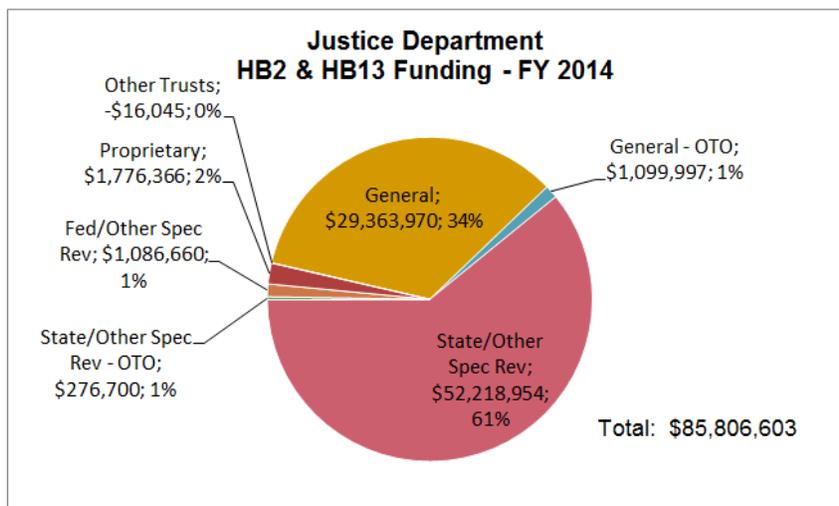
For FY 2014, off base authority is for one-time-only funding for a portion of the funding in the Motor Vehicle Division associated with the Vehicle Insurance Verification System and printers, equipment purchased for the state crime lab, and an upgrade of the Criminal Justice Information Network.

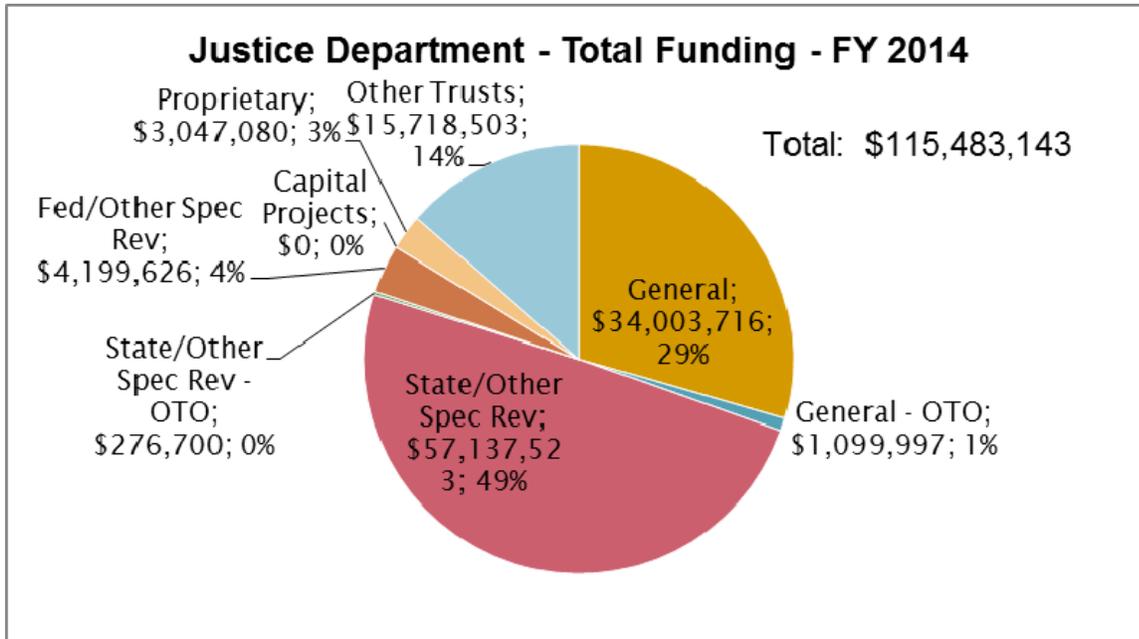


The above chart shows the sources of authority for the department. The accounting term “off base” refers to one-time-only spending and non-budgeted items like inventory adjustments. Other legislative appropriations (sometimes called cat and dog bills) are included in the above categories as appropriate. For a more detailed description of accounting terminology, please refer to the definition of terms.

HB2 Funding

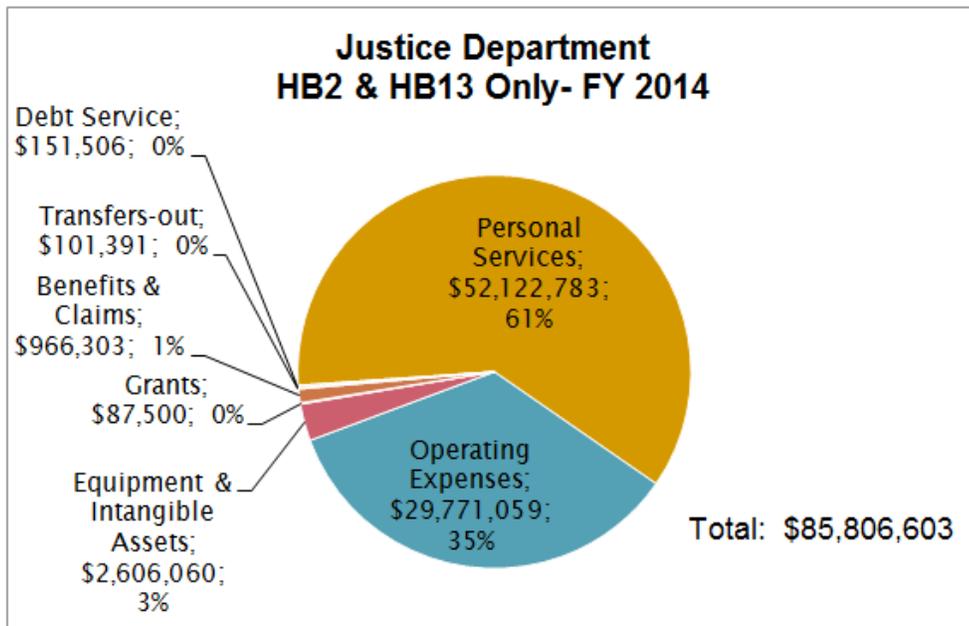
The following charts show the agency’s HB 2 funding authority by fund type and all sources of its total funding authority. A little more than half of state special revenue are for Montana Highway Patrol (MHP) funding from highways state special revenue account and two-thirds of all state special revenue expenditures are for the MHP.





Expenditures

The next chart explains how the HB 2 authority is spent. Personal services to fund 754.85 FTE comprises the majority of expenditures. Benefits and claims are related to payments made to crime victims with both state and federal funds. This chart matches the agency chart found in the 2015 Budget Analysis. Some minor discrepancies may occur as a result of rounding.



How the 2015 Legislature Can Effect Change

In order to change expenditure levels and/or agency activity, the legislature must address one or more of the following basic elements that drive costs.

The department's expenditures are largely for personal services and operating costs. Items that impact these costs are most likely to result in significant change. The legislature might also impact expenditure levels through actions that increase or decrease the work to be completed by the department such as statutory changes in motor vehicle registration, drivers licensing, gambling laws, criminal statutes, victim's assistance, or consumer protection laws.

Major Cost Drivers

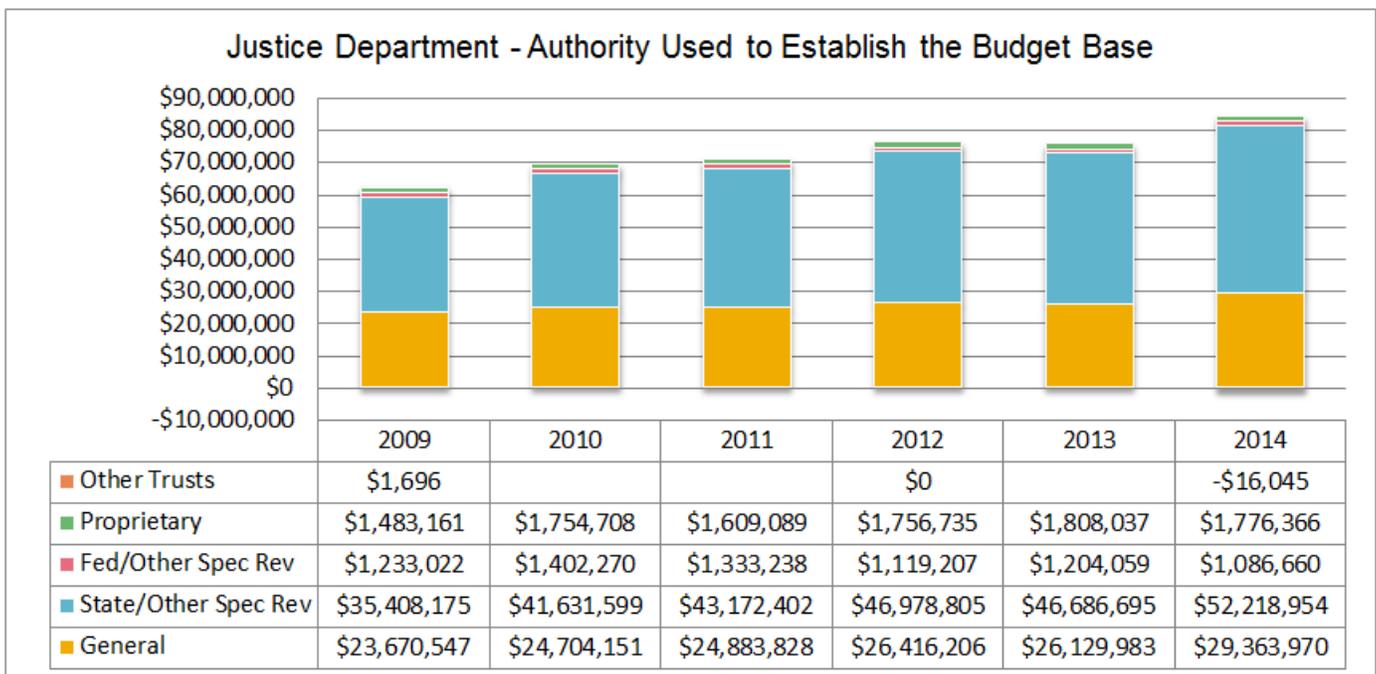
Driver	FY 2004	FY 2014	Significance of Data
Number of active driver licenses (note 1)	712,880	772,436	Shows workload increase at driver license stations
Number of active vehicle registrations (note 1)	1,351,804	2,434,467	Shows workload increase at Title and Registration Bureau
Number of driver control actions (note 1)	37,617	56,668	Shows workload increase in Motor Vehicles Division
New cases open in legal services criminal appeals and litigation (note 2)	442	403	Shows workload increase in Legal Services Division
Attorney General opinions issued	5	2	Shows workload increase in Legal Services Division
Vehicle crash investigations	11,517	11,248	Shows vehicle crash-related workload impacts
Number of criminal investigations and cases (note 1)	543	662	Shows workload increase in Criminal Investigations Division
Number of cases received by the crime lab	5,595	8,088	Shows caseload growth at the state crime lab
Note 1: statistics are for calendar years 2004 and 2014 (with an estimate for Dec. 2014)			
Note 2: the criminal litigation cases in 2014 are large and complex and include 15 active Homicide cases			

The table above provides some cost drivers that can indirectly impact the operating costs of the department.

Funding/Expenditure History, Authority Used to Establish the Budget Base

The following figure shows how expenditures in HB 2 have been funded for the period from FY 2009 through FY 2014. Growth over the period is attributed to the following factors:

- Overall, general fund grew at a 3.2% average annual rate primarily due to the following:
 - Montana Highway Patrol general fund went from \$236,000 in FY 2009 to no funding in FY 2012
 - Division of Criminal Investigation saw a 5.5% average annual growth
 - Information Technology Services Division saw a 3.1% average annual growth
- Overall, state special revenue grew at a 9.9% average annual rate primarily due to:
 - An average annual growth rate of 13.2% for the Montana Highway Patrol with a corresponding growth in FTE from 269.05 to 302.0, or 32.95 FTE. State special revenue increased also because of increases for information technology for the Smart Cop Program and trooper salary increases
 - Motor Vehicle Division experienced an average annual growth rate of 10.3% due largely to debt payments on the Montana Enhanced Registration and Licensing In-



Major Legislative Changes in the Last Ten Years

The following legislative changes impact the funding for the department:

- Authority was provided to establish a fee for disseminating criminal history record information by SB 128 of the 2003 Legislature
- A loan increase was authorized for funding of the motor vehicle information technology system and certain fees on vehicles were increase from \$5 to \$10 to pay debt service on the loan by HB 261 of the 2003 Legislature
- A surcharge of \$10 was established on criminal convictions in all courts of limited jurisdiction to fund the Montana Law Enforcement Academy and replace general fund support for the academy in HB 124 of the 2003 Legislature
- The Office of Consumer Affairs was transferred to the department from the Department of Administration by HB 425 of the 2005 Legislature
- A statutory appropriation was established to pay supplemental benefits under the Montana Highway Patrol Officer's Retirement Pension Trust and certain fees assess on vehicles and driver's licenses were shifted for deposit in the general fund by HB 102 of the 2005 Legislature
- The fleet vehicle registration function was transferred to the department from the Montana Department of Transportation by HB 87 of the 2005 Legislature
- Highway patrol officer salary increases were provided, a funding mechanism was established to pay of highway patrol officer salary increases, and the Montana Highway Patrol was statutorily exempted from vacancy saving by HB 35 of the 2005 Legislature
- The Peace Officers Standards and Training Council (POST) was moved from the Board of Crime Control to the department by SB 273 of the 2007 Legislature
- Internet phishing was made a crime in HB 630 of the 2007 Legislature
- State contributions for 50% of county attorneys salaries was added by HB 12 of the 2007 Legislature
- A requirement for an online vehicle insurance verification system was created with an implementation date set for January 10, 2010, in SB 508 of the 2009 Legislature
- SB 361 in the 2011 Legislature allowed video line games in licensed establishments
- Implementation of the vehicle insurance verification system was delayed until January 1, 2013 in HB 367 of the 2011 Legislature
- Driver's license format was changed to include resident address by HB 195 of the 2011 Legislature

For further information, you may wish to contact the agency at:

Department of Justice

P.O. Box 201401

Helena, MT 59620-1401

Telephone: (406) 444-2026

Fax: (406) 444-354

web: <https://doj.mt.gov>

Agency Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	771.85	771.85	759.44	759.42	771.85	759.42	(12.43)	(1.61)%
Personal Services	52,082,055	56,392,808	59,129,855	59,117,838	108,474,863	118,247,693	9,772,830	9.01 %
Operating Expenses	28,514,142	29,893,991	36,056,252	36,747,885	58,408,133	72,804,137	14,396,004	24.65 %
Equipment & Intangible Assets	2,470,236	2,405,325	2,470,236	2,510,031	4,875,561	4,980,267	104,706	2.15 %
Grants	87,500	80,000	87,500	87,500	167,500	175,000	7,500	4.48 %
Benefits & Claims	966,303	976,674	966,303	966,303	1,942,977	1,932,606	(10,371)	(0.53)%
Transfers	89,349	11,295	89,349	89,349	100,644	178,698	78,054	77.55 %
Debt Service	151,506	726,796	171,147	171,147	878,302	342,294	(536,008)	(61.03)%
Total Costs	\$84,361,091	\$90,486,889	\$98,970,642	\$99,690,053	\$174,847,980	\$198,660,695	\$23,812,715	13.62 %
General Fund	29,279,048	31,455,088	35,856,717	36,024,709	60,734,136	71,881,426	11,147,290	18.35 %
State/Other Special Rev. Funds	52,219,004	56,032,054	60,076,425	60,626,588	108,251,058	120,703,013	12,451,955	11.50 %
Federal Spec. Rev. Funds	1,086,662	1,148,931	1,151,805	1,151,667	2,235,593	2,303,472	67,879	3.04 %
Proprietary Funds	1,776,377	1,850,816	1,885,695	1,887,089	3,627,193	3,772,784	145,591	4.01 %
Total Funds	\$84,361,091	\$90,486,889	\$98,970,642	\$99,690,053	\$174,847,980	\$198,660,695	\$23,812,715	13.62 %

Mission Statement

The mission of the Department of Justice is to pursue activities and programs that seek to ensure and promote the public interest, safety, and well-being through leadership, advocacy, education, regulation, and enforcement.

There is additional, more detailed information about the department in the agency profile. The profile may be viewed at:

<http://leg.mt.gov/fbp-2017.asp>

Agency Highlights

Department of Justice Major Budget Highlights
<ul style="list-style-type: none"> • The budget would increase largely due to: <ul style="list-style-type: none"> ◦ Global statewide present law adjustments such as annualization of the HB 13 pay plan ◦ An adjustment to support the rolling reissuance of motor vehicle license plates ◦ An adjustment to annualize costs associated with replacement of a contract to provide driver's license processing and production services ◦ A request for funding to litigate two water right cases: one involving a case continuing from the 2015 biennium between Montana and Wyoming and another associated with the Confederated Salish and Kootenai Tribes water compact ◦ Funding for a statutory salary adjustment for Montana Highway Patrol officers based on a statutory market survey ◦ Requests for funding to add 6.00 FTE ◦ Requests for various present law funding adjustments in all programs • Funding for 6.00 additional FTE is requested <ul style="list-style-type: none"> ◦ 1.00 FTE attorney to enhance prosecution services in Eastern Montana ◦ 2.00 FTE crime investigators to address issues in the Bakken area of Eastern Montana ◦ 2.00 FTE computer applications engineers to support data sharing within the division and with local government law enforcement agencies ◦ 1.00 FTE toxicologist to address workload issues at the state crime laboratory
Legislative Action Issues
<ul style="list-style-type: none"> • Funding for driver's license contract renewal is speculative and the legislature may want to designate funding as restricted • Outfitting costs for new staff are not an ongoing expenditure and the legislature may want to designate funding as one-time-only

Agency Discussion

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2017 biennium 5% plan submitted for this agency is in the appendix. For this agency the 5% plan includes reductions totaling \$1.4 million general fund and \$833,000 state special revenue.

Agency Personal Services

The personal services budget for the 2017 biennium would increase over the FY 2015 legislative budget primarily due to funding for the following factors:

- Montana Highway Patrol officer statutory pay increases
- 2.00 FTE computer applications engineers
- 2.00 FTE criminal investigators for narcotics investigations in the Bakken region of Eastern Montana
- 1.00 FTE attorney to serve as a prosecutor in Eastern Montana
- 1.00 FTE toxicologist for the state crime laboratory
- Annualization of pay increases funded in the pay plan of the 2013 Legislature
- Annualization of pay increases given at the agency's discretion

In addition to pay increases funded in the state pay plan (HB 13); and in HB 2 for highway patrol officer salary survey adjustments, elected official survey, and longevity the agency provided various additional increases either selectively or in response to negotiated pay settlements that resulted from decisions of the Board of Personnel Appeals. Agency-wide, 314 additional pay adjustments were provided, including 32 associated with a negotiated pay settlement for highway patrol dispatchers. All pay adjustments above the three listed above averaged 3.61% and increased hourly pay by \$269, or \$562,200 annually, for a population of employees with a previous base rate of a combined \$7,570 per hour, or \$15.8 million annually. These adjustments were given primarily for recruitment and retention, career ladders, and to reward high performing staff with pay incentives for demonstrated competencies.

The agency continues to experience high turnover in license and permit technicians, attorneys, and forensic scientists.

Although the agency didn't specify what percent of its workforce is eligible for retirement in the 2017 biennium, it stated that it expects it will have a higher retirement rate in the 2017 biennium than in the 2015 biennium when it expected about 25% of its workforce would retire. In FY 2014, 24 employees in the agency retired with a combined 529 years of service, or an average of 22 years of service. In FY 2014, the agency expended \$527,000 in HB 2 funding for termination payouts. The agency did not request funds for this purpose for the 2017 biennium.

Comparison of FY 2015 Legislative Base to FY 2015 Appropriation

The following highlights the differences between the FY 2015 appropriations as shown in the main table to the FY 2015 legislative appropriations used for purposes of the budget base, by program.

FY 2015 Appropriation Transactions - Department of Justice							
Program	Legislative Approp	Leg App OTO	Direct Transfers	Op Plan	Program Transfers	Reorgs	Total Exec Implement
01 Legal Services Div	\$7,021,030	\$1,000,000		-	\$29,000	\$906,465	\$8,956,495
Personal Services	4,747,962			(6,000)	2,038	612,756	5,356,756
Operating Expenses	1,448,356	1,000,000		6,000	(125,000)	293,709	2,623,065
Bnfts&Clms	824,712				151,962		976,674
02 Ofc Consum Prot	906,465					(906,465)	-
Personal Services	612,756					(612,756)	-
Operating Expenses	293,709					(293,709)	-
07 Gambling Cont Div	4,152,214						4,152,214
Personal Services	3,319,318						3,319,318
Operating Expenses	750,036						750,036
Equipment & Intangible Assets	82,860						82,860
12 Motor Vehicle Div	20,042,834			-			20,042,834
Personal Services	7,172,278			140,000			7,312,278
Operating Expenses	12,139,828			(140,000)			11,999,828
Equipment & Intangible Assets	114,028						114,028
Debt Service	616,700						616,700
13 MT Hwy Patrol	36,034,239	-	(\$89,068)				35,945,171
Personal Services	25,891,643						25,891,643
Operating Expenses	8,150,431						8,150,431
Equipment & Intangible Assets	1,992,165		(89,068)				1,903,097
18 Div Criminal Invest	11,490,969	100,000		-	58,155	(315,622)	11,333,502
Personal Services	7,345,169				171,401	(176,260)	7,340,310
Operating Expenses	4,011,053	100,000		(80,000)	(113,246)	(139,362)	3,778,445
Equipment & Intangible Assets	123,452						123,452
Grants				80,000			80,000
Transfers	11,295						11,295
19 Post Council						315,622	315,622
Personal Services						176,260	176,260
Operating Expenses						139,362	139,362
28 Central Svcs Div	1,459,574						1,459,574
Personal Services	1,271,424						1,271,424
Operating Expenses	188,150						188,150
29 Info Tech Svc	4,031,508				(87,155)		3,944,353
Personal Services	2,883,182				(85,882)		2,797,300
Operating Expenses	1,111,506				(1,273)		1,110,233
Equipment & Intangible Assets	36,820						36,820
32 Forensic Sci Div	4,198,056						4,248,056
Personal Services	2,927,519						2,927,519
Operating Expenses	1,154,441						1,154,441
Equipment & Intangible Assets	6,000	50,000					56,000
Debt Service	110,096						110,096
Agency Total	\$89,336,889	\$1,100,000	(\$89,068)	-	-	-	\$90,397,821

The agency transferred \$89,000 to the Architectural and Engineering Division to fund construction of a communications tower for the Montana Highway patrol.

The agency also transferred FTE between programs for the following purposes

- 2.00 FTE from the Information Technology program to the Division of Criminal Investigation to administer the Criminal Justice Network

- 1.00 FTE from the Division of Criminal Investigation to the Legal Services Division to realign attorney general personal staff
- 1.00 FTE from the Legal Services Division to the Division of Criminal Investigation for the child and family ombudsman function

In FY 2014, the agency reorganized how it administers two of its functions:

- Office of Consumer Protection
- POST (Montana Public Safety Officer Standards and Training Council)

The Office of Consumer Protection including 9.00 FTE and funding were moved from a stand-alone budget program to a bureau under the Legal Services Division. Additionally, POST and its 3.00 FTE and funding were moved from being a portion of the budget under the Division of Criminal Investigation to being a stand-alone program for budgeting purposes.

Funding

The following table shows proposed agency funding by source of authority as proposed. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Department of Justice Funding by Source of Authority 2017 Biennium Budget - Department of Justice						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	71,881,426	0	9,366,522	81,247,948	37.55 %	
State Special Total	120,703,013	0	4,233,676	124,936,689	57.74 %	
Federal Special Total	2,303,472	0	212,256	2,515,728	1.16 %	
Proprietary Total	3,772,784	3,895,624	0	7,668,408	3.54 %	
Other Total	0	0	0	0	0.00 %	
Total All Funds	\$198,660,695	\$3,895,624	\$13,812,454	\$216,368,773		
Percent - Total All Sources	91.82 %	1.80 %	6.38 %			

Funding for the department varies by division and function. General fund supports the Legal Services Division, Motor Vehicle Division, Division of Criminal Investigation, POST, Central Services Division, Information Technology Division, and Forensic Science Division. The highways state special revenue account supports a number of programs where highway safety is impacted. Highways state special revenue provides significant portions of the funding for the Motor Vehicle Division, Highway Patrol Division, and Central Services Division. State special revenue from consumer settlement proceeds supports consumer protection activities, gambling license fees support Gambling Control, and motor vehicle fees support the debt payment for the development and implementation of a computer system. Federal funds combined with general fund support Medicaid fraud investigation and the Child Protection Unit within the Legal Division. Proprietary funds support liquor licensing functions and legal services provided under contract to other agencies. Please refer to the narrative for the Department of Transportation in Section C for a discussion of the highway state special revenue fund.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	30,305,088	30,305,088	60,610,176	84.32 %	89,336,889	89,336,889	178,673,778	89.94 %
PL Adjustments	4,732,717	4,909,881	9,642,598	13.41 %	8,814,841	9,543,424	18,358,265	9.24 %
New Proposals	818,912	809,740	1,628,652	2.27 %	818,912	809,740	1,628,652	0.82 %
Total Budget	\$35,856,717	\$36,024,709	\$71,881,426		\$98,970,642	\$99,690,053	\$198,660,695	

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	66.00	66.00	63.75	63.75	66.00	63.75	(2.25)	(3.41)%
Personal Services	5,014,146	5,356,756	6,033,974	6,027,138	10,370,902	12,061,112	1,690,210	16.30 %
Operating Expenses	1,728,531	2,623,065	2,934,676	2,938,052	4,351,596	5,872,728	1,521,132	34.96 %
Equipment & Intangible Assets	10,678	0	10,678	10,678	10,678	21,356	10,678	100.00 %
Benefits & Claims	966,303	976,674	966,303	966,303	1,942,977	1,932,606	(10,371)	(0.53)%
Transfers	0	0	0	0	0	0	0	0.00 %
Total Costs	\$7,719,658	\$8,956,495	\$9,945,631	\$9,942,171	\$16,676,153	\$19,887,802	\$3,211,649	19.26 %
General Fund	6,094,036	7,287,190	7,923,333	7,920,537	13,381,226	15,843,870	2,462,644	18.40 %
State/Other Special Rev. Funds	1,045,865	1,096,463	1,442,469	1,441,696	2,142,328	2,884,165	741,837	34.63 %
Federal Spec. Rev. Funds	579,757	572,842	579,829	579,938	1,152,599	1,159,767	7,168	0.62 %
Total Funds	\$7,719,658	\$8,956,495	\$9,945,631	\$9,942,171	\$16,676,153	\$19,887,802	\$3,211,649	19.26 %

Program Description

The Legal Services Division (LSD) provides:

- Legal research and analysis for the Attorney General
- Legal counsel for state government officials, bureaus, and boards
- Legal assistance to local governments and Indian tribes
- Legal assistance, training, and support for county prosecutors
- Assistance to victims of crime, including compensation payments

The Prosecution Services Bureau assists local county attorneys by providing training and assisting in the prosecution of complex criminal cases, particularly homicide cases. The bureau prosecutes cases where the county attorney has a conflict of interest, and drug, workers' compensation, and Medicaid fraud cases. The bureau also investigates complaints against county attorneys.

The Appellate Services Bureau handles appeals of criminal matters, including death penalty cases, and represents the state in federal court when constitutional challenges are made to a criminal conviction.

The Civil Services Bureau defends the state in constitutional challenges and coordinates appeals of civil cases that involve the state. This bureau also provides legal assistance to state and local governments on matters involving Indian jurisdiction and federal reserved water rights.

The Child Protection Unit handles child abuse and neglect cases around Montana. The unit has offices in Bozeman, Billings, Great Falls, and Miles City and focuses on resolving the legal status of children who have been in foster care for more than 15 out of the most recent 22 months.

The Office of Victim Services (OVS) works to elevate the status of victims and their rights and responds to the needs of crime victims in Montana. It serves as a central reference point for victims of crime, administers the Crime Victim Compensation Program and the Forensic Rape Examination Payment Program, and offers information and referral services. OVS staffs the Domestic Violence Fatality Review Commission and provides training and information for those who work with victims, including law enforcement, victim advocates, probation and parole workers, and local community organizations.

The Office of Consumer Protection (OCP) responds to consumer complaints and enforces Montana's consumer protection laws and regulations relating to unfair and deceptive business practices, including: "bait and switch," false claims,

changing a contract after a sale, abusive arbitration, debt collection misconduct, door-to-door sales, telemarketing including administering Montana's do-not-call list, car and truck sales and repair including the New Vehicle Warranty Act (or Lemon Law) violations, and antitrust issues including price fixing, monopoly abuse, and restraint of trade. OCP assists victims of identity theft and administers the state's Security Freeze Program. It provides extensive public education about consumer and telemarketing fraud and identity theft to Montana consumer groups, senior citizen organizations, law enforcement agencies, and businesses.

Program Highlights

<p>Legal Services Division Major Budget Highlights</p>
<ul style="list-style-type: none"> • The budget would increase largely due to: <ul style="list-style-type: none"> ◦ Annualize funding of the legislative pay plan ◦ A request for funding to add 1.00 FTE attorney to enhance prosecution services in Eastern Montana ◦ Requests to fund litigation costs for water rights litigation between Montana and Wyoming and potential litigation associated with the Confederated Salish and Kootenai Tribes water compact
<p>Major LFD Issues</p>
<ul style="list-style-type: none"> • Outfitting costs for new staff are not an ongoing expenditure and the legislature may want to designate funding as one-time-only

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Personal Services

In the FY 2015 legislative budget, personal services comprised 59.2% of the program budget. The Governor proposes 60.7% in FY 2016 and 60.6% in FY 2017. The increases in costs are due to:

- Funding to annualize the legislative pay plan, HB 13 of the 2013 Legislature
- Funding to annualize pay increases given at the agency's discretion

This program provided pay increases to 11 staff for competitive hires or market adjustments. The average increase for the adjustments was 16.2% and would increase funding requirements for subsequent years by an estimated \$98,000.

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Justice, 01-Legal Services Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	15,843,870	0	0	15,843,870	77.94 %	
02106 Crime Victims Compensation	0	0	441,028	441,028	13.26 %	
02140 Consumer Education Settlement	2,388,661	0	0	2,388,661	71.84 %	
02937 JUSTICE STATE SPECIAL MISC	495,504	0	0	495,504	14.90 %	
State Special Total	\$2,884,165	\$0	\$441,028	\$3,325,193	16.36 %	
03169 Federal Crime Victims Benefits	836,573	0	0	836,573	72.13 %	
03801 Dept Of Justice-Misc Grants	323,194	0	0	323,194	27.87 %	
Federal Special Total	\$1,159,767	\$0	\$0	\$1,159,767	5.70 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$19,887,802	\$0	\$441,028	\$20,328,830		

The division receives the majority of its funding from the general fund. Each of the various functions within the division has a unique funding source. Attorneys are supported primarily by general fund with state special revenue from highway special revenue, tobacco settlement funds, and other funds supporting specific activities. Additionally, work for the Reserved Water Rights Compact Commission is funded by the Department of Natural Resources and Conservation; prosecution of hunting violations is funded by the Department of Fish, Wildlife and Parks; and prosecution of worker's compensation violations is funded by the State Fund. The cost of major litigation is supported entirely by the general fund. Funding for assistance to crime victims comes from the general fund and federal grants. State special revenue from the settlement of consumer protection litigation funds the portion of the program that supports consumer protection functions.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	6,412,190	6,412,190	12,824,380	80.94 %	7,021,030	7,021,030	14,042,060	70.61 %
PL Adjustments	841,163	842,467	1,683,630	10.63 %	2,254,621	2,255,261	4,509,882	22.68 %
New Proposals	669,980	665,880	1,335,860	8.43 %	669,980	665,880	1,335,860	6.72 %
Total Budget	\$7,923,333	\$7,920,537	\$15,843,870		\$9,945,631	\$9,942,171	\$19,887,802	

Program Reorganization -

The 2013 Legislature appropriated funding for consumer protection in a separate and stand-alone program for budget purposes. During the 2015 biennium, the Office of Consumer Protection Program was reorganized to combine it with this program for budgeting purposes. The reorganization moved the funding for operations and 9.00 FTE into this program.

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	360,082	780,140	(12,632)	1,127,590	0.00	358,848	774,681	(12,367)	1,121,162
DP 99 - LEG. Present Law	0.00	481,081	472,331	173,619	1,127,031	0.00	483,619	477,017	173,463	1,134,099
Grand Total All Present Law Adjustments	0.00	\$841,163	\$1,252,471	\$160,987	\$2,254,621	0.00	\$842,467	\$1,251,698	\$161,096	\$2,255,261

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
	FY 2016				
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	53.75	\$19,197	\$11,189	\$110	\$30,497
Executive Implementation of 2015 Pay Increase		65,154	39,653	(920)	103,887
Fully Fund 2015 Legislatively Authorized FTE		92,118	-	-	92,118
Other					
Reorganization	9.00	-	612,756	-	612,756
Remainder of Other	0.00	183,613	116,542	(11,822)	288,333
Total Other	9.00	183,613	729,298	(11,822)	901,089
Personal Services Present Law Adjustments	62.75	\$360,082	\$780,140	(\$12,632)	\$1,127,590
	FY 2017				
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	53.75	\$19,197	\$11,189	\$110	\$30,497
Executive Implementation of 2015 Pay Increase		64,924	39,925	(963)	103,887
Fully Fund 2015 Legislatively Authorized FTE		92,118	-	-	92,118
Other					
Reorganization	9.00	-	612,756	-	612,756
Remainder of Other	0.00	182,609	110,811	(11,515)	281,905
Total Other	9.00	182,609	723,567	(11,515)	894,661
Personal Services Present Law Adjustments	62.75	\$358,848	\$774,681	(\$12,367)	\$1,121,162

The executive has proposed to increase funding for personal services by 32.6% in FY 2016 and by 32.5% in FY 2017 compared to the FY 2015 legislative budget.

Reorganization - The executive reorganized this program by moving the staff of the former Office of Consumer Protection into this program. Moving the 9.00 FTE to this program increased the program personal services budget by \$612,756 in FY 2015.

Remainder of Other - Changes that make up the remainder of the other adjustments are to annualize funding for pay adjustments made at the agency's discretion.

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

Legislative Present Law Adjustments				
	FY 2016			
	General Fund	State Special	Federal Special	Total Funds
CP 99 Item				
Reorganization	\$0	\$293,709	\$0	\$293,709
Major Litigation	-	550,378	-	550,378
Vehicle Lease	-	11,761	-	11,761
Sexual Assault and State/Tribal Relations Training	-	215,815	-	215,815
Case Management System Maintenance	-	25,762	-	25,762
Other	481,081	(625,094)	173,619	29,606
Legislative Present Law Adjustments	\$481,081	\$472,331	\$173,619	\$1,127,031
	FY 2017			
	General Fund	State Special	Federal Special	Total Funds
CP 99 Item				
Reorganization	\$0	\$293,709	\$0	\$293,709
Major Litigation	-	550,378	-	550,378
Vehicle Lease	-	11,732	-	11,732
Sexual Assault and State/Tribal Relations Training	-	215,815	-	215,815
Case Management System Maintenance	-	26,137	-	26,137
Other	483,619	(620,754)	173,463	36,328
Legislative Present Law Adjustments	\$483,619	\$477,017	\$173,463	\$1,134,099

The executive has proposed to increase funding for all other expenditure categories excluding personal services by 50.1% in FY 2016 and by 50.5% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other category include the following, while individually listed adjustments are described separately:

- Increases in costs to purchase insurance and information technology services from the Department of Administration

The executive requests increases over the FY 2015 legislative funding for purchase of services from other state agencies, including funding for insurance, rent, and information technology purchased from the Department of Administration.

Reorganization - The reorganization that moved the Office of Consumer Protection to this program increased the 2015 legislative budget for the non-personal services expenditures by \$293,709.

Major Litigation - The executive requests funding for costs associated with major litigation. The funding would fund major litigation at \$1.0 million each year.

Vehicle Lease - The executive requests funding to lease two vehicles from the State Motor Pool.

Sexual Assault And State/Tribal Relations Training - The executive requests funding to contract for sexual assault and state/tribal relations training.

Case Management System Maintenance - The executive requests funding to contract for maintenance and support of its case management system.

New Proposals -

Total funds in the New Proposals table do not include proprietary funds budgeted in House Bill 2.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 100102 - LSD Eastern Montana Prosecutor	1.00	169,980	0	0	169,980	1.00	165,880	0	0	165,880
DP 100103 - LSD Montana v. Wyoming Litigation (RST/BIEN/OTO)	0.00	250,000	0	0	250,000	0.00	250,000	0	0	250,000
DP 100104 - LSD CSKT Water Litigation (RST/BIEN/OTO)	0.00	250,000	0	0	250,000	0.00	250,000	0	0	250,000
Total	1.00	\$669,980	\$0	\$0	\$669,980	1.00	\$665,880	\$0	\$0	\$665,880

DP 100102 - LSD Eastern Montana Prosecutor -

The executive requests funding for the addition of 1.00 FTE attorney to serve as a prosecutor to address caseload growth in Eastern Montana.

LFD COMMENT	<p><u>Outfitting Costs are One-Time-Only</u></p> <p>Included in this request are costs to outfit the new staff. Outfitting costs are not on-going expenditures. The legislature may want to designate \$3,400 of the FY 2016 funding as one-time-only.</p>
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DP 100103 - LSD Montana v. Wyoming Litigation (RST/BIEN/OTO) -

The executive requests funding to support the Montana v. Wyoming water rights litigation. The executive recommends designating the funding for this request as restricted, biennial, and one-time-only.

The Montana v. Wyoming litigation would continue litigation on the alleged water compact violations made by the state of Wyoming. The executive recommends restricting the funding only for these two cases and designating the funding as restricted, biennial, and one-time-only.

LFD COMMENT	<p><u>2015 Biennium Funding</u></p> <p>The 2013 Legislature funded the Montana v. Wyoming litigation as a \$2.0 million restricted, biennial, and one-time-only appropriation. As such, the funding must be requested in full for the 2017 biennium.</p>
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DP 100104 - LSD CSKT Water Litigation (RST/BIEN/OTO) -

The executive requests funding for litigation associated with the Confederated Salish and Kootenai Tribes (CSKT) water compact. The executive recommends designating the funding for this request as restricted, biennial, and one-time-only.

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison									
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change	
Personal Services	0	0	0	0	0	0	0	0	0.00 %
Operating Expenses	0	0	0	0	0	0	0	0	0.00 %
Total Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00 %
State/Other Special Rev. Funds	0	0	0	0	0	0	0	0	0.00 %
Total Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00 %

Program Description

The Office of Consumer Protection (OCP) responds to consumer complaints and enforces Montana’s consumer protection laws and regulations relating to unfair and deceptive business practices, including: "bait and switch," false claims, changing a contract after a sale, abusive arbitration, debt collection misconduct, door-to-door sales, telemarketing including administering Montana's do-not-call list, car and truck sales and repair including the New Vehicle Warranty Act (or Lemon Law) violations, and antitrust issues including price fixing, monopoly abuse, and restraint of trade.

OCP assists victims of identity theft and administers the state’s Security Freeze Program. It provides extensive public education about consumer and telemarketing fraud and identity theft to Montana consumer groups, senior citizen organizations, law enforcement agencies, and businesses.

Program Highlights

<p>Office of Consumer Protection Major Budget Highlights</p>
<ul style="list-style-type: none"> • The executive moved this program into the Legal Services Division during the 2015 biennium

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Reorganization

During the 2015 biennium, the executive reorganized portions of the agency and moved the Office of Consumer Protection from being a budgeted program to being a bureau within the Legal Services Division. In the process 9.00 FTE and \$906,465 of FY 2015 budget authority were moved to the Legal Services Division.

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Justice, 02-Office of Consumer Protection Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02140 Consumer Education Settlement	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$0	\$0	\$0	\$0		

The program is funded entirely with state special revenue from the settlement of consumer protection litigation, now included in the Legal Services Division.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	906,465	906,465	1,812,930	0.00 %
PL Adjustments	0	0	0	0.00 %	(906,465)	(906,465)	(1,812,930)	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$0	\$0	\$0	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments	-----Fiscal 2016-----				-----Fiscal 2017-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	0	(612,756)	0	(612,756)	0.00	0	(612,756)	0	(612,756)
DP 99 - LEG. Present Law	0.00	0	(293,709)	0	(293,709)	0.00	0	(293,709)	0	(293,709)
Grand Total All Present Law Adjustments	0.00	\$0	(\$906,465)	\$0	(\$906,465)	0.00	\$0	(\$906,465)	\$0	(\$906,465)

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	9.00	\$0	\$0	\$0	\$0
Executive Implementation of 2015 Pay Increase		-	-	-	-
Fully Fund 2015 Legislatively Authorized FTE		-	11,747	-	11,747
Other	(9.00)	-	(624,503)	-	(624,503)
Personal Services Present Law Adjustments	0.00	\$0	(\$612,756)	\$0	(\$612,756)
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	9.00	\$0	\$0	\$0	\$0
Executive Implementation of 2015 Pay Increase		-	-	-	-
Fully Fund 2015 Legislatively Authorized FTE		-	11,747	-	11,747
Other	(9.00)	-	(624,503)	-	(624,503)
Personal Services Present Law Adjustments	0.00	\$0	(\$612,756)	\$0	(\$612,756)

The executive reorganized this agency and moved the 9.00 FTE to the Legal Services Division.

DP 99 - LEG. Present Law -

The executive reorganized this agency and moved all non-personal services funding to the Legal Services Division.

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	17.00	17.00	17.00	17.00	17.00	17.00	0.00	0.00 %
Personal Services	966,455	1,505,030	1,766,999	1,762,766	2,471,485	3,529,765	1,058,280	42.82 %
Operating Expenses	176,309	179,164	182,952	182,907	355,473	365,859	10,386	2.92 %
Total Costs	\$1,142,764	\$1,684,194	\$1,949,951	\$1,945,673	\$2,826,958	\$3,895,624	\$1,068,666	37.80 %
Proprietary Funds	1,142,764	1,684,194	1,949,951	1,945,673	2,826,958	3,895,624	1,068,666	37.80 %
Total Funds	\$1,142,764	\$1,684,194	\$1,949,951	\$1,945,673	\$2,826,958	\$3,895,624	\$1,068,666	37.80 %

Program Description

This program is funded with non-budgeted proprietary funds for which the legislature approved rates. Refer to the Proprietary Program Discussion section below.

