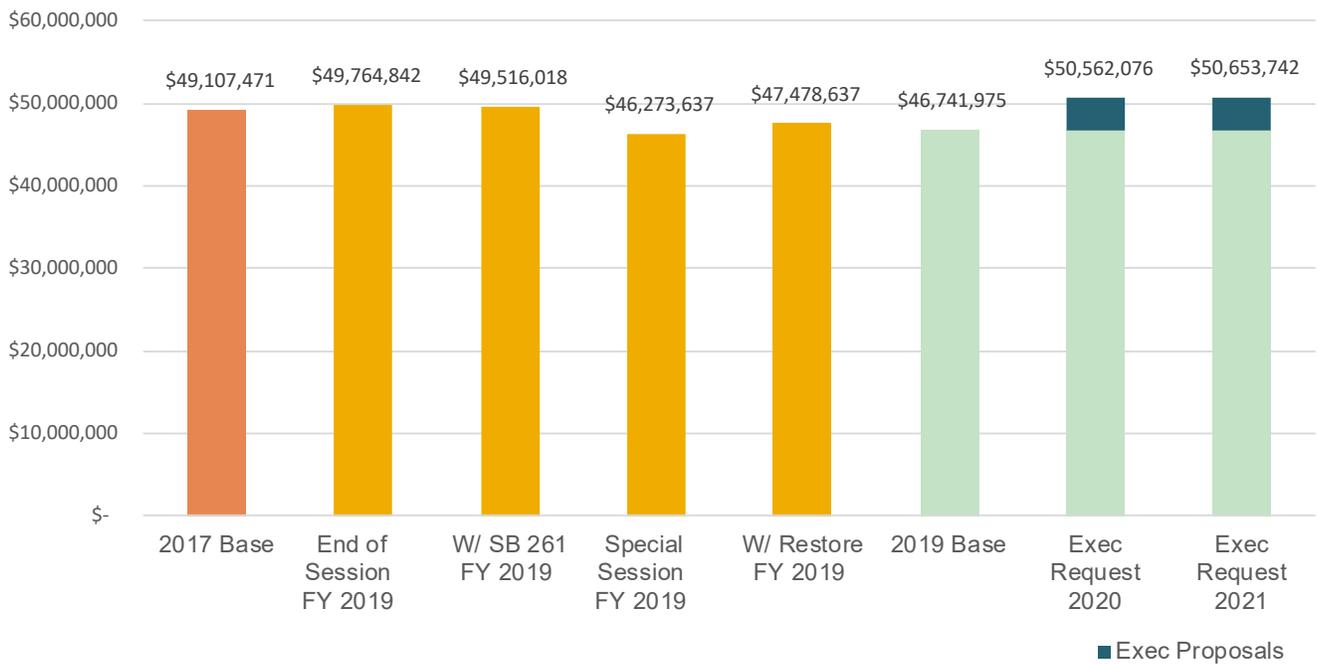
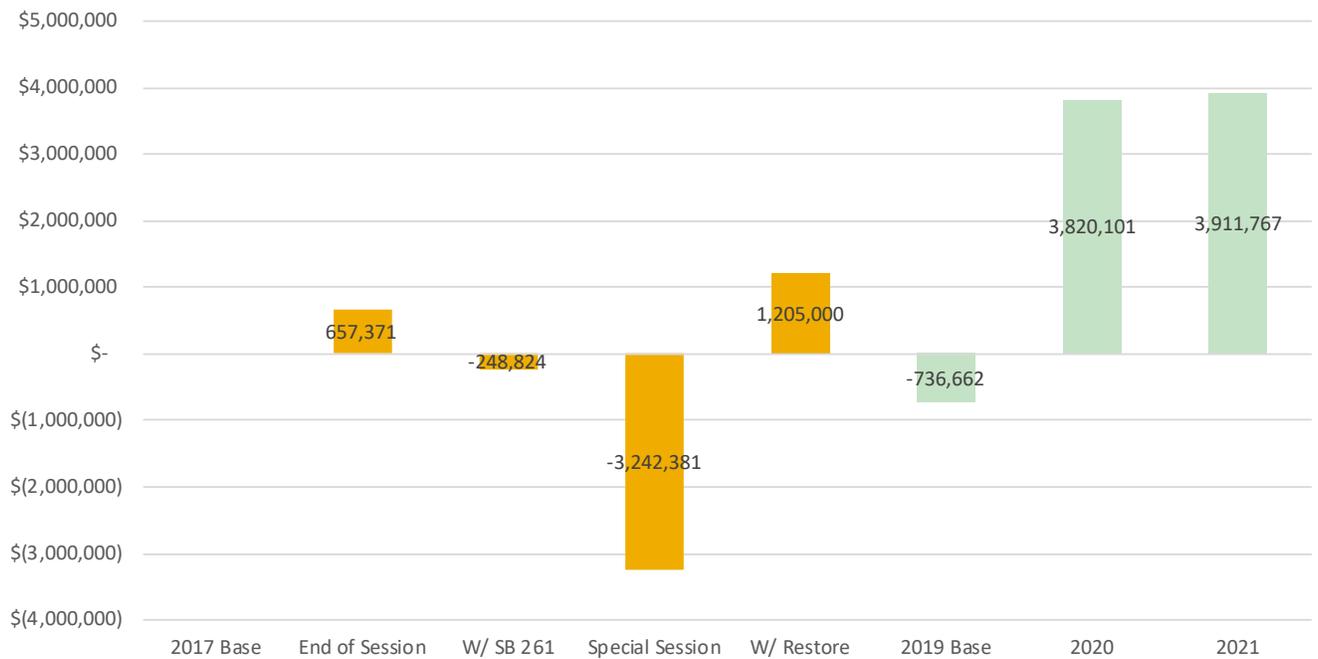


Judiciary Budget General Fund



The 2017 Base and the 2019 Base exclude OTO's

Changes to Judiciary Budget General Fund Only



The 2017 Base and the 2019 Base excluded OTO's

JUDICIAL BRANCH

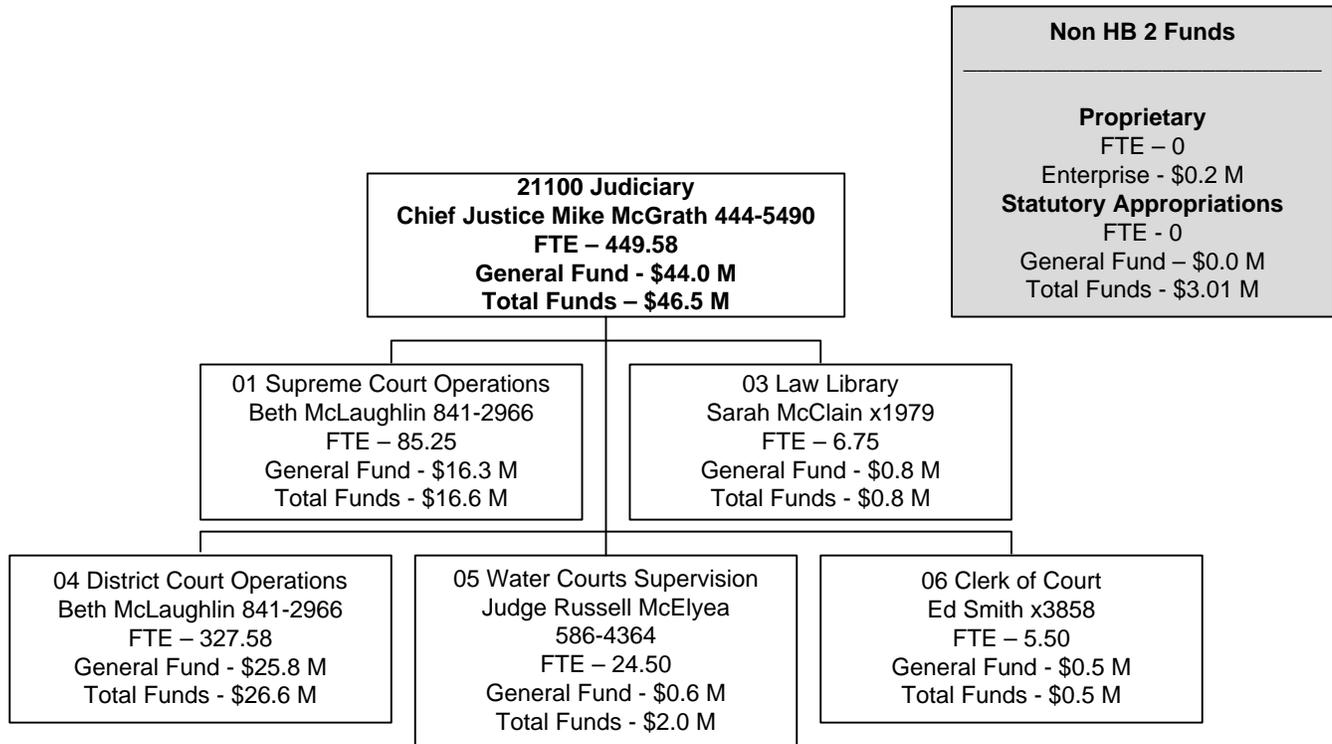
An Agency Profile Prepared by the
Legislative Fiscal Division

November 2018



INTRODUCTION

The Judicial Branch's mission is to provide an independent, accessible, responsive, impartial and timely forum to resolve disputes; to preserve the rule of law; and to protect the rights and liberties guaranteed by the Constitutions of the United States and Montana.



HOW SERVICES ARE PROVIDED

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

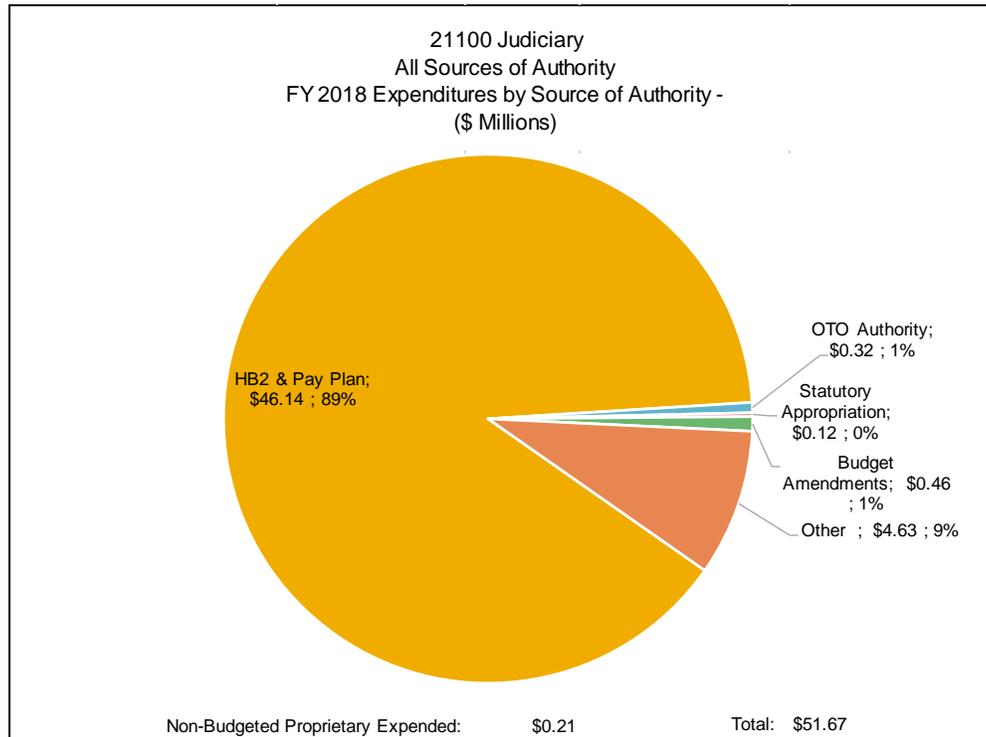
The Montana Supreme Court is a court of review and a court of original jurisdiction. The court has jurisdiction over appeals from all Montana district courts. This court also hears appeals from the Water and the Workers' Compensation Courts. It has original jurisdiction to hear and determine writs, attorney 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 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 following chart shows the expenditures by source of authority for the Judicial Branch in FY 2018. The majority of the authority came from HB 2.



Authority	FYE Budget
HB2 & Pay Plan	\$ 46.14
OTO Authority	\$ 0.32
Statutory Appropriation	\$ 0.12
Budget Amendments	\$ 0.46
Other	\$ 4.63

One-time-only authority expenditures provided in HB 2 included:

- \$118,834 in general fund for increased information technology staff, mostly in personal services in FY 2018
- \$32,690 in general fund, mostly in personal services, for a child abuse diversion project begun in FY 2016
- \$171,172 in general fund for pre-trial diversion services, a biennial appropriation which the Judicial Branch expended for personal services, operating expenses, and grants

Statute provides for a youth court intervention and prevention account which is statutorily appropriated to the Judicial Branch. The funding is allocated each year to each judicial district for:

- Community prevention and intervention programs that provide direct services to youth

- Alternatives for funding out-of-home placements
- Matching funds for federal grants for intervention and preventions programs that serve youth

In FY 2018, the District Court Program expended \$120,776 in statutory appropriations on youth court intervention and prevention.

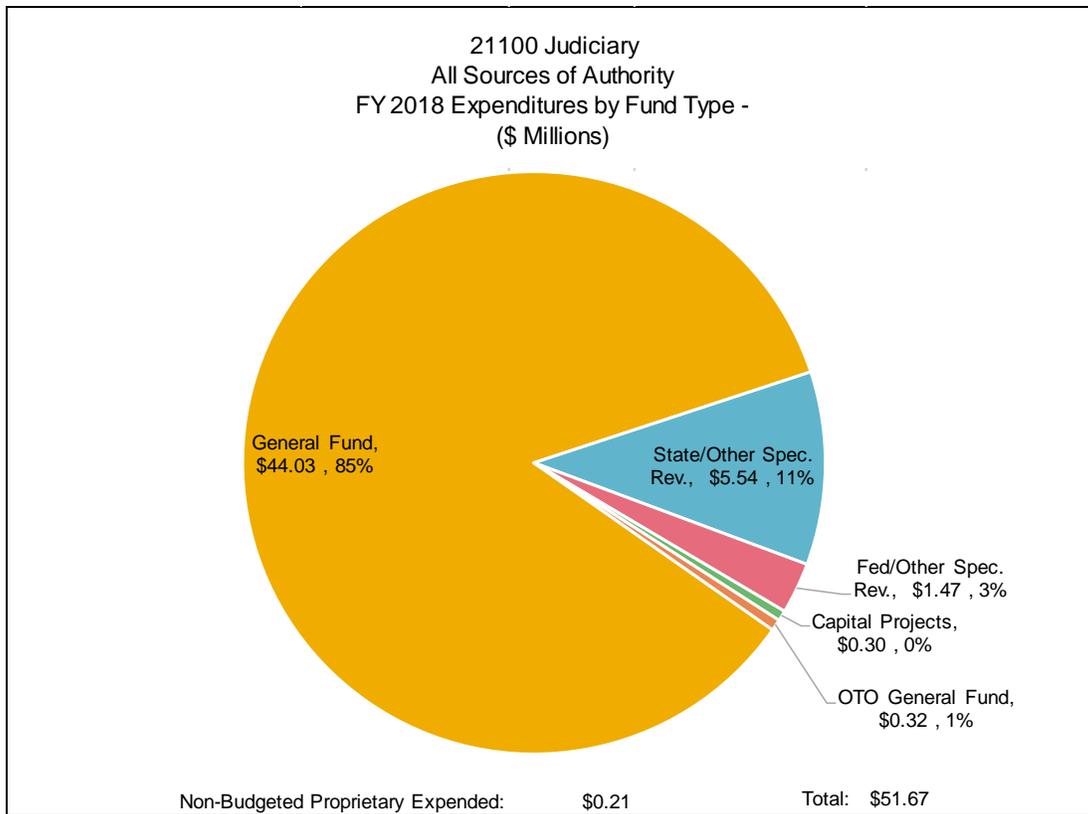
Budget amendments include federal grant funds for:

- Court data improvement
- Driving under the influence of alcohol programs
- Veterans and adult treatment courts

Other authority is made up of continuing authority for budget amendments for federal special revenue, carry forward authority, and long-range information technology projects.

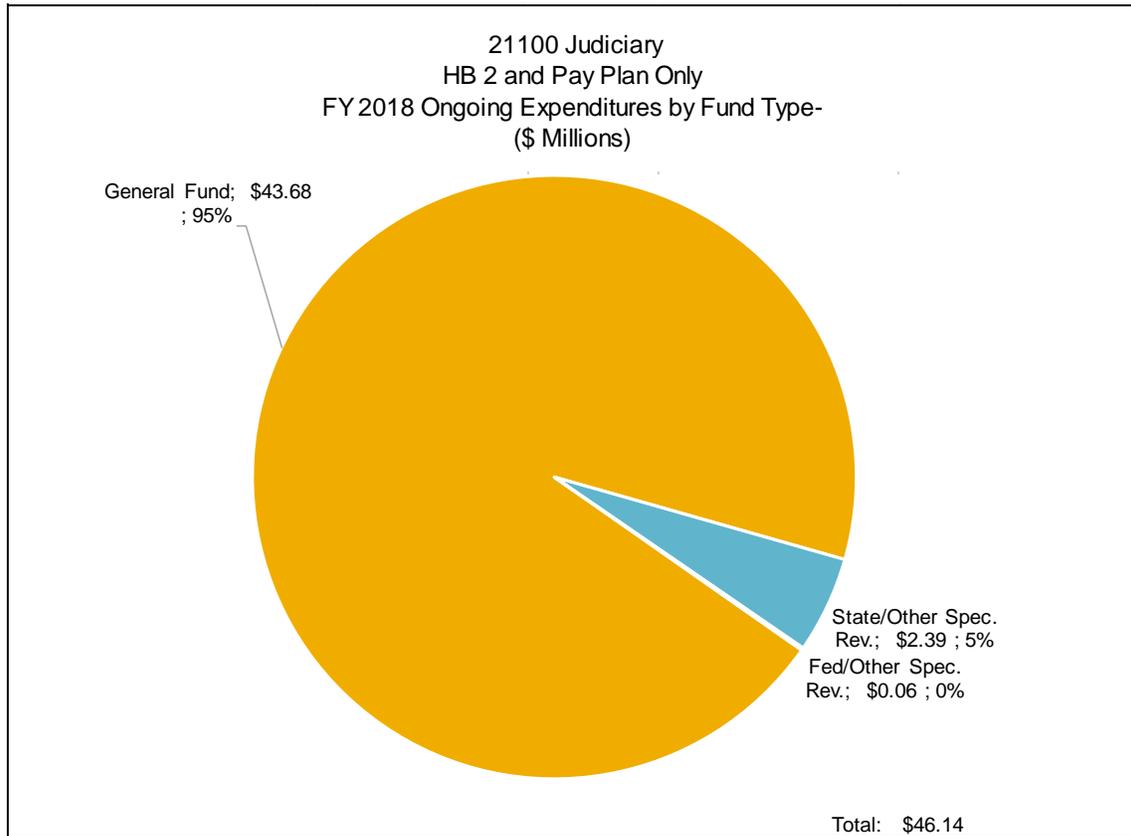
FUNDING

The branch receives the majority of its funding from the general fund. The largest sources of state special revenue are the youth court intervention and prevention account, and the water adjudication fund, which supports the Water Court. Other sources of state special revenue include fines and fees, assessments for training events, and the court appointed special advocate account established for court appointed special advocates and guardian ad litem services. Federal funds received by the branch support the Court Assessment Program.



The above chart shows how Judicial Branch expenditures were funded in FY 2018 from all sources of authority by fund type.

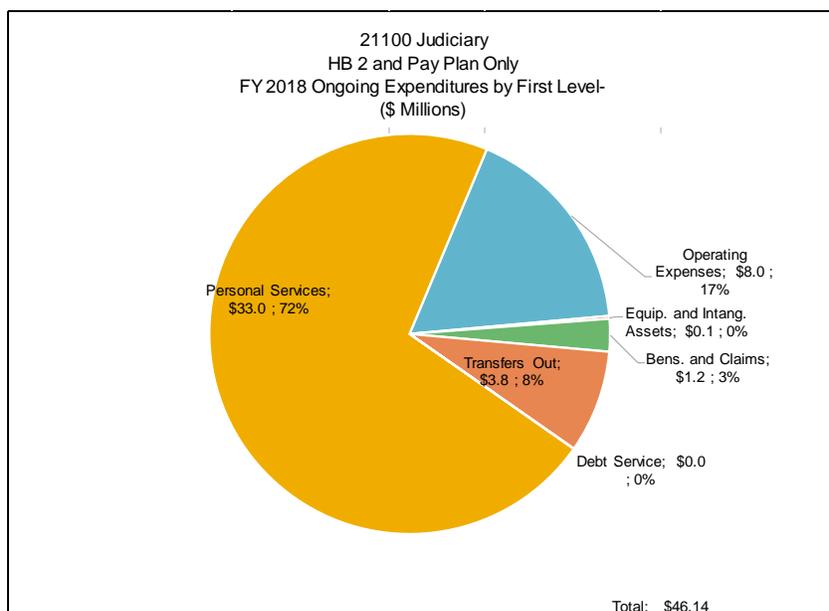
The following chart shows how Judicial Branch expenditures were funded in FY 2018 from HB 2 and pay plan by fund type.



In the chart above, HB 2 appropriations include ongoing funding only.

EXPENDITURES

The following chart explains how the HB 2 and pay plan authority was spent in FY 2018.



Personal services include the salaries and benefits for the justices, judges, and staff of the Supreme Court and the district courts. Operating expenses include support for information technology, jury related expenses such as fees and travel, supplies and materials, communications, and repair and maintenance. Transfers out are mainly general fund transferred to the youth court intervention and prevention account.

HOW THE 2019 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:

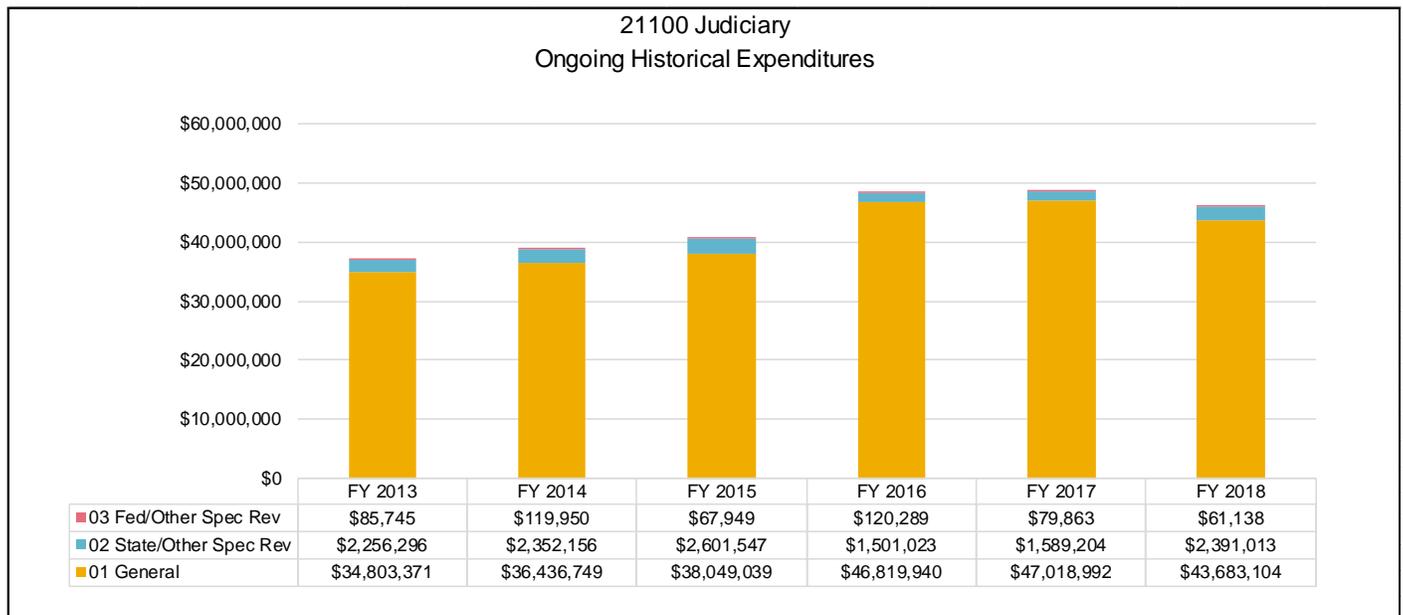
- Change constitutional guarantees and/or provisions related to the judicial system
- Impact caseloads by changing statutes – criminal and civil proceedings. Also, in some cases dollar value of the crime directs the case to either a district court or lower court. Cases could be shifted between courts 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
- Use of technology, such as video conferencing, may impact costs
- Change statutory requirements related to how courts are funded

MAJOR COST DRIVERS

Driver	2005	2017	Significance of Data
New district court cases filed and reopened - Abuse and Neglect	1,273	2,667	Shows caseload impacts on district courts
New district court cases filed and reopened - Criminal	8,752	12,378	Shows caseload impacts on district courts
New district court cases filed and reopened - Civil	12,998	15,703	Shows caseload impacts on district courts
New district court cases filed and reopened - Domestic Relations	8,137	10,644	Shows caseload impacts on district courts
New district court cases filed and reopened - All Cases	38,619	53,864	Shows caseload impacts on district courts
New case filings - Montana Supreme Court	738	743	Shows caseload impacts on district courts
Court cases are shown for calendar year			

FUNDING/EXPENDITURE HISTORY, AUTHORITY USED TO ESTABLISH THE BUDGET BASE

The following table shows historical changes in the agency's funding and expenditures.



MAJOR LEGISLATIVE CHANGES IN THE LAST TEN YEARS

The following legislative changes adopted by the 2017 Legislature include:

- The 2017 Legislature passed a package of bills recommended by the Commission on Sentencing. Those that impacted the Judicial Branch include:
 - SB 59 – requires the Judicial Branch to establish a pre-trial risk assessment tool and a deferred prosecution grant program
 - SB 63 – revises the process to revoke or terminate a deferred or suspended sentence

- HB 133 – revises sentencing laws
- HB 44 – increased the number of judges by one in the 4th and two in the 13th districts. Funding for the additional judges was provided in HB 2
- HB 70 – created a working interdisciplinary network of guardianship stakeholders (WINGS) and related grant program to provide ongoing evaluation of laws, services and practices related to adult guardianship and conservatorship (note in FY 2018 special session reductions delayed the program until FY 2019)

The 2015 Legislature adopted HB 233 which transferred administration of juvenile placement funds to the Judicial Branch from the Department of Corrections.

The 2013 Legislature passed HB 107 which assigned funding responsibility for court appointed counsel.

The 2011 Legislature added an associate water judge to the water court in HB 587. For more information, please visit the agency's website here: <http://courts.mt.gov/>.

The 2009 added three district court judges, in the 1st, 11th, and 13th districts, in SB 158.

The 2007 Legislature:

- Revised the Juvenile Delinquency Intervention Act and the Department of Corrections and the Judicial Branch in SB 146
- Established an Accelerated Water Adjudication Program in HB 473 and \$25.0 million general fund was transferred to the water adjudication state special revenue account to fund the program through FY 2020
- Appropriated Long-range Information Technology Program funding in HB 4 of the May 2007 Special Session for case management and courtroom technology improvements

Agency Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	68,962,185	78,243,889	9,281,704	13.46 %
Operating Expenses	16,774,193	16,149,107	(625,086)	(3.73)%
Equipment & Intangible Assets	280,379	346,232	65,853	23.49 %
Grants	1,229,849	1,153,497	(76,352)	(6.21)%
Benefits & Claims	6,402,569	10,281,379	3,878,810	60.58 %
Transfers	3,829,428	0	(3,829,428)	(100.00)%
Debt Service	9,335	17,750	8,415	90.14 %
Total Expenditures	\$97,487,938	\$106,191,854	\$8,703,916	8.93 %
General Fund	92,836,932	101,215,818	8,378,886	9.03 %
State/Other Special Rev. Funds	4,450,558	4,773,068	322,510	7.25 %
Federal Spec. Rev. Funds	200,448	202,968	2,520	1.26 %
Total Funds	\$97,487,938	\$106,191,854	\$8,703,916	8.93 %
Total Ongoing	\$95,606,213	\$104,639,672	\$9,033,459	9.45 %
Total OTO	\$1,881,725	\$1,552,182	(\$329,543)	(17.51)%

Agency Biennium Comparison -

The biennium comparison table show a total growth of 8.9%, which for the Judicial Branch is significantly influenced by the FY 2018 appropriation reductions. Compared to the FY 2019 base appropriation, the growth is 6.9%.

Mission Statement

The Judicial Branch's (branch) mission is to provide an independent, accessible, responsive, impartial, and timely forum to resolve disputes, to preserve the rule of law, and to protect the rights and liberties guaranteed by the Constitutions of the United States and Montana.

For additional information, please refer to the Agency Profile. The profile may be viewed at: <https://leg.mt.gov/content/Publications/fiscal/BA-2021/Section-D/Agency-Profiles/2110-JUD.pdf>

Agency Highlights

Judicial Branch Major Budget Highlights
<ul style="list-style-type: none"> • The proposed Judicial Branch 2021 biennium budget is \$8.7 million or 8.9% higher than the 2019 biennium. Significant changes include: <ul style="list-style-type: none"> ◦ Personal services increases of \$6.4 million in general fund included in statewide present law adjustments ◦ Continuation of the Pretrial Diversion Program proposed at \$1.6 million general fund ◦ \$1.2 million in state special revenue support for court appointed special advocates (CASA) and guardian ad litem (GAL) in child abuse and neglect cases requested
LFD Issues
<ul style="list-style-type: none"> • Transferring personal services appropriations increases the 2021 biennium appropriation by \$884,000 • The legislature may wish to modify the appropriations for juvenile placements

Agency Actuals and Budget Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	447.08	447.08	454.44	455.94
Personal Services	33,212,899	33,503,308	35,458,877	39,082,874	39,161,015
Operating Expenses	7,942,729	8,497,287	8,276,906	8,102,119	8,046,988
Equipment & Intangible Assets	107,215	107,263	173,116	173,116	173,116
Grants	30,657	585,867	643,982	576,510	576,987
Benefits & Claims	1,214,607	1,301,146	5,101,423	5,124,173	5,157,206
Transfers	3,829,428	3,829,428	0	0	0
Debt Service	460	460	8,875	8,875	8,875
Total Expenditures	\$46,337,995	\$47,824,759	\$49,663,179	\$53,067,667	\$53,124,187
General Fund	43,885,826	45,153,996	47,682,936	50,562,076	50,653,742
State/Other Special Rev. Funds	2,391,030	2,571,473	1,879,085	2,404,079	2,368,989
Federal Spec. Rev. Funds	61,139	99,290	101,158	101,512	101,456
Total Funds	\$46,337,995	\$47,824,759	\$49,663,179	\$53,067,667	\$53,124,187
Total Ongoing	\$46,015,297	\$46,883,995	\$48,722,218	\$52,291,576	\$52,348,096
Total OTO	\$322,698	\$940,764	\$940,961	\$776,091	\$776,091

Agency Discussion

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The Judicial Branch expended 97.0% of its HB 2 appropriation. Savings generated from vacant positions was used to:

- Implement the 1.0% pay raise as required in SB 294
- Provide for operating expenses in District Court Operations

As required by statute, the Judicial Branch transferred \$3.8 million in general fund from the Youth Court Program to a state special revenue account to support prevention and intervention services for at-risk juveniles or justice involved juveniles.

FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 total appropriations are \$1.8 million or 3.8% higher than FY 2018 total appropriations. Personal services appropriations in FY 2019 are \$2.0 million higher than FY 2018 due to:

- Reductions of \$0.9 million in contributions to the employee state share of benefits enacted by the November 2017 Special Session
- Addition of 11.00 FTE and \$0.7 million in personal services authority for three new district court judges and support staff

As discussed, in FY 2018 \$3.8 million was moved from benefits and claims to transfers to support prevention and intervention services.

Comparison of FY 2019 Legislative Budget to FY 2019 Base

Figure 1 illustrates the beginning FY 2019 budget as adopted by the 2017 Legislature compared to the finalized 2019 Base Budget, which includes modifications done by the executive (as authorized in statute) during the interim. The 2019 Base Budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2021 biennium budgeting process.

Figure 1

FY 2019 Legislative Appropriations				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
01 Supreme Court Operations				
61000 Personal Services	6,594,798	67,653	6,662,451	1.0%
62000 Operating Expenses	4,878,121	217,347	5,095,468	4.5%
63000 Equipment & Intangible Assets	8,885	-	8,885	0.0%
67000 Benefits & Claims	5,351,423	(285,000)	5,066,423	-5.3%
Program Total	16,833,227	-	16,833,227	0.0%
03 Law Library				
61000 Personal Services	402,025	-	402,025	0.0%
62000 Operating Expenses	373,914	-	373,914	0.0%
63000 Equipment & Intangible Assets	88,221	-	88,221	0.0%
66000 Grants	120,000	-	120,000	0.0%
69000 Debt Service	8,875	-	8,875	0.0%
Program Total	993,035	-	993,035	0.0%
04 District Court Operations				
61000 Personal Services	25,906,379	(442,281)	25,464,098	-1.7%
62000 Operating Expenses	2,004,753	442,281	2,447,034	22.1%
63000 Equipment & Intangible Assets	67,723	-	67,723	0.0%
67000 Benefits & Claims	35,000	-	35,000	0.0%
Program Total	28,013,855	-	28,013,855	0.0%
05 Water Court				
61000 Personal Services	2,073,082	-	2,073,082	0.0%
62000 Operating Expenses	236,263	-	236,263	0.0%
63000 Equipment & Intangible Assets	8,287	-	8,287	0.0%
Program Total	2,317,632	-	2,317,632	0.0%
06 Clerk Of Court				
61000 Personal Services	520,914	-	520,914	0.0%
62000 Operating Expenses	43,555	-	43,555	0.0%
Program Total	564,469	-	564,469	0.0%
Grand Total	\$48,722,218	\$0	\$48,722,218	0.0%

There were a number of modifications to the legislative budget. As reflected in Figure 1, the Judicial Branch transferred appropriation authority for operating expenses into personal services within the Supreme Court Operations. Supreme Court Operations moved expenditures from other areas of the budget into personal services due to the SB 261 elimination of the general fund appropriation for a 1.0% pay raise required in SB 294. The District Court Operations transferred \$442,281 in appropriation authority from personal services to operating expenses to align authority with anticipated expenditures after changes enacted by the November 2017 Special Session.

Executive Request

The executive requests an 8.9% increase or \$8.7 million in total funding when compared the 2019 biennium. Increases include:

- \$6.4 million in general fund for personal services increases included as part of the statewide present law adjustment
- Proposal to continue the Pretrial Diversion Program established by the 2017 Legislature as part of the justice reinvestment legislation. Appropriations of \$1.6 million in general fund would support the determination of the appropriate use of detention or release for defendants prior to a trial
- \$1.2 million in state special revenue support for the CASA and GAL Programs

Elected Official Request

As elected officials, the Judicial Branch may present to the legislature for consideration items not included in the executive budget. The Judicial Branch is not requesting consideration of the any additional proposals.

5.0% Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2019 biennium 5.0% plan submitted for this agency is in the Budget Analysis Appendix. The Judicial Branch includes reductions of \$2.2 million in general fund and \$0.1 million in state special revenue. The proposal to reduce expenditures in the Judicial Branch includes reductions to the drug courts, reductions in operating expenses related to trials, and elimination of the Working Interdisciplinary Network of Guardianship Stakeholders (WINGS) Program.

Agency Personal Services

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

1. Formula Based

Formula based changes are calculated independent of agency choices, such as: annualize personal services costs including FY 2019 statewide pay plan adjustments, changes to benefit rates, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot, plus rate changes for workers' compensation and unemployment insurance.

A detailed illustration of this methodology is included in the Budget Analysis Appendix.

2. Personal Services Management Decisions

Any agency management decisions that adjusted employee pay or transferred personal services authority between programs. This includes raises or position changes that may increase or reduce a budget, such as hiring FTE at a lower rate to replace retired senior staff or moving FTE and funding between programs.

3. Proposed Reinstatement of Personal Services Base Budget Reductions

Most agencies requested reinstatement of personal services budget reductions taken last session. The single largest reinstatement is due to the lower vacancy savings rate requested by the executive. The FY 2019 personal services base included approximately 6.0% vacancy savings reduction as part of the funding adopted in HB 2. Generally, the executive requested a 2.0% vacancy savings reduction for 2021 biennium.

Agencies funded with general fund may have additional personal services reductions such as those reduced from the triggers in SB 261 from last session.

In some instances, the lower personal services budgets caused agencies to make management decisions that lowered the ongoing cost of personal services. When this occurred, the LFD reflected the lower reinstatement requested rather than the total of all personal services reductions made by the previous legislature.

4. Budget Modifications

This category includes modifications to the FY 2019 personal services budget such as transfer of personal services authority to operating expenses that occurred during the interim. These transfers may impact the overall size of the personal services present law adjustment (DP 1).

The Figure shows the analysis of the proposed changes.

Figure 2

Personal Services Present Law DP 1 - FY 2020					
Program	Formula Based	Management Decisions	Proposed Reinstatement of PS	Budget Modifications	DP1 SWPL
01 SUPREME COURT OPERATIONS	\$391,194	\$11,222	\$22,638	\$0	\$425,054
03 LAW LIBRARY	6,719	0	18,122	-	24,841
04 DISTRICT COURT OPERATIONS	2,210,856	74,318	20,752	442,281	2,748,207
05 WATER COURTS SUPERVISION	97,836	(85,540)	-	-	12,296
06 CLERK OF COURT	4,862	(0)	5,699	-	10,561
Agency Total	\$2,711,467	(\$0)	\$67,211	\$442,281	\$3,220,959

Personal services were \$35.5 million or 71.4% of total FY 2019 appropriations. The executive proposes an increase of \$3.6 million in FY 2020 and \$3.7 million in FY 2021. Figure 2 shows the adjustments to personal services included in the statewide present law adjustment. In addition to the formula based changes, a budget modification that transferred authority from personal services to operating expenses makes up the majority of the remaining adjustment.

**LFD
ISSUE**

Transferring Authority from Personal Services to Operating Expenses Increases the 2021 Biennium Budget

In FY 2019 the Judicial Branch transferred \$442,000 in personal services in the District Court Operations through modifications that transferred the authority from personal services to operating expenses. Personal services appropriations for the 2021 biennium use the salary and related benefits associated with FTE to establish the level of appropriation required for personal services. Since the Judicial Branch did not reduce FTE when it eliminated personal services funding in FY 2019, the personal services reduction automatically returns when the personal services snapshot is used to establish the level of funding required in the 2021 biennium. As a result, the Judicial Branch budget for the District Court Operations is \$442,000 higher than it would have been had the appropriation remained in personal services instead of operating expenses, or as an alternative if FTE had been reduced for the transfer of authority from personal services to operating expenses.

Legislative Options

- Reduce personal services funding supporting FTE in the District Court Operations to offset the reduction of personal services funding in FY 2019
- Reduce operating expenses in the District Court Operations by the amount transferred
- Adopt the executive proposal for increased personal services in the various divisions

Funding

The following table shows proposed agency funding by source of authority.

Total Judicial Branch Funding by Source of Authority 2021 Biennium Budget Request - Judicial Branch						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	99,663,636	1,552,182	0	0	101,215,818	94.99 %
State Special Total	4,773,068	0	0	0	4,773,068	4.48 %
Federal Special Total	202,968	0	0	0	202,968	0.19 %
Proprietary Total	0	0	366,656	0	366,656	0.34 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$104,639,672	\$1,552,182	\$366,656	\$0	\$106,558,510	
Percent - Total All Sources	98.20 %	1.46 %	0.34 %	0.00 %		

The Judicial Branch is primarily supported by general fund with state special revenue supporting specific functions, the largest of which is the Water Court. The water adjudication fund supports a little over half of the funding for the Water Court. Other sources of state special revenue include fines, fees, assessments for training events, and youth court intervention and prevention account that derives revenue from the transfer of unexpended general fund juvenile placement funds. See the funding narrative for Supreme Court Operations for LFD Issue on the youth court intervention and prevention account. The branch receives a small amount of federal special revenues for grants supporting specific projects such as the Court Assessment Program.

Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	46,741,975	46,741,975	93,483,950	92.36 %	48,722,218	48,722,218	97,444,436	91.76 %
SWPL Adjustments	3,000,003	2,952,942	5,952,945	5.88 %	2,900,949	2,853,167	5,754,116	5.42 %
PL Adjustments	0	0	0	0.00 %	624,402	589,977	1,214,379	1.14 %
New Proposals	820,098	958,825	1,778,923	1.76 %	820,098	958,825	1,778,923	1.68 %
Total Budget	\$50,562,076	\$50,653,742	\$101,215,818		\$53,067,667	\$53,124,187	\$106,191,854	

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	13,554,887	15,406,241	1,851,354	13.66 %
Operating Expenses	10,193,865	9,114,565	(1,079,300)	(10.59)%
Equipment & Intangible Assets	8,885	17,770	8,885	100.00 %
Grants	1,109,849	913,497	(196,352)	(17.69)%
Benefits & Claims	6,332,569	10,211,379	3,878,810	61.25 %
Transfers	3,829,428	0	(3,829,428)	(100.00)%
Total Expenditures	\$35,029,483	\$35,663,452	\$633,969	1.81 %
General Fund	34,198,119	34,780,118	581,999	1.70 %
State/Other Special Rev. Funds	630,916	680,366	49,450	7.84 %
Federal Spec. Rev. Funds	200,448	202,968	2,520	1.26 %
Total Funds	\$35,029,483	\$35,663,452	\$633,969	1.81 %
Total Ongoing	\$33,147,758	\$34,111,270	\$963,512	2.91 %
Total OTO	\$1,881,725	\$1,552,182	(\$329,543)	(17.51)%

Program Biennium Comparison -

The Program Budget Comparison table shows a total growth of 1.8%, which for the Supreme Court Operations is significantly influenced by the FY 2018 reductions. Compared to the FY 2019 base appropriations, the growth is 0.3%.