Program Highlights

Agency Legal Services Major Budget Highlights
<ul style="list-style-type: none"> • The executive requests rates that are higher than the rates in the FY 2015 legislative budget by: <ul style="list-style-type: none"> ◦ \$10.50 per hour for attorneys ◦ \$6.50 per hour for investigators

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Justice, 06-Agency Legal Services Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06500 Agency Legal Services	0	3,895,624	0	3,895,624	100.00 %	
Proprietary Total	\$0	\$3,895,624	\$0	\$3,895,624	100.00 %	
Total All Funds	\$0	\$3,895,624	\$0	\$3,895,624		

This program is funded with non-budgeted proprietary funds.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	1,571,880	1,571,880	3,143,760	0.00 %
PL Adjustments	0	0	0	0.00 %	378,071	373,793	751,864	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$1,949,951	\$1,945,673	\$3,895,624	

Other Issues -

Proprietary Program Descriptions

Agency Legal Services – Fund 06500

Proposed Budget

The 2017 Biennium Report on Internal Service and Enterprise Funds for fund 06500 shows the financial information for the fund from FY 2012 through FY 2017. The report is provided as submitted by the executive and can be found in the appendix to this publication. The fund balance for the agency legal services fund (fund 06500) has been declining since 2009 due to expenses that have exceeded revenues. The 2013 Legislature raised the rates by \$2.50 per hour for both the attorneys and investigators. During the 2015 biennium, expenditures continued to exceed revenues and the balance continued to decline to a point where at the end of FY 2015 the net assets is expected to be nearly negative \$89,000.

2017 Biennium Report on Internal Service and Enterprise Funds								
Agency # 41100	Agency Name: Department of Justice		Program Name: Agency Legal Services					
	Fund	Fund Name						
	06500	Agency Legal Services						
			Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues:								
Fee and Charges								
Fee Revenue A								
			1,152,264	1,270,772	1,139,365	1,139,365	1,255,621	1,255,621
Total Operating Revenues			1,152,264	1,270,772	1,139,365	1,139,365	1,255,621	1,255,621
Expenses:								
Personal Services								
Other Operating Expenses								
			1,004,810	1,087,608	965,241	1,013,000	1,036,468	1,036,468
			184,884	167,397	180,581	187,038	180,581	180,581
Total Operating Expenses			1,189,694	1,255,005	1,145,822	1,200,038	1,217,049	1,217,049
Operating Income (Loss)			(37,430)	15,767	(6,457)	(60,673)	38,572	38,572
Nonoperating Revenues:								
Nonoperating Expenses:								
Total Nonoperating Revenues (Expenses)			-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers			(37,430)	15,767	(6,457)	(60,673)	38,572	38,572
Change in Net Position			(37,430)	15,767	(6,457)	(60,673)	38,572	38,572
Beginning Net Position - July 1			-	(37,430)	(21,663)	(28,120)	(88,793)	(50,221)
Change in Net Position			(37,430)	15,767	(6,457)	(60,673)	38,572	38,572
Ending Net Position - June 30			(37,430)	(21,663)	(28,120)	(88,793)	(50,221)	(11,649)
Net Position (Fund Balance) Analysis								

For the 2017 biennium, the executive proposes to increase the hourly rate for both attorneys and investigators. The 2017 Biennium Report on Internal Service and Enterprise Funds shows that, if approved, the rate increases proposed would result in a turnaround where revenues would exceed expenses for the 2017 biennium. The executive determined that the higher rates would not impact demand for the services.

Program Description

The Agency Legal Services Bureau (ALS) provides legal, hearing examiner, and investigative services to state agency clients on a contract basis. ALS attorneys and investigators bill clients for their services, case-related, and incidental costs. The division consists of 17.00 FTE funded from the revenues generated. The customers served are state agencies, boards, and commissions that have entered into contracts with ALS.

Program Narrative

Expenses

The primary costs for the division are personal services and operating costs. Factors that influence costs include the state pay plan, the ability to recruit and retain staff, and general inflationary pressures that increase costs for items such as utilities, rent, supplies, and equipment.

Revenues

Revenues are generated by fees charged to other state agencies for services provided.

Present Law Adjustments

The only present law adjustments for this fund are statewide present law adjustments

Proprietary Rates

For the 2017 biennium the following rates are proposed by the executive.

Agency Legal Services Requested Rates				
Item	Actual FY 2014	Budgeted FY 2015	Requested FY 2016	Requested FY 2017
Attorney rate per hour	\$95.50	\$95.50	\$106.00	\$106.00
Investigator rate per hour	55.50	55.50	62.00	62.00

Rates requested represent a \$10.50 per hour increase for attorneys and a \$6.50 per hour increase for investigators above the rates approved by the 2013 Legislature.

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 Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	47.00	47.00	44.99	44.98	47.00	44.98	(2.02)	(4.30)%
Personal Services	3,088,610	3,319,318	3,445,072	3,444,376	6,407,928	6,889,448	481,520	7.51 %
Operating Expenses	694,791	750,036	752,776	763,380	1,444,827	1,516,156	71,329	4.94 %
Equipment & Intangible Assets	80,500	82,860	80,500	80,500	163,360	161,000	(2,360)	(1.44)%
Transfers	53,508	0	53,508	53,508	53,508	107,016	53,508	100.00 %
Total Costs	\$3,917,409	\$4,152,214	\$4,331,856	\$4,341,764	\$8,069,623	\$8,673,620	\$603,997	7.48 %
State/Other Special Rev. Funds	2,769,245	2,934,118	3,075,671	3,082,899	5,703,363	6,158,570	455,207	7.98 %
Proprietary Funds	1,148,164	1,218,096	1,256,185	1,258,865	2,366,260	2,515,050	148,790	6.29 %
Total Funds	\$3,917,409	\$4,152,214	\$4,331,856	\$4,341,764	\$8,069,623	\$8,673,620	\$603,997	7.48 %

Program Description

The Gambling Control Division (GCD) was established by the 1989 Legislature to regulate the gambling industry in Montana. The division has criminal justice authority and conducts routine field inspections, audits, and investigations related to gambling activities. In addition to collecting and distributing licensing fees for gambling machines and activities, the division collects the gambling tax assessed on the net proceeds of gambling activities.

In addition, it conducts investigations related to alcoholic beverage licensing and tobacco enforcement. An appointed Gaming Advisory Council of nine members advises the Attorney General to ensure uniform statewide regulation of gambling activities. The Gambling Control Program is mandated by state law.

Program Highlights

Gambling Control Division Major Budget Highlights
<ul style="list-style-type: none"> • The budget would increase due to: <ul style="list-style-type: none"> ◦ Funding to annualize the 2013 legislative pay plan ◦ Office space rent increases ◦ Increased costs to purchase services provided by other state agencies

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Personal Services

In the FY 2015 legislative budget, personal services comprised 79.9% of the program budget. The Governor proposes 79.5% in FY 2016 and 79.3% in FY 2017. Overall increases in costs are due to:

- Funding to annualize the 2013 legislative pay plan, HB 13
- Funding to annualize pay increases provided at the agency’s discretion
- Funding to restore the 2% vacancy savings applied to the FY 2015 budget

This program provided pay increases to 44 staff for competitive hires or market adjustments. The average increase for the adjustments was 3.8% and would increase funding requirements for subsequent years by an estimated \$78,000.

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Justice, 07-Gambling Control Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02074 Gambling License Fee Account	5,898,393	0	3,606,500	9,504,893	97.14 %	
02120 Video Gaming Local Dist.	0	0	19,200	19,200	0.20 %	
02790 6901-Statewide Tobacco Sttlmnt	260,177	0	0	260,177	2.66 %	
State Special Total	\$6,158,570	\$0	\$3,625,700	\$9,784,270	79.55 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06005 Liquor Division	2,515,050	0	0	2,515,050	100.00 %	
Proprietary Total	\$2,515,050	\$0	\$0	\$2,515,050	20.45 %	
Total All Funds	\$8,673,620	\$0	\$3,625,700	\$12,299,320		

Gambling control activities are supported primarily by state special revenue generated from gambling licensing fees. Liquor licensing fees (a proprietary fund) support division functions related to liquor licensing. A small amount of funds from the tobacco settlement state special revenue account support activities related to enforcement of settlement provisions.

LFD COMMENT	<p><u>Gambling License Fee Account</u></p> <p>The figure illustrates the expenses, revenues, and fund balance projected for the gambling license fee account, the state special revenue fund that provides the bulk of the support for this division. Revenue for the account comes primarily from licensing fees while the primary expenses charged to the account are for the operation of the division. Revenue to the account had been on a declining trend since FY 2008 except for recovery in FY 2010. The 2013 Legislature increased the video gambling machine permit fee by \$20 anticipating additional revenues of \$300,000 per year. The figure shows that the account balance may be improving after the actions of the 2013 Legislature. Given the current budget request and revenue estimates the fund is now expected to end of the 2017 biennium at \$631,000 or about one and a half months of expenses.</p>
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Gambling License Fee Account State Special Revenue Fund 02074				
Item	Actual FY 2014	Estimated FY 2015	Requested FY 2016	Requested FY 2017
Beginning Balance	\$1,067,881	\$1,069,234	\$528,069	\$581,213
Disbursements:				
Gambling Control Division	4,770,327	5,310,142	4,748,971	4,755,922
Central Services Division	64,645	66,607	81,660	78,136
Justice Information Technology Services Division	17,566	17,566	17,566	17,566
Total Disbursements	4,852,538	5,394,315	4,848,197	4,851,624
Total Revenues (per agency revenue estimates)	4,853,800	4,853,150	4,901,341	4,901,341
Revenues less Disbursements	1,262	(541,165)	53,144	49,717
Adjustments	91			
Ending Balance	\$1,069,234	\$528,069	\$581,213	\$630,930

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	4,152,214	4,152,214	8,304,428	0.00 %
PL Adjustments	0	0	0	0.00 %	179,642	189,550	369,192	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$4,331,856	\$4,341,764	\$8,673,620	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments										
-----Fiscal 2016-----						-----Fiscal 2017-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 98 - LEG. Personal Services Present Law										
0.00	0	99,091	0	99,091	0.00	0	98,160	0	98,160	
DP 99 - LEG. Present Law										
0.00	0	42,462	0	42,462	0.00	0	50,621	0	50,621	
Grand Total All Present Law Adjustments										
0.00	\$0	\$141,553	\$0	\$141,553	0.00	\$0	\$148,781	\$0	\$148,781	

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	44.99	\$0	\$15,525	\$0	\$15,525
Executive Implementation of 2015 Pay Increase	-	-	41,950	-	41,950
Fully Fund 2015 Legislatively Authorized FTE	-	-	44,971	-	44,971
Other	-	-	(3,355)	-	(3,355)
Personal Services Present Law Adjustments	44.99	\$0	\$99,091	\$0	\$99,091
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	44.98	\$0	\$15,522	\$0	\$15,522
Executive Implementation of 2015 Pay Increase	-	-	41,975	-	41,975
Fully Fund 2015 Legislatively Authorized FTE	-	-	44,971	-	44,971
Other	-	-	(4,307)	-	(4,307)
Personal Services Present Law Adjustments	44.98	\$0	\$98,160	\$0	\$98,160

The executive has proposed to increase funding for personal services by 3.8% in FY 2016 and FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other adjustments include the following:

- Funding to annualize the impacts of staff turnover

DP 99 - LEG. Present Law -

The executive has proposed to increase funding for all other expenditure categories excluding personal services by 6.6% in FY 2016 and by 7.9% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the LGPL adjustment are:

- Office space lease inflation
- Increases in costs to purchase insurance and information technology services from the Department of Administration

Funding is requested for Helena office space lease contract inflation. The executive requests a \$3,061 biennium increase over the FY 2015 legislative funding to address office space cost increases. Additionally, fixed costs to fund purchase of services from other state agencies has increased, including funding for insurance and information technology purchased from the Department of Administration.

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	158.75	158.75	154.25	154.25	158.75	154.25	(4.50)	(2.83)%
Personal Services	6,925,138	7,312,278	7,889,435	7,892,696	14,237,416	15,782,131	1,544,715	10.85 %
Operating Expenses	11,252,333	11,999,828	16,209,727	16,551,972	23,252,161	32,761,699	9,509,538	40.90 %
Equipment & Intangible Assets	96,500	114,028	96,500	96,500	210,528	193,000	(17,528)	(8.33)%
Debt Service	36,298	616,700	36,298	36,298	652,998	72,596	(580,402)	(88.88)%
Total Costs	\$18,310,269	\$20,042,834	\$24,231,960	\$24,577,466	\$38,353,103	\$48,809,426	\$10,456,323	27.26 %
General Fund	8,354,831	8,575,280	10,578,550	10,738,524	16,930,111	21,317,074	4,386,963	25.91 %
State/Other Special Rev. Funds	9,368,970	10,876,295	13,066,942	13,252,474	20,245,265	26,319,416	6,074,151	30.00 %
Proprietary Funds	586,468	591,259	586,468	586,468	1,177,727	1,172,936	(4,791)	(0.41)%
Total Funds	\$18,310,269	\$20,042,834	\$24,231,960	\$24,577,466	\$38,353,103	\$48,809,426	\$10,456,323	27.26 %

Program Description

The Motor Vehicle Division (MVD) under provision of Title 61 and Title 23, MCA and federal statutes (such as the Commercial Motor Vehicle Safety Act of 1986, child support regulations, Anti Car Theft Act of 1992, and Odometer Disclosure Act) is responsible for:

- Examination and licensure of all drivers
- Verification of identification
- Creation and maintenance of permanent driver and motor vehicle records
- Titling and registration of all vehicles including boats, snowmobiles, and ATVs
- Inspection and verification of vehicle identification numbers
- Licensure and compliance control of motor vehicle dealers and manufacturers
- Providing motor voter registration

Program Highlights

Motor Vehicle Division Major Budget Highlights
<ul style="list-style-type: none"> • The budget would increase largely due to: <ul style="list-style-type: none"> ◦ Global statewide present law adjustments, including annualization of increases funded in HB 13 ◦ An adjustment to annualize costs associated with replacement of a contract to provide driver's license processing and production services ◦ An adjustment to support the rolling reissuance of motor vehicle license plates
Major LFD Issues
<ul style="list-style-type: none"> • Driver's license contract costs are speculative

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Personal Services

In the FY 2015 legislative budget, personal services comprised 35.8% of the program budget. The Governor proposes 32.6% in FY 2016 and 32.1% in FY 2017. The reduction in percentage despite an increase in total costs is due to several requests to increase operating expenses. The increases in costs are due to:

- Funding to annualize the 2013 legislative pay plan

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Justice, 12-Motor Vehicle Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	21,317,074	0	0	21,317,074	43.58 %	
02200 Permits and Transfer Plates	22,500	0	0	22,500	0.09 %	
02225 MVD Inform Tech System HB577	0	0	0	0	0.00 %	
02390 Spec Motorcycle Lic Plates	0	0	107,000	107,000	0.40 %	
02422 Highways Special Revenue	13,739,716	0	0	13,739,716	51.99 %	
02456 Insurance Verification SB508	10,611,104	0	0	10,611,104	40.15 %	
02798 MVD IT System - HB261	1,946,096	0	0	1,946,096	7.36 %	
State Special Total	\$26,319,416	\$0	\$107,000	\$26,426,416	54.02 %	
03801 Dept Of Justice-Misc Grants	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06080 MVD/State Information Portal	0	0	0	0	0.00 %	
06083 MVD ELECTRONIC COMMERCE	1,172,936	0	0	1,172,936	100.00 %	
Proprietary Total	\$1,172,936	\$0	\$0	\$1,172,936	2.40 %	
Total All Funds	\$48,809,426	\$0	\$107,000	\$48,916,426		

Driver’s licensing and vehicle titling and registration functions are supported by the general fund and highways state special revenue fund. State special revenues collected for vehicle registration fees support payment of debt that was incurred for the development and implementation of the computer system known as the Montana Enhanced Registration and Licensing Information Network (MERLIN) and the vehicle insurance verification system. Proprietary funds collected from fees charged for e-government services support online web based services that may be used by the public.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	8,575,280	8,575,280	17,150,560	80.45 %	20,042,834	20,042,834	40,085,668	82.13 %
PL Adjustments	2,003,270	2,163,244	4,166,514	19.55 %	4,189,126	4,534,632	8,723,758	17.87 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$10,578,550	\$10,738,524	\$21,317,074		\$24,231,960	\$24,577,466	\$48,809,426	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	(217,357)	1,030,794	0	813,437	0.00	(461,608)	1,338,755	0	877,147
DP 99 - LEG. Present Law	0.00	2,220,627	1,159,853	0	3,380,480	0.00	2,624,852	1,037,424	0	3,662,276
Grand Total All Present Law Adjustments	0.00	\$2,003,270	\$2,190,647	\$0	\$4,193,917	0.00	\$2,163,244	\$2,376,179	\$0	\$4,539,423

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
CP 98 PSPL Item	FY 2016				
	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	154.25	\$58,158	\$16,808	\$0	\$74,966
Executive Implementation of 2015 Pay Increase		99,138	24,803	-	123,941
Fully Fund 2015 Legislatively Authorized FTE		185,881	102,674	-	288,555
Other		(560,533)	886,509	-	325,976
Personal Services Present Law Adjustments	154.25	(\$217,357)	\$1,030,794	\$0	\$813,437
CP 98 PSPL Item	FY 2017				
	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	154.25	\$58,158	\$16,808	\$0	\$74,966
Executive Implementation of 2015 Pay Increase		100,394	23,547	-	123,941
Fully Fund 2015 Legislatively Authorized FTE		185,881	102,674	-	288,555
Other		(806,041)	1,195,726	-	389,686
Personal Services Present Law Adjustments	154.25	(\$461,608)	\$1,338,755	\$0	\$877,147

The executive has proposed to increase funding for personal services by 10.0% in FY 2016 and FY 2017 compared to the FY 2015 legislative budget.

Changes that make up the other adjustments include the following:

- Annualize funding for pay adjustments made at the agency's discretion
- Annualize funding for pay adjustments made pursuant to a negotiated pay settlement

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

Legislative Present Law Adjustments				
CP 99 Item	FY 2016			
	General Fund	State Special	Federal Special	Total Funds
Miscellaneous Present Law Adjustments	\$4,117	\$2,745	\$0	\$6,862
Replace Driver's License Contract	1,071,940	714,627	-	1,786,567
MVD License Plate and Insurance Verification	-	3,147,092	-	3,147,092
Information Technology Consulting	517,680	345,120	-	862,800
Other	626,890	(3,049,731)	-	(2,422,841)
Legislative Present Law Adjustments	\$2,220,627	\$1,159,853	\$0	\$3,380,480
CP 99 Item	FY 2017			
	General Fund	State Special	Federal Special	Total Funds
Miscellaneous Present Law Adjustments	\$38,967	\$25,978	\$0	\$64,945
Replace Driver's License Contract	1,092,621	728,414	-	1,821,035
MVD License Plate and Insurance Verification	-	3,150,277	-	3,150,277
Information Technology Consulting	517,680	345,120	-	862,800
Other	975,584	(3,212,365)	-	(2,236,781)
Legislative Present Law Adjustments	\$2,624,852	\$1,037,424	\$0	\$3,662,276

The executive has proposed to increase funding for all other expenditure categories excluding personal services by 27.0% in FY 2016 and by 29.6% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other category include the following, while individually listed adjustments are described separately:

- Increases in costs to purchase information technology services from the Department of Administration
- Increases in costs for renting office space from the Department of Administration
- FY 2014 expenditures for printing, postage and mailing, office equipment, rent of non-Department of Administration office space, maintenance contracts that are higher than the FY 2015 legislative budget

The executive proposes higher costs for information technology services and office rent provided by the Department of Administration. The costs are budgeted as a fixed cost in this program to allow it to make payments for the services.

In FY 2014, expenditures were higher than the FY 2015 legislative budget. The executive has requested funding for these expenditures at the FY 2014 expenditure level. The largest expenditures of note are listed above.

Miscellaneous Present Law Adjustments - The executive requests adjustments to funding for rent of non-state office space, postage, and printing costs.

Replace Driver's License Contract - The executive requests funding for cost increases anticipated when replacing the expiring vendor contract that provides driver license related services. Services include image capture and comparison, card production, customer scheduling, and automated written and road test tablets. The state special revenue is from the restricted highways state special revenue account.

LFD ISSUE	<p><u>Driver's License Contract Increase Speculative</u></p> <p>The base has nearly \$1.6 million for this contract. The current contract expires in FY 2015 and was a seven-year contract without annual inflation adjustments. Requests for proposals have been issued for replacement of the contract that currently provides three primary services under a single vendor: 1) image capture and comparison and card production; 2) customer scheduling; and 3) automated written and road test tablets. When finalized, the replacement</p>
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contract could provide the three primary services by as many as three vendors and would be for as many as ten-years at a fixed rate.

This request would result in funding at roughly 2.3 times the amount expended in the base for the same services. The main reason for the increase is the anticipated catchup of inflationary adjustments from the fixed seven-year contract and the anticipation that the new ten-year contract would be higher to address future inflationary pressures for the life of the proposed ten-year contract.

Because the amounts of the increase are based somewhat on speculation of contract bids, the legislature may want to guard against the possibility that the full funding would not be realized in actual expenditures and used for other purposes in the agency. The legislature may want to consider restricting the funding for this request to be used only for the driver's license contract in the year of the appropriation and specify that the funds may only be used after base funding has been exhausted.

MVD License Plate and Insurance Verification - The executive requests funding to annualize expenditures associated with issuing new license plates as required by MCA, 61-3-332(3). The statutory reissuance of license plates will increase contracted services for plate manufacture, inventory control, storage, and distribution of reissued license plates.

**LFD
COMMENT**

Factors for Increase

The department contracts with the Montana Correctional Enterprises License Plate Factory for the production of license plates. Estimated plate production is expected to increase by 33,000 plates per month over base year expenditures. Related to this increased usage, Montana Title Information Vehicle System (MTIVS) utilization is expected to generate additional mailing as the system is further developed.

Information Technology Consulting – The executive requests funding for information technology consulting and professional services. Funding is requested at the FY 2014 expended level for each of FY 2016 and FY 2017. The FY 2014 expended level is three times the level of the FY 2015 legislative funding.

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	302.00	302.00	304.00	304.00	302.00	304.00	2.00	0.66 %
Personal Services	23,729,700	25,891,643	26,265,138	26,261,518	49,621,343	52,526,656	2,905,313	5.85 %
Operating Expenses	8,075,714	8,150,431	8,403,711	8,569,458	16,226,145	16,973,169	747,024	4.60 %
Equipment & Intangible Assets	2,024,653	1,992,165	2,024,653	2,024,653	4,016,818	4,049,306	32,488	0.81 %
Total Costs	\$33,830,067	\$36,034,239	\$36,693,502	\$36,855,629	\$69,864,306	\$73,549,131	\$3,684,825	5.27 %
General Fund	0	0	0	0	0	0	0	0.00 %
State/Other Special Rev. Funds	33,830,067	36,034,239	36,693,502	36,855,629	69,864,306	73,549,131	3,684,825	5.27 %
Total Funds	\$33,830,067	\$36,034,239	\$36,693,502	\$36,855,629	\$69,864,306	\$73,549,131	\$3,684,825	5.27 %

Program Description

The Montana Highway Patrol is responsible for patrolling the highways of Montana, enforcing traffic laws, and investigating traffic crashes. The patrol gives assistance and information to motorists and first aid to those injured in traffic crashes, transports blood and medical supplies in emergency situations, and assists other law enforcement agencies when requested. The patrol provides 24-hour-a-day, seven-day-a-week communication and radio dispatch for the Highway Patrol and other state agencies.

Program Highlights

Montana Highway Patrol Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the FY 2015 legislative budget, changes to the budget are for: <ul style="list-style-type: none"> ◦ Increases in funding for services purchased from the Department of Administration for information technology and office rent ◦ Funding requested at the FY 2014 expenditure level that is higher than the FY 2015 legislative budget ◦ Funding to annualize the 2013 biennium legislative pay plan ◦ A request for funding to add 2.00 FTE database analysts ◦ A statutory salary adjustment for Montana Highway Patrol officers based on a statutory market survey
Major LFD Issues
<ul style="list-style-type: none"> • Outfitting costs for new staff are not an ongoing expenditure and the legislature may want to designate funding as one-time-only

Program Discussion -

This program was exempt from the HB 2 boilerplate language.

Personal Services

In the FY 2015 legislative budget, personal services comprised 71.9% of the program budget. The Governor proposes 71.6% in FY 2016 and 71.3% in FY 2017. The increases in costs are due to:

- Funding to annualize the 2013 legislative pay plan, HB 13
- Funding to annualize pay adjustments made at the agency's discretion

In FY 2014, this program provided pay increases to 177 staff over the funding of the legislative pay plan. A 17.3% market adjustment was provided to one staff that added \$4,000 to subsequent years' expenditures. Additionally, pay increases were provided to 32 staff under a negotiated pay settlement at an average increase of 1.6% that added \$124,000 to subsequent years' expenditures, and 144 career ladder pay increases were provided at an average increase of 3.9% that added \$44,000 to subsequent years' expenditures.

In FY 2014, the division experienced a 2.3% vacancy savings rate in hours compared to hours budgeted.

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Justice, 13-Montana Highway Patrol Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	0	0	3,458,688	3,458,688	4.49 %	
02014 Highway Patrol Retire Clearing	10,975,135	0	0	10,975,135	14.92 %	
02422 Highways Special Revenue	62,573,996	0	0	62,573,996	85.08 %	
State Special Total	\$73,549,131	\$0	\$0	\$73,549,131	95.51 %	
03214 Special Law Enforcement Assist	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$73,549,131	\$0	\$3,458,688	\$77,007,819		

Functions of the division are supported by state special revenue with the bulk of the costs supported by the restricted account of the highways state special revenue. The highway patrol recruitment and retention fund supported by a \$5 vehicle registration fee may be used to support the cost of uniformed officers, equipment, and pay increases, and supports the executive protection function. Please refer to the narrative for the Department of Transportation in Section C for a discussion of the highway state special revenue fund.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	
2015 Budget	0	0	0	0.00 %	36,034,239	36,034,239	72,068,478	0.00 %	
PL Adjustments	0	0	0	0.00 %	659,263	821,390	1,480,653	0.00 %	
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %	
Total Budget	\$0	\$0	\$0		\$36,693,502	\$36,855,629	\$73,549,131		

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	0	373,495	0	373,495	0.00	0	369,875	0	369,875
DP 99 - LEG. Present Law	0.00	0	285,768	0	285,768	0.00	0	451,515	0	451,515
Grand Total All Present Law Adjustments	0.00	\$0	\$659,263	\$0	\$659,263	0.00	\$0	\$821,390	\$0	\$821,390

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	302.00	\$0	\$146,772	\$0	\$146,772
Executive Implementation of 2015 Pay Increase		-	426,266	-	426,266
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other					
Overtime	0.00	-	100,000	-	100,000
Computer Applications Engineer	2.00	-	188,349	-	188,349
Montana Highway Patrol Salary Survey	0.00	-	1,049,000	-	1,049,000
Remainder of Other	0.00	-	(1,536,892)	-	(1,536,892)
Total Other	2.00	-	(\$199,543)	-	(199,543)
Personal Services Present Law Adjustments	304.00	\$0	\$373,495	\$0	\$373,495

FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	302.00	\$0	\$146,772	\$0	\$146,772
Executive Implementation of 2015 Pay Increase		-	426,266	-	426,266
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other					
Overtime	0.00	-	100,000	-	100,000
Computer Applications Engineer	2.00	-	187,856	-	187,856
Montana Highway Patrol Salary Survey	0.00	-	1,049,000	-	1,049,000
Remainder of Other	0.00	-	(1,540,019)	-	(1,540,019)
Total Other	2.00	-	(203,163)	-	(203,163)
Personal Services Present Law Adjustments	304.00	\$0	\$369,875	\$0	\$369,875

The executive has proposed to increase funding for personal services by 2.9% in FY 2016 and FY 2017 compared to the FY 2015 legislative budget.

Overtime - The executive requests funding for overtime.

LFD COMMENT	<p><u>FY 2014 Overtime Expenditures Over Budget</u></p> <p>In FY 2014, overtime expenditures for the division were just over \$1.0 million, or 2.5 times the amount budgeted. The legislative budgets for both FY 2014 and FY 2015 were \$400,000. The executive requests overtime of \$500,000 per year and expects that highway patrol officer positions would be filled at a higher level than in FY 2014. The division experienced a vacancy rate of 2.3% in hours compared to hours budgeted.</p>
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Computer Applications Engineers - The executive requests funding to add 2.00 FTE computer applications engineers to design, implement, and integrate additional systems such as lightweight mobile fingerprint readers and body cameras. Additionally, the staff would support data sharing within the division and with local government law enforcement agencies.

Montana Highway Patrol Salary Survey - The executive requests funding for salary adjustments for Montana Highway Patrol officers base on the most recent salary survey specified in law.

LFD COMMENT

Highway Patrol Salary Survey

Montana law in 2-18-303, MCA requires the Department of Administration to conduct a salary survey of the county sheriffs' offices in the following consolidated governments and counties to establish the base salaries of Montana highway patrol officers: Butte-Silver Bow, Cascade, Yellowstone, Missoula, Lewis and Clark, Gallatin, Flathead, and Dawson. The latest salary survey was completed in June 2014 and forms the basis for this adjustment.

Remainder of Other - Changes that make up the remainder of the other adjustments include the following:

- Annualize funding for pay adjustments made at the agency's discretion
- Annualize funding for pay adjustments made pursuant to a negotiated pay settlement

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

Legislative Present Law Adjustments				
	FY 2016			
	General Fund	State Special	Federal Special	Total Funds
CP 99 Item				
Computer Applications Engineer	\$0	\$27,665	\$0	\$27,665
Other	-	258,103	-	258,103
Legislative Present Law Adjustments	\$0	\$285,768	\$0	\$285,768
	FY 2017			
	General Fund	State Special	Federal Special	Total Funds
CP 99 Item				
Computer Applications Engineer	\$0	\$16,258	\$0	\$16,258
Other	-	435,257	-	435,257
Legislative Present Law Adjustments	\$0	\$451,515	\$0	\$451,515

The executive has proposed to increase funding for all other expenditure categories excluding personal services by 4.6% in FY 2016 and by 6.2% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other category include the following, while individually listed adjustments are described separately:

- Increases in costs for purchasing information technology services from the Department of Administration
- Increases in costs for renting office space from the Department of Administration
- FY 2014 expenditures for legal fees and court costs, prisoner per diem, clothing and personal, gasoline, law enforcement for cars, and vehicle maintenance costs that are higher than the FY 2015 legislative budget

The executive proposes higher costs for information technology services and office rent provided by the Department of Administration. The costs are budgeted as a fixed cost in this program to allow it to make payments for the services.

In FY 2014, expenditures were higher than the FY 2015 legislative budget. The executive has requested funding for these expenditures at the FY 2014 expenditure level. The largest expenditures of note are listed above.

Computer Applications Engineer - The executive requests funding for operating costs for the addition of 2.00 FTE computer applications engineer requested above.

LFD Costs to Outfit New Staff are One-Time-Only
ISSUE

Included in the FY 2016 operating costs requested to outfit the new staff are expenditures that are not on-going. The legislature may want to designate \$11,407 of the FY 2016 funding as one-time-only.

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	103.00	103.00	100.55	100.55	103.00	100.55	(2.45)	(2.38)%
Personal Services	6,618,861	7,340,310	7,656,670	7,651,019	13,959,171	15,307,689	1,348,518	9.66 %
Operating Expenses	3,904,014	3,778,445	4,217,114	4,461,634	7,682,459	8,678,748	996,289	12.97 %
Equipment & Intangible Assets	231,410	123,452	231,410	271,205	354,862	502,615	147,753	41.64 %
Grants	87,500	80,000	87,500	87,500	167,500	175,000	7,500	4.48 %
Transfers	35,841	11,295	35,841	35,841	47,136	71,682	24,546	52.07 %
Total Costs	\$10,877,626	\$11,333,502	\$12,228,535	\$12,507,199	\$22,211,128	\$24,735,734	\$2,524,606	11.37 %
General Fund	6,619,427	7,118,171	7,394,379	7,433,099	13,737,598	14,827,478	1,089,880	7.93 %
State/Other Special Rev. Funds	3,753,946	3,641,893	4,264,832	4,505,023	7,395,839	8,769,855	1,374,016	18.58 %
Federal Spec. Rev. Funds	504,253	573,438	569,324	569,077	1,077,691	1,138,401	60,710	5.63 %
Total Funds	\$10,877,626	\$11,333,502	\$12,228,535	\$12,507,199	\$22,211,128	\$24,735,734	\$2,524,606	11.37 %

Program Description

The Division of Criminal Investigation (DCI) includes the administration, management, and coordination of criminal investigative services and training performed by the Investigations Bureau, the Narcotics Bureau, the Investigative Support Bureau, and the Law Enforcement Academy Bureau.

The Investigations Bureau consists of four sections:

- The Fire Prevention and Investigation Section is responsible for safeguarding life and property from fire, explosion, and arson through investigation, inspection, and fire code interpretation and enforcement functions
- The Special Investigations Unit investigates crimes involving the use of computers, maintains the Sexual and Violent Offender Registry, and provides advanced training opportunities for law enforcement officials statewide
- The Major Case Section provides criminal investigative assistance to city, county, state, and federal law enforcement agencies
- The Medicaid Fraud Control Section is responsible for investigating any crime that occurs in a health care facility, including theft, drug diversion, sexual assault, and homicide. The section also investigates elder exploitation, elder abuse, and fraud by providers within the Medicaid system.

The Narcotics Bureau investigates dangerous drug violations and provides investigative assistance to city, county, state, and federal law enforcement agencies as requested. The bureau also investigates organized criminal activity.

The Investigative Support Bureau is responsible for establishing a statewide intelligence center, performing criminal records checks, operating the Criminal Justice Information Network, and addressing homeland security issues.

The Law Enforcement Academy Bureau provides criminal justice officers and other qualified individuals with basic and specialized training in the field of law enforcement.

Program Highlights

<p>Division of Criminal Investigation Major Budget Highlights</p>
<ul style="list-style-type: none"> • The budget would increase largely due to: <ul style="list-style-type: none"> ◦ Global statewide present law adjustments, including annualization of increases funded in HB 13 ◦ A request for funding to add 2.00 FTE crime investigators to address issues in the Bakken area of eastern Montana ◦ Present law adjustments for overtime and electricity
<p>Major LFD Issues</p>
<ul style="list-style-type: none"> • A request for funding to add FTE that were funded in the 2015 biennium with one-time-only funding from SB 410 is more appropriately classified as a new proposal

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Personal Services

In the FY 2015 legislative budget, personal services comprised 63.4% of the program budget. The Governor proposes 62.6% in FY 2016 and 61.2% in FY 2017. The reductions are the cumulative result after a reorganization moved funding for 3.00 FTE to the new Public Safety Officers Standards and Training Program and increases in costs are due to:

- Funding to annualize the 2013 legislative pay plan
- Funding to pay increases provided at the agency’s discretion

In FY 2014, this program provided a pay increase to one staff over the funding of the legislative pay plan. A 16.6% competitive increase was provided that added an estimated \$11,000 to subsequent years’ funding requirements.

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Justice, 18-Div. of Criminal Investigation Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	14,827,478	0	0	14,827,478	59.29 %	
02006 Cigarette Fire Safety Standard	102,055	0	0	102,055	1.16 %	
02016 Criminal Justice Info Network	1,532,650	0	0	1,532,650	17.36 %	
02118 Misc Subgrants	0	0	0	0	0.00 %	
02143 Drug Forfeitures-State	0	0	59,948	59,948	0.68 %	
02349 Highway Non-Restricted Account	349,998	0	0	349,998	3.96 %	
02546 MTLaw Enforc. Acad. Surcharge	2,867,996	0	0	2,867,996	32.48 %	
02797 CJIS - Background Checks	3,465,109	0	0	3,465,109	39.24 %	
02937 JUSTICE STATE SPECIAL MISC	452,047	0	0	452,047	5.12 %	
State Special Total	\$8,769,855	\$0	\$59,948	\$8,829,803	35.31 %	
03051 Homeland Security	0	0	0	0	0.00 %	
03187 BCC Grants To Dept. Of Justice	3,460	0	0	3,460	0.26 %	
03214 Special Law Enforcement Assist	0	0	212,256	212,256	15.72 %	
03542 DCI Grants	0	0	0	0	0.00 %	
03800 Medicaid Fraud	1,134,941	0	0	1,134,941	84.03 %	
03801 Dept Of Justice-Misc Grants	0	0	0	0	0.00 %	
Federal Special Total	\$1,138,401	\$0	\$212,256	\$1,350,657	5.40 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$24,735,734	\$0	\$272,204	\$25,007,938		

The division is supported by a combination of general fund, state special revenue, and federal funds. General fund supports criminal investigations, fire prevention and investigation, match for federal funds supporting Medicaid fraud investigations, drug task forces, the computer crime unit, sexual and violent offender registry, amber alert, and child sexual abuse response team.

The three largest sources of state special revenue supporting the division are Montana Law Enforcement Academy surcharges that support operation of the academy, criminal justice information network (CJIN) revenue that supports itself, and revenue from criminal justice background checks that are paid in exchange for completion of a background check.

The largest source of federal funds is Medicaid funding that supports investigation of Medicaid fraud.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	7,121,638	7,121,638	14,243,276	96.06 %	11,490,969	11,490,969	22,981,938	92.91 %
PL Adjustments	272,741	311,461	584,202	3.94 %	737,566	1,016,230	1,753,796	7.09 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$7,394,379	\$7,433,099	\$14,827,478		\$12,228,535	\$12,507,199	\$24,735,734	

Program Reorganization -

The 2013 Legislature appropriated funding for POST (Montana Public Safety Officer Standards and Training Council) as a component part of this program. During the 2015 biennium, POST was reorganized into a stand-alone program for budgeting purposes. The reorganization moved the funding for operations and 3.00 FTE from this program.

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	299,479	274,853	(162,831)	411,501	0.00	259,800	305,578	(159,528)	405,850
DP 99 - LEG. Present Law	0.00	(26,738)	348,086	4,717	326,065	0.00	51,661	557,552	1,167	610,380
Grand Total All Present Law Adjustments	0.00	\$272,741	\$622,939	(\$158,114)	\$737,566	0.00	\$311,461	\$863,130	(\$158,361)	\$1,016,230

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
CP 98 PSPL Item	FY 2016				
	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	100.55	\$34,537	\$9,529	\$3,829	\$47,895
Executive Implementation of 2015 Pay Increase		94,104	22,438	11,108	127,651
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other					
Narcotic Investigators for Bakken Region of Eastern Montana	2.00	159,732	-	-	159,732
Reorganization	(3.00)	(176,260)	-	-	(176,260)
Overtime	0.00	50,000	-	-	50,000
Remainder of Other	1.00	137,366	242,885	(177,768)	202,483
Total Other	0.00	170,838	242,885	(177,768)	235,955
Personal Services Present Law Adjustments	100.55	\$299,479	\$274,853	(\$162,831)	\$411,501
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	100.55	\$34,537	\$9,529	\$3,829	\$47,895
Executive Implementation of 2015 Pay Increase		94,395	22,166	11,090	127,651
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other					
Narcotic Investigators for Bakken Region of Eastern Montana	2.00	159,318	-	-	159,318
Reorganization	(3.00)	(176,260)	-	-	(176,260)
Overtime	0.00	50,000	-	-	50,000
Remainder of Other	1.00	97,810	273,883	(174,447)	197,246
Total Other	0.00	130,868	273,883	(174,447)	230,304
Personal Services Present Law Adjustments	100.55	\$259,800	\$305,578	(\$159,528)	\$405,850

The executive has proposed to increase funding for personal services by 5.2% in FY 2016 and by 5.1% in FY 2017 compared to the FY 2015 legislative budget.

Narcotic Investigators for Bakken Region of Eastern Montana - The executive requests funding to add 2.00 FTE crime investigators to function as narcotics investigators in the Bakken area of eastern Montana.

LFD ISSUE Should be Categorized as a New Proposal

The executive added 2.00 FTE in FY 2014 with one-time funding from SB 410. As the funding was one-time-only, these staff should be requested as a new proposal and not a present law request. The legislature may want to direct staff to designate this request and the associated operating costs as a new proposal.

Reorganization - The executive reorganized this agency and moved funding for the Peace Officers Standards and Training (POST) functions, including funding for 3.00 FTE to a separate program.

Overtime - The executive requests overtime for investigators.

Remainder of Other - Changes that make up the remainder of the other adjustments include the following:

- Annualize funding for pay adjustments made at the agency's discretion

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

Legislative Present Law Adjustments				
	FY 2016			
	General Fund	State Special	Federal Special	Total Funds
CP 99 Item				
Lease Costs	\$93,683	\$0	\$0	\$93,683
Operating Costs for New Staff	44,235	-	-	44,235
Reorganization	(139,362)	-	-	(139,362)
Other	(25,294)	348,086	4,717	327,509
Legislative Present Law Adjustments	(\$26,738)	\$348,086	\$4,717	\$326,065
	FY 2017			
	General Fund	State Special	Federal Special	Total Funds
CP 99 Item				
Lease Costs	\$93,683	\$0	\$0	\$93,683
Operating Costs for New Staff	47,235	-	-	47,235
Reorganization	(139,362)	-	-	(139,362)
Other	50,105	557,552	1,167	608,824
Legislative Present Law Adjustments	\$51,661	\$557,552	\$1,167	\$610,380

The executive has proposed to increase funding for all other expenditure categories excluding personal services by 7.7% in FY 2016 and by 14.4% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other category include the following, while individually listed adjustments are described separately:

- Increases in costs to purchase insurance and information technology services from the Department of Administration

- FY 2014 expenditures for equipment that were \$120,814 higher than funding and are requested at the FY 2014 expenditure level in the 2017 biennium

The executive requests increases over the FY 2015 legislative funding to purchase services from other state agencies has increase, including funding for insurance, rent, and information technology purchased from the Department of Administration.

LFD Autos and Trucks Equipment
ISSUE

In FY 2014 this program expended \$225,022 for the purchase of automobiles and trucks. The 2015 biennium budgets for this item was \$104,208 each year. The requests for FY 2016 and FY 2017 each includes funding for these expenditures at the FY 2014 level but these expenditures. The legislature may want to ask the agency the purpose the additional \$120,814 in each year of the request and if the funding is truly needed.

Lease Costs - The executive requests funding to address contractual increased in office leases.

Operating Costs for New Staff - The executive requests funding for operating costs for new staff.

Reorganization - The executive reorganized this agency and moved funding for the Peace Officers Standards and Training (POST) functions.