Program Description

The Supreme Court has appellate jurisdiction for the State of Montana. The court has original jurisdiction to issue, hear, and determine writs of habeas corpus and other writs provided by law. It also has general supervisory control over all other courts in the state. The Supreme Court is charged with establishing rules governing appellate procedure, the practice and procedure for all other courts, and admission to the bar and conduct of its members. Within the Supreme Court Operations program, the Office of Court Administrator provides centralized services to the Judicial Branch including information technology, budget and finance, payroll and human resource management, policy and technical support for the Youth Courts, judicial education, and services provided through the federal Court Assessment Program related to child abuse and neglect cases. The Boards and Commissions Program provides staff and other support to constitutionally and statutorily required commissions attached to the Montana Supreme Court, specifically the Judicial Standards Commission, the Sentence Review Board, and the Commission on Courts of Limited Jurisdiction. The Boards and Commissions Program also supports activities of the Commission on Practice. Other specialized commissions and task forces, not required by the Constitution and statute but created by the Supreme Court to address specific issues, receive minimal financial assistance with travel expenses and supplies.

Program Highlights

Supreme Court Operations Major Budget Highlights
<ul style="list-style-type: none"> • The proposed Supreme Court Operations Program 2021 biennium budget is 1.8% or \$634,000 higher than the 2019 biennium budget. Significant changes include: <ul style="list-style-type: none"> ◦ Continuation of the Pretrial Diversion Program with \$1.6 million in general fund ◦ Additional funding for drug courts, mainly due to federal grants expiring, at \$139,000 ◦ Ongoing funding for the child abuse diversion project with \$88,000 ◦ Addition of 2.50 FTE for drug courts
LFD Issues
<ul style="list-style-type: none"> • The legislature may wish to modify the appropriations for juvenile placements

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	82.75	82.75	89.00	90.50
Personal Services	6,502,669	6,556,129	6,998,758	7,662,108	7,744,133
Operating Expenses	4,914,767	5,017,725	5,176,140	4,568,051	4,546,514
Equipment & Intangible Assets	0	0	8,885	8,885	8,885
Grants	30,657	585,867	523,982	456,510	456,987
Benefits & Claims	1,194,430	1,266,146	5,066,423	5,089,173	5,122,206
Transfers	3,829,428	3,829,428	0	0	0
Total Expenditures	\$16,471,951	\$17,255,295	\$17,774,188	\$17,784,727	\$17,878,725
General Fund	16,179,306	16,840,547	17,357,572	17,343,032	17,437,086
State/Other Special Rev. Funds	231,506	315,458	315,458	340,183	340,183
Federal Spec. Rev. Funds	61,139	99,290	101,158	101,512	101,456
Total Funds	\$16,471,951	\$17,255,295	\$17,774,188	\$17,784,727	\$17,878,725
Total Ongoing	\$16,149,253	\$16,314,531	\$16,833,227	\$17,008,636	\$17,102,634
Total OTO	\$322,698	\$940,764	\$940,961	\$776,091	\$776,091

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The Supreme Court Operations transferred \$80,000 of general fund HB 2 operating expenses authority from FY 2019 to FY 2018 to address issues related to budget reductions made in the November 2017 Special Session. When compiling the budget, fiscal year supplemental transfers of appropriation authority between fiscal years are eliminated. Thus, the Program Actuals and Budget Comparison table does not reflect the additional \$80,000 in appropriations and expenditures in operating expenses in FY 2018.

**LFD
COMMENT**

As mentioned, the Program Actuals and Budget Comparison table does not include the transfer of \$80,000 in operating expenses. Without the transfer, the Supreme Court Operations had \$102,958 in total operating expense authority remaining at the end of the fiscal year funded with general fund, and state and federal special revenue. While it appears Supreme Court Operations had sufficient authority for operating expenses without the transfer, remaining appropriations were spread throughout each funding source. In FY 2018 operating expenses were funded and expended in the following manner:

- General fund \$4.8 million in appropriations with \$4.7 million expended leaving \$52,568 in remaining authority
- State special revenue \$189,990 in appropriations with \$177,752 expended leaving \$12,238 in remaining authority
- Federal special revenue \$61,408 in appropriations with \$23,256 expended leaving \$38,152 in remaining authority

Justice Reinvestment Programs

As part of justice reinvestment enacted by the 2017 Legislature, restricted, biennial, one-time-only funding of \$1.4 million in general fund was provided for a Pretrial Diversion Program as outlined in SB 59 enacted by the 2017 Legislature. Statutory requirements include:

- Establishment of an evidence based detention risk assessment
- Recommendation for managing defendants who are released and awaiting trial
- Allocation of funding to counties or nonprofit organizations contracting with a county to provide pretrial services

One of the anticipated outcomes of the bill was lower numbers of individuals in jail awaiting trial. However, the bill also outlined a methodology to protect public safety. The Judicial Branch partnered with the Arnold Foundation for an evidence based public safety assessment (PSA) tool that uses criminal history combined with previous failures to appear in court to determine which arrested individuals should be released from jail prior to a court hearing to determine if they are guilty of the crime of which they are accused. Five counties including Yellowstone, Butte-Silverbow, Lewis and Clark, Missoula, and Lake agreed to participate in a pilot project for the disposition of cases using the PSA. The pretrial project required training on the assessment tool and revisions to information technology. Counties began working with the new tool in March, gradually gearing up through the end of June. The Judicial Branch anticipates using the majority of the grant appropriation in FY 2019. Two Judicial Branch employees conduct the assessment, and the results are available to the relevant court within 24 hours of the defendant's arrest. As this was a new program, the implementation of the PSA was not fully achieved until the end of FY 2018 with expenditures of \$171,200 including \$30,700 in grants to counties. For further information on justice reinvestment refer to the Appendix.

FY 2018 Appropriations Compared to FY 2019 Appropriations

The FY 2019 total appropriation is \$519,000 or 3.0% higher than the FY 2018 appropriation mainly due to:

- November 2017 Special Session reductions in both fiscal years that were subsequently restored by SB 9 for FY 2019 in the amount of \$365,000
- Temporary suspension of \$171,000 in employer contributions to employee health benefits in FY 2018 made by the November 2017 Special Session

Shifts between benefits and claims and transfers are due to the statutory requirement that the Judicial Branch appropriation authority that was not required for juvenile placements be transferred to the youth court intervention and prevention account in the state special revenue fund. In FY 2018, \$3.8 million was moved from benefits and claims to transfers. The amount of the transfer for FY 2019 will be determined in June 2019 and is not reflected in the preceding table.

Executive Request

The executive is proposing:

- Continuation of the Pretrial Diversion Program

- Increased personal services of \$845,000 over the biennium, mostly funded with general fund, for changes included in the statewide present law adjustments. See Figure 2 in the Agency Discussion for further information on the changes
- Reduction in operating expenses of \$687,000, mostly in general fund, for changes included in fixed costs. The reduction is due to lower costs for information technology services provided by the Department of Administration
- Additional funding for the drug courts, mostly due to expiration of federal grants
- Continuation of the child abuse diversion project

Juvenile Delinquency Intervention Act

The Juvenile Delinquency Intervention Act, enacted in 2001, requires each judicial district to:

- Establish alternatives for youth placement
- Provide early intervention strategies
- Use a validated risk assessment to measure risk and effectiveness of treatment and intervention services

Juvenile placements refers to out of home placements such as foster homes, out of state placements, group homes, residential treatment facilities, chemical dependency facilities, shelter care facilities, or therapeutic group homes. According to the Judicial Branch, the Juvenile Delinquency Act was established to provide incentives for Youth Courts and communities to reduce out of home placements. Since the enactment of the Juvenile Delinquency Act in 2001, the legislature has appropriated juvenile placement funds from the general fund. The appropriated level of juvenile placement funding has been around \$5.0 million annually since FY 2014, down from \$10.4 million in general fund provided in FY 2000.

To establish a funding source for the Judicial Branch to provide alternatives to youth placement and early intervention strategies, any unexpended juvenile placement funds remaining at the end of each fiscal year are transferred to the youth court intervention and prevention account in the state special revenue fund as required by 41-5-2011, MCA.

As proposed, the 2021 biennium request includes general fund for Youth Court juvenile placement. The appropriations would support:

- Personal services of \$471,900 for 4.00 FTE regional youth court financial specialists
- Operating expenses of \$101,200 for supplies and materials and communications
- Benefits and claims of \$9.2 million for placement of juveniles in residential facilities, both in and out of state, and community services for youth as required by the Youth Court

Figure 3 shows the appropriated general fund budget for juvenile placement funds for FY 2016 to FY 2021.

Figure 3

Judicial Branch Juvenile Placement Funds						
	Appropriated FY 2016	Appropriated FY 2017	Appropriated FY 2018	Appropriated FY 2019	Proposed FY 2020	Proposed FY 2021
Expenditures						
Personal Services	\$254,602	\$246,909	\$209,272	\$240,035	\$236,232	\$235,682
Operating Expenses	60,592	54,092	3,385	100,592	50,592	50,592
Benefits and Claims	1,753,902	1,331,640	782,149	4,611,613	4,611,613	4,611,613
Transfers	<u>3,181,841</u>	<u>3,604,103</u>	<u>3,829,428</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$5,250,937	\$5,236,744	\$4,824,234	\$4,952,240	\$4,898,437	\$4,897,887
Funding						
General Fund	5,078,979	5,064,786	4,752,276	4,880,282	4,826,479	4,825,928
State Special Revenue	171,718	171,718	71,718	71,718	71,718	71,718
Federal Special Revenue	240	240	240	240	240	240
Total Funding	\$5,250,937	\$5,236,744	\$4,824,234	\$4,952,240	\$4,898,437	\$4,897,886

As reflected in Figure 3, while general fund appropriations declined between FY 2016 and FY 2018 by 8.1%, the amount transferred to the youth court intervention and prevention account increased during the same period by 20.4%. As previously discussed, funds that are unexpended at the end of the fiscal year are transferred to the youth court intervention and prevention account in the state special revenue fund.

Youth Court Intervention and Prevention Account

The youth court intervention and prevention account is established and statutorily appropriated in 41-5-2011, MCA. This account receives:

- Unexpended funds from the judicial districts’ annual allocations of juvenile placement funds
- Unexpended funds from the cost containment pool created from juvenile placement funds

By statute, the account may be used for:

- Establishment or expansion of community prevention and intervention programs and services for youth
- To provide alternative funding methods for out-of-home placements
- To provide matching funds for federal money for intervention and prevention programs that provide services to youth

After funding is transferred to the account in the Judicial Branch, it is used by the District Courts for the following two years. Any funding remaining after two years is transferred to the general fund.

Figure 4 shows the fund balance for the account during the same period as Figure 3. The appropriations for the benefits and claims associated with youth services are statutorily appropriated.

Figure 4

Judicial Branch Youth Court Intervention and Prevention						
	Actual FY 2016	Actual FY 2017	Actual FY 2018	Estimated FY 2019	Estimated FY 2020	Estimated FY 2021
Beginning Fund Balance	\$5,991,429	\$6,429,532	\$6,912,576	\$7,458,899	\$7,662,744	\$7,640,662
Revenues	3,326,647	3,790,713	3,944,155	3,687,172	3,807,347	3,812,891
Expenditures						
Benefits & Claims	2,888,543	3,307,233	3,097,832	3,483,327	3,829,428	3,687,172
Transfers Out	0	435	300,000	0	0	0
Total Expenditures	2,888,543	3,307,668	3,397,832	3,483,327	3,829,428	3,687,172
Adjustments	(1)	(1)	0	0	0	0
Ending Fund Balance	\$6,429,532	\$6,912,576	\$7,458,899	\$7,662,744	\$7,640,662	\$7,766,381
Estimated revenues are calculated as the average of the previous 3 years						

As shown in Figure 4, the actual expenditures out of the fund have not exceeded the transfers into the account resulting in a growing fund balance.

LFD COMMENT	Between FY 2016 and FY 2018, the amount of unexpended juvenile placement appropriations transferred from the general fund has increased by 20.4%, increasing the revenues for the youth court intervention and prevention account. This is a result of a decline in the number of youth placed each year. The decline is, in
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part, because of the intervention and prevention services provided through the youth court intervention and prevention account.

At the same time, the fund balance within the youth court intervention and prevention (YCIP) account has grown 16.0%. The fund balance is growing for two reasons:

- Timing of the transfer of the general fund to the state special revenue account done in the last month of the fiscal year
- Decreased spending on juvenile placements has increased the amount transferred into the account

Currently, at June 30 the account has about two years of funding available in the fund balance. By statute, YCIP funds that are unexpended at the end of two years are deposited back in the general fund.

**LFD
ISSUE**

The Legislature May Wish To Modify Appropriations For Juvenile Placement

Figure 3 summarizes the appropriations and funding for juvenile placement appropriations. Since FY 2016 the Judicial Branch has not utilized any of the appropriations for state or federal special revenue. The state special revenue authority was provided to the Judicial Branch for parental contributions that are paid by a parent or guardian of a youth under the jurisdiction of the Youth Court. HB 650, enacted by the 2017 Legislature transferred \$300,000 of the parental contributions to the general fund. The legislature may wish to amend statute to direct the deposit of parental contributions directly to the general fund. As of June 30, 2018, the Judicial Branch had \$146,000 in parental contributions deposited into the youth court intervention and prevention account.

To align appropriations with expenditures for juvenile placement the legislature could eliminate state and federal special revenue as the appropriations have not been used in the last three fiscal years.

Legislative options:

- Eliminate state and federal special revenue appropriations for juvenile placement
- Adopt legislation to direct parental contributions to the general fund
- Adopt the executive proposal for the appropriations supporting juvenile placement

Program Personal Services

Personal services were \$7.0 million or 39.4% of total FY 2019 appropriations. The executive proposes an increase of \$633,000 in FY 2020 and \$745,000 in FY 2021. Increases for new proposals, funding for treatment courts, child abuse diversion and the Pretrial Diversion Program comprise about 42.0% of the increase. The remainder is mainly related to formula based changes included in the statewide present law adjustment.

Funding

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

Judicial Branch, 01-Supreme Court Operations Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	33,227,936	1,552,182	0	0	34,780,118	97.52 %	
02151 YthCrt Intervention?evention	143,436	0	0	0	143,436	21.08 %	
02342 Law Library Digital Project	0	0	0	0	0	0.00 %	
02399 Judicial Education Conferences	122,368	0	0	0	122,368	17.99 %	
02536 Legal Asistance	241,710	0	0	0	241,710	35.53 %	
02961 State Grants to Drug Courts	172,852	0	0	0	172,852	25.41 %	
State Special Total	\$680,366	\$0	\$0	\$0	\$680,366	1.91 %	
03041 Probation Training Fund	480	0	0	0	480	0.24 %	
03153 Court Improvement Prg Grants	0	0	0	0	0	0.00 %	
03240 COURT ASSESSMENT PROGRAM	202,488	0	0	0	202,488	99.76 %	
03352 NCHIP-MBCC Grant	0	0	0	0	0	0.00 %	
03162 MBCC Grant	0	0	0	0	0	0.00 %	
Federal Special Total	\$202,968	\$0	\$0	\$0	\$202,968	0.57 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$34,111,270	\$1,552,182	\$0	\$0	\$35,663,452		

General fund supports most costs of the program.

State special revenue supports administration of juvenile delinquency intervention prevention (JDIP) funds, training for judges from conference fees, legal assistance for indigent victims of domestic violence from court filing fees primarily from dissolution of marriage filings, and grants to drug courts from drug court fees charged to participants.

Statutory appropriations for the youth court intervention and prevention account are not presented in the above table.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	16,416,611	16,416,611	32,833,222	94.40 %	16,833,227	16,833,227	33,666,454	94.40 %
SWPL Adjustments	106,323	61,650	167,973	0.48 %	106,402	61,673	168,075	0.47 %
PL Adjustments	0	0	0	0.00 %	25,000	25,000	50,000	0.14 %
New Proposals	820,098	958,825	1,778,923	5.11 %	820,098	958,825	1,778,923	4.99 %
Total Budget	\$17,343,032	\$17,437,086	\$34,780,118		\$17,784,727	\$17,878,725	\$35,663,452	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	424,700	0	354	425,054	0.00	419,693	0	298	419,991
DP 2 - Fixed Costs	0.00	(322,733)	(275)	0	(323,008)	0.00	(363,447)	(275)	0	(363,722)
DP 3 - Inflation Deflation	0.00	4,356	0	0	4,356	0.00	5,404	0	0	5,404
DP 103 - Drug Court General Fund FTE and Additional Fees Authority	2.50	0	25,000	0	25,000	2.50	0	25,000	0	25,000
DP 402 - Retired Judges	0.00	0	0	0	0	0.00	0	0	0	0
Grand Total All Present Law Adjustments	2.50	\$106,323	\$24,725	\$354	\$131,402	2.50	\$61,650	\$24,725	\$298	\$86,673

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 103 - Drug Court General Fund FTE and Additional Fees Authority -

The executive requests 2.50 permanent FTE be approved for the drug courts. One 0.50 FTE is being requested for the Juvenile Drug Court, 1.00 FTE is being requested for the Adult Drug Court, and 1.00 FTE for Veterans Treatment Court. The positions have been filled with HB 2 modified FTE since FY 2016.

The request also includes an additional \$25,000 of state special revenue fund authority in each year of the biennium to increase spending authority related to fees collected from drug court participants.

LFD COMMENT	As proposed, only the FTE are requested, personal services funding in this biennium is not impacted.
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DP 402 - Retired Judges -

Courts across the state bring in retired judges to preside in cases where a judge may need to recuse him/herself from a case or to cover other absences. To fund the costs in the 2021 biennium the proposal moves funding from operating expenses to personal services.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 101 - Funding for Expiring Grant Funded Drug Courts	0.00	0	0	0	0	1.50	138,815	0	0	138,815
DP 102 - Child Abuse Diversion Project	0.50	44,007	0	0	44,007	0.50	43,919	0	0	43,919
DP 403 - Pretrial Program OTO	3.25	776,091	0	0	776,091	3.25	776,091	0	0	776,091
Total	3.75	\$820,098	\$0	\$0	\$820,098	5.25	\$958,825	\$0	\$0	\$958,825

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

DP 101 - Funding for Expiring Grant Funded Drug Courts -

The executive requests 1.50 FTE in FY 2021. The 1st Judicial District Family Treatment Court (Lewis & Clark County) and the 20th Judicial District Adult Drug Court (Lake County) were initiated with federal Department of Justice drug court implementation grants that will expire on 9/30/2020. Without the funding, the courts will be unable to continue to provide services necessitating closure of the court dockets.

LFD COMMENT	The treatment court is a specialized diversionary program designed to impact offenders who are addicted to alcohol or other drugs and may also have a mental illness. Nationally, and in Montana, treatment courts have resulted in lower recidivism rates for offender and reduced drug or alcohol use. In FY 2019, general fund in the Supreme Court Operations supported fifteen treatment courts. Federal grants used to start new treatment courts are allocated according to federal priorities. In addition to the 1st and 20th Judicial Districts, the 5th Judicial District in Beaverhead county currently operates under a federal grant.
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DP 102 - Child Abuse Diversion Project -

The executive requests 0.50 FTE and related funding for the Court Diversion Project. This program that was originally provided for in HB 612 passed by the 2015 Legislature and had one-time-only appropriations in the 2019 biennium. The program is designed to remove child abuse and neglect cases from the normal court track and place them into a diversion model. In the model, parents and the social worker develop a mediated treatment plan to transition children home. The case is not filed in court, parties are not assigned attorneys, and it remains an informal matter. Child abuse and neglect cases are very time-consuming for the court, defense attorneys, and county attorneys.

DP 403 - Pretrial Program OTO -

This proposal is a one-time-only request for 3.25 FTE and related funding to continue the Pretrial Diversion Program. The 3.25 FTE includes a 0.75 FTE pretrial program supervisor, 1.00 FTE and three 0.50 FTE public safety assessment coordinators.

This new program, required by the 2017 Montana Legislature, assists the criminal justice system with the handling of persons arrested and held in jail in five pilot counties (Butte-Silver Bow, Lake, Lewis & Clark, Missoula, and Yellowstone).

The goals are to maximize public safety by reserving detention for those offenders who pose the greatest risk to reoffend or fail to appear in court, maximize court appearance, and maximize the appropriate use of release and detention by use of service designed to fulfill the two goals.

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	761,000	854,063	93,063	12.23 %
Operating Expenses	724,625	747,911	23,286	3.21 %
Equipment & Intangible Assets	195,484	176,442	(19,042)	(9.74)%
Grants	120,000	240,000	120,000	100.00 %
Debt Service	9,335	17,750	8,415	90.14 %
Total Expenditures	\$1,810,444	\$2,036,166	\$225,722	12.47 %
General Fund	1,810,444	2,036,166	225,722	12.47 %
Total Funds	\$1,810,444	\$2,036,166	\$225,722	12.47 %
Total Ongoing	\$1,810,444	\$2,036,166	\$225,722	12.47 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The Program Budget Comparison table shows a total growth of 12.5%, which for the Law Library is significantly influenced by the FY 2018 reductions. Compared to the FY 2019 base appropriations, the growth is 2.5%.

Program Description

The State Law Library of Montana (22-1-501 ,MCA) provides access to legal information consistent with the present and anticipated needs, responsibilities, and concerns of Montana's courts, legislature, state officers and employees, members of the bar of the Supreme Court of Montana, and members of the general public. The library selects, acquires, and maintains resources consistent with this mission. More electronic licenses are acquired each year, which frequently replace hard copies. This allows the library to get the information more quickly to the customer and to conserve its available shelf space for books and other printed material. The library's space, equipment, and technology are maintained in a manner that will ensure operational efficiency, improve collection preservation, and respond to requirements for accessibility of users and staff.

Library staff provide extensive training in legal research methods and access to the Montana court system. The library's web site (www.lawlibrary.mt.gov) has been designed to help Montana's citizens find the statutes, court cases and rules, legal forms, and explanation of the laws they need. Non-lawyers who cannot afford attorneys make up 75% of the people the Law Library assists. The library also operates a Court-Help Center.

Program Highlights

Law Library Major Budget Highlights
<ul style="list-style-type: none"> The proposed Law Library 2021 biennium budget request is \$226,000 or 12.5% higher than the 2019 biennium. Significant changes include additional appropriations of \$50,000 in general fund as part of statewide present law adjustments
LFD Issues
<ul style="list-style-type: none"> Eliminating debt service appropriation that is not required could save \$18,000 in general fund

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	6.75	6.75	6.75	6.75
Personal Services	328,974	358,975	402,025	426,866	427,197
Operating Expenses	340,309	350,711	373,914	373,951	373,960
Equipment & Intangible Assets	107,215	107,263	88,221	88,221	88,221
Grants	0	0	120,000	120,000	120,000
Debt Service	460	460	8,875	8,875	8,875
Total Expenditures	\$776,958	\$817,409	\$993,035	\$1,017,913	\$1,018,253
General Fund	776,958	817,409	993,035	1,017,913	1,018,253
Total Funds	\$776,958	\$817,409	\$993,035	\$1,017,913	\$1,018,253
Total Ongoing	\$776,958	\$817,409	\$993,035	\$1,017,913	\$1,018,253
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The Law Library transferred \$40,000 of general fund HB 2 authority from FY 2019 to FY 2018 to address issues related to budget reductions made in the November 2017 Special Session. The Law Library transferred \$30,000 to personal services and \$10,000 to operating expenses. When compiling the budget, fiscal year supplemental transfers of appropriation authority between fiscal years are eliminated. Thus, the Program Actuals and Budget Comparison table does not reflect the additional \$40,000 in appropriations and expenditures in operating expenses in FY 2018.

LFD COMMENT	As reflected in the table above, the Law Library had \$30,001 in personal services and \$10,402 in operating expenses authority remaining at the end of the fiscal year without the supplemental transfer of \$40,000. HB 70, an act strengthening guardianship services in Montana, provided \$40,000 in appropriations authority to the Judicial Branch, \$30,000 in personal services and \$10,000 in operating expenses. In FY 2018 none of the appropriation authority for the program was expended as part of the Judicial Branch's efforts to save general fund. In FY 2019, the Judicial Branch was provided \$160,000 in appropriation authority for HB 70 and has begun to establish the program as
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required by statute. As the bill specified that the appropriation included in HB 70 was to be considered part of the base budget in the 2021 biennium, the appropriations are included in the previous table for comparative purposes.

The Law Library expended 95.0% of its HB 2 appropriation. Personal services were 91.6% expended, operating expenses were 99.9% expended, and equipment and intangible assets were 100.0% expended. While the Judicial Branch was not required to generate vacancy savings, general fund supporting 1.0% pay raises as required in SB 294 was eliminated through SB 261. The actual vacancy rate within the Law Library of 2.9% was used to offset the increased salaries and benefits due to the pay raise.

FY 2018 Appropriations Compared to FY 2019 Appropriations

The FY 2019 total appropriation is \$175,000 or 21.5% higher than the FY 2018 appropriation mainly due to:

- 2017 November Special Session reductions in both fiscal years that were subsequently restored by SB 9 for FY 2019 in the amount of \$40,000
- Temporary suspension of \$12,600 in employer contributions to employee health benefits in FY 2018 made by the November 2017 Special Session
- Grant authority related to HB 70 included as an appropriation in FY 2019 but not in FY 2018

Executive Request

The executive is proposing to increase personal services by \$50,000 in general fund for statewide present law adjustments.

LFD ISSUE

Eliminating Debt Services Appropriation That Is Not Required Will Save \$18,000 In General Fund

As reflected in the Agency Actuals and Budget Comparison table on the previous page, funding of \$8,875 is requested in each year of the 2021 biennium. According to the Judicial Branch, the debt service was for a leased copier and the lease has expired. The Judicial Branch will not have debt service payments in FY 2019, FY 2020, or FY 2021.

Eliminating appropriations for debt service payments in the 2021 biennium would reduce overall appropriations for the Judicial Branch, thereby saving general fund.

Legislative Option

- Eliminate funding for debt service payments that are not required in the 2021 biennium, reducing the funding required to support the activities of the Judicial Branch by \$17,750
- Adopt the executive request as presented

Program Personal Services

Personal services were \$402,000 or 40.5% of total FY 2019 appropriations. The executive proposes an increase of \$25,000 in FY 2020 and FY 2021. The majority of the increase is due to proposed reinstatement of 2017 Legislative reductions and SB 261 reductions.

Funding

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

Judicial Branch, 03-Law Library Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	2,036,166	0	0	0	2,036,166	84.74 %
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
06019 Lexis Proprietary Account	0	0	366,656	0	366,656	100.00 %
Proprietary Total	\$0	\$0	\$366,656	\$0	\$366,656	15.26 %
Total All Funds	\$2,036,166	\$0	\$366,656	\$0	\$2,402,822	

HB 2 funding for the Law Library is entirely general fund. The Law Library also operates an enterprise type proprietary funded program for which the legislature does not approve rates. For further information refer to the Proprietary Rate narrative for the Law Library.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	993,035	993,035	1,986,070	97.54 %	993,035	993,035	1,986,070	97.54 %
SWPL Adjustments	24,878	25,218	50,096	2.46 %	24,878	25,218	50,096	2.46 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$1,017,913	\$1,018,253	\$2,036,166		\$1,017,913	\$1,018,253	\$2,036,166	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	24,841	0	0	24,841	0.00	25,172	0	0	25,172
DP 3 - Inflation Deflation	0.00	37	0	0	37	0.00	46	0	0	46
Grand Total All Present Law Adjustments	0.00	\$24,878	\$0	\$0	\$24,878	0.00	\$25,218	\$0	\$0	\$25,218

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

Other Issues -**Proprietary Rates****Lexis Proprietary Account 06019***Proprietary Program Description*

The Law Library contracts with an online provider for access to a legal database.

Revenues and Expenditures

The following 2021 Biennium Report on Internal Service and Enterprise Funds shows the actual and projected costs and related revenues associated with the fund.

2021 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06019	Law Lib Lexis Proprietary Acct	21100	Judicial Branch	Law Library

	Actual FY 16	Actual FY 17	Actual FY 18	Estimated FY 19	Proposed FY 20	Proposed FY 21
Operating Revenues						
Fees and Charges						
Fee Revenue A	\$210,792	\$220,122	\$218,926	\$218,770	\$245,000	\$245,652
Total Operating Revenues	210,792	220,122	218,926	218,770	245,000	245,652
Expenses						
Personal Services	201,251	207,863	213,939	222,496	231,396	240,652
Other Operating Expense	1,739	926	989	990	990	990
Total Operating Expense	202,991	208,789	214,927	223,486	232,386	241,642
Operating Income (Loss)	7,801	11,333	3,999	(4,716)	12,614	4,010
Change in Net Position	7,801	11,333	3,999	(4,716)	12,614	4,010
Beginning Net Position - July 1	9,199	17,000	28,334	32,332	27,616	40,230
Prior Period Adjustments						
Change in Net Position	7,801	11,333	3,999	(4,716)	12,614	4,010
Ending Net Position - June 30	\$17,000	\$28,334	\$32,332	\$27,616	\$40,230	\$44,240

Expenses

There are two expenditures for the Lexis proprietary account: 1) an allocation for statewide indirect cost pool; and 2) charges for searches and research of the online database.

Revenues

Revenues for the services are payments made by various state, county, and city entities that use the services and are based on the cost of the search performed.

Rate(s) and Rate Explanation

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information				
	Estimated FY 18	Estimated FY 19	Proposed FY 20	Proposed FY 21
Fee Description:	Actual Cost	Actual Cost	Actual Cost	Actual Cost

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	49,850,464	56,750,801	6,900,337	13.84 %
Operating Expenses	5,267,200	5,735,777	468,577	8.90 %
Equipment & Intangible Assets	67,723	135,446	67,723	100.00 %
Benefits & Claims	70,000	70,000	0	0.00 %
Total Expenditures	\$55,255,387	\$62,692,024	\$7,436,637	13.46 %
General Fund	54,154,986	61,154,945	6,999,959	12.93 %
State/Other Special Rev. Funds	1,100,401	1,537,079	436,678	39.68 %
Total Funds	\$55,255,387	\$62,692,024	\$7,436,637	13.46 %
Total Ongoing	\$55,255,387	\$62,692,024	\$7,436,637	13.46 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The Program Budget Comparison table shows a total growth of 13.5%, which for the Supreme Court Operations is significantly influenced by the FY 2018 reductions. Compared to the FY 2019 base appropriations, the growth is 11.9%.

Program Description

The District Courts have original jurisdiction in all felony criminal cases, most civil matters and other cases in law, and in equity. These courts may issue all writs appropriate to their jurisdiction and hear appeals from Courts of Limited Jurisdiction pursuant to statutory parameters. The District Courts are also the state's Youth Courts, responsible for managing juvenile probation functions. There are 46 District Court judges in 22 judicial districts serving all 56 counties. The 2001 Legislature mandated state funding of District Court expenses, including salaries and operating expenses for judges and their employees. District Court costs are the largest segment of the Judicial Branch budget.

Program Highlights

District Court Operations Major Budget Highlights
<ul style="list-style-type: none"> • The proposed District Court Operations 2021 biennium budget request is \$7.4 million or 13.5% higher than the 2019 biennium. Significant changes include: <ul style="list-style-type: none"> ◦ Proposing an additional \$5.5 million in general fund for personal services statewide present law adjustments ◦ Requesting \$1.2 million in state special revenue appropriations for court appointed special advocates and guardian ad litem to assist in child abuse and neglect cases

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	327.58	327.58	328.69	328.69
Personal Services	24,179,416	24,386,366	25,464,098	28,377,047	28,373,754
Operating Expenses	2,378,971	2,820,166	2,447,034	2,884,693	2,851,084
Equipment & Intangible Assets	0	0	67,723	67,723	67,723
Benefits & Claims	20,177	35,000	35,000	35,000	35,000
Total Expenditures	\$26,578,564	\$27,241,532	\$28,013,855	\$31,364,463	\$31,327,561
General Fund	25,761,388	26,327,868	27,827,118	30,578,711	30,576,234
State/Other Special Rev. Funds	817,176	913,664	186,737	785,752	751,327
Total Funds	\$26,578,564	\$27,241,532	\$28,013,855	\$31,364,463	\$31,327,561
Total Ongoing	\$26,578,564	\$27,241,532	\$28,013,855	\$31,364,463	\$31,327,561
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The District Court Operations expended 97.6% of its HB 2 appropriation, 99.2% of the personal services budget, 84.4% of operating expenses, and 57.6% of benefits and claims. Both the personal services and operating expenses HB 2 budgets are designated as biennial due to the variability of costs associated with jury trials such as witness fees, jury fees and related travel.

In FY 2018 the cost of jury fees and travel supported in HB 2 increased while the cost of witness fees and travel declined. Overall HB 2 operating expenses declined by almost \$0.2 million when compared to FY 2017 with a large portion of the decline in witness fees and travel as a result of a change in policy. These expenditures were offset using \$0.2 million in carry forward appropriations resulting in lower HB 2 expenditures.

FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 total appropriations are \$772,300, or 2.8% higher than the FY 2018 total appropriations due to 2017 November Special Session reductions in both fiscal years that were subsequently restored by SB 9, in the amount of \$800,000. In addition, the 2017 Legislature approved 11.00 additional FTE for three new district court judges and associated staff beginning January 2019.

Executive Request

The Judicial Branch requests \$1.2 million in state special revenue for court appointed special advocates and guardian ad litem that assist with child abuse and neglect cases. The 2017 Legislature enacted HB 650 which created a court-appointed special advocate account and required that the \$10 surcharge on defendants convicted of criminal conduct in courts of limited jurisdiction, except small claims court be deposited into the account. Figure 5 presents the revenue, expenditures and fund balance for the court-appointed special advocate account between FY 2018 when it was established and FY 2021.

Figure 5

Judicial Branch Court Appointed Special Advocate				
	Actual FY 2018	Estimated FY 2019	Proposed FY 2020	Proposed FY 2021
Beginning Fund Balance	\$0	\$0	\$0	\$15,465
Revenues	768,252	741,079	714,867	689,582
Expenditures				
Operating Expenses	<u>768,252</u>	<u>741,079</u>	<u>699,402</u>	<u>664,977</u>
Total Expenditures	768,252	741,079	699,402	664,977
Ending Fund Balance	\$0	\$0	\$15,465	\$40,070

Revenues for the account, surcharges on defendants convicted in courts of limited jurisdiction, have been declining, 35.4% between FY 2013 and FY 2018. In the 2021 biennium, the revenues appear to be sufficient for the appropriation request.

Program Personal Services

The Judicial Branch is proposing to increase personal services by \$5.5 million in the 2021 biennium for statewide present law adjustments. Additional district court judges and related staff were added in January 2019, half way through the fiscal year. A portion of the adjustment is the increased personal service costs to annualize the cost of the 11.00 FTE. As discussed in the Agency Discussion narrative, the District Court Operations transferred \$442,281 in personal services appropriations to operating expenses, thereby increasing the base budget for operating expenses. Personal services appropriations established for the 2021 biennium use the salary and related benefits associated with FTE to establish the level of appropriation required for personal services. Since the District Court Operations did not reduce FTE when it transferred personal services funding in FY 2019, the personal services reduction automatically returns when the personal services snapshot is used.

LFD COMMENT	See the LFD Issue in the Agency Discussion for legislative options related to this issue.
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Funding

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

Judicial Branch, 04-District Court Operations Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	61,154,945	0	0	0	61,154,945	97.55 %	
02141 Fines & Fees Fund	172,700	0	0	0	172,700	11.24 %	
02961 State Grants to Drug Courts	0	0	0	0	0	0.00 %	
02562 Crt Appointed Special Advocate	1,364,379	0	0	0	1,364,379	88.76 %	
State Special Total	\$1,537,079	\$0	\$0	\$0	\$1,537,079	2.45 %	
03077 Drug Trmt Court Fed Res 13VTC	0	0	0	0	0	0.00 %	
03078 Drug Trmt Court Fed Res 13Adlt	0	0	0	0	0	0.00 %	
03114 Drug Trmt Crt Fed Res JD1/SW	0	0	0	0	0	0.00 %	
03115 Drug Trmt Court Fed Res OJJDP	0	0	0	0	0	0.00 %	
03373 Drug Trmt Court Fed Res JD7	0	0	0	0	0	0.00 %	
03154 Drug Trmt Crt Fed Res JD8	0	0	0	0	0	0.00 %	
03040 Drug Trmt Crt Fed Res JD5	0	0	0	0	0	0.00 %	
03455 Drug Trmt Court Fed Res JD20	0	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$62,692,024	\$0	\$0	\$0	\$62,692,024		

Most of the funding for District Court Operations comes from the general fund. State special revenues supporting the program comes from court imposed fines and fees.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	27,827,118	27,827,118	55,654,236	91.01 %	28,013,855	28,013,855	56,027,710	89.37 %
SWPL Adjustments	2,751,593	2,749,116	5,500,709	8.99 %	2,751,206	2,748,729	5,499,935	8.77 %
PL Adjustments	0	0	0	0.00 %	599,402	564,977	1,164,379	1.86 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$30,578,711	\$30,576,234	\$61,154,945		\$31,364,463	\$31,327,561	\$62,692,024	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	2,748,207	0	0	2,748,207	0.00	2,744,914	0	0	2,744,914
DP 2 - Fixed Costs	0.00	0	(387)	0	(387)	0.00	0	(387)	0	(387)
DP 3 - Inflation Deflation	0.00	3,386	0	0	3,386	0.00	4,202	0	0	4,202
DP 401 - Funding for CASA/GAL	0.00	0	599,402	0	599,402	0.00	0	564,977	0	564,977
DP 402 - Retired Judges	1.11	0	0	0	0	1.11	0	0	0	0
Grand Total All Present Law Adjustments	1.11	\$2,751,593	\$599,015	\$0	\$3,350,608	1.11	\$2,749,116	\$564,590	\$0	\$3,313,706

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 401 - Funding for CASA/GAL -

District Court Operations requests funding for statutorily required costs for the appointment of court appointed special advocates and guardians ad litem in child abuse and neglect cases. Authority is required to spend anticipated revenues.

DP 402 - Retired Judges -

District courts across the state bring in retired judges to preside in cases where a judge may need to recuse him/herself from a case or to cover other absences. The request is for 1.11 FTE for the judges. To fund the costs in the 2021 biennium the proposal moves funding from operating expenses to personal services.

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	3,777,831	4,170,237	392,406	10.39 %
Operating Expenses	500,998	463,688	(37,310)	(7.45)%
Equipment & Intangible Assets	8,287	16,574	8,287	100.00 %
Total Expenditures	\$4,287,116	\$4,650,499	\$363,383	8.48 %
General Fund	1,567,875	2,094,876	527,001	33.61 %
State/Other Special Rev. Funds	2,719,241	2,555,623	(163,618)	(6.02)%
Total Funds	\$4,287,116	\$4,650,499	\$363,383	8.48 %
Total Ongoing	\$4,287,116	\$4,650,499	\$363,383	8.48 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Water Courts Supervision Program, located in Bozeman, adjudicates claims of existing water rights in Montana pursuant to Title 3, Chapter 7 and Title 85, Chapter 2, MCA .

Program Highlights

Water Court Supervision Major Budget Highlights
<ul style="list-style-type: none"> Water Courts Supervision proposed 2021 biennium budget request is \$363,400 or 8.5% higher than the 2019 biennium budget. Changes to the budget are all included as statewide present law adjustments
LFD Issues
<ul style="list-style-type: none"> Personal services statewide present law adjustment includes a funding shift, reducing state special revenue and increasing general fund

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	24.50	24.50	24.50	24.50
Personal Services	1,704,750	1,704,749	2,073,082	2,085,378	2,084,859
Operating Expenses	264,731	264,735	236,263	231,844	231,844
Equipment & Intangible Assets	0	0	8,287	8,287	8,287
Total Expenditures	\$1,969,481	\$1,969,484	\$2,317,632	\$2,325,509	\$2,324,990
General Fund	627,133	627,133	940,742	1,047,365	1,047,511
State/Other Special Rev. Funds	1,342,348	1,342,351	1,376,890	1,278,144	1,277,479
Total Funds	\$1,969,481	\$1,969,484	\$2,317,632	\$2,325,509	\$2,324,990
Total Ongoing	\$1,969,481	\$1,969,484	\$2,317,632	\$2,325,509	\$2,324,990
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The Water Court expended 100.0% of its HB 2 appropriation with both personal services and operating expenses fully expended. Excess personal service authority of \$294,000 was transferred to the District Court Operations for operating expenses.

FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 appropriations are \$348,000, or 17.7% higher than the FY 2018 appropriation due to:

- A program transfer of \$294,000 in personal services authority out of Water Courts Supervision and into the District Court Operations operating expenses in FY 2018
- SB 294 pay plan increase in FY 2019 of \$10,200
- November 2017 Special Session reductions in FY 2018 that were \$31,000 more than in FY 2019. SB 9 did not impact this program

Executive Request

Program Personal Services

The executive proposes a funding shift from state special revenue to general fund within the statewide present law adjustment for personal services.