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	3.00	3.00	3.00	3.00	3.00	3.00	0.00	0.00 %
Personal Services	117,841	176,260	207,290	206,837	294,101	414,127	120,026	40.81 %
Operating Expenses	165,768	139,362	268,736	275,085	305,130	543,821	238,691	78.23 %
Total Costs	\$283,609	\$315,622	\$476,026	\$481,922	\$599,231	\$957,948	\$358,717	59.86 %
General Fund	283,609	315,622	476,026	481,922	599,231	957,948	358,717	59.86 %
Total Funds	\$283,609	\$315,622	\$476,026	\$481,922	\$599,231	\$957,948	\$358,717	59.86 %

Program Description

The Montana Public Safety Officer Standards and Training (POST) Council is a quasi-judicial board authorized in 2-15-2029, MCA. The council is responsible for establishing basic and advanced qualification and training standards for employment of Montana’s public safety officers.

In addition, the council:

- Conducts and approves officer training
- Provides for the certification and re-certification of public safety officers
- Hears and decides on contested cases associated with public safety officers suspensions or revocations of certification

Program Highlights

POST Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the FY 2015 legislative budget, changes are for: <ul style="list-style-type: none"> ◦ Funding to annualize the 2013 legislative pay plan

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Personal Services

This program was not in existence in the FY 2015 legislative budget. The Governor proposes a budget in which personal services are 43.5% of the budget in FY 2016 and 42.9% in FY 2017. The increases in personal services costs are due to:

- A reorganization that moved this program and 3.00 FTE from the Division of Criminal Investigation
- Funding to annualize the 2013 legislative pay plan, HB 13

In FY 2014, this program had a 38.9% vacancy rate in hours compared to budgeted hours. One of three positions was vacant but now filled. One position was open 10 months but is filled.

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Justice, 19-Public Safety Officers Standards & Training Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	957,948	0	0	957,948	100.00 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$957,948	\$0	\$0	\$957,948		

POST is funded with general fund.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	0	0	0	0.00 %
PL Adjustments	476,026	481,922	957,948	100.00 %	476,026	481,922	957,948	100.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$476,026	\$481,922	\$957,948		\$476,026	\$481,922	\$957,948	

Program Reorganization -

The 2013 Legislature appropriated funding for POST as a component part of the Division of Criminal Investigation. During the 2015 biennium, POST was reorganized into a stand-alone program for budgeting purposes. The reorganization moved the funding for operations and 3.00 FTE to this program.

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	207,290	0	0	207,290	0.00	206,837	0	0	206,837
DP 99 - LEG. Present Law	0.00	268,736	0	0	268,736	0.00	275,085	0	0	275,085
Grand Total All Present Law Adjustments	0.00	\$476,026	\$0	\$0	\$476,026	0.00	\$481,922	\$0	\$0	\$481,922

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	0.00	\$1,458	\$0	\$0	\$1,458
Executive Implementation of 2015 Pay Increase		3,507	-	-	3,507
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other					
Reorganization	3.00	176,260	-	-	176,260
Remainder of Other	0.00	26,065	-	-	26,065
Total Other	3.00	202,325	-	-	202,325
Personal Services Present Law Adjustments	3.00	\$207,290	\$0	\$0	\$207,290
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	0.00	\$1,458	\$0	\$0	\$1,458
Executive Implementation of 2015 Pay Increase		3,507	-	-	3,507
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other					
Reorganization	3.00	176,260	-	-	176,260
Remainder of Other	0.00	25,612	-	-	25,612
Total Other	3.00	201,872	-	-	201,872
Personal Services Present Law Adjustments	3.00	\$206,837	\$0	\$0	\$206,837

This program did not exist in the FY 2015 legislative budget. Changes that make up the remainder of other category cannot be determined due to the reorganization. Individually listed adjustments are described below.

Reorganization - The executive reorganized the agency and move the functions for this program to this new program from the Division of Criminal Investigation, including funding for 3.00 FTE.

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

Legislative Present Law Adjustments				
	FY 2016			
CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Reorganization	\$139,362	\$0	\$0	\$139,362
Legal Services and Travel	100,000	-	-	100,000
Other	29,374	-	-	29,374
Legislative Present Law Adjustments	\$268,736	\$0	\$0	\$268,736
	FY 2017			
CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Reorganization	\$139,362	\$0	\$0	\$139,362
Legal Services and Travel	100,000	-	-	100,000
Other	35,723	-	-	35,723
Legislative Present Law Adjustments	\$275,085	\$0	\$0	\$275,085

This program was funded as a portion of the Division of Criminal Investigation in the FY 2015 legislative budget. Changes that make up the other category cannot be determined due to the reorganization. Individually listed adjustments are described below.

Reorganization - The executive reorganized the agency and move the functions for this program to this new program from the Division of Criminal Investigation.

Legal Services and Travel - The executive requests funding for legal services to support council operations and travel and training cost for an investigator.

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	19.00	19.00	18.27	18.26	19.00	18.26	(0.74)	(3.89)%
Personal Services	1,088,500	1,271,424	1,383,901	1,382,766	2,359,924	2,766,667	406,743	17.24 %
Operating Expenses	335,876	188,150	380,804	303,659	524,026	684,463	160,437	30.62 %
Total Costs	\$1,424,376	\$1,459,574	\$1,764,705	\$1,686,425	\$2,883,950	\$3,451,130	\$567,180	19.67 %
General Fund	438,941	486,246	730,327	698,127	925,187	1,428,454	503,267	54.40 %
State/Other Special Rev. Funds	958,546	946,722	1,006,192	961,398	1,905,268	1,967,590	62,322	3.27 %
Proprietary Funds	26,889	26,606	28,186	26,900	53,495	55,086	1,591	2.97 %
Total Funds	\$1,424,376	\$1,459,574	\$1,764,705	\$1,686,425	\$2,883,950	\$3,451,130	\$567,180	19.67 %

Program Description

The Central Services Division (CSD) provides accounting; asset management; budgeting; fiscal management; human resources; internal controls; payroll and benefits; purchasing; training; and assistance with the implementation of policies, rules, and regulations for the Department of Justice. The program also administers payments to counties for a portion of the cost of the county attorney.

Program Highlights

Central Services Division Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the FY 2015 legislative budget, changes to the budget are for: <ul style="list-style-type: none"> ◦ Increases in funding for services purchased from the Department of Administration for information technology and office rent ◦ Legislative audit costs that were in FY 2014 and are requested in FY 2016 ◦ Funding requested at the FY 2014 expenditure level that is higher than the FY 2015 legislative budget ◦ Funding to annualize the 2013 biennium legislative pay plan
Major LFD Issues
<ul style="list-style-type: none"> • Funding for office equipment repair may not be needed

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Personal Services

In the FY 2015 legislative budget, personal services comprised 87.1% of the program budget, even though there is an overall increase in costs. The difference is primarily due to continuing operating costs at the FY 2014 level, which is higher than the FY 2015 amount. The Governor proposes 78.4% in FY 2016 and 82.0% in FY 2017. The increases in costs are due to:

- Funding to annualize the 2013 legislative pay plan, HB 13
- Funding to pay increases provided at the agency's discretion

In FY 2014, this program provided pay increases to 6 staff over the funding of the legislative pay plan. A competitive increase was provided to one staff for an increase of 5.0% and market increases were provided to six staff at an average increase of 7.4%. Cumulatively the increases added an estimated \$22,000 to subsequent years' funding requirements. In FY 2014, this program experienced a 14.2% vacancy rate in hours when compared to hours budgeted.

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Justice, 28-Central Services Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	1,428,454	0	5,907,834	7,336,288	78.39 %	
02006 Cigarette Fire Safety Standard	0	0	0	0	0.00 %	
02016 Criminal Justice Info Network	0	0	0	0	0.00 %	
02074 Gambling License Fee Account	159,796	0	0	159,796	8.12 %	
02140 Consumer Education Settlement	213,063	0	0	213,063	10.83 %	
02143 Drug Forfeitures-State	0	0	0	0	0.00 %	
02422 Highways Special Revenue	1,541,145	0	0	1,541,145	78.33 %	
02456 Insurance Verification SB508	0	0	0	0	0.00 %	
02790 6901-Statewide Tobacco Sttlmnt	0	0	0	0	0.00 %	
02797 CJIS - Background Checks	53,586	0	0	53,586	2.72 %	
02798 MVD IT System - HB261	0	0	0	0	0.00 %	
State Special Total	\$1,967,590	\$0	\$0	\$1,967,590	21.02 %	
03214 Special Law Enforcement Assist	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06005 Liquor Division	55,086	0	0	55,086	100.00 %	
Proprietary Total	\$55,086	\$0	\$0	\$55,086	0.59 %	
Total All Funds	\$3,451,130	\$0	\$5,907,834	\$9,358,964		

The Central Services Division is funded by allocation of costs among the various funding sources supporting the department. General fund provides roughly 40% of the division's funding. State special revenue, the largest source being the non-restricted account of highway state special revenue, provides roughly half of the division funding. Proprietary funds including liquor licensing fees provide the remainder of the division's funding.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	
2015 Budget	486,246	486,246	972,492	68.08 %	1,459,574	1,459,574	2,919,148	84.59 %	
PL Adjustments	244,081	211,881	455,962	31.92 %	305,131	226,851	531,982	15.41 %	
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %	
Total Budget	\$730,327	\$698,127	\$1,428,454		\$1,764,705	\$1,686,425	\$3,451,130		

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	89,972	21,923	0	111,895	0.00	103,995	7,203	0	111,198
DP 99 - LEG. Present Law	0.00	154,109	37,547	0	191,656	0.00	107,886	7,473	0	115,359
Grand Total All Present Law Adjustments	0.00	\$244,081	\$59,470	\$0	\$303,551	0.00	\$211,881	\$14,676	\$0	\$226,557

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
CP 98 PSPL Item	FTE	FY 2016			
		General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	18.27	\$7,471	\$1,371	\$0	\$8,843
Executive Implementation of 2015 Pay Increase		20,065	3,683	-	23,748
Fully Fund 2015 Legislatively Authorized FTE		8,983	15,582	-	24,565
Other		53,452	1,286	-	54,739
Personal Services Present Law Adjustments	18.27	\$89,972	\$21,923	\$0	\$111,895
CP 98 PSPL Item	FTE	FY 2017			
		General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	18.26	\$7,467	\$1,371	\$0	\$8,838
Executive Implementation of 2015 Pay Increase		20,100	3,650	-	23,750
Fully Fund 2015 Legislatively Authorized FTE		8,983	15,582	-	24,565
Other		67,445	(13,400)	-	54,045
Personal Services Present Law Adjustments	18.26	\$103,995	\$7,203	\$0	\$111,198

The executive has proposed to increase funding for personal services by 8.8% in FY 2016 and FY 2017 compared to the FY 2015 legislative budget.

Changes that make up the other adjustments are to adjust for various changes to payroll tax rates and pay changes given at the discretion of the agency.

DP 99 - LEG. Present Law -

The executive has proposed to increase funding for all other expenditure categories excluding personal services by 102.4% in FY 2016 and by 61.4% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the LGPL adjustment are:

- Legislative audit fees in FY 2016 that were all budgeted in FY 2014
- Increases in costs for purchasing information technology services from the Department of Administration
- Increases in costs for renting office space from the Department of Administration
- FY 2014 expenditures for minor software, office equipment repair and maintenance, and educational and training costs that are higher than the FY 2015 legislative budget

The executive proposes higher costs for information technology services and office rent provided by the Department of Administration. The costs are budgeted as a fixed cost in this program to allow it to make payments for the services. In FY 2014, expenditures were higher than the FY 2015 legislative budget. The executive has requested funding for these expenditures at the FY 2014 expenditure level. Additionally, legislative audit fees is a fixed cost item that is budgeted in the first year of each biennium and so does not appear in the FY 2015 legislative budget.

**LFD
ISSUE**

Office Equipment Repair Funding

Included in the funding for operating costs is \$12,107 in payments made for office equipment repair that occurred in FY 2014, while the FY 2015 legislative funding is \$150. The executive has requested funding at the FY 2014 expenditure level for each year of the 2017 biennium. From FY 2010 through FY 2012, the average for these expenditures was \$390 per year. During FY 2013 and FY 2014 the building housing the program was renovated, which resulted in these expenditures. With the renovation complete, there will not be the need for the funding at this level.

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	38.80	38.80	37.08	37.08	38.80	37.08	(1.72)	(4.43)%
Personal Services	2,732,758	2,797,300	3,047,270	3,048,156	5,530,058	6,095,426	565,368	10.22 %
Operating Expenses	1,159,149	1,110,233	1,636,416	1,630,638	2,269,382	3,267,054	997,672	43.96 %
Equipment & Intangible Assets	15,299	36,820	15,299	15,299	52,119	30,598	(21,521)	(41.29)%
Total Costs	\$3,907,206	\$3,944,353	\$4,698,985	\$4,694,093	\$7,851,559	\$9,393,078	\$1,541,519	19.63 %
General Fund	3,748,222	3,785,391	4,540,001	4,535,109	7,533,613	9,075,110	1,541,497	20.46 %
State/Other Special Rev. Funds	141,476	141,456	141,476	141,476	282,932	282,952	20	0.01 %
Federal Spec. Rev. Funds	2,652	2,651	2,652	2,652	5,303	5,304	1	0.02 %
Proprietary Funds	14,856	14,855	14,856	14,856	29,711	29,712	1	0.00 %
Total Funds	\$3,907,206	\$3,944,353	\$4,698,985	\$4,694,093	\$7,851,559	\$9,393,078	\$1,541,519	19.63 %

Program Description

The Justice Information Technology Services Division (JITSD) provides a full range of information technology and criminal justice services for the department, including:

- System development and maintenance for all systems and platforms within the department including:
 - Montana Enhance Registration Licensing Network, (MERLIN)
 - Driver testing, and license/identification production
 - Integrated Justice Information System (IJIS) broker
 - SmartCop
 - Criminal Justice Information Network (CJIN)
 - Computerized Criminal History; Automated Biometric Identification System
 - Sexual or Violent Offender (SVOR) repository and web site
 - Laboratory Management Information System
 - GENTAX
- Support for the department's internal computers and systems
- Support for the Criminal Justice Information Network (CJIN), Montana Highway Patrol Integrated Public Safety System, End of Life Registry, Hope Card, Concealed Weapons, and Amber Alert

The division also provides direct and indirect support for statewide services to federal, state, and local law enforcement agencies to identify persons, process fingerprints, and store and disseminate criminal records. JITSD is also responsible for department information security, disaster recovery planning and implementation, and the information technology strategic planning.

Program Highlights

Information Technology Service Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the FY 2015 legislative budget, the budget changes are for: <ul style="list-style-type: none"> ◦ Increases for computer hardware and computer system maintenance contracts ◦ Overtime to support information technology staff callouts

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Personal Services

In the FY 2015 legislative budget, personal services comprised 71.5% of the program budget. The Governor proposes 64.8% in FY 2016 and 64.9% in FY 2017, even though overall costs would increase. The reason for this reduction in percentage is the increase requested for operating costs. The increases in costs are due to:

- Funding to annualize the 2013 legislative pay plan, HB 13
- Funding to pay increases provided at the agency’s discretion

In FY 2014, this program provided pay increases to 17 staff over the funding of the legislative pay plan. Competitive increases were provided to 7 staff at an average increase of 4.1% and market increases were provided to 10 staff at an average increase of 7.5%. Cumulatively the increases added an estimated \$51,000 to subsequent years' funding requirements.

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Justice, 29-Information Technology Service Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	9,075,110	0	0	9,075,110	96.61 %	
02016 Criminal Justice Info Network	7,972	0	0	7,972	2.82 %	
02074 Gambling License Fee Account	35,132	0	0	35,132	12.42 %	
02422 Highways Special Revenue	136,594	0	0	136,594	48.27 %	
02797 CJIS - Background Checks	96,064	0	0	96,064	33.95 %	
02937 JUSTICE STATE SPECIAL MISC	7,190	0	0	7,190	2.54 %	
State Special Total	\$282,952	\$0	\$0	\$282,952	3.01 %	
03800 Medicaid Fraud	5,304	0	0	5,304	100.00 %	
Federal Special Total	\$5,304	\$0	\$0	\$5,304	0.06 %	
06005 Liquor Division	14,348	0	0	14,348	48.29 %	
06500 Agency Legal Services	15,364	0	0	15,364	51.71 %	
Proprietary Total	\$29,712	\$0	\$0	\$29,712	0.32 %	
Total All Funds	\$9,393,078	\$0	\$0	\$9,393,078		

The division is funded primarily with general fund and state special revenue from gambling licensing fees and highway state special revenue. The balance of the division’s funding comes from a very small amount of federal funds (Medicaid) and proprietary funds, including liquor licensing fees and agency legal service fees.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	3,872,546	3,872,546	7,745,092	85.34 %	4,031,508	4,031,508	8,063,016	85.84 %
PL Adjustments	667,455	662,563	1,330,018	14.66 %	667,477	662,585	1,330,062	14.16 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$4,540,001	\$4,535,109	\$9,075,110		\$4,698,985	\$4,694,093	\$9,393,078	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	164,083	5	0	164,088	0.00	164,969	5	0	164,974
DP 99 - LEG. Present Law	0.00	503,372	15	1	503,388	0.00	497,594	15	1	497,610
Grand Total All Present Law Adjustments	0.00	\$667,455	\$20	\$1	\$667,476	0.00	\$662,563	\$20	\$1	\$662,584

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
		FY 2016			
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	37.08	\$18,021	\$0	\$0	\$18,021
Executive Implementation of 2015 Pay Increase		52,461	-	-	52,461
Fully Fund 2015 Legislatively Authorized FTE		58,814	-	-	58,814
Other					
Overtime	0.00	20,400	-	-	20,400
Remainder of Other	0.00	14,387	5	-	14,392
Total Other	0.00	34,787	5	-	34,792
Personal Services Present Law Adjustments	37.08	\$164,083	\$5	\$0	\$164,088
		FY 2017			
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	37.08	\$18,021	\$0	\$0	\$18,021
Executive Implementation of 2015 Pay Increase		52,461	-	-	52,461
Fully Fund 2015 Legislatively Authorized FTE		58,814	-	-	58,814
Other					
Overtime	0.00	20,400	-	-	20,400
Remainder of Other	0.00	15,273	5	-	15,278
Total Other	0.00	35,673	5	-	35,678
Personal Services Present Law Adjustments	37.08	\$164,969	\$5	\$0	\$164,974

The executive has proposed to increase funding for personal services by 5.7% in FY 2016 and FY 2017 compared to the FY 2015 legislative budget.

Overtime - The executive requests overtime for information technology staff on-call coverage.

Remainder of Other - Changes that make up the remainder of the other adjustments are for rate changes associated with various employee taxes and retirement contributions.

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

Legislative Present Law Adjustments				
CP 99 Item	FY 2016			
	General Fund	State Special	Federal Special	Total Funds
Computer Hardware	\$49,231	\$0	\$0	\$49,231
Computer Maintenance Contracts	270,504	-	-	270,504
Other	183,637	15	1	183,653
Legislative Present Law Adjustments	\$503,372	\$15	\$1	\$503,388
CP 99 Item	FY 2017			
	General Fund	State Special	Federal Special	Total Funds
Computer Hardware	\$49,231	\$0	\$0	\$49,231
Computer Maintenance Contracts	261,553	-	-	261,553
Other	186,810	15	1	186,826
Legislative Present Law Adjustments	\$497,594	\$15	\$1	\$497,610

The executive has proposed to increase funding for all other expenditure categories excluding personal services by 43.8% in FY 2016 and by 43.3% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the "other" category include the following, while individually listed adjustments are described separately:

- Funding to lease vehicles and vehicle maintenance costs
- Funding for fixed costs to pay for services purchased from other state agencies. The major fixed cost item is associated with increased costs for information technology services purchased from the Department of Administration
- Funding for increased costs to rent buildings from the Department of Administration

The executive requests funding to lease vehicles from the State Motor Pool. Additionally, funding is requested for vehicle maintenance costs on agency owned vehicles. Additionally, costs to purchase services from the Department of Administration are increasing for information technology services and building rent.

Computer Hardware - The executive requests funding to purchase computer equipment for replacement.

Computer Maintenance Contracts - The executive requests funding for inflation on computer maintenance contracts.

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	34.30	34.30	33.55	33.55	34.30	33.55	(0.75)	(2.19)%
Personal Services	2,766,501	2,927,519	3,201,105	3,203,332	5,694,020	6,404,437	710,417	12.48 %
Operating Expenses	1,197,966	1,154,441	1,252,292	1,254,007	2,352,407	2,506,299	153,892	6.54 %
Equipment & Intangible Assets	11,196	56,000	11,196	11,196	67,196	22,392	(44,804)	(66.68)%
Debt Service	115,208	110,096	134,849	134,849	225,304	269,698	44,394	19.70 %
Total Costs	\$4,090,871	\$4,248,056	\$4,599,442	\$4,603,384	\$8,338,927	\$9,202,826	\$863,899	10.36 %
General Fund	3,739,982	3,887,188	4,214,101	4,217,391	7,627,170	8,431,492	804,322	10.55 %
State/Other Special Rev. Funds	350,889	360,868	385,341	385,993	711,757	771,334	59,577	8.37 %
Total Funds	\$4,090,871	\$4,248,056	\$4,599,442	\$4,603,384	\$8,338,927	\$9,202,826	\$863,899	10.36 %

Program Description

The Forensic Science Division (FSD) includes the State Crime Lab in Missoula and the State Medical Examiner. The division provides a statewide system of death investigation, forensic science training, and scientific criminal investigation. The division conducts analysis on specimens submitted by law enforcement officials, coroners, and other state agencies. The division tests firearms, tool marks, hair, fiber, drugs, blood, body fluids, and tissues. The laboratory also analyzes blood and urine samples in connection with driving under the influence (DUI) cases and it provides the certification, maintenance, and training of all law enforcement personnel on breath testing instruments.

Program Highlights

Forensic Science Division Major Budget Highlights
<ul style="list-style-type: none"> • The budget would increase largely due to: <ul style="list-style-type: none"> ◦ Global statewide present law adjustments, including annualization of increases funded in HB 13 ◦ A request for funding to add 1.00 FTE toxicology scientist
Major LFD Issues
<ul style="list-style-type: none"> • Outfitting costs for new staff are not an ongoing expenditure and the legislature may want to designate funding as one-time-only • Expenditures for employee settlements are unusual occurrences and the associated funding may not be needed

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Personal Services

In the FY 2015 legislative budget, personal services comprised 68.9% of the program budget. The Governor proposes personal services at 69.6% in FY 2016 and FY 2017. The increases in costs are due to:

- Funding to annualize the 2013 legislative pay plan, HB 13
- Funding to pay increases provided at the agency’s discretion

In FY 2014, this program provided pay increases to 3 staff over the funding of the legislative pay plan. Competitive increases were provided to 3 staff at an average increase of 13.7% and added an estimated \$20,600 to subsequent years' funding requirements.

In FY 2014, this program had a 1.7% vacancy rate in hours expended as compared to budgeted hours

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Justice, 32-Forensic Science Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	8,431,492	0	0	8,431,492	91.62 %	
02349 Highway Non-Restricted Account	771,334	0	0	771,334	100.00 %	
State Special Total	\$771,334	\$0	\$0	\$771,334	8.38 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$9,202,826	\$0	\$0	\$9,202,826		

The division is funded primarily with general fund. State special revenue from non-restricted highway state special revenue funds provides the balance of the division’s funding and supports certification, equipment maintenance, and training of law enforcement in the use of breath testing equipment.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	3,837,188	3,837,188	7,674,376	91.02 %	4,198,056	4,198,056	8,396,112	91.23 %
PL Adjustments	227,981	236,343	464,324	5.51 %	252,454	261,468	513,922	5.58 %
New Proposals	148,932	143,860	292,792	3.47 %	148,932	143,860	292,792	3.18 %
Total Budget	\$4,214,101	\$4,217,391	\$8,431,492		\$4,599,442	\$4,603,384	\$9,202,826	

Present Law Adjustments -

The “Present Law Adjustments” table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating

expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	121,909	13,087	0	134,996	0.00	124,383	13,223	0	137,606
DP 99 - LEG. Present Law	0.00	106,072	11,386	0	117,458	0.00	111,960	11,902	0	123,862
Grand Total All Present Law Adjustments	0.00	\$227,981	\$24,473	\$0	\$252,454	0.00	\$236,343	\$25,125	\$0	\$261,468

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
FY 2016					
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	32.55	\$14,459	\$1,360	\$0	\$15,819
Executive Implementation of 2015 Pay Increase		49,562	4,663	-	54,225
Fully Fund 2015 Legislatively Authorized FTE		54,177	-	-	54,177
Other		3,711	7,064	-	10,774
Personal Services Present Law Adjustments	32.55	\$121,909	\$13,087	\$0	\$134,996
FY 2017					
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	32.55	\$14,459	\$1,360	\$0	\$15,819
Executive Implementation of 2015 Pay Increase		49,562	4,663	-	54,225
Fully Fund 2015 Legislatively Authorized FTE		54,177	-	-	54,177
Other		6,185	7,200	-	13,384
Personal Services Present Law Adjustments	32.55	\$124,383	\$13,223	\$0	\$137,606

The executive has proposed to increase funding for personal services by 4.1% in FY 2016 and FY 2017 compared to the FY 2015 legislative budget changes that make up the other adjustments include funding to annualize pay changes given at the discretion of the agency.

DP 99 - LEG. Present Law -

The executive has proposed to increase funding for all other expenditure categories excluding personal services by 5.9% in FY 2016 and by 6.0% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the LGPL adjustment include the following that are requested at the FY 2014 expenditure levels but are above the FY 2015 legislative funding level:

- Laboratory equipment and supplies
- Laboratory testing
- Waste disposal
- Network services purchased from the Department of Administration

- Buildings and grounds maintenance
- Employee settlements

Additionally, the executive requests funding to address increases in janitorial services over what was expended in FY 2014.

LFD ISSUE Employee Settlements

Included in the funding for operating costs are \$35,000 in payments made for an employee settlement that occurred in FY 2014. From FY 2011 through FY 2014, these expenditures have only occurred in FY 2014. The requests for FY 2016 and FY 2017 each includes funding for these expenditures at the FY 2014 level but these expenditures are not usual occurrences.

New Proposals -

Total funds in the New Proposals table do not include proprietary funds budgeted in House Bill 2.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3203202 - FSD Toxicologist	1.00	148,932	0	0	148,932	1.00	143,860	0	0	143,860
Total	1.00	\$148,932	\$0	\$0	\$148,932	1.00	\$143,860	\$0	\$0	\$143,860

DP 3203202 - FSD Toxicologist -

The Forensic Science Division requests 1.00 FTE toxicology scientist to address caseload in the section that has increased in the last several years from about 4,000 cases in 2009 to 6,300 in 2013 and is projected to continue to increase.

2017 Biennium 5% Base Budget Reduction Form
[17-7-111-3\(f\)](#)

AGENCY CODE & NAME: 41100 Department of Justice (DOJ)

		Minimum Requirement	
		General Fund	State Special Revenue Fund
TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET		\$ 1,442,005	\$ 833,009
Div Priorit	SERVICE(S) TO BE ELIMINATED OR REDUCED	General Fund Annual Savings	State Special Revenue Annual Savings
	1 LSD - eliminate 2.0 FTE, reduce major litigation authority, reduce benefit and claims	\$ 304,702	\$ 52,294
	2 GCD - close one or two regional offices and delay gambling and liquor license investigations, inspections, and criminal investigations	\$ -	\$ 138,462
	3 MVD - eliminate of Call Center, and require each county to share the costs of network connections for MERLIN	\$ 417,742	\$ 175,912
	4 MHP - reduction to Dignitary Protection, and reduce level of uniformed trooper coverage statewide		\$ 257,441
	5 DCI - Reduce general fund operating and equipment budget for the Montana Child Sexual Abuse (MCSART) program by 50%; and reduce Montana Law Enforcement Academy (MLEA) state special revenue by the elimination of one professional programs trainer, and the elimination of professional and leadership courses.	\$ 330,971	\$ 187,697
	6 POST - reduce Legal Fees & Court Cost	\$ 14,180	
	7 JITSD - JITSD will reduce hardware and/or software maintenance costs	\$ 187,411	\$ 3,659
	8 FSD - Eliminate contracts/agreements, and reduction of 1.75 FTE	\$ 186,999	\$ 17,544
	TOTAL SAVINGS	\$ 1,442,005	\$ 833,009
DIFFERENCE	0	0	

Form A

5% Base Budget Reduction Form

AGENCY CODE & NAME: 41100 Department of Justice (DOJ)

Legal Services Division

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduce general fund budget authority by eliminating 2.0 FTE, reducing major litigation authority and SSR MOU's.

#2 THE SAVINGS THAT ARE EXPECTED:

This 5% reduction would consist of \$304,702 savings of general fund in eliminating 2 FTE, reduction in major litigation costs.

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Reduction in staff would delay resolution of cases, increase case backlog and hinder the Attorney General's ability to fulfill his statutory responsibilities. Reducing the major litigation appropriation will not impact the division as the Attorney General is required per statute to represent the State of Montana. If major litigation expenses exceeded available appropriation the department would have to seek a supplemental appropriation. Reducing state special revenue would reduce the amount of agency contracted services with other state agencies.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

N/A

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

2-15-501, MCA

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 41100 Department of Justice (DOJ)

Office of Consumer Protection

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduce benefit/claims authority in state special revenue fund.

#2 THE SAVINGS THAT ARE EXPECTED:

This 5% reduction would consist of savings of \$52,294 to the state special revenue fund in claims to beneficiaries each year of the 2017 biennium.

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

All settlements would be processed through the Governor's Office prior to distribution to beneficiaries.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

NA

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes, 30-14-143, MCA.

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 41100 Department of Justice (DOJ)

Gambling Control Division

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

The program proposes potentially closing one or two regional offices and delaying gambling and liquor license investigations, inspections, and criminal investigations.

#2 THE SAVINGS THAT ARE EXPECTED:

A savings of \$138,462 in state special revenue could be saved if we closed one or two regional offices (which would include a reduction in force of 1.00 or 2.00 FTE and related operating expenses).

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

The closure of a regional office would inherently result in increased travel costs for the other offices and delays in license investigations, inspections, and criminal investigations due to reduced staff and travel time. Our enforcement presence in those areas would be compromised opening the possibility of illegal activity.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

Delays in licensing would result in delays in the applicants' ability to operate gaming and liquor establishments until licensing is complete (which would also have an impact on taxes collections). Licensees would see a decrease in services and responsiveness from the division. Constituents may be asked to come to division offices more often if staff is not able to travel to them.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes, 23-5-115 and 16-4-402, MCA.

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 41100 Department of Justice (DOJ)

Motor Vehicle Division

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Elimination of Call Center

#2 THE SAVINGS THAT ARE EXPECTED:

This 5% reduction will consist of a savings of \$193,940 from the general fund and savings in the state special revenue fund of \$133,024 in personal services and operating costs each year of the 2017 biennium and a reduction of 5.40 FTE.

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Over 10,000 customers call the MVD Call Center every month to schedule appointments in driver license stations where appointments are available or to ask driver licensing, driver record, or miscellaneous MVD-related questions. Those calls result in over 7,500 appointments being scheduled by call center staff each month. If the Call Center was eliminated, all appointments would have to be scheduled online, which could be a hardship for those without computer access. They would have to rely on family, friends or public library resources to assist them. Since Call Center personnel also prepare customers for their appointments by explaining what documents are needed for the appointment or other requirements, customers could be less prepared when they arrive for their appointments and they may not be able to complete their transaction, causing a return trip to the driver license station. For those who have questions, they will have to seek information via the internet or telephone numbers within individual work units for information. Productivity in those units could be decreased, as employees respond to the increased volume of calls.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

All non-appointment calls would have to be absorbed by remaining staff, increasing incidence of customer getting a busy signal, difficulty in finding right contact within division to answer questions, and frustrated customers calling elsewhere in state government, attorney generals office, citizen's advocate, consumer protection, in search of answers and to voice frustrations.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Not mandated by statute.

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 41100 Department of Justice (DOJ)

Motor Vehicle Division

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Requiring each county to share the costs of network connections for MERLIN, statutorily mandated "statewide online computer system to be used to title and register motor vehicles, trailers, motorboats, personal watercraft, snowmobiles and off-highway vehicles" if county has imposed and is collecting local option motor vehicle tax under 61-3-537.

#2 THE SAVINGS THAT ARE EXPECTED:

This 5% reduction will cost of a savings of \$223,802 from the general fund and savings of \$42,888 in the state special revenue fund in operating costs each year of the 2017 biennium.

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Cost shift to local government.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

Unknown

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Statutory mandate is for the department of justice to "maintain" the motor vehicle titling and registration system.

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME:

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduce appropriation for Dignitary Protection which provides transportation and security to the Governor of Montana; reduce level of uniformed trooper coverage on the highways.

#2 THE SAVINGS THAT ARE EXPECTED:

This 5% reduction will consist of a savings of \$257,441 from the state special revenue fund in personal services and operating costs each year of the 2017 biennium.

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

This 5% reduction will reduce the necessary personal services and operating costs needed to transport and protect the Governor, and the citizens of Montana effectively.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

The impact of decreasing these programs can not be mitigated, in fact an increase is needed to keep the programs running effectively.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes, 44-1-104, MCA and 44-1-303, MCA.

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 41100 Department of Justice (DOJ)

Division of Criminal Investigations

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduce general fund operating and equipment budget for the Montana Child Sexual Abuse (MCSART) program by 50%; thereby reducing direct services provided to local law enforcement, prosecutors, and other professionals responsible for protecting Montana's kids against child sexual abuse, and other related crimes. Reduce Montana Law Enforcement Academy (MLEA) state special revenue by the elimination of one professional programs trainer, and the elimination of professional and leadership courses.

#2 THE SAVINGS THAT ARE EXPECTED:

This 5% reduction will consist of a savings of \$330,971 of general fund, and \$187,697 in state special revenue in personal services, operating costs, and equipment each year of the 2017 biennium. Personal services includes 1.00 FTE.

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Reductions in the MCSART program will directly effect local city and county agenices ability to sucessfully investigate and prosectute crimes against kids. Training, equipment, and other specialized assistance will no longer be available in Montana. MLEA would have to reduce staff and eliminate domestic violence, sexual assault, leadership and management training programs for law enforcement and corrections officers.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

N/A

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

No, duties defined per Title 44, MCA

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 41100 Department of Justice (DOJ)

Montana Public Safety Officer Standards and Training Council

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduce general fund operating budget for POST's Legal Fees & Court Costs; thereby reducing services provided to local law enforcement, prosecutors, other professionals, and the citizens of Montana by reducing resources spent investigating allegations of misconduct or pursuing sanction, suspension, or revocation of the certification of officers accused of misconduct, and by reducing the amount of professional legal advice provided to the Council and its staff for day to day operations.

#2 THE SAVINGS THAT ARE EXPECTED:

This 5% reduction will consist of a savings of \$14,180 of general fund each year of the 2017 biennium.

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Reductions in POST's Legal Fees & Court Costs will directly effect local city, county, and state agencies and the citizens of Montana when POST cannot investigate allegations of misconduct by public safety officers or pursue sanction, suspension, or revocation of the certification of officers accused of misconduct, and cannot obtain legal advice regarding day to day operations such as drafting rules and policies, and ensuring the public's right to know is not violated. POST has already been required to obtain an additional \$50,000 for Legal Fees & Court Costs to meet its statutory obligations while ensuring the constitutional rights of individual officers and the public are not violated. POST is still working to meet its minimum statutory obligations with its allocated resources.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

N/A

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes, Council duties outlined in 44-4-403, MCA.

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 41100 Department of Justice (DOJ)

Justice Information Technology Services Division

#1

BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

JITSD will reduce hardware and/or software maintenance costs by cancelling contracts or renegotiating terms including the Microsoft Premier Contract. In addition, JITSD will consolidate applications to minimize needs for multi-user computers. JITSD will reduce 0.50 FTE of a Programmer Analyst and postpone DOJ projects. Educational expenses will be reduced by using online classes. Office equipment upgrades will be delayed.

#2 **THE SAVINGS THAT ARE EXPECTED:**

Personal Services: 0.50 FTE = \$40,920

Operating: Contract Maintenance = \$70,300 ; Multi-user Computer = \$19,050 ; Office Equipment = \$51,500 ;

Education = \$9,300

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Support for Software for major systems may be eliminated and applications upgrades will be delayed. Critical support terms for Microsoft products such as Service Manager will need to be renegotiated. Applications may need to share hardware and experience performance delays. DOJ application upgrades will be delayed due to staff availability. It will take longer to get staff training in technical skills. Technical staff may need to spend time reconfiguring applications and resolving problems without assistance from the vendors.

#4 **HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**

DOJ could consider hosting some applications in the cloud, which may pose a data security risk, to reduce software and hardware demands. Staff will need to enroll in self study classes.

#5 **WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

No. Per state and federal policy.

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 41100 Department of Justice (DOJ)

Forensic Science Division

#1

BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Eliminate contracts/agreements under operating expenses resulting in savings of \$89,544 in the 2017 biennium. Other reductions would include 1.75 reduction in FTE which would result in significant delays in processing of forensic evidence, \$105,293 from General Fund and \$9,706 from State Special Revenue funding for a total of \$204,543.

#2

THE SAVINGS THAT ARE EXPECTED:

\$204,543.00

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

If maintenance agreements for office equipment, laboratory equipment and air handler units are cut, repair costs funded under operating expenses would increase. Elimination of vacancy savings would impact hiring and would result in delays in the processing of forensic evidence.

#4

HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

NA

#5

WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes, MCA 44-3-101 & 301.

Form B

The Legislative Fiscal Division Presents an Agency Profile of: The Public Service Regulation

Contact: Greg DeWitt, Senior Fiscal Analyst
Room 119, State Capitol Building
Phone: 444-5392
E-mail: gcdewitt@mt.gov

Updated November 2014

Definition of Terms

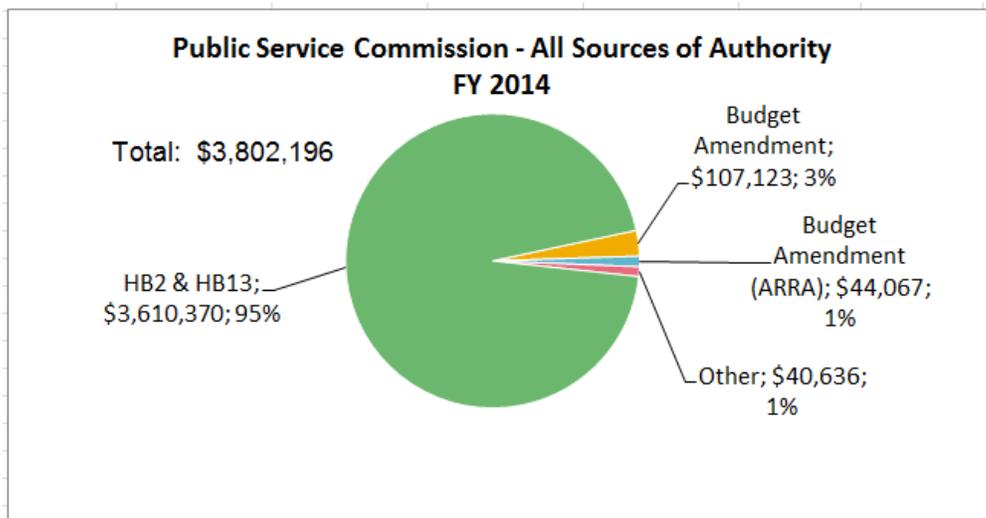
Agency Description

The Public Service Regulation (PSR) regulates the operations of public utility and transportation industries that operate in the state. Five commissioners, elected from districts throughout Montana, form the Montana Public Service Commission (PSC) that oversees the Public Service Regulation Program (PSR). Each commissioner serves a four-year term.

How Services are Provided

The PSR provides these services primarily through the employment of state FTE, who perform rate and economic analysis relative to the entities regulated by the commission, and other technical and administrative duties.

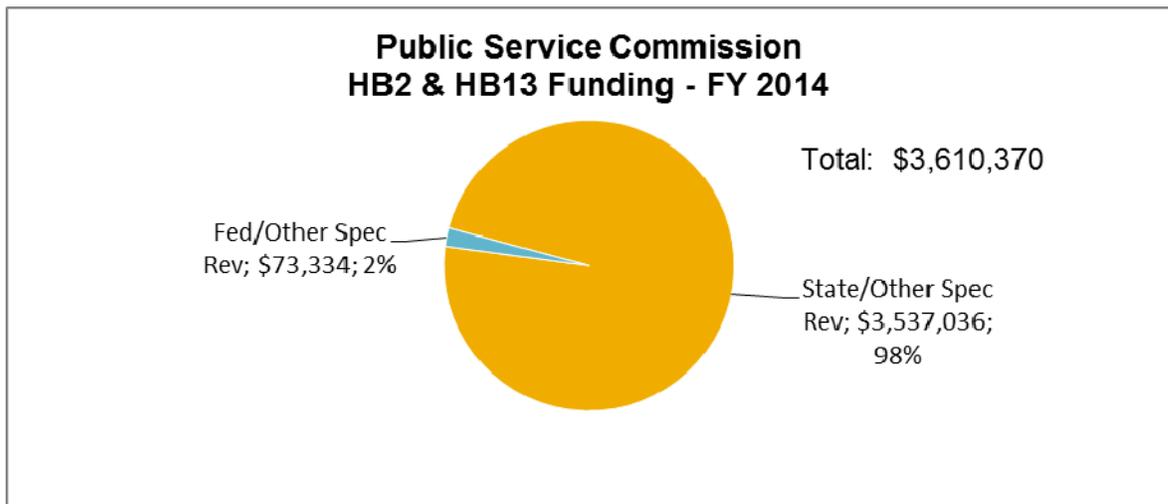
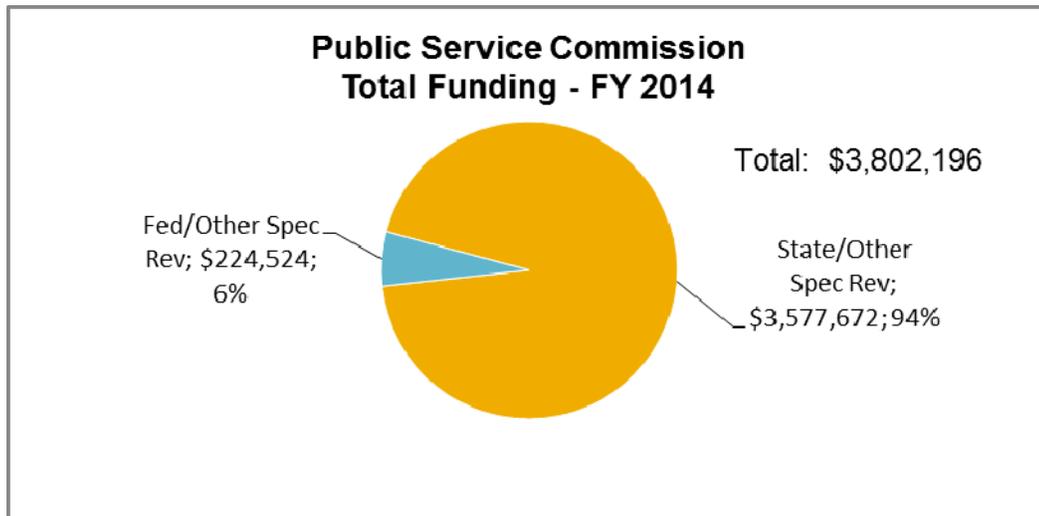
Sources of Spending Authority



The above chart shows all sources of authority that funds the PSR. Other is derived from continuation of unspent American Recovery and Reinvestment Act of 2009 funds associate with electric regulation and carry-forward authority.