LFD ISSUE	<p><u>Statewide Present Law Adjustment Contains a Fund Shift From State Special Revenue To General Fund</u></p> <p>Included in the statutory definition of a new proposal is requests to change sources of funding. As shown in the Present Law Adjustment table, the executive proposes to decrease state special revenue by \$94,327 in FY 2020 and \$94,992 in FY 2021 shifting the costs to the general fund. The legislature may wish to reduce general fund and increase state special revenue funding for the statewide present law adjustment for personal services.</p> <p>Legislative Option</p> <ul style="list-style-type: none"> • Reduce state special revenue and increase general fund by \$94,327 in FY 2020 and \$94,992 in FY 2021 • Adopt the executive proposal for personal services
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Funding

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

Judicial Branch, 05-Water Courts Supervision Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	2,094,876	0	0	0	2,094,876	45.05 %
02431 Water Adjudication	2,555,623	0	0	0	2,555,623	100.00 %
State Special Total	\$2,555,623	\$0	\$0	\$0	\$2,555,623	54.95 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$4,650,499	\$0	\$0	\$0	\$4,650,499	

General fund provides a little less than half of the funding for Water Court Supervision. The remaining funding is from the water adjudication state special revenue account.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	940,742	940,742	1,881,484	89.81 %	2,317,632	2,317,632	4,635,264	99.67 %
SWPL Adjustments	106,623	106,769	213,392	10.19 %	7,877	7,358	15,235	0.33 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$1,047,365	\$1,047,511	\$2,094,876		\$2,325,509	\$2,324,990	\$4,650,499	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	106,623	(94,327)	0	12,296	0.00	106,769	(94,992)	0	11,777
DP 2 - Fixed Costs	0.00	0	(4,419)	0	(4,419)	0.00	0	(4,419)	0	(4,419)
Grand Total All Present Law Adjustments	0.00	\$106,623	(\$98,746)	\$0	\$7,877	0.00	\$106,769	(\$99,411)	\$0	\$7,358

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

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

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	1,018,003	1,062,547	44,544	4.38 %
Operating Expenses	87,505	87,166	(339)	(0.39)%
Total Expenditures	\$1,105,508	\$1,149,713	\$44,205	4.00 %
General Fund	1,105,508	1,149,713	44,205	4.00 %
Total Funds	\$1,105,508	\$1,149,713	\$44,205	4.00 %
Total Ongoing	\$1,105,508	\$1,149,713	\$44,205	4.00 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Office of Clerk of the Supreme Court Program, pursuant to Title 3, Chapter 2, part 4, conducts the business of the court, and serves as the liaison between the public, attorneys and the Supreme Court. By statutory authority, the clerk controls the docket and filings, manages the appellate process, and is the custodian of all legal records for the public and the court. Additionally, the clerk administers appellate mediation, maintains the official roll of Montana attorneys, and is responsible for licensing Montana’s attorneys.

Program Highlights

Clerk of Court Major Budget Highlights
<ul style="list-style-type: none"> • Clerk of the Court proposed 2021 biennium budget request is \$44,200 or 4.0% higher than the 2019 biennium budget but only 1.8% compared to the FY 2019 base.

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison						
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021	
FTE	0.00	5.50	5.50	5.50	5.50	5.50
Personal Services	497,090	497,089	520,914	531,475	531,072	
Operating Expenses	43,951	43,950	43,555	43,580	43,586	
Total Expenditures	\$541,041	\$541,039	\$564,469	\$575,055	\$574,658	
General Fund	541,041	541,039	564,469	575,055	574,658	
Total Funds	\$541,041	\$541,039	\$564,469	\$575,055	\$574,658	
Total Ongoing	\$541,041	\$541,039	\$564,469	\$575,055	\$574,658	
Total OTO	\$0	\$0	\$0	\$0	\$0	

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The Clerk of Court expended 100.0% of its HB 2 appropriation with both personal services and operating expenses fully expended.

FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 appropriations are \$23,400, or 4.3% higher than the FY 2018 total appropriations due to November 2017 Special Session reductions made in FY 2018 personal services appropriations. The legislature did not reduce personal services in the Clerk of Court in FY 2019.

Executive Request

Program Personal Services

The executive proposes \$20,700 in increased personal services as part of the statewide present law adjustments. SB 261 reinstatements make up about half of the increase with the remainder mainly due to formula based changes.

Funding

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

Funds	Judicial Branch, 06-Clerk of Court Funding by Source of Authority					
	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,149,713	0	0	0	1,149,713	100.00 %
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$1,149,713	\$0	\$0	\$0	\$1,149,713	

The Clerk of Court Program is funded entirely from general fund.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	564,469	564,469	1,128,938	98.19 %	564,469	564,469	1,128,938	98.19 %
SWPL Adjustments	10,586	10,189	20,775	1.81 %	10,586	10,189	20,775	1.81 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$575,055	\$574,658	\$1,149,713		\$575,055	\$574,658	\$1,149,713	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	10,561	0	0	10,561	0.00	10,158	0	0	10,158
DP 3 - Inflation Deflation	0.00	25	0	0	25	0.00	31	0	0	31
Grand Total All Present Law Adjustments	0.00	\$10,586	\$0	\$0	\$10,586	0.00	\$10,189	\$0	\$0	\$10,189

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

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

AGENCY CODE & NAME: Judiciary

		Minimum Requirement	
		General Fund	State Special Revenue Fund
TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET		\$ 2,177,245	\$ 52,429
Priority	SERVICE(S) TO BE ELIMINATED OR REDUCED	General Fund Annual Savings	State Special Revenue Annual Savings
1	Supreme Court Operations Program - Drug Court Fees		\$ 52,429
2	Supreme Court Operations - Drug Courts	\$ 1,191,874	\$ -
3	Law Library - HB 70 WINGS Program	\$ 160,000	\$ -
4	District Court Operations - Witness Costs	\$ 54,265	
5	District Court Operations - Jury Costs	\$ 590,754	
6	District Court Operations - Evaluations	\$ 98,173	
7	Clerk of Court Operational Categories	\$ 38,624	
8	Law Library - Operational Categories	\$ 43,555	
9		\$ -	
10			
11	TOTAL SAVINGS	\$ 2,177,245	\$ 52,429
	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 expenses related to drug court fees revenue. Reductions would be to other services, supplies & materials, and benefits to individuals.

#2 THE SAVINGS THAT ARE EXPECTED:

\$52,429 State Special Revenue

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

Participant fees collected by drug court programs has provided drug courts with additional funding for operating costs and additional benefits to participants, that would otherwise not be available due to limited funding from the general fund or grants.

#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

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:

\$1,191,874 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

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 of operational categories including personal services, operating and grants.

#2 THE SAVINGS THAT ARE EXPECTED:

\$160,000 general fund

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

Reductions related to HB 70, WINGS program passed during the 2017 Regular Session and made a part of base funding for the 21 biennium.

#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. 3-1-711 and 3-1-712, 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 fees and related costs in District Courts.

#2 THE SAVINGS THAT ARE EXPECTED:

\$54,265 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:

\$590,754 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:

\$98,173 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, 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:

\$38,624 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, 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:

\$43,555 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

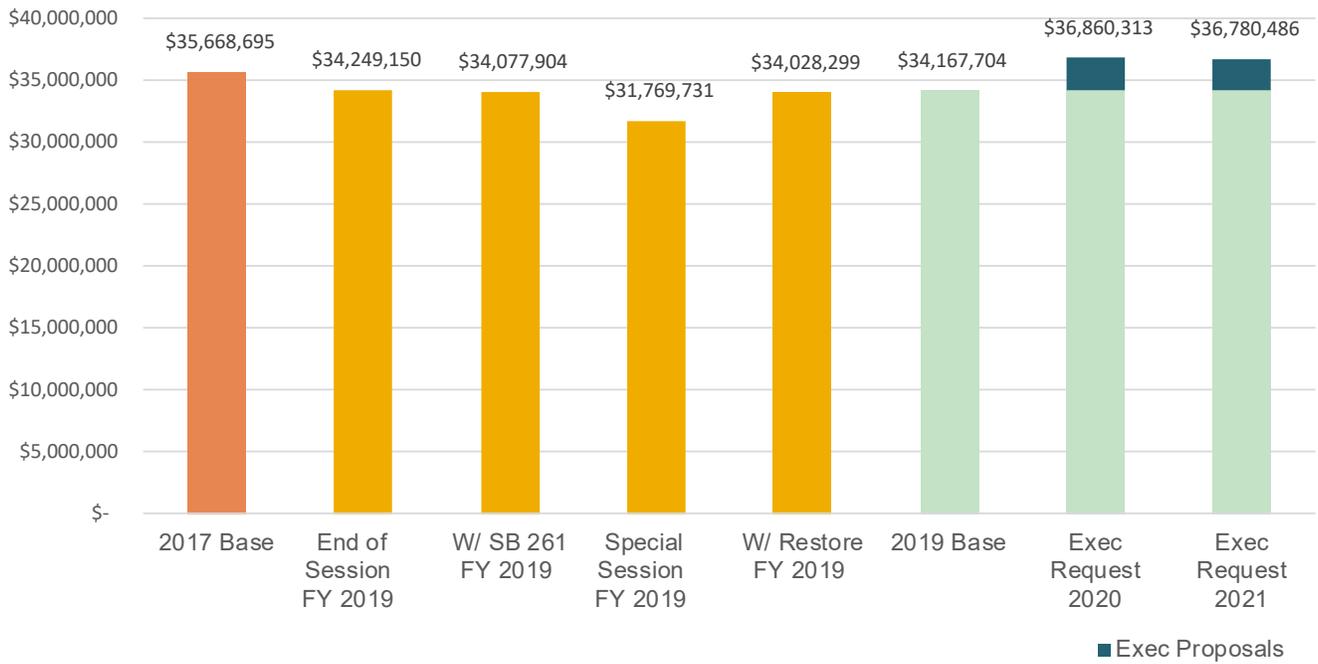
The Judicial Branch does not currently have any other option to mitigate this reduction.

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

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

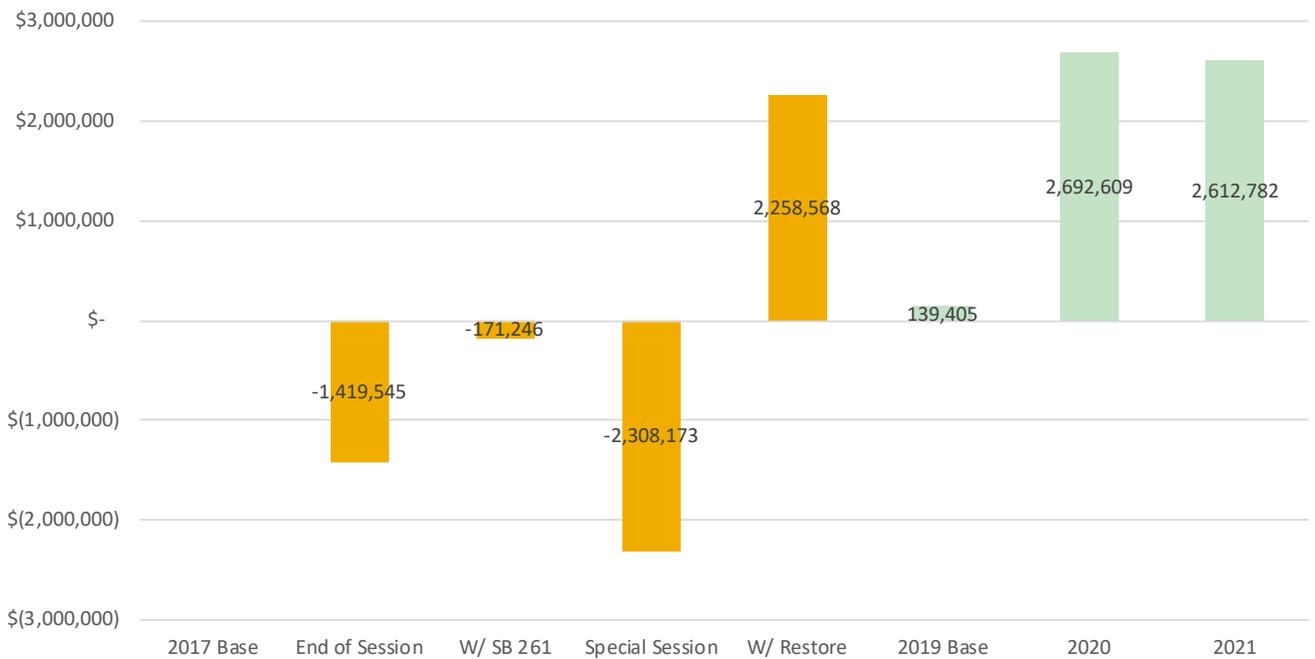
Form B

Department of Justice Budget General Fund



The 2017 Base and the 2019 Base exclude OTO's

Changes to Department of Justice Budget General Fund Only



The 2017 Base and the 2019 Base excluded OTO's

DEPARTMENT OF JUSTICE

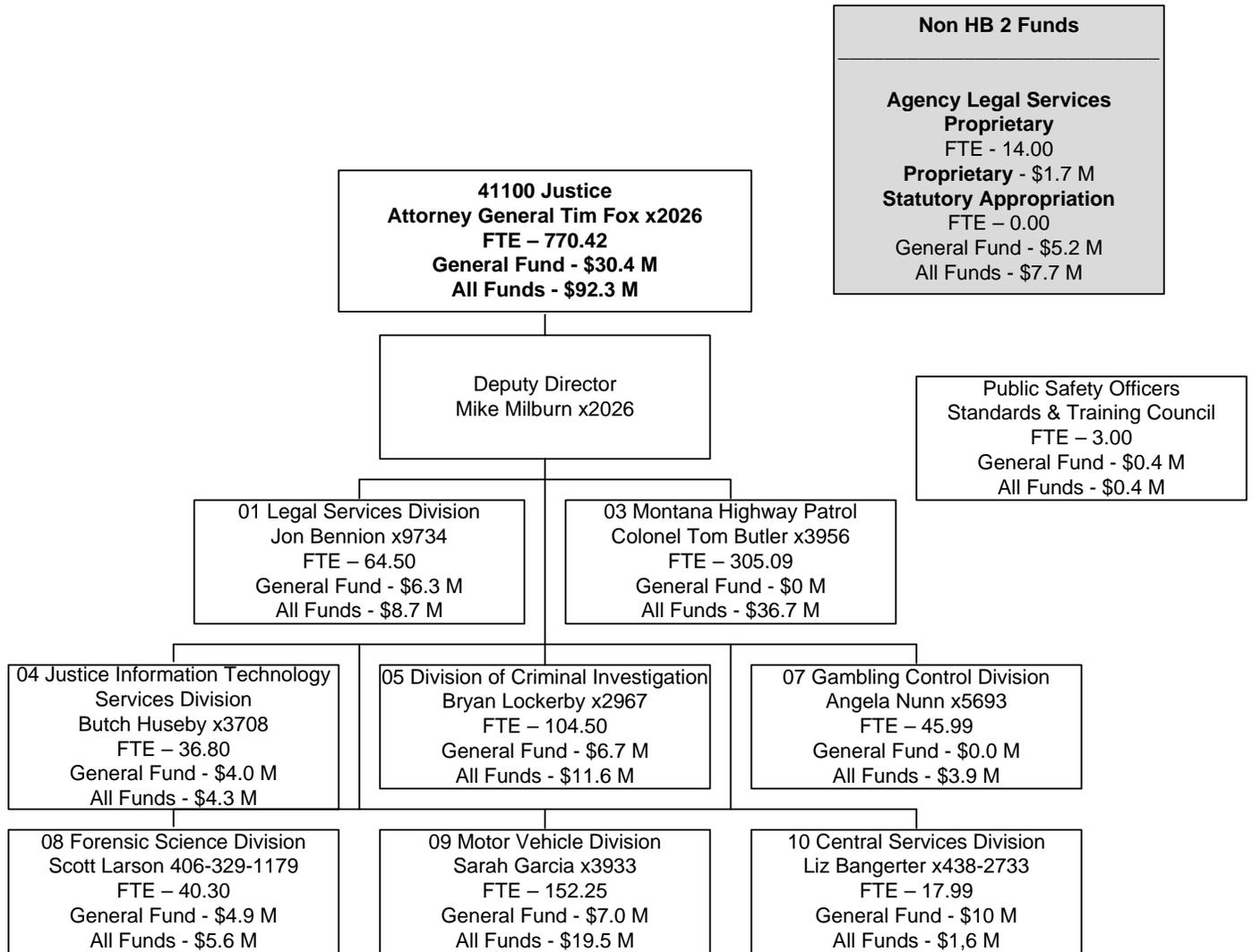
An Agency Profile Prepared by the
Legislative Fiscal Division

November 2018



INTRODUCTION

The mission of the Department of Justice (DOJ) 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.



HOW SERVICES ARE PROVIDED

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

Within the Legal Services Division are several bureaus and offices including:

- The Prosecution Services Bureau assists local county attorneys by providing training and assisting in the prosecution of complex criminal cases, particularly homicide cases

- 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
- The Child Protection Unit handles child abuse and neglect cases around Montana
- The Office of Consumer Protection advocates on behalf of Montana Consumers, investigates consumer complaints and enforces consumer protection laws
- 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

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.

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.

Division of Criminal Investigation 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.

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.

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.

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.

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.

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.

SOURCES OF SPENDING AUTHORITY

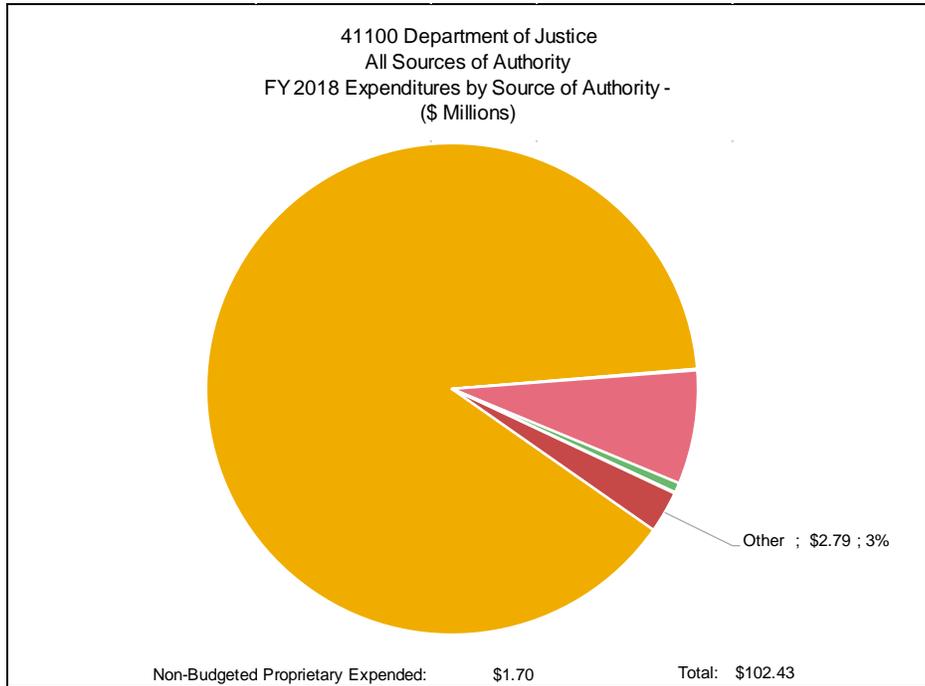
The following chart shows the expenditures by source of authority for the Department of Justice in FY 2018. The majority of the authority came from HB 2. In FY 2018 DOJ expended \$0.1 million in one-time-only state special revenue for county IT efficiencies.

In FY 2018, DOJ expended \$7.7 million in statutory appropriations including:

- County attorney payroll - \$3.5 million
- Montana Highway Patrol (MHP) retirement funds - \$1.7 million
- Local government share of video gambling machine permits - \$1.8 million
- Crime victim restitution - \$0.4 million
- State and federal forfeitures - \$0.2 million

HB 22 provided state special revenue for DOJ to participate in litigation involving any out-of-state utility or regulatory commission that addresses the planning for the future of coal-fired generation facilities, DOJ expended \$80,000 in FY 2018.

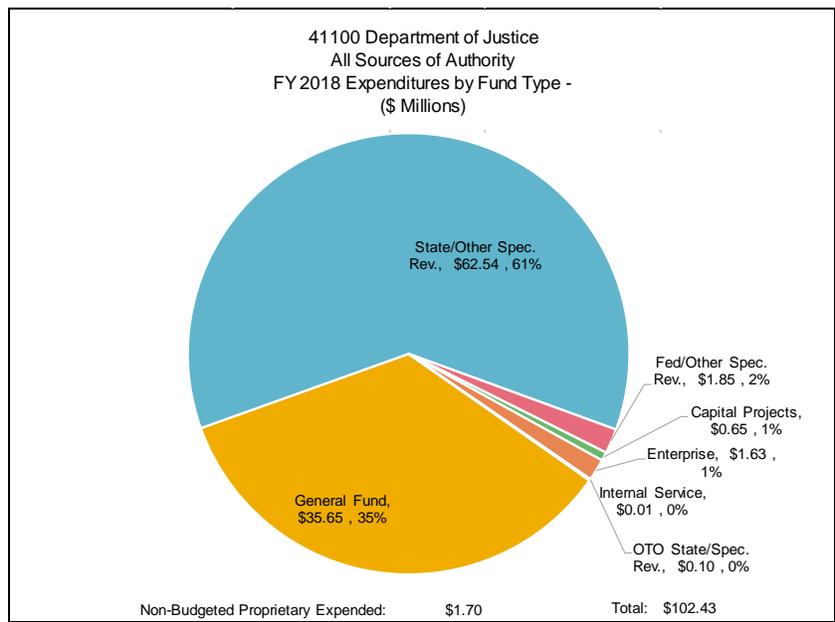
Other expenditures the use of carry forward authority of \$1.6 million, mainly for equipment and operating expenses, and \$0.9 million for budget amendments that were continued from the previous biennium.



Authority	FYE Budget
HB2 & Pay Plan	\$ 91.14
OTO Authority	\$ 0.10
Statutory Appropriation	\$ 7.66
Budget Amendments	\$ 0.66
Other House and Senate Bills	\$ 0.08
Other	\$ 2.79

FUNDING

The following chart shows how Department of Justice expenditures were funded in FY 2018 from all sources of authority by fund type.

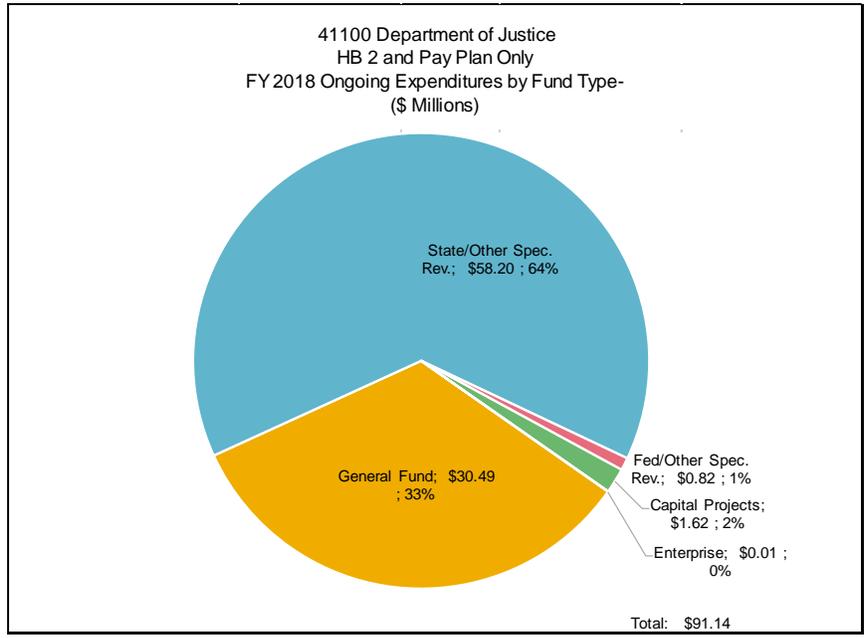


In addition to providing support for programs within the Department of Justice, general fund supports statutory appropriations for MHP retirement and county attorney payroll.

State special revenues include the:

- Montana Highway Patrol administration account that had expenditures of \$28.9 million. Funding for the account is mainly derived from the gas and diesel fuel taxes
- Highway patrol recruitment and retention account that had expenditures of \$8.8 million. A \$10 fee on vehicle registration provides the funding
- Vehicle insurance verification and license plate operating account that had expenditures of \$5.1 million. A fee on vehicle registrations provides the funding
- Gambling license fee account that had \$4.6 million in expenditures. The funding is generated through gambling licensing fees
- Highway non-restricted account. The account, with funding generated through taxes on gas and diesel fuel, had expenditures of \$4.3 million in FY 2018
- Motor vehicle division administration account that had \$2.5 million in expenditures. The funding is derived from a 3.0% administrative assessment on vehicle registration fees
- Criminal justice information network (CJIN) that had expenditures of \$2.1 million. The Attorney General assesses participating county, city, or other law enforcement agencies that connect to CJIN
- Montana Law Enforcement Academy account that had expenditures of \$1.8 million. Statute requires that \$16.50 of the fee for temporary registration permits issued by DOJ be deposited into the account
- Consumer education settlement account, with expenditures of \$1.5 million, is funded through settlements of consumer protection litigation
- Motor vehicle technology system account funded through an administrative fee for filing liens or security interests on vehicle titles or issuing new titles once the lien is satisfied. A portion of the fees provide funding for the state special revenue account with the remainder deposited into the general fund. The Motor Vehicle Division expended \$1.0 million from the account in FY 2018

The following chart shows how Department of Justice expenditures were funded in FY 2018 from HB2 and pay plan by fund type.

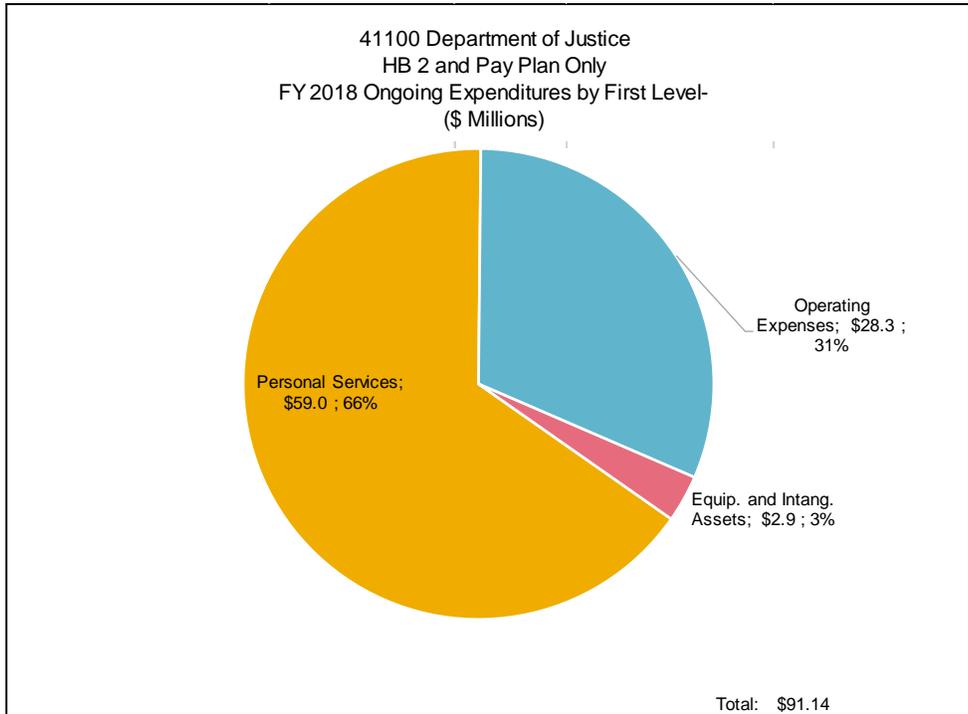


General fund supports the Legal Services Division, Information Technology Services Division, Division of Criminal Investigation, Forensic Services Division, Motor Vehicle Division, Central Services Division, and the Public Safety Officer Standards and Training Program (POST).

State special revenues provide all of the support for the Montana Highway Patrol and the majority of the support for the Gambling Control Division, and the Motor Vehicle Division.

EXPENDITURES

The next chart depicts how the HB2 and pay plan authority was spent in FY 2018.



Expenditures for salaries and benefits for the staff working within the Department of Justice make up the majority of the expenditures. Operating expenses associated with computer technology, including operation of CJIN, make up a large portion of the expenditures.

HOW THE 2019 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.

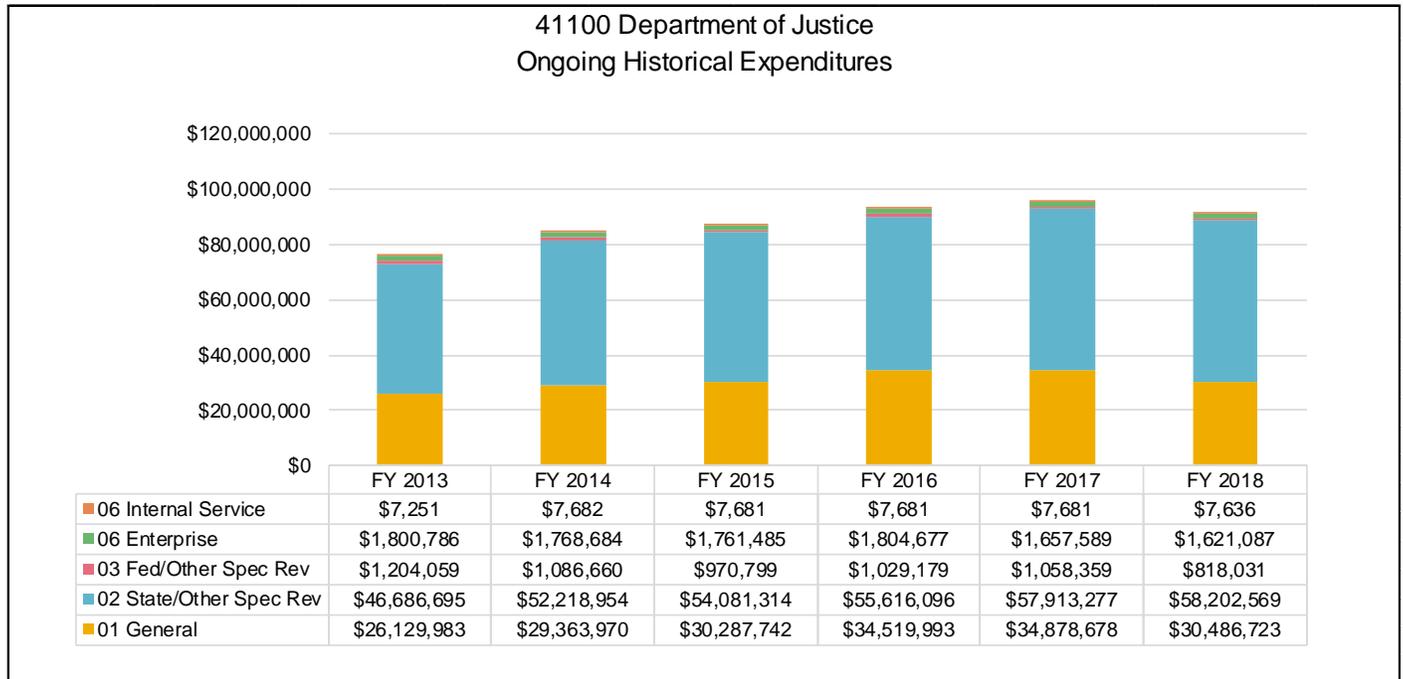
MAJOR COST DRIVERS

The major Department of Justice cost drivers are shown in the following table.

Driver	FY 2008	FY 2018	Significance of Data
Attorney General opinions	3	2	Legal Services Division workload
Crashes reported to (note 1)	10,046	14,067	Montana Highway Patrol workload
Vehicle miles traveled (note 1)	5,542,857	6,029,833	Montana Highway Patrol staff and fuel costs
Civil fingerprint based background checks (note 1)	20,483	35,544	Division of Criminal Investigation workload
Criminal history online public record searches	72,140	140,605	Division of Criminal Investigation workload
Number of cases	5,208	9,125	Forensic Sciences Division workload
New non-commercial drivers licenses issued	41,778	37,378	Motor Vehicle Division workload
Non-commercial drivers license renewals	97,291	87,044	Motor Vehicle Division workload
New commercial drivers licenses issued	9,561	6,541	Motor Vehicle Division workload
Commercial drivers license renewals	1,364	7,071	Motor Vehicle Division workload
*Note 1- 2008 data integrity not ensured so CY 2009 presented.			

FUNDING/EXPENDITURE HISTORY, AUTHORITY USED TO ESTABLISH THE BUDGET BASE

The following table shows historical changes in the agency's base budget authority. Major growth is in general fund and due primarily to legislative pay plan funding.



MAJOR LEGISLATIVE CHANGES IN THE LAST TEN YEARS

The 2017 Legislature enacted HB 650 to establish several new state special revenue accounts and the established fees to fund the new accounts to support DOJ's programs including the medical examiner account, the motor vehicle division account, the highway patrol administration account, and the court-appointed special advocate account. The bill also increased temporary vehicle registration fees and required the additional fees be deposited into a state special revenue fund to support the Montana Law Enforcement Academy

The 2011 Legislature:

- Enacted SB 361 which allowed video line games in licensed establishments
- Delayed implementation of the vehicle insurance verification system until January 1, 2013 in HB 367
- Changed the driver's license format to include resident address in HB 195

The 2009 Legislature created a requirement for an online vehicle insurance verification system, with an implementation date set for January 10, 2010, in SB 508.

The 2007 Legislature:

- Moved the Peace Officers Standards and Training Council (POST) from the Board of Crime Control to the Department of Justice in SB 273
- Made internet phishing a crime in HB 630
- Added state contributions for 50.0% of county attorney's salaries in HB 12

For more information, please visit the agency website: <https://dojmt.gov/>.

Agency Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	115,655,819	129,834,855	14,179,036	12.26 %
Operating Expenses	74,087,624	76,955,078	2,867,454	3.87 %
Equipment & Intangible Assets	6,419,625	4,988,150	(1,431,475)	(22.30)%
Capital Outlay	30,059	0	(30,059)	(100.00)%
Local Assistance	50,000	50,000	0	0.00 %
Grants	192,200	180,000	(12,200)	(6.35)%
Benefits & Claims	2,242,382	2,242,382	0	0.00 %
Transfers	22,590	22,590	0	0.00 %
Debt Service	1,116,294	669,594	(446,700)	(40.02)%
Total Expenditures	\$199,816,593	\$214,942,649	\$15,126,056	7.57 %
General Fund	65,697,785	73,640,799	7,943,014	12.09 %
State/Other Special Rev. Funds	127,679,746	134,562,852	6,883,106	5.39 %
Federal Spec. Rev. Funds	2,690,476	2,846,059	155,583	5.78 %
Proprietary Funds	3,748,586	3,892,939	144,353	3.85 %
Total Funds	\$199,816,593	\$214,942,649	\$15,126,056	7.57 %
Total Ongoing	\$198,016,593	\$214,062,649	\$16,046,056	8.10 %
Total OTO	\$1,800,000	\$880,000	(\$920,000)	(51.11)%

Agency Biennium Comparison -

The biennium comparison table shows a total growth of 7.6%, which for the Department of Justice is significantly influenced by the FY 2018 appropriation reductions. Compared to the FY 2019 base appropriation, the growth is 5.7%

Mission Statement

The mission of the Department of Justice (DOJ) 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.

For additional information, please refer to the Agency Profile. The profile may be viewed at: <https://leg.mt.gov/content/Publications/fiscal/BA-2021/Section-D/Agency-Profiles/4110-DOJ.pdf>

Agency Highlights

Department of Justice Major Budget Highlights
<ul style="list-style-type: none"> • The Department of Justice 2021 biennium budget request is \$15.1 million or 7.6% higher than the 2019 biennium budget. Significant changes include: <ul style="list-style-type: none"> ◦ \$3.8 million in additional personal services requested in the 2021 biennium in the statewide present law adjustments ◦ \$1.8 million in personal services authority for Montana highway patrol increases established by a statutorily required salary survey ◦ \$1.4 million in personal services and 5.00 FTE for additional Montana highway patrol officers ◦ \$0.9 million in operating expenses to provide for the criminal justice network and Criminal Records and Identification Services Section (CRISS) as a one-time-only appropriation
LFD Issues
<ul style="list-style-type: none"> • Transferring authority from personal services to operating expenses appropriations increased the 2021 biennium budget by \$1.9 million each year of the biennium • A portion of the consumer education settlement fund balance of \$8.3 million could be used to offset general fund in other agencies

Agency Actuals and Budget Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	770.41	770.41	784.91	784.91
Personal Services	59,046,979	56,723,563	58,932,256	64,941,719	64,893,136
Operating Expenses	28,369,657	35,339,212	38,748,412	39,023,185	37,931,893
Equipment & Intangible Assets	2,915,238	4,014,300	2,405,325	2,582,825	2,405,325
Capital Outlay	29,385	30,059	0	0	0
Local Assistance	8,657	25,000	25,000	25,000	25,000
Grants	122,200	102,200	90,000	90,000	90,000
Benefits & Claims	655,292	1,121,191	1,121,191	1,121,191	1,121,191
Transfers	11,295	11,295	11,295	11,295	11,295
Debt Service	73,450	781,497	334,797	334,797	334,797
Total Expenditures	\$91,232,153	\$98,148,317	\$101,668,276	\$108,130,012	\$106,812,637
General Fund	30,486,767	31,530,081	34,167,704	36,860,313	36,780,486
State/Other Special Rev. Funds	58,298,625	63,429,748	64,249,998	67,899,423	66,663,429
Federal Spec. Rev. Funds	818,033	1,334,835	1,355,641	1,423,048	1,423,011
Proprietary Funds	1,628,728	1,853,653	1,894,933	1,947,228	1,945,711
Total Funds	\$91,232,153	\$98,148,317	\$101,668,276	\$108,130,012	\$106,812,637
Total Ongoing	\$91,136,153	\$96,848,317	\$101,168,276	\$107,315,012	\$106,747,637
Total OTO	\$96,000	\$1,300,000	\$500,000	\$815,000	\$65,000

Agency Discussion*FY 2018 Appropriations Compared To FY 2018 Actual Expenditures*

The Department of Justice expended 92.9% of its HB 2 appropriation. Four categories make up the bulk of the appropriations in FY 2018 including expenditures of 104.1% of the personal services budget, 80.3% of operating expenses, 72.6% of equipment & intangible assets, and 58.4% of benefits and claims.

Personal services were reduced by \$2.1 million in FY 2018 for legislatively imposed vacancy savings of 6.0%. The actual vacancy rate for DOJ was 0.0%. To offset the higher costs in personal services DOJ reduced operating expenses such as consulting and professional services, purchases of supplies and materials, and travel.

The legislature provided \$800,000 in a restricted, one-time-only, biennial appropriation of general fund to retrofit the crime lab in Yellowstone County. At fiscal year-end, DOJ had not expended this appropriation. According to DOJ, the project will be completed by December 2018 and the appropriation will be fully expended. In addition, DOJ delayed purchase of equipment within the Montana Highway Patrol.

Benefits and claims for crime victims were appropriated \$0.5 million in federal special revenues, however, only 10.1% of this appropriation was expended as requirements to expend federal appropriations were not met. According to DOJ, this is because the federal and state fiscal years are different and because federal law requires DOJ to spend state dollars before spending federal dollars.

FY 2018 Appropriations Compared to FY 2019 Appropriations

The FY 2019 appropriation is \$3.5 million, or 3.6% higher than the FY 2018 appropriation due to:

- November 2017 Special Session reductions in both fiscal years that were subsequently restored by SB 9 for FY 2019, in the amount of \$2.3 million
- SB 294 pay plan increase in FY 2019 of \$0.3 million
- Elimination of the state share contribution for employee benefits for two months in FY 2018 reducing personal services by \$1.6 million
- Partially offset by the establishment of a biennial appropriation of \$0.8 million in FY 2018 for morgue facility retrofit

Comparison of FY 2019 Legislative Budget to FY 2019 Base

Figure 1 illustrates the beginning FY 2019 budget as adopted by the 2017 Legislature compared to the finalized 2019 base budget, which includes modifications done by the executive (as authorized in statute) during the interim. The 2019 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2021 biennium budgeting process.