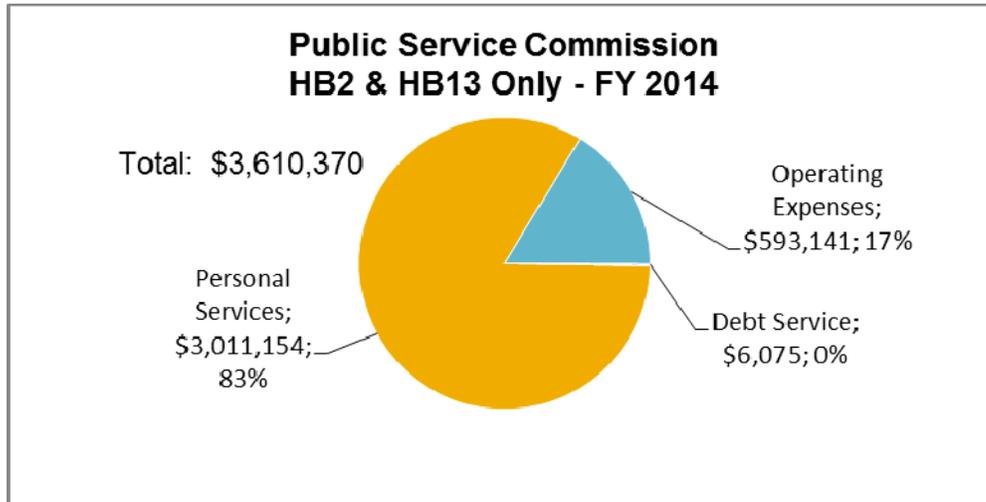
HB 2 Funding

The following charts show the agency's HB 2 funding authority by fund type and all sources of its total funding authority. The primary state special funding source is a fee that is levied on regulated companies, based on funding appropriated by the legislature for a specific fiscal year. Fees are deposited directly into a state special revenue account (Section 69-1-402, MCA). Fees are based upon a percentage of the gross operating revenue from all activities regulated by the commission for the calendar quarter of operation. Federal funds support the natural gas safety program.



Expenditures

The next chart explains how the HB 2 authority is spent. The chart shows that personal services for commissioners and commission staff dominate the expenditures of the agency. "Other" expenditures are for debt service. Some minor discrepancies may occur as a result of rounding in operating expenses.



How the 2015 Legislature Can Effect Change

In order to change expenditure levels and/or agency activity, the legislature must address one or more of the following basic elements that drive costs.

PSR costs are mainly driven by personal services and related operating costs. Without major adjustments to PSR duties, future growth can be expected to loosely follow that of legislatively approved increases for the employee pay plan and inflationary costs. PSR costs may also be impacted by changes in the statutory duties or the types of entities designated by the legislature for regulation by the commission.

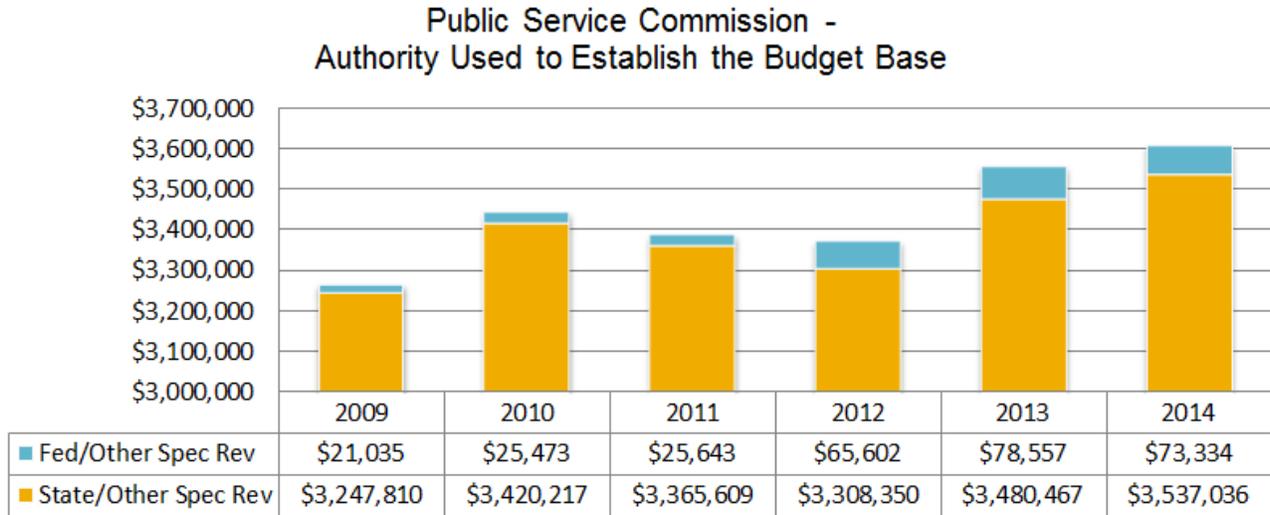
Major Cost Drivers

Driver	FY 2004	FY 2014	Significance of Data
Number of utility dockets open	188	97	Shows caseload impact of staff work
Number of transportation dockets open	61	21	Shows caseload impact of staff work
Number of complaints entered	1,923	958	Shows consumer satisfaction trends
Number of calls received on toll-free line	15,791	5,276	Shows consumer satisfaction trends

The table above provides some cost drivers that can indirectly impact the operating costs of the commission.

Funding/Expenditure History

The figure below shows how expenditures in HB 2 have been funded for the period from FY 2009 through FY 2014. The rise in funding from FY 2012 to FY 2014 was driven by pay raises given after a number of years when pay raises were not funded by the legislature.



Major Legislative Changes in the Last Ten Years

No major legislation was enacted that impacted the funding of the PSR.

For further information, you may wish to contact the agency at:

Public Service Commission
 1701 Prospect Ave
 P.O. Box 202601
 Helena, MT 59620-2601
 406) 444-6199 Voice
 (406) 444-4212 TDD
 (406) 444-7618 FAX
 web: <http://psc.mt.gov>

Agency Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	40.00	40.00	38.44	38.44	40.00	38.44	(1.56)	(3.90)%
Personal Services	3,011,152	3,211,070	3,529,678	3,328,639	6,222,222	6,858,317	636,095	10.22 %
Operating Expenses	593,146	652,041	761,214	757,975	1,245,187	1,519,189	274,002	22.00 %
Equipment & Intangible Assets	0	0	0	0	0	0	0	0.00 %
Debt Service	6,075	6,080	6,075	6,075	12,155	12,150	(5)	(0.04)%
Total Costs	\$3,610,373	\$3,869,191	\$4,296,967	\$4,092,689	\$7,479,564	\$8,389,656	\$910,092	12.17 %
State/Other Special Rev. Funds	3,537,037	3,786,168	4,223,631	4,019,353	7,323,205	8,242,984	919,779	12.56 %
Federal Spec. Rev. Funds	73,336	83,023	73,336	73,336	156,359	146,672	(9,687)	(6.20)%
Total Funds	\$3,610,373	\$3,869,191	\$4,296,967	\$4,092,689	\$7,479,564	\$8,389,656	\$910,092	12.17 %

Mission Statement

To fairly balance the long-term interests of Montana utility and transportation companies and the customers they serve.

There is additional, more detailed information about the department in the agency profile. The profile may be viewed at:

<http://leg.mt.gov/fbp-2017.asp>

Agency Highlights

Public Service Regulation Major Budget Highlights
<ul style="list-style-type: none"> • The growth from the FY 2015 legislative budget are due to: <ul style="list-style-type: none"> ◦ A request to fund anticipated retirement payouts ◦ Funding for computer equipment above the base ◦ Funding for miscellaneous present law adjustments ◦ Funding to annualize the legislative pay plan ◦ Funding to annualize pay increases given at the discretion of the agency

Agency Discussion

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

5% Plans

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2017 biennium 5% Plan submitted for this agency is in the appendix. The agency has no funding from the general fund. The 5% plan reduction in state special revenue is \$176,399 per year.

Agency Personal Services

Personal services comprises 83.0% of the FY 2015 legislative budget, while the Governor proposes 82.1% in FY 2016 and 81.3% in FY 2017. Compared to the FY 2015 funding, personal services would grow by 9.9% in FY 2016 and by 3.7% in FY 2017.

The personal services budget for the 2017 biennium would increase over the FY 2015 funding level due to the following factors:

- A request for funding for retirement payouts
- Restoration of the 2% additional vacancy savings applied by the 2013 Legislature
- Funding to annualize pay increases funded in the 2013 legislative pay plan, HB 13
- Funding to annualize pay increases made at the agency’s discretion over the funding provided in the 2013 legislative pay plan (HB 13) \$13,400 per year

In addition to pay increases for the elected commissioners and those funded in the pay plan of the 2013 Legislature in HB 13, 3 career ladder increases were given to one lawyer and two utility rate analysts. These additional increases averaged 8.3% and adds \$13,400 to funding requirements for subsequent years.

About 28.5% of this agency’s FTE is eligible for full or early retirement in the 2017 biennium. Retirements are anticipated to be the largest driver of turnover in the 2017 biennium. The executive has requested funding for these payouts. Refer to the PSPL section for further discussion.

Comparison of FY 2015 Legislative Base to FY 2015 Appropriation

The following highlights the differences between the FY 2015 appropriations as shown in the main table to the FY 2015 legislative appropriations used for purposes of the budget base, by program.

FY 2015 Appropriation Transactions - Public Service Commission		
Program	Legislative Appropriation	Total Executive Implementation
01 Public Service Regulation Prog	\$3,869,191	\$3,869,191
Personal Services	\$3,211,070	\$3,211,070
Operating Expenses	\$652,041	\$652,041
Debt Service	\$6,080	\$6,080

The executive made no changes to the FY 2015 legislative budget for this agency.

Funding

The following table shows proposed program funding by source from all sources of authority.

Public Service Commission, 01-Public Service Regulation Prog Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02281 Public Service Commission	8,242,984	0	0	8,242,984	100.00 %	
State Special Total	\$8,242,984	\$0	\$0	\$8,242,984	98.25 %	
03011 Natural Gas Safety Pgm	146,672	0	0	146,672	100.00 %	
03374 NGPSP One Call	0	0	0	0	0.00 %	
03958 PSC ARRA Electricity Reg	0	0	0	0	0.00 %	
Federal Special Total	\$146,672	\$0	\$0	\$146,672	1.75 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$8,389,656	\$0	\$0	\$8,389,656		

Public Service Regulation (PSR) is funded primarily by a fee that is levied on regulated companies, based on funding appropriated by the legislature for a specific fiscal year. Fees are deposited directly into a state special revenue account and are based upon a percentage of the gross operating revenue from all activities regulated by the commission for the calendar quarter of operation (69-1-402, MCA). The department also administers a small amount of federal pipeline safety grant funds.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	3,869,191	3,869,191	7,738,382	0.00 %
PL Adjustments	0	0	0	0.00 %	427,776	223,498	651,274	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$4,296,967	\$4,092,689	\$8,389,656	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments	Fiscal 2016					Fiscal 2017				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	0	325,823	(7,215)	318,608	0.00	0	122,665	(5,096)	117,569
DP 99 - LEG. Present Law	0.00	0	111,640	(2,472)	109,168	0.00	0	110,520	(4,591)	105,929
Grand Total All Present Law Adjustments	0.00	\$0	\$437,463	(\$9,687)	\$427,776	0.00	\$0	\$233,185	(\$9,687)	\$223,498

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
	FY 2016				
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	38.44	\$0	\$18,682	\$0	\$18,682
Executive Implementation of 2015 Pay Increase		-	58,496	-	58,496
Fully Fund 2015 Legislatively Authorized FTE		-	49,950	-	49,950
Other					
Retirement Payouts	0.00	-	200,412	-	200,412
Remainder of Other	0.00	-	(1,717)	(7,215)	(8,932)
Total Other	0.00	-	198,695	(7,215)	191,480
Personal Services Present Law Adjustments	38.44	\$0	\$325,823	(\$7,215)	\$318,608
FY 2017					
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	38.44	\$0	\$18,682	\$0	\$18,682
Executive Implementation of 2015 Pay Increase		-	58,496	-	58,496
Fully Fund 2015 Legislatively Authorized FTE		-	49,950	-	49,950
Other					
Retirement Payouts	0.00	-	-	-	-
Remainder of Other	0.00	-	(4,463)	(5,096)	(9,559)
Total Other	0.00	-	(4,463)	(5,096)	(9,559)
Personal Services Present Law Adjustments	38.44	\$0	\$122,665	(\$5,096)	\$117,569

The executive has proposed to increase funding for personal services by 9.9% in FY 2016 and by 3.7% in FY 2017 compared to the FY 2015 legislative budget.

Retirement Payouts - The executive requests \$200,412 in biennium funding to pay for staff retirement payouts. The executive recommends designating funding for retirement payouts as biennial and restricted only to be used to fund retirement payouts.

LFD COMMENT	<p><u>2015 Biennium Funding for Retirement Payouts</u></p> <p>The 2013 Legislature funded retirement payouts as a restricted and biennial appropriation but placed all funding in FY 2014. This request is for \$200,412 for the biennium, or \$107,612 over the 2015 biennium</p>
--------------------	--

funding. The entire amount is over the FY 2015 funding level. Of the 40.00 FTE in this agency, 6.00 FTE, or 28.5% of staff, will be eligible for full retirement in the 2017 biennium. In FY 2014, 1.00 FTE retired and \$4,101 in payouts were made.

Remainder of Other - Changes that make up the remainder of the other adjustments are primarily due to pay increases funded out of the agency's base budget.

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

Legislative Present Law Adjustments				
CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Contracted Services, Training, and Travel	\$0	\$46,401	\$0	\$46,401
Computer and Equipment Replacement	-	7,012	-	7,012
Other	111,640	(55,885)	-	55,755
Legislative Present Law Adjustments	\$111,640	(\$2,472)	\$0	\$109,168
CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Contracted Services, Training, and Travel	\$0	\$46,401	\$0	\$46,401
Computer and Equipment Replacement	-	25,287	-	25,287
Other	110,520	(76,279)	-	34,241
Legislative Present Law Adjustments	\$110,520	(\$4,591)	\$0	\$105,929

The executive has proposed to increase funding for all other expenditure categories excluding personal services by 16.6% in FY 2016 and by 16.1% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other category include the following, while individually listed adjustments are described separately:

- Legislative audit fees in FY 2016 that were all budgeted in FY 2014
- An increase for network services purchased from the Department of Administration

Contracted Services, Training, and Travel - The executive requests funding various present law expenditures such as consulting and professional, education and training, out-of-state travel, and printing the agency anticipates incurring.

Computer and Equipment Replacement - The executive requests one-time-only funding for replacement of the following computer equipment under a five-year replacement cycle:

- Five printers
- Nine licenses
- Four servers
- Nine storage and backup systems
- Two power connection switches
- Two desktop computers

5% Base Budget Reduction Form
[17-7-111-3\(f\)](#)

AGENCY CODE & NAME: 4201/Public Service Commission

		Minimum Requirement	
		General Fund	State Special Revenue Fund
TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET			\$ 176,350
Priority	SERVICE(S) TO BE ELIMINATED OR REDUCED	General Fund Annual Savings	State Special Revenue Annual Savings
1	Travel		\$ 35,000
2	Subscriptions		\$ 6,500
3	Supplies		\$ 10,000
4	Communications		\$ 10,000
5	Consulting		\$ 15,000
6	4% FTE Reduction		\$ 99,899
7			
8			
9			
10			
11			
	TOTAL SAVINGS	\$ -	\$ 176,399
	DIFFERENCE		0 -49

Form A

5% Base Budget Reduction Form

AGENCY CODE & NAME: 4201/Public Service Commission

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

In meeting the 5% reduction, we would reduce different categories instead of a large reduction in one area; reducing \$35,000 from Operating Expenses (travel) would be a part of that reduction. Staff members require training and continuing education on regulatory issues that is only available from out of state sources. The PSC also benefits from the knowledge gained by staff participation in regional and national regulatory meetings.

#2 THE SAVINGS THAT ARE EXPECTED:

\$35,000

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Not being able to utilize the expert training that is available will make it more difficult for staff to navigate the complexities of utility regulation which would put staff at a disadvantage in advising the Commission.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

We would need to train new staff and Commissioners, if applicable, and then would choose carefully the trainings in which remaining staff and Commissioners would attend to receive the adequate updated information.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 4201/Public Service Commission

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

In meeting the 5% reduction, we would reduce different categories instead of a large reduction in one area; reducing \$6,500 from Operating Expenses (subscriptions) would be a part of that reduction. Some of the Commission's subscriptions are for legal and regulatory publications that are not readily available elsewhere, for example, in the Montana State Law Library. Lack of access to these publications may lead to less thoroughly researched and supportable legal and technical advice and Commission decisions. Other subscriptions, such as Lexis online for use by Commission attorneys, allows them to operate efficiently and competently; cancellation of Lexis will require attorneys to spend time out of the office and additional time researching, resulting in additional exempt compensatory time and delays in case management.

#2 THE SAVINGS THAT ARE EXPECTED:

\$6,500

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

The topic and scope of our work is very specific and materials available on the topics that we work in are all very helpful, for different reasons, so choosing which materials to keep and which to no longer subscribe to would be difficult and painstaking for us to do.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

We would choose which materials to keep and which to no longer subscribe, which would be difficult and painstaking for us to do because the topic and scope of our work is very specific and materials available on the topics that we work in are all very helpful, for different reasons.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 4201/Public Service Commission

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

In meeting the 5% reduction, we would reduce different categories instead of a large reduction in one area; reducing \$10,000 from Operating Expenses (supplies) would be a part of that reduction. Supplies are essential for doing the business that we are required to do, for example, at times we need to file documents with various courts, which need to be compiled in accordance to that particular courts' standards in relation to type of paper, cardstock, binding, etc. Since these standards are not ours and cannot be changed on our part, it may be difficult for us to deal with a reduction in certain supplies.

#2 THE SAVINGS THAT ARE EXPECTED:

\$10,000

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Not being able to utilize the supplies that we need to use will make it more difficult for staff to prepare legal documents that are up to court standards, which could put us at risk for not being able to take our stance on cases.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

We would have to cut back on other types of supplies in order to stay within compliance with courts regarding their filing standards.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 4201/Public Service Commission

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

In meeting the 5% reduction, we would reduce different categories instead of a large reduction in one area; reducing \$10,000 from Operating Expenses (communications) would be a part of that reduction. Most of our communication costs are driven by the Department of Administration, in that they set our costs for our use of our telephones (voice mail, long distance, etc.) as well as our network services. Other communication costs relate to postage and express mailing. These costs, as well, are not in our control and are needed for us to do the business that we are required to do, so it would be difficult for us to reduce our communication costs.

#2 THE SAVINGS THAT ARE EXPECTED:

\$10,000

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Since many of our communication costs are out of our control, we would have to manage and reduce the costs that are more in our control, by for example, reducing the use of express mail and utilizing regular mail. This could potentially put delays in our case scheduling and could lead to less time for research, drafting, and preparing our documents.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

Since many of our communication costs are out of our control, we would have to manage and reduce the costs that are more in our control, by for example, reducing the use of express mail and utilizing regular mail. This could potentially put delays in our case scheduling and could lead to less time for research, drafting, and preparing our documents.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 4201/Public Service Commission

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

In meeting the 5% reduction, we would reduce different categories instead of a large reduction in one area; reducing \$15,000 from Operating Expenses (consulting) would be a part of that reduction. The PSC has hired consultants to assist in completing worthwhile projects and unique cases. Recent examples include hiring outside expert witnesses in the case involving NorthWestern Energy's proposed \$900 million purchase of 11 hydroelectric dams from PPL Montana and we, recently, considered hiring information technology consultants to work with our internal computer staff on upgrading our existing system and perhaps adding additional applications to help accommodate having information readily available during hearings and work sessions.

#2 THE SAVINGS THAT ARE EXPECTED:
\$15,000

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Depending on the type of consultant, the impact could be substantial if an expert witness or contractor needed to be hired. For example, the PSC website is utilized by the public for different reasons and is currently being re-written by our internal staff to comply with newer standards but an expert may be needed at some point during the re-writing of the website.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

Depending on the type of consultant, the impact could be substantial if an expert witness or contractor needed to be hired. Not hiring consultants could lead to comp time for staff and delays in projects and drafting documents.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 4201/Public Service Commission

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Our Personal Services would be decreased by \$99,899, which is equivalent to one and a half FTE, depending on salary level. Because the PSC only has 35 FTE (not including 5 elected officials), our staff is very compact and each FTE is crucial in its place in the PSC, therefore, losing even one FTE would increase employee workloads and require the agency to re-prioritize its activities which would likely mean assigning lower priority to cases and projects that are not subject to statutorily-mandated timelines.

#2 THE SAVINGS THAT ARE EXPECTED:
\$99,899

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

The PSC is a small agency and our scope of work is very specific, with each FTE being crucial to the Agency. It is a struggle to meet vacancy savings, but would be more detrimental if FTE were reduced because the fact that we are such a small agency, we have fewer employees to take on added duties. In addition, many positions are highly specialized and it can take many years of training before an employee is considered an expert.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

The PSC is a small agency and our scope of work is very specific, with each FTE being crucial to the Agency. It is a struggle to meet vacancy savings, but would be more detrimental if FTE were reduced because the fact that we are such a small agency, we have fewer employees to take on added duties. In addition, many positions are highly specialized and it can take many years of training before an employee is considered an expert. We are not sure at this point how the impact would be mitigated.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Form B

The Legislative Fiscal Division Presents an Agency Profile of:
The Office of State Public Defender

Contact: Greg DeWitt, Senior Fiscal Analyst
 Room 119, State Capitol Building
 Phone: 444-5392
 E-mail: gcdewitt@mt.gov

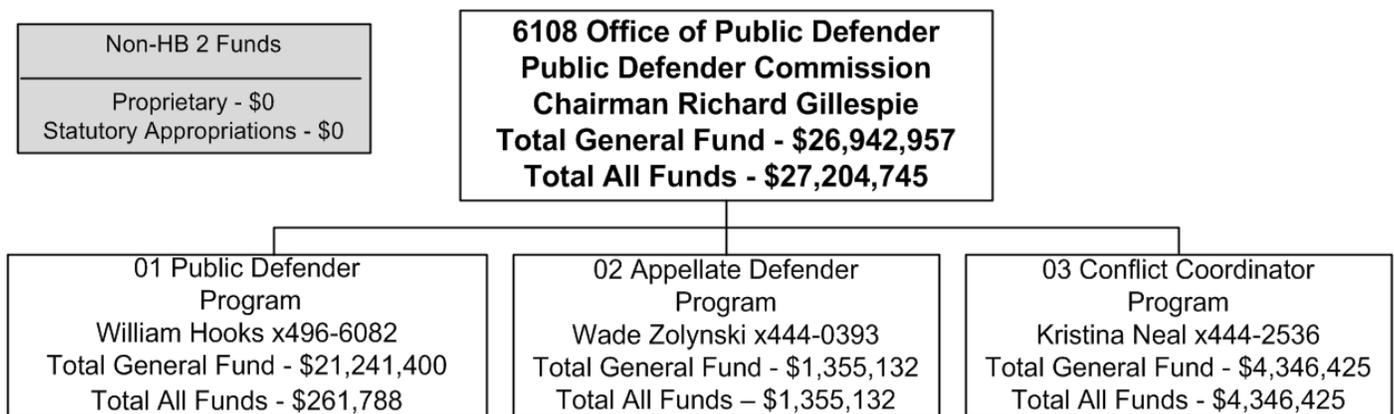
Updated November 2014

Definition of Terms

Agency Description

The Office of State Public Defender (OPD) administers the statewide public defender system and delivers public defender services in all courts in Montana for criminal and certain civil cases for an individual who is determined to be indigent per statutory provisions and is accused of an offense that could result in the person's loss of life or liberty if convicted. The statewide public defender system is supervised by the Public Defender Commission, an eleven member commission appointed by the Governor. The office is administratively attached to the Department of Administration with the exception of some functions as provided in statute (2-15-1028, MCA). The statewide public defender system also includes appellate defender functions.

Below is an organizational chart of the agency including general fund appropriations, statutory appropriations, proprietary funds, and total funds.

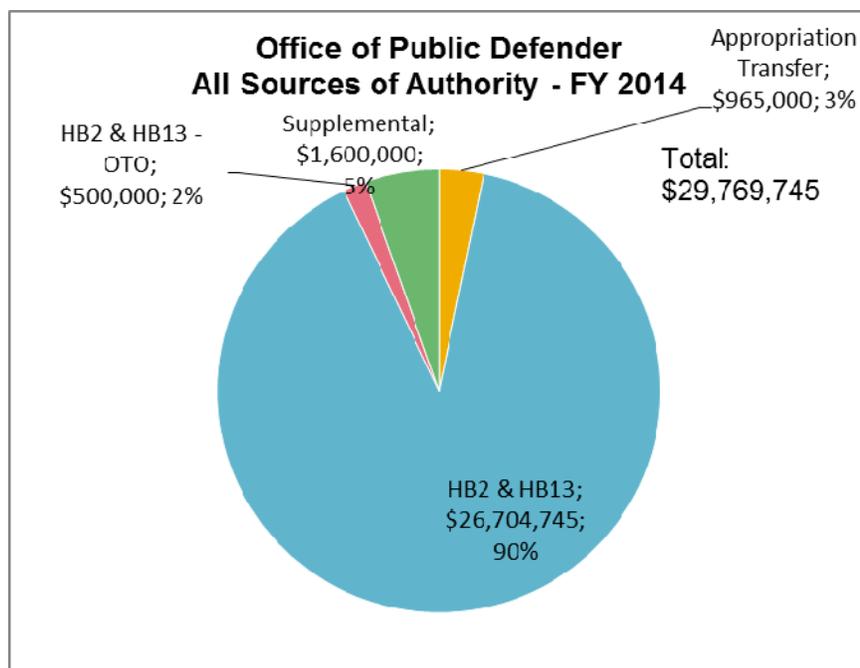


How Services are Provided

Services are provided by a combination of state employees and attorneys contracting with the state. In general, state employees provide services in populated geographic areas where the majority of the cases occur and contracted attorneys are used in less populated geographic areas. Contract attorneys may also be utilized in situations that create a conflict of interest for attorneys on staff. State employees include attorneys, criminal investigators, and legal secretaries. Services are broken among 11 regions along with an office for major cases and an appellate office.

Sources of Spending Authority

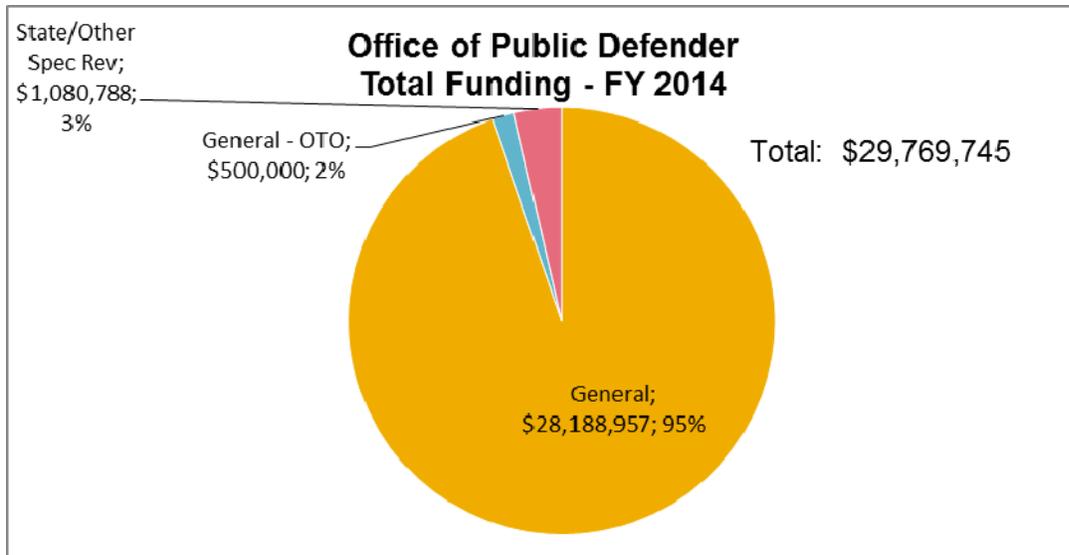
The following chart shows the sources of authority that funded the office during FY 2014. "Other" includes carry-forward funds and a grant from Missoula County. Off base includes one-time-only funding for death penalty cases, computer equipment, and contracted services.



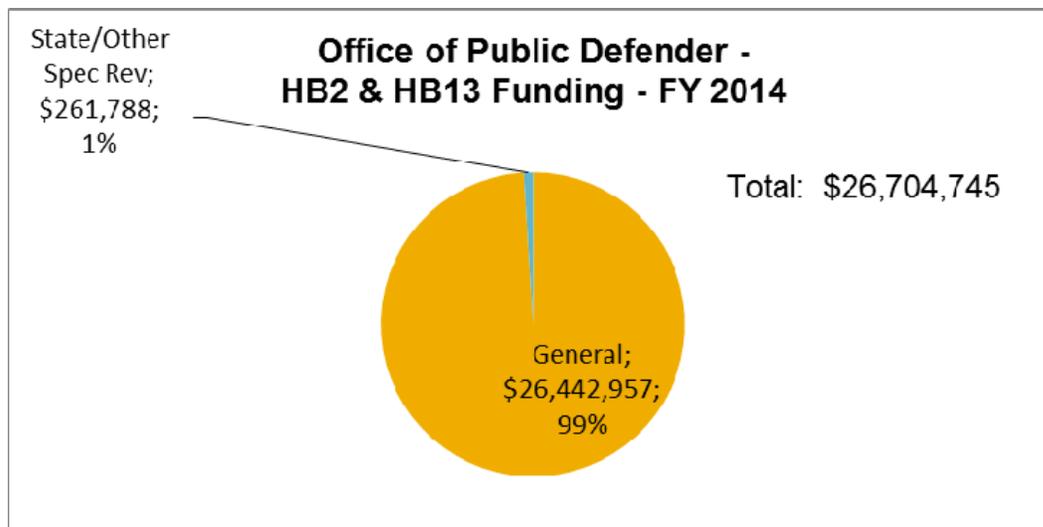
The accounting term "off base" refers to one-time-only spending and non-budgeted items like inventory adjustments. Other legislative appropriations (sometimes called cat and dog bills) are included in the above categories as appropriate. For a more detailed description of accounting terminology, please refer to the definition of terms.

HB 2 Funding

The following charts show the agency's HB 2 funding authority by fund type and all sources of its total funding authority. State special funds are derived from fees charged to clients to cover a portion of the costs of representation.

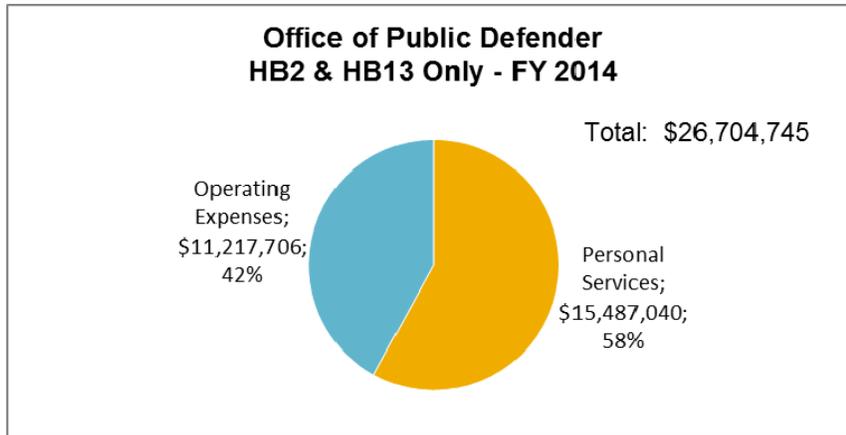


This chart matches the agency chart found in the 2015 Budget Analysis. Some minor discrepancies may occur as a result of rounding.



Expenditures

The next chart explains how the HB 2 authority is spent. Personal services to fund primarily attorneys, investigators, and legal secretaries is the largest expenditure of the office. Operating expenses provides funding for case costs and for contracted attorneys, who augment state staff in providing public defender services.



How the 2015 Legislature Can Effect Change

In order to change expenditure levels and/or agency activity, the legislature must address one or more of the following basic elements that drive costs.

The legislature may impact the function of the statewide public defender system by:

- Assigning responsibility for funding and provision of services
- Changing the statutory framework that defines the public defender system
- Changing statutory provisions of criminal law
- Changing statutory provisions related to certain civil proceedings

The largest categories of costs for the agency are personal services and contracted attorney services; actions that impact these items are likely to impact the system.

Major Cost Drivers

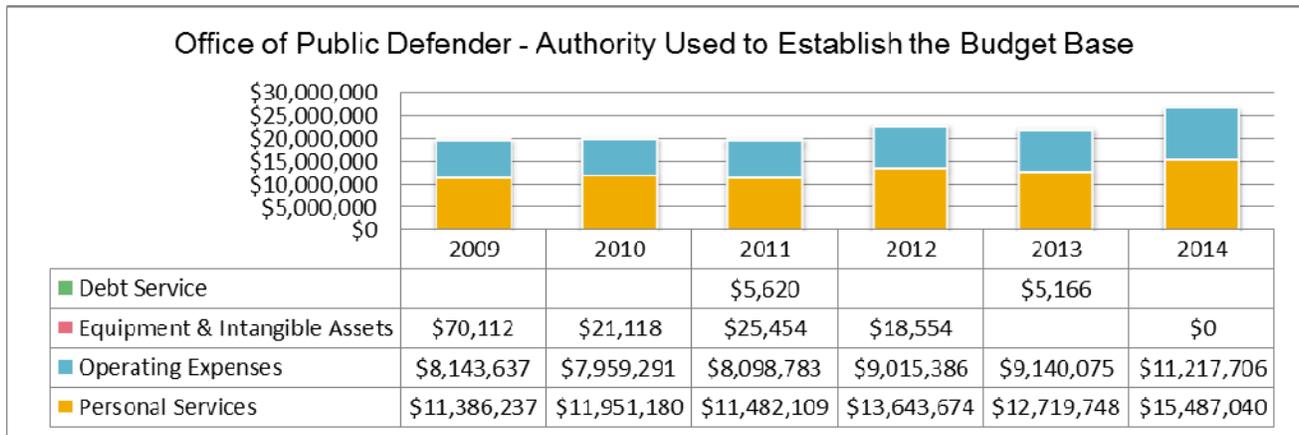
Driver	FY 2007	FY 2014	Significance of Data
Fee assessments	\$49,229	\$1,041,006	Shows amount of collections for services of the office
Collections of assessments	\$8,018	\$285,194	Shows success in collecting fees
Year end assessments outstanding	\$41,211	\$2,586,871	Shows accumulated receivables of assessments
New public defender cases	25,621	31,705	Shows growth in workload of public defenders
New appeals cases	213	275	Shows growth in workload of appellate defenders

The table above provides some cost drivers that can indirectly impact the operating costs of the Office of State Public Defender.

Funding/Expenditure History, Authority Used to Establish the Budget Base

The following figure shows how expenditures in HB 2 have been funded for the period from FY 2009 through FY 2012. Over the period, general fund support for the agency has grown steadily. Factors contributing to this growth include:

- Growth in state staff from 192.50 FTE in FY 2009 to 208.50 FTE in FY 2012
- Growth in legislative audit costs from \$1,500 in FY 2009 to \$31,100 in FY 2012
- Funding for defending aggravated driving under the influence (DUI) cases added \$85,500 in FY 2012
- Growth in caseloads have driven increases in costs for contract attorney and growth in state FTE



Major Legislative Changes in the Last Ten Years

The agency came into existence after SB 146 was passed and approved in the 2005 Legislative Session. The only significant legislative changes occurred in the 2011 Legislative Session when:

- The Appellate Defender's Office was move into a separate program and the chief appellate defender began reporting directly to the Public Defender Commission
- The crime of aggravated DUI was enacted and qualified for services of the office
- The requirement was eliminated for the chief public defender to carry a caseload
- Law prohibited the contract manager from carrying a caseload

For further information, you may wish to contact the agency at:

Office of the State Public Defender
 Central Office
 44 W. Park Street, Butte MT 59701
 496-6080
 FAX 496-6098

Office of the Appellate Defender
 139 N. Last Chance Gulch, Helena, MT 59601
 444-9505
 FAX 444-9082
 web: <http://publicdefender.mt.gov>

Agency Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	217.50	217.50	256.00	256.00	217.50	256.00	38.50	17.70 %
Personal Services	15,487,059	16,209,123	21,001,395	21,152,582	31,696,182	42,153,977	10,457,795	32.99 %
Operating Expenses	11,217,720	9,561,836	13,009,921	13,096,914	20,779,556	26,106,835	5,327,279	25.64 %
Equipment & Intangible Assets	0	18,554	10,000	0	18,554	10,000	(8,554)	(46.10)%
Total Costs	\$26,704,779	\$25,789,513	\$34,021,316	\$34,249,496	\$52,494,292	\$68,270,812	\$15,776,520	30.05 %
General Fund	26,442,989	25,515,587	33,759,526	33,987,706	51,958,576	67,747,232	15,788,656	30.39 %
State/Other Special Rev. Funds	261,790	273,926	261,790	261,790	535,716	523,580	(12,136)	(2.27)%
Total Funds	\$26,704,779	\$25,789,513	\$34,021,316	\$34,249,496	\$52,494,292	\$68,270,812	\$15,776,520	30.05 %

Mission Statement

The primary mission of the statewide public defender system is to provide effective assistance of counsel to indigent persons accused of crime and other persons in civil cases who are entitled by law to the assistance of counsel at public expense.

There is additional, more detailed information about the department in the agency profile. The profile may be viewed at: <http://leg.mt.gov/css/fiscal/publications.asp>

Agency Highlights

Office of State Public Defender Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the FY 2015 legislative budget, funding changes are for: <ul style="list-style-type: none"> ◦ Funding to annualize the pay plan of the 2013 Legislature ◦ Requests to increase funding to contract with private attorneys to address caseloads and handle conflict cases ◦ Requests to fund career ladders for both attorneys and non-attorney staff ◦ Requests to add 38.50 FTE to address caseload and other workload issues ◦ Requests to fund a 2% per year incremental increase in the rate paid to contract attorneys • The Governor proposed to add staff to: <ul style="list-style-type: none"> ◦ Address excess caseloads of attorneys ◦ Dedicate staff for indigence eligibility processing ◦ Relieve attorneys of administrative work by adding support staff and human services specialists
Legislative Action Issues
<ul style="list-style-type: none"> • Staff outfitting costs are not recurring and the legislature may want to designate funding for outfitting costs of new staff as one-time-only • Present law requests for staff funded in the 2015 with SB 410 funds are better categorized as new proposals

Agency Discussion

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

The Office of State Public Defender provides defense for indigent persons accused of crime and other persons in civil cases who are entitled by law to the assistance of counsel at public expense, such as any party in an abuse and neglect petition regardless of financial ability to retain private counsel. If a defendant meets the financial test for indigence, he or she is entitled to counsel from the office. In addition, judges can order the office to provide counsel regardless of qualification.

Therefore, with the exception of the particulars of means and asset tests that determine a defendant's indigence, the office has little control over the number or complexity of cases it must work.

The office provides defense council via a combination of state employed staff and contracted private attorneys. Contracted private attorneys: 1) serve as an augmentation to state FTE when caseloads for state FTE are such that resources are insufficient to address the caseloads and still provide effective assistance of counsel; 2) provide services in areas of the state where no agency FTE are assigned; and 3) represent clients in cases where a conflict situation exists.

Office of Public Defender Challenges

The Office of the Public Defender faces two significant, interrelated challenges:

1. Caseload growth and growth in open cases; and
2. Turnover in staff with resulting increased workload and potential impact on effectiveness of counsel.

Caseload and Caseload Growth

Office of Public Defender Case Trends FY 2010 to FY 2014								
Case Types	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2010 to FY 2014 Case Growth		Percent of All Types
Abuse and Neglect	2,258	2,219	3,061	3,129	3,029	771	34.1%	9.6%
Criminal	5,708	5,660	5,988	6,026	6,565	857	15.0%	20.7%
Guardianship	212	222	268	255	178	(34)	-16.0%	0.6%
Involuntary Commitment	844	915	1,058	983	1,046	202	23.9%	3.3%
Juvenile	917	971	1,081	1,193	1,052	135	14.7%	3.3%
Lower Court	17,721	17,677	19,456	20,394	19,835	2,114	11.9%	62.6%
Total All Case Types	27,660	27,664	30,912	31,980	31,705	4,045	14.6%	100.0%
Annual Change		0.0%	11.7%	3.5%	-0.9%			

The figure that shows the case trends from FY 2010 through FY 2014 reflects the number of new cases assigned to the office over this period. These cases are those in which the defendant was either indigent or met some other requirement under the Montana Public Defender Act, or where the judge overseeing the case assigned the office to provide counsel regardless of qualification. The figure shows that from FY 2011 to FY 2014 the office saw a 14.6% growth in cases. The office saw an 11.9% growth in cases heard in city, municipal, and justice courts, which comprises 62.6% of all cases. Of note, abuse and neglect cases, which comprise nearly 9.6% of all cases, saw a growth of 34.1% from FY 2011 to FY 2014 while criminal cases grew by 20.7% over this same period. After the large growth from FY 2011 to FY 2013, the growth has stabilized in recent years.

The figure below shows a breakdown by public defender region. From FY 2011 to FY 2014, significant growth is shown in abuse and neglect cases in the regions of Missoula, and Helena. The number of cases in total has stabilized after a large growth from FY 2011 to FY 2013.

Office of Public Defender Abuse and Neglect Cases							
Region	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2011 to FY 2014	Percent of Total
1 - Kalispell	339	325	278	328	357	9.8%	11.8%
2 - Missoula	264	135	369	419	482	257.0%	15.9%
3 - Great Falls	442	566	746	682	672	18.7%	22.2%
4 - Helena	152	129	229	243	294	127.9%	9.7%
5 - Butte	118	159	173	222	205	28.9%	6.8%
6 - Havre	106	57	269	306	212	271.9%	7.0%
7 - Lewistown	46	59	84	72	58	-1.7%	1.9%
8 - Bozeman	131	149	145	107	137	-8.1%	4.5%
9 - Billings	413	458	527	584	445	-2.8%	14.7%
10 - Glendive	115	82	111	87	99	20.7%	3.3%
11 - Miles City	133	99	130	79	68	-31.3%	2.2%
Total	2,259	2,218	3,061	3,129	3,029	36.6%	100.0%

Case Weighting System - The Office of Public Defender is charged in statute with managing caseloads and assigning cases in a manner that ensures that public defenders are assigned cases according to experience, training, and manageable caseloads while taking into account case complexity, the severity of charges and potential punishments, and the legal skills required to provide effective assistance of counsel.