Figure 1

FY 2019 Legislative Appropriations - Department of Justice				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
01 Legal Services Division				
61000 Personal Services	5,739,947	(300,224)	5,439,723	-5.2%
62000 Operating Expenses	1,990,207	652,969	2,643,176	32.8%
67000 Benefits & Claims	1,121,191	-	1,121,191	0.0%
Program Total	8,851,345	352,745	9,204,090	4.0%
03 Montana Highway Patrol				
61000 Personal Services	26,679,093	-	26,679,093	0.0%
62000 Operating Expenses	9,091,349	-	9,091,349	0.0%
63000 Equipment & Intangible Assets	1,992,165	-	1,992,165	0.0%
Program Total	37,762,607	-	37,762,607	0.0%
04 Information Technology System				
61000 Personal Services	2,991,275	(263,562)	2,727,713	-8.8%
62000 Operating Expenses	1,754,411	263,569	2,017,980	15.0%
63000 Equipment & Intangible Assets	36,820	-	36,820	0.0%
Program Total	4,782,506	7	4,782,513	0.0%
05 Division Of Criminal Investigation				
61000 Personal Services	8,376,805	(455,807)	7,920,998	-5.4%
62000 Operating Expenses	4,467,130	498,781	4,965,911	11.2%
63000 Equipment & Intangible Assets	123,452	-	123,452	0.0%
66000 Grants	90,000	-	90,000	0.0%
68000 Transfers-out	11,295	-	11,295	0.0%
Program Total	13,068,682	42,974	13,111,656	0.3%
07 Gambling Control Division				
61000 Personal Services	3,567,639	-	3,567,639	0.0%
62000 Operating Expenses	825,543	-	825,543	0.0%
63000 Equipment & Intangible Assets	82,860	-	82,860	0.0%
Program Total	4,476,042	-	4,476,042	0.0%
08 Forensic Services Division				
61000 Personal Services	3,483,858	-	3,483,858	0.0%
62000 Operating Expenses	1,261,003	741,390	2,002,393	58.8%
63000 Equipment & Intangible Assets	6,000	-	6,000	0.0%
69000 Debt Service	334,797	-	334,797	0.0%
Program Total	5,085,658	741,390	5,827,048	14.6%
09 Motor Vehicle Division				
61000 Personal Services	7,992,881	(507,924)	7,484,957	-6.4%
62000 Operating Expenses	16,270,692	(167,357)	16,103,335	-1.0%
63000 Equipment & Intangible Assets	114,028	50,000	164,028	43.8%
65000 Local Assistance	-	25,000	25,000	0.0%
69000 Debt Service	616,700	(616,700)	-	-100.0%
Program Total	24,994,301	(1,216,981)	23,777,320	-4.9%
10 Central Services Division				

61000 Personal Services	1,389,432	(3,311)	1,386,121	-0.2%
62000 Operating Expenses	332,731	83,176	415,907	25.0%
Program Total	1,722,163	79,865	1,802,028	4.6%
19 Post Council				
61000 Personal Services	242,154	-	242,154	0.0%
62000 Operating Expenses	182,817	-	182,817	0.0%
Program Total	424,971	-	424,971	0.0%
Grand Total	\$101,168,275	\$0	\$101,168,275	0.0%

There were a number of modifications to the legislative budget. Most of the executive modifications in the Department of Justice resulted in increased authority for operating expenses in the Legal Services Division, the Information Technology System, Forensic Services, and Central Services Divisions. See the LFD issues under Agency Personal Services for additional information on the impacts of these shifts. The Motor Vehicle Division transferred debt service appropriation authority for the MERLIN data system that was not required as the debt was retired in FY 2018.

Executive Request

The executive requests a 7.6% increase or \$15.1 million in total funding compared to the 2019 biennium. Changes include:

- \$3.4 million in additional personal services requested in the statewide present law adjustments
- \$0.5 million in fixed cost reductions, mainly for information technology services provided by the Department of Administration
- \$1.8 million in personal services for pay increases as indicated

Elected Official Request

As an elected official, the Attorney General may present to the legislature for consideration items not included in the executive budget. The Attorney General is not requesting consideration of any additional proposals.

Legislative Audit Findings

LFD COMMENT	<p>The Legislative Audit Division conducted an information systems audit of the integrated justice information sharing broker (IJIS Broker), also referred to as the full court enterprise data exchange in reports to the Legislative Finance Committee. The audit found that according to 44-5-213, MCA, dispositions resulting from formal proceedings in a court having jurisdiction in a criminal action against an individual shall be reported to the originating agency and the state repository within 15 days. Depending on the workload for the criminal records section at DOJ, there is a likelihood that the 15-day deadline will not be met. This timeline is crucial to law enforcement officers who rely on accurate information when dealing with individuals with criminal records or external parties who do criminal background checks for employment. Both DOJ and Judicial Branch are working on enterprise solutions, the Judicial Branch is working on an enterprise solution referred to as FullCourt and DOJ is completing an upgrade to the integrated justice information sharing broker. The two projects are heavily funded through federal grants awarded on an annual basis and in DOJ some general fund. While DOJ can make necessary changes to the integrated justice information sharing broker, a prerequisite for timely exchange of court data will be the completion of the FullCourt enterprise system.</p> <p>The Judicial Branch reported to the Legislative Finance Committee in September 2018 that the FullCourt enterprise system project was complete and in the closing phase. The Department of Justice reported that the related project was on hold while the Judicial Branch completed its work but would be designed and built beginning in November 2018.</p> <p>The Legislative Auditor recommends the Department of Justice:</p> <ul style="list-style-type: none"> • Automate criminal disposition matching between FullCourt and the computerized criminal history (part of the IJS Broker)
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- Complete the development and implementation of data exchanges through the IJIS Broker that will share protection orders, no-contact orders, arrest warrants, and bench warrants between FullCourt and the computerized criminal history

5.0% Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2021 biennium 5.0% plan submitted for this agency is in the Budget Analysis Appendix. The Department of Justice included reductions of \$1.5 million in general fund and \$2.7 million in state special revenue. The proposal to reduce expenditures in the general fund includes:

- Reduce major litigation, operating expenses including hardware and software maintenance costs, equipment, and benefit and claims expenditures supported by the general fund
- Eliminate the call center
- Cancel or delay leases for instrumentation
- Reduce FTE or postpone hiring for vacant positions

The proposal to reduce expenditures in the state special revenue fund includes:

- Reduce dignitary protection and statewide Montana Highway Patrol coverage
- Close a regional investigation office or reduce investigation staff
- Eliminate one professional program trainer and some professional and leadership courses within the Montana Law Enforcement Academy

Agency Personal Services

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

1. Formula Based

Formula based changes are calculated independent of agency choices, such as: annualize personal services costs including FY 2019 statewide pay plan adjustments, changes to benefit rates, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot, plus rate changes for workers' compensation and unemployment insurance.

A detailed illustration of this methodology is included in the Budget Analysis Appendix.

2. Personal Services Management Decisions

Any agency management decisions that adjusted employee pay or transferred personal services authority between programs. This includes raises or position changes that may increase or reduce a budget, such as hiring FTE at a lower rate to replace retired senior staff or moving FTE and funding between programs.

3. Proposed Reinstatement of Personal Services Base Budget Reductions

Most agencies requested reinstatement of personal services budget reductions taken last session. The single largest reinstatement is due to the lower vacancy savings rate requested by the executive. The FY 2019 personal services base included approximately 6.0% vacancy savings reduction as part of the funding adopted in HB 2. Generally, the executive requested a 2.0% vacancy savings reduction for 2021 biennium.

Agencies funded with general fund may have additional personal services reductions such as those reduced from the triggers in SB 261 from last session.

In some instances, the lower personal services budgets caused agencies to make management decisions that lowered the ongoing cost of personal services. When this occurred, the LFD reflected the lower reinstatement requested rather than the total of all personal services reductions made by the previous legislature.

4. Budget Modifications

This category includes modifications to the FY 2019 personal services budget such as transfer of personal services authority to operating expenses that occurred during the interim. These transfers may impact the overall size of the personal services present law adjustment (DP 1).

The Figure shows the analysis of the proposed changes.

Figure 2

Personal Services Present Law DP 1 - FY 2020					
Program	Formula Based	Management Decisions	Proposed Reinstatement of PS	Budget Modifications	DP1 SWPL
01 LEGAL SERVICES DIVISION	\$100,819	(\$88,350)	\$318,267	\$373,296	\$704,032
03 MONTANA HIGHWAY PATROL	429,832	159,453	(538,475)	-	50,810
04 JUSTICE INFORMATION TECHNOLOGY	40,243	42,633	177,792	263,562	524,230
05 DIVISION OF CRIMINAL INVESTIGATIONS	135,085	55,753	(121,191)	498,781	568,428
07 GAMBLING CONTROL DIVISION	46,822	(20,585)	141,803	-	168,040
08 FORENSIC SERVICES DIVISION	57,418	(13,433)	220,591	258,195	522,771
09 MOTOR VEHICLE DIVISION	47,913	103,106	429,403	507,924	1,088,346
10 CENTRAL SERVICES DIVISION	11,564	27,282	98,960	50,837	188,643
19 POST COUNCIL	4,494	(293)	14,697	-	18,898
Agency Total	\$874,190	\$265,566	\$741,847	1,952,595	\$3,834,198

Personal services appropriations are 60.4% of the DOJ 2021 biennium budget. As reflected in Figure 2, proposed changes as part of statewide present law adjustments include:

- Reinstatement of reductions by the 2017 Legislature and the November 2017 Special Session
- Reinstatement of personal services due to a proposed change in the vacancy savings reduction to 2.0%
- Modifications to the personal services base budget, DOJ transferred \$1.9 million in personal services authority to operating expenses in several divisions

LFD ISSUE	<p><u>Transferring Authority from Personal Services to Operating Expenses Appropriations Increases the 2021 Biennium Budget</u></p> <p>In FY 2019, the Department of Justice transferred \$1.9 million in personal services in the Legal Services, the Justice Information Technology Services Divisions, the Division of Criminal Investigations, and the Forensic Science, Motor Vehicle, and Central Services Divisions through modifications that moved authority out of personal services and into operating expenses. Personal services appropriations for the 2021 biennium use the salary and related benefits associated with FTE to establish the level of appropriation required for personal services. Since the Department of Justice did not reduce FTE when it eliminated personal services funding in FY 2019, the personal services reduction automatically returns when the personal services snapshot is used to establish the level of funding required in the 2021 biennium. As a result, the Department of Justice budget for the various divisions is \$1.9 million higher than it would have been had the appropriation remained in personal services</p>
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instead of operating expenses, or as an alternative if FTE been reduced for the transfer of authority from personal services to operating expenses.

Legislative options:

- Reduce personal services funding and related FTE in the Legal Services, Justice Information Technology Services, Forensic Science, Motor Vehicle, and Central Services Divisions, and the Division of Criminal Investigations to offset the reduction of personal services funding in FY 2019
- Reduce operating expenses in the Legal Services, Justice Information Technology Services, Forensic Science, Motor Vehicle, and Central Services Divisions, and the Division of Criminal Investigations by the amount restored
- Gain an understanding from DOJ regarding underlying specific funding requirements and adjust program budgets as needed

Funding

The following table shows proposed agency funding by source of authority.

Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	73,640,799	0	0	10,745,590	84,386,389	36.09 %
State Special Total	133,682,852	880,000	0	4,579,672	139,142,524	59.50 %
Federal Special Total	2,846,059	0	0	250,000	3,096,059	1.32 %
Proprietary Total	3,892,939	0	3,326,686	0	7,219,625	3.09 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$214,062,649	\$880,000	\$3,326,686	\$15,575,262	\$233,844,597	
Percent - Total All Sources	91.54 %	0.38 %	1.42 %	6.66 %		

Funding for the Department of Justice varies by division and function. General fund supports the Legal Services Division, Information Technology Services Division, Division of Criminal Investigations, Motor Vehicle Division, Forensic Science Division, Central Services Division, and Public Safety Officer Standards and Training (POST). In FY 2019 general fund provided 33.6% of DOJ HB 2 funding. The executive proposes increasing HB 2 general fund supporting DOJ by \$2.7 million in FY 2020 and \$2.6 million in FY 2021 thereby increasing general fund support to 34.3% of DOJ funding.

State special revenue supported 63.2% of the DOJ HB 2 budget in FY 2019. Reductions in state special revenue support of 0.6% or \$1.3 million are proposed in the executive budget request. State special revenue from consumer protection settlement proceeds supports consumer protection activities, gambling licensing fees support the Gambling Control Division, and motor vehicle fees support the Motor Vehicle Division. The 2017 Legislature established four new state special revenue accounts to replace highway state special revenue account funding that was previously provided. Information on revenues, expenditures, and fund balance for state special revenue accounts can be found in the funding narratives of the various divisions.

Federal special revenue combined with general fund support Medicaid fraud investigation and the Child Protection Unit within the Legal Services Division. In FY 2019 federal special revenue comprises 1.3% of DOJ HB 2 funding. A similar percentage of federal special revenue support is proposed in the 2021 biennium budget.

Proprietary funds support liquor licensing functions and legal service provided under contract to other state agencies. In FY 2019 budgeted proprietary funds provided 1.9% of DOJ HB 2 funding. In the executive request budgeted proprietary funds would decrease slightly to 1.8% of DOJ HB 2 funding.

**LFD
COMMENT**

Changes in the funding are included as part of the statewide present law adjustments in several programs within the Department of Justice. Figure 3 shows the percentage of funding for each fund type, by program for the Department of Justice.

Figure 3

Department of Justice Statewide Present Law Adjustment Funding					
Division	Base FY 2019	Proposed FY 2020	Proposed FY 2021	Difference FY 2020	Difference FY 2021
Legal Services Division					
General Fund	78.1%	76.5%	76.5%	(\$11,025)	(\$11,194)
State Special Revenue	18.2%	20.0%	20.0%	12,574	12,674
Federal Special Revenue	3.7%	3.4%	3.4%	(1,549)	(1,480)
Montana Highway Patrol					
State Special Revenue	100.0%	100.0%	100.0%	0	0
Justice Information Technology Services Division					
General Fund	98.2%	100.0%	100.0%	9,177	9,165
State Special Revenue	1.8%	0.0%	0.0%	(9,177)	(9,165)
Division of Criminal Investigation					
General Fund	60.2%	14.0%	13.8%	(262,958)	(263,523)
State Special Revenue	33.5%	77.7%	77.8%	251,173	251,707
Federal Special Revenue	6.3%	8.3%	8.3%	11,785	11,816
Gambling Control Division					
State Special Revenue	71.0%	71.0%	71.0%	(50)	(48)
Proprietary	29.0%	29.0%	29.0%	50	48
Forensic Science Division					
General Fund	64.3%	100.0%	100.0%	186,735	188,235
State Special Revenue	35.7%	0.0%	0.0%	(186,735)	(188,235)
Motor Vehicle Division					
General Fund	65.5%	58.1%	58.1%	(80,241)	(80,012)
State Special Revenue	34.5%	41.9%	41.9%	80,241	80,012
Central Services Division					
General Fund	59.7%	57.4%	57.4%	(4,343)	(4,407)
State Special Revenue	38.0%	40.3%	40.3%	4,297	4,361
Proprietary	2.3%	2.3%	2.3%	46	46
Public Safety and Training Council					
General Fund	100.0%	100.0%	100.0%	0	0
Department of Justice Total Funding Changes					
General Fund				(162,655)	(161,736)
State Special Revenue				152,323	151,306
Federal Special Revenue				10,236	10,336
Proprietary				96	94

Overall, DOJ reduced general fund by \$162,655 in FY 2020 and \$161,736 in FY 2021 by increases support from state and federal special revenues, and proprietary funds.

This request is more appropriately categorized as a new proposal and should be evaluated by the legislature as they would consider a new proposal.

Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	34,167,704	34,167,704	68,335,408	92.80 %	101,168,276	101,168,276	202,336,552	94.14 %
SWPL Adjustments	2,501,013	2,425,364	4,926,377	6.69 %	3,650,423	3,536,157	7,186,580	3.34 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	191,596	187,418	379,014	0.51 %	3,311,313	2,108,204	5,419,517	2.52 %
Total Budget	\$36,860,313	\$36,780,486	\$73,640,799		\$108,130,012	\$106,812,637	\$214,942,649	

Language and Statutory Authority -

The Department of Justice has statutory authority granted in 2-15-501, 2-15-2001-2021, MCA, and Titles 44 & 61 allowing DOJ to expend \$10.7 million in general fund, \$4.6 million in state special revenue, and \$0.3 million in federal special revenue.

General fund supports statutory appropriations of \$3.8 million for highway patrol retirement and \$6.9 million for the state's contribution to county attorney salaries. State special revenue supports \$0.3 million for the enforcement of drug laws, \$0.5 million for crime victims compensation, \$3.7 million for video gambling machine permits and video gambling local distributions, and \$0.1 million for grants to Montana based nonprofit organizations that grant wishes to Montana children who are chronically or critically ill. Federal special revenues supports \$0.3 million for enforcement of drug laws.

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	10,812,466	12,282,732	1,470,266	13.60 %
Operating Expenses	4,378,962	5,319,158	940,196	21.47 %
Benefits & Claims	2,242,382	2,242,382	0	0.00 %
Total Expenditures	\$17,433,810	\$19,844,272	\$2,410,462	13.83 %
General Fund	13,443,006	15,479,465	2,036,459	15.15 %
State/Other Special Rev. Funds	2,527,719	2,844,423	316,704	12.53 %
Federal Spec. Rev. Funds	1,463,085	1,520,384	57,299	3.92 %
Total Funds	\$17,433,810	\$19,844,272	\$2,410,462	13.83 %
Total Ongoing	\$17,433,810	\$19,844,272	\$2,410,462	13.83 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The biennium comparison table shows a total growth of 13.8%, which for the Legal Services Division is significantly influenced by the FY 2018 appropriation reductions. Compared to the FY 2019 base appropriation, the growth is 7.8%.

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, as well as 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 officers, and local community organizations.

The Office of Consumer Protection responds to consumer complaints and enforces Montana’s consumer protection laws and regulations relating to unfair and deceptive business practices.

Program Highlights

Legal Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The proposed Legal Services Division 2021 biennium budget is \$2.4 million or 13.8% higher than the 2019 biennium. Significant changes include: <ul style="list-style-type: none"> ◦ An additional \$1.4 million in personal services requested as part of statewide present law adjustments ◦ Operating expense increases related to statewide present law adjustments
LFD Issues
<ul style="list-style-type: none"> • Transferring authority from personal services to operating expenses increases the 2021 biennium budget • A portion of the consumer education settlement fund balance of \$8.3 million could be transferred to the general fund

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	63.50	63.50	63.50	63.50
Personal Services	5,722,488	5,372,743	5,439,723	6,143,755	6,138,977
Operating Expenses	1,289,301	1,735,786	2,643,176	2,657,464	2,661,694
Benefits & Claims	655,292	1,121,191	1,121,191	1,121,191	1,121,191
Total Expenditures	\$7,667,081	\$8,229,720	\$9,204,090	\$9,922,410	\$9,921,862
General Fund	6,254,817	6,255,397	7,187,609	7,739,758	7,739,707
State/Other Special Rev. Funds	1,186,475	1,247,322	1,280,397	1,422,407	1,422,016
Federal Spec. Rev. Funds	225,789	727,001	736,084	760,245	760,139
Total Funds	\$7,667,081	\$8,229,720	\$9,204,090	\$9,922,410	\$9,921,862
Total Ongoing	\$7,667,081	\$8,229,720	\$9,204,090	\$9,922,410	\$9,921,862
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The Legal Services Division (LSD) expended 93.2% of its HB 2 appropriation including 106.5% of the personal services budget, 74.3% of operating expenses, and 58.4% of benefits and claims. Personal services within the Legal Services Division were reduced by \$366,195 in FY 2018 for the legislative vacancy savings of 6.0%. The actual vacancy rate for LSD was 2.9%.

To offset personal services expenditures, LSD spent less in operating expenses supported through the general fund by reducing consulting and professional services, purchases of supplies and materials, and travel as compared to the 2017 biennium.

Benefits and claims for crime victims were appropriated \$0.5 million in federal special revenues, however, only 10.1% of this appropriation was expended as requirements to expend federal appropriations were not met. According to DOJ, this is because the federal and state fiscal years are different and because federal law requires DOJ to spend state dollars before spending federal dollars.

FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 appropriations were \$1.0 million, or 11.8% higher than the FY 2018 appropriation due to:

- The 2017 Legislature reduced operating expenses for LSD in FY 2018 and FY 2019. At the same time, the legislature partially restored \$0.3 million of the reduction in operating expenses in FY 2019
- November 2017 Special Session reductions in both years of the 2019 biennium that were subsequently restored by SB 9 for FY 2019 in the amount of \$0.5 million
- Transfer of \$0.1 million in personal services authority into Legal Services Division from the Motor Vehicle Division in FY 2019

Executive Request

The executive requests a 13.8% or \$2.4 million increase in total funding compared to the 2019 biennium. Increases include an additional \$1.4 million in personal services requested as part of statewide present law adjustments.

Program Personal Services

Personal services in the LSD increase by 13.6% when compared to the 2019 biennium. As reflected in Figure 2, the Legal Services Division included the following changes as part of its statewide present law adjustments:

- Reinstatement of reductions imposed by the 2017 Legislature
- Reinstatement related to required reductions included in SB 261
- Reinstatement due to a proposed change in the vacancy savings rate to 2.0%
- Modifications to the personal services base budget of \$464,000 in personal services. DOJ transferred authority out of personal services and into operating expenses including \$90,000 that was transferred to Central Services Division.

LFD ISSUE	<p><u>Transferring Authority from Personal Services to Operating Expenses Appropriations Increases the 2021 Biennium Budget</u></p> <p>In FY 2019, the Department of Justice transferred \$373,000 in personal services in the Legal Services Division through modifications that transferred authority out of personal services and into operating expenses. DOJ did not eliminate related FTE. Personal services appropriations for the 2021 biennium use the salary and related benefits associated with FTE to establish the level of appropriation required for personal services. Since the Department of Justice did not reduce FTE when it eliminated personal services funding in FY 2019, the personal services reduction automatically returns when the personal services snapshot is used to establish the level of funding required in the 2021 biennium. As a result, the Department of Justice 2021 biennium budget for Legal Services Division is \$373,000 higher each year than it would have been had the appropriation remained in</p>
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personal services instead of operating expenses, or as an alternative if FTE been reduced for the transfer of authority from personal services to operating expenses.

Legislative options:

- Reduce personal services funding and related FTE in the Legal Services Division to offset the transfer of personal services funding in FY 2019
- Reduce operating expenses in the Legal Services Division by \$373,000
- Gain an understanding from LSD of underlying funding requirements and adjust budget as needed

Funding

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

Department of Justice, 01-Legal Services Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	15,479,465	0	0	0	15,479,465	76.31 %	
02106 Crime Victims Compensation-St	0	0	0	441,028	441,028	13.42 %	
02140 Consumer Education Settlement	2,266,748	0	0	0	2,266,748	68.99 %	
02937 DOJ Misc SSR MOUs	577,675	0	0	0	577,675	17.58 %	
02445 Coal Fired Generation	0	0	0	0	0	0.00 %	
State Special Total	\$2,844,423	\$0	\$0	\$441,028	\$3,285,451	16.20 %	
03169 Federal Crime Victims Benefits	1,089,831	0	0	0	1,089,831	71.68 %	
03187 BCC Grants To Dept. Of Justice	2	0	0	0	2	0.00 %	
03801 Dept Of Justice-Misc Grants	430,551	0	0	0	430,551	28.32 %	
Federal Special Total	\$1,520,384	\$0	\$0	\$0	\$1,520,384	7.50 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$19,844,272	\$0	\$0	\$441,028	\$20,285,300		

Each of the various functions within LSD has a unique funding source. Attorneys are supported by general fund and state special revenue from consumer education settlement funds and other state special revenues generated from agreements with other state agencies. Work for the Reserved Water Rights Compact Commission and prosecution of hunting violations are funded by the Department of Fish, Wildlife, and Parks, and prosecution of workers' compensation violations are funded by the Montana State Fund. The cost of major litigation is entirely supported by 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 division that supports consumer protection functions. Statutory authority for crime victims compensation is established in 53-9-113, MCA.

Figure 4 provides revenues, expenditures, and fund balance for the consumer education settlement account.

Figure 4 provides revenues, expenditures, and fund balance for the consumer education settlement account.

Figure 4

Department of Justice						
Consumer Education Settlement - 02140						
	Actuals FY 2016	Actuals FY 2017	Actuals FY 2018	Appropriated FY 2019	Proposed FY 2020	Proposed FY 2021
Beginning Fund Balance	\$7,024,013	\$5,282,249	\$16,808,604	\$6,333,883	\$7,018,879	\$7,650,169
Revenues						
Charges for Services	26,369	40,008	26,690	26,690	26,690	26,690
Fines/Forfeits	<u>1,110,320</u>	<u>13,456,749</u>	<u>1,596,243</u>	<u>2,353,891</u>	<u>2,353,891</u>	<u>2,353,891</u>
Total Revenue	1,136,689	13,496,757	1,622,933	2,380,581	2,380,581	2,380,581
Expenditures						
Personal Services	1,042,550	967,886	820,768	910,975	1,028,943	1,028,257
Operating Expenses	1,642,902	680,021	614,128	782,838	718,575	718,900
Equipment & Intangible Assets	0	126,495	62,759	1,773	1,773	1,773
Grants	193,000	196,000	0	0	0	0
Transfers Out	<u>0</u>	<u>0</u>	<u>10,600,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	2,878,452	1,970,402	12,097,655	1,695,585	1,749,290	1,748,929
Adjustments	(1)	0	1	0		
Ending Fund Balance	\$5,282,249	\$16,808,604	\$6,333,883	\$7,018,879	\$7,650,169	\$8,281,821

In FY 2018, HB 650 transferred \$6.6 million of the fund to the long-range building program for construction projects at the Montana Law Enforcement Academy and \$3.0 million to the general fund. The November 2017 Special Session required another \$1.0 million be transferred to the general fund. As reflected in Figure 3, the consumer education settlement account will have a projected fund balance of \$8.3 million by the end of FY 2021. Under Montana’s Consumer Protection Act, civil fines, costs, and fees received or recovered by DOJ are deposited into the consumer education settlement account. Settlement agreements are negotiated by the Department of Justice and, once negotiated, DOJ takes the settlement to a judge to have the judge make the settlement a court order. Uses of the account include defraying the expense of DOJ in discharging its administrative and regulatory powers and duties for consumer protection. Any excess civil fines, costs, or fees must be transferred to the general fund.

**LFD
ISSUE**

A Portion of the Consumer Education Settlement Fund Balance Could Be Used To Offset General Fund

Consumer settlements are legal agreements negotiated by the Department of Justice in cases where Montana’s Consumer Protection Act has been violated. Statute defines that excess civil fines, costs, and fees in the account are to be deposited into the general fund. According to the Department of Justice, the court orders are considered settlements which exempts them from the requirement to deposit the excess into the general fund. In FY 2017 the Department of Justice negotiated a settlement agreement with a drug company for \$13.5 million. According to the Department of Justice, the terms of the settlement agreement require the funds to be used to impact illegal drug use. The Judicial Branch Supreme Court Operations includes a proposed \$1.3 million a year in the 2021 biennium for drug courts, a specialized diversionary program designed to impact offenders who are addicted to drugs, including alcohol. It appears a portion of the \$13.5 million received from the drug settlement could be used to offset \$2.6 million in general fund provided to the Judicial Branch for drug courts.

In addition, the Office of the Public Defender represents defendants accused of drug-related crimes. A portion of the funding might also be used to offset the general fund for the Office of the Public Defender, however further analysis would need to be conducted to determine the level of funding that could be used to offset general fund.

Legislative Options:

- Provide the Judicial Branch with \$1.3 million spending authority from the consumer education settlement account and reduce general fund supporting the drug courts; and
- Provide the Office of the Public Defender spending authority from the consumer education settlement account and reduce general fund to support defense of those accused of drug-related crimes
- Continue to allow the fund balance in the consumer education settlement account to increase

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	7,187,609	7,187,609	14,375,218	92.87 %	9,204,090	9,204,090	18,408,180	92.76 %
SWPL Adjustments	552,149	552,098	1,104,247	7.13 %	718,320	717,772	1,436,092	7.24 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$7,739,758	\$7,739,707	\$15,479,465		\$9,922,410	\$9,921,862	\$19,844,272	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	538,906	140,965	24,161	704,032	0.00	535,005	140,194	24,055	699,254
DP 2 - Fixed Costs	0.00	6,571	1,045	0	7,616	0.00	8,812	1,425	0	10,237
DP 3 - Inflation Deflation	0.00	6,672	0	0	6,672	0.00	8,281	0	0	8,281
Grand Total All Present Law Adjustments	0.00	\$552,149	\$142,010	\$24,161	\$718,320	0.00	\$552,098	\$141,619	\$24,055	\$717,772

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	52,828,343	56,005,461	3,177,118	6.01 %
Operating Expenses	17,644,540	18,627,081	982,541	5.57 %
Equipment & Intangible Assets	4,635,194	4,139,330	(495,864)	(10.70)%
Total Expenditures	\$75,108,077	\$78,771,872	\$3,663,795	4.88 %
State/Other Special Rev. Funds	75,108,077	78,771,872	3,663,795	4.88 %
Total Funds	\$75,108,077	\$78,771,872	\$3,663,795	4.88 %
Total Ongoing	\$75,108,077	\$78,771,872	\$3,663,795	4.88 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Montana Highway Patrol Division (MHP) 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"> • The proposed Montana Highway Patrol 2021 biennium budget is \$3.7 million or 4.9% higher than the 2019 biennium. Significant changes include: <ul style="list-style-type: none"> ◦ Proposal to increase salaries for the Montana Highway Patrol to align with those provided deputy sherriffs at a cost of \$1.8 million ◦ Proposal to add 5.00 FTE and \$1.4 million in personal services and operating expenses to address traffic safety

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	305.09	305.09	310.09	310.09
Personal Services	26,122,505	26,149,250	26,679,093	28,022,010	27,983,451
Operating Expenses	8,182,268	8,553,191	9,091,349	9,392,184	9,234,897
Equipment & Intangible Assets	2,492,161	2,643,029	1,992,165	2,147,165	1,992,165
Total Expenditures	\$36,796,934	\$37,345,470	\$37,762,607	\$39,561,359	\$39,210,513
State/Other Special Rev. Funds	36,796,934	37,345,470	37,762,607	39,561,359	39,210,513
Total Funds	\$36,796,934	\$37,345,470	\$37,762,607	\$39,561,359	\$39,210,513
Total Ongoing	\$36,796,934	\$37,345,470	\$37,762,607	\$39,561,359	\$39,210,513
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The Montana Highway Patrol (MHP) expended 98.5% of its HB 2 appropriations including 99.9% of personal services, 95.7% of operating expenses, and 94.3% of equipment and intangible assets. The legislature imposed a 3.0% vacancy savings reduction or \$801,000 in state special revenues. Overall MHP, during FY 2018, did not incur vacancies.

MHP expended slightly more in FY 2018 than in previous biennia for operating expenses. The main exception to this was less expenditures for computer hardware when compared to those made in the 2017 biennium.

FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 appropriations are \$417,000 higher, or 1.1% higher than FY 2018 appropriations. Personal services are \$529,800 higher in FY 2019 due to the elimination of two months of contributions to state employee health benefits in FY 2018. Operating expenses are \$538,000 higher in FY 2019 mainly due a transfer of \$464,000 in operating expense authority to equipment in FY 2018 that did not occur in FY 2019. An additional transfer of \$187,000 from personal services to equipment and intangible assets in FY 2018 increased the equipment and intangible assets authority.

Executive Request

The executive requests an increase of 4.9% or \$3.7 million in total funding compared to the 2019 biennium. Increases include:

- \$1.8 million in personal services supported by state special revenue to increase MHP salaries. A salary survey of deputy sherriff salaries was completed indicating the increase would keep MHP salaries comparable with their law enforcement counterparts
- \$1.4 million in personal services supported by state special revenue for 5.00 FTE to address traffic safety needs

Program Personal Services

Personal services in the MHP increase by 6.0% compared to the 2019 biennium including new proposals for statutory pay increases and 5.00 FTE and related personal services funding. As reflected in Figure 2 in the Agency Summary, the Montana Highway Patrol proposes reinstatement of \$48,000 in personal services due to a proposed change in the vacancy savings rate to 0.0%.

Funding

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

Department of Justice, 03-Montana Highway Patrol Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	3,842,374	3,842,374	4.65 %	
02014 Highway Patrol Pay & Retention	14,430,473	0	0	0	14,430,473	18.32 %	
02143 Drug Forfeitures-State	0	0	0	0	0	0.00 %	
02937 DOJ Misc SSR MOUs	0	0	0	0	0	0.00 %	
02464 MHP Administrative SSR	64,341,399	0	0	0	64,341,399	81.68 %	
02372 MHP MISC	0	0	0	0	0	0.00 %	
State Special Total	\$78,771,872	\$0	\$0	\$0	\$78,771,872	95.35 %	
03549 MHP Grants	0	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$78,771,872	\$0	\$0	\$3,842,374	\$82,614,246		

Functions of the Montana Highway Patrol are supported by state special revenue, with the bulk of the costs supported by the MHP administrative account established by the 2017 Legislature. Statutory authority outlined in 16-6-404, MCA provides general fund for highway patrol retirement contributions. Figure 5 shows the revenues, expenditures, and fund balance for the MHP administrative account. This funding replaced restricted highways state special revenue funding.

Figure 5

Department of Justice Montana Highway Patrol Highway State Special - 02464				
	Actuals FY 2018	Appropriated FY 2019	Proposed FY 2020	Proposed FY 2021
Beginning Fund Balance	\$875,965	\$8,577,161	\$8,495,034	\$7,326,710
Revenues*				
Taxes	30,872,506	31,005,000	31,375,000	31,585,000
Charges for Services	430	0	0	0
Grants, Transfers, Misc	<u>5,761,180</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue	36,634,116	31,005,000	31,375,000	31,585,000
Expenditures				
Personal Services	19,141,416	19,949,303	21,051,613	21,013,054
Operating Expenses	8,182,257	9,145,659	9,291,494	9,187,260
Equipment and Intangible Assets	<u>1,609,247</u>	<u>1,992,165</u>	<u>2,200,217</u>	<u>1,992,165</u>
Total Expenditures	28,932,920	31,087,127	32,543,324	32,192,479
Ending Fund Balance	\$8,577,161	\$8,495,034	\$7,326,710	\$6,719,231
* Appropriated and Proposed Revenues from LFD Estimates November 2018				

HB 650 enacted by the 2017 Legislature established the MHP administrative account and required that \$0.04 of the gas tax be deposited into the account for use and management by the MHP. The uses of the account are not defined in statute.

The highway patrol recruitment and retention account supported by a \$10.00 vehicle registration fee may be used to support the cost of uniformed officers, equipment, pay increases, and the executive protection function.

The 2017 Legislature doubled the fee deposited into the highway patrol pay and retention account from \$5.00 to \$10.00. Figure 6 shows the revenues, expenditures, and fund balance for this state special revenue fund account.

Figure 6

Department of Justice Highway Patrol Pay and Retention - 02014						
	Actuals FY 2016	Actuals FY 2017	Actuals FY 2018	Appropriated FY 2019	Proposed FY 2020	Proposed FY 2021
Beginning Fund Balance	\$5,094,038	\$4,112,513	\$3,118,959	\$4,569,594	\$7,709,721	\$10,693,325
Revenues						
Licenses and Permits	5,173,390	5,362,989	10,201,831	10,201,831	10,198,841	10,198,841
Grants, Transfers, Misc	(817)	5,037	1,136	0	0	0
Total Revenue	5,172,573	5,368,026	10,202,967	10,201,831	10,198,841	10,198,841
Expenditures						
Personal Services	6,154,097	6,045,507	6,908,092	6,879,289	7,113,289	7,113,289
Operating Expenses	0	322,296	0	182,415	101,948	101,947
Equipment & Intangible Assets	0	0	1,844,240	0	0	0
Capital Projects	0	0	0	0	0	2,805,000
Total Expenditures	6,154,097	6,367,803	8,752,332	7,061,704	7,215,237	10,020,236
Adjustments	(1)	6,223				
Ending Fund Balance	\$4,112,513	\$3,118,959	\$4,569,594	\$7,709,721	\$10,693,325	\$10,871,930
* Appropriated and Proposed Revenues from LFD Estimates November 2018						

As reflected in Figure 6, the fund balance in the account increases in the 2021 biennium, reversing what had been a declining balance. In FY 2021, the MHP proposes construction of a new building in Glendive to house MHP functions in eastern Montana.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	0	0	0	0.00 %	37,762,607	37,762,607	75,525,214	95.88 %
SWPL Adjustments	0	0	0	0.00 %	27,574	(7,273)	20,301	0.03 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	1,771,178	1,455,179	3,226,357	4.10 %
Total Budget	\$0	\$0	\$0		\$39,561,359	\$39,210,513	\$78,771,872	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	50,810	0	50,810	0.00	0	12,252	0	12,252
DP 2 - Fixed Costs	0.00	0	(23,451)	0	(23,451)	0.00	0	(19,792)	0	(19,792)
DP 3 - Inflation Deflation	0.00	0	215	0	215	0.00	0	267	0	267
Grand Total All Present Law Adjustments	0.00	\$0	\$27,574	\$0	\$27,574	0.00	\$0	(\$7,273)	\$0	(\$7,273)

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

New Proposals

The "New Proposals" table shows new changes to spending.

	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 301 - MHP Salary Survey	0.00	0	900,000	0	900,000	0.00	0	900,000	0	900,000
DP 302 - MHP Base Adjustment	0.00	0	25,000	0	25,000	0.00	0	25,000	0	25,000
DP 303 - MHP Trooper FTE	5.00	0	846,178	0	846,178	5.00	0	530,179	0	530,179
Total	5.00	\$0	\$1,771,178	\$0	\$1,771,178	5.00	\$0	\$1,455,179	\$0	\$1,455,179

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

DP 301 - MHP Salary Survey -

The Montana Highway Patrol proposes a 4.3% increase for uniformed officers' salaries based on results of the salary survey conducted by the Department of Administration in accordance with 2-18-303, MCA. The survey averaged the starting wage in eight Montana county sheriff's offices.

**LFD
COMMENT**

In statute, uniformed officers of the Montana Highway Patrol receive a salary increase based on the Department of Administration salary survey of the eight largest Montana counties. The most recent survey calculated that a 4.3% increase would be required to keep Montana Highway Patrol officer salaries at a level comparable with county sheriffs. Increases given to uniformed officers are exclusive of and not in addition to any increases otherwise awarded to other state employees.

DP 302 - MHP Base Adjustment -

The Montana Highway Patrol is proposing additional state special revenue to support rent increases included in operating expenses.

DP 303 - MHP Trooper FTE -

The Montana Highway Patrol requests five additional troopers (5.00 FTE) to address increased traffic safety needs. The positions will be paid for using MHP state special revenue. In FY 2020 \$392,107 in personal services, \$299,071 in operating expenses, and \$155,000 in equipment and intangible assets is requested. In FY 2021 \$392,106 in personal services and \$138,073 in operating expenses is requested.

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	5,414,455	7,133,641	1,719,186	31.75 %
Operating Expenses	3,549,804	4,279,831	730,027	20.57 %
Equipment & Intangible Assets	122,654	96,140	(26,514)	(21.62)%
Capital Outlay	30,059	0	(30,059)	(100.00)%
Total Expenditures	\$9,116,972	\$11,509,612	\$2,392,640	26.24 %
General Fund	8,555,565	10,014,052	1,458,487	17.05 %
State/Other Special Rev. Funds	526,601	1,460,754	934,153	177.39 %
Federal Spec. Rev. Funds	5,270	5,270	0	0.00 %
Proprietary Funds	29,536	29,536	0	0.00 %
Total Funds	\$9,116,972	\$11,509,612	\$2,392,640	26.24 %
Total Ongoing	\$9,116,972	\$11,509,612	\$2,392,640	26.24 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The biennium comparison table shows a total growth of 26.2%, which for the Justice Information Technology Services Division is significantly influenced by the FY 2018 appropriation reductions. Compared to the FY 2019 base appropriation, the growth is 20.3%.

Program Description

The Justice Information Technology Services Division (JITSD) engineers, designs, plans, implements, directs, evaluates, operates, and manages all information technologies systems and services within the Department of Justice.

These systems include the Montana enhanced registration licensing network (MERLIN), driver testing, and license/identification production, integrated justice information sharing broker (IJIS Broker), SmartCop, criminal justice information network (CJIN), computerized criminal history, automated biometric identification system, sexual or violent offender repository and web site, laboratory management information system, GenTax, and many other technology solutions deployed within the department.

The division provides direct and indirect support for statewide services to federal, state, and local law enforcement agencies in identification of persons, fingerprint processing, and criminal records storage and dissemination. JITSD is also responsible for DOJ information security, disaster recovery plan and implementation, and the IT Strategic Plan.

Program Highlights

Justice Information Technology Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The proposed Justice Information Technology Services Division 2021 biennium budget is \$2.4 million or 26.2% higher than the 2019 biennium. Significant changes include: <ul style="list-style-type: none"> ◦ Additional personal services of \$1.0 million over the biennium included in statewide present law adjustments ◦ \$0.9 million in additional personal services for 3.50 FTE for disaster recovery and Real Id
LFD Issues
<ul style="list-style-type: none"> • Transferring authority from personal services to operating expenses increases the 2021 biennium budget

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	36.80	36.80	40.30	40.30
Personal Services	2,943,169	2,686,742	2,727,713	3,566,834	3,566,807
Operating Expenses	1,276,049	1,531,824	2,017,980	2,193,563	2,086,268
Equipment & Intangible Assets	85,834	85,834	36,820	59,320	36,820
Capital Outlay	29,385	30,059	0	0	0
Total Expenditures	\$4,334,437	\$4,334,459	\$4,782,513	\$5,819,717	\$5,689,895
General Fund	4,053,736	4,053,759	4,501,806	5,005,471	5,008,581
State/Other Special Rev. Funds	263,298	263,297	263,304	796,843	663,911
Federal Spec. Rev. Funds	2,635	2,635	2,635	2,635	2,635
Proprietary Funds	14,768	14,768	14,768	14,768	14,768
Total Funds	\$4,334,437	\$4,334,459	\$4,782,513	\$5,819,717	\$5,689,895
Total Ongoing	\$4,334,437	\$4,334,459	\$4,782,513	\$5,819,717	\$5,689,895
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The Justice Information Technology Services Division expended 109.5% of its personal services budget, 83.3% of operating expenses, 100.0% of equipment and intangible assets, and 97.8% of capital outlay. The legislature imposed a 6.0% vacancy savings reduction or \$190,059. JITSD incurred actual vacancies of 6.2%, however the vacant positions did not generate sufficient funding to offset the reduction in personal services imposed through vacancy savings.