The office procedure involves assigning weighting hours to various aspects of a case depending upon the type, complexity, physical characteristics of the case environment, and other various aspects of a case. For example, if a case is in a court

that is remote from the regional office assigned hours are given for travel. The total hours of all cases assigned to a staff attorney are monitored so they do not exceed a level that would jeopardize the attorney’s ability to provide effective assistance of counsel. The office has established a level of 125 hours of case work per month (1,500 hours per year) based on its case weighting system as the level at which effective assistance of counsel could be in jeopardy if it is exceeded. A further discussion of the weighting system is available on the agency’s Internet site at:

<http://publicdefender.mt.gov/2013GovReport/CWS.pdf>.

Turnover

The office is able to recruit for vacant state positions, and consequently has a low vacancy saving rate. However, the office has experienced double digit turnover rates in staff since its inception. The figure below shows historical turnover statistics from FY 2012 through FY 2014. When employees have provided a reason for leaving during their exit process, low pay and workload issues are frequently stated. Attorney turnover in the office has shown a decline since the agency stated its intent to request and the legislature funded a career ladder for attorneys in the 2013 Legislature. When attorneys and investigators turnover, the office is less efficient because of continual recruitment and training. Turnover of central office staff was not tracked prior to FY 2014.

Office of State Public Defender Turnover by FTE									
Program	FY 2012			FY 2013			FY 2014		
	Total FTE	Left	%	Total FTE	Left	%	Total FTE	Left	%
01 - Office of Public Defender									
Central Office Staff	nt	nt	nt	nt	nt	nt	19	3	16%
Attorneys	115.58	31	27%	116.25	22.5	19%	119.37	10.75	9%
Investigators	19.5	4	21%	19	0	0%	19	3	16%
Support Staff	68.5	24.5	36%	54	13.5	25%	55.31	11.5	21%
02 - Office of Appellate Defender									
Attorneys	9	4	44%	9	2	22%	10	2	20%
Support Staff	2	0	0%	3	0	0%	3	1	33%

Workload Impacts on Case Closing

As stated, workload on staff has been a factor for turnover of staff. Not only is turnover an indication of workload pressures, case closing statistics reported to the Governor and legislature as required in state law show that the balance of open cases at the end of each fiscal year is growing. The figure on case closings illustrates the trend from FY 2011 through FY 2014. The figure shows that although the office is able to close over 90% of the cases open in a year, the balance of open cases at year’s end continues to grow.

Office of State Public Defender Case Closing History				
Category	FY 2011	FY 2012	FY 2013	FY 2014
Beginning caseload balance	18,051	20,617	21,422	22,998
Cases opened	27,664	30,912	31,980	31,705
Cases closed	25,098	30,107	30,404	29,110
Ending caseload balance	20,617	21,422	22,998	25,593
Change in ending balance		3.9%	7.4%	11.3%
Yearly case closing rate	90.7%	97.4%	95.1%	91.8%
Active cases at year end	17,303	17,810	19,002	20,907
Inactive cases at year end	3,314	3,612	3,996	4,686

As shown, the number of cases assigned to the office each year has grown by 14.6% since FY 2010 and the number of open cases and active cases continues to grow. Based on staff attorney workloads as measured in case weighted hours as of February 2014, the Office of Public defender has 41,810 more case weighted hours of work than the current level of attorneys working at the 1,500 hours per year standard for case work would be able to provide. The excess case work is equivalent to 27.87 FTE. This excess caseload forms the basis for the request for new attorneys in the Office of Public Defender program. The executive has included requests for 16.50 FTE attorneys in its proposal.

Common Decision Points

For the office, the executive proposes several decision points that are common across multiple programs and represent common policy decisions. The legislature may want to discuss and perhaps vote singularly for all requests of a common decision point:

- Contract attorney caseloads
- Attorney pay ladder
- Staffing to address caseloads
- Contract attorney rate adjustment

Contract Attorney Caseloads

The executive has requested funding in all three programs to hire more contract attorney support. Contract attorneys are used to augment state FTE and to represent clients when a conflict is present in the case were a state FTE is representing a client in a case.

Attorney Pay Ladder

The executive has requested funding for an attorney pay ladder in both the Office of Public Defender and the Office of Appellate Defender. The career ladder provides incremental competency pay adjustments under a pay schedule for employees as they achieve certain educational and experiential milestones.

Staffing To Address Caseloads

The executive has requested funding to add staff to address excess caseloads. Requests are made in both the Office of Public Defender and the Office of Appellate Defender.

Contract Attorney Rate Adjustment

The executive has requested funding in all three programs to provide a 2% increase in FY 2016 to the rate paid to contract attorneys. An additional 2% increment in the contract attorney rate is requested in FY 2017. The contract attorney rate adjustment is contained in the following new proposals requests:

- Contract Attorney Rate Adjustment (Office of Public Defender program)

- Contract Attorney Rate Adjustment (Office of Appellate Defender program)
- Contract Attorney Rate Adjustment (Conflict Coordinator program)

5% Plans

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2017 biennium 5% Plan submitted for this agency is in the appendix. For this agency the general fund impact of the 5% plan is \$1.1 million and state special revenue is not impacted.

Agency Personal Services

Personal services comprises 58.6% of the FY 2015 legislative budget, while the Governor proposes 61.7% in FY 2016 and FY 2017. The increase in funding for personal services is due to:

- Funding to annualize the pay plan of the 2013 Legislature
- Requests to add 38.50 FTE
- Requests to fund career ladders for both attorney and non-attorney staff

In FY 2014, the agency experienced a 1.1% vacancy savings in hours expended to hours budgeted.

The funding provided by the 2013 Legislature for the attorney career ladder appears to have reduced turnover of attorney staff in the Public Defender program but attorney turnover in the Appellate Defender program continues to be high. The agency states that workloads in the office and higher pay in other state agencies are main factors for turnover of appellate attorneys. The office also is challenged by turnover of non-attorney staff and the office attributes both excess workload and low pay as the main reasons.

The agency states that 29.4% of its current workforce would be eligible for either early or full retirement in the 2017 biennium. The executive has requested no funding to address retirement payouts.

Comparison of FY 2015 Legislative Base to FY 2015 Appropriation

The following highlights the differences between the FY 2015 appropriations as shown in the main table to the FY 2015 legislative appropriations used for purposes of the budget base, by program.

Program	FY 2015 Appropriation Transactions - Office of State Public Defender							
	Legislative Approp	Leg Applied OTO	Supplemental Appropriation	Consolidation of Biennial Approp	Op Plan	Program Transfers	Reorgs	Total Exec Implement
01 Public Defender	\$25,942,164	\$250,000	(\$672,156)	(\$250,000)	\$0	(\$15,130)	(\$4,274,324)	\$20,980,554
Personal Services	15,190,239				(86,984)	71,854	(236,026)	14,939,083
Operating Expenses	10,733,371	250,000	(672,156)	(250,000)	86,984	(86,984)	(4,038,298)	6,022,917
Equipment & Intangible Assets	18,554							18,554
02 Appellate Defender	1,447,349		(190,000)		-	15,130	(72,928)	1,199,551
Personal Services	1,018,884				86,984	(71,854)		1,034,014
Operating Expenses	428,465		(190,000)		(86,984)	86,984	(72,928)	165,537
03 Conflict Coordinator			(737,844)				4,347,252	3,609,408
Personal Services							236,026	236,026
Operating Expenses			(737,844)				4,111,226	3,373,382
Total	\$27,389,513	\$250,000	(\$1,600,000)	(\$250,000)	-	-	-	\$25,789,513

In FY 2014, the agency expended more funds than were appropriated for that year. The agency transferred \$1,850,000 in funding from FY 2015 to FY 2014. Of this funding, \$250,000 was associated with funding for capital case defense that was designated as one-time-only, restricted only for this purpose, and biennial. The remaining transferred funding was

done following the supplemental appropriation statutes where the agency was required to submit a plan for maintaining expenditures within biennium funding.

The office also transferred funding from the Office of Public Defender to the Office of Appellate Defender to address a shorting in funding for the Office of Appellate Defender career ladder.

The office was reorganized in FY 2014 to break out the Conflict Coordinator as a separate office for budgeting purposes. This reorganization moved 3.00 FTE from the Office of Public Defender and funding from both the Office of Public Defender and the Office of Appellate Defender to the new Conflict Coordinator program to fund conflict cases administered out of the new program.

Funding

The following table shows proposed agency funding by source of authority as proposed. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Office of the Public Defender Funding by Source of Authority 2017 Biennium Budget - Office of the Public Defender						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	67,747,232	0	0	67,747,232	99.23 %	
State Special Total	523,580	0	0	523,580	0.77 %	
Federal Special Total	0	0	0	0	0.00 %	
Proprietary Total	0	0	0	0	0.00 %	
Other Total	0	0	0	0	0.00 %	
Total All Funds	\$68,270,812	\$0	\$0	\$68,270,812		
Percent - Total All Sources	100.00 %	0.00 %	0.00 %			

The agency is funded primarily by the general fund. A small amount of state special revenue from reimbursements for services provided is also available to the agency.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	27,115,587	27,115,587	54,231,174	80.05 %	27,389,513	27,389,513	54,779,026	80.24 %
PL Adjustments	5,358,312	5,408,570	10,766,882	15.89 %	5,346,176	5,396,434	10,742,610	15.74 %
New Proposals	1,285,627	1,463,549	2,749,176	4.06 %	1,285,627	1,463,549	2,749,176	4.03 %
Total Budget	\$33,759,526	\$33,987,706	\$67,747,232		\$34,021,316	\$34,249,496	\$68,270,812	

Supplemental Appropriations -

The Governor's supplemental bill request includes a total \$1.7 million general fund for the OPD. The request for supplemental funding is due primarily to the stresses placed on the agency from increased accumulated caseloads. The office moved \$1.6 million of funding from FY 2015 that then reduced the funding in that year to operate the office for non-capital case operations.

As stated earlier, the executive has included a number of initiatives to address caseload pressures. For a full discussion see the Agency Discussion section of this narrative.

Language and Statutory Authority -

The executive recommends the following language be included in HB 2.

"All appropriations for the Office of the Public Defender are biennial."

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	202.50	202.50	240.00	240.00	202.50	240.00	37.50	18.52 %
Personal Services	14,293,630	14,939,083	19,491,562	19,634,198	29,232,713	39,125,760	9,893,047	33.84 %
Operating Expenses	6,709,591	6,022,917	7,724,811	7,694,011	12,732,508	15,418,822	2,686,314	21.10 %
Equipment & Intangible Assets	0	18,554	10,000	0	18,554	10,000	(8,554)	(46.10)%
Total Costs	\$21,003,221	\$20,980,554	\$27,226,373	\$27,328,209	\$41,983,775	\$54,554,582	\$12,570,807	29.94 %
General Fund	20,741,431	20,706,628	26,964,583	27,066,419	41,448,059	54,031,002	12,582,943	30.36 %
State/Other Special Rev. Funds	261,790	273,926	261,790	261,790	535,716	523,580	(12,136)	(2.27)%
Total Funds	\$21,003,221	\$20,980,554	\$27,226,373	\$27,328,209	\$41,983,775	\$54,554,582	\$12,570,807	29.94 %

Program Description

The Office of State Public Defender administers the statewide public defender system that delivers public defender services in all courts in Montana for criminal and certain civil cases for an individual who is determined to be financially unable to retain private counsel and who is accused of an offense that could result in the person's loss of life or liberty if convicted.

The office administers the statewide public defender system that is supervised by the Public Defender Commission. The office is administratively attached to the Department of Administration but has authority in law to provide administrative functions as determined by the commission.

The Public Defender Commission is responsible for the design, direction, and supervision of the system. The commission appoints the chief public defender, approves the strategic plan for the delivery of services, and approves statewide standards for qualifications and training of public defenders.

Program Highlights

Office of Public Defender Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the 2015 legislative budget, changes to the budget are for: <ul style="list-style-type: none"> ◦ Funding to annualize the 2013 legislative pay plan ◦ Funding to add 37.50 FTE to address caseloads ◦ Funding for increased contract attorney costs to address caseloads ◦ Funding to provide a 2% annual rate increase for contract attorneys • The Governor proposed funding to add 37.5 FTE for: <ul style="list-style-type: none"> ◦ 23.50 FTE to make permanent the modified FTE used in the 2015 biennium to address caseloads ◦ 10.00 FTE to address caseloads ◦ 4.00 FTE to provide dedicated staff to process eligibility applications and assist clients to access services they may be eligible to receive based on indigence situation
Major LFD Issues
<ul style="list-style-type: none"> • Funding for FTE funded in the 2015 biennium with SB 410 funds is more appropriately categorized as a new proposal • Outfitting costs for new FTE are not recurring expenses and the legislature may want to designate them as one-time-only

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

This program includes a number of proposed additions to address various challenges of the office. The proposals are discussed in detail in the following narrative, while the Agency Summary section of this agency's narrative discusses the challenges and the executive's proposed response in total.

Personal Services

In the FY 2015 legislative budget, personal services comprised 58.0% of the program budget. The Governor proposes 71.6 % in FY 2016 and 71.8% in FY 2017. The increases in costs are due to:

- Requests for funding to add 33.50 FTE to address workload issues
- A request for funding to add 4.00 FTE to evaluate indigence eligibility and assist clients to receive public services
- A request for funding for career ladders for attorneys and non-attorney staff
- Funding to annualize pay increases funded in the legislative pay plan of the 2013 Legislature
- Funding to annualize pay increases funded in HB 2 of the 2013 Legislature for the attorney pay ladder
- Funding to annualize pay increases provided at the discretion of the office and funded out of the office's operating budget

For this program, 137 pay adjustments were funded within the agency's budget during FY 2014 in addition to the increases funded in HB 13 or the funded career ladder. These additional increases averaged 14.1% and added an estimated \$1.07 million to funding requirements in subsequent years. Of these increases 3 were for market adjustments and 134 were for negotiated pay settlement adjustments.

Supplemental Appropriation

The executive transferred nearly \$672,000 of FY 2015 funding into FY 2014 to fund budget shortfalls related to caseloads, capital case shortfall, and low vacancy savings due to reduced turnover. The executive requests supplemental funding for \$100,000 projected shortfalls of FY 2015 budget. However, this funding is preliminary and subject to change as the office proceeds further into the fiscal year.

Funding

The following table shows proposed program funding by source from all sources of authority.

Office of the Public Defender, 01-Office of Public Defender Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	54,031,002	0	0	54,031,002	99.04 %	
02249 Governor's Office Operations Fund	0	0	0	0	0.00 %	
02250 Court Ordered Sentencing Costs	523,580	0	0	523,580	100.00 %	
State Special Total	\$523,580	\$0	\$0	\$523,580	0.96 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$54,554,582	\$0	\$0	\$54,554,582		

The Office of the Public Defender is funded primarily from the general fund. A small amount of state special revenue from collection of reimbursement for services also supports the program.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	25,755,222	25,755,222	51,510,444	95.34 %	25,942,164	25,942,164	51,884,328	95.11 %
PL Adjustments	45,693	91,567	137,260	0.25 %	120,541	166,415	286,956	0.53 %
New Proposals	1,163,668	1,219,630	2,383,298	4.41 %	1,163,668	1,219,630	2,383,298	4.37 %
Total Budget	\$26,964,583	\$27,066,419	\$54,031,002		\$27,226,373	\$27,328,209	\$54,554,582	

Program Reorganization -

The 2013 Legislature appropriated funding to the Office of State Public Defender with the function for conflict coordinator as a part of the budget for this program. During the 2015 biennium, the executive reorganized this function into this separate budget program. The reorganization transferred funding and 3.00 FTE from this program to a stand-alone Conflict Coordinator program.

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating

expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	3,406,531	74,848	0	3,481,379	0.00	3,551,190	74,848	0	3,626,038
DP 99 - LEG. Present Law	0.00	(3,360,838)	0	0	(3,360,838)	0.00	(3,459,623)	0	0	(3,459,623)
Grand Total All Present Law Adjustments	0.00	\$45,693	\$74,848	\$0	\$120,541	0.00	\$91,567	\$74,848	\$0	\$166,415

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	196.54	\$94,060	\$0	\$0	\$94,060
Executive Implementation of 2015 Pay Increase		263,202	-	-	263,202
Fully Fund 2015 Legislatively Authorized FTE		271,550	-	-	271,550
Other					
Annualize Current Positions to Support Workload	23.50	1,790,532	-	-	1,790,532
Non-Attorney Pay Ladder and Market Adjustment	0.00	500,000	-	-	500,000
Attorney Pay Ladder	0.00	400,000	-	-	400,000
Additional Staff to Support Caseloads	10.00	734,752	-	-	734,752
Reorganization	(3.00)	(236,026)	-	-	(236,026)
Remainder of Other	0.00	(411,540)	74,848	-	(336,692)
Total Other	30.50	2,777,718	74,848	-	2,852,566
Personal Services Present Law Adjustments	227.04	\$3,406,531	\$74,848	\$0	\$3,481,379
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	196.54	\$94,060	\$0	\$0	\$94,060
Executive Implementation of 2015 Pay Increase		263,202	-	-	263,202
Fully Fund 2015 Legislatively Authorized FTE		271,550	-	-	271,550
Other					
Annualize Current Positions to Support Caseloads	23.50	1,786,026	-	-	1,786,026
Non-Attorney Pay Ladder and Market Adjustment	0.00	500,000	-	-	500,000
Attorney Pay Ladder	0.00	500,000	-	-	500,000
Additional Staff to Support Caseloads	10.00	732,887	-	-	732,887
Reorganization	(3.00)	(236,026)	-	-	(236,026)
Remainder of Other	0.00	(360,510)	74,848	-	(285,662)
Total Other	30.50	2,922,377	74,848	-	2,997,225
Personal Services Present Law Adjustments	227.04	\$3,551,190	\$74,848	\$0	\$3,626,038

The executive has proposed to increase funding for personal services by 22.9% in FY 2016 and by 23.9% in FY 2017 compared to the FY 2015 legislative budget.

Annualize Current Positions to Support Caseloads - The executive requests funding to add 23.50 FTE to address caseload issues including 13.50 FTE lawyers, 6.50 FTE legal secretary, 2.00 FTE administrative assistant, 1.00 FTE human services specialist, and 0.50 FTE secretary.

**LFD
COMMENT**

Caseload Growth - Modified Staff in the 2015 Biennium

The program experienced a 17 percent increase in direct appeals for FY 2012, a 15% increase during FY 2013 and another 5% increase during FY 2014. During the 2015 biennium, the executive used modified FTE to address the workload impacts of this caseload growth.

The positions were funded in the 2015 biennium with the following funding sources but were not part of the base positions used to develop the 2015 or 2017 biennia funding:

- 21.50 FTE were funded with one-time-only funds from a transfer of SB 410 state special revenue from the appropriation made to the Governor's Office
- 2.00 FTE were funded as modified positions with FY 2014 and FY 2015 HB 2 operating funds

See the Agency Summary section for a discussion of how the caseload growth has impacted attorney workloads and how this would impact workloads as compared to the Public Defender Commission standards for managing staff caseloads.

**LFD
ISSUE**

More Appropriately Categorized as a New Proposal

The executive added 21.50 FTE in the 2015 biennium with one-time funding from SB 410. As the funding was one-time-only, these staff should be requested as a new proposal and not a present law request. The legislature may want to direct staff to designate the portion of the request associated with the 21.50 FTE and their associated operating costs as a new proposal.

Non-Attorney Pay Ladder - The executive requests funding for market adjustments and a career ladder for non-attorney staff to address staff turnover issues. The funding would move staff pay from the 2006 market rates to the 2014 market survey conducted by the Department of Administration.

Attorney Pay Ladder - The executive requests funding for the attorney career ladder for appellate attorneys. The career ladder provides incremental competency pay adjustments under a pay schedule for employees as they achieve certain educational and experiential milestones.

Non-Attorney Pay Ladder and Market Adjustment - The executive requests funding for market adjustments and a career ladder for non-attorney staff to address staff turnover issues. The funding would move staff pay from the 2006 market rates to the 2014 market survey conducted by the Department of Administration.

Additional Staff to Support Caseloads - The executive requests funding to add 10.00 FTE to address workload issues including 2.00 FTE Crime Investigator, 4.00 FTE Lawyer, and 4.00 FTE Paralegal Legal Assistant.

**LFD
COMMENT**

Caseload Growth – New Staff

The program experienced a 17% increase in direct appeals for FY 2012, a 15% increase during FY 2013, and another 5% increase during FY 2014. See the Agency Summary section for a discussion of how the caseload growth has impacted attorney caseloads and how this would impact caseloads as compared to the Public Defender Commission standards for managing staff caseloads.

Reorganization - The executive reorganized this agency to create a new program dedicated to administering conflict cases. Funding for 3.00 FTE was moved to the new program.

Remainder of Other - Changes that make up the remainder of the other adjustments include the following:

- Various program transfers and operating plan changes

The executive moved funding for personal services from this program to the Appellate Defender program to fund shortfalls in the funding for the attorney career ladder in that program. Additionally, state special revenue was moved from the Appellate Defender program to this program with a like amount of general fund transferred to the Appellate Defender program.

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

Legislative Present Law Adjustments				
	FY 2016			
CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Annualize Current Positions to Support Workload	58,530	-	-	58,530
Contract Attorney Caseload	350,000	-	-	350,000
Annualize Rental Agreements	217,840	-	-	217,840
Additional Staff to Support Caseloads	43,800	-	-	43,800
Reorganization	(4,038,298)	-	-	(4,038,298)
Other	7,290	-	-	7,290
Legislative Present Law Adjustments	(\$3,360,838)	\$0	\$0	(\$3,360,838)
	FY 2017			
CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Annualize Current Positions to Support Caseloads	39,595	-	-	39,595
Contract Attorney Funding for Caseloads	350,000	-	-	350,000
Annualize Rental Agreements	217,840	-	-	217,840
Additional Staff to Support Caseloads	6,225	-	-	6,225
Reorganization	(4,038,298)	-	-	(4,038,298)
Other	(34,985)	-	-	(34,985)
Legislative Present Law Adjustments	(\$3,459,623)	\$0	\$0	(\$3,459,623)

The executive has proposed to reduce funding for all other expenditure categories excluding personal services by 31.3% in FY 2016 and by 32.2% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other category include the following, while individually listed adjustments are described separately:

- The effects of various operating plan changes

The executive moved funding from personal services to operating expenses to fund shortages in operating costs.

Annualize Current Positions to Support Caseloads - Along with personal services funding for requests to add staff, the executive requests funding for operating costs to outfit offices and support the operations of the staff.

**LFD
ISSUE**

Staff Outfitting Costs are One Time

FY 2016 funding includes \$8,350 in outfitting costs that are not ongoing to purchase computer equipment and software licenses, desks, and other office items for the new positions. The legislature may wish to designate this amount as one-time-only.

Contracted Attorney Funding for Caseloads - The executive requests funding for contract attorney costs to supplement agency staff to address caseload issues.

**LFD
COMMENT**

For further discussion of caseloads see the Agency Discussion in the Agency Summary section for this agency.

Annualize Rental Agreements - The executive requests funding for statewide office lease increases.

Additional Staff to Support Caseloads - Along with personal services funding for requests to add staff, the executive requests funding for operating costs to outfit offices and support the operations of the staff.

**LFD
ISSUE**

Staff Outfitting Costs are One Time

FY 2016 funding includes \$37,575 in outfitting costs that are not ongoing to purchase computer equipment and software licenses, desks, and other office items for the new positions. The legislature may wish to designate this amount as one-time-only.

Reorganization - The executive reorganized the agency to create a new program dedicated to coordination conflict cases. This reorganization moved operating costs for 3.00 FTE and funding for contracted attorneys to the new program.

New Proposals -

Total funds in the New Proposals table do not include proprietary funds budgeted in House Bill 2.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 100007 - Eligibility Techs. and Human Services Spec.	4.00	267,214	0	0	267,214	4.00	249,904	0	0	249,904
DP 100008 - Reverse Statewide 4% FTE Reduction - PG 1	8.96	571,770	0	0	571,770	8.96	570,357	0	0	570,357
DP 100009 - Contract Attorney Rate Adjustment - PG 1	0.00	74,684	0	0	74,684	0.00	149,369	0	0	149,369
DP 100010 - Public Defender Commission Discretionary Funding	0.00	250,000	0	0	250,000	0.00	250,000	0	0	250,000
Total	12.96	\$1,163,668	\$0	\$0	\$1,163,668	12.96	\$1,219,630	\$0	\$0	\$1,219,630

DP 100010 - Public Defender Commission Discretionary Funding -

The executive requests funding to be used at the discretion of the public defender commission to address criminal caseload growth, dependent and neglect caseload funding pressures, appellate caseload pressure, or any other unforeseen fiscal pressures the agency might experience. This funding would be distributed among the programs by the commission after needs are identified in a plan to the Office of Budget and Program Planning and approved by the budget director. The executive recommends that this funding be designated as biennial, restricted, and one-time-only.

DP 100007 - Eligibility Techs. and Human Services Spec. -

The executive requests funding to add 2.00 FTE eligibility technicians and 2.00 FTE human services specialists. The eligibility technicians would process indigence eligibility forms and make the initial determination of eligibility. The human services specialists would assist clients to access services they may be eligible to receive based on indigence situation.

LFD ISSUE	<p><u>Staff Outfitting Costs are One Time</u></p> <p>FY 2016 funding includes \$16,700 in outfitting costs that are not ongoing to purchase computer equipment and software licenses, desks, and other office items for the new positions. The legislature may wish to designate this amount as one-time-only.</p>
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DP 100009 - Contract Attorney Rate Adjustment - PG 1 -

The executive requests funding to increase the rate paid to contract attorneys by 2% in FY 2016 and by an additional 2% (4% total) in FY 2017.

DP 100008 - Reverse Statewide 4% FTE Reduction - PG 1 -

The executive requests funding for the addition of 8.96 FTE removed under the boilerplate language of HB 2 of the 2013 Legislature.

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	12.00	12.00	13.00	13.00	12.00	13.00	1.00	8.33 %
Personal Services	994,046	1,034,014	1,241,361	1,248,871	2,028,060	2,490,232	462,172	22.79 %
Operating Expenses	361,083	165,537	520,672	521,072	526,620	1,041,744	515,124	97.82 %
Total Costs	\$1,355,129	\$1,199,551	\$1,762,033	\$1,769,943	\$2,554,680	\$3,531,976	\$977,296	38.26 %
General Fund	1,355,129	1,199,551	1,762,033	1,769,943	2,554,680	3,531,976	977,296	38.26 %
State/Other Special Rev. Funds	0	0	0	0	0	0	0	0.00 %
Total Funds	\$1,355,129	\$1,199,551	\$1,762,033	\$1,769,943	\$2,554,680	\$3,531,976	\$977,296	38.26 %

Program Description

The Appellate Defender Program provides appeal services for indigent citizens.

Program Highlights

Office of Appellate Defender Major Budget Highlights
<ul style="list-style-type: none"> • The budget would increase largely due to: <ul style="list-style-type: none"> ◦ Funding to add 1.00 FTE to address caseload issues ◦ Funding to increase contract attorney payments to address caseload issue ◦ Funding for a career ladder for attorneys ◦ Funding to provide a 2% annual rate increase for contract attorneys
Major LFD Issues
<ul style="list-style-type: none"> • Startup costs for new FTE are one-time-only

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

This program includes a number of proposed additions to address various challenges of the office. The proposals are discussed in detail in the following narrative, while the Summary section of this agency’s narrative discusses requests that are typical in multiple programs, and the challenges the office faces and the executive’s proposed response in total.

Personal Services

In the FY 2015 legislative budget, personal services comprised 70.4% of the program budget. The Governor proposes 70.5% in FY 2016 and 70.6% in FY 2017. The increases in costs are due to:

- A request to add 1.00 FTE to address caseload issues

- A request for funding for a career ladder for attorneys
- Funding to annualize pay increases funded in the legislative pay plan of the 2013 Legislature

Funding

The following table shows proposed program funding by source from all sources of authority.

Office of the Public Defender, 02-Office of Appellate Defender Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	3,531,976	0	0	3,531,976	100.00 %	
02250 Court Ordered Sentencing Costs	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$3,531,976	\$0	\$0	\$3,531,976		

The Office of Appellate Defender is supported entirely by the general fund.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	1,360,365	1,360,365	2,720,730	77.03 %	1,447,349	1,447,349	2,894,698	81.96 %
PL Adjustments	397,101	400,444	797,545	22.58 %	310,117	313,460	623,577	17.66 %
New Proposals	4,567	9,134	13,701	0.39 %	4,567	9,134	13,701	0.39 %
Total Budget	\$1,762,033	\$1,769,943	\$3,531,976		\$1,762,033	\$1,769,943	\$3,531,976	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	284,879	(62,402)	0	222,477	0.00	293,808	(63,821)	0	229,987
DP 99 - LEG. Present Law	0.00	112,222	(24,582)	0	87,640	0.00	106,636	(23,163)	0	83,473
Grand Total All Present Law Adjustments	0.00	\$397,101	(\$86,984)	\$0	\$310,117	0.00	\$400,444	(\$86,984)	\$0	\$313,460

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	12.00	\$5,832	\$0	\$0	\$5,832
Executive Implementation of 2015 Pay Increase		19,744	-	-	19,744
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other					
Additional Staff to Support Caseloads	1.00	101,411	-	-	101,411
Attorney Pay Ladder	0.00	25,000	-	-	25,000
Remainder of Other	0.00	132,892	(62,402)	-	70,490
Total Other	1.00	259,303	(62,402)	-	196,901
Personal Services Present Law Adjustments	13.00	\$284,879	(\$62,402)	\$0	\$222,477
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	12.00	\$5,832	\$0	\$0	\$5,832
Executive Implementation of 2015 Pay Increase		19,744	-	-	19,744
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other					
Additional Staff to Support Caseloads	1.00	101,142	-	-	101,142
Attorney Pay Ladder	0.00	30,000	-	-	30,000
Remainder of Other	0.00	137,090	(63,821)	-	73,269
Total Other	1.00	268,232	(63,821)	-	204,411
Personal Services Present Law Adjustments	13.00	\$293,808	(\$63,821)	\$0	\$229,987

The executive has proposed to increase funding for personal services by 21.8% in FY 2016 and by 22.6% in FY 2017 compared to the FY 2015 legislative budget.

Additional Staff to Support Caseloads - The executive requests funding to add 1.00 FTE attorney to address workload issues.

<p>LFD COMMENT</p>	<p><u>Caseload Growth</u></p> <p>The program experienced a 17% increase in direct appeals for FY 2012, a 15% increase during FY 2013, and another 5% increase during FY 2014. During the 2015 biennium, the executive used modified FTE to address the workload impacts of this caseload growth. Refer to Agency Summary section for a discussion of caseload growth and how this would address workloads as compared to the Public Defender Commission standards for managing staff caseloads.</p>
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Attorney Pay Ladder - The executive requests funding for the attorney career ladder for appellate attorneys. The career ladder provides incremental competency pay adjustments under a pay schedule for employees as they achieve certain educational and experiential milestones.

Remainder of Other - Changes that make up the remainder of the other adjustments include the following:

- The effects of various operating plan changes and program transfers

The executive moved funding for personal services from the Office of State Public Defender program to fund shortfalls in the attorney career ladder of the Appellate Defender. Additionally, funding was moved from operating expenses to personal services to fund the attorney career ladder in FY 2015. State special revenue authority was moved from the Appellate Defender program to the Office of State Public Defender program and a like amount of general fund was transferred back to offset this funding change.

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

Legislative Present Law Adjustments				
	FY 2016			
CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Contract Attorney Caseload	\$215,843	\$0	\$0	\$215,843
Additional Staff to Support Caseloads	5,000	-	-	5,000
Other	(108,621)	(24,582)	-	(133,203)
Legislative Present Law Adjustments	\$112,222	(\$24,582)	\$0	\$87,640
	FY 2017			
CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Contracted Attorney Funding for Caseloads	\$215,843	\$0	\$0	\$215,843
Outfitting Costs for Additional Staff	825	-	-	825
Other	(110,032)	(23,163)	-	(133,195)
Legislative Present Law Adjustments	\$106,636	(\$23,163)	\$0	\$83,473

The executive has proposed to increase funding for all other expenditure categories excluding personal services by 20.5% in FY 2016 and by 19.5% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other category include the following, while individually listed adjustments are described separately:

- The effects of various operating plan changes and program transfers

The executive moved funding from operating expenses to personal services to fund the attorney career ladder in FY 2015. State special revenue authority was moved from the Appellate Defender program to the Office of State Public Defender program and a like amount of general fund was transferred back to offset this funding change.

Outfitting Costs for Additional Staff - Along with personal services funding for requests to add staff, the executive requests funding for operating costs to outfit offices and support the operations of the staff.

LFD ISSUE	<u>Staff Outfitting Costs are One Time</u>
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FY 2016 funding includes \$4,175 in outfitting costs that are not ongoing to purchase computer equipment and software licenses, desks, and other office items for the new positions. The legislature may wish to designate this amount of this request as one-time-only.

Contracted Attorney Funding for Caseloads - The executive requests funding for contract attorney costs to supplement agency staff to address workload issues.

New Proposals -

Total funds in the New Proposals table do not include proprietary funds budgeted in House Bill 2.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 200004 - Contract Attorney Rate Adjustment - PG 2	0.00	4,567	0	0	4,567	0.00	9,134	0	0	9,134
Total	0.00	\$4,567	\$0	\$0	\$4,567	0.00	\$9,134	\$0	\$0	\$9,134

DP 200004 - Contract Attorney Rate Adjustment - PG 2 -

The executive requests funding to increase the rate paid to contract attorneys by 2% in FY 2016 and by an additional 2% (4% total) in FY 2017.

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	3.00	3.00	3.00	3.00	3.00	3.00	0.00	0.00 %
Personal Services	199,383	236,026	268,472	269,513	435,409	537,985	102,576	23.56 %
Operating Expenses	4,147,046	3,373,382	4,764,438	4,881,831	7,520,428	9,646,269	2,125,841	28.27 %
Total Costs	\$4,346,429	\$3,609,408	\$5,032,910	\$5,151,344	\$7,955,837	\$10,184,254	\$2,228,417	28.01 %
General Fund	4,346,429	3,609,408	5,032,910	5,151,344	7,955,837	10,184,254	2,228,417	28.01 %
Total Funds	\$4,346,429	\$3,609,408	\$5,032,910	\$5,151,344	\$7,955,837	\$10,184,254	\$2,228,417	28.01 %

Program Description

The Conflict Coordinator program administrates cases involving a conflict and receives cases from both the Office of Public Defender and Office of Appellate Defender programs.

Program Highlights

Conflict Coordinator Major Budget Highlights
<ul style="list-style-type: none"> • The budget would increase largely due to: <ul style="list-style-type: none"> ◦ An adjustment to fund contract attorney payments to address workload issues ◦ Funding to provide a 2% annual rate increase for contract attorneys

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Personal Services

This program was formed in FY 2014 during an office reorganization and did not exist in the FY 2015 legislative budget. The increases in costs are due to:

- Agency reorganization
- Funding to annualize pay increases funded in the legislative pay plan of the 2013 Legislature
- Funding to annualize pay increases provided at the discretion of the office and funded out of the office's operating budget

For this program, one pay adjustment was funded within the agency's budget during FY 2014 in addition to the increases funded in HB 13 or the funded career ladder. The increase was for a 25.1% market adjustment and added an estimated \$16,600 to subsequent year funding requirements.

Supplemental Appropriation

The executive transferred nearly \$788,000 of FY 2015 funding into FY 2014 to fund budget shortfalls related to caseloads. The executive recommends \$1.6 million supplemental funding for projected shortfalls of its FY 2015 budget. However, this funding is preliminary and subject to change as the office proceeds further into the fiscal year.

Funding

The following table shows proposed program funding by source from all sources of authority.

Office of the Public Defender, 03-Conflict Coordinator Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	10,184,254	0	0	10,184,254	100.00 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$10,184,254	\$0	\$0	\$10,184,254		

The Conflict Coordinator program is supported entirely by the general fund.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	0	0	0	0.00 %
PL Adjustments	4,915,518	4,916,559	9,832,077	96.54 %	4,915,518	4,916,559	9,832,077	96.54 %
New Proposals	117,392	234,785	352,177	3.46 %	117,392	234,785	352,177	3.46 %
Total Budget	\$5,032,910	\$5,151,344	\$10,184,254		\$5,032,910	\$5,151,344	\$10,184,254	

Program Reorganization -

The 2013 Legislature appropriated funding to the Office of State Public Defender with the function for conflict coordinator as a part of the budget program Office of Public Defender. During the 2015 biennium, the executive reorganized this function into this separate budget program. The reorganization transferred funding and 3.00 FTE from the Office of Public Defender into this program.

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments										
-----Fiscal 2016-----						-----Fiscal 2017-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 98 - LEG. Personal Services Present Law	0.00	268,472	0	0	268,472	0.00	269,513	0	0	269,513
DP 99 - LEG. Present Law	0.00	4,647,046	0	0	4,647,046	0.00	4,647,046	0	0	4,647,046
Grand Total All Present Law Adjustments	0.00	\$4,915,518	\$0	\$0	\$4,915,518	0.00	\$4,916,559	\$0	\$0	\$4,916,559

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
FY 2016					
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	0.00	\$5,832	\$0	\$0	\$5,832
Executive Implementation of 2015 Pay Increase		19,744	-	-	19,744
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other					
Reorganization	3.00	236,026	-	-	236,026
Remainder of Other	0.00	6,870	-	-	6,870
Total Other	3.00	242,896	-	-	242,896
Personal Services Present Law Adjustments	3.00	\$268,472	\$0	\$0	\$268,472
FY 2017					
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	0.00	\$5,832	\$0	\$0	\$5,832
Executive Implementation of 2015 Pay Increase		19,744	-	-	19,744
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other					
Reorganization	3.00	236,026	-	-	236,026
Remainder of Other	0.00	7,911	-	-	7,911
Total Other	3.00	243,937	-	-	243,937
Personal Services Present Law Adjustments	3.00	\$269,513	\$0	\$0	\$269,513

This program did not exist in the FY 2015 legislative budget.

Reorganization - The executive reorganized this agency to create this program to administer conflict cases. This reorganization moved funding for 3.00 FTE to this new program.

Changes that make up the remainder of other adjustments are for various payroll tax rate changes.

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

Legislative Present Law Adjustments				
FY 2016				
CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Contract Attorney Caseload	\$449,280	\$0	\$0	\$449,280
Reorganization	4,111,226	-	-	4,111,226
Other	86,540	-	-	86,540
Legislative Present Law Adjustments	\$4,647,046	\$0	\$0	\$4,647,046
FY 2017				
CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Contracted Attorney Funding for Conflict Caseloads	\$449,280	\$0	\$0	\$449,280
Reorganization	4,111,226	-	-	4,111,226
Other	86,540	-	-	86,540
Legislative Present Law Adjustments	\$4,647,046	\$0	\$0	\$4,647,046

This program did not exist in the FY 2015 legislative budget. Changes that make up the other category include the following, while individually listed adjustments are described separately:

- FY 2014 expenditures higher than FY 2015 legislative budget transferred in the reorganization

FY 2014 expenditures were higher than the FY 2015 funding transferred in the reorganization and the executive requests funding at the FY 2014 expenditure level, which is above the FY 2015 legislative funding.

Contracted Attorney Funding for Conflict Caseloads - The executive requests funding for contract attorney costs to address workload issues in conflict cases.

LFD COMMENT	Refer to the Agency Summary section for a discussion of workload issues.
--------------------	--

Reorganization - The executive reorganized this agency to establish this program to administer conflict cases. This reorganization moved funding for 3.00 FTE and operating costs for the staff and contract attorneys from the Office of State Public Defender program to this new program.

New Proposals -

Total funds in the New Proposals table do not include proprietary funds budgeted in House Bill 2.

New Proposals	Fiscal 2016					Fiscal 2017				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 300002 - Contract Attorney Rate Adjustment - PG 3	0.00	117,392	0	0	117,392	0.00	234,785	0	0	234,785
Total	0.00	\$117,392	\$0	\$0	\$117,392	0.00	\$234,785	\$0	\$0	\$234,785

DP 300002 - Contract Attorney Rate Adjustment - PG 3 -

The executive requests funding to increase the rate paid to contract attorneys by 2% in FY 2016 and by an additional 2% (4% total) in FY 2017.

5% Base Budget Reduction Form
[17-7-111-3\(f\)](#)

AGENCY CODE & NAME: 61080/Office of the State Public Defender

		Minimum Requirement	
		General Fund	State Special Revenue Fund
TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET		\$ 1,127,342	
Priority	SERVICE(S) TO BE ELIMINATED OR REDUCED	General Fund Annual Savings	State Special Revenue Annual Savings
1	4% FTE Reduction	\$ 571,756	
2	Reduce Contract Attorney services	\$ 555,586	
3			
4			
5			
6			
7			
8			
9			
10			
11			
	TOTAL SAVINGS	\$ 1,127,342	\$ -
	DIFFERENCE	0	0

Form A

5% Base Budget Reduction Form

AGENCY CODE & NAME: 61080/Office of the State Public Defender

#1

BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION: The Agency would reduce approximately 4% of its previously approved FTE. This would be approximately 8.96 FTE.

#2 THE SAVINGS THAT ARE EXPECTED: \$571,75€

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION: To meet the requirements of this reduction by program, the Agency's internal attorneys' caseloads would increase. Once the capacity of the internal attorneys has reached its limit, the Agency would delay future intake of new cases. This would result in longer stays in jail or juvenile detention. It also may impact the right to a speedy trial. There would be greater county costs for people being held at Warm Springs or in hospitals in mental health commitments. This would affect Programs 1 and 3.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED: The Legislature could consider removing the jail time as a penalty from certain crimes. Otherwise, there is little the agency could do to mitigate impacts from the loss of this funding and FTE.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO: YES - Title 47

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 61080/Office of the State Public Defender

#1

BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION: Reduce contract attorney costs by \$555,586. The agency would move contract attorney cases into its offices to be served by existing FTE.