Reductions to costs in operating expenses were achieved through reduced expenditures for training costs, conferences, and travel as compared to the 2017 biennium.

FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 appropriations were \$448,000, or 10.3% higher than the FY 2018 appropriation due to:

- November 2017 Special Session reductions in both fiscal years that were subsequently restored by SB 9 for FY 2019, in the amount of \$299,000
- Elimination of \$72,000 in employer state share contributions in FY 2018
- SB 294 pay plan increase in FY 2019 of \$10,000

Executive Request

The executive requests an increase of 26.2% or \$2.4 million in total funding compared to the 2019 biennium. Increases include:

- An additional \$1.1 million in personal services requested as part of statewide present law adjustments
- \$0.9 million in additional personal services supporting 3.50 FTE for disaster recovery and Real Id implementation

Program Personal Services

Personal services in JITSD increase by 31.8% when compared to the 2019 biennium budget. New proposals for 3.50 FTE makes up 17.3% of the increase. As reflected in Figure 2 in the Agency Discussion, the JITSD proposes the following changes as part of its statewide present law adjustments in each year of the biennium:

- Reinstatement of reductions enacted by the 2017 Legislature
- Reinstatement of SB 261 reductions
- Reinstatement due to a proposed change in the vacancy savings rate to 2.0%
- Modifications to the personal services base budget, JITSD reduced personal services appropriations by \$263,000 and increased operating expenses in FY 2019

LFD ISSUE

Transferring Authority from Personal Services to Operating Expenses Appropriations Increases the 2021 Biennium Budget

In FY 2019, the Department of Justice transferred \$263,000 of personal services in the Justice Information Technology Services Division to operating expenses. JITSD did not eliminate related FTE. Personal services appropriations for the 2021 biennium use the salary and related benefits associated with FTE to establish the level of appropriation required for personal services. Since the JITSD did not reduce FTE when it eliminated personal services funding in FY 2019, the personal services reduction automatically returns when the personal services snapshot is used to establish the level of funding required in the 2021 biennium. As a result, the Department of Justice 2021 biennium budget for JITSD is \$263,000 higher in each year than it would have been had the appropriation remained in personal services instead of operating expenses, or as an alternative if FTE been reduced for the transfer of authority from personal services to operating expenses.

Legislative options:

- Reduce personal services funding and related FTE in the Justice Information Technology Services Division to offset the transfer of personal services funding in FY 2019
- Reduce operating expenses in the Justice Information Technology Services Division by \$263,000 each year of the 2021 biennium
- Gain an understanding from JITSD of underlying funding requirements and adjust budget as needed

Funding

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

Department of Justice, 04-Justice Information Technology Services Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	10,014,052	0	0	0	10,014,052	87.01 %	
02016 Criminal Justice Info Network	7,926	0	0	0	7,926	0.54 %	
02074 Gambling License Fee Account	34,926	0	0	0	34,926	2.39 %	
02140 Consumer Education Settlement	245,284	0	0	0	245,284	16.79 %	
02349 Highway Non-Restricted Account	14	0	0	0	14	0.00 %	
02456 61-6-158 MTIVS & MCE	0	0	0	0	0	0.00 %	
02797 Criminal Records Info Sys	95,496	0	0	0	95,496	6.54 %	
02798 61-3-550 MVD MERLIN HB261	934,146	0	0	0	934,146	63.95 %	
02937 DOJ Misc SSR MOUs	7,188	0	0	0	7,188	0.49 %	
02799 MVD Administrative Fee	27,154	0	0	0	27,154	1.86 %	
02464 MHP Administrative SSR	108,620	0	0	0	108,620	7.44 %	
State Special Total	\$1,460,754	\$0	\$0	\$0	\$1,460,754	12.69 %	
03800 Medicaid Fraud	5,270	0	0	0	5,270	100.00 %	
Federal Special Total	\$5,270	\$0	\$0	\$0	\$5,270	0.05 %	
06005 Liquor Division	14,264	0	0	0	14,264	48.29 %	
06500 Agency Legal Services	15,272	0	0	0	15,272	51.71 %	
Proprietary Total	\$29,536	\$0	\$0	\$0	\$29,536	0.26 %	
Total All Funds	\$11,509,612	\$0	\$0	\$0	\$11,509,612		

JITSD is funded mainly with general fund. State special revenue, which makes up 12.7% of the funding in the 2021 biennium, comes primarily from Motor Vehicle Division MERLIN funds, consumer education settlement funds, criminal records information system fees, and the MHP administrative account. The balance of JITSD’s funding comes from a small amount of federal special revenues (Medicaid) and proprietary funds including liquor licensing fees and agency legal service fees.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	4,501,806	4,501,806	9,003,612	89.91 %	4,782,513	4,782,513	9,565,026	83.10 %
SWPL Adjustments	503,665	506,775	1,010,440	10.09 %	503,665	506,775	1,010,440	8.78 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	533,539	400,607	934,146	8.12 %
Total Budget	\$5,005,471	\$5,008,581	\$10,014,052		\$5,819,717	\$5,689,895	\$11,509,612	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	524,230	0	0	524,230	0.00	523,594	0	0	523,594
DP 2 - Fixed Costs	0.00	(22,272)	0	0	(22,272)	0.00	(18,937)	0	0	(18,937)
DP 3 - Inflation Deflation	0.00	1,707	0	0	1,707	0.00	2,118	0	0	2,118
Grand Total All Present Law Adjustments	0.00	\$503,665	\$0	\$0	\$503,665	0.00	\$506,775	\$0	\$0	\$506,775

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals										
	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 406 - JITSD FTE	3.50	0	533,539	0	533,539	3.50	0	400,607	0	400,607
Total	3.50	\$0	\$533,539	\$0	\$533,539	3.50	\$0	\$400,607	\$0	\$400,607

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

DP 406 - JITSD FTE -

The Justice Information Technology Services Division requests 3.50 FTE and related personal services appropriations to reinforce the department's disaster recovery and Real ID efforts as required by the Motor Vehicle Division.

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	15,216,439	17,307,500	2,091,061	13.74 %
Operating Expenses	9,822,855	10,405,102	582,247	5.93 %
Equipment & Intangible Assets	265,904	246,904	(19,000)	(7.15)%
Grants	192,200	180,000	(12,200)	(6.35)%
Transfers	22,590	22,590	0	0.00 %
Total Expenditures	\$25,519,988	\$28,162,096	\$2,642,108	10.35 %
General Fund	14,401,916	15,254,004	852,088	5.92 %
State/Other Special Rev. Funds	9,895,951	11,587,687	1,691,736	17.10 %
Federal Spec. Rev. Funds	1,222,121	1,320,405	98,284	8.04 %
Total Funds	\$25,519,988	\$28,162,096	\$2,642,108	10.35 %
Total Ongoing	\$25,519,988	\$27,282,096	\$1,762,108	6.90 %
Total OTO	\$0	\$880,000	\$880,000	100.00 %

Program Biennium Comparison -

The biennium comparison table shows a total growth of 10.4%, which for the Division of Criminal Investigation is significantly influenced by the FY 2018 appropriation reductions. Compared to the FY 2019 base appropriation, the growth is 7.4%.

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 Crime Information Bureau, the Law Enforcement Academy Bureau, and the Children’s Justice 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 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 Medicaid Fraud Control Section also investigates elder exploitation, elder abuse, and fraud by providers within the Medicaid system. The Montana Analysis and Technical Information Center (MATIC) a statewide criminal intelligence center and addresses homeland security issues.

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 Crime Information Bureau is responsible for the repository of all Montana criminal records, maintains and operates the criminal justice information network that supports public safety, and administers the Amber Alert Program. The bureau also manages the Computer Internet Crime Unit focused on digital forensics support for criminal investigations, online sexual predator cases, and maintains the sexual and violent offender registry.

The Law Enforcement Academy Bureau provides criminal justice officers and other qualified individuals with basic and specialized training in the field of law enforcement, as well as advanced training opportunities for law enforcement officials statewide.

The Children’s Justice Bureau supports safety and justice for Montana children and other underserved and vulnerable citizens through training, technical support, and assistance to Montana professionals who respond to children and other citizens victimized by crime and abuse. The bureau’s programs include facilitation of Montana child sexual abuse response teams, the child and family ombudsman, drug endangered children awareness training, the Montana Developmental Center facility investigator, and the state Sexual Assault Kit Initiative Program.

Program Highlights

Division of Criminal Investigation Major Budget Highlights
<ul style="list-style-type: none"> • The proposed Division of Criminal Investigation 2021 biennium budget is \$2.6 million or 10.4% than the 2019 biennium. Significant changes include: <ul style="list-style-type: none"> ◦ Additional personal services of \$1.1 million included in the statewide present law adjustment ◦ \$0.9 million in state special revenues for operating expenses for the criminal justice information network and the Criminal Records and Identification Services Section (CRISS)
LFD Issues
<ul style="list-style-type: none"> • Transferring authority from personal services to operating expenses increases the 2021 biennium budget

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	104.99	104.99	106.99	106.99
Personal Services	7,511,108	7,295,441	7,920,998	8,654,239	8,653,261
Operating Expenses	3,987,088	4,856,943	4,965,912	5,575,677	4,829,425
Equipment & Intangible Assets	81,471	142,452	123,452	123,452	123,452
Grants	122,200	102,200	90,000	90,000	90,000
Transfers	11,295	11,295	11,295	11,295	11,295
Total Expenditures	\$11,713,162	\$12,408,331	\$13,111,657	\$14,454,663	\$13,707,433
General Fund	6,786,178	6,837,069	7,564,847	7,626,168	7,627,836
State/Other Special Rev. Funds	4,337,375	4,966,063	4,929,888	6,168,327	5,419,360
Federal Spec. Rev. Funds	589,609	605,199	616,922	660,168	660,237
Total Funds	\$11,713,162	\$12,408,331	\$13,111,657	\$14,454,663	\$13,707,433
Total Ongoing	\$11,713,162	\$12,408,331	\$13,111,657	\$13,639,663	\$13,642,433
Total OTO	\$0	\$0	\$0	\$815,000	\$65,000

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The Division of Criminal Investigation (DCI) expended 103.0% of its personal services HB 2 appropriations, 82.1% of operating expenses, 57.2% of equipment and intangible assets, 119.6% of grants, and 100.0% of transfers out. The legislature imposed a 6.0% vacancy savings reduction of \$492,819. The actual vacancy rate in DCI was 0.3%.

To offset higher than budgeted personal services, DCI spent less on operating expenses. DCI reduced expenditures on computer hardware and software, ammunition, and travel when compared to expenditures for the 2017 biennium. In addition, expenditures for vehicle purchases were deferred.

Grants to local government agencies were above levels originally authorized in HB 2.

FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 appropriations were \$703,000, or 56.7% higher than the FY 2018 appropriations due to:

- November 2017 Special Session reductions in both fiscal years that were subsequently restored by SB 9 for FY 2019, in the amount of \$498,000
- Temporary elimination of \$210,000 in employer state share contributions in FY 2018

Executive Request

The executive requests an increase of 10.4% or \$2.6 million in total funding compared to the 2019 biennium.

Program Personal Services

Personal services in DCI increase by 13.7% or \$2.1 million compared to the 2019 biennium. Increases include an additional \$1.1 million in personal services requested as part of statewide present law adjustments. As reflected in Figure 2 in the Agency Discussion, the Division of Criminal Investigations proposes the following annual changes as part of its statewide present law adjustments:

- Reinstatement of SB 261 reductions
- Reinstatement due to a proposed change in the vacancy savings rate to 2.0%
- Modifications to the personal services base budget of \$499,000 in personal services due to transfer of authority from personal services to operating expenses

**LFD
ISSUE**

Transferring Authority from Personal Services to Operating Expenses Appropriations Increases the 2021 Biennium Budget

In FY 2019, the Department of Justice transferred \$499,000 in personal services in the Division of Criminal Investigations to operating expenses. Personal services appropriations for the 2021 biennium use the salary and related benefits associated with FTE to establish the level of appropriation required for personal services. Since the DCI did not reduce FTE when it eliminated personal services funding in FY 2019, the personal services reduction automatically returns when the personal services snapshot is used to establish the level of funding required in the 2021 biennium. As a result, the Department of Justice 2021 biennium budget for DCI is \$499,000 million higher in each year than it would have been had the appropriation remained in personal services instead of operating expenses, or as an alternative if FTE been reduced for the transfer of authority from personal services to operating expenses.

Legislative options:

- Reduce personal services funding and related FTE in the Division of Criminal Investigations to offset the transfer of personal services funding in FY 2019
- Reduce operating expenses in the Division of Criminal Investigations by \$499,000 each year of the 2021 biennium
- Gain an understanding from DCI of underlying funding requirements and adjust budget as needed

Funding

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

Department of Justice, 05-Division of Criminal Investigation Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	15,254,004	0	0	0	15,254,004	54.05 %	
02006 Cigarette Fire Safety Standard	196,946	0	0	0	196,946	1.69 %	
02016 Criminal Justice Info Network	1,031,591	0	0	0	1,031,591	8.86 %	
02118 Local Govt Subgrants	0	0	0	0	0	0.00 %	
02143 Drug Forfeitures-State	0	0	0	61,556	61,556	0.53 %	
02349 Highway Non-Restricted Account	166	0	0	0	166	0.00 %	
02546 MT Law Enforcement Academy	3,817,008	0	0	0	3,817,008	32.77 %	
02797 Criminal Records Info Sys	5,238,222	880,000	0	0	6,118,222	52.52 %	
02937 DOJ Misc SSR MOUs	423,754	0	0	0	423,754	3.64 %	
State Special Total	\$10,707,687	\$880,000	\$0	\$61,556	\$11,649,243	41.27 %	
03051 Homeland Security	0	0	0	0	0	0.00 %	
03187 BCC Grants To Dept. Of Justice	14,780	0	0	0	14,780	1.12 %	
03214 Drug Forfeitures - Federal	0	0	0	0	0	0.00 %	
03542 DCI Grants	0	0	0	0	0	0.00 %	
03800 Medicaid Fraud	1,305,625	0	0	0	1,305,625	98.88 %	
03811 NCHIP FFY2015	0	0	0	0	0	0.00 %	
Federal Special Total	\$1,320,405	\$0	\$0	\$0	\$1,320,405	4.68 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$27,282,096	\$880,000	\$0	\$61,556	\$28,223,652		

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

The three largest sources of state special revenue supporting DCI are Montana Law Enforcement Academy surcharges that support the 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 the background check.

The largest source of federal state special revenue is Medicaid funding that supports investigation of Medicaid fraud.

Additional information on revenues, expenditures, and fund balance for the state special revenue accounts can be found in the Appendix.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	7,564,847	7,564,847	15,129,694	99.19 %	13,111,657	13,111,657	26,223,314	93.12 %
SWPL Adjustments	61,321	62,989	124,310	0.81 %	528,006	530,776	1,058,782	3.76 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	815,000	65,000	880,000	3.12 %
Total Budget	\$7,626,168	\$7,627,836	\$15,254,004		\$14,454,663	\$13,707,433	\$28,162,096	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	79,443	441,601	47,384	568,428	0.00	78,578	441,968	47,384	567,930
DP 2 - Fixed Costs	0.00	(26,575)	(18,162)	(4,138)	(48,875)	0.00	(26,079)	(17,496)	(4,069)	(47,644)
DP 3 - Inflation Deflation	0.00	8,453	0	0	8,453	0.00	10,490	0	0	10,490
Grand Total All Present Law Adjustments	0.00	\$61,321	\$423,439	\$43,246	\$528,006	0.00	\$62,989	\$424,472	\$43,315	\$530,776

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

New Proposals

The "New Proposals" table shows new changes to spending.

	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 501 - DCI Fire Marshal FTE	1.00	0	0	0	0	1.00	0	0	0	0
DP 502 - DCI Authority Increase CRISS/CJIN	0.00	0	815,000	0	815,000	0.00	0	65,000	0	65,000
DP 507 - DCI CYBER INVESTIGATOR FTE	1.00	0	0	0	0	1.00	0	0	0	0
Total	2.00	\$0	\$815,000	\$0	\$815,000	2.00	\$0	\$65,000	\$0	\$65,000

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

DP 501 - DCI Fire Marshal FTE -

The Division of Criminal Investigation is requesting 1.00 FTE for a fire marshal supported by general fund. Operating expenses have been reduced to offset the cost of the new FTE.

**LFD
COMMENT**

As discussed under Program Personal Services, budget modifications that transferred personal services authority to operating expenses resulted in a higher biennium budget. The general fund reduced in operating expenses was established as a result of the transfer of personal services appropriations.

DP 502 - DCI Authority Increase CRISS/CJIN -

DCI requests additional operating expenses for the Criminal Record Information System Section/criminal justice information network as one-time-only.

DP 507 - DCI CYBER INVESTIGATOR FTE -

The Division of Criminal Investigation requests 1.00 FTE for a cyber investigator. A cyber investigator would contribute to the Governor's Information Security Advisory Council and Attorney General's National Association of Attorneys General cyber efforts to build a stronger cyber response to those attacking state systems and defrauding business and the general public. To date, there is no state or local entity conducting cyber investigations.

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	3,150,389	2,968,381	(182,008)	(5.78)%
Operating Expenses	462,599	358,305	(104,294)	(22.55)%
Total Expenditures	\$3,612,988	\$3,326,686	(\$286,302)	(7.92)%
Proprietary Funds	3,612,988	3,326,686	(286,302)	(7.92)%
Total Funds	\$3,612,988	\$3,326,686	(\$286,302)	(7.92)%

Program Description

The Agency Legal Services Bureau (ALS) within Department of Justice 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. ALS FTE are funded from the revenues generated. The customers served are state agencies, boards, and commissions that have entered into contracts with ALS.

The Attorney General is the legal officer for the state per Article VI, Section 4(4), of the Montana Constitution. Statute 2-4-611(2), MCA provides that state agencies may request from the Attorney General's Office a hearing examiner in a contested case. State agencies have the option to use in-house or private counsel and investigators instead of ALS. Executive Order 5-93 provides that agencies must receive approval from the Legal Services Review Committee (made up of a representative of the Attorney General, Budget Director, and the Governor's Chief Legal Counsel) prior to contracting for outside legal services.

Program Highlights

Agency Legal Services Major Budget Highlights
<ul style="list-style-type: none"> • Agency Legal Services Bureau is entirely funded with non-budgeted proprietary funds • Agency Legal Services Bureau 2021 biennium budget decreases by \$286,000 or 7.9% when compared to the 2019 biennium budget. Reductions included in statewide present law adjustments for personal services make up the majority of the reduction

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	14.00	14.00	14.00	14.00
Personal Services	1,428,164	1,498,977	1,651,412	1,483,180	1,485,201
Operating Expenses	275,904	283,629	178,970	179,098	179,207
Total Expenditures	\$1,704,068	\$1,782,606	\$1,830,382	\$1,662,278	\$1,664,408
Proprietary Funds	1,704,068	1,782,606	1,830,382	1,662,278	1,664,408
Total Funds	\$1,704,068	\$1,782,606	\$1,830,382	\$1,662,278	\$1,664,408

Program Discussion -

Discussion of proprietary expenditures is provided in the Other Issues section of this program narrative.

Funding

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

Department of Justice, 06-Agency Legal Services Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
06500 Agency Legal Services	0	0	3,326,686	0	3,326,686	100.00 %	
Proprietary Total	\$0	\$0	\$3,326,686	\$0	\$3,326,686	100.00 %	
Total All Funds	\$0	\$0	\$3,326,686	\$0	\$3,326,686		

ALS is funded with non-budgeted proprietary funds from fees charged to state agencies for attorney and paralegal work. For information on the rates charged to state agencies refer to the Other Issues section of this program narrative.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	0	0	0	0.00 %	1,830,382	1,830,382	3,660,764	110.04 %
SWPL Adjustments	0	0	0	0.00 %	(168,104)	(165,974)	(334,078)	(10.04)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$1,662,278	\$1,664,408	\$3,326,686	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	(168,232)	0.00	0	0	0	(166,211)
DP 2 - Fixed Costs	0.00	0	0	0	(26)	0.00	0	0	0	46
DP 3 - Inflation Deflation	0.00	0	0	0	154	0.00	0	0	0	191
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	(\$168,104)	0.00	\$0	\$0	\$0	(\$165,974)

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

Other Issues -

Proprietary Rates

The Agency Legal Services Bureau provides legal services to state agencies. This program proposes a separate proprietary rate for approval by the legislature.

Agency Legal Services Bureau 06500

Program Description

The Agency Legal Services Bureau within Department of Justice 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. ALS FTE are funded from the revenues generated. The customers served are state agencies, boards, and commissions that have entered into contracts with ALS.

Revenue and Expenditures

The following 2021 Biennium Report on Internal Service and Enterprise Funds for fund 06500 shows the actual and projected and related revenues associated with the fund from FY 2018 through FY 2021. The report is provided as submitted by the executive but the LFD has edited and reconfigured the figure for clarity.

2021 Biennium Report on Internal Service and Enterprise Funds									
Fund	Fund Name	Agency #	Agency Name	Program Name					
06500	Agency Legal Service	41100	Department of Justice	Agency Legal Services					
				Actual FY 16	Actual FY 17	Projected FY 18	Budgeted FY 19	Budgeted FY 20	Budgeted FY 21
Operating Revenues									
Fees and Charges									
	Charges for Services			1,555,855	1,476,098	1,631,412	1,704,528	1,704,528	1,704,528
Total Operating Revenues				1,555,855	1,476,098	1,631,412	1,704,528	1,704,528	1,704,528
Expenses									
	Personal Services			1,153,742	1,252,333	1,430,805	1,494,579	1,502,052	1,502,052
	Other Operating Expense			186,845	237,311	268,158	186,606	186,606	186,606
Total Operating Expense				1,340,587	1,489,644	1,698,963	1,681,185	1,688,658	1,688,658
Operating Income (Loss)				<u>215,268</u>	<u>(13,547)</u>	<u>(67,551)</u>	<u>23,343</u>	<u>15,870</u>	<u>15,870</u>
Income (Loss) Before Contributions and Transfers				<u>215,268</u>	<u>(13,547)</u>	<u>(67,551)</u>	<u>23,343</u>	<u>15,870</u>	<u>15,870</u>
Change in Net Position				<u>215,268</u>	<u>(13,547)</u>	<u>(67,551)</u>	<u>23,343</u>	<u>15,870</u>	<u>15,870</u>
Beginning Net Position - July 1				(107,616)	107,653	94,106	26,555	49,898	65,768
	Prior Period Adjustments								
	Change in Net Position			215,268	(13,547)	(67,551)	23,343	15,870	15,870
Ending Net Position - June 30				<u>107,653</u>	<u>94,106</u>	<u>26,555</u>	<u>49,898</u>	<u>65,768</u>	<u>81,638</u>

Expenses

The primary costs for ALS are personal services for 14.00 FTE 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. As proposed, the costs for Agency Legal Services Bureau decrease by \$168,104 and \$165,974 between FY 2019 and FY 2020 and FY 2021 respectively. The decreases are included as part of the statewide present law adjustment for the ALS, mainly for personal services.

Revenues

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

Rate(s) and Rate Explanation

For the 2021 biennium the following rates are proposed by the executive. The rates charged in the base year and those by paid state agencies in FY 2018 are shown for comparison purposes.

Requested Rates for Internal Service or Enterprise Funds Fee/Rate Information						
	Actual FY 16	Actual FY 17	Actual FY 18	Budgeted FY 19	Budgeted FY 20	Budgeted FY 21
Fee Description:						
-Attorney (per hour)	106	106	106	106	106	106
-Investigator (per hour)	62	62	62	62	62	62

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

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	6,999,895	7,465,574	465,679	6.65 %
Operating Expenses	1,647,409	1,645,947	(1,462)	(0.09)%
Equipment & Intangible Assets	165,720	165,720	0	0.00 %
Total Expenditures	\$8,813,024	\$9,277,241	\$464,217	5.27 %
State/Other Special Rev. Funds	6,338,709	6,668,516	329,807	5.20 %
Proprietary Funds	2,474,315	2,608,725	134,410	5.43 %
Total Funds	\$8,813,024	\$9,277,241	\$464,217	5.27 %
Total Ongoing	\$8,813,024	\$9,277,241	\$464,217	5.27 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The biennium comparison table shows a total growth of 5.3%, which for the Gambling Control Division is significantly influenced by the FY 2018 appropriation reductions. Compared to the FY 2019 base appropriation, the growth is 3.6%.

Program Description

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

Program Highlights

Gambling Control Division Major Budget Highlights
<ul style="list-style-type: none"> The proposed Gambling Control Division 2021 biennium budget is \$464,000 or 5.3% higher than the 2019 biennium. Significant changes include an additional \$330,000 in personal services included in statewide present law adjustments

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	45.99	45.99	45.99	45.99
Personal Services	3,247,792	3,432,256	3,567,639	3,735,679	3,729,895
Operating Expenses	558,369	821,866	825,543	822,806	823,141
Equipment & Intangible Assets	72,258	82,860	82,860	82,860	82,860
Total Expenditures	\$3,878,419	\$4,336,982	\$4,476,042	\$4,641,345	\$4,635,896
State/Other Special Rev. Funds	2,754,988	3,119,884	3,218,825	3,336,192	3,332,324
Proprietary Funds	1,123,431	1,217,098	1,257,217	1,305,153	1,303,572
Total Funds	\$3,878,419	\$4,336,982	\$4,476,042	\$4,641,345	\$4,635,896
Total Ongoing	\$3,878,419	\$4,336,982	\$4,476,042	\$4,641,345	\$4,635,896
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The Gambling Control Division expended 94.6% of its personal services HB 2 appropriations, 67.9% of operating expenses, and 87.2% of equipment and intangible assets. The legislature imposed a 6.0% vacancy savings reduction or \$221,580. The actual vacancy rate in GCD was 4.3%.

Operating expenses in HB 2, including background checks and travel, and purchases of equipment and intangible assets were reduced to offset personal services expenditures.

FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 appropriations are \$139,000, or 3.2% higher than the FY 2018 appropriations mainly due to reductions of the employer contribution to employee health insurance in FY 2018 as enacted by the November 2017 Special Session.

Executive Request

The executive requests an increased of 5.3% or \$464,000 in total funding compared to the 2019 biennium. Increases include an additional \$330,000 personal services requested as part of statewide present law adjustments.

Program Personal Services

Personal services for GCD increase by 6.7% when compared to the 2019 biennium. As reflected in Figure 2 in the Agency Discussion, the Gambling Control Division proposes the following changes as part of its statewide present law adjustments in each year of the 2021 biennium:

- Reinstatement of reductions enacted by the 2017 Legislature
- Reinstatement due to a proposed change in the vacancy savings rate to 2.0%

Funding

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

Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0	0.00 %
02074 Gambling License Fee Account	6,396,437	0	0	3,700,088	10,096,525	97.19 %
02120 Live Game Tax	0	0	0	20,000	20,000	0.19 %
02790 6901-Statewide Tobacco Sttlmnt	272,079	0	0	0	272,079	2.62 %
State Special Total	\$6,668,516	\$0	\$0	\$3,720,088	\$10,388,604	79.93 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
06005 Liquor Division	2,608,725	0	0	0	2,608,725	100.00 %
Proprietary Total	\$2,608,725	\$0	\$0	\$0	\$2,608,725	20.07 %
Total All Funds	\$9,277,241	\$0	\$0	\$3,720,088	\$12,997,329	

Gambling control activities are supported primarily by state special revenue generated from gambling licensing fees. Liquor licensing fees (a proprietary fund) support GCD 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. Figure 7 shows the revenues, expenditures, and fund balance for the gambling license fee account.

Figure 7

Department of Justice Gambling License Fee - 02074						
	Actuals FY 2016	Actuals FY 2017	Actuals FY 2018	Appropriated FY 2019	Proposed FY 2020	Proposed FY 2021
Beginning Fund Balance	\$1,170,138	\$1,283,304	\$1,160,921	\$1,271,153	\$769,194	\$415,300
Revenues*						
Licenses and Permits	4,711,461	4,641,744	4,688,744	4,603,000	4,688,743	4,688,743
Charges for Services	37,620	36,594	51,393	51,393	88,435	88,435
Grants, Transfers, Misc	<u>1,720</u>	<u>498</u>	<u>12</u>	<u>12</u>	<u>13</u>	<u>13</u>
Total Revenue	4,750,801	4,678,836	4,740,149	4,654,405	4,777,191	4,777,191
Expenditures						
Personal Services	2,281,874	2,470,741	2,305,879	2,539,629	2,605,724	2,601,791
Operating Expenses	516,671	446,525	463,080	709,103	617,729	617,957
Equipment & Intangible Assets	78,890	62,843	55,758	57,588	57,588	57,588
Local Assistance	<u>1,760,200</u>	<u>1,819,500</u>	<u>1,805,200</u>	<u>1,850,044</u>	<u>1,850,044</u>	<u>1,850,044</u>
Total Expenditures	4,637,635	4,799,609	4,629,917	5,156,364	5,131,085	5,127,380
Adjustments	0	(1,610)	0	0		
Ending Fund Balance	\$1,283,304	\$1,160,921	\$1,271,153	\$769,194	\$415,300	\$65,111

* Adopted by the Revenue and Transportation Interim Committee November 2018

Current estimates of the revenues in the account are below the projected expenditures, utilizing fund balance to make up the difference.

Statutory appropriations of state special revenue provide for distribution of local government portions of gambling license fees.

Program Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	0	0	0	0.00 %	4,476,042	4,476,042	8,952,084	96.50 %
SWPL Adjustments	0	0	0	0.00 %	165,303	159,854	325,157	3.50 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$4,641,345	\$4,635,896	\$9,277,241	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2020-----				-----Fiscal 2021-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	119,308	0	168,040	0.00	0	115,202	0	162,256
DP 2 - Fixed Costs	0.00	0	(1,949)	0	(2,745)	0.00	0	(1,712)	0	(2,411)
DP 3 - Inflation Deflation	0.00	0	8	0	8	0.00	0	9	0	9
Grand Total All Present Law Adjustments	0.00	\$0	\$117,367	\$0	\$165,303	0.00	\$0	\$113,499	\$0	\$159,854

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	6,820,877	8,472,014	1,651,137	24.21 %
Operating Expenses	3,766,538	3,764,236	(2,302)	(0.06)%
Equipment & Intangible Assets	902,097	12,000	(890,097)	(98.67)%
Debt Service	619,594	669,594	50,000	8.07 %
Total Expenditures	\$12,109,106	\$12,917,844	\$808,738	6.68 %
General Fund	10,136,088	10,029,358	(106,730)	(1.05)%
State/Other Special Rev. Funds	1,973,018	2,888,486	915,468	46.40 %
Total Funds	\$12,109,106	\$12,917,844	\$808,738	6.68 %
Total Ongoing	\$11,309,106	\$12,917,844	\$1,608,738	14.23 %
Total OTO	\$800,000	\$0	(\$800,000)	(100.00)%

Program Description

The Forensic Science Division (FSD), better known as the state crime lab, was established in Montana Code in 1977. The FSD has facilities in both Missoula and Billings. The Missoula facility houses the medical examiners, DNA/serology, toxicology, chemical analysis, latent prints, firearms/toolmarks, quality assurance, and evidence functions. The Billings facility also contains medical examiner, chemical analysis, and evidence functions.

Program Highlights

Forensic Science Division Major Budget Highlights
<ul style="list-style-type: none"> • The proposed Forensic Science Division 2021 biennium budget is \$809,000 or 6.7% higher than the 2019 biennium. Significant changes include: <ul style="list-style-type: none"> ◦ Additional personal services of \$1.1 million included in statewide present law adjustments ◦ Proposal to add 1.50 FTE and related personal services
LFD Issues
<ul style="list-style-type: none"> • Transferring authority from personal services to operating expenses increases the 2021 biennium budget

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	40.30	40.30	41.80	41.80
Personal Services	3,878,865	3,337,019	3,483,858	4,234,805	4,237,209
Operating Expenses	1,309,287	1,764,145	2,002,393	1,885,088	1,879,148
Equipment & Intangible Assets	98,398	896,097	6,000	6,000	6,000
Debt Service	61,692	284,797	334,797	334,797	334,797
Total Expenditures	\$5,348,242	\$6,282,058	\$5,827,048	\$6,460,690	\$6,457,154
General Fund	4,953,284	5,753,283	4,382,805	5,016,447	5,012,911
State/Other Special Rev. Funds	394,958	528,775	1,444,243	1,444,243	1,444,243
Total Funds	\$5,348,242	\$6,282,058	\$5,827,048	\$6,460,690	\$6,457,154
Total Ongoing	\$5,348,242	\$5,482,058	\$5,827,048	\$6,460,690	\$6,457,154
Total OTO	\$0	\$800,000	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The Forensic Services Division (FSD) expended 116.2% of its personal services HB 2 appropriations, 74.2% of operating expenses, and 11.0% of equipment and intangible assets. The legislature imposed a 6.0% vacancy savings reduction of \$217,965. The actual vacancy rate in FSD was 3.8%.

Reductions in HB 2 operating expenses, including consulting and professional services, travel, and property management were used to offset personal services expenditures.

The legislature provided \$896,097 in equipment and intangible assets including \$800,000 in a restricted, one-time-only, biennial appropriations of general fund to retrofit the crime lab in Yellowstone County. As of fiscal year-end FSD had not expended this appropriation. According to DOJ, the project required working with the Architecture and Engineering Division at the Department of Administration to go out for a request for proposal (RFP). The RFP was awarded the third week of August 2018 with work to be completed by December 2018. DOJ anticipates the appropriation will be fully expended by December 2018.

FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 appropriations were \$455,000 or 7.2% lower than FY 2018 appropriations due to:

- The biennial appropriation of \$800,000 to retrofit the crime lab that was fully recorded in FY 2018. Had the biennial appropriations been recorded in each fiscal year the FY 2019 appropriations would have been \$400,000 higher
- \$0.3 million in November 2017 Special Session reductions in both years of the 2019 biennium that were subsequently restored by SB 9 in FY 2019

Executive Request

The executive requests an increase of 6.7% or \$809,000 in total funding compared to the 2019 biennium. Increases include an additional \$1.1 million in personal services requested as part of statewide present law adjustments.

Program Personal Services

Personal services in FSD increase by 24.2% or \$1.7 million when compared to the 2019 biennium. New proposals for an additional 1.50 FTE and \$232,000 make up about 14.1% of the proposed adjustments to personal services. As reflected in Figure 2 in the Agency Discussion, the Forensic Science Division proposes the following changes as part of its statewide present law adjustments in each year of the biennium:

- Reinstatement of reductions enacted by the 2017 Legislature
- Reinstatement of reductions included in SB 261
- Reinstatement due to a proposed change in the vacancy savings rate to 2.0%
- Modifications to the personal services base budget of \$258,000 in personal services due to transfer of authority from personal services to operating expenses

**LFD
ISSUE**

Transferring Authority from Personal Services to Operating Expenses Appropriations Increases the 2021 Biennium Budget

In FY 2019, the Department of Justice transferred \$258,000 in personal services in the Forensic Science Division to operating expenses. Personal services appropriations for the 2021 biennium use the salary and related benefits associated with FTE to establish the level of appropriation required for personal services. Since the FSD did not reduce FTE when it eliminated personal services funding in FY 2019, the personal services reduction automatically returns when the personal services snapshot is used to establish the level of funding required in the 2021 biennium. As a result, the Department of Justice 2021 biennium budget for FSD is \$258,000 higher in each year than it would have been had the appropriation remained in personal services instead of operating expenses, or as an alternative if FTE been reduced for the transfer of authority from personal services to operating expenses.

Legislative options:

- Reduce personal services funding and related FTE in the Forensic Science Division to offset the transfer of personal services funding in FY 2019
- Reduce operating expenses in the Forensic Science Division by \$258,000 each year of the 2021 biennium
- Gain an understanding from FSD of underlying funding requirements and adjust budget as needed

Funding

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

Department of Justice, 08-Forensic Science Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	10,029,358	0	0	0	10,029,358	77.64 %	
02349 Highway Non-Restricted Account	782,672	0	0	0	782,672	27.10 %	
02945 DOJ Blood Draw MCA 61-8-402	299,602	0	0	0	299,602	10.37 %	
02450 Medical Examiner SSR	1,806,212	0	0	0	1,806,212	62.53 %	
State Special Total	\$2,888,486	\$0	\$0	\$0	\$2,888,486	22.36 %	
03187 BCC Grants To Dept. Of Justice	0	0	0	0	0	0.00 %	
03561 FSD Federal Grants	0	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$12,917,844	\$0	\$0	\$0	\$12,917,844		

FSD is funded primarily with general fund. The 2017 Legislature established the medical examiner state special revenue account for the operation and administration of state forensic laboratories. The funding partially replaced non-restricted highway state special revenue funds that supported certification, equipment maintenance, and training of law enforcement in the use of breath testing equipment. Figure 8 shows the revenues, expenditures, and fund balance for the medical examiner state special revenue account.

Figure 8

Department of Justice Medical Examiner State Special Revenue Account - 02450				
	Actuals FY 2018	Appropriated FY 2019	Proposed FY 2020	Proposed FY 2021
Beginning Fund Balance	\$0	\$821,073	\$817,967	\$819,861
Revenues				
Licenses and Permits	821,072	900,000	905,000	905,000
Grants, Transfers, Misc	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue	821,073	900,000	905,000	905,000
Expenditures				
Personal Services	0	853,106	853,106	853,106
Operating Expenses	<u>0</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Total Expenditures	0	903,106	903,106	903,106
Ending Fund Balance	\$821,073	\$817,967	\$819,861	\$821,755

Current estimates of the revenues in the account are slightly below the projected expenditures.

The DOJ blood draw account revenue comes from a blood-draw fee of \$300.00 imposed on drivers stopped for suspicion of driving under the influence of alcohol or drugs and is imposed when the driver refuses to submit to a blood or breath test.

LFD COMMENT	The Department of Justice has requested a bill draft, LC 0113, to generally revised state medical examiner laws. A section of the proposed legislation includes increasing the revenues provided to this account.
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Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	4,382,805	4,382,805	8,765,610	87.40 %	5,827,048	5,827,048	11,654,096	90.22 %
SWPL Adjustments	513,520	518,003	1,031,523	10.28 %	513,520	518,003	1,031,523	7.99 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	120,122	112,103	232,225	2.32 %	120,122	112,103	232,225	1.80 %
Total Budget	\$5,016,447	\$5,012,911	\$10,029,358		\$6,460,690	\$6,457,154	\$12,917,844	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	522,771	0	0	522,771	0.00	526,970	0	0	526,970
DP 2 - Fixed Costs	0.00	(9,251)	0	0	(9,251)	0.00	(8,967)	0	0	(8,967)
DP 3 - Inflation Deflation	0.00	0	0	0	0	0.00	0	0	0	0
Grand Total All Present Law Adjustments	0.00	\$513,520	\$0	\$0	\$513,520	0.00	\$518,003	\$0	\$0	\$518,003

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

New Proposals

The "New Proposals" table shows new changes to spending.

	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 802 - FSD DNA FTE	1.00	99,390	0	0	99,390	1.00	96,529	0	0	96,529
DP 803 - FSD ME PT FTE	0.50	20,732	0	0	20,732	0.50	15,574	0	0	15,574
Total	1.50	\$120,122	\$0	\$0	\$120,122	1.50	\$112,103	\$0	\$0	\$112,103

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

DP 802 - FSD DNA FTE -

The Forensic Science Division requests 1.00 FTE forensic scientist position offset with a funding reduction in the Motor Vehicle Division. According to FSD, the DNA casework at the Forensic Science Division has increased 88.0% over the past 5 years, including an increases in more time-consuming sex assault cases. Despite increases in productivity and improved workflow efficiency, the section is unable to keep up with demand without an additional analyst.

DP 803 - FSD ME PT FTE -

The Forensic Science Division requests an additional part-time (0.50 FTE) medical examiner (ME) position in Billings. Department of Justice also proposes a reduction in HB 2 funding in the Motor Vehicle Division to provide funding for this position. Autopsy service volume in Billings is currently over 40.0% of the total in the state. According to FSD, one medical examiner, particularly the chief ME, is insufficient to manage that volume and still adequately provide coroner training, supervise staff, and perform other administrative functions for the office.

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	14,469,646	17,143,494	2,673,848	18.48 %
Operating Expenses	32,113,793	31,601,322	(512,471)	(1.60)%
Equipment & Intangible Assets	328,056	328,056	0	0.00 %
Local Assistance	50,000	50,000	0	0.00 %
Debt Service	496,700	0	(496,700)	(100.00)%
Total Expenditures	\$47,458,195	\$49,122,872	\$1,664,677	3.51 %
General Fund	16,026,049	18,807,010	2,780,961	17.35 %
State/Other Special Rev. Funds	30,249,628	29,133,344	(1,116,284)	(3.69)%
Proprietary Funds	1,182,518	1,182,518	0	0.00 %
Total Funds	\$47,458,195	\$49,122,872	\$1,664,677	3.51 %
Total Ongoing	\$46,458,195	\$49,122,872	\$2,664,677	5.74 %
Total OTO	\$1,000,000	\$0	(\$1,000,000)	(100.00)%

Program Biennium Comparison -

The biennium comparison table shows a total growth of 3.5%, which for the Motor Vehicle Division is significantly influenced by the FY 2018 appropriation reductions. Compared to the FY 2019 base appropriation, the growth is 1.2%.

Program Description

The Motor Vehicle Division (MVD) 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 proposed Motor Vehicle Division 2021 biennium budget is \$1.7 million or 3.5% higher than the 2019 biennium. Significant changes include: <ul style="list-style-type: none"> ◦ Additional personal services of \$1.1 million included in statewide present law adjustments ◦ Requests to reduce general fund by \$0.2 million in MVD to fund increased personal services in the Forensic Science Division
LFD Issues
<ul style="list-style-type: none"> • Restoring operating expenses instead of personal services increases the 2021 biennium budget

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	152.25	152.25	152.25	152.25
Personal Services	8,048,270	6,984,689	7,484,957	8,573,303	8,570,191
Operating Expenses	11,351,572	15,510,458	16,603,335	15,792,465	15,808,857
Equipment & Intangible Assets	85,116	164,028	164,028	164,028	164,028
Local Assistance	8,657	25,000	25,000	25,000	25,000
Debt Service	11,758	496,700	0	0	0
Total Expenditures	\$19,505,373	\$23,180,875	\$24,277,320	\$24,554,796	\$24,568,076
General Fund	7,013,461	7,163,456	8,862,593	9,396,806	9,410,204
State/Other Special Rev. Funds	12,031,910	15,426,160	14,823,468	14,566,731	14,566,613
Proprietary Funds	460,002	591,259	591,259	591,259	591,259
Total Funds	\$19,505,373	\$23,180,875	\$24,277,320	\$24,554,796	\$24,568,076
Total Ongoing	\$19,409,373	\$22,680,875	\$23,777,320	\$24,554,796	\$24,568,076
Total OTO	\$96,000	\$500,000	\$500,000	\$0	\$0

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The Motor Vehicle Division (MVD) expended 115.7% of its personal services HB 2 appropriations or \$1.1 million above HB 2 appropriations, 73.2% of operating expenses or \$4.2 million less than appropriated in HB 2, 51.9% of equipment and intangible assets, 34.6% of local assistance, and 2.4% of debt service. The legislature imposed a 6.0% vacancy savings reduction or \$507,864. The actual vacancy rate in MVD was 0.0%.

To offset higher than budgeted personal service costs, MVD spent less in operating expenses including professional and consulting services, and postage and mailing. It should be noted that MVD also received \$0.5 million in a biennial, one-time-only state special appropriations for county information technology efficiency. At F YE, MVD had expended \$0.1

million or 19.2% of the funding. According to DOJ, MVD is working with county governments to complete the project and anticipates completion in FY 2019.

Debt service appropriations in MVD were \$497,000 with expenditures of \$12,000 in FY 2018. Debt service appropriations were used for loans with the Board of Investment for the Motor Vehicle Division automation project (MERLIN). As the loans were repaid at the beginning of FY 2018, the majority of the debt service appropriation was not required in FY 2018.

FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 appropriations were \$1.1 million or 4.7% higher than the FY 2018 appropriation due to:

- November 2017 Special Session reductions in both fiscal years that were subsequently restored by SB 9 for FY 2019, in the amount of \$639,000
- SB 294 pay plan increase in FY 2019 of \$63,000
- Reductions of \$323,000 enacted by the November 2017 Special Session by reducing employer contribution to employee health benefits for two months

Executive Request

The executive requests 3.5% or \$1.7 million in total funding compared to the 2019 biennium. Significant changes include:

- An additional \$2.7 million in personal services requested as part of statewide present law adjustments
- Reductions of \$0.2 million eliminated in MVD and added in the Forensic Science Division for additional FTE

Program Personal Services

Personal services for the MVD increase by 18.5% when compared to the 2019 biennium. As reflected in Figure 2 in the Agency Discussion, the Motor Vehicle Division proposes the following changes as part of its statewide present law adjustments in each year of the biennium:

- Reinstatement of reductions enacted by the 2017 Legislature
- Reinstatement of reductions included in SB 261
- Reinstatement due to a proposed change in the vacancy savings rate to 2.0%
- Modifications to the personal services base budget of \$1,050,000 million that were transferred to operating expenses. This includes \$422,000 that was transferred to operating expenses in other divisions, \$258,000 to the Forensic Science Division and \$164,000 to the Legal Services Division

LFD ISSUE	<p><u>Restoring Operating Expenses Instead of Personal Services Appropriations Increases 2021 Biennium Budget</u></p> <p>In FY 2019, the Department of Justice transferred \$1.1 million in personal services in the Motor Vehicle Division. MVD did not eliminate related FTE. Personal services appropriations for the 2021 biennium use the salary and related benefits associated with FTE to establish the level of appropriation required for personal services. Since the MVD did not reduce FTE when it eliminated personal services funding in FY 2019, the personal services reduction automatically returns when the personal services snapshot is used to establish the level of funding required in the 2021 biennium. As a result, the Department of Justice 2021 biennium budget for MVD is \$1.1 million higher in each year than it would have been had the transfers not be made from personal services or if MVD had reduced FTE for the transfer of authority from personal services to operating expenses.</p> <p>Legislative options:</p> <ul style="list-style-type: none"> ◦ Reduce personal services funding and related FTE in the Motor Vehicle Division to offset the transfer of personal services funding in FY 2019 ◦ Reduce operating expenses in the Motor Vehicle Division by \$1,050,000 each year of the 2021 biennium, \$628,000 in MVD, \$258,000 in FSD, and \$164,000 in the LSD ◦ Gain an understanding from MVD of underlying funding requirements and adjust budget as needed
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Funding

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

Department of Justice, 09-Motor Vehicle Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	18,807,010	0	0	0	18,807,010	38.20 %	
02349 Highway Non-Restricted Account	0	0	0	0	0	0.00 %	
02390 Spec Motorcycle Lic Plates	0	0	0	107,000	107,000	0.37 %	
02456 61-6-158 MTIVS & MCE	9,220,484	0	0	0	9,220,484	31.53 %	
02798 61-3-550 MVD MERLIN HB261	4,248,784	0	0	0	4,248,784	14.53 %	
02799 MVD Administrative Fee	15,664,076	0	0	0	15,664,076	53.57 %	
State Special Total	\$29,133,344	\$0	\$0	\$107,000	\$29,240,344	59.40 %	
03801 Dept Of Justice-Misc Grants	0	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
06080 MVD/State Information Portal	0	0	0	0	0	0.00 %	
06083 61-3-118 MVD E-Commerce	1,182,518	0	0	0	1,182,518	100.00 %	
Proprietary Total	\$1,182,518	\$0	\$0	\$0	\$1,182,518	2.40 %	
Total All Funds	\$49,122,872	\$0	\$0	\$107,000	\$49,229,872		

Drivers licensing and vehicle titling and registration functions are supported by the general fund and MVD administrative fee state special revenue account. 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. Figure 9 shows the revenues, expenditures, and fund balance for the Montana insurance verification system (MTIVS) and Montana correctional enterprises (MCE) account in the state special revenue fund.

Figure 9

Department of Justice MTIVS & MCE - 02456						
	Actuals FY 2016	Actuals FY 2017	Actuals FY 2018	Appropriated FY 2019	Proposed FY 2020	Proposed FY 2021
Beginning Fund Balance	\$5,085,044	\$5,711,008	\$6,093,293	\$4,792,125	\$2,436,807	\$1,569,740
Revenues						
Licenses and Permits	2,972,604	2,834,505	3,761,752	3,499,971	3,499,971	3,499,971
Charges for Services	0	0	6,267	0	0	0
Total Revenue	2,972,604	2,834,505	3,768,019	3,499,971	3,499,971	3,499,971
Expenditures						
Personal Services	0	(3)	1,942,297	1,635,766	1,635,766	1,635,766
Operating Expenses	2,346,640	2,452,223	3,078,205	4,219,523	2,731,272	2,731,272
Equipment & Intangible Assets	0	0	48,684	0	0	0
Total Expenditures	2,346,640	2,452,220	5,069,186	5,855,289	4,367,038	4,367,038
Adjustments	0	0	(1)			
Ending Fund Balance	\$5,711,008	\$6,093,293	\$4,792,125	\$2,436,807	\$1,569,740	\$702,673

Additional fund balance tables for the MVD MERLIN account and the newly established MVD administrative fee account are included in the Appendix.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	8,862,593	8,862,593	17,725,186	94.25 %	23,777,320	23,777,320	47,554,640	96.81 %
SWPL Adjustments	654,335	659,714	1,314,049	6.99 %	897,598	902,859	1,800,457	3.67 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	(120,122)	(112,103)	(232,225)	(1.23)%	(120,122)	(112,103)	(232,225)	(0.47)%
Total Budget	\$9,396,806	\$9,410,204	\$18,807,010		\$24,554,796	\$24,568,076	\$49,122,872	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	632,212	456,134	0	1,088,346	0.00	630,403	454,831	0	1,085,234
DP 2 - Fixed Costs	0.00	15,537	(212,871)	0	(197,334)	0.00	21,138	(211,686)	0	(190,548)
DP 3 - Inflation Deflation	0.00	6,586	0	0	6,586	0.00	8,173	0	0	8,173
Grand Total All Present Law Adjustments	0.00	\$654,335	\$243,263	\$0	\$897,598	0.00	\$659,714	\$243,145	\$0	\$902,859

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals										
	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 802 - FSD DNA FTE	0.00	(99,390)	0	0	(99,390)	0.00	(96,529)	0	0	(96,529)
DP 803 - FSD ME PT FTE	0.00	(20,732)	0	0	(20,732)	0.00	(15,574)	0	0	(15,574)
Total	0.00	(\$120,122)	\$0	\$0	(\$120,122)	0.00	(\$112,103)	\$0	\$0	(\$112,103)

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

DP 802 - FSD DNA FTE -

The Forensic Science Division DNA FTE requests is offset by funding reductions of \$99,390 in FY 2020 and \$96,529 in FY 2021 from the Motor Vehicle Division.

LFD COMMENT Reductions in the Motor Vehicle Division are from operating expenses. Refer to the LFD issue in the Program Personal Services for additional information on operating expenses.

DP 803 - FSD ME PT FTE -

The Forensic Science Division ME PT FTE requests is offset by funding reductions of \$150,427 in FY 2020 and \$145,269 in FY 2021 from the Motor Vehicle Division.

LFD COMMENT Reductions in the Motor Vehicle Division are from operating expenses. Refer to the LFD issue in the Program Personal Services for additional information on operating expenses.

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	2,618,353	3,152,326	533,973	20.39 %
Operating Expenses	830,920	918,805	87,885	10.58 %
Total Expenditures	\$3,449,273	\$4,071,131	\$621,858	18.03 %
General Fund	2,327,013	2,791,201	464,188	19.95 %
State/Other Special Rev. Funds	1,060,043	1,207,770	147,727	13.94 %
Proprietary Funds	62,217	72,160	9,943	15.98 %
Total Funds	\$3,449,273	\$4,071,131	\$621,858	18.03 %
Total Ongoing	\$3,449,273	\$4,071,131	\$621,858	18.03 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The biennium comparison table shows a total growth of 18.0%, which for the Central Services Division is significantly influenced by the FY 2018 appropriation reductions. Compared to the FY 2019 base appropriation, the growth is 12.9%.

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 county attorney payroll costs.

Program Highlights

Central Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The proposed Central Services Division 2021 biennium budget is \$622,000 or 18.0% higher than the 2019 biennium. Significant changes include: <ul style="list-style-type: none"> ◦ Additional personal services of \$380,000 included in the statewide present law adjustments ◦ Additional operating expenses of \$87,000 for increased fixed costs
LFD Issues
<ul style="list-style-type: none"> • Transferring authority from personal services to operating expenses increases the 2021 biennium base budget

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	18.49	18.49	18.49	18.49
Personal Services	1,321,258	1,232,232	1,386,121	1,574,764	1,577,562
Operating Expenses	284,389	415,013	415,907	504,996	413,809
Total Expenditures	\$1,605,647	\$1,647,245	\$1,802,028	\$2,079,760	\$1,991,371
General Fund	1,042,433	1,083,940	1,243,073	1,440,391	1,350,810
State/Other Special Rev. Funds	532,687	532,777	527,266	603,321	604,449
Proprietary Funds	30,527	30,528	31,689	36,048	36,112
Total Funds	\$1,605,647	\$1,647,245	\$1,802,028	\$2,079,760	\$1,991,371
Total Ongoing	\$1,605,647	\$1,647,245	\$1,802,028	\$2,079,760	\$1,991,371
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The Central Services Division expended 107.2% of its personal services HB 2 appropriations, and 68.5% of operating expenses. The legislature imposed a 6.0% vacancy savings reduction or \$89,718. The actual vacancy rate in CSD was 1.8%.

Operating expenses, including consulting and professional services and education and training costs, were reduced compared to the 2017 biennium to offset the personal services expenditures that were above the HB 2 budget.

FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 appropriations are \$155,000, or 9.4% higher than the FY 2018 appropriation due to:

- November 2017 Special Session reductions in both fiscal years that were subsequently restored by SB 9 for FY 2019, in the amount of \$73,000
- SB 294 pay plan increase in FY 2019 of \$17,000
- Reductions of \$36,000 enacted by the November 2017 Special Session by reducing employer contributions to employee health benefits for two months

Executive Request

The executive requests 18.0% or \$622,000 in total funding compared to the 2019 biennium. Increases include an additional \$380,000 in personal services and \$86,000 in operating expenses requested as part of statewide present law adjustments.

Program Personal Services

Personal services in the CSD are 20.4% higher compared to the 2019 biennium. As reflected in Figure 2 in the Agency Discussion, the Central Services Division proposes the following changes as part of its statewide present law adjustments in each year of the biennium:

- Reinstatement of reductions enacted by the 2017 Legislature
- Reinstatement of reductions included in SB 261
- Reinstatement due to a proposed change in the vacancy savings rate to 2.0%
- Modifications to the personal services base budget of \$51,000 in personal services due to a transfer of authority from personal services to operating expenses

**LFD
ISSUE**

Restoring Operating Expenses Instead of Personal Services Appropriations Increases 2021 Biennium Budget

In FY 2019, the Department of Justice transferred \$51,000 in personal services to operating expenses in the Central Services Division. CSD did not reduce FTE. Personal services appropriations for the 2021 biennium use the salary and related benefits associated with FTE to establish the level of appropriation required for personal services. Since the CSD did not reduce FTE when it eliminated personal services funding in FY 2019, the personal services reduction automatically returns when the personal services snapshot is used to establish the level of funding required in the 2021 biennium. As a result, the Department of Justice 2021 biennium budget is \$51,000 higher than it would have been had the restoration been made to personal services instead of operating expenses.

Legislative Options:

- Reduce personal services funding and related FTE in the Central Services Division to offset the transfer of personal services funding in FY 2019
- Reduce operating expenses in the Central Services Division by \$51,000 each year of the 2021 biennium
- Gain an understanding from CSD of underlying funding requirements and adjust budget as needed

Funding

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

Department of Justice, 10-Central Services Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	2,791,201	0	0	6,903,216	9,694,417	84.49 %	
02006 Cigarette Fire Safety Standard	0	0	0	0	0	0.00 %	
02014 Highway Patrol Pay & Retention	0	0	0	0	0	0.00 %	
02016 Criminal Justice Info Network	0	0	0	0	0	0.00 %	
02074 Gambling License Fee Account	127,014	0	0	0	127,014	8.71 %	
02140 Consumer Education Settlement	317,537	0	0	0	317,537	21.78 %	
02143 Drug Forfeitures-State	0	0	0	250,000	250,000	17.15 %	
02349 Highway Non-Restricted Account	64	0	0	0	64	0.00 %	
02456 61-6-158 MTIVS & MCE	0	0	0	0	0	0.00 %	
02546 MT Law Enforcement Academy	0	0	0	0	0	0.00 %	
02797 Criminal Records Info Sys	158,768	0	0	0	158,768	10.89 %	
02798 61-3-550 MVD MERLIN HB261	0	0	0	0	0	0.00 %	
02937 DOJ Misc SSR MOUs	0	0	0	0	0	0.00 %	
02799 MVD Administrative Fee	318,603	0	0	0	318,603	21.86 %	
02464 MHP Administrative SSR	285,784	0	0	0	285,784	19.60 %	
State Special Total	\$1,207,770	\$0	\$0	\$250,000	\$1,457,770	12.70 %	
03169 Federal Crime Victims Benefits	0	0	0	0	0	0.00 %	
03187 BCC Grants To Dept. Of Justice	0	0	0	0	0	0.00 %	
03214 Drug Forfeitures - Federal	0	0	0	250,000	250,000	100.00 %	
03800 Medicaid Fraud	0	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$250,000	\$250,000	2.18 %	
06005 Liquor Division	72,160	0	0	0	72,160	100.00 %	
Proprietary Total	\$72,160	\$0	\$0	\$0	\$72,160	0.63 %	
Total All Funds	\$4,071,131	\$0	\$0	\$7,403,216	\$11,474,347		

CSD is funded by allocation of costs among the various funding sources supporting the department. General fund would provide roughly 68.5% of the division’s HB 2 funding. State special revenue, the largest source being the MVD administrative fee, would provide an additional 29.7% of the division HB 2 funding. Proprietary funds including liquor licensing fees provide the remainder of HB 2 funding.

General fund also accounts for an additional \$6.9 million in funding under a statutory appropriation that funds roughly half of county attorney’s salaries and contributions to group benefits.

Program Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	1,243,073	1,243,073	2,486,146	89.07 %	1,802,028	1,802,028	3,604,056	88.53 %
SWPL Adjustments	197,318	107,737	305,055	10.93 %	277,732	189,343	467,075	11.47 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$1,440,391	\$1,350,810	\$2,791,201		\$2,079,760	\$1,991,371	\$4,071,131	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2020-----				-----Fiscal 2021-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	108,229	76,055	0	188,643	0.00	109,835	77,183	0	191,441
DP 2 - Fixed Costs	0.00	88,946	0	0	88,946	0.00	(2,276)	0	0	(2,276)
DP 3 - Inflation Deflation	0.00	143	0	0	143	0.00	178	0	0	178
Grand Total All Present Law Adjustments	0.00	\$197,318	\$76,055	\$0	\$277,732	0.00	\$107,737	\$77,183	\$0	\$189,343

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	475,345	872,113	396,768	83.47 %
Operating Expenses	332,803	393,596	60,793	18.27 %
Total Expenditures	\$808,148	\$1,265,709	\$457,561	56.62 %
General Fund	808,148	1,265,709	457,561	56.62 %
Total Funds	\$808,148	\$1,265,709	\$457,561	56.62 %
Total Ongoing	\$808,148	\$1,265,709	\$457,561	56.62 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The biennium comparison table shows a total growth of 56.6%, which for the Public Safety Officer and Training Council (POST) is significantly influenced by the FY 2018 appropriation reductions. Compared to the FY 2019 base appropriation, the growth is 48.9%.

Program Description

The Montana Public Safety Officer Standards and Training (POST) Council is a quasi-judicial board authorized by Section 2-15-2029, MCA. POST is responsible for establishing basic and advanced qualification and training standards for employment of Montana's public safety officers, as defined in 44-4-401, MCA. In addition, POST conducts and approves training, provides for the certification and re-certification of public safety officers, and is responsible for the suspension or revocation of certification of public safety officers.

Program Highlights

Public Safety Officer Standards and Training Council Major Budget Highlights
<ul style="list-style-type: none"> • The proposed POST 2021 biennium budget is \$458,000 or 56.6% higher than the 2019 biennium. Significant changes include: <ul style="list-style-type: none"> ◦ Additional personal services of \$37,000 as part of the statewide present law adjustment ◦ Proposal to increase FTE by 2.50 and provide related personal services of \$379,000

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	3.00	3.00	5.50	5.50
Personal Services	251,524	233,191	242,154	436,330	435,783
Operating Expenses	131,334	149,986	182,817	198,942	194,654
Total Expenditures	\$382,858	\$383,177	\$424,971	\$635,272	\$630,437
General Fund	382,858	383,177	424,971	635,272	630,437
Total Funds	\$382,858	\$383,177	\$424,971	\$635,272	\$630,437
Total Ongoing	\$382,858	\$383,177	\$424,971	\$635,272	\$630,437
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The POST Council expended 107.9% of its personal services HB 2 appropriations, and 87.6% of operating expenses. The legislature imposed a 6.0% vacancy savings reduction or \$15,429. The actual vacancy rate in POST was 0.0%.

To offset personal services expenditure POST reduced expenditures for temporary services and software when compared to the 2017 biennium.

FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 total appropriations are \$42,000, or 10.9% higher than FY 2018 appropriations due to:

- November 2017 Special Session reductions in both fiscal years that were subsequently restored by SB 9 for FY 2019, in the amount of \$28,000
- SB 294 pay plan increase in FY 2019 of \$1,000
- Reductions of \$6,000 enacted by the November 2017 Special Session by reducing employer contribution to employee health benefits for two months

Executive Request

The executive requests an increase of 56.6% or \$397,000 in total funding compared to the 2019 biennium. Increases include an additional \$37,000 in personal services requested as part of statewide present law adjustments.

Program Personal Services

Personal services increase by 83.5% when compared to the 2019 biennium. A new proposal to add 2.50 FTE and \$379,000 in personal services funding makes up 79.7% of the increase. As reflected in Figure 2 in the Agency Discussion, the Public Safety Officers Standards and Training Council proposes the following changes as part of its statewide present law adjustments in each year of the biennium:

- Reinstatement of reductions enacted by the 2017 Legislature
- Reinstatement of reductions included in SB 261
- Reinstatement due to a proposed change in the vacancy savings rate to 2.0%

Funding

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

Department of Justice, 19-Post Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	1,265,709	0	0	0	1,265,709	100.00 %	
02798 61-3-550 MVD MERLIN HB261	0	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$1,265,709	\$0	\$0	\$0	\$1,265,709		

POST is funded with general fund.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	424,971	424,971	849,942	67.15 %	424,971	424,971	849,942	67.15 %
SWPL Adjustments	18,705	18,048	36,753	2.90 %	18,705	18,048	36,753	2.90 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	191,596	187,418	379,014	29.94 %	191,596	187,418	379,014	29.94 %
Total Budget	\$635,272	\$630,437	\$1,265,709		\$635,272	\$630,437	\$1,265,709	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	18,898	0	0	18,898	0.00	18,233	0	0	18,233
DP 2 - Fixed Costs	0.00	(193)	0	0	(193)	0.00	(185)	0	0	(185)
DP 3 - Inflation Deflation	0.00	0	0	0	0	0.00	0	0	0	0
Grand Total All Present Law Adjustments	0.00	\$18,705	\$0	\$0	\$18,705	0.00	\$18,048	\$0	\$0	\$18,048

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

New Proposals

The “New Proposals” table shows new changes to spending.

New Proposals	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1901 - POST ADMINISTRATIVE ASSISTANT FTE	2.00	119,841	0	0	119,841	2.00	117,767	0	0	117,767
DP 1902 - POST PART TIME ATTORNEY FTE	0.50	71,755	0	0	71,755	0.50	69,651	0	0	69,651
Total	2.50	\$191,596	\$0	\$0	\$191,596	2.50	\$187,418	\$0	\$0	\$187,418

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

DP 1901 - POST ADMINISTRATIVE ASSISTANT FTE -

The Montana POST Council requests 2.00 FTE for an administrative assistant at the cost of \$119,840 in FY 2020 and \$117,767 in FY 2021 funded by the general fund. POST staff currently consists of 3.00 FTE, to provide sufficient support to the over 5,000 public safety officers in Montana. The administrative assistant will be responsible for entering, organizing and editing data for accuracy in a software program, outreach to public safety agencies to assure ongoing accurate record maintenance, answer phones, file documents, accept and disseminate mail, and provide clerical assistance to other members of the POST Council staff.

DP 1902 - POST PART TIME ATTORNEY FTE -

The Montana POST Council requests 0.50 FTE for an attorney position at a cost of \$71,756 in FY 2020 and \$69,651 in FY 2021 funded by general fund. In 2013, POST investigated 36 complaint allegations. Currently there are 60-80 complaint allegations pending, ranging from policy violations to allegations relating to felony criminal conduct. The demands and increase in workload require additional staff to maintain and process the legal requirements for these allegations.

2021 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		\$ 1,518,865	\$ 2,692,611
Div Priority:		General Fund Annual Savings	State Special Revenue Annual Savings
	SERVICE(S) TO BE ELIMINATED OR REDUCED		
1	LSD - Reduce major litigation, operating, benefit and claims expenditures	\$ 312,741	\$ 59,324
2	MHP -reduction to Dignitary Protection, and reduce level of uniformed trooper coverage statewide		\$ 1,839,847
3	JITSD - reduce hardware and/or software maintenance costs	\$ 202,687	\$ 9,771
4	DCI - Reduce general fund operating and equipment budget for the Montana Child Sexual Abuse (MCSART) program 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.	\$ 335,924	\$ 208,013
5	GCD -close a regional investigation office and/or reducing investigations staff. As an alternative or in conjunction with a reduction in investigations staff, the program proposes the elimination of one Electronics Engineer position in the Technical Services Section.	\$ -	\$ 136,639
6	FSD -Cancel/Delay plans to lease instrumentation; Reduce FTE or postpone re-hiring position vacancies; Reduce costs of consumables by either reducing our services and/or deferring kit supply costs to LEAs	\$ 247,664	\$ 799
7	MVD - Elimination of call center and reduce funding in SITSD costs, grants, and training	\$ 350,673	\$ 421,592
8	CSD - reduce FTE or postpone rehiring position vacancies, reducing operating costs.	\$ 50,033	\$ 16,626
9	POST - reduce legal fees & court costs	\$ 19,143	
	TOTAL SAVINGS	\$ 1,518,865	\$ 2,692,611
	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:

LSD will reduce general fund authority by reducing major litigation and other operating expenditures.

#2 THE SAVINGS THAT ARE EXPECTED:

\$312,741

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

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.

#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 the benefit and claims in the special revenue fund.

#2 THE SAVINGS THAT ARE EXPECTED:

\$59,324

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

Prior to the distribution to the beneficiaries, the settlements would be processed through the Governor's Office.

#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, 30-14-143, MCA.

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME:

Montana Highway Patrol

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

Reduce appropriation for Executive Protection which provides transportation and security to the Governor of Montana; reduce level of uniformed trooper coverage on the highways by 10 positions; skip a laptop replacement cycle

#2 THE SAVINGS THAT ARE EXPECTED:

This 5% reduction will consist of a savings of \$1,839,847 from the state special revenue fund in personal services and operating costs each year of the 2020 biennium. \$725,000 would come from the elimination of the Executive Protection program; \$378,000 would come from skipping a laptop replacement cycle; \$736,847 would come from not filling 10 trooper positions.

#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. By not replacing laptops, warranty costs would increase as would computer repair costs.

#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 for the Executive Protection program.

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, eliminate, and/or renegotiate hardware/software maintenance contract costs. In addition, JITSD will work towards consolidating applications to reduce infrastructure needs such as multi-user computers. JITSD will reduce travel and training expenses by fore-going conferences and utilizing on-line and/or free education.

#2 THE SAVINGS THAT ARE EXPECTED:

Operating: Contract Maintenance = \$80,000 ; Multi-User Computers = \$37,000 ; Equipment = \$54,000 ; Education = \$22,000 ; Travel = \$20,000

#3

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

Software support 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. Several equipment upgrades will be delayed.

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

DOJ could consider hosting some applications in the cloud to potentially reduce software and hardware demands. Staff will need to enroll in free or self-study classes. Reducing or eliminating certain service contracts could potentially slow applications which would affect user (constituent) experience.

#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)

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 \$335,924 of general fund, and \$208,013 in state special revenue in personal services, operating costs, and equipment each year of the 2021 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 affect local city and county agencies' ability to successfully investigate and prosecute crimes against children. 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)

Gambling Control Division

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

The program proposes potentially closing a regional investigation office and/or reducing investigations staff. As an alternative or in conjunction with a reduction in investigations staff, the program proposes the elimination of one Electronics Engineer position in the Technical Services Section.

#2 THE SAVINGS THAT ARE EXPECTED:

A savings of \$136,639 in state special revenue could be saved if we reduced investigations staff and eliminated an Electronics Engineer position (which would include a reduction in force of 2.00 FTE and related operating expenses).

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

The closure of a regional office/reduction of investigations staff would inherently result in increased travel costs for the other offices and delays in gambling, alcoholic beverage, and tobacco 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. The reduction of staff available to work on tobacco tax enforcement cases could have a negative impact on the Master Settlement Agreement lawsuits facing the state. The elimination of an Electronics Engineer position would cause delays in the approval of manufacturer submitted video gambling machine software and devices. Those licensees would be financially impacted by the delay in getting their product on the market. All proposed reductions would cause licensees and the public to see a decrease in services and responsiveness from the division.

#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 alcoholic beverage establishments until licensing is complete (which would also have an impact on tax collections). In order to prevent delays, when possible, 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, 23-5-113, 23-5-631, and 16-4-402, MCA.

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:

Cancel/Delay plans to lease instrumentation; Reduce FTE or postpone re-hiring position vacancies; Reduce costs of consumables by either reducing our services and/or deferring kit supply costs to LEAs

#2 THE SAVINGS THAT ARE EXPECTED:

\$248,463

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Aging instrumentation will not be replaced causing potential increases in repairs, delays in evidence processing, and delaying technical advancements; Loss in FTE increases turn-around times for evidence processing and could increase outsourcing costs; Changes in services and deferring costs project further burden on the local municipalities

#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

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 \$350,673 from in general fund appropriations in personal services and operating costs each year of the 2021 biennium by eliminating the call center and eliminating of equipment purchases in the general fund.

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

Over 15,000 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 8000 appointments being scheduled by call center staff each month. If the Call Center was eliminated, all appointments would have to be scheduled either online or by phone at the drivers exam stations. 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 frustration at wait times or by outright 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:

Reduce funding in SITSD costs, grants, and training

#2 THE SAVINGS THAT ARE EXPECTED:

MVD will reduce \$421,592 of SSR budget appropriations by eliminating Chrome for Kids funding (50,000), eliminating training and fall school for drivers examiners, and requiring the counties to pay 100% of their SITSD networking and hosting costs.

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

Substantial cost shift to local government, lower grant authority, and less training for staff.

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

Unknown at this time.

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

Yes, 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: 41100 Department of Justice (DOJ)

Central Services Division

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

Reduction of FTE or postpone rehiring position vacancies, reducing operating costs.

#2 THE SAVINGS THAT ARE EXPECTED:

The reductions would create a general fund savings of \$50,033 and state special funding of \$16,626 each year of the 2021 biennium.

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

Turnaround time for general ledger accounting, budgeting, reconciliation and human resource functions will be increased.

#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:

No

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 \$19,143 of general fund each year of the 2019 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

Department of Justice
Criminal Justice Information Network - 02016

	Actuals FY 2016	Actuals FY 2017	Actuals FY 2018	Appropriated FY 2019	Proposed FY 2020	Proposed FY 2021
Beginning Fund Balance	\$426,765	\$631,093	\$810,647	\$906,944	\$751,967	\$929,234
Revenues						
Charges for Services	831,415	802,687	696,624	559,088	694,861	694,861
Grants, Transfers, Misc	<u>19</u>	<u>3,240</u>	<u>4,537</u>	<u>2,146</u>	<u>2,146</u>	<u>2,146</u>
Total Revenue	831,434	805,927	701,161	561,234	697,007	697,007
Expenditures						
Personal Services	133,318	171,354	172,726	173,308	0	0
Operating Expenses	<u>493,787</u>	<u>455,019</u>	<u>432,138</u>	<u>542,903</u>	<u>519,740</u>	<u>519,777</u>
Total Expenditures	627,105	626,373	604,864	716,211	519,740	519,777
Adjustments	(1)	0	0	0	0	0
Ending Fund Balance	\$631,093	\$810,647	\$906,944	\$751,967	\$929,234	\$1,106,464

Department of Justice
Law Enforcement Academy - 02546

	Actuals FY 2016	Actuals FY 2017	Actuals FY 2018	Appropriated FY 2019	Proposed FY 2020	Proposed FY 2021
Beginning Fund Balance	\$278,423	\$162,049	\$156,274	\$1,568,074	\$1,216,123	\$2,287,201
Revenues						
Licenses and Permits	0	0	2,651,707	2,550,000	2,550,000	2,550,000
Charges for Services	1,459,381	1,324,986	532,449	393,310	393,310	393,310
Sale of Documents, Mdse, Property	11,696	15,363	11,801	11,801	11,801	11,801
Rentals, Leases, Royalties	10,600	10,600	10,600	10,600	10,600	10,600
Grants, Transfers, Misc	<u>1,272</u>	<u>13,960</u>	<u>12,807</u>	<u>12,807</u>	<u>12,807</u>	<u>12,807</u>
Total Revenue	1,482,949	1,364,909	3,219,364	2,978,518	2,978,518	2,978,518
Expenditures						
Personal Services	984,584	880,553	1,072,833	1,029,926	1,113,832	1,115,615
Operating Expenses	622,669	488,215	723,436	819,248	782,313	782,658
Transfers Out	<u>0</u>	<u>0</u>	<u>11,295</u>	<u>1,481,295</u>	<u>11,295</u>	<u>11,295</u>
Total Expenditures	1,607,253	1,368,768	1,807,564	3,330,469	1,907,440	1,909,568
Adjustments	7,930	(1,916)	0			
Ending Fund Balance	\$162,049	\$156,274	\$1,568,074	\$1,216,123	\$2,287,201	\$3,356,151

Department of Justice
Criminal Records Information System - 02797

	Actuals FY 2016	Actuals FY 2017	Actuals FY 2018	Appropriated FY 2019	Proposed FY 2020	Proposed FY 2021
Beginning Fund Balance	\$1,636,436	\$2,780,695	\$3,083,971	\$3,524,222	\$3,931,934	\$3,494,193
Revenues						
Charges for Services	2,778,287	2,307,215	2,546,625	3,124,077	3,124,077	3,124,077
Grants, Transfers, Misc	<u>402</u>	<u>610</u>	<u>686</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue	2,778,689	2,307,825	2,547,311	3,124,077	3,124,077	3,124,077
Expenditures						
Personal Services	808,444	960,839	1,099,671	1,883,857	1,952,544	1,951,128
Operating Expenses	810,898	907,715	970,823	832,508	1,609,275	859,539
Equipment & Intangible Assets	<u>15,088</u>	<u>135,996</u>	<u>36,566</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	1,634,430	2,004,550	2,107,060	2,716,365	3,561,819	2,810,667
Adjustments	0	1	0			
Ending Fund Balance	\$2,780,695	\$3,083,971	\$3,524,222	\$3,931,934	\$3,494,193	\$3,807,603

Department of Justice MVD Merlin System - 02798						
	Actuals FY 2016	Actuals FY 2017	Actuals FY 2018	Appropriated FY 2019	Proposed FY 2020	Proposed FY 2021
Beginning Fund Balance	\$204,329	\$2,789,941	\$4,042,163	\$5,822,383	\$6,318,173	\$2,473,803
Revenues						
Licenses and Permits	2,862,113	2,802,507	2,792,260	2,820,182	2,848,383	3,411,662
Grants, Transfers, Misc	<u>0</u>	<u>0</u>	<u>12,608</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue	2,862,113	2,802,507	2,804,868	2,820,182	2,848,383	3,411,662
Expenditures						
Personal Services	0	0	159,352	1,249,392	1,564,283	1,564,892
Operating Expenses	250,000	476,744	(3,251)	675,000	671,148	560,107
Equipment & Intangible Assets	0	250,000	853,746	50,000	72,500	50,000
Long range IT project - mainframe	0	0	0	0	4,034,822	0
Local Assistance	0	0	8,657	25,000	25,000	25,000
Transfers Out	0	800,000	0	325,000	325,000	325,000
Debt Service	<u>26,501</u>	<u>23,736</u>	<u>6,143</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	276,501	1,550,480	1,024,647	2,324,392	6,692,753	2,524,999
Adjustments	0	195	(1)			
Ending Fund Balance	\$2,789,941	\$4,042,163	\$5,822,383	\$6,318,173	\$2,473,803	\$3,360,466

Department of Justice
Motor Vehicle Division Administration Account - 02799

	Actuals FY 2018	Appropriated FY 2019	Proposed FY 2020	Proposed FY 2021
Beginning Fund Balance	\$0	\$2,117,255	\$3,436,285	\$3,196,736
Revenues*				
Licenses and Permits	2,033,150	4,000,000	4,000,000	4,000,000
Charges for Services	<u>2,589,116</u>	<u>5,200,000</u>	<u>5,200,000</u>	<u>5,200,000</u>
Total Revenue	4,622,266	9,200,000	9,200,000	9,200,000
Expenditures				
Personal Services	0	685,355	808,737	809,866
Operating Expenses	2,276,596	7,195,615	7,195,615	7,195,615
Equipment and Intangible Assets	228,415	0	0	0
Transfers Out	<u>0</u>	<u>0</u>	<u>1,435,197</u>	<u>1,195,366</u>
Total Expenditures	2,505,011	7,880,970	9,439,549	9,200,847
Ending Fund Balance	\$2,117,255	\$3,436,285	\$3,196,736	\$3,195,889

* Appropriated and Proposed Revenues from LFD Estimates November 2018

PUBLIC SERVICE COMMISSION

An Agency Profile Prepared by the
Legislative Fiscal Division

November 2018



INTRODUCTION

The mission of the Public Service Commission is to fairly balance the long-term interests of Montana utility and transportation companies and their customers.

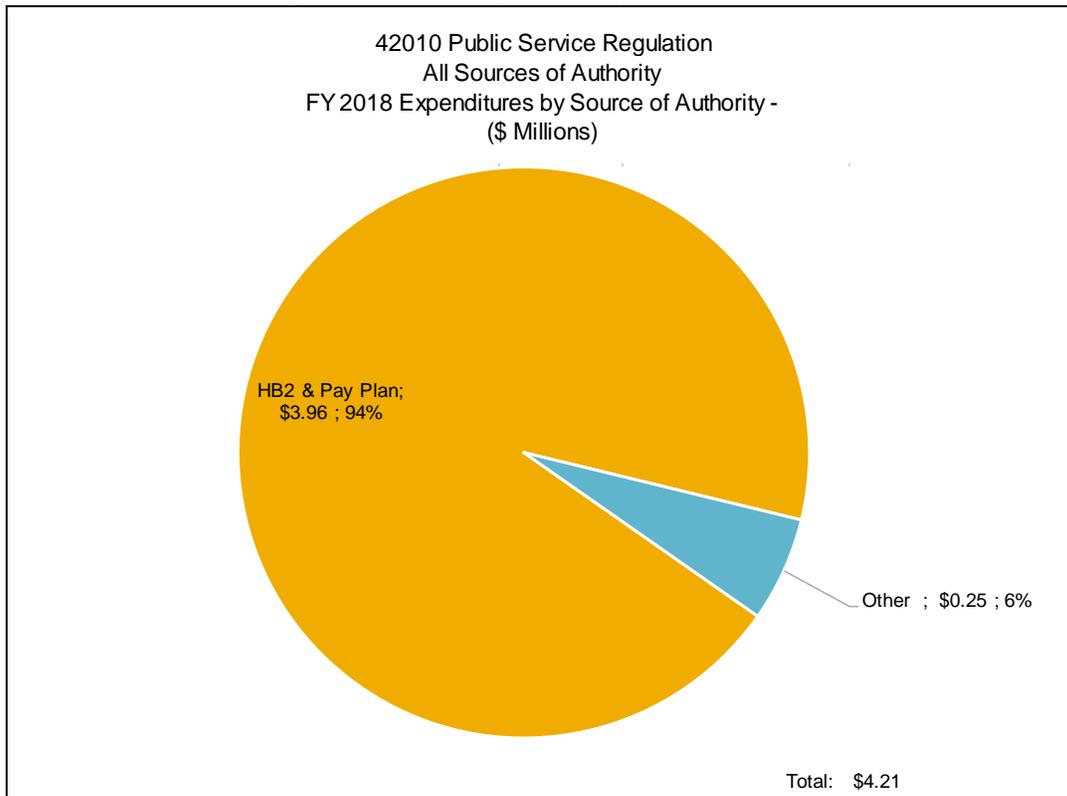
HOW SERVICES ARE PROVIDED

The Public Service Commission (PSC) 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 that oversees the Public Service Regulation Program. Each commissioner serves a four-year term.

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

SOURCES OF SPENDING AUTHORITY

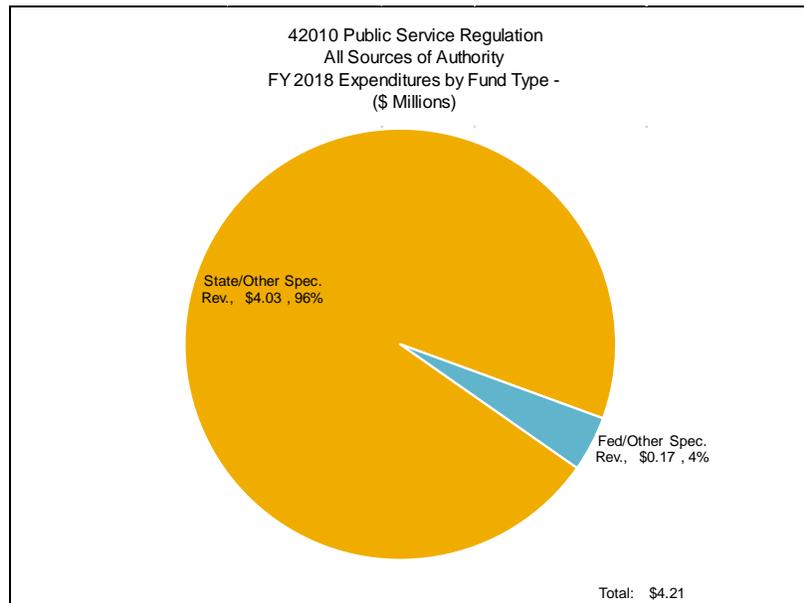
The following chart shows the sources of authority for the Public Service Commission. The majority of the funding comes from HB 2.