#2 THE SAVINGS THAT ARE EXPECTED: \$555,586

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION: Agency FTE are already feeling the stress of the growth rate in caseloads per year and this action would compound that stress by bringing more cases into offices. The agency may see hired attorneys exit the system as a result of unreasonable caseload requirements. The agency may see law suits to limit caseloads to a level prescribed by the agency's standards of legal practices and the American Bar Association. This would affect Programs 1 and 3.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO: YES - Title 47

Form B

The Legislative Fiscal Division Presents an Agency Profile of:

The Department of Corrections

Contact: Greg DeWitt, Senior Fiscal Analyst
Room 119, State Capitol Building
Phone: 444-5392
E-mail: gcdewitt@mt.gov

Updated November 2014

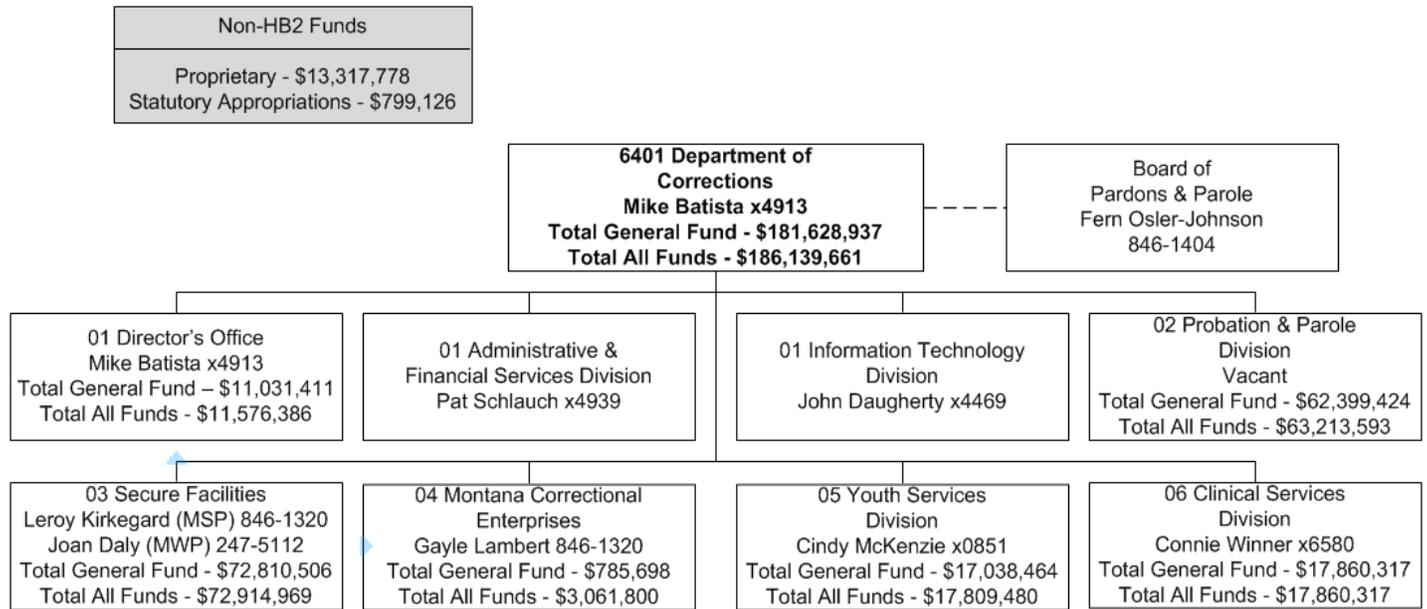
Definition of Terms

Agency Description

The Department of Corrections (DOC), authorized in section 2-15-2301, MCA, is directed in section 53-1-201, MCA, to "utilize at maximum efficiency the resources of state government in a coordinated effort to: 1) develop and maintain comprehensive services and programs in the field of adult and youth corrections; and 2) provide for the care, protection, and mental and physical development of youth alleged to be youth in need of supervision, or delinquent youth who are referred or committed to the department." The department's five programs are:

- Administration and support services including the Director's Office, Staff Services Division, Information Technology Division, Administrative Services Division, and the administratively attached Board of Pardons and Parole.
- Community Corrections Division including division administration; Treasure State Correctional Treatment Center (TSCTC); contracted pre-release centers, probation and parole; DUI Unit (Warm Springs Addictions Treatment and Change Program (WATCH)); Elkhorn and Nexus methamphetamine treatment centers, Missoula Assessment and Sanction Center (MASC); and the Sanction, Treatment, Assessment, Revocation, and Transition Center (START)
- Secure Custody including Montana State Prison (MSP), Montana Women's Prison (MWP), contract beds including regional prisons in Great Falls and Glendive, and a privately operated prison (Crossroads Correctional Center) in Shelby
- Montana Correctional Enterprises (MCE) including agriculture, ranching, industries, vocational education, food factory, license plate factory, fire crew, lumber processing, and inmate canteen
- Youth Services Division including statewide juvenile community corrections functions, Riverside Youth Correctional Facility, the Transition Center, and Pine Hills Youth Correctional Facility

On the following page is an organizational chart of the agency including general fund appropriations, statutory appropriations, proprietary funds, and total funds. Unless otherwise noted, all phone extensions are preceded by (406) 444.

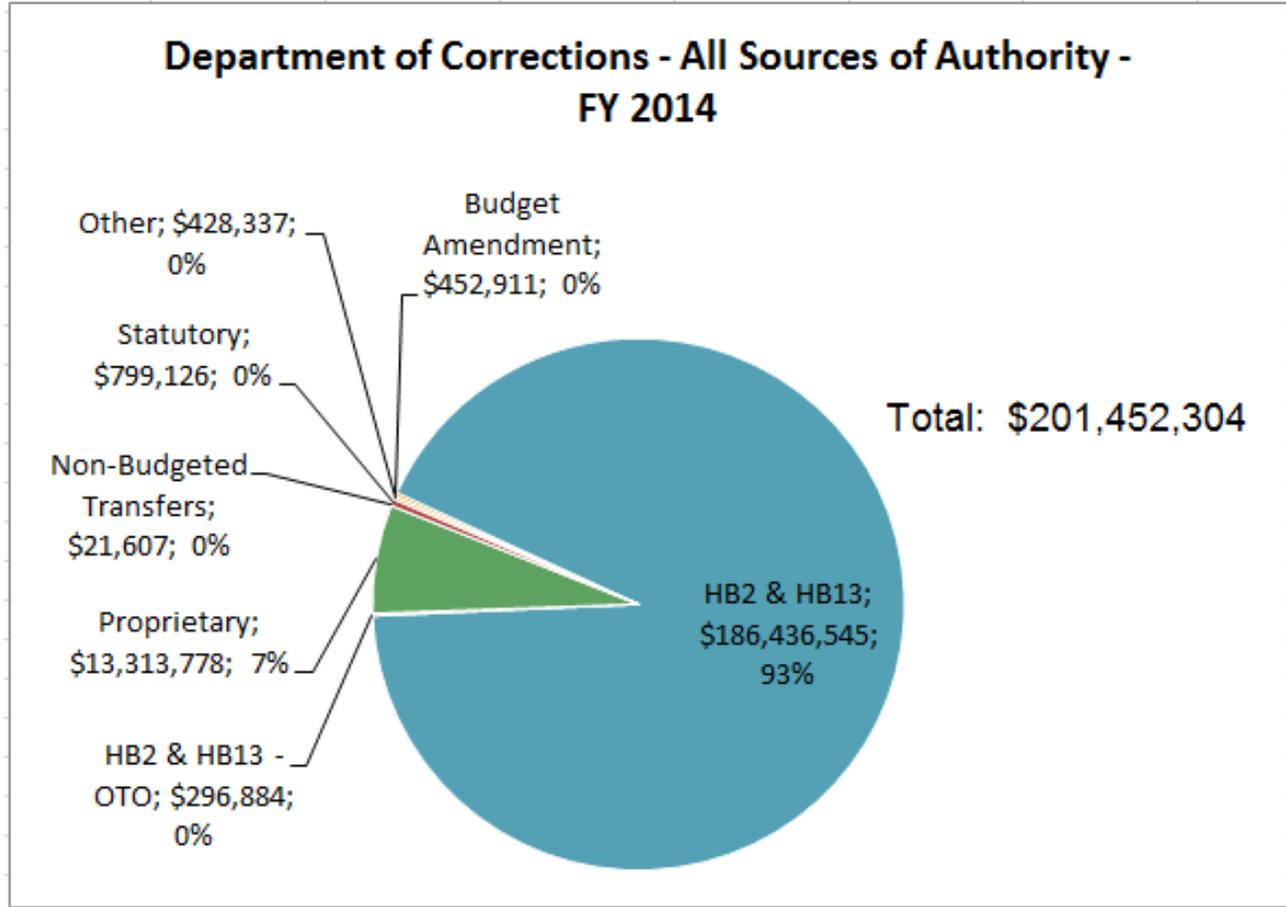


How Services are Provided

Services are provided through the following:

- Housing and attending to adult or youth offenders in secure care facilities either owned and operated by the state or under contract with a private or local government entity that owns and operates the facility under contract with the state. Examples of state facilities for adults are the Montana State Prison and the Montana Women's Prison. Examples of state facilities for youth are Pine Hills Youth Correctional Center or Riverside Youth Correctional Center
- Contracting with private not-for-profit entities for treatment and supervision in a treatment or community-based setting such as pre-release centers, transitional living centers, methamphetamine or alcohol treatment facilities
- Supervision adult offenders on probation or parole or youth on parole with state FTE probation and parole officers
- Providing job skills and training for offenders via a vocational education placement operated by state FTE. Examples of vocational education includes the prison ranch and dairy, prison license plate factory, prison furniture and upholstery factory
- Providing a military style program for addressing criminality and behavioral issues in younger adult offenders

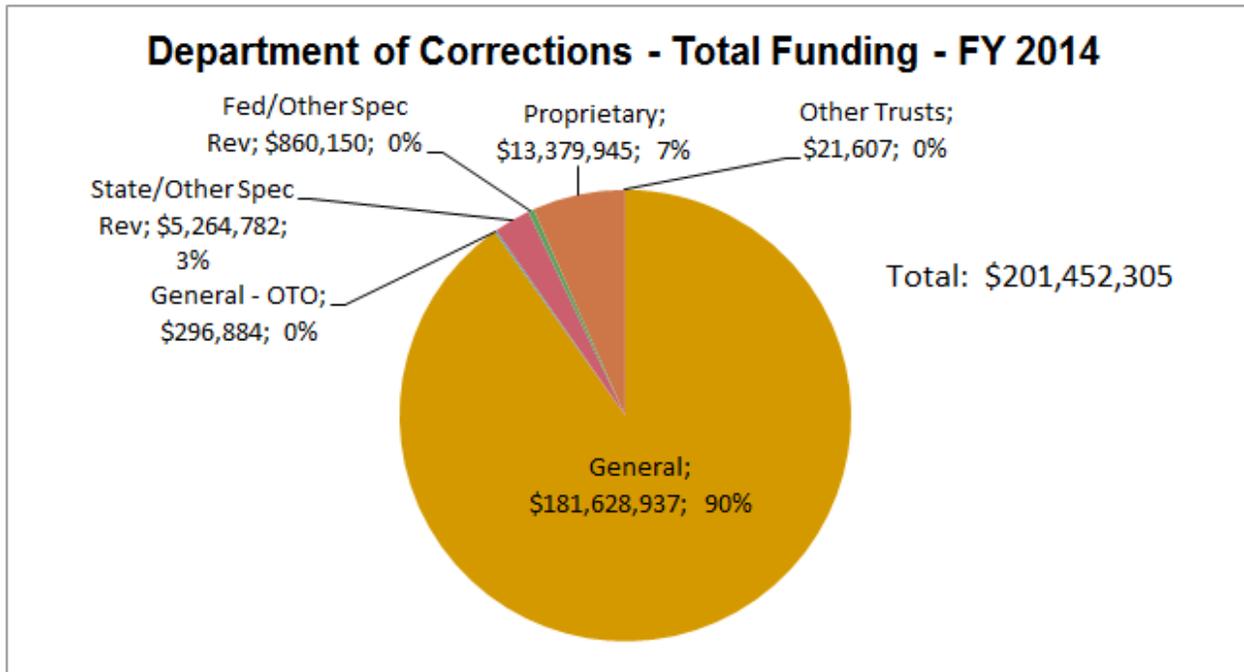
Sources of Spending Authority



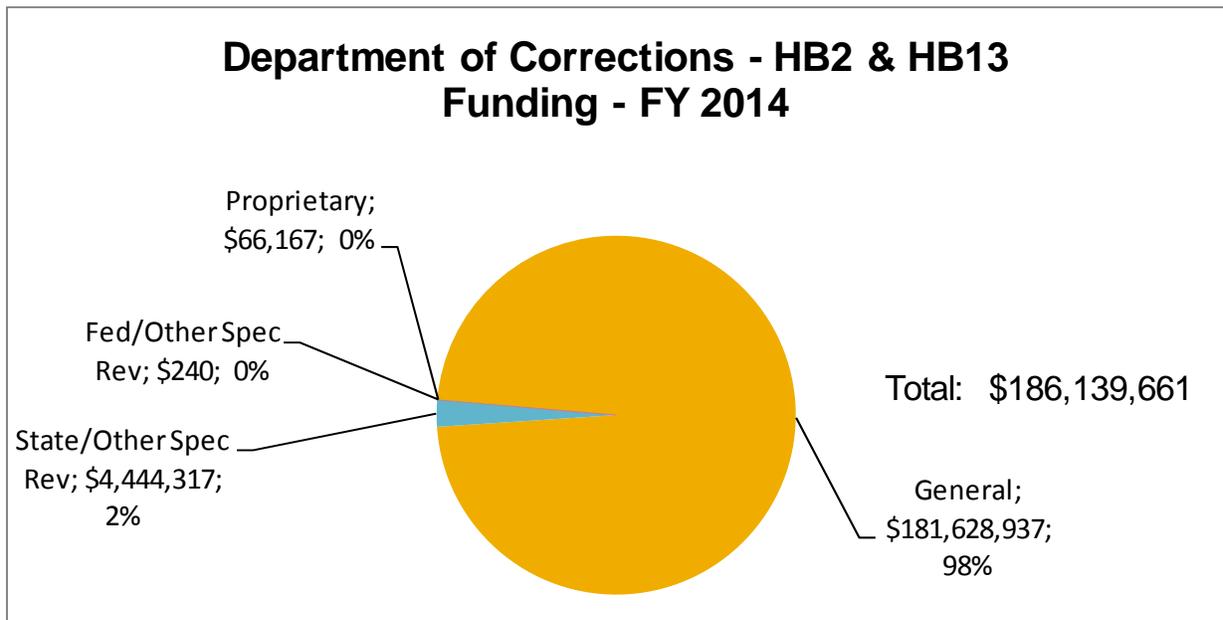
The above chart shows the sources of authority for the department. The accounting term “off base” refers to one-time-only spending and non-budgeted items like inventory adjustments. Other legislative appropriations (sometimes called cat and dog bills) are included in the above categories as appropriate. For a more detailed description of accounting terminology, please refer to the definition of terms.

Funding

The following charts show the agency's HB2 funding authority by fund type and all sources of its total funding authority.



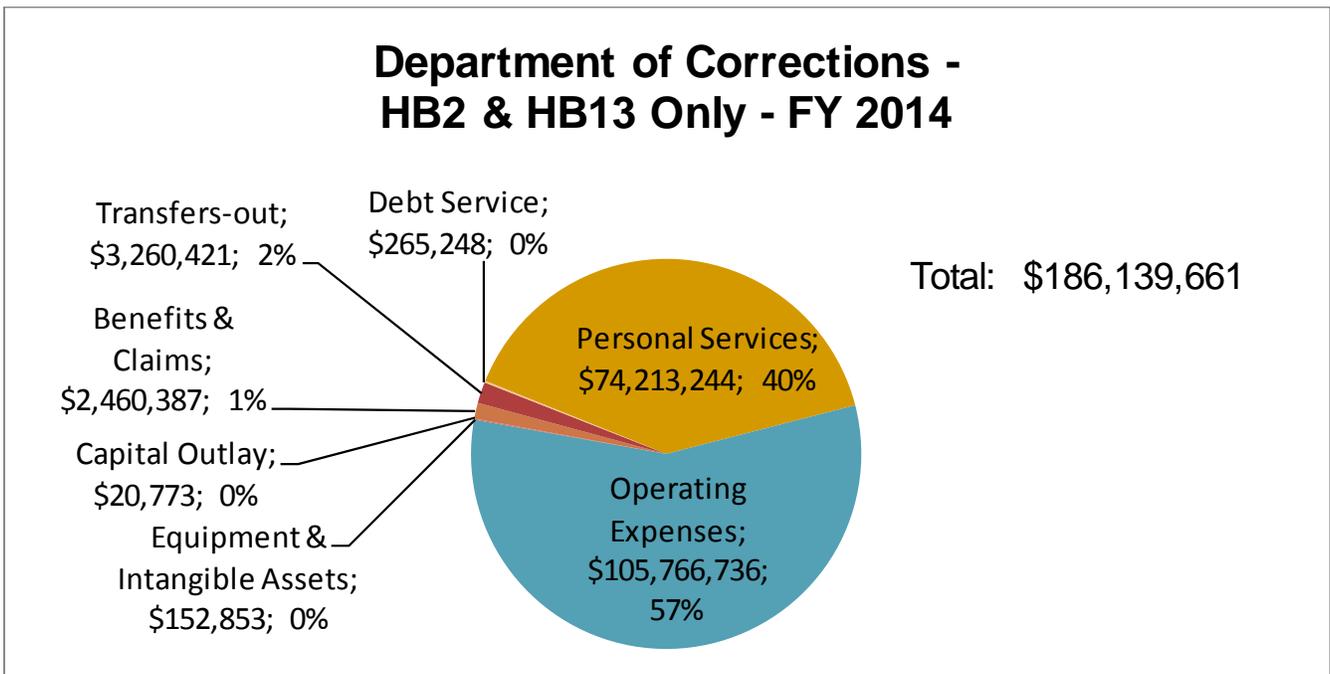
This chart matches the agency chart found in the 2015 Budget Analysis. Some minor discrepancies may occur as a result of rounding.



Expenditures

The next chart explains how the HB 2 authority is spent. Operating expenses makes up the largest expenditure with the major operating expenses for:

- Per diem rates paid for contracted beds, \$64.0 million
- Medical services, \$7.7 million
- Food related costs, \$5.5 million,
- Drugs, \$2.5 million
- Utilities, \$1.9 million.



How the 2015 Legislature Can Effect Change

In order to change expenditure levels and/or agency activity, the legislature must address one or more of the following basic elements that drive costs. If the legislature wishes to affect correctional expenditures at the state level in significant ways, it must address the number of offenders and/or the cost to provide services. The legislature might impact these items by:

- Changing criminal statutes, including what offenses are considered a felony and the length and type of sentence imposed upon individuals guilty of committing a criminal act
- Reducing the costs of current services and incarceration options and/or pursuing the development of new options that may be less costly. In such cases, it is important to determine how “less costly” is defined or determined. Less costly may be cost per day, cost per offender for the course of treatment or incarceration, or cost over a longer time period and measured in terms of future impact on the correctional system and society

Major Cost Drivers

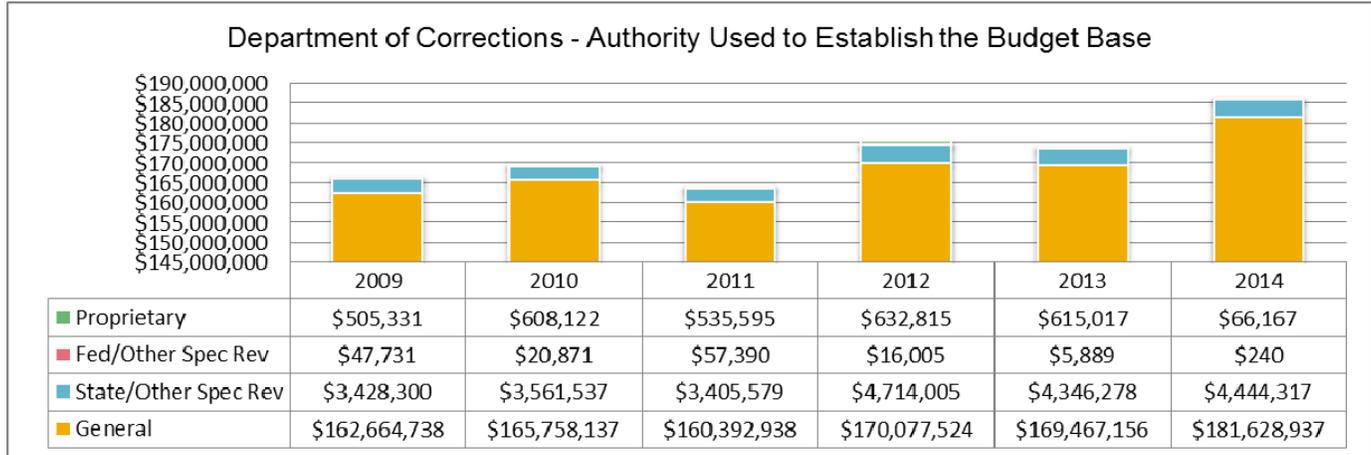
Driver	FY 2003	FY 2014	Significance of Data
ADP male secure facilities	1,949	2,334	Growth in ADP
ADP female secure facilities	144	203	Growth in ADP
ADP probation and parole	6,829	8,437	Growth in ADP
ADP Pine Hills (juvenile males)	107	56	Youth ADP is declining
ADP Riverside (juvenile females)	13	8	Youth ADP is declining
Number of offenders supervised - adults	14,420	17,771	Growth in people supervised by the department
Number of offenders supervised - juveniles	309	251	Youth being supervised are declining
Average age of male inmates	38.2	40.2	Older inmates typically means more in medical costs
Percent of male inmates 55 years of age or older	9.9%	14.7%	Older tier of inmates are growing as a percentage of populations
Average age of female inmates	36.6	36.2	Older inmates typically means more in medical costs
Percent of female inmates 55 years of age or older	4.2%	5.8%	Older tier of inmates are growing as a percentage of populations
Average length of stay for male inmates (months)	46.0	25.4	Offenders are moving more quickly to the communities
Average length of stay for female inmates (months)	22.3	17.3	Offenders are moving more quickly to the communities
Number of FTE	1,087	1,282	More staff means higher personal services costs
Total medical/dental/treatment expenditures	\$17.7 million	\$18.0 million	As inmates age the medical costs increase
ADP is average daily population			

The table above provides some cost drivers that can indirectly impact the operating costs of the department.

Funding/Expenditure History, Authority Used to Establish the Budget Base

The following figure shows how expenditures in HB 2 have been funded for the period from FY 2009 through FY 2014. Over the period, growth in expenditures is directly related to the growth in average daily populations ADP. Significant drivers of the growth in expenditures are:

- 25% increase in drug costs from FY 2010 to FY 2011 with a 4% increase from FY 2011 to FY 2012
- Average annual increases of 4% for per diem paid on contracted beds
- Average annual increases of 22% in medical services



Major Legislative Changes in the Last Ten Years

The following legislation impacts the department by adding imprisonment in sentencing:

- SB 547 in the 2007 Legislative Session - revised provisions related to sexual offenders and provided for a minimum 25 year mandatory minimum sentence in certain circumstances

For further information, you may wish to contact the agency at:

Montana Department of Corrections
 5 S. Last Chance Gulch
 P.O. Box 201301 Helena, MT 59620-1301
 406-444-3930 (Tel.)
 406-444-4920 (Fax)
 web: <http://www.cor.mt.gov>

Agency Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	1,281.89	1,281.89	1,283.52	1,283.52	1,281.89	1,283.52	1.63	0.13 %
Personal Services	74,213,255	75,563,723	87,600,561	87,556,285	149,776,978	175,156,846	25,379,868	16.95 %
Operating Expenses	105,766,792	106,391,602	116,215,902	117,508,863	212,158,394	233,724,765	21,566,371	10.17 %
Equipment & Intangible Assets	152,852	127,851	189,652	213,652	280,703	403,304	122,601	43.68 %
Capital Outlay	20,773	0	20,773	20,773	20,773	41,546	20,773	100.00 %
Benefits & Claims	2,460,387	2,080,087	2,460,387	2,460,387	4,540,474	4,920,774	380,300	8.38 %
Transfers	3,260,421	3,715,659	3,260,421	3,260,421	6,976,080	6,520,842	(455,238)	(6.53)%
Debt Service	265,248	259,329	308,938	308,938	524,577	617,876	93,299	17.79 %
Total Costs	\$186,139,728	\$188,138,251	\$210,056,634	\$211,329,319	\$374,277,979	\$421,385,953	\$47,107,974	12.59 %
General Fund	181,629,002	182,099,010	204,953,652	206,227,914	363,728,012	411,181,566	47,453,554	13.05 %
State/Other Special Rev. Funds	4,444,319	5,960,225	4,994,880	4,995,068	10,404,544	9,989,948	(414,596)	(3.98)%
Federal Spec. Rev. Funds	240	16,005	240	240	16,245	480	(15,765)	(97.05)%
Proprietary Funds	66,167	63,011	107,862	106,097	129,178	213,959	84,781	65.63 %
Total Funds	\$186,139,728	\$188,138,251	\$210,056,634	\$211,329,319	\$374,277,979	\$421,385,953	\$47,107,974	12.59 %

Mission Statement

The Montana Department of Corrections' staff enhances public safety, supports victims of crime, promotes positive change in offender behavior, and reintegrates offenders into the community.

There is additional, more detailed information about the department in the agency profile. The profile may be viewed at:

<http://leg.mt.gov/fbp-2017.asp>

Agency Highlights

Department of Corrections Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the 2015 legislative funding, budget changes are for: <ul style="list-style-type: none"> ◦ Funding to annualize an agency reorganization during the 2015 biennium ◦ Funding to annualize the 2013 legislative pay plan ◦ Funding for various present law adjustments such as fixed costs to pay for services provided by other agencies ◦ Requests to annualize funding for contracted facilities ◦ Requests to fund a 2% annual provider rate increase ◦ A request to fund pay increases for correctional officers ◦ A request to fund a prevailing wage increase addressed in the contract for services at the Shelby prison ◦ A request to address increases to probation and parole office lease costs ◦ A request to fund increased medical costs ◦ A request to fund increases to the Montana State Prison infirmary costs ◦ A request for funding to add 5.00 FTE for security at the Lewistown infirmary ◦ A request for funding to add 10.00 FTE probation and parole officers to address workload impacts ◦ A request for funding to add 1.00 FTE psychiatrist at the Montana State Prison ◦ A request for funding to add 2.50 FTE for health services at the Montana Woman's Prison ◦ A request for funding authority to implement a medical co-payment system
Legislative Action Issues
<ul style="list-style-type: none"> • Revenues estimated by the executive for the industries proprietary program may not be realistic • Funding for a medical co-payment system is based on a yet to be completed process and are speculative. The Legislature may want to restrict funding for this request • The request for funding to address lease cost increases includes a funding switch • Outfitting costs for new FTE are one-time-only and the legislature may want to designate them as such

Agency Discussion

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

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 juvenile

parole and adult probation and parole functions. However, juvenile probation 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 (such as probation and parole) and the purchase of incarceration and other services (such as community-based residential programs) via contracts with local governments and private not-for-profit and for-profit businesses throughout the state.

This budget increases are driven by requests for increased funding to: 1) address medical cost growth; 2) annualize the funding for contracted beds, 3) fund security staff for a contract with the Department of Public Health and Human Services to house 25 inmates needing assistance providing for their daily personal needs; 4) provide provider rate increases for contracted providers; 5) fund pay adjustments for correctional officers; and 6) fund an increase in the contract for housing inmates in the private prison in Shelby that is associated with prevailing wage increases published by the Department of Labor and Industry.

Costs and changes to those 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

Average Daily Population Projections

When offenders are sentenced to either a facility or to the supervision of the department it assumes responsibility for placement of the offender within a facility most appropriate to that offender. Because the main mission of the department is to eventually return the offender back to the community as a law-abiding citizen, the department must have adequate capacity to place the offender in the most appropriate facility to address the issue of the offender's criminality. The first part of the figure below shows the population projections of the department, yearly changes, and the capacities for broad categories of placement options currently available to the department. The executive has requested funding to address the capacity issues facing the agency only in the area of probation and parole officers.

Summary of Department of Corrections Population Projections to Capacity Department Projections of Average Daily Population (ADP)					
Segment	FY 2014	FY 2015	Change	From	Previous
	Actual	Projection	Year	Amount	Percentage
Projections:					
Male Prison	2,334	2,337		3	0.1%
Female Prison	203	207		4	2.0%
Alternatives to Prison	1,085	1,066		(19)	-1.8%
Pre-release and Transitional Living	924	1,026		102	11.0%
Specialized Supervision Programs	517	677		160	30.9%
Probation and Parole	7,920	7,774		(146)	-1.8%
Total ADP	12,983	13,087		104	0.8%
Current Capacity:					
Male Prison		2,373			
Female Prison		200			
Alternatives to Prison		987			
Pre-release and Transitional Living		945			
Specialized Supervision Programs		568			
Probation and Parole (at standard caseload)		7,884			
Total Current Capacity		12,957			
Available Capacity (negative number means over capacity):					
Male Prison		36			
Female Prison		(7)			
Alternatives to Prison		(79)			
Pre-release and Transitional Living		(81)			
Specialized Supervision Programs		(109)			
Probation and Parole (at standard caseload)		110			
Total Available Capacity		(130)			
Projections:					
		FY 2016	Change	From	Previous
		Projection	Year	Amount	Percentage
Male Prison		2,357		20	0.9%
Female Prison		214		7	3.4%
Alternatives to Prison		1,101		35	3.3%
Pre-release and Transitional Living		1,061		35	3.4%
Specialized Supervision Programs		677		-	0.0%
Probation and Parole		7,812		38	0.5%
Total ADP		13,222		135	1.0%
Current Capacity:					
Male Prison		2,373			
Female Prison		200			
Alternatives to Prison		987			
Pre-release and Transitional Living		945			
Specialized Supervision Programs		568			
Probation and Parole (at standard caseload)		7,884			
Total Current Capacity		12,957			
Available Capacity (negative number means over capacity):					
Male Prison		16			

Female Prison	(14)		
Alternatives to Prison	(114)		
Pre-release and Transitional Living	(116)		
Specialized Supervision Programs	(109)		
Probation and Parole (at standard caseload)	72		
Total Available Capacity	(265)		
	FY 2017	Change From Previous Year	
	Projection	Amount	Percentage
Projections:			
Male Prison	2,378	21	0.9%
Female Prison	221	7	3.3%
Alternatives to Prison	1,137	36	3.3%
Prerelease and Transitional Living	1,095	34	3.2%
Specialized Supervision Programs	677	-	0.0%
Probation and Parole	7,850	38	0.5%
Total ADP	13,358	136	1.0%
Current Capacity:			
Male Prison	2,373		
Female Prison	200		
Alternatives to Prison	987		
Pre-release and Transitional Living	945		
Specialized Supervision Programs	568		
Probation and Parole (at standard caseload)	7,884		
Total Current Capacity	12,957		
Available Capacity (negative number means over capacity):			
Male Prison	(5)		
Female Prison	(21)		
Alternatives to Prison	(150)		
Pre-release and Transitional Living	(150)		
Specialized Supervision Programs	(109)		
Probation and Parole (at standard caseload)	34		
Total Available Capacity	(401)		

The figure shows that, based on projections, during the 2017 biennium the department will likely see over capacity situations overall and in many of the placement options available to it.

Agency Wide Decision Packages

The executive budget for this agency includes requests to annualize funding for contract beds that are similar for multiple programs.

Annualize Contracted Beds

Several decision packages in the programs that contract with private entities for placement of offenders request to annualize funding for contracted services to fully utilize all contracted beds. The requests seek funding for the difference between what was spent for actual utilization during the base year and the funding needed for utilization at the full contracted level. The following programs request funding to annualize contracted beds:

- Probation and Parole Division
- Secure Custody Facilities

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2017 biennium 5% plan submitted for this agency is in the appendix. For this agency the 5% plan includes reductions totaling \$9.0 million general fund and \$222,000 state special revenue.

Agency Personal Services

The personal services budget for the 2017 biennium would increase over the FY 2015 legislative budget primarily due to the following factors:

- Funding for additional probation and parole officers
- Funding to annualize pay increases funded in the pay plan of the 2013 Legislature
- Funding to annualize pay increases funded within the agency's base funding
- Funding to correctional officer pay increases

In addition to pay increases funded in the state pay plan (HB 13) and longevity, the agency provided various additional increases selectively. Agency-wide, 949 additional pay adjustments were provided and added an estimated \$1.8 million to funding requirements for subsequent years. Market adjustments accounted for 61% and career ladder adjustments accounted for 38%.

The agency continues to experience high turnover in correctional officer positions and an average of 60 such positions were vacant during FY 2014. Montana State Prison and to a lesser extent Pine Hills Youth Correctional Facility are the most problematic areas for correctional officer turnover and retirements. The agency states that low pay and working conditions are the main factors for correctional officer turnover. As 24x7 facilities, correctional officer turnover directly impacts overtime expenditures.

The agency also continues to face challenges recruiting and retaining probation and parole officers and positions in the medical field, such as registered nurses, physicians, dentists, and therapists.

Although the agency didn't specify what percent of its workforce is eligible for retirement in the 2017 biennium, it stated that it expects it will have about 28% of total staff potentially eligible for retirement in the 2017 biennium. The agency did not request funds for this purpose for the 2017 biennium.

Comparison of FY 2015 Legislative Base to FY 2015 Appropriation

The following highlights the differences between the FY 2015 appropriations as shown in the main table and the FY 2015 legislative appropriations used for purposes of the budget base, by program.

FY 2015 Appropriation Transactions - Department of Corrections									
Program	Legislative Approp	Leg App OTO	Direct Transfers	Cons Bien Approp	Op Plan	Program Transfers	Reorgs	Total Exec Implement	
01 Director's Office	\$21,227,235	\$20,000				\$39,287	(\$9,192,456)	\$12,094,066	
Personal Services	7,318,091	-				39,287	(37,835)	7,319,543	
Operating Expenses	13,909,144	20,000					(9,154,621)	4,774,523	
02 Probation & Parole	65,065,717		(\$37,386)	(\$850,000)			(86,175)	64,092,156	
Personal Services	15,952,531			(795,800)			(69,932)	15,086,799	
Operating Expenses	49,022,125		(37,386)	(50,000)			(16,243)	48,918,496	
Equipment & Intangible Assets	15,500			(3,000)				12,500	
Transfers	6,250							6,250	
Debt Service	69,311			(1,200)				68,111	
03 Secure Cust Facilities	82,881,026	65,000	(100,000)	(1,385,000)		204,673	(8,930,105)	72,735,594	
Personal Services	41,371,641					204,673	(5,434,692)	36,141,622	
Operating Expenses	41,202,393	24,300	(100,000)	(1,372,500)			(3,495,413)	36,258,780	
Equipment & Intangible Assets	85,351	40,700		(10,700)				115,351	
Transfers	49,500							49,500	
Debt Service	172,141			(1,800)				170,341	
04 Correctional Enterprises	3,382,715					-		3,382,715	
Personal Services	761,155							761,155	
Operating Expenses	2,621,560				(200,000)			2,421,560	
Transfers					200,000			200,000	
05 Youth Services	19,668,944	-				(243,960)	(1,102,835)	18,322,149	
Personal Services	11,711,105					(243,960)	(825,291)	10,641,854	
Operating Expenses	2,396,966	-					(277,544)	2,119,422	
Benefits & Claims	2,080,087							2,080,087	
Transfers	3,459,909							3,459,909	
Debt Service	20,877							20,877	
06 Clinical Services				(1,900,000)			19,311,571	17,411,571	
Personal Services				(755,000)			6,367,750	5,612,750	
Operating Expenses				(1,145,000)			12,943,821	11,798,821	
Total	\$192,225,637	\$85,000	(\$137,386)	(\$4,135,000)	-	-	-	\$188,038,251	

The major differences between the funds the 2013 Legislature appropriated for FY 2015 and the FY 2015 legislative appropriations used for purposes of budget base are:

- Agency reorganization
- Funding transfer from FY 2015 to FY 2014 to address FY 2014 funding shortfalls
- Program transfer for Lewistown Infirmary security staff

It should be noted that the difference between this table and the Agency Budget Comparison table is the \$100,000 direct transfer from the Secure Custody Facilities program is not reflected in the budget comparison for FY 2015. The transfer was to the Department of Administration, Architecture and Engineering Division for replacement/upgrade of the heating, ventilation, and air condition (HVAC) system.

Reorganization

The agency established a new Clinical Services Division by moving funding and staff between various programs. The above figure shows the movement of funding and the figure below shows the FTE movements resulting from the reorganization.

Department of Corrections Reorganization	
Program	FTE
Director's Office	(0.50)
Probation & Parole Division	(1.00)
Secure Custody Facilities	(79.50)
Youth Services	(13.50)
Clinical Services Division	94.50

FY 2015 Fund Transfer to FY 2014

At the end of FY 2014, the agency anticipated a shortfall of funding for that year and the executive transferred \$4.1 million of FY 2015 funding that was designated as biennial to FY 2014 to cover the anticipated shortfall. Any funding from this transfer that was not expended in FY 2014 remains valid for FY 2015.

Lewistown Infirmiry Security Staff

To establish security for the Lewistown Infirmiry, the executive established 5.00 FTE with modified positions and additionally transferred 4.00 FTE from the Youth Services program to the Secure Custody Facilities program along with \$204,673 in personal services funding.

Funding

The following table shows proposed agency funding by source of authority as proposed. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Department of Corrections Funding by Source of Authority 2017 Biennium Budget - Department of Corrections						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	411,181,566	0	0	411,181,566	91.45 %	
State Special Total	9,989,948	0	842,651	10,832,599	2.41 %	
Federal Special Total	480	0	0	480	0.00 %	
Proprietary Total	213,959	27,397,744	0	27,611,703	6.14 %	
Other Total	0	0	0	0	0.00 %	
Total All Funds	\$421,385,953	\$27,397,744	\$842,651	\$449,626,348		
Percent - Total All Sources	93.72 %	6.09 %	0.19 %			

The department receives most of its funding from the general fund, with a small amount coming from state special revenue. The four largest state special revenue funds are:

- The canteen revolving fund, which receives revenue from the sale of items (such as personal hygiene items) to inmates
- Probation and parole supervision fees collected from offenders under the supervision of the department
- Pine Hills donations, interest, and income funds that come mostly from the collection of interest and income on school trust lands
- Juvenile placement costs of care that comes from payments made by parents and other responsible parties toward the costs of care of juveniles under the supervision of juvenile parole (Corrections) or juvenile probation (Judicial Branch)

The department receives a small amount of federal funds for the Youth Services program from the Title IV-E Foster Care and Adoption Program.

The remainder of the department’s funding comes from proprietary funds such as license plate manufacturing and prison ranch operations.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	186,186,396	186,186,396	372,372,792	90.56 %	192,225,637	192,225,637	384,451,274	91.24 %
PL Adjustments	15,393,124	15,629,898	31,023,022	7.54 %	14,247,965	14,483,162	28,731,127	6.82 %
New Proposals	3,374,132	4,411,620	7,785,752	1.89 %	3,583,032	4,620,520	8,203,552	1.95 %
Total Budget	\$204,953,652	\$206,227,914	\$411,181,566		\$210,056,634	\$211,329,319	\$421,385,953	

Supplemental Appropriations -

During FY 2014, the executive moved \$4.1 million of HB 2 general fund budgeted in FY 2015 to FY 2014 to offset funding shortfalls mostly due to county jail holds nearly double the number beds that were budgeted. The combined impact of reducing funding available for FY 2015 and more utilization of county jail holds will likely lead to a request for supplemental funding in HB 3. The executive is requesting \$7.0 million in supplemental funding to address projected shortfalls in FY 2015 funding in the Secure Custody program.

Language and Statutory Authority -

The following language is requested in HB 2:

"All appropriations for Adult Community Corrections and Secure Custody Facilities are biennial."

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	107.00	107.00	105.48	105.48	107.00	105.48	(1.52)	(1.42)%
Personal Services	6,770,033	7,319,543	8,205,926	8,208,847	14,089,576	16,414,773	2,325,197	16.50 %
Operating Expenses	4,752,592	4,774,523	5,601,479	5,507,613	9,527,115	11,109,092	1,581,977	16.60 %
Equipment & Intangible Assets	0	0	21,800	35,800	0	57,600	57,600	0.00 %
Total Costs	\$11,522,625	\$12,094,066	\$13,829,205	\$13,752,260	\$23,616,691	\$27,581,465	\$3,964,774	16.79 %
General Fund	10,977,647	11,273,139	13,270,386	13,195,412	22,250,786	26,465,798	4,215,012	18.94 %
State/Other Special Rev. Funds	478,811	757,916	450,957	450,751	1,236,727	901,708	(335,019)	(27.09)%
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0.00 %
Proprietary Funds	66,167	63,011	107,862	106,097	129,178	213,959	84,781	65.63 %
Total Funds	\$11,522,625	\$12,094,066	\$13,829,205	\$13,752,260	\$23,616,691	\$27,581,465	\$3,964,774	16.79 %

Program Description

The Director's Office, formerly called the Administration and Support Services Program, includes the Director's Office, Information Technology Division, Administrative and Financial Services Division and the administratively attached Board of Pardons and Parole. This program provides services to the department, governmental entities, and the public in the areas of: public and victim information, human resource management, staff development and training, American Indian liaison services, policy management, information technology, legal information, 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 Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the 2015 legislative funding budget changes are for: <ul style="list-style-type: none"> ◦ Funding reductions as the result of an agency reorganization during the 2015 biennium ◦ Funding for various present law adjustments such as fixed costs to pay for services provided by other agencies

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Personal Services

In the FY 2015 legislative budget, personal services comprised 34.4% of the program budget. The Governor proposes 59.3% in FY 2016 and 59.7% in FY 2017. The increases in costs are due to:

- Funding to annualize legislative pay plan increases
- Funding to annualize pay increases provided at the agency’s discretion

For this program, 56 pay adjustments were funded by the agency’s budget during FY 2014 in addition to the increases funded in the legislative pay plan, HB 13. These increases included 29 market adjustments averaging 9.7%, 17 career ladder increases averaging 4.8%, 2 competitive adjustments averaging 8.4%, and 2 strategic adjustments averaging 15%. Combined, these adjustments would increase subsequent year funding requirements by an estimated \$203,000.