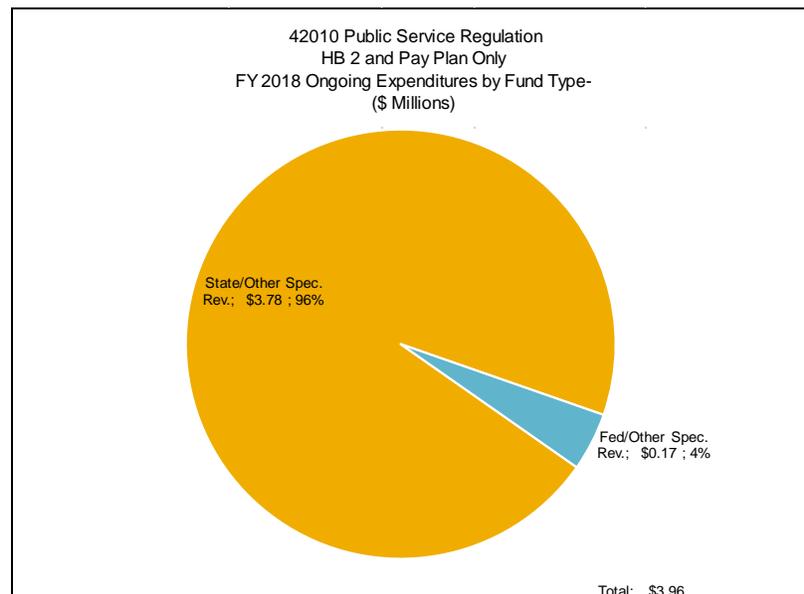
Other is made up of carry forward authority, \$248,160 in state special revenue and \$1,010 in federal special revenue, that supported operating expenses.

FUNDING

The PSC is funded primarily with state special revenue. The main source of revenue 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. The following chart shows how the PSC expenditures were funded in FY 2018 from all sources of authority by fund type.



The chart below shows how PSC expenditures were funded in FY 2018 from HB2 and pay plan by fund type.

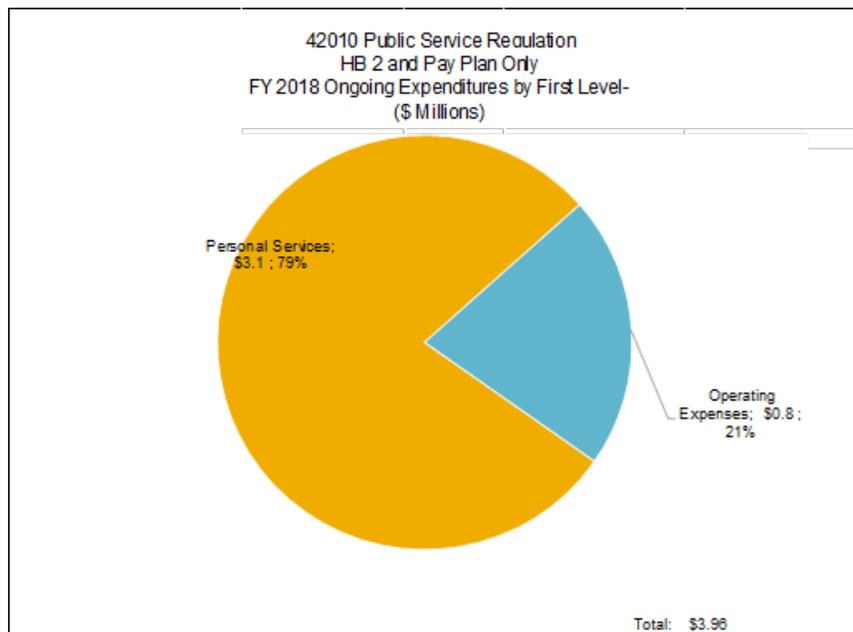


State special revenues comprise the majority of the HB 2 funding for PSC. As discussed above, the funding is generated from a fee that is levied on regulated companies. Federal pipeline safety grant funds provide for

a partnership with the federal Department of Transportation for inspection of natural gas pipelines including construction, transmission integrity management, and operator qualification.

EXPENDITURES

The next chart explains how the HB2 and pay plan authority was spent in FY 2018.



In FY 2018 HB 2 included salaries and benefits for staff within the PSC. The staff includes commissioners, utility rate analysts, attorneys, and support staff. Operating expenses include information technology services and hardware, building rent, and some travel.

HOW THE 2019 LEGISLATURE CAN EFFECT CHANGE

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

PSCR costs are mainly driven by personal services and related operating costs. Without major adjustments to PSC duties, future growth can be expected to loosely follow that of legislatively approved increases for the employee pay plan and inflationary costs. PSC 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.

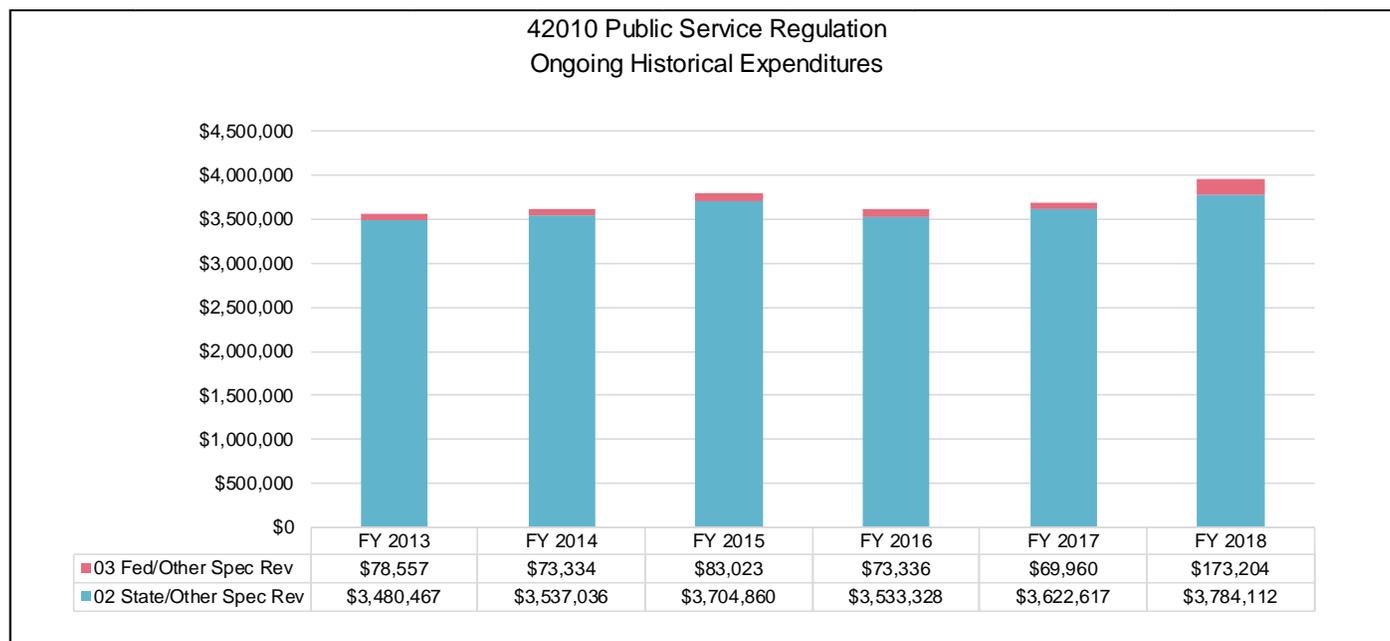
MAJOR COST DRIVERS

The major PSC cost drivers are shown on the following table.

Driver	FY 2008	FY 2018	Significance of Data
Number of utility dockets:			
Docket opened	151	81	caseload impact
Docket closed	144	43	caseload impact
Number of transportation dockets open:			
Docketed	44	40	caseload impact
Non-docketes	43	34	caseload impact
Number of complaints entered	875	1,558	consumer satisfaction
Number of calls received on toll-free line	8,018	3,127	consumer satisfaction

FUNDING/EXPENDITURE HISTORY, AUTHORITY USED TO ESTABLISH THE BUDGET BASE

The following table shows historical changes in the agency's base budget authority. Major changes are related to the level of state special revenue funded by the legislature to support PSC operations. State special revenue increased in FY 2015 to fund retirement payouts of senior staff.



MAJOR LEGISLATIVE CHANGES IN THE LAST TEN YEARS

During the November 2017 Special Session operating expenses were reduced by \$248,000. This reduction resulted in a double impact as a transfer was also approved, which was not intended to impact the overall appropriation. In most agency budgets, in order to recognize other savings due to a transfer, appropriations are also reduced. However, due to the nature of the state special revenue fund in PSC this reduction further impacted the agency budget. The PSC has indicated that instead a transfer of \$248,000 in fund balance from the PSC account in the state special revenue fund should have occurred.

For more information please visit the agency website here: <http://www.psc.mt.gov/>.

Agency Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	6,489,777	7,496,032	1,006,255	15.51 %
Operating Expenses	1,157,223	2,194,755	1,037,532	89.66 %
Debt Service	12,160	12,160	0	0.00 %
Total Expenditures	\$7,659,160	\$9,702,947	\$2,043,787	26.68 %
State/Other Special Rev. Funds	7,312,620	9,156,275	1,843,655	25.21 %
Federal Spec. Rev. Funds	346,540	546,672	200,132	57.75 %
Total Funds	\$7,659,160	\$9,702,947	\$2,043,787	26.68 %
Total Ongoing	\$7,659,160	\$9,702,947	\$2,043,787	26.68 %
Total OTO	\$0	\$0	\$0	0.00 %

Mission Statement

The mission statement of the Public Service Commission (PSC) is 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 PSC in the agency profile. The profile may be viewed at: <https://leg.mt.gov/lfd/publications/>

Agency Highlights

Public Service Commission Major Budget Highlights
<ul style="list-style-type: none"> • The Public Service Commission's 2021 biennium budget is 26.7% or \$2.0 million higher than the 2019 biennium budget. Significant changes for the 2021 biennium include: <ul style="list-style-type: none"> ◦ Requests for 1.00 FTE for an attorney and 2.00 FTE for utility rate analysts would add nearly \$0.6 million in state special revenue ◦ Restoration of funding associated with a transfer of state special revenue to the general fund during the November 2017 Special Session would add about \$0.5 million ◦ A request for funding for contracted services would add \$0.5 million in state special revenue
LFD Issues
<ul style="list-style-type: none"> • Eliminating debt service appropriation that is not required could reduce costs to regulated companies • Contingency funding for unanticipated cases could be considered for restricted funding or one-time-only designations

Agency Actuals and Budget Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	35.00	35.00	38.00	38.00
Personal Services	3,114,871	3,193,839	3,295,938	3,747,701	3,748,331
Operating Expenses	842,450	783,807	373,416	1,109,225	1,085,530
Debt Service	0	6,080	6,080	6,080	6,080
Total Expenditures	\$3,957,321	\$3,983,726	\$3,675,434	\$4,863,006	\$4,839,941
State/Other Special Rev. Funds	3,784,114	3,810,522	3,502,098	4,589,670	4,566,605
Federal Spec. Rev. Funds	173,207	173,204	173,336	273,336	273,336
Total Funds	\$3,957,321	\$3,983,726	\$3,675,434	\$4,863,006	\$4,839,941
Total Ongoing	\$3,957,321	\$3,983,726	\$3,675,434	\$4,863,006	\$4,839,941
Total OTO	\$0	\$0	\$0	\$0	\$0

Agency Discussion

FY 2018 Appropriated Compared to FY 2018 Actual Expenditures

Total expenditures for the PSC were \$4.0 million, or 99.3% of the FY 2018 appropriation. Personal services were below the HB 2 FY 2018 budget by \$79,000 or 2.5%, mainly due to staff turnover. Three positions were partially vacant during FY 2018, with two others filled at a lower salary than the previous incumbents.

Operating expenses were above HB 2 appropriations by \$58,640 or 7.0% due to increased costs for state information technology services related to application development for a calendaring system, a new website, and a case management system.

FY 2018 Appropriations Compared to FY 2019 Appropriations

The FY 2019 appropriation for personal services is \$102,099 or 3.2% higher than the FY 2018 appropriation due to:

- A 1.0% pay plan increase provided by the 2017 Legislature effective the middle of February 2019
- Increased funding for retirement as required by statute
- Reductions to the employer contribution for the state employee group benefit plan in FY 2018

The FY 2019 appropriation for operating expenses is \$410,391 or 52.4% lower than the FY 2018 appropriation. One reason for the decrease was that in FY 2018 \$316,000 was included in information technology services fixed costs for the application development of a case management system, new website, and a calendaring system. Funding for the application development was not included in the FY 2019 appropriations and is not needed beyond the 2019 biennium.

In addition, during the November 2017 Special Session operating expenses were reduced by \$248,000. This reduction resulted in a double impact as a transfer was also approved, which would not have impacted the overall appropriation. In most agency budgets, in order to recognize other savings due to a transfer, appropriations are also reduced. However, due to the nature of the state special revenue fund in PSC (see funding section) this reduction further impacted the agency budget. See new proposal DP 6 for further narrative.

LFD COMMENT	The PSC has indicated that the 31.6% reduction in operating expenses resulting from November 2017 Special Session changes in FY 2019 is not sustainable.
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Comparison of FY 2019 Legislative Budget to FY 2019 Base

Figure 1 illustrates the beginning FY 2019 budget as adopted by the 2017 Legislature, plus modifications done by the executive (and authorized in statute) during the interim, and the finalized 2019 Base Budget. The 2019 Base Budget was agreed upon by the Legislative Finance Committee and the executive as a measuring point to start the 2021 biennium budgeting process.

Figure 1

FY 2019 Legislative Appropriations - Public Service Commission				
	Legislative Action	Executive Modifications	Executive Base	% Change from Legislative Action
01 Public Service Commission				
61000 Personal Services	\$3,295,938	\$0	\$3,295,938	0.00%
62000 Operating Expenses	373,416	0	373,416	0.00%
69000 Debt Service	<u>6,080</u>	<u>0</u>	<u>6,080</u>	<u>0.00%</u>
Program Total	3,675,434	0	3,675,434	0.00%
Grand Total	\$3,675,434	\$0	\$3,675,434	0.00%

As reflected above, the PSC did not have any modifications to the FY 2019 legislative appropriation in HB 2. The PSC is funded with state and federal special revenue and as such was not included for general fund restoration in SB 9.

Executive Request

The executive proposes a 26.7% increase in total funding when compared to the 2019 biennium. Increases include:

- Personal services increases include adjustments calculated in the statewide present law adjustment and three new positions for an attorney and two utility rate analysts
- Operating expenses increases include additional funding for fixed costs, inflation, pipeline safety inspections, and a contingency for consulting related to litigation
- Reinstatement of operating authority reduced in the November 2017 Special Session that was not restored by SB 9. SB 9 only restored general fund

**LFD
ISSUE**Eliminating Debt Service Appropriation That Is Not Required Could Reduce Costs to Regulated Companies

As reflected in the Agency Actuals and Budget Comparison table on the previous page, the funding of \$6,080 in debt service transfers is requested in each year of the 2021 biennium. According to the PSC, a lease for copiers has expired and the PSC now rents the copiers at the cost of \$4,960 a year. The PSC will not have debt service payments in FY 2019, FY 2020, or FY 2021 as a result. Eliminating appropriations for debt service payments in the 2021 biennium would reduce appropriations thereby reducing the fees levied against regulated companies. The amount of the current rental cost of the copier at \$4,960 per year should be shifted into operating expenses.

Legislative options:

- Eliminate funding for debt service payments that are not required in the 2021 biennium and increase operating expenses by \$4,960. Shifting the cost of the rental for copiers to operating expenses will reduce the funding required to support the activities of the PSC by \$2,240 over the biennium
- Approve the request, allowing the agency to rebuild a balance depleted by the November 2017 Special Session

5.0% Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2019 biennium 5.0% plan submitted for this agency is in the Budget Analysis Appendix. The PSC had no funding from the general fund. The 5.0% plan reduction in state special revenue is \$189,156 per year. Reductions proposed would be taken in operating expenses for consulting services, supplies and materials, communications, travel, and subscriptions.

Agency Personal Services

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

1. Formula Based

Formula based changes are calculated independent of agency choices, such as: annualize personal services costs including FY 2019 statewide pay plan adjustments, changes to benefit rates, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot, plus rate changes for workers' compensation and unemployment insurance.

A detailed illustration of this methodology is included in the Budget Analysis Appendix.

2. Personal Services Management Decisions

Any agency management decisions that adjusted employee pay or transferred personal services authority between programs. This includes raises or position changes that may increase or reduce a budget, such as hiring FTE at a lower rate to replace retired senior staff or moving FTE and funding between programs.

3. Proposed Reinstatement of Personal Services Base Budget Reductions

Most agencies requested reinstatement of personal services budget reductions taken last session. The single largest reinstatement is due to the lower vacancy savings rate requested by the executive. The FY 2019 personal services base included approximately 6.0% vacancy savings reduction as part of the funding adopted in HB 2. Generally, the executive requested a 2.0% vacancy savings reduction for 2021 biennium.

Agencies funded with general fund may have additional personal services reductions such as those reduced from the triggers in SB 261 from last session.

In some instances, the lower personal services budgets caused agencies to make management decisions that lowered the ongoing cost of personal services. When this occurred, the LFD reflected the lower reinstatement requested rather than the total of all personal services reductions made by the previous legislature.

4. Budget Modifications

This category includes modifications to the FY 2019 personal services budget such as transfer of personal services authority to operating expenses that occurred during the interim. These transfers may impact the overall size of the personal services present law adjustment (DP 1).

The Figure shows the analysis of the proposed changes.

Figure 2

"Public Service Commission" DP1 Personal Services Present Law Request by Program					
Program	Formula Based	Management Decisions	Proposed Reinstatement of PS	Budget Modifications	DP1 SWPL
01 PUBLIC SERVICE COMMISSION	55,613	55,873	(10,000)	-	101,486
Agency Total	\$55,613	\$55,873	(\$10,000)	\$0	\$101,486

Personal services were \$3.3 million or 89.7% of total FY 2019 base appropriations. The executive proposes an increase of nearly \$1.0 million for the 2021 biennium that includes a statewide present law adjustment of \$204,338 and new proposals of \$569,818, which would add 3.00 FTE. Changes included as part of the statewide present law adjustment are highlighted in Figure 2. Management decisions includes increases in salaries for staff completion of training assignments and career ladder promotions.

Funding

The following table shows proposed agency funding by source of authority.

Total Public Service Commission Funding by Source of Authority 2021 Biennium Budget Request - Public Service Commission						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0	0.00 %
State Special Total	9,156,275	0	0	0	9,156,275	94.37 %
Federal Special Total	546,672	0	0	0	546,672	5.63 %
Proprietary Total	0	0	0	0	0	0.00 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$9,702,947	\$0	\$0	\$0	\$9,702,947	
Percent - Total All Sources	100.00 %	0.00 %	0.00 %	0.00 %		

The PSC is funded by a combination of state and federal special revenue. State special revenue comprises 94.4% of the PSC funding in the 2021 biennium. In FY 2020 state special revenue would increase by nearly \$1.1 million or 31.1% when compared to the FY 2019 base budget. The majority of the state special revenue is derived from a fee that is levied on regulated companies. The amount of the fee is based on the level of funding appropriated by the legislature for a specific fiscal year and the percentage of the gross operating revenue from all activities regulated by the PSC for the calendar quarter of operation as outlined in 69-1-402, MCA.

Figure 3 shows the state special revenue for this account.

Figure 3

Public Service Commission Statement of Revenues, Expenditures, and Changes in Fund Balance FY 2016 through FY 2021						
	Actual FY 2016	Actual FY 2017	Actual FY 2018	Appropriated FY 2019	Proposed FY 2020	Proposed FY 2021
Beginning Fund Balance	\$1,722,755	\$1,036,017	\$2,214,796	\$1,941,103	\$506,093	\$506,087
Revenue	2,950,961	4,773,969	4,033,088	2,210,144	4,863,000	4,840,000
Expenditures						
Personal Services	2,979,378	2,835,951	2,964,281	3,265,658	3,747,701	3,748,331
Operating Expenses	652,570	747,690	1,065,536	373,416	1,109,225	1,085,530
Capital Outlay	(323)	0	0	0	0	0
Transfers Out	0	0	276,964	0	0	0
Debt Service	6,075	0	0	6,080	6,080	6,080
Total Expenditures	3,637,700	3,583,641	4,306,781	3,645,154	4,863,006	4,839,941
Adjustments	1	(11,549)	0	0	0	0
Ending Fund Balance	\$1,036,017	\$2,214,796	\$1,941,103	\$506,093	\$506,087	\$506,146

As reflected above, the proposed budget for the 2021 biennium reduces the fund balance to \$0.5 million by the end of the biennium.

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	0	0	0	0.00 %	3,675,434	3,675,434	7,350,868	75.76 %
SWPL Adjustments	0	0	0	0.00 %	226,875	204,546	431,421	4.45 %
PL Adjustments	0	0	0	0.00 %	675,420	675,420	1,350,840	13.92 %
New Proposals	0	0	0	0.00 %	285,277	284,541	569,818	5.87 %
Total Budget	\$0	\$0	\$0		\$4,863,006	\$4,839,941	\$9,702,947	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	Fiscal 2020				Fiscal 2021					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	101,486	0	101,486	0.00	0	102,852	0	102,852
DP 2 - Fixed Costs	0.00	0	123,697	0	123,697	0.00	0	99,594	0	99,594
DP 3 - Inflation Deflation	0.00	0	1,692	0	1,692	0.00	0	2,100	0	2,100
DP 5 - Consulting Contingency	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000
DP 6 - Building Rent	0.00	0	225,420	0	225,420	0.00	0	225,420	0	225,420
DP 7 - Pipeline Safety	0.00	0	0	100,000	100,000	0.00	0	0	100,000	100,000
DP 8 - Transportation Fees	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
Grand Total All Present Law Adjustments	0.00	\$0	\$802,295	\$100,000	\$902,295	0.00	\$0	\$779,966	\$100,000	\$879,966

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. The rates charged for these services are approved in the section of the budget for the programs that provide the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts within operating expenses. Affected accounts include food, postage, gasoline, and others.

DP 5 - Consulting Contingency -

The executive proposes additional operating expense appropriations in each fiscal year of the 2021 biennium to establish contingency funding for such items as outside counsel, consultants, or expert witnesses needed in litigation or other unanticipated cases. State special revenue provides the funding for the request.

**LFD
ISSUE**

Contingency Funding for Unanticipated Cases Could Be Considered for Restricted Funding or One Time Only

Since the funding associated with this request is for consultant costs for unanticipated cases that may not materialize, the legislature may want to discuss and control how this authority may be used to fund other areas of operations. The legislature may want to restrict the funding in any of the following ways:

Legislative options:

- Restrict the funding so it may be used only to fund costs for unanticipated cases
- Designate the funding as one-time-only so that future funding would need to be requested separate from the base

DP 6 - Building Rent -

The executive requests funding for rent to restore the appropriation reduction made when state special revenue was transferred to the general fund in HB 6 of the November 2017 Special Session.

DP 7 - Pipeline Safety -

The executive proposes additional federal special revenue spending authority of \$65,000 in additional personal services and \$35,000 in operating expenses in each fiscal year. The pipeline safety federal grant has been increased in recent years based on additional federal criteria being met, as well as an increase in the federal percentage share from 50% to 80%. The federal grant supports inspection of natural gas pipelines including construction, transmission integrity management, and operator qualification as well as other related activities.

DP 8 - Transportation Fees -

The executive proposes additional operating expenses authority for state special revenue established for fees collected through the Transportation Program. The purpose of the fees is to ensure that motor carriers pay to cover a portion of their regulatory costs.

**LFD
COMMENT**

The agency has asked for the authority to collect fees through the transportation program. As of December 2018, the agency has not completed the process to increase transportation fees. Transportation fees do not need to be written as a new proposal.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 9 - Attorney	1.00	0	114,457	0	114,457	1.00	0	114,154	0	114,154
DP 10 - Utility Rate Analyst	2.00	0	170,820	0	170,820	2.00	0	170,387	0	170,387
Total	3.00	\$0	\$285,277	\$0	\$285,277	3.00	\$0	\$284,541	\$0	\$284,541

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

DP 9 - Attorney -

The executive requests a personal services appropriation for 1.00 FTE for an attorney to address and process cases on the litigation and contested cases dockets.

DP 10 - Utility Rate Analyst -

The executive requests personal services funding for 2.00 FTE for utility rate analysts to address and process cases related to rates and other contested cases.

**LFD
COMMENT**

The executive requests funding to add 1.00 FTE for an attorney and 2.00 FTE for utility rate analysts to address and process contested case dockets. In the past 10 years, the number of utility case dockets has decreased from 151 dockets opened in FY 2008 to 81 dockets opened in FY 2018. In FY 2008 144 dockets were closed and in FY 2018 43 dockets were closed. Utility staff have a caseload of 200 open cases in FY 2018. Legal staff have a caseload of 140 open cases in FY 2018 including 15 cases which are open/pending ruling. In the 2015 and 2017 Legislative Sessions, personal services were reduced by 5.00 FTE total. In the 2015 Legislative Session, FTE was reduced from 40.00 FTE to 38.44 FTE. In the 2017 Legislative Session, FTE was reduced from 38.44 FTE to 35.00 FTE.

The executive requests an additional 2.00 FTE for utility rate analysts and 1.00 FTE for an attorney due to increased caseloads, staff turnover, and FTE loss in both 2015 and 2017. The agency has not been able to provide additional statistics to track staff hours by docket type other than anecdotal information provided.

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			\$ 189,156
Priority		General Fund Annual Savings	State Special Revenue Annual Savings
	SERVICE(S) TO BE ELIMINATED OR REDUCED		
1	Consulting		\$ 40,000
2	Supplies		\$ 67,000
3	Communications		\$ 30,000
4	Travel		\$ 40,000
5	Subscriptions		\$ 12,156
6			
7			
8			
9			
10			
11			
	TOTAL SAVINGS	\$ -	\$ 189,156
	DIFFERENCE		0

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 \$40,000 from Operating Expenses (consulting) would be a part of that reduction. The scope of our work is very unique and detailed that, at times, expert witnesses are needed to help us understand and defend the complexity of the regulatory topics before the Commission or for other high level and necessary priority projects. Recent examples include hiring outside expert consultants to assist us in navigating through an extensive internal assessment and reorganization process.

#2 THE SAVINGS THAT ARE EXPECTED:

\$40,000

#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, not hiring outside consultants or expert witnesses may lead to further staff time needed on cases or projects which would take time away from day to day duties.

#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:

In meeting the 5% reduction, we would reduce different categories instead of a large reduction in one area; reducing \$67,000 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. Also, computer replacement would be difficult with this reduction.

#2 THE SAVINGS THAT ARE EXPECTED:

\$66,309

#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 \$30,000 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:

\$30,000

#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 \$40,000 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:

\$40,000

#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 \$12,156 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:

\$10,000

#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.

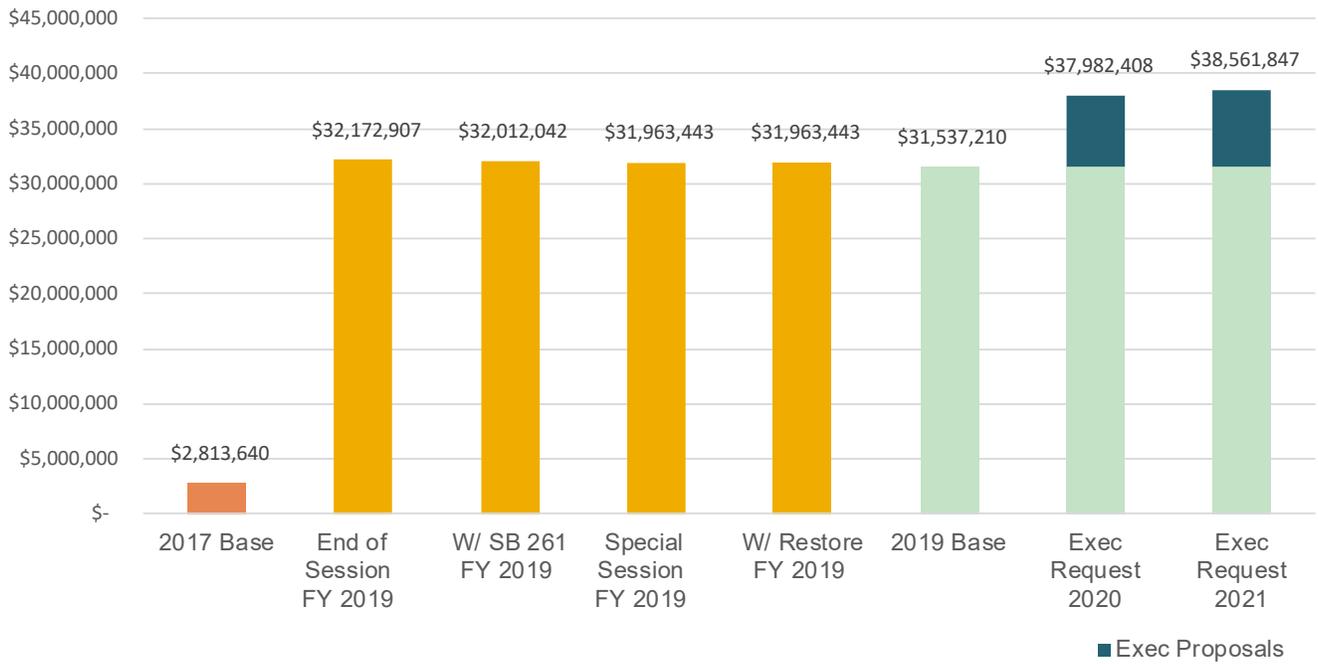
#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

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:

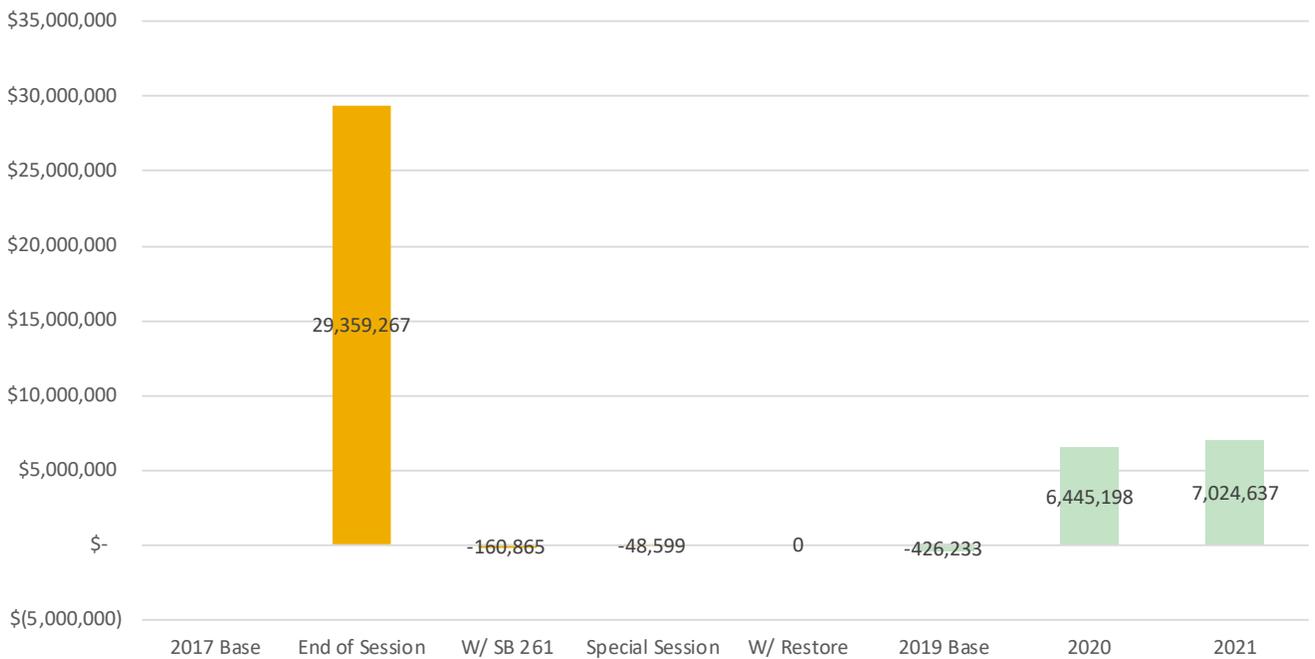
Form B

Public Defender Budget General Fund



The 2017 Base and the 2019 Base exclude OTO's

Changes to Public Defender Budget General Fund Only



The 2017 Base and the 2019 Base excluded OTO's

STATE PUBLIC DEFENDER

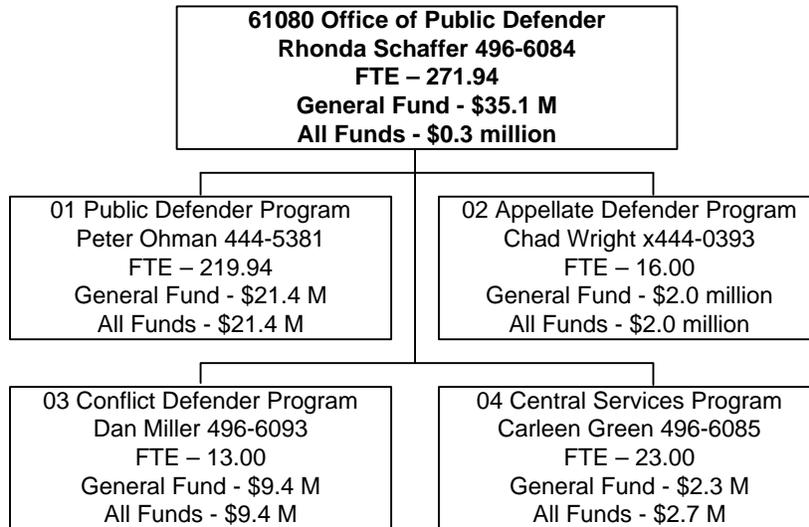
An Agency Profile Prepared by the
Legislative Fiscal Division

November 2018



INTRODUCTION

The primary mission of the statewide public defender system is to provide effective 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.

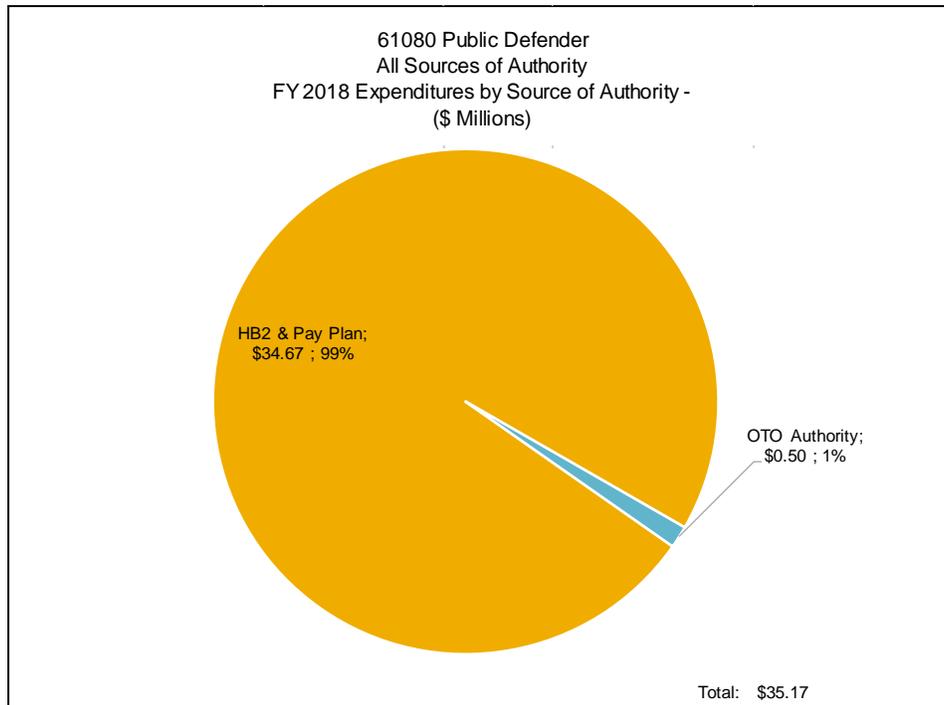


HOW SERVICES ARE PROVIDED

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. In addition, a conflict office manages cases where conflicts exist between represented parties in the same legal action.

SOURCES OF SPENDING AUTHORITY

The following chart shows expenditures by the source of authority for the Office of State Public Defender in FY 2018.

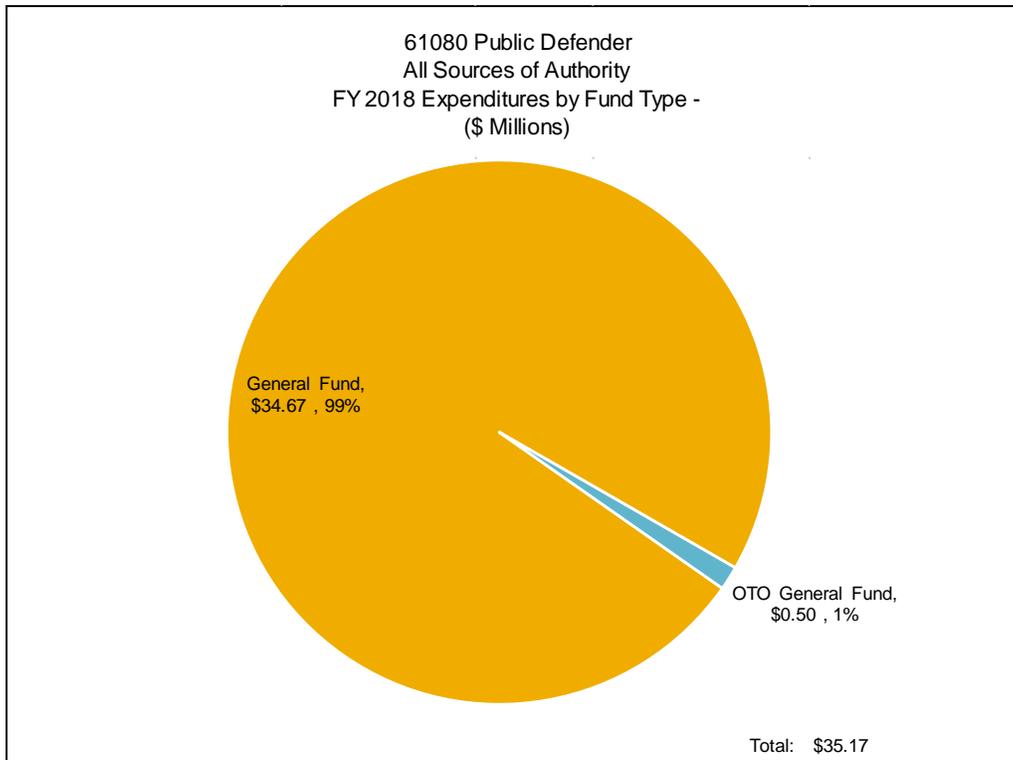


The Office of the Public Defender transferred \$3.0 million in general fund appropriation authority from FY 2019 to FY 2018 for expenditures within the Public Defender and the Conflict Defender Divisions. The HB 2 and pay plan expenditures reflect the additional spending.

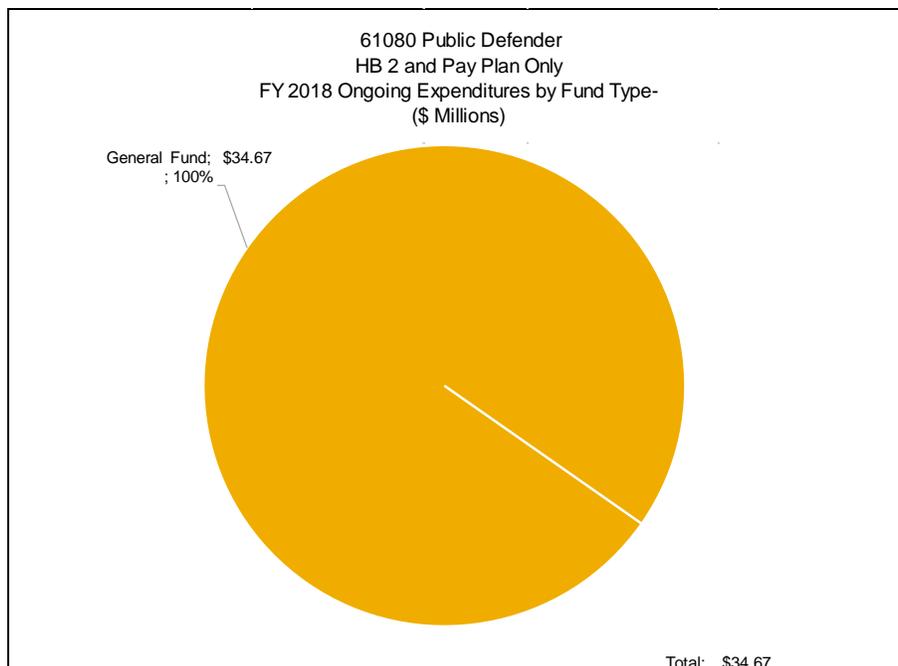
One-time-only expenditures of \$0.5 million were associated with contingency funding established by the legislature. A requirement attached to the funding was that the budget director certify that OPD had implemented a consistent and measurable statewide eligibility determination methodology before the funding would be available.