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Corrections, 01-Director's Office Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	26,465,798	0	0	26,465,798	95.96 %	
02249 Governor's Office Operations Fund	0	0	0	0	0.00 %	
02251 Corrections Operations Account	0	0	0	0	0.00 %	
02261 P & P Supervisory Fee	0	0	0	0	0.00 %	
02355 Miscellaneous Fines and Fees	9,660	0	0	9,660	1.07 %	
02689 Offender Restitution	881,870	0	0	881,870	97.80 %	
02917 MSP Canteen Revolving Acct	10,178	0	0	10,178	1.13 %	
State Special Total	\$901,708	\$0	\$0	\$901,708	3.27 %	
03315 Misc Federal Grants	0	0	0	0	0.00 %	
03316 MBCC Grants	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06033 Prison Ranch	71,425	0	0	71,425	33.38 %	
06034 MSP Institutional Industries	55,104	0	0	55,104	25.75 %	
06545 Prison Indust. Training Prog	15,090	0	0	15,090	7.05 %	
06572 MCE License Plate Production	7,946	0	0	7,946	3.71 %	
06573 MSP - Cook Chill	64,394	0	0	64,394	30.10 %	
Proprietary Total	\$213,959	\$0	\$0	\$213,959	0.78 %	
Total All Funds	\$27,581,465	\$0	\$0	\$27,581,465		

The bulk of the funding for this program comes from the general fund. A small amount of the program’s funding comes from state special revenue, primarily from fees charged for the collection of restitution from offenders. The remainder of the program’s funding comes from proprietary funds such as the prison ranch, industries program, and cook chill operation.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	20,406,308	20,406,308	40,812,616	154.21 %	21,227,235	21,227,235	42,454,470	153.92 %
PL Adjustments	(7,135,922)	(7,210,896)	(14,346,818)	(54.21)%	(7,398,030)	(7,474,975)	(14,873,005)	(53.92)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$13,270,386	\$13,195,412	\$26,465,798		\$13,829,205	\$13,752,260	\$27,581,465	

Program Reorganization -

In the 2015 biennium, the executive reorganized the agency. The reorganization was done to consolidate all medical costs and services into a new program called Clinical Services. The reorganization impacted this program by moving a net 0.50 FTE to other programs along with personal services and operating cost budgets. For FY 2015, \$9.2 million of HB 2 budget authority was reduced, including funding for outside medical costs.

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	1,301,469	(413,634)	0	887,835	0.00	1,302,420	(411,664)	0	890,756
DP 99 - LEG. Present Law	0.00	(8,437,391)	106,675	0	(8,330,716)	0.00	(8,513,316)	104,499	0	(8,408,817)
Grand Total All Present Law Adjustments	0.00	(\$7,135,922)	(\$306,959)	\$0	(\$7,442,881)	0.00	(\$7,210,896)	(\$307,165)	\$0	(\$7,518,061)

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
	FY 2016				
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	105.98	\$51,263	\$0	\$0	\$51,263
Executive Implementation of 2015 Pay Increase		140,939	-	-	140,939
Fully Fund 2015 Legislatively Authorized FTE		144,605	-	-	144,605
Other	(0.50)	964,661	(413,634)	-	551,027
Personal Services Present Law Adjustments	105.48	\$1,301,469	(\$413,634)	\$0	\$887,835
FY 2017					
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	105.98	\$51,263	\$0	\$0	\$51,263
Executive Implementation of 2015 Pay Increase		140,939	-	-	140,939
Fully Fund 2015 Legislatively Authorized FTE		144,605	-	-	144,605
Other	(0.50)	965,612	(411,664)	-	553,948
Personal Services Present Law Adjustments	105.48	\$1,302,420	(\$411,664)	\$0	\$890,756

The executive has proposed to increase general fund to support personal services by 4.7% in FY 2016 and by 4.8% in FY 2017 compared to the FY 2015 legislative budget.

Other - Changes that make up the other adjustments include the following, while individually listed adjustments in the other category are described separately:

- Agency reorganization
- Board of Pardons and Parole per diem
- Pay changes made in FY 2014 at the agency's discretion that are over and above the legislative pay plan

The executive reorganized the agency in FY 2014. The reorganization moved 0.50 FTE from this program to a new Clinical Services Program. Refer to the Agency Summary section for this agency for further discussion of the reorganization.

Funding is requested for Board of Pardons and Parole per diem. The executive request is for \$7,539 general fund each year over the FY 2015 legislative budget.

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

Legislative Present Law Adjustments				
	FY 2016			
	General Fund	State Special	Federal Special	Total Funds
CP 99 Item				
Miscellaneous Present Law Adjustment	\$84,870	\$0	\$0	\$84,870
Board of Pardons and Parole Rent and Certification Fee	35,298	-	-	35,298
Reorganization	(9,154,621)	-	-	(9,154,621)
Other	597,062	106,675	-	703,737
Legislative Present Law Adjustments	(\$8,437,391)	\$106,675	\$0	(\$8,330,716)
	FY 2017			
	General Fund	State Special	Federal Special	Total Funds
CP 99 Item				
Miscellaneous Present Law Adjustment	\$98,870	\$0	\$0	\$98,870
Board of Pardons and Parole Rent and Certification Fee	25,220	-	-	25,220
Reorganization	(9,154,621)	-	-	(9,154,621)
Other	517,215	104,499	-	621,714
Legislative Present Law Adjustments	(\$8,513,316)	\$104,499	\$0	(\$8,408,817)

The executive has proposed to reduce general fund support for all other expenditure categories excluding personal services by 73.3% in FY 2016 and by 75.1% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other category include the following, while individually listed adjustments are described separately:

- Increases in costs for services purchased from other state agencies such as insurance, office rent, and information technology services purchased from the Department of Administration
- For FY 2016 \$111,000 is attributed to legislative audit fees that were budgeted only in FY 2014 for the 2015 biennium

The executive proposes higher costs for various services provided by one agency to other agencies. Increases are associated with higher costs for services purchased from the Department of Administration for rent, insurance, and information technology services.

Miscellaneous Present Law Adjustment - The executive requests funding for computer replacement equipment, radio equipment replacement, enterprise business intelligence software, and training. The executive recommends designating \$21,800 in FY 2016 and \$35,800 in FY 2017 as one-time-only.

Board of Pardons and Parole Rent and Certification Fee - The executive requests funding for Board of Pardons and Parole office lease increases per lease contract provisions. Additionally, funding is requested for a certification fee with the

American Corrections Association. The executive recommends designating \$10,100 of the FY 2016 funding as one-time-only.

Reorganization - The executive reorganized this agency to establish a new program to administer the clinical services of the entire agency. In this reorganization the funding for outside medical services was moved from this program to the new Clinical Services program.

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	256.50	256.50	262.50	262.50	256.50	262.50	6.00	2.34 %
Personal Services	15,921,993	15,086,799	17,670,364	17,655,220	31,008,792	35,325,584	4,316,792	13.92 %
Operating Expenses	47,196,650	48,918,496	50,873,999	51,652,934	96,115,146	102,526,933	6,411,787	6.67 %
Equipment & Intangible Assets	18,235	12,500	18,235	18,235	30,735	36,470	5,735	18.66 %
Transfers	6,250	6,250	6,250	6,250	12,500	12,500	0	0.00 %
Debt Service	70,483	68,111	70,483	70,483	138,594	140,966	2,372	1.71 %
Total Costs	\$63,213,611	\$64,092,156	\$68,639,331	\$69,403,122	\$127,305,767	\$138,042,453	\$10,736,686	8.43 %
General Fund	62,399,444	62,591,945	67,825,164	68,588,955	124,991,389	136,414,119	11,422,730	9.14 %
State/Other Special Rev. Funds	814,167	1,500,211	814,167	814,167	2,314,378	1,628,334	(686,044)	(29.64)%
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0.00 %
Total Funds	\$63,213,611	\$64,092,156	\$68,639,331	\$69,403,122	\$127,305,767	\$138,042,453	\$10,736,686	8.43 %

Program Description

The Probation & Parole Division, previously named Community Corrections Division, includes probation and parole, intensive and enhanced supervision programs, male and female community corrections programs that include: the Treasure State Correctional Training Center (boot camp), 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.

Program Highlights

Probation & Parole Division Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the 2015 legislative funding budget changes are for: <ul style="list-style-type: none"> ◦ Funding reductions as the result of an agency reorganization during the 2015 biennium ◦ Funding for various present law adjustments such as fixed costs to pay for services provided by other agencies ◦ A request to annualize funding for contracted facilities ◦ A request to address increases to probation and parole office lease costs ◦ A request for funding to add 10.00 FTE probation and parole officers to address workload impacts ◦ A request to fund a 2% annual provider rate increase
Major LFD Issues
<ul style="list-style-type: none"> • The request for funding to address lease cost increases includes a funding switch • Outfitting costs for new FTE are one-time-only and the legislature may want to designate them as such

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Offender Populations

The Probation & Parole Division supervises offenders in settings other than prison. The types of services vary in intensity from community supervision to supervised residential settings such as pre-release centers and treatment facilities. The division provides services through the use of state employees (probation and parole officers) and contracts with nonprofit organizations that operate various types of community based residential programs.

Summary of Probation & Parole Division Populations Average Daily Populations (ADP)				
Segment	Actual	Department Projections		
	FY 2014	FY 2015	FY 2016	FY 2017
<u>Alternatives to Prison</u>				
Population	1,085	1,066	1,101	1,137
% Increase		-1.8%	3.3%	3.3%
Current Capacity	987	987	987	987
Over Capacity (positive is over capacity)	98	79	114	150
<u>Prerelease/Transitional Living</u>				
Population	924	1,026	1,061	1,095
% Increase		11.0%	3.4%	3.2%
Current Capacity	945	945	945	945
Over Capacity (positive is over capacity)	(21)	81	116	150
<u>Specialized Supervision</u>				
Population	517	677	677	677
% Increase		30.9%	0.0%	0.0%
Current Capacity	568	568	568	568
Over Capacity (positive is over capacity)	(51)	109	109	109
<u>Probation, Parole, and Enhanced Supervision</u>				
Population	7,920	7,774	7,812	7,850
% Increase		-1.8%	0.5%	0.5%
Current Capacity	7,884	7,884	7,884	7,884
Over Capacity (positive is over capacity)	36	(110)	(72)	(34)

The executive request increased funding for the division by 8.4% or about \$10.7 million when the two biennia are compared. The majority of this increase is included in present law decision packages that annualize the costs of existing contract facilities and adjust for increased lease costs for probation and parole offices. Requests to fund provider rate increases and to fund additional probation and parole officers also add to the increase.

The primary drivers of community correctional costs are increases in the number of offenders to be supervised or housed and the type of placement or service that is needed to supervise the offenders. Community residential treatment programs such as the methamphetamine treatment centers tend to have the highest per day costs while probation and parole supervision has the lowest per day costs. While fewer offenders receive residential services than supervision services, the cost per day can be almost twenty times greater. Projections for probation and parole indicate growth for the 2017 biennium at levels lower than the 2015 biennium. The figure shows actual and estimated average daily population (ADP) for FY 2014 through FY 2017 by category of service. Current capacity is based on a standard caseload for probation and parole officers and the current contracted capacities at contracted facilities.

Personal Services

In the FY 2015 legislative budget, personal services comprised 24.5% of the program budget. The Governor proposes 25.7% in FY 2016 and 25.4% in FY 2017. The increases in costs are due to:

- A request to add 5.00 FTE for security at the Lewistown Infirmary
- Pay increases funded both by the pay plan of the 2013 Legislature and those funded within the agency budget

For this program, 205 pay adjustments were funded within the agency's budget during FY 2014 in addition to the increases funded in HB 13. These additional increases averaged 4.6% and added an estimated \$323,000 to the funding requirements of subsequent years. Of these increases 57% were for market adjustments and 38% were for career ladder adjustments.

In FY 2014, the program experienced nearly no vacancy savings in hours expended compared to hours budgeted.

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Corrections, 02-Probation & Parole Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	136,414,119	0	0	136,414,119	98.82 %	
02261 P & P Supervisory Fee	1,628,334	0	0	1,628,334	100.00 %	
State Special Total	\$1,628,334	\$0	\$0	\$1,628,334	1.18 %	
03315 Misc Federal Grants	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$138,042,453	\$0	\$0	\$138,042,453		

General fund provides 98.8% of the division’s funding. About 1.2% of the division’s funding comes from state special revenue collected from offenders who must pay a probation and parole supervision fee.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	63,565,506	63,565,506	127,131,012	93.19 %	65,065,717	65,065,717	130,131,434	94.27 %
PL Adjustments	2,745,223	2,711,544	5,456,767	4.00 %	2,059,179	2,025,500	4,084,679	2.96 %
New Proposals	1,514,435	2,311,905	3,826,340	2.80 %	1,514,435	2,311,905	3,826,340	2.77 %
Total Budget	\$67,825,164	\$68,588,955	\$136,414,119		\$68,639,331	\$69,403,122	\$138,042,453	

Program Reorganization -

In the 2015 biennium, the executive reorganized the agency. The reorganization was done to consolidate all medical costs and services into a new program called Clinical Services. The reorganization impacted this program by moving 1.00 FTE to other programs along with personal services and operating cost budgets. For FY 2015, \$86,175 of HB 2 budget authority was reduced.

Present Law Adjustments -

The “Present Law Adjustments” table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments										
-----Fiscal 2016-----					-----Fiscal 2017-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 98 - LEG. Personal Services Present Law	0.00	1,477,746	(340,681)	0	1,137,065	0.00	1,463,335	(339,604)	0	1,123,731
DP 99 - LEG. Present Law	0.00	1,267,477	(345,363)	0	922,114	0.00	1,248,209	(346,440)	0	901,769
Grand Total All Present Law Adjustments	0.00	\$2,745,223	(\$686,044)	\$0	\$2,059,179	0.00	\$2,711,544	(\$686,044)	\$0	\$2,025,500

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	253.50	\$122,715	\$0	\$0	\$122,715
Executive Implementation of 2015 Pay Increase		285,431	-	-	285,431
Fully Fund 2015 Legislatively Authorized FTE		289,047	-	-	289,047
Other	(1.00)	780,553	(340,681)	-	439,872
Personal Services Present Law Adjustments	252.50	\$1,477,746	(\$340,681)	\$0	\$1,137,065
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	253.50	\$122,715	\$0	\$0	\$122,715
Executive Implementation of 2015 Pay Increase		285,431	-	-	285,431
Fully Fund 2015 Legislatively Authorized FTE		289,047	-	-	289,047
Other	(1.00)	766,142	(339,604)	-	426,538
Personal Services Present Law Adjustments	252.50	\$1,463,335	(\$339,604)	\$0	\$1,123,731

The executive has proposed to increase general fund to support personal services by 7.1% in FY 2016 and by 7.0% in FY 2017 compared to the FY 2015 legislative budget.

Other - Changes that make up the other adjustments include the following, while individually listed adjustments in the other category are described separately:

- Agency reorganization
- Overtime for the Treasure State Correctional Training Center, Probation and Parole Officers, and the Missoula Assessment and Sanction Center
- Pay changes made in FY 2014 at the agency's discretion that are over and above the legislative pay plan, \$339,000 per year (estimated)

The executive reorganized the agency in FY 2014. The reorganization moved 1.00 FTE from this program to a new Clinical Services Program. Refer to the Summary section for this agency for further discussion of the reorganization.

The 2015 Legislature funded \$66,777 for overtime costs across this program while actual expenditures in FY 2014 were \$83,376. Overtime for the 2017 biennium is requested at slightly less than the FY 2014 actual expenditure level, but \$15,759 each year more than the FY 2015 legislative budget. Overtime is requested each year for the Treasure State Correctional Training Center, Probation and Parole Officers, and Missoula Assessment and Sanction Center. Overtime for

the Treasure State Correctional Training Center exceeded its FY 2014 overtime budget by \$15,847, or 48%, and is the area driving the overtime funding increase. Overtime at the Treasure State Correctional Training Center was not the result of excess vacancies as the center utilized 98.7% of budgeted hours, but is due to being a 24/7 operation that uses overtime for coverage of unanticipated staff call-offs, extra posts needed for inmate transports, and training that is required outside of normal work hours.

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

Legislative Present Law Adjustments				
CP 99 Item	FY 2016			
	General Fund	State Special	Federal Special	Total Funds
Probation and Parole Office Lease	\$823,500	\$0	\$0	\$823,500
Annualize Contracted Facilities Funding	725,187	-	-	725,187
Other	(281,210)	(345,363)	-	(626,573)
Legislative Present Law Adjustments	\$1,267,477	(\$345,363)	\$0	\$922,114
CP 99 Item	FY 2017			
	General Fund	State Special	Federal Special	Total Funds
Probation and Parole Office Lease	\$823,500	\$0	\$0	\$823,500
Annualize Contracted Facilities Funding	699,652	-	-	699,652
Other	(274,943)	(346,440)	-	(621,383)
Legislative Present Law Adjustments	\$1,248,209	(\$346,440)	\$0	\$901,769

The executive has proposed to increase general fund support for all other expenditure categories excluding personal services by 1.9% in FY 2016 and by 5.8% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other category include the following, while individually listed adjustments are described separately:

- Agency reorganization
- Increased costs for food services in treatment facilities and the Treasure State Correctional Center

As discussed, the executive reorganized the agency and moved costs budgeted by the 2013 Legislature to other programs. The reorganization is represented in the other grouping and equals a reduction of \$32,486 general fund for the biennium.

Probation and Parole Office Lease - The executive requests to switch office lease costs from state special revenue to general fund and use the freed up state special revenue for unspecified operating expenditures to support probation and parole operations. The request would support inflationary increases in office leases and relocate two offices.

LFD ISSUE	<p><u>Not Entirely a Lease Cost Increase – A Funding Switch</u></p> <p>Were this request only for office space lease costs it would represent increases for office space lease costs of 97.8% over the amount funded in FY 2015 or 83.1% of the amount expended in FY 2014. However, this request is for two purposes: 1) to fund lease cost inflation and to relocate two offices; and 2) to switch funding for lease costs from state special revenue to general fund and use the freed up state special revenue for other unspecified purposes. The funding switch would reverse the actions taken in the 2011 Legislature to switch funding for probation and parole office leases from general fund to state special revenue from the probation and parole supervisory fees. These fees are collected</p>
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from offenders who are supervised in the community. Historically, prior to the 2011 Legislature, the fees were used to fund training and tools used by probation and parole officers to supervise offenders.

The legislature may want to discuss with the agency what probation and parole costs would be funded with the freed up state special revenue funds. Additionally, the legislature may want to discuss with the agency what the impact has been on probation and parole operations from the actions taken in the 2011 Legislature to switch the lease costs from general fund to state special revenue.

Annualize Contracted Facilities Funding - The executive requests increases to annualize the funding for payments to private non-profit providers of community corrections facilities to the full contractual maximum capacities.

LFD COMMENT Fewer Beds Funded and Provider Rate Increases in 2013 Legislature

The 2013 legislature took two actions that impacted the FY 2015 legislative budget:

- Male pre-release beds were funded at 12 beds less than the executive requested for the 2015 biennium. The executive is requesting funding to annualize all contractual per-release beds including the 12 beds not funded
- Per diem rates for the Nexus and Elkhorn treatment facilities were funded in FY 2014 with a 1% increase and all other facilities were funded for a 2% increase in FY 2014. The executive is requesting funding to annualize all contracted facilities as if all facilities received a 2% increase in FY 2014

To fund the additional 12 male pre-release beds and additional 1% per diem rate increase for Nexus and Elkhorn, the agency used other agency funding. The FY 2015 legislative budget is \$226,000 less than full funding for pre-release beds at the contractual maximums and \$55,000 less than had all facilities received a 2% rate increase in FY 2014 as proposed in the executive request.

New Proposals -

Total funds in the New Proposals table do not include proprietary funds budgeted in House Bill 2.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 200009 - PPD Population Management	10.00	695,768	0	0	695,768	10.00	678,958	0	0	678,958
DP 200098 - PPD Provider Rate Increase - Restricted	0.00	818,667	0	0	818,667	0.00	1,632,947	0	0	1,632,947
Total	10.00	\$1,514,435	\$0	\$0	\$1,514,435	10.00	\$2,311,905	\$0	\$0	\$2,311,905

DP 200098 - PPD Provider Rate Increase - Restricted -

The executive requests funding to provide a 2% provider rate increase in FY 2016 and an additional 2% (4% total) rate increase for FY 2017 for all contracted providers. The executive recommends that funding for this request be designated as restricted only for this purpose.

DP 200009 - PPD Population Management -

The executive requests funding for the addition of 10.00 FTE probation and parole officers to address workload issues statewide.

**LFD
COMMENT**

Offender Populations

Refer to the Program Discussion for more information on offender populations.

**LFD
ISSUE**

FTE Startup Costs are One-Time Expenditures

The FY 2016 request includes \$15,000 of funding for outfitting new staff and these outfitting costs are not ongoing expenditures. The legislature may want to designate \$15,000 of the FY 2016 funding for this request as one-time-only.

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	629.04	629.04	629.69	629.69	629.04	629.69	0.65	0.10 %
Personal Services	33,724,290	36,141,622	40,794,403	40,764,415	69,865,912	81,558,818	11,692,906	16.74 %
Operating Expenses	38,613,248	36,358,780	41,538,212	42,044,526	74,972,028	83,582,738	8,610,710	11.49 %
Equipment & Intangible Assets	87,605	115,351	87,605	87,605	202,956	175,210	(27,746)	(13.67)%
Capital Outlay	20,773	0	20,773	20,773	20,773	41,546	20,773	100.00 %
Transfers	53,100	49,500	53,100	53,100	102,600	106,200	3,600	3.51 %
Debt Service	173,888	170,341	217,578	217,578	344,229	435,156	90,927	26.41 %
Total Costs	\$72,672,904	\$72,835,594	\$82,711,671	\$83,187,997	\$145,508,498	\$165,899,668	\$20,391,170	14.01 %
General Fund	72,568,442	72,730,778	82,607,209	83,083,535	145,299,220	165,690,744	20,391,524	14.03 %
State/Other Special Rev. Funds	104,462	104,816	104,462	104,462	209,278	208,924	(354)	(0.17)%
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0.00 %
Total Funds	\$72,672,904	\$72,835,594	\$82,711,671	\$83,187,997	\$145,508,498	\$165,899,668	\$20,391,170	14.01 %

Program Description

The Secure Custody Facilities Program includes the Montana State Prison, Montana Women’s Prison, and contract bed facilities that include: Dawson County Correctional Facility, Cascade County Regional Prison, and Crossroads Correctional Center in Shelby. Approximately 2,300 male and 200 female inmates are incarcerated in these facilities.

Program Highlights

Secure Custody Facilities Program Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the 2015 legislative funding, budget changes are for: <ul style="list-style-type: none"> ◦ Funding reductions as the result of an agency reorganization during the 2015 biennium ◦ Funding for various present law adjustments such as fixed costs to pay for services provided by other agencies ◦ A request to annualize funding for contracted facilities ◦ A request to fund pay increases for correctional officers ◦ A request for funding to add 5.00 FTE for security at the Lewistown infirmary ◦ A request to fund a prevailing wage increase addressed in the contract for services at the Shelby prison ◦ A request to fund a 2% annual provider rate increase
Major LFD Issues
<ul style="list-style-type: none"> • Costs for housing an inmate at the Lewistown infirmary compared to housing the inmate at the state prison

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Offender Populations

The Secure Custody Facilities Program houses offenders in the Montana State Prison, Montana Women's Prison, and various contracted prison and detention facilities. Montana State Prison (MSP) for male offenders is the largest facility with an operational capacity of 1,485 inmates while regional prison facilities in Glendive and Great Falls that house a combined 293 inmates are the smallest facilities. Montana Women's Prison (MWP), the only female prison in the state, has an operational capacity of 194. Both male and female secure inmates are also held in county jails. The cost of contracted prison beds includes the cost to house 560 inmates in the Crossroads Correctional Center in Shelby as well as cost of housing offenders in county jails. The department also houses 25 inmates at the Montana Mental Health Nursing Care Center in Lewistown. The department is responsible for the cost of housing offenders after conviction.

Summary of Secure Custody Facilities Average Daily Populations (ADP)				
Segment	Actual	Department Projections		
	FY 2014	FY 2015	FY 2016	FY 2017
<u>Male Prison</u>				
Population	2,334	2,337	2,357	2,378
% Increase		0.1%	0.9%	0.9%
Capacity	2,373	2,373	2,373	2,373
Over Capacity	(39)	(36)	(16)	5
<u>Female Prison</u>				
Population	203	207	214	221
% Increase		2.0%	3.4%	3.3%
Capacity	200	200	200	200
Over Capacity	3	7	14	21

The primary cost drivers for this program include the average daily population (ADP) of offenders to be housed, operating costs at state facilities including staffing costs, and per diem rates negotiated with the private prison, regional prisons, county jails, and other contractors.

The figure shows the projected change in the average daily population (ADP) of offenders for male and female prisons including the growth rate from the previous year and a comparison to current capacities. For the 2017 biennium, the department projects that the ADP of male offenders will increase by an average annual rate of 0.9% or less per year and female offenders around 3.4% on average per year.

Projections in Relation to Capacity

At this time the MWP is above capacity. The department estimates the MSP will have excess capacity through FY 2016, but it would exceed capacity starting in FY 2017. The department uses county jail holds as a way to address short-term capacity issues in state and contracted facilities. The executive assumes space in county jails is available to address over-capacity situations through the 2017 biennium, but the growth in this area has led to budget pressures not anticipated by the 2013 Legislature and has driven funding shortfalls for this program.

At the current capacity levels the department is at risk if the population grows significantly above its projections. This would leave the department without adequate funding or the existence of an adequate number of male and female prison beds within the current system. The department would be forced as it has in the 2015 biennium to rely on the availability of beds in county jails to address its population growth pressures. Housing more inmates in county jails during FY 2014 at levels

double those budgeted was a major factor in the funding shortfall the agency experienced in FY 2014 that necessitated it moving funds from FY 2015 to FY 2014 to cover the shortfall. It may also risk having the available inmate programming capacity to adequately address inmate criminality issues prior to the end of inmate sentences, which may adversely impact recidivism rates.

Personal Services

In FY 2014, personal services comprised 46.4% of the program budget. The Governor proposes 48.6% in FY 2016 and 48.4% in FY 2017. The increases in costs are due to:

- A request to add 5.00 FTE to security at the Lewistown Infirmary
- Funding to annualize legislative pay plan increases
- Funding to annualize pay increases provided at the agency’s discretion

For this program, 535 pay adjustments were funded within the agency’s budget during FY 2014 in addition to the increases funded in HB 13. These increases averaged 4.8% and added an estimated \$890,000 to the funding requirements of subsequent years.

The program experienced a 10.8% vacancy savings in hours expended compared to hours budgeted. During FY 2014, the program experience challenges hiring correctional officers at the Montana State Prison. These challenges are factors for the unusually high vacancy rate and resulted in the program expending \$273,000 more in overtime and holiday time worked than in FY 2013.

Supplemental Appropriation

During FY 2014, the executive moved nearly \$1.4 million of HB 2 general fund budgeted in FY 2015 to FY 2014 to offset funding shortfalls mostly due to county jail holds nearly double the number of beds that were budgeted. The combined impact of reducing funding available for FY 2015 and more utilization of county jail holds will likely lead to a request for supplemental funding in HB 3. The executive has requested \$7.0 million in supplemental funding to address a FY 2015 projected shortfall.

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Corrections, 03-Secure Custody Facilities Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	165,690,744	0	0	165,690,744	99.37 %
02339 Inmate Welfare/Inmate Pay	200,000	0	0	200,000	19.02 %
02345 Inmate Welfare Fund	0	0	842,651	842,651	80.13 %
02355 Miscellaneous Fines and Fees	8,924	0	0	8,924	0.85 %
State Special Total	\$208,924	\$0	\$842,651	\$1,051,575	0.63 %
03099 PHS-ESEA Title I	0	0	0	0	0.00 %
03315 Misc Federal Grants	0	0	0	0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$165,899,668	\$0	\$842,651	\$166,742,319	

This division is funded almost entirely by the general fund. State special funds are from the sale of canteen items to inmates and support the cost of purchasing canteen items.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	82,776,210	82,776,210	165,552,420	99.92 %	82,881,026	82,881,026	165,762,052	99.92 %
PL Adjustments	(1,831,030)	(1,598,122)	(3,429,152)	(2.07)%	(1,831,384)	(1,598,476)	(3,429,860)	(2.07)%
New Proposals	1,662,029	1,905,447	3,567,476	2.15 %	1,662,029	1,905,447	3,567,476	2.15 %
Total Budget	\$82,607,209	\$83,083,535	\$165,690,744		\$82,711,671	\$83,187,997	\$165,899,668	

Program Reorganization -

In the 2015 biennium, the executive reorganized the agency. The reorganization was done to consolidate all medical costs and services into a new program called Clinical Services. The reorganization impacted this program by moving 79.50 FTE to other programs along with medical costs and budgets. For FY 2015, \$8.9 million of HB 2 budget authority was reduced.

Although not contained in the agency reorganization, 4.00 FTE were transferred to this program from the Youth Services Program to fulfill the security role under the memorandum of understanding with the Department of Public Health and Human Services and serve as correctional officers at the Lewistown Infirmary. This FTE transfer brought with it \$204,673 in personal services budget authority in FY 2015.

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	(2,012,761)	23,668	0	(1,989,093)	0.00	(2,038,074)	24,382	0	(2,013,692)
DP 99 - LEG. Present Law	0.00	181,731	(24,022)	0	157,709	0.00	439,952	(24,736)	0	415,216
Grand Total All Present Law Adjustments	0.00	(\$1,831,030)	(\$354)	\$0	(\$1,831,384)	0.00	(\$1,598,122)	(\$354)	\$0	(\$1,598,476)

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	541.19	\$303,599	\$0	\$0	\$303,599
Executive Implementation of 2015 Pay Increase		597,830	-	-	597,830
Fully Fund 2015 Legislatively Authorized FTE		128,734	-	-	128,734
Other					
Fund Security Staff at the Lewistown Infirmary	5.00	482,529	-	-	482,529
Reorganization and FTE Transfer	83.50	(5,230,019)	-	-	(5,230,019)
Remainder of Other	0.00	1,704,565	23,668	-	1,728,233
Total Other	88.50	(3,042,925)	23,668	-	(3,019,257)
Personal Services Present Law Adjustments	629.69	(\$2,012,761)	\$23,668	\$0	(\$1,989,093)
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	541.19	\$303,599	\$0	\$0	\$303,599
Executive Implementation of 2015 Pay Increase		597,830	-	-	597,830
Fully Fund 2015 Legislatively Authorized FTE		128,734	-	-	128,734
Other					
Fund Security Staff at the Lewistown Infirmary	5.00	48,123	-	-	48,123
Reorganization and FTE Transfer	83.50	(5,230,019)	-	-	(5,230,019)
Remainder of Other	0.00	2,113,658	24,382	-	2,138,040
Total Other	88.50	(3,068,238)	24,382	-	(3,043,856)
Personal Services Present Law Adjustments	629.69	(\$2,038,074)	\$24,382	\$0	(\$2,013,692)

The executive has proposed to reduce general fund to support personal services by 4.8% in FY 2016 and by 4.9% in FY 2017 compared to the FY 2015 legislative budget.

Reorganization - The executive reorganized the agency in FY 2014. The reorganization moved 79.50 FTE from this program to a new Clinical Services Program. Refer to the Summary section for this agency for further discussion of the reorganization. Additionally, 4.00 FTE and the associated personal services budget were moved from the Youth Services Program to this program to provide security at the Lewistown Infirmary.

Fund Security Staff at the Lewistown Infirmary - The executive requests \$546,862 for the biennium in funding to add 5.00 FTE correctional officer positions to serve as security for the infirmary in Lewistown. The staffing would include four correctional officers and one correctional officer supervisor. During the 2015 biennium, modified FTE are being used to provide this security function. Also included is nearly \$417,000 in biennium funding not in the 2015 legislative budget for this program to fund 4.00 FTE transferred from the Youth Services Program to provide security at the Lewistown Infirmary.

LFD ISSUE	<p><u>Cost Per Bed at the Lewistown Infirmary</u></p> <p>The Lewistown Infirmary is operated by the Department of Public Health and Human Services and nursing care services at this facility are provided under a memorandum of understanding (MOU) with the department. The FY 2015 per diem rate per day per bed is \$157.37 just for the MOU. Security costs that would be funded in this request for 5.00 FTE, funding for 4.00 FTE transferred from other programs, and the request for overtime would add \$52.88 more to the per day per bed, for a total cost of \$210.25 per bed per day. This daily bed cost is more than two times the average cost at the Montana State Prison to house the 25 inmates at the infirmary.</p>
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The legislature may want to discuss with the department how it is financially justified to continue to house these inmates off the grounds of the Montana State Prison.

Remainder of Other - Changes that make up the remainder of the other adjustments include the following:

- Overtime at Montana State Prison, Lewistown Infirmery
- Inmate pay at Montana State Prison, Montana Women’s Prison, and the Lewistown Infirmery
- Pay changes made in FY 2014 at the agency’s discretion that are over and above the legislative pay plan, \$924,000 per year (estimated)

The 2013 Legislature funded \$1.7 million for overtime costs across this program while actual expenditures in FY 2014 were \$2.16 million. Overtime for the 2017 biennium is requested at near the FY 2014 actual expenditure level, which is a \$586,871 increase over the FY 2015 legislative funding each year. Overtime is requested for the Montana State Prison (\$2.04 million), Montana Woman’s Prison (\$222,025), and Lewistown Infirmery (\$23,968). Inmate pay is also requested for the same institutions and at nearly the FY 2014 actual expenditure level of \$279,372 per year, or \$9,732 per year above the 2015 legislative funding level.

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

Legislative Present Law Adjustments				
	FY 2016			
	General Fund	State Special	Federal Special	Total Funds
CP 99 Item				
Shelby Prison Prevailing Wage Increase	\$915,700	\$0	\$0	\$915,700
Annualize Secure Care Contract Beds	3,328,347	-	-	3,328,347
Reorganization	(3,495,413)	-	-	(3,495,413)
Other	(566,903)	(24,022)	-	(590,925)
Legislative Present Law Adjustments	\$181,731	(\$24,022)	\$0	\$157,709
	FY 2017			
	General Fund	State Special	Federal Special	Total Funds
CP 99 Item				
Shelby Prison Prevailing Wage Increase	\$915,700	\$0	\$0	\$915,700
Annualize Secure Care Contract Beds	3,558,446	-	-	3,558,446
Reorganization	(3,495,413)	-	-	(3,495,413)
Other	(538,781)	(24,736)	-	(563,517)
Legislative Present Law Adjustments	\$439,952	(\$24,736)	\$0	\$415,216

The executive has proposed to increase general fund support for all other expenditure categories excluding personal services by 0.22% in FY 2016 and by 0.84% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other category include the following, while individually listed adjustments are described separately:

- FY 2014 expenditures lower than the FY 2015 legislative budget that are requested at the FY 2014 level

Expenditures in FY 2014 were lower than the FY 2015 legislative funding level and are being requested at the FY 2014 expenditure level for several items, the most significant being: paper products, gasoline, office supplies, and various food items.

Shelby Prison Prevailing Wage Increase - The executive requests funding for a prevailing wage adjustment per the provisions of the contract for services at the Shelby Prison. The executive has recommended that these funds be designated as biennial for use in either year of the biennium.

LFD COMMENT	<p><u>Prevailing Wage Contract Provision</u></p> <p>The contract between the department and the Corrections Corporation of America to house inmates under the supervision of the department at the Crossroads Correctional Center in Shelby contains a clause that specifies prevailing wages for contractor staff at the level determined by the Montana Commissioner of Labor and Industry. The current contract sets the prevailing wages at the levels as of February 1, 2013. The request is based on prevailing wage rates published July 11, 2014, and raise the prevailing wage for correctional and detention officers by nearly \$1 per hour and the benefit component by nearly \$3 per hour.</p>
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Annualize Secure Care Contract Beds - The executive requests funding to annualize secure care contract beds over the amount funded by the 2013 Legislature. The executive has recommended that these funds be designated as biennial for use in either year of the biennium.

LFD COMMENT	<p><u>Factors for the Increase in Contracted Bed Costs</u></p> <p>Factors for the increase in contracted bed costs include:</p> <ul style="list-style-type: none"> • Per bed cost increases based on contract provisions • Growth in the number of beds being utilized in contracted facilities from 1,061 in the FY 2015 legislative budget to 1,128 in this request <p>When the 2013 Legislature appropriated funds for FY 2015, it anticipated that 183 beds would be utilized at county jails. During FY 2014, the actual average daily population of offenders housed in county jails was around 350 beds. The growth in utilization of county jails to house individuals under the department’s supervision has nearly doubled from that anticipated by the 2013 Legislature. Additionally, contract provisions for county jails and the Missoula Assessment and Sanction Center provides for contract costs to increase based on actual expenses of the facilities. These two factors combine to drive up the costs for county jail holds of the department.</p>
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Reorganization - As discussed, the executive reorganized the agency and moved costs budgeted by the 2013 Legislature to other programs. The reorganization is represented in the other grouping and equals a reduction of \$6.8 million of biennium general fund. The major costs moved from this program during the reorganization are medical costs, which are requested at nearly \$2.2 million lower than the FY 2015 legislative budget for this program.

New Proposals -

Total funds in the New Proposals table do not include proprietary funds budgeted in House Bill 2.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 300017 - Shelby Prison Per Diem Rate Increase (BIEN)	0.00	250,174	0	0	250,174	0.00	498,981	0	0	498,981
DP 300019 - Correctional Officer Pay Adjust	0.00	1,411,855	0	0	1,411,855	0.00	1,406,466	0	0	1,406,466
Total	0.00	\$1,662,029	\$0	\$0	\$1,662,029	0.00	\$1,905,447	\$0	\$0	\$1,905,447

DP 300019 - Correctional Officer Pay Adjust -

The executive requests funding for pay adjustments for all pay band 3 and 4 correctional officers.

LFD COMMENT	<u>Staffing Shortages</u> During FY 2014, the program experienced difficulties hiring correctional officers primarily at the Montana State Prison in Deer Lodge. During that year the program experienced a 10.8% vacancy savings in hours expended compared to hours budgeted and overtime expenditures were nearly \$600,000 more than budget. The executive states that this request is to address the pay factor contributing to this issue.
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DP 300017 - Shelby Prison Per Diem Rate Increase (BIEN) -

The executive requests funding to provide a 2% provider rate increase in FY 2016 and an additional 2% (4% total) rate increase for FY 2017 for the contracted provider at the Shelby prison.

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	12.00	12.00	11.00	11.00	12.00	11.00	(1.00)	(8.33)%
Personal Services	655,800	761,155	772,464	772,557	1,416,955	1,545,021	128,066	9.04 %
Operating Expenses	2,270,880	2,421,560	2,621,048	2,621,208	4,692,440	5,242,256	549,816	11.72 %
Transfers	135,117	200,000	135,117	135,117	335,117	270,234	(64,883)	(19.36)%
Total Costs	\$3,061,797	\$3,382,715	\$3,528,629	\$3,528,882	\$6,444,512	\$7,057,511	\$612,999	9.51 %
General Fund	785,698	867,217	883,015	882,874	1,652,915	1,765,889	112,974	6.83 %
State/Other Special Rev. Funds	2,276,099	2,515,498	2,645,614	2,646,008	4,791,597	5,291,622	500,025	10.44 %
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0.00 %
Total Funds	\$3,061,797	\$3,382,715	\$3,528,629	\$3,528,882	\$6,444,512	\$7,057,511	\$612,999	9.51 %

Program Description

The Montana Correctional Enterprises (MCE) Industry program includes furniture, upholstery, print, sign, sewing, garment graphics, and laundry operations at the Montana State Prison and Montana Women's Prison facilities. At the current time there are no programs operating at the regional and private facilities.

The MCE Ranch and Dairy operation includes range cattle, crops, feedlot, land management, dairy milking parlor, dairy processing, heifer reproduction, and lumber processing, which are all located at the Montana State Prison facility.

The MCE Vocational Education program operates a motor vehicle maintenance shop and Toyota cutaway operation at the Montana State Prison facility.

The MCE Food Factory program prepares bulk and trayed meals, including baked goods, at the Montana State Prison facility for eight institutions in Montana.

The MCE License Plate program manufactures vehicle license plates at the Montana State Prison facility. Currently there are over 160 different types of plates manufactured.

The MCE Inmate Canteen provides offender commissary goods for all Montana correctional facilities. The commissary is located at the Montana State Prison facility.

The Adult Education and MCE Vocational Education program is funded with general fund and operates at the Montana State Prison.

Program Highlights

Montana Correctional Enterprises Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the 2015 legislative funding, budget changes are for: <ul style="list-style-type: none"> ◦ A request to purchase items for the prison canteen ◦ Funding to annualize the 2013 legislative pay plan
Major LFD Issues
<ul style="list-style-type: none"> • Revenues estimated by the executive for the industries proprietary program may not be realistic

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Personal Services

In the FY 2015 legislative budget, personal services comprised 59.5% of the program budget. The Governor proposes 59.7% in FY 2016 and FY 2017. The increases in costs are due to:

- Funding to annualize pay increases of the legislative pay plan
- Funding to annualize pay increases provided at the agency’s discretion

For this program, 133 pay adjustments were funded within the agency’s budget during FY 2014 in addition to the increases funded in HB 13. These additional increases averaged 7.3% and added an estimated \$280,000 to the funding requirements of subsequent years. Of these increases 62% were for market adjustments and 30% were for career ladder adjustments.

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Corrections, 04-Mont Correctional Enterprises Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,765,889	0	0	1,765,889	5.13 %
02917 MSP Canteen Revolving Acct	5,291,622	0	0	5,291,622	100.00 %
State Special Total	\$5,291,622	\$0	\$0	\$5,291,622	15.36 %
03315 Misc Federal Grants	0	0	0	0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
06033 Prison Ranch	0	9,089,283	0	9,089,283	33.18 %
06034 MSP Institutional Industries	0	5,141,961	0	5,141,961	18.77 %
06545 Prison Indust. Training Prog	0	1,276,437	0	1,276,437	4.66 %
06572 MCE License Plate Production	0	3,229,924	0	3,229,924	11.79 %
06573 MSP - Cook Chill	0	8,660,139	0	8,660,139	31.61 %
Proprietary Total	\$0	\$27,397,744	\$0	\$27,397,744	79.52 %
Total All Funds	\$7,057,511	\$27,397,744	\$0	\$34,455,255	

The bulk of the HB 2 funding for this program comes from the general fund. A small amount of the program’s funding comes from state special revenue, primarily from fees charged for the collection of restitution from offenders. The remainder

of the program's funding comes from proprietary funds such as the prison ranch, industries program, and cook chill operation.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	867,217	867,217	1,734,434	98.22 %	3,382,715	3,382,715	6,765,430	95.86 %
PL Adjustments	15,798	15,657	31,455	1.78 %	145,914	146,167	292,081	4.14 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$883,015	\$882,874	\$1,765,889		\$3,528,629	\$3,528,882	\$7,057,511	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	(10,293)	21,602	0	11,309	0.00	(10,513)	21,915	0	11,402
DP 99 - LEG. Present Law	0.00	26,091	108,514	0	134,605	0.00	26,170	108,595	0	134,765
Grand Total All Present Law Adjustments	0.00	\$15,798	\$130,116	\$0	\$145,914	0.00	\$15,657	\$130,510	\$0	\$146,167

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	11.00	\$3,888	\$1,458	\$0	\$5,346
Executive Implementation of 2015 Pay Increase		8,596	2,819	-	11,415
Fully Fund 2015 Legislatively Authorized FTE		13,461	-	-	13,461
Other		(36,238)	17,325	-	(18,913)
Personal Services Present Law Adjustments	11.00	(\$10,293)	\$21,602	\$0	\$11,309

FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	11.00	\$3,888	\$1,458	\$0	\$5,346
Executive Implementation of 2015 Pay Increase		8,596	2,819	-	11,415
Fully Fund 2015 Legislatively Authorized FTE		13,461	-	-	13,461
Other		(36,458)	17,638	-	(18,820)
Personal Services Present Law Adjustments	11.00	(\$10,513)	\$21,915	\$0	\$11,402

The executive has proposed to increase general fund to support personal services by 1.5% in FY 2016 and FY 2017 compared to the FY 2015 legislative budget.

Other - Changes that make up the other adjustments include the following, while individually listed adjustments in the other category are described separately:

- Overtime

The executive requests funding for overtime at levels that are \$8,500 per year lower than the FY 2015 legislative funding for overtime. Inmate pay is requested at the FY 2015 legislative funding level.

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

Legislative Present Law Adjustments				
FY 2016				
CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Additional Canteen Authority	\$0	\$36,221	\$0	\$36,221
Other	26,091	72,293	-	98,384
Legislative Present Law Adjustments	\$26,091	\$108,514	\$0	\$134,605

FY 2017				
CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Additional Canteen Authority	\$0	\$36,221	\$0	\$36,221
Other	26,170	72,374	-	98,544
Legislative Present Law Adjustments	\$26,170	\$108,595	\$0	\$134,765

The executive has proposed to increase general fund support for all other expenditure categories excluding personal services by 5.1% in FY 2016 and in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other category include the following, while individually listed adjustments are described separately:

- FY 2014 expenditures for transfers that were not budgeted in the FY 2015 legislative funding

In FY 2014, the program expended funds for transfers that are not budgeted in the FY 2015 legislative funding. The executive requests the FY 2014 expenditure level.

Additional Canteen Authority - The executive requests increased authority to make purchases for the prison canteen.

Other Issues -

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

- Prison Ranch
- Industries
- Food Factory
- License Plate Operations

Agricultural – Fund 06033*Proprietary Proposed Budget*

The 2017 biennium report on enterprise funds for the Prison Ranch shows the financial information for the fund from FY 2012 through FY 2017. The report is provided as submitted by the executive and is included in the appendix for this agency.

2017 Biennium Report on Internal Service and Enterprise Funds							
Agency # 64010	Agency Name: Department of Corrections			Program Name: Mont Correctional Enterprises			
	Fund	Fund Name					
	06033	Prison Ranch					
		Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues:							
Fee and Charges							
Fee Revenue A		4,751,321	4,426,329	4,951,689	5,100,000	5,150,000	5,250,000
Revenue A		-	3,500	3,177	-	-	-
Total Operating Revenues		4,751,321	4,429,829	4,954,866	5,100,000	5,150,000	5,250,000
Expenses:							
Personal Services							
Other Operating Expenses		1,393,101	1,417,047	1,542,480	1,619,604	1,668,192	1,718,237
Expense B		-	-	-	-	550,000	-
Total Operating Expenses		3,927,046	4,614,216	4,850,416	5,019,604	5,668,192	5,218,237
Operating Income (Loss)		824,275	(184,387)	104,450	80,396	(518,192)	31,763
Nonoperating Revenues:							
Other Revenue A		139,268	(23,608)	679,679	-	-	-
Nonoperating Expenses:							
Other Expense A		(62,099)	55,054	222,414	-	-	-
Total Nonoperating Revenues (Expenses)		77,169	31,446	902,093	-	-	-
Income (Loss) Before Contributions and Transfers		901,444	(152,941)	1,006,543	80,396	(518,192)	31,763
Transfers In							
Transfers Out		61,000	-	-	-	-	-
Change in Net Position		901,444	(152,941)	1,006,543	80,396	(1,068,192)	31,763
Beginning Net Position - July 1		9,572,265	10,473,709	10,320,768	11,327,311	11,407,707	10,339,515
Change in Net Position		901,444	(152,941)	1,006,543	80,396	(1,068,192)	31,763
Ending Net Position - June 30		10,473,709	10,320,768	11,327,311	11,407,707	10,339,515	10,371,278
Net Position (Fund Balance) Analysis							

Proprietary Program Description

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

Proprietary Program Narrative

Expenses

Personal services funds 21.76 FTE. The largest operating expenses for the program include items such as feed, grain, gasoline, diesel fuel, and veterinary supplies. The cost of these supplies varies with general economic conditions.

Revenues

Revenues for this program are derived primarily from the sale of raw milk and livestock. Additionally, a small amount of revenue is generated through logging. Revenues vary depending upon general economic conditions that impact commodity prices.

Funding Sources

Prison ranch products are sold in the private sector.

Proprietary Present Law Adjustments

Present law adjustments for this fund consist of reductions of \$43,822 for the biennium associated with statewide present law adjustments.

Proprietary Rates

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program.

MSP Institutional Industries – Fund 06034

Proprietary Proposed Budget

The 2017 biennium report on enterprise funds for the MSP Institutional Industries shows the financial information for the fund from FY 2012 through FY 2017. The report is provided as submitted by the executive and is included in the appendix for this agency.

2017 Biennium Report on Internal Service and Enterprise Funds							
Agency # 64010	Agency Name: Department of Corrections			Program Name: Mont Correctional Enterprises			
	Fund	Fund Name					
	06034	MSP Institutional Industries					
		Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues:							
Fee and Charges							
	Fee Revenue A	2,528,434	2,515,381	2,665,450	2,750,000	3,016,460	3,132,460
	Total Operating Revenues	2,528,434	2,515,381	2,665,450	2,750,000	3,016,460	3,132,460
Expenses:							
	Personal Services	936,909	978,376	1,013,636	1,144,318	1,178,648	1,214,007
	Other Operating Expenses	1,327,272	1,309,503	1,483,241	1,680,865	1,806,929	1,897,276
	Total Operating Expenses	2,264,181	2,287,879	2,496,877	2,825,183	2,985,577	3,111,283
	Operating Income (Loss)	264,253	227,502	168,573	(75,183)	30,883	21,177
Nonoperating Revenues:							
Nonoperating Expenses:							
	Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
	Income (Loss) Before Contributions and Transfers	264,253	227,502	168,573	(75,183)	30,883	21,177
	Capital Contributions	-	-	2,135	-	-	-
	Change in Net Position	264,253	227,502	170,708	(75,183)	30,883	21,177
	Beginning Net Position - July 1	1,815,738	2,079,991	2,307,493	2,478,201	2,403,018	2,433,901
	Change in Net Position	264,253	227,502	170,708	(75,183)	30,883	21,177
	Ending Net Position - June 30	2,079,991	2,307,493	2,478,201	2,403,018	2,433,901	2,455,078
Net Position (Fund Balance) Analysis							

Proprietary 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, and hygiene kit assembly. In addition Industries includes a dog training program located at the Montana Women’s Prison, called Prison Paws and teaches inmates how to provide basic training and social skills to dogs that have been donated to the program or rescued from the local animal shelters.

Two industries are certified by the U.S. Justice Department’s Prison Industry Enhancement Certification Program. Inmates in these programs are paid prevailing wage for their work, and 80 percent of their gross wage is deducted for state and federal income tax, crime victim compensation, family support, and room and board. In addition, each inmate working in a certified program has 10 percent of his or her net wages deposited into a mandatory savings account available upon release.

Proprietary Program Narrative

Expenses

The expenses are split almost equally between personal services for 19.75 FTE and operating expenses. The largest categories of operating expenses for the program include items related to furniture manufacturing, shop supplies, and items to be embroidered.

Revenues

Revenues are derived primarily from the sale of merchandise (furniture and signs) and charges for laundry services. In FY 2014 about \$1.1 million, or 41.8%, of revenue was derived from furniture sales and upholstery work, and garment graphics to state agencies and the private sector and \$367,000 was derived from the provision of laundry services to Montana State Prison (MSP) and Montana State Hospital (MSH).

Funding Sources

Because a large portion of revenues are the result of business done with state agencies, a portion of the revenue from this program comes indirectly from the general fund and other special revenue and proprietary funds in undeterminable amounts.

Proprietary Present Law Adjustments

Present law adjustments for this program consist of \$492,557 for the biennium to fund statewide present law adjustments.

Proprietary Rates

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Although the industries program is an enterprise fund, it has requested rate approvals for the laundry rate per pound, as these will directly affect the general fund customers served. The laundry is not an internal service fund as it is a small operation in the overall industries program. The executive is requesting requesting rate increases of \$.07 and \$.08 per pound for FY 2016 and FY 2017 respectively. The following rates are requested for the 2017 biennium.

Requested Rates for Internal Service - Fund 06034				
Rate Item	Actual FY 2014	Budgeted FY 2015	Request FY 2016	Request FY 2017
Cost Per Pound Laundry Services	\$0.51	\$0.52	\$0.59	\$0.60
Delivery Charge per Pound:				
Montana Development Center	0.05	0.05	0.05	0.05
Riverside Youth Correctional Facility	0.05	0.05	0.05	0.05
Montana Law Enforcement Academey	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	(0.01)	(0.01)	-	-
University of Montana	0.20	0.20	0.20	0.20

MCE Food Factory – Fund 06573

Proprietary Proposed Budget

The 2017 biennium report on internal service funds for the MCE Food Factory shows the financial information for the fund from FY 2012 through FY 2017. The report is provided as submitted by the executive and is included in the appendix for this agency.

2017 Biennium Report on Internal Service and Enterprise Funds							
Agency # 64010	Agency Name: Department of Corrections			Program Name: Mont Correctional Enterprises			
	Fund	Fund Name					
	06573	MSP - Cook Chill					
		Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
		3,918,933	3,979,361	4,429,009	4,632,211	4,700,000	5,166,901
Total Operating Revenues							
		3,918,933	3,979,361	4,429,009	4,632,211	4,700,000	5,166,901
Expenses:							
Personal Services							
		973,675	952,023	1,023,955	1,135,153	1,169,207	1,204,283
Other Operating Expenses							
		3,077,361	3,273,454	3,226,740	3,323,543	3,489,720	3,664,206
Total Operating Expenses							
		4,051,036	4,225,477	4,250,695	4,458,696	4,658,927	4,868,489
Operating Income (Loss)							
		(132,103)	(246,116)	178,314	173,515	41,073	298,412
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers							
		(132,103)	(246,116)	178,314	173,515	41,073	298,412
Transfers Out							
		(170,000)	-	-	-	-	-
Change in Net Position							
		(302,103)	(246,116)	178,314	173,515	41,073	298,412
Beginning Net Position - July 1							
		2,607,096	2,304,993	2,058,877	2,237,191	2,410,706	2,451,779
Change in Net Position							
		(302,103)	(246,116)	178,314	173,515	41,073	298,412
Ending Net Position - June 30							
		2,304,993	2,058,877	2,237,191	2,410,706	2,451,779	2,750,191
Net Position (Fund Balance) Analysis							

Proprietary Program Description

This proprietary program consists of food processing and creation of trayed meals and products that are sold to other facilities of the agency and the Montana State Hospital at Warm Springs.

Proprietary Program Narrative

Expenses

The expenses include personal services for 22.00 FTE and operating expenses, with the bulk of the funding supporting operating costs. The largest category of operating cost is raw materials, which includes the various grocery type items needed to prepare meals.

Revenues

Revenues are derived from the sale of meals to facilities. The largest customer is MSP.

Funding Sources

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

Proprietary Present Law Adjustments

Present law adjustments for this program consist of \$178,000 for the biennium to fund statewide present law adjustments.

Proprietary Rates

This program is funded with an internal service type proprietary fund. As such, the legislature approves the maximum rates the program may charge for its services. The executive requests the following rates for the 2017 biennium. The overhead charges are allocated in the same percentages as in the 2015 biennium. There are no changes proposed for delivering meals. The executive proposes increases for all tray meal prices in FY 2017. The requested rates are shown on the figure.

Requested Rates for Internal Service - Fund 06573				
Rate Item	Actual FY 2014	Budgeted FY 2015	Request FY 2016	Request FY 2017
Tray Meal Prices to all customers				
Base Tray-hot/cold	\$2.14	\$2.32	\$2.32	\$2.35
Base Tray-hot	1.08	1.18	1.18	1.22
Detention Center Trays	2.72	2.92	2.92	2.95
Accessory Package	0.16	0.16	0.16	0.16
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%	5%	5%	5%
Overhead Charges				
Montana State Prison	76%	76%	76%	76%
Montana State Hospital	11%	11%	11%	11%
Treasure State Correctional Training	13%	13%	13%	13%

Note: Bulk food is sold at cost, with a spoilage percentage added on and an overhead charge to cover operating expenses. Overhead charge is based on historical costs and volume of sales to the customer, as a percentage of overall food costs. Delivery is based on actual delivery costs.

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 2017 biennium report on internal service funds for vocational education shows the financial information for the fund from FY 2012 through FY 2017. The report is provided as submitted by the executive and is included in the appendix for this agency.

2017 Biennium Report on Internal Service and Enterprise Funds							
Agency # 64010	Agency Name: Department of Corrections			Program Name: Mont Correctional Enterprises			
	Fund	Fund Name					
	06545	Prison Indust. Training Prog					
		Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
		585,665	606,566	543,328	593,328	600,000	600,000
Total Operating Revenues							
		585,665	606,566	543,328	593,328	600,000	600,000
Expenses:							
Personal Services							
		145,423	160,540	187,009	194,459	200,293	200,294
Other Operating Expenses							
		382,333	403,557	389,952	395,000	397,000	397,000
Total Operating Expenses							
		527,756	564,097	576,961	589,459	597,293	597,294
Operating Income (Loss)							
		57,909	42,469	(33,633)	3,869	2,707	2,706
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers							
		57,909	42,469	(33,633)	3,869	2,707	2,706
Change in Net Position							
		57,909	42,469	(33,633)	3,869	2,707	2,706
Beginning Net Position - July 1							
		49,265	107,174	149,643	116,010	119,879	122,586
Change in Net Position							
		57,909	42,469	(33,633)	3,869	2,707	2,706
Ending Net Position - June 30							
		107,174	149,643	116,010	119,879	122,586	125,292
Net Position (Fund Balance) Analysis							

**LFD
ISSUE**

Fee Revenue Not Realistic

The fee revenues shown on the report for each year of the 2017 biennium are questionable as they are exactly the same as projected for FY 2015, even though the executive is proposing an increase in rates with no change in expected demand for the services. Given the revenue estimates shown on the report the program would be operating at a loss and net assets are being depleted. If revenues are accurate, they will be just enough to fund expenses of this program during the 2017 biennium.

Before considering the proposed rates, the legislature may want to request that the agency provide updated revenue estimates for FY 2016 and FY 2017 to see how more realistic revenues would impact operating income.

Proprietary Program Description

The Vocational Education program trains inmates in specific work skills and life skills in operations which include motor vehicle maintenance, welding and machining and metals programs in conjunction with the general fund vocational education program.

Proprietary Program Narrative

Expenses

The expenses are split between personal services (4.00 FTE) and operating expenses, with about one-third of the budget supporting personal services and the remaining two-thirds supporting operating costs. The largest category of operating expense for the program is merchandise.

Revenues

Revenues are derived primarily from motor vehicle maintenance completed for MSP and the prison ranch.

Funding Sources

Because a largest portion of the revenues are the result of business done with MSP and the prison ranch, the primary funding sources supporting payment for services are the ranch proprietary fund and the general fund, which supports MSP.

Proprietary Present Law Adjustments

Present law adjustments for this program consist of \$132,000 for the biennium to fund statewide present law adjustments.

Proprietary Rates

This program is funded with an internal service type proprietary fund. As such, the legislature approves the maximum rates the program may charge for its services. The executive requests the following rates for the program.

Requested Rates for Internal Service - Fund 06545				
Rate Item	Actual FY 2014	Budgeted FY 2015	Request FY 2016	Request FY 2017
Labor Charge/hour	\$27.45	\$28.45	\$28.45	\$28.45
Supply fee as percentage of actual cost of parts	5%	5%	8%	8%
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.

MCE License Plate – Fund 06572

Proprietary Proposed Budget

The 2017 biennium report on internal service funds for the license plate program shows the financial information for the fund from FY 2012 through FY 2017. The report is provided as submitted by the executive and is included in the appendix for this agency.

2017 Biennium Report on Internal Service and Enterprise Funds							
Agency # 64010	Agency Name: Department of Corrections			Program Name: Mont Correctional Enterprises			
	Fund	Fund Name					
	06572	MCE License Plate Production					
		Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues:							
Fee and Charges							
	Fee Revenue A	847,418	1,485,978	1,927,342	1,752,129	1,950,000	1,950,000
	Total Operating Revenues	847,418	1,485,978	1,927,342	1,752,129	1,950,000	1,950,000
Expenses:							
	Personal Services	153,904	160,183	175,082	208,836	215,101	221,554
	Other Operating Expenses	973,047	997,724	1,335,942	1,510,000	1,825,000	2,235,000
	Total Operating Expenses	1,126,951	1,157,907	1,511,024	1,718,836	2,040,101	2,456,554
	Operating Income (Loss)	(279,533)	328,071	416,318	33,293	(90,101)	(506,554)
Nonoperating Revenues:							
Nonoperating Expenses:							
	Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
	Income (Loss) Before Contributions and Transfers	(279,533)	328,071	416,318	33,293	(90,101)	(506,554)
	Transfers Out	(1,222,061)	-	-	-	-	-
	Change in Net Position	(1,501,594)	328,071	416,318	33,293	(90,101)	(506,554)
	Beginning Net Position - July 1	3,315,414	1,813,820	2,141,891	2,558,209	2,591,502	2,501,401
	Change in Net Position	(1,501,594)	328,071	416,318	33,293	(90,101)	(506,554)
	Ending Net Position - June 30	1,813,820	2,141,891	2,558,209	2,591,502	2,501,401	1,994,847
Net Position (Fund Balance) Analysis							

Proprietary Program Description

This proprietary program consists of license plate manufacturing. The License Plate Factory program trains inmates in specific work skills and life skills in license plate production, inventory control and shipping, while providing all license plates to County Treasurers throughout Montana.

Proprietary Program Narrative

Expenses

The expenses for this program include personal services for 2.50 FTE and operating expenses, with the bulk of the funding supporting operating costs for materials used in the production of license plates.

Revenues

Revenues are derived from the sale of license plates to the Department of Justice. The Department of Justice pays for the license plates with fee revenue collected from license plate sales.

Funding Sources

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

Proprietary Present Law Adjustments

Present law adjustments for this program consist of a reduction of \$33,000 for the biennium associated with statewide present law adjustments.

Proprietary Rates

This program is funded with an internal service type proprietary fund. As such, the legislature approves the maximum rates the program may charge for its services. The executive requests the legislature approved \$6.20 per set of plates as the rate for both FY 2016 and FY 2017. This is the same rate set for the 2015 biennium.

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 Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	182.85	182.85	177.85	177.85	182.85	177.85	(5.00)	(2.73)%
Personal Services	9,994,882	10,641,854	11,577,771	11,572,513	20,636,736	23,150,284	2,513,548	12.18 %
Operating Expenses	2,219,347	2,119,422	2,218,914	2,225,988	4,338,769	4,444,902	106,133	2.45 %
Equipment & Intangible Assets	47,012	0	47,012	47,012	47,012	94,024	47,012	100.00 %
Benefits & Claims	2,460,387	2,080,087	2,460,387	2,460,387	4,540,474	4,920,774	380,300	8.38 %
Transfers	3,065,954	3,459,909	3,065,954	3,065,954	6,525,863	6,131,908	(393,955)	(6.04)%
Debt Service	20,877	20,877	20,877	20,877	41,754	41,754	0	0.00 %
Total Costs	\$17,808,459	\$18,322,149	\$19,390,915	\$19,392,731	\$36,130,608	\$38,783,646	\$2,653,038	7.34 %
General Fund	17,037,439	17,224,360	18,619,895	18,621,711	34,261,799	37,241,606	2,979,807	8.70 %
State/Other Special Rev. Funds	770,780	1,081,784	770,780	770,780	1,852,564	1,541,560	(311,004)	(16.79)%
Federal Spec. Rev. Funds	240	16,005	240	240	16,245	480	(15,765)	(97.05)%
Total Funds	\$17,808,459	\$18,322,149	\$19,390,915	\$19,392,731	\$36,130,608	\$38,783,646	\$2,653,038	7.34 %

Program Description

The Youth Services Division is responsible for all state operated youth programs including Pine Hills Youth Correctional Facility for males located in Miles City, Riverside Youth Correctional Facility for females in Boulder, Youth Community Corrections including Juvenile Parole, interstate compact services for probation and parole, reentry services, transition centers, detention licensing, and transportation. Additional responsibilities include research, training and administrative support services.

Program Highlights

Youth Services Division Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the 2015 legislative funding, budget changes are for: <ul style="list-style-type: none"> ◦ Funding reductions as the result of an agency reorganization and FTE transfer during the 2015 biennium ◦ Funding to annualize the 2013 legislative pay plan ◦ Requests to fund increases for overtime and inmate pay

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Personal Services

In the FY 2015 legislative budget, personal services comprised 59.5% of the program budget. The Governor proposes 59.7% in FY 2016 and FY 2017. The increases in costs are due to:

- Funding to annualize pay increases of the legislative pay plan
- Funding to annualize pay increases provided at the agency’s discretion

For this program, 133 pay adjustments were funded within the agency’s budget during FY 2014 in addition to the increases funded in HB 13. These additional increases averaged 7.3% and added an estimated \$280,000 to the funding requirements of subsequent years. Of these increases 62% were for market adjustments and 30% were for career ladder adjustments.

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Corrections, 05-Youth Services Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	37,241,606	0	0	37,241,606	96.02 %	
02033 Pine Hills Vocational Program	15,752	0	0	15,752	1.02 %	
02034 Earmarked Alcohol Funds	51,046	0	0	51,046	3.31 %	
02916 PHS-Canteen	7,046	0	0	7,046	0.46 %	
02927 PHS Donations/I & I	754,660	0	0	754,660	48.95 %	
02970 Juvenile Plcmt Cost of Care	713,056	0	0	713,056	46.26 %	
State Special Total	\$1,541,560	\$0	\$0	\$1,541,560	3.97 %	
03084 MVS-School Foods	0	0	0	0	0.00 %	
03089 PHS-School Foods	0	0	0	0	0.00 %	
03099 PHS-ESEA Title I	0	0	0	0	0.00 %	
03315 Misc Federal Grants	0	0	0	0	0.00 %	
03316 MBCC Grants	0	0	0	0	0.00 %	
03530 6901-Foster Care 93.658	480	0	0	480	100.00 %	
Federal Special Total	\$480	\$0	\$0	\$480	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$38,783,646	\$0	\$0	\$38,783,646		

This division receives the majority of its support from the general fund. State special revenue is primarily from parental contributions toward the costs of care and interest and income related to Pine Hills school lands. The division also receives a small amount of federal funds from the Title IV-E Foster Care and Adoption Program.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	18,571,155	18,571,155	37,142,310	99.73 %	19,668,944	19,668,944	39,337,888	101.43 %
PL Adjustments	48,740	50,556	99,296	0.27 %	(278,029)	(276,213)	(554,242)	(1.43)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$18,619,895	\$18,621,711	\$37,241,606		\$19,390,915	\$19,392,731	\$38,783,646	

Program Reorganization -

In the 2015 biennium, the executive reorganized the agency. The reorganization was done to consolidate all medical costs and services into a new program called Clinical Services. The reorganization impacted this program by moving 13.50 FTE

to other programs along with personal services and operating cost budgets. For FY 2015, \$1.1 million of HB 2 budget authority was reduced.

Although not contained in the agency reorganization, 4.00 FTE were transferred from this program to the Secure Custody Facilities program to fulfill the security role under the memorandum of understanding with the Department of Public Health and Human Services and serve as correctional officers at the Lewistown Infirmary. This FTE transfer moved with it \$204,673 in personal services budget authority in FY 2015.

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments									
-----Fiscal 2016-----					-----Fiscal 2017-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law									
0.00	239,475	(372,809)	0	(133,334)	0.00	226,272	(364,864)	0	(138,592)
DP 99 - LEG. Present Law									
0.00	(190,735)	61,805	(15,765)	(144,695)	0.00	(175,716)	53,860	(15,765)	(137,621)
Grand Total All Present Law Adjustments									
0.00	\$48,740	(\$311,004)	(\$15,765)	(\$278,029)	0.00	\$50,556	(\$311,004)	(\$15,765)	(\$276,213)

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	195.35	\$86,435	\$0	\$0	\$86,435
Executive Implementation of 2015 Pay Increase		186,817	-	-	186,817
Fully Fund 2015 Legislatively Authorized FTE		108,853	-	-	108,853
Other					
Reorganization and FTE Transfer	(17.50)	(1,029,964)	-	-	(1,029,964)
Remainder of Other	0.00	887,333	(372,809)	-	514,524
Total Other	(17.50)	(142,631)	(372,809)	-	(515,440)
Personal Services Present Law Adjustments	177.85	\$239,475	(\$372,809)	\$0	(\$133,334)
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	195.35	\$86,435	\$0	\$0	\$86,435
Executive Implementation of 2015 Pay Increase		186,817	-	-	186,817
Fully Fund 2015 Legislatively Authorized FTE		108,853	-	-	108,853
Other					
Reorganization and FTE Transfer	(17.50)	(1,029,964)	-	-	(1,029,964)
Remainder of Other	0.00	874,130	(364,864)	-	509,266
Total Other	(17.50)	(155,834)	(364,864)	-	(520,698)
Personal Services Present Law Adjustments	177.85	\$226,272	(\$364,864)	\$0	(\$138,592)

The executive has proposed to reduce funding for personal services by 1.1% in FY 2016 and by 1.2% in FY 2017 compared to the FY 2015 legislative budget.

Reorganization and FTE Transfer - The executive reorganized the agency in FY 2014. The reorganization moved 13.50 FTE from this program to a new Clinical Services Program. Refer to the Summary section for this agency for further discussion of the reorganization. Additionally, nearly \$205,000 of the FY 2015 personal services funding was transferred to the Secure Custody Facilities Program to fund 4.00 FTE transferred to provide security at the Lewistown Infirmary.

Remainder of Other - Changes that make up the other adjustments include the following:

- Overtime
- Inmate pay
- Pay changes made in FY 2014 at the agency's discretion that are over and above the legislative pay plan, \$411,000 per year (estimated)

The executive requests funding for overtime pay at \$80,652 each year more than was funded in FY 2015 or about 2% higher than was expended in FY 2014. Overtime is requested each year for the Juvenile Corrections Bureau, \$6,495; the Riverside Youth Correctional Facility, \$49,268; Transition Centers, \$19,677; and Pine Hills Correctional Facility, \$229,826.

The executive requests funding for inmate pay at levels 14.6% lower than was funded in FY 2015 or about 3% higher than was expended in FY 2014. Inmate pay is requested each year for the Riverside Youth Correctional Facility, \$1,000; and Pine Hills Correctional Facility, \$25,358.

DP 99 - LEG. Present Law -

The executive has proposed to reduce funding for all other expenditure categories excluding personal services by 1.8% in FY 2016 and by 1.7% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the LGPL adjustment are:

- Reorganization

The executive reorganized the agency and moved funding for medical services and operating costs of staff moved from this program to the Clinical Services program. This reorganization moved \$277,544 of FY 2015 funding from this program in non-personal services categories.

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	94.50	94.50	97.00	97.00	94.50	97.00	2.50	2.65 %
Personal Services	7,146,257	5,612,750	8,579,633	8,582,733	12,759,007	17,162,366	4,403,359	34.51 %
Operating Expenses	10,714,075	11,798,821	13,362,250	13,456,594	22,512,896	26,818,844	4,305,948	19.13 %
Equipment & Intangible Assets	0	0	15,000	25,000	0	40,000	40,000	0.00 %
Total Costs	\$17,860,332	\$17,411,571	\$21,956,883	\$22,064,327	\$35,271,903	\$44,021,210	\$8,749,307	24.81 %
General Fund	17,860,332	17,411,571	21,747,983	21,855,427	35,271,903	43,603,410	8,331,507	23.62 %
State/Other Special Rev. Funds	0	0	208,900	208,900	0	417,800	417,800	0.00 %
Total Funds	\$17,860,332	\$17,411,571	\$21,956,883	\$22,064,327	\$35,271,903	\$44,021,210	\$8,749,307	24.81 %

Program Description

The Clinical Services Division (CSD) includes medical, dental and mental health staff at the Montana State Prison (MSP), Treasure State Correctional Training Center (TSCTC), Montana Women's Prison (MWP), Riverside Youth Correctional Facility, and Pine Hills Youth Correctional Facility. In addition, the division oversees medical, dental and mental health services at contracted facilities as specified in the facilities' contracts with the department. The division also works with a third-party administrator to oversee all claims submitted by outside medical providers. It oversees the health services pre-authorization process and provides education to contracted facilities with regard to medical issues. The division tracks and ensures Medicaid reimbursement for Medicaid-eligible inmates under the supervision of the department.

Program Highlights

<p>Clinical Services Division Major Budget Highlights</p>
<ul style="list-style-type: none"> • Compared to the 2015 legislative funding, budget changes are for: <ul style="list-style-type: none"> ◦ Funding increases as the result of an agency reorganization during the 2015 biennium ◦ Funding to annualize the 2013 legislative pay plan ◦ A request to fund increased medical costs ◦ A request to fund increases to the Montana State Prison infirmary costs ◦ A request for funding to add 1.00 FTE psychiatrist at the Montana State Prison ◦ A request for funding to add 2.50 FTE for health services at the Montana Woman's Prison ◦ A request for funding authority to implement a medical co-payment system
<p>Major LFD Issues</p>
<ul style="list-style-type: none"> • Funding for a medical co-payment system is based on a yet to be completed process and are speculative. The Legislature may want to restrict funding for this request

Program Discussion -

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

Personal Services

This program did not exist in the FY 2015 legislative budget. The increases in costs are due to:

- Pay increases funded both by the pay plan of the 2013 Legislature and those funded within the agency budget

For this program, 41 pay adjustments were funded within the agency’s budget during FY 2014 in addition to the increases funded in HB 13 or specified in statute, such as for increased longevity. These increases averaged 6.7% and added an estimated \$101,000 to the funding requirements of subsequent years. Of these increases 43% were for market adjustments and 43% were for career ladder adjustments.

The program experienced a 11.7% vacancy savings in hours expended compared to hours budgeted.

Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Corrections, 06-Clinical Services Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	43,603,410	0	0	43,603,410	99.05 %	
02261 P & P Supervisory Fee	0	0	0	0	0.00 %	
02355 Miscellaneous Fines and Fees	417,800	0	0	417,800	100.00 %	
State Special Total	\$417,800	\$0	\$0	\$417,800	0.95 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$44,021,210	\$0	\$0	\$44,021,210		

General fund provides 98.8% of the division’s funding. About 1.2% of the division’s funding would come from state special revenue collected from inmates under a proposal to fund a medical co-payment program.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	0	0	0	0.00 %
PL Adjustments	21,550,315	21,661,159	43,211,474	99.10 %	21,550,315	21,661,159	43,211,474	98.16 %
New Proposals	197,668	194,268	391,936	0.90 %	406,568	403,168	809,736	1.84 %
Total Budget	\$21,747,983	\$21,855,427	\$43,603,410		\$21,956,883	\$22,064,327	\$44,021,210	

Program Reorganization -

In the 2015 biennium, the executive reorganized the agency. The reorganization was done to consolidate all medical costs and services into this new program. The reorganization moved funding for 94.50 FTE and associated funding for operating costs, including all agency medical costs, to this program. For FY 2015, \$19.3 million of HB 2 budget authority was moved to this program when none existed after the 2013 Legislature.

Present Law Adjustments -

The “Present Law Adjustments” table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments										
-----Fiscal 2016-----					-----Fiscal 2017-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 98 - LEG. Personal Services Present Law	0.00	8,387,705	2,160	0	8,389,865	0.00	8,391,306	2,159	0	8,393,465
DP 99 - LEG. Present Law	0.00	13,162,610	(2,160)	0	13,160,450	0.00	13,269,853	(2,159)	0	13,267,694
Grand Total All Present Law Adjustments	0.00	\$21,550,315	\$0	\$0	\$21,550,315	0.00	\$21,661,159	\$0	\$0	\$21,661,159

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	0.00	\$45,441	\$0	\$0	\$45,441
Executive Implementation of 2015 Pay Increase		136,033	-	-	136,033
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other					
Clinical Staff at Montana Woman's Prison	2.50	274,977	(6,546)	-	268,431
Overtime and Inmate Pay	0.00	312,690	-	-	312,690
Reorganization	94.50	6,367,750	-	-	6,367,750
Remainder of Other	0.00	1,250,814	8,706	-	1,259,520
Total Other	97.00	8,206,231	2,160	-	8,208,391
Personal Services Present Law Adjustments	97.00	\$8,387,705	\$2,160	\$0	\$8,389,865
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	0.00	\$45,441	\$0	\$0	\$45,441
Executive Implementation of 2015 Pay Increase		136,033	-	-	136,033
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other					
Clinical Staff at Montana Woman's Prison	2.50	274,255	(6,547)	-	267,708
Overtime and Inmate Pay	0.00	312,690	-	-	312,690
Reorganization	94.50	6,367,750	-	-	6,367,750
Remainder of Other	0.00	1,255,137	8,706	-	1,263,843
Total Other	97.00	8,209,832	2,159	-	8,211,991
Personal Services Present Law Adjustments	97.00	\$8,391,306	\$2,159	\$0	\$8,393,465

This program did not exist in the FY 2015 legislative budget.

Clinical Staff at Montana Woman's Prison - The executive requests funding to add 2.50 FTE health services positions (1.00 FTE registered nurse, 0.50 FTE primary care physician, and 1.00 FTE correctional treatment specialist as a case manager) for the Montana Woman's Prison.

Overtime and Inmate Pay - The executive requests overtime to maintain minimum medical and security staff levels in nursing and mental health programs. Overtime is requested for the clinical services at Pine Hills Correctional Facility,

Montana Woman's Prison, Montana State Prison, and Treasure State Correctional Training Center. Inmate pay is requested for the Montana State Prison to allow staff to hire inmate workers to clean the infirmary facilities. Overtime is requested at the level expended in FY 2014.

Reorganization - The executive reorganized this agency to add this new program to administer all clinical services of the agency. This reorganization moved funding for 94.50 FTE from various other programs to this program.

Remainder of Other - Changes that make up the remainder of the other adjustments include the following:

- Fiscal year transfer

The executive moved FY 2015 funding to FY 2014 to fund an anticipated personal services budget shortfall. Much of the funding was not expended and remains valid for FY 2015.

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

Legislative Present Law Adjustments				
	FY 2016			
	General Fund	State Special	Federal Special	Total Funds
CP 99 Item				
Annualize Outside Medical Costs	\$2,841,515	\$0	\$0	\$2,841,515
Infirmary Operating Needs at Montana State Prison	260,527	-	-	260,527
Reorganization	12,943,821	-	-	12,943,821
Other	(2,883,253)	(2,160)	-	(2,885,413)
Legislative Present Law Adjustments	\$13,162,610	(\$2,160)	\$0	\$13,160,450
	FY 2017			
	General Fund	State Special	Federal Special	Total Funds
CP 99 Item				
Annualize Outside Medical Costs	\$2,938,696	\$0	\$0	\$2,938,696
Infirmary Operating Needs at Montana State Prison	270,527	-	-	270,527
Reorganization	12,943,821	-	-	12,943,821
Other	(2,883,191)	(2,159)	-	(2,885,350)
Legislative Present Law Adjustments	\$13,269,853	(\$2,159)	\$0	\$13,267,694

The executive has proposed to increase funding for all other expenditure categories excluding personal services by 1.9% in FY 2016 and by 5.8% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other category are not determinable largely due to the reorganization that created this program. Individually listed adjustments are described separately.

Annualize Outside Medical Costs - The executive requests funding to annualize outside medical costs for the agency. Outside medical are for expenses the agency incurs when an offender is treated outside an agency facility or program. The legislative funding for FY 2015 for outside medical costs was \$9.1 million and funded in the Director's Office. This funding was moved to this program as part of the reorganization mentioned above. The request would bring funding for outside medical costs to nearly \$9.8 million in FY 2016, a 7.5% increase from the FY 2015 legislative funding, and nearly \$9.9 million, an 8.5% increase from the FY 2015 legislative funding. The executive recommends that funding for outside medical costs be designated as biennial, to be available in either year of the biennium.

Infirmiry Operating Needs at Montana State Prison - The executive requests funding to contract with supplemental nursing staff at the Montana State Prison. Additionally, funding is requested to provide training for existing staff, to fund accreditation fees for accreditation by the National Commission on Correctional Health Care at the Montana State Prison infirmiry, and to purchase dental and optical equipment. The executive recommends that funding for this request be designated as biennial, to be available in either year of the biennium and that \$15,000 in FY 2016 and \$25,000 in FY 2017 be designated as one-time-only. The one-time-only funding is associated with equipment purchases that are not recurring.

Reorganization - The executive reorganized the agence and created this program. This reorganization resulted in movement of funding mostly related to medical costs from various other programs to this program.

New Proposals -

Total funds in the New Proposals table do not include proprietary funds budgeted in House Bill 2.

	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 600029 - Psychiatrist - MSP	1.00	197,668	0	0	197,668	1.00	194,268	0	0	194,268
DP 600033 - Medical Co-Pay State Special Authority	0.00	0	208,900	0	208,900	0.00	0	208,900	0	208,900
Total	1.00	\$197,668	\$208,900	\$0	\$406,568	1.00	\$194,268	\$208,900	\$0	\$403,168

DP 600029 - Psychiatrist - MSP -

The executive requests funding to add 1.00 FTE clinical psychiatrist at Montana State Prison. This position would provide the services necessary to comply with Adult Correctional standards, which recommend one psychiatrist for every 150 patients.

LFD COMMENT	<p><u>Adult Correctional Standards</u></p> <p>According to the agency, the Adult Correctional Standards recommends one psychiatrist for every 150 patients. The agency currently has over 300 mental health patients being served by one psychiatrist. This request would cut in half the number of patients seen by each psychiatrist.</p>
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DP 600033 - Medical Co-Pay State Special Authority -

The executive requests funding to implement a medical/dental co-pay for inmates within the prison system.

LFD COMMENT	<p><u>Funding for the Co-Pay</u></p> <p>This request is funded by fees charged to inmates receiving medical and dental services as a co-payment of medical costs. Montana law 53-1-107, MCA allows for the department to fund reasonable medical costs with inmate funds. The department is in the process of determining the co-payment amount and this request would provide the budget authority for the payments.</p>
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**LFD
ISSUE**

Co-pay Funding Restriction

The department has yet to finalize the amount of the co-payment so the funding amount is speculative. The legislature may want to restrict the funding for this request so that any excess funding could not be used for other purposes within the agency.

5% Base Budget Reduction Form

[17-7-111-3\(f\)](#)

AGENCY CODE & NAME: 6401 - Department of Corrections

Minimum Requirement

General Fund	State Special Revenue Fund
\$ 9,037,550	\$ 222,216

TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET

Priority	SERVICE(S) TO BE ELIMINATED OR REDUCED	General Fund Annual Savings	State Special Revenue Annual Savings
1	DP 444 Reduce FTE by 4% (16.87 FTE)	\$ 1,043,596	\$ 33,336
2	Reduction in contracted services - department wide	\$ 7,993,954	
3	Reduce MCE canteen appropriation		\$ 188,880
4			
5			
6			
7			
	TOTAL SAVINGS	\$ 9,037,550	\$ 222,216
	DIFFERENCE	\$ -	\$ -

Form A

5% Base Budget Reduction Form

AGENCY CODE & NAME: 6401 Department of Corrections - 01

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduction of 16.87 FTE

#2 THE SAVINGS THAT ARE EXPECTED:

The expected savings from these positions are \$1,076,932

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

- 1) Probation and parole caseloads will increase, resulting in reduced supervision of offenders that could lead to increased recidivism and diminished public safety.
- 2) Programming for offenders (education, chemical dependency and mental health) will be eliminated and reduced resulting in increased length of stays in secure facilities. This can increase the cost of secure care incarceration.
- 3) Scheduled facility maintenance will be eliminated due to lack of available staff. Facility buildings may experience security and safety issues due to the lack of maintenance.
- 4) Customer service to the public and department employees may be delayed or eliminated depending on the position. Response time to inmate grievances may also be affected which may cause inmate unrest at secure facilities, creating a safety concern for offenders and staff.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

There is little the department could do to mitigate impacts from this lost funding and FTE. The department could contract to replace the services lost with the FTE reduction; however, the costs would only escalate with contracts versus FTE.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

YES The State is required to provide opportunities for self-improvement and rehabilitation for offenders.

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 6401 Department of Corrections - 02

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduction in contracted services - department wide

#2 THE SAVINGS THAT ARE EXPECTED:

Savings from this 5% reduction, \$7,729,918

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

The Department of Corrections contracted services budget is 47% of it's base budget. The department contracts for adult transitional living facility services; treatment center services; and prison services in Shelby, Great Falls, and Glendive. Contracted services pays for reimbursing county jails for holding department inmates. The department contracts for many services related to the youth population, as well as many medical, vision, optical, chemical dependency, and mental health services.

The department would reduce contracted services by attempting to negotiate lower rates with these service providers. If lower rates could not be negotiated, services would have to be reduced or eliminated. The consequences of reduced services includes more offenders (adult and youth) being supervised in our communities with less treatment services available to them. This leads to increased liability for the department and risk to the public safety.

Reducing health services leads to increased deterioration of health in offenders. The department is constitutionally obligated to care for these offenders, so this also leads to increased liability for the department.

Reducing services to youth potentially reduces the chance of these minors growing up to be healthy, productive adults who do not enter into the adult correctional system.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

Supervise an increasing number of offenders in the community with the resources remaining.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes MCA 53-30-507, currently regional prisons are reimbursed on an actual cost basis. In order to reduce rates, the statute would need to be revised to allow a reduction with no increases in the next biennium.

5% Base Budget Reduction Form

AGENCY CODE & NAME: 6401 Department of Corrections - 03

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduce inmate canteen operating budget.

#2 THE SAVINGS THAT ARE EXPECTED:

Savings from this 5% reduction, \$188,880

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

The purpose of the inmate canteen state special service fund is to provide products for purchase by the inmate population . Limitations would need to be placed on what is made available to our consumers. This is a state special revenue program which is derived from the sale of products to inmates, paid by inmates through inmate wages and money received by family members. Reduction to this fund will reduce the amount of inventory available for sale and could create problems with the inmate population. It will also reduce the amount of net revenue available for deposit to the Inmate Welfare Fund.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

Inmate canteen purchases could be paid by the general fund.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes, referred to in MCA 53-1-109.

Form B