FUNDING

The Office of State Public Defender is funded primarily with general fund. The following chart shows the funding sources for agency's FY 2018 expenditures.

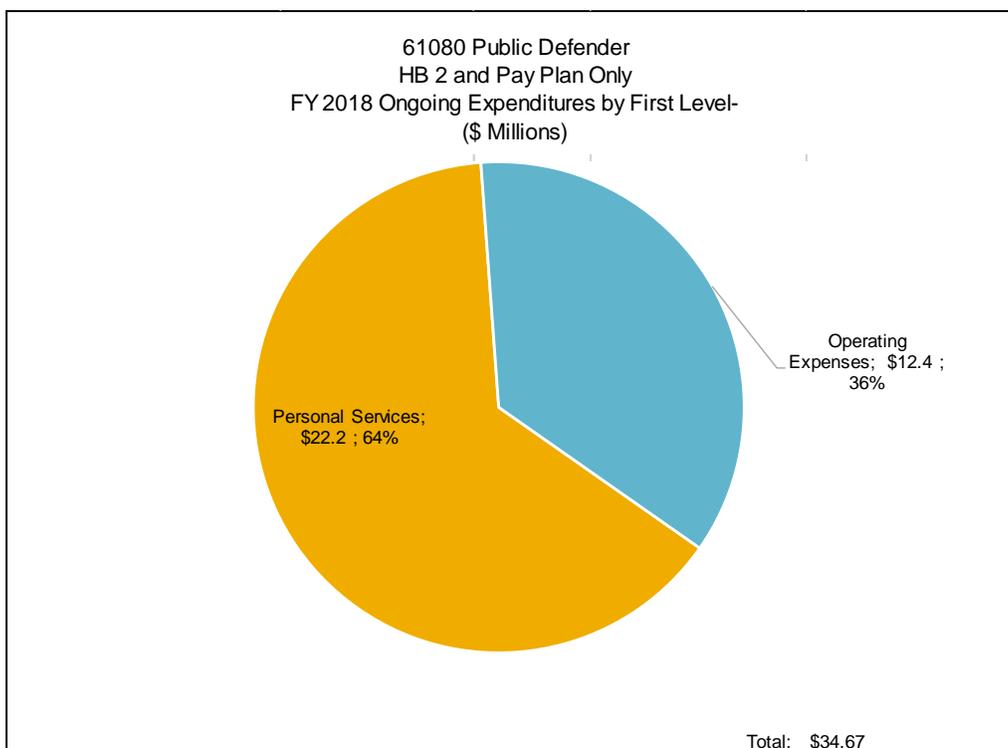


As reflected below, the Office of the Public Defender is supported by general fund. In FY 2018 OPD expended \$0.5 million in one-time-only appropriations.



EXPENDITURES

The next chart explains how the HB2 and pay plan authority was spent in FY 2018.



HB 2 personal services includes the salaries and benefits for staff within OPD. The staff includes lawyers, legal secretaries, and crime investigators. The majority of the operating expenses were for contract attorneys. Other operating expenses expenditures included information technology costs, expert witness fees, mental health evaluations, and court transcript costs.

HOW THE 2017 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.

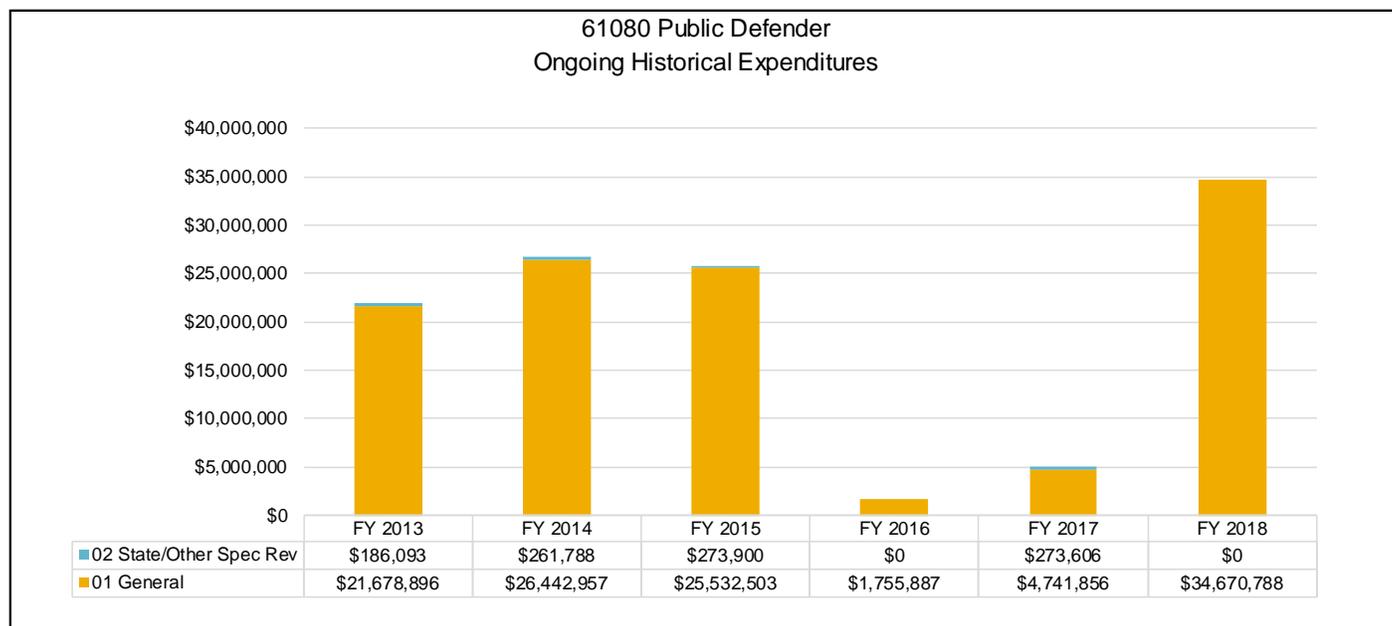
MAJOR COST DRIVERS

The major drivers of cost for the Office of State Public Defender are caseloads. The following table shows trends in the various types of cases of the office:

Driver	FY 2008	FY 2018	Significance of Data
Abuse and Neglect	2,181	4,560	Impact on workload
Criminal	5,523	8,755	Impact on workload
Guardianship	248	211	Impact on workload
Involuntary Commitment	735	1,141	Impact on workload
Juvenile	959	826	Impact on workload
Lower Court	16,910	18,966	Impact on workload
Total All Case Types	26,556	34,459	Impact on workload
Division 2 (Appellate) opened 317 new cases in FY 2018			

FUNDING/EXPENDITURE HISTORY, AUTHORITY USED TO ESTABLISH THE BUDGET BASE

The following table shows historical changes in the agency's base budget authority.



The 2015 Legislature designated the FY 2016 and FY 2017 budgets as one-time-only with a few exceptions.

MAJOR LEGISLATIVE CHANGES IN THE LAST TEN YEARS

Major legislative changes adopted by the 2017 Legislature included:

- HB 133 eliminated the possibility of jail time on several misdemeanor offenses and instituted mandatory minimums for sex offenses against children aged 12 or younger. These changes affect expenditures for the Office of the Public Defender by reducing caseload
- HB 59 removed court requirements for putative fathers in most cases and reducing the number of dependent and neglect cases where the Office of Public Defender (OPD) is appointed for representation
- HB 77 reorganized the Office of Public Defender. The bill:
 - Allowed for a Director position that will be hired by the Department of Administration
 - Created an Advisory Commission attached to the Office of State Public Defender
 - Removed the allocation of the former commission to the Department of Administration

- Established a quarterly meeting expectation and allowed for special meetings to be called when required
- Allowed the Director position to be named in place of a Chief Public Defender and Chief Appellate Defender for certain duties
- Established definitions related to the Office of the Public Defender
- Clarified certain duties for the Division Administrator and the Advisory Commission
- Mandated any unencumbered state special revenue be transferred to the general fund by August 1 of each year
- Created further direction for eligibility determination of indigence
- Outlined the duties of an administrator position
- Provided transition instruction to the Advisory Commission and the Department of Administration

2015 Legislature made the following changes:

- HB 2 designed the appropriations for OPD, including the base budget, as one-time-only. As such the budget for the 2019 biennium was built from a zero base.
- HB 627 provided for a study of the operations of OPD to develop a long-term plan to allow OPD to provide effective assistance of counsel to those that qualify
- HB 143 suspended a defendant's obligation to make payments for costs of assigned counsel during the period a defendant is incarcerated
- SB 244 created a study for sentencing practices and policies

2011 Legislature included the following changes:

- HB 96 allowed OPD to recover the costs of representation in probate and involuntary commitment cases if the respondent was determined to have financial ability to pay for a public defender and the judge ordered the respondent to pay
- SB 15 created a misdemeanor crime of aggregated driving under the influence, increasing the number of cases requiring OPD to provide representation
- SB 187 modified several provisions of the Montana Public Defender Act by:
 - Eliminating the requirement that the Chief Public Defender carry a caseload
 - Prohibiting the contract manager from carrying a caseload
 - Providing for separate staff for the Public Defender Commission (commission) to be added when sufficient state special revenue was collected to support the positions
 - Modifying per case charges for the cost of the counsel
 - Specifying that the commission establish and oversee a Conflicts Office with a Conflicts Manager
 - Requiring that applicants for services submit notarized affidavits of indigence

For more information please visit the agency website here: <http://www.publicdefender.mt.gov/>.

Agency Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	44,726,512	53,156,746	8,430,234	18.85 %
Operating Expenses	19,344,432	23,387,509	4,043,077	20.90 %
Total Expenditures	\$64,070,944	\$76,544,255	\$12,473,311	19.47 %
General Fund	64,070,944	76,544,255	12,473,311	19.47 %
Total Funds	\$64,070,944	\$76,544,255	\$12,473,311	19.47 %
Total Ongoing	\$63,045,944	\$75,544,255	\$12,498,311	19.82 %
Total OTO	\$1,025,000	\$1,000,000	(\$25,000)	(2.44)%

Mission Statement

The mission of the Office of the State Public Defender (OPD) is to provide effective professional legal services with equal access to quality client-centered representation.

For additional information, please refer to the Agency Profile. The profile may be viewed at: <https://leg.mt.gov/content/Publications/fiscal/BA-2021/Section-D/Agency-Profiles/6108-DEF.pdf>

Agency Highlights

Office of the Public Defender Major Budget Highlights
<ul style="list-style-type: none"> • The Office of the Public Defender requests \$7.3 million in supplemental appropriations for FY 2019 in HB 3 • The Office of the Public Defender 2021 biennium budget request is 19.5% or \$12.5 million higher than the 2019 biennium. Significant changes include: <ul style="list-style-type: none"> ◦ Proposal to add 30.50 FTE and an associated \$4.1 million in general fund personal services ◦ Requesting \$1.6 million in general fund to provide a 1.0% increase in the contract attorney fees ◦ Proposal for career ladders at \$2.8 million in general fund ◦ Requesting an additional \$1.2 million in general fund for an estimated 3.0% growth in caseload in the 2021 biennium
LFD Issues
<ul style="list-style-type: none"> • Averaging total caseload growth over the last five years does not capture recent declines in: <ul style="list-style-type: none"> ◦ Average case costs ◦ Certain case types such as lower court cases

Agency Actuals and Budget Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	271.94	271.94	302.44	302.44
Personal Services	22,024,019	22,024,010	22,702,502	26,245,554	26,911,192
Operating Expenses	9,941,795	10,009,724	9,334,708	11,736,854	11,650,655
Total Expenditures	\$31,965,814	\$32,033,734	\$32,037,210	\$37,982,408	\$38,561,847
General Fund	31,965,814	32,033,734	32,037,210	37,982,408	38,561,847
Total Funds	\$31,965,814	\$32,033,734	\$32,037,210	\$37,982,408	\$38,561,847
Total Ongoing	\$31,465,814	\$31,508,734	\$31,537,210	\$37,482,408	\$38,061,847
Total OTO	\$500,000	\$525,000	\$500,000	\$500,000	\$500,000

Agency Discussion*FY 2018 Appropriations Compared to FY 2018 Actual Expenditures*

While the table above reflects the original appropriation and corresponding expenditures provided by the legislature for FY 2018, OPD actually expended an additional \$3.2 million in FY 2018 including:

- \$3.0 million in fiscal year supplemental transfers for higher operating expenses. OPD transferred \$3.0 million in general fund from FY 2019 to FY 2018
- \$205,000 in personal service contingency funding received from the Office of Budget and Program Planning. While the funding was requested for higher than anticipated personal services costs, OPD transferred an equal amount of funding out of personal services of the Public Defender Division and into operating expenses of the Conflict Defender Division

Because fiscal year supplemental appropriations and personal services contingency funding are not included in the preceding table, neither the column for actual expenditures or appropriations in FY 2018 includes the additional \$3.2 million.

Cost Reductions Adopted By the 2017 Legislature

The 2017 Legislature adopted OPD's proposal to reduce contract attorney services in three of its divisions by hiring additional attorneys, reducing operating expenses by \$1.8 million, adding 11.50 FTE, and increasing personal services by \$1.1 million in both FY 2018 and FY 2019.

Cost Mitigation Efforts

To further address rising costs, OPD implemented reductions of about 10.0% to contract attorney rates late in FY 2018. The reason for the reduction was to mitigate costs associated with increasing workloads. OPD also hired an additional 20.50 FTE beyond the approved 11.50 FTE to replace contract attorneys, further reducing operating costs. The mitigation efforts are continued in FY 2019. As discussed, despite the mitigation efforts, FY 2018 ongoing appropriations of \$32.0 million in general fund were not sufficient to meet ongoing expenditures within two programs in OPD, the Public Defender Division and the Conflict Defender Division. OPD transferred \$3.0 million from FY 2019 to FY 2018 to address shortfalls in operating expenses due to:

- Growth in dependent and neglect cases that outpaced budget authority by \$0.8 million
- Unexpected leave payouts for staff exceeding budgeted authority by \$0.6 million

- OPD expending \$1.0 million in a death penalty case that was not anticipated in the budget
- Expenses related to court orders requiring a further \$0.5 million

FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 total appropriations are almost identical to FY 2018 appropriations in total, however personal services are increased by \$700,000 in FY 2019 and operating expenses are decreased by a similar amounts Differences include:

- Personal services appropriations are higher in FY 2019 mainly due to the November 2017 Special Session reducing contributions to employee health benefits by \$521,000 in FY 2018
- Operating expenses are lower in FY 2019 due to the 2017 Legislature anticipating that, by implementing changes in sentencing laws, the need for contract attorneys within OPD would decrease between FY 2018 and FY 2019

LFD COMMENT As noted, OPD transferred \$3.0 million of general fund authority from FY 2019 to FY 2018. OPD has requested an additional \$7.3 million in general fund in supplemental appropriation authority for FY 2019. This request is included in HB 3.

Comparison of FY 2019 Legislative Budget to FY 2019 Base

Figure 1 illustrates the beginning FY 2019 budget as adopted by the 2017 Legislature compared to the finalized 2019 Base Budget, which includes modifications done by the executive (as authorized in statute) during the interim. The 2019 Base Budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2021 biennium budgeting process.

Figure 1

FY 2019 Legislative Appropriations				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
01 Public Defender Division				
61000 Personal Services	\$18,538,104	(\$479,281)	\$18,058,823	-2.6%
62000 Operating Expenses	1,811,620	18,554	1,830,174	1.0%
63000 Equipment & Intangible Assets	18,554	(18,554)	-	-100.0%
Program Total	20,368,278	(479,281)	19,888,997	-2.4%
02 Appellate Defender Division				
61000 Personal Services	1,463,890	-	1,463,890	0.0%
62000 Operating Expenses	444,043	-	444,043	0.0%
Program Total	1,907,933	-	1,907,933	0.0%
03 Conflict Defender Division				
61000 Personal Services	1,213,417	122,992	1,336,409	10.1%
62000 Operating Expenses	5,476,829	-	5,476,829	0.0%
Program Total	6,690,246	122,992	6,813,238	1.8%
04 Central Services Division				
61000 Personal Services	1,487,091	356,289	1,843,380	24.0%
62000 Operating Expenses	1,083,662	-	1,083,662	0.0%
Program Total	2,570,753	356,289	2,927,042	13.9%
Grand Total	\$31,537,210	\$0	\$31,537,210	0.0%

As reflected in Figure 1, in FY 2019 the Public Defender Division transferred 6.00 FTE and related personal services authority from the Public Defender Division to the Conflict Defender and Central Service Divisions. The Conflict Defender Division received 1.00 FTE attorney while the Central Service Division received 2.00 FTE eligibility technicians, 1.00 FTE attorney, 1.00 FTE accounting technician, and 1.00 FTE that was reclassified as an administrative services manager.

Executive Request

Caseload Growth

Caseloads drive costs in the Office of the Public Defender. Figure 2 shows the caseload trends from FY 2013 through FY 2018 and reflects the number of new cases assigned to OPD 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 OPD to provide counsel regardless of qualification. Figure 2 also provides the average cost per case for the same period.

Figure 2

Office of the Public Defender Caseload Statistics					
Case Type	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Lower Courts	19,803	20,814	21,543	21,412	18,967
Dependent and Neglect	3,029	3,925	4,691	4,853	4,535
Juvenile	1,052	927	907	877	799
Involuntary Commitment	1,046	1,080	1,103	1,176	1,107
Guardianship	178	189	200	170	170
Criminal	6,597	6,699	7,904	8,619	8,850
Total	31,705	33,634	36,348	37,107	34,428
% Growth in Cases					
Lower Courts	-2.4%	5.1%	3.5%	-0.6%	-11.4%
Dependent and Neglect	-3.2%	29.6%	19.5%	3.5%	-6.6%
Juvenile	-11.8%	-11.9%	-2.2%	-3.3%	-8.9%
Involuntary Commitment	6.4%	3.3%	2.1%	6.6%	-5.9%
Guardianship	-30.2%	6.2%	5.8%	-15.0%	0.0%
Criminal	8.3%	1.5%	18.0%	9.0%	2.7%
Total	-0.8%	6.1%	8.1%	2.1%	-7.2%
Average Cost Per Case					
Lower Courts	\$440	\$441	\$428	\$408	\$365
Dependent and Neglect	1,519	1,294	1,363	1,793	1,970
Juvenile	1,023	1,084	1,169	1,129	995
Involuntary Commitment	347	445	446	273	253
Guardianship	908	876	648	574	528
Criminal	1,914	2,143	2,032	1,891	1,752
% Change in Average Costs					
Lower Courts		0.2%	-2.9%	-4.7%	-10.5%
Dependent and Neglect		-14.8%	5.3%	31.5%	9.9%
Juvenile		6.0%	7.8%	-3.4%	-11.9%
Involuntary Commitment		28.2%	0.2%	-38.8%	-7.3%
Guardianship		-3.5%	-26.0%	-11.4%	-8.0%
Criminal		12.0%	-5.2%	-6.9%	-7.4%

HB 133 revised misdemeanor laws, reducing the number of cases requiring OPD to provide legal representation in lower court cases. In FY 2018 OPD had 2,446 fewer lower court cases or a decline of 11.4% when compared to FY 2017. This reduction in case workload was offset by:

- An increase in district court cases including a potential death penalty case
- A large backlog of cases from previous years that required resources in FY 2018

LFD COMMENT HB 133 revised the number of misdemeanor laws requiring the Office of the Public Defender to represent defendants in court. The city of Billings has adopted local ordinances that reverse the statutes put in place by the legislature addressing which offenses may result in jail or prison if the defendant is found guilty and thus require representation by a public defender. The work load of OPD and associated costs for lower court cases may be increased in the 2021 biennium as a result.

As shown juvenile cases have been steadily declining each year. As reflected in Figure 2, increases in new cases do not necessarily correspond to an increase in the average cost per case. For example, criminal cases increased 18.0% between FY 2015 and FY 2016 while the average cost per criminal case declined by 5.2%. Average case costs have declined for at least two consecutive years for all but dependent and neglect cases.

LFD COMMENT Dependent and neglect cases make up a significant portion of the number of cases and related costs in both the Public Defender and Conflict Defender Divisions and have been steadily increasing in both number and average costs per case. Part of the impact of the increased costs is the length of time required to complete each case. According to the LFD Results First Report issued in September 2018, the "out-of-home-placement" of children who are victims of abuse or neglect has been increasing over the last decade. This is an outcome that most research indicates should be avoided whenever possible as it generally has long-term impacts on the child. Montana has a higher removal rate for "out-of-home-placements" than most other states.

Agency Wide Decision Packages

Caseload

The executive is requesting an additional \$3.1 million in general fund for caseload growth between the 2019 biennium and the 2021 biennium. The executive estimates that overall caseload will grow at 3.0% each year based on the previous five years, and has proposed additional funding based on the average growth.

LFD ISSUE Averaging total caseload growth over the last five years does not capture recent declines in average case costs or certain case types such as lower court cases

As reflected in Figure 2, the caseload has different components such as dependent and neglect or criminal cases, which are not changing at the same rate. In addition, the 2017 Legislature adopted HB 133 revising misdemeanor laws and reducing the number of cases that require OPD to provide legal representation. As a result, the lower court component of OPD's caseload declined by 11.4% in FY 2018 when compared to FY 2017. It should also be noted that the average costs per case vary and do not necessarily correspond to the changes in the number of cases. To further analyze caseload growth the LFD calculated caseload growth for each type of case since FY 2014 and the associated trends in average cost per case. Figure 3 includes actual cases and average cost per case for FY 2014 through FY 2018 and estimated costs for each caseload type based on historical trends and averages for FY 2019 through FY 2021.

Figure 3

Office of the Public Defender Cost and Caseload Projections						
Case Type	Actual FY 2016	Actual FY 2017	Actual FY 2018	Estimated FY 2019	Estimated FY 2020	Estimated FY 2021
Lower Courts	\$9,220,404	\$8,736,096	\$6,929,214	\$6,576,807	\$6,247,967	\$5,935,569
Dependent and Neglect	6,393,833	8,701,429	8,933,950	9,201,969	9,667,588	10,156,768
Juvenile	1,060,283	990,133	795,005	813,104	756,187	703,254
Involuntary Commitment	491,938	321,048	280,071	270,880	257,336	244,921
Guardianship	129,600	97,580	89,760	87,822	74,649	63,451
Criminal	16,060,928	16,298,529	15,505,200	17,578,313	18,000,812	18,743,383
Total Case Related Costs	\$33,356,986	\$35,144,815	\$32,533,200	\$34,528,895	\$35,004,538	\$35,847,346

Using the historical trends and averages captures changes in both caseload and changes in the average cost per case. For example, criminal case numbers are increasing by an average of 9.5% between FY 2016 and FY 2018 however, average case costs associated with criminal cases have declined by 6.5% in the same period. Based on the changes in the historical trends for caseload components and average case costs, costs associated with case caseloads in OPD would be \$363,000 less in FY 2020 and \$76,000 less in FY 2021 than anticipated by the executive.

Legislative options:

- Adopt funding for caseload growth based on historical trends and averages
- Adopt the executive proposal for caseload growth

Additional FTE

The executive is requesting a total of 30.50 FTE and \$5.9 million in general fund in the 2019 biennium for additional personal services funding. During FY 2018 OPD hired an additional 19.00 FTE in modified positions including:

- 17.00 FTE attorney positions
- 2.00 FTE support staff

The FTE offset the need for contract attorneys. The executive proposes to provide funding for these positions and establish an additional 10.50 FTE related to increasing case load.

Increases to Contract Attorney Rates

The executive proposes to provide a 1.0% increase in the hourly contract attorney rate with \$1.6 million in general fund appropriations for operating expenses. Contract attorneys are used when OPD does not have the capacity to take on additional cases or where there is a potential conflict of interest for OPD to represent the defendant. In April 2018, OPD reduced contract attorney rates from \$62.00 to \$56.00 an hour to mitigate expenditures that were above the FY 2018 budget.

LFD COMMENT

In May 2018 attorneys who contract with the Office of the Public Defender filed a lawsuit seeking damages for the reduction in hourly rates and a reinstatement of the hourly rates to the previous level of \$62.00 an hour. The attorneys argue that a U.S Supreme Court ruling says the government can't change the terms of a public contract just to save money.

LFD COMMENT

The executive is proposing increased appropriations for increasing the contract attorney rate as a present law adjustment. The increase in the rate could be considered a change in program services which is considered a new proposal according to statute.

Career Ladder Adjustments

To address staff retention issues within OPD the executive is proposing career ladders adjustments for attorneys. The proposal increases general fund for personal services by \$1.8 million over the 2021 biennium.

Legislative Audit Findings

LFD COMMENT The Legislative Audit Division conducted a financial compliance audit of the Office of the Public Defender. The audit found that there is a conflict in statute between Chapters 170 and 358, Laws of the 2017 Regular Session related to public defender fees. Section 46-8-113, MCA requires any amount collected for public defender fees be deposited into the general fund. However, 46-8-113, MCA states that all fees, including public defender fees, be in the state special revenue account for the Office of the Public Defender. In FY 2018 OPD deposited the public defender fees into the general fund.

The Legislative Auditor recommends the Office of the Public Defender seek legislation to resolve the conflict between the two statutes and clarify where the public defender fees should be deposited.

5.0% Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2019 biennium 5.0% Plan submitted for this agency is in the appendix. OPD includes reductions of \$1.6 million in general fund. The proposal to reduce expenditures in OPD is to transfer responsibility for contract attorneys, expert witness fees, and mental health evaluations to the Attorney General.

LFD COMMENT While the proposal will reduce general fund expenditures in OPD it does not reduce general fund for the state, shifting the costs to another agency.

Agency Personal Services

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

1. Formula Based

Formula based changes are calculated independent of agency choices, such as: annualize personal services costs including FY 2019 statewide pay plan adjustments, changes to benefit rates, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot, plus rate changes for workers' compensation and unemployment insurance.

A detailed illustration of this methodology is included in the Budget Analysis Appendix.

2. Personal Services Management Decisions

Any agency management decisions that adjusted employee pay or transferred personal services authority between programs. This includes raises or position changes that may increase or reduce a budget, such as hiring FTE at a lower rate to replace retired senior staff or moving FTE and funding between programs.

3. Proposed Reinstatement of Personal Services Base Budget Reductions

Most agencies requested reinstatement of personal services budget reductions taken last session. The single largest reinstatement is due to the lower vacancy savings rate requested by the executive. The FY 2019 personal services base included approximately 6.0% vacancy savings reduction as part of the funding adopted in HB 2. Generally, the executive requested a 2.0% vacancy savings reduction for 2021 biennium.

Agencies funded with general fund may have additional personal services reductions such as those reduced from the triggers in SB 261 from last session.

In some instances, the lower personal services budgets caused agencies to make management decisions that lowered the ongoing cost of personal services. When this occurred, the LFD reflected the lower reinstatement requested rather than the total of all personal services reductions made by the previous legislature.

4. Budget Modifications

This category includes modifications to the FY 2019 personal services budget such as transfer of personal services authority to operating expenses that occurred during the interim. These transfers may impact the overall size of the personal services present law adjustment (DP 1).

The Figure shows the analysis of the proposed changes.

Figure 4

Personal Services Present Law DP 1 - FY 2020						
Program	Formula Based	Management Decisions	Proposed Reinstatement of PS	Budget Modifications	DP1 SWPL	
01 OFFICE OF PUBLIC DEFENDER	\$174,392	(\$121,069)	\$0	\$0	\$53,323	
02 OFFICE OF APPELLATE DEFENDER	19,113	25,885	-	-	44,998	
03 CONFLICT COORDINATOR	23,151	(101,660)	-	-	(78,509)	
04 CHIEF ADMINISTRATOR'S OFFICE	31,590	(19,500)	-	-	12,090	
Agency Total	\$248,245	(\$216,343)	\$0	-	\$31,902	

As reflected in Figure 4, reductions in salaries and benefits, especially in the Public Defender and Conflict Coordinator Divisions, offset expected changes and proposed reinstatement of personal services. OPD had 6.3% of FTE vacant in FY 2017 and 3.9% vacant in FY 2018. In FY 2018 a number of higher salaried employees left employment and were replaced with employees with less experience earning a lower salary. As a result, 60.00 FTE have a lower salary and benefit level for the 2021 biennium when compared to the 2019 biennium.

Funding

The following table shows proposed agency funding by source of authority.

Total Office of State Public Defender Funding by Source of Authority 2021 Biennium Budget Request - Office of State Public Defender							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	75,544,255	1,000,000	0	0	76,544,255	100.00 %	
State Special Total	0	0	0	0	0	0.00 %	
Federal Special Total	0	0	0	0	0	0.00 %	
Proprietary Total	0	0	0	0	0	0.00 %	
Other Total	0	0	0	0	0	0.00 %	
Total All Funds	\$75,544,255	\$1,000,000	\$0	\$0	\$76,544,255		
Percent - Total All Sources	98.69 %	1.31 %	0.00 %	0.00 %			

OPD is solely funded with general fund.

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	31,537,210	31,537,210	63,074,420	82.40 %	31,537,210	31,537,210	63,074,420	82.40 %
SWPL Adjustments	347,838	276,311	624,149	0.82 %	347,838	276,311	624,149	0.82 %
PL Adjustments	5,042,266	5,000,710	10,042,976	13.12 %	5,042,266	5,000,710	10,042,976	13.12 %
New Proposals	1,055,094	1,747,616	2,802,710	3.66 %	1,055,094	1,747,616	2,802,710	3.66 %
Total Budget	\$37,982,408	\$38,561,847	\$76,544,255		\$37,982,408	\$38,561,847	\$76,544,255	

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	35,136,054	39,856,406	4,720,352	13.43 %
Operating Expenses	5,480,304	6,873,158	1,392,854	25.42 %
Total Expenditures	\$40,616,358	\$46,729,564	\$6,113,206	15.05 %
General Fund	40,616,358	46,729,564	6,113,206	15.05 %
Total Funds	\$40,616,358	\$46,729,564	\$6,113,206	15.05 %
Total Ongoing	\$39,616,358	\$45,729,564	\$6,113,206	15.43 %
Total OTO	\$1,000,000	\$1,000,000	\$0	0.00 %

Program Description

The Public Defender Division oversees services to qualifying clients by providing assistance of counsel to indigent criminal defendants and other persons in certain civil cases who are entitled by law to assistance of counsel.

Program Highlights

Public Defender Division Major Budget Highlights
<ul style="list-style-type: none"> • The Public Defender Division 2021 biennium budget request is \$6.1 million or 15.1% higher than the 2019 biennium. Significant changes include: <ul style="list-style-type: none"> ◦ Proposal to add 11.00 FTE and \$2.1 million in related general fund personal services authority. Of this 5.00 FTE are proposed for anticipated caseload growth of 3.0% ◦ Adjustments to operating expenses for contract attorney caseload growth of \$1.2 million in general fund ◦ Request for \$1.5 million in general fund for career ladder adjustments ◦ Proposal to establish a contingency appropriation of \$0.5 million in general fund each year for potential death penalty cases
LFD Issues
<ul style="list-style-type: none"> • Averaging total caseload growth over the last five years does not capture recent declines in: <ul style="list-style-type: none"> ◦ Average case costs ◦ Types of cases such as lower court cases

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	219.94	219.94	230.94	230.94
Personal Services	17,077,238	17,077,231	18,058,823	19,635,180	20,221,226
Operating Expenses	3,150,144	3,150,130	2,330,174	3,444,080	3,429,078
Total Expenditures	\$20,227,382	\$20,227,361	\$20,388,997	\$23,079,260	\$23,650,304
General Fund	20,227,382	20,227,361	20,388,997	23,079,260	23,650,304
Total Funds	\$20,227,382	\$20,227,361	\$20,388,997	\$23,079,260	\$23,650,304
Total Ongoing	\$19,727,382	\$19,727,361	\$19,888,997	\$22,579,260	\$23,150,304
Total OTO	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

Expenditures for the Public Defender Division (PDD) were \$1.0 million higher than anticipated in the FY 2018 budget. PDD transferred \$1.0 million in general fund appropriations for operating expenses from FY 2019 to FY 2018 for costs that were higher than budgeted including contract attorney fees, mental health evaluations, and investigator fees. When compiling the budget, fiscal year supplemental transfers of appropriation authority between fiscal years are eliminated. Thus the Program Actuals and Budget Comparison table does not reflect the additional \$1.0 million in appropriations and expenditures in operating expenses in FY 2018.

FY 2018 Appropriations Compared to FY 2019 Appropriations

Notwithstanding the transfer, overall there is less than 0.1% difference between FY 2018 and FY 2019 appropriations. FY 2019 personal services appropriations are \$1.0 million higher than FY 2018 appropriations. Personal services in FY 2018 were reduced due to:

- Temporary suspension of \$0.4 million in employer contributions to employee health benefits made by the November 2017 Special Session
- Transfer of \$0.2 million from personal services to operating expenses to provide for higher than budgeted operating expenses
- Transfer of \$0.2 million in personal services to the Conflict Defender Division

In addition, the legislature approved a 1.0% pay plan increase and provided \$0.1 million in general fund in FY 2019.

Operating expenses appropriations are \$820,000 lower in FY 2019 than in FY 2018. As discussed in the Agency Summary, the 2017 Legislature anticipated that, by implementing changes in sentencing laws, the need for contract attorneys within OPD would decrease between FY 2018 and FY 2019.

As noted above, the preceding table does not reflect the reduction of \$1.0 million in general fund operating expenses that were transferred to FY 2018. PDD anticipates requiring a supplemental appropriation in FY 2019 for operating expenses.

Executive Request

The executive is proposing:

- An additional 11.00 FTE and \$2.2 million in general fund supporting personal services. In the 2019 biennium PDD had 6.00 FTE in modified positions to reduce operating expenses associated with the costs of using contract attorneys. The remaining 5.00 FTE are proposed to address an estimated 3.0% growth in caseload. See LFD Issue in the Agency Discussion

- Career ladder adjustments for attorneys at a cost of \$1.5 million general fund
- To provide a 1.0% increase in contract attorney rates with \$0.9 million in general fund
- One-time-only general fund of \$0.5 million for death penalty cases
- Additional operating expenses of \$1.2 million in general fund for projected 3.0% in caseload growth. See LFD Issue in the Agency Discussion

LFD COMMENT A change in the reimbursement for travel associated with contract attorneys was made in the 2019 biennium. The policy allows contract attorneys to be reimbursed for travel related to a case at \$45 an hour. Previously contract attorney's travel reimbursements were at the state milage rate established in statute.

Program Personal Services

Personal services in the PDD increase by 13.4% or \$4.7 million when compared to the 2019 biennium. Proposals that drive the increase include:

- Make 6.00 modified FTE permanent at a cost of \$1.3 million in general fund
- Provide for an additional 5.00 FTE and \$953,000 in personal services to address a projected 3.0% increase in caseload
- Fund career ladder adjustments for attorneys with \$1.5 million in general fund personal services

Funding

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

Office of State Public Defender, 01-Public Defender Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	45,729,564	1,000,000	0	0	46,729,564	100.00 %	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
03778 OPD Chemical Dependency MOU	0	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$45,729,564	\$1,000,000	\$0	\$0	\$46,729,564		

The Public Defender Division is funded solely with general fund.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	19,888,997	19,888,997	39,777,994	85.12 %	19,888,997	19,888,997	39,777,994	85.12 %
SWPL Adjustments	60,399	44,635	105,034	0.22 %	60,399	44,635	105,034	0.22 %
PL Adjustments	2,179,534	2,163,615	4,343,149	9.29 %	2,179,534	2,163,615	4,343,149	9.29 %
New Proposals	950,330	1,553,057	2,503,387	5.36 %	950,330	1,553,057	2,503,387	5.36 %
Total Budget	\$23,079,260	\$23,650,304	\$46,729,564		\$23,079,260	\$23,650,304	\$46,729,564	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	53,323	0	0	53,323	0.00	35,854	0	0	35,854
DP 3 - Inflation Deflation	0.00	7,076	0	0	7,076	0.00	8,781	0	0	8,781
DP 4 - Current Level of Caseload	6.00	1,093,263	0	0	1,093,263	6.00	1,096,517	0	0	1,096,517
DP 6 - Contractor Caseload Growth	0.00	600,000	0	0	600,000	0.00	600,000	0	0	600,000
DP 7 - Attorney Caseload Growth	5.00	486,271	0	0	486,271	5.00	467,098	0	0	467,098
Grand Total All Present Law Adjustments	11.00	\$2,239,933	\$0	\$0	\$2,239,933	11.00	\$2,208,250	\$0	\$0	\$2,208,250

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditures accounts. Affected accounts include food, postage, gasoline, and others.

DP 4 - Current Level of Caseload -

The Public Defender Division is requesting that 6.00 FTE modified positions be made permanent to support the current workload. The positions include 4.00 FTE attorney positions, two 0.50 FTE attorney positions, and 1.00 FTE criminal investigator position. The positions were established during FY 2018 and FY 2019 to handle caseload increases that did not subside in the current biennium. The executive also requests an additional \$465,830 for FY 2020 and \$468,623 for FY 2021 in operating expenses to provide a .91% increase of the contract attorney rates in FY 2020 and a 1.83% in FY 2021.

LFD COMMENT This proposal outlines an increase in rates which could be considered changes to program services. This request is more appropriately categorized as a new proposal and should be evaluated by the legislature as they would consider a new proposal.

LFD COMMENT This decision package requests additional funding for caseload growth. Besides caseload growth, OPD is impacted by ongoing caseloads that are not addressed within a fiscal year or even a biennium.

DP 6 - Contractor Caseload Growth -

The Public Defender Division is requesting general fund due to a 3.0% anticipated caseload growth. This request would fund contract attorney services, holistic defense services, mental health evaluations, and chemical dependency evaluations.

LFD COMMENT See LFD Issue in the Agency Discussion on caseload growth estimates.

DP 7 - Attorney Caseload Growth -

The Public Defender Division is requesting 5.00 FTE to address its future caseload growth based on a 5-year average caseload and projected potential workload impacts. The positions include 3.00 FTE attorneys and 2.00 FTE legal secretaries.

LFD COMMENT See the LFD Issue in the Agency Summary on caseload growth estimates.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5 - Attorney Pay Ladder Adjustments	0.00	450,330	0	0	450,330	0.00	1,053,057	0	0	1,053,057
DP 8 - Death Penalty Cases	0.00	500,000	0	0	500,000	0.00	500,000	0	0	500,000
Total	0.00	\$950,330	\$0	\$0	\$950,330	0.00	\$1,553,057	\$0	\$0	\$1,553,057

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

DP 5 - Attorney Pay Ladder Adjustments -

The Public Defender Division is requesting general fund authority to fund the attorney career ladder based on the 2014 market and the union contract.

LFD COMMENT The 2018 biennial market salary survey establishes market rates for positions within the Executive Branch for the 2021 biennium and should be used to establish appropriations for changes such as career ladder adjustments. The market survey is updated in the July preceding the legislative session to capture fluctuations in the market. Salaries for positions vary between market surveys. Skills, knowledge, and abilities required to perform the job responsibilities are included as part of the determination of job classifications and pay bands for positions and are used to establish the positions surveyed. For example, an entry level position has different requirements than someone required to manage staff and workload. The market rates for attorneys for the three levels established in the 2018 market salary survey are:

- \$39.56 an hour for entry level attorneys in pay band 6
- \$51.10 an hour for attorneys classified in pay band 7
- \$68.00 an hour for attorneys classified in pay band 8 such as managing attorneys

In the FY 2014 market salary survey the market rate for attorneys for the three levels established were:

- \$31.82 an hour for entry level attorneys in pay band 6
- \$46.13 an hour for entry level attorneys in pay band 7
- \$61.22 an hour for entry level attorneys in pay band 8

In the 2021 biennium budget PDD proposes personal services appropriations for 125.00 FTE attorneys

DP 8 - Death Penalty Cases -

The Public Defender Division experiences extensive fees when a death penalty case occurs. PDD proposes \$500,000 in one-time-only general fund for each fiscal year for death penalty cases. PDD is proposing to restrict the use of the funding to death penalty cases.

LFD COMMENT While the narrative submitted by the executive discusses restricting the use of the funds to death penalty cases, the funding is included as part of the ongoing base and is not restricted. The legislature may wish to consider designating the funding as a restricted appropriation should it decide to approve the request.

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	2,800,843	3,406,931	606,088	21.64 %
Operating Expenses	1,064,590	1,846,248	781,658	73.42 %
Total Expenditures	\$3,865,433	\$5,253,179	\$1,387,746	35.90 %
General Fund	3,865,433	5,253,179	1,387,746	35.90 %
Total Funds	\$3,865,433	\$5,253,179	\$1,387,746	35.90 %
Total Ongoing	\$3,865,433	\$5,253,179	\$1,387,746	35.90 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Appellate Defender Division provides appellate services to qualifying clients and practices almost exclusively before the Montana Supreme Court and the United States Supreme Court. Most of the workforce is comprised of attorneys providing legal services. Legal assistants comprise the remaining portion of the workforce.

Program Highlights

<p>Appellate Defender Division Major Budget Highlights</p>
<ul style="list-style-type: none"> • The Appellate Defender Division 2021 biennium budget request is 35.9% or \$1.4 million higher than the 2019 biennium budget. Significant changes include: <ul style="list-style-type: none"> ◦ Proposal to increase operating expenses by \$0.9 million to increase the contract attorney rates by 1.0% ◦ Request to add 1.50 FTE and \$0.3 million in general fund personal services for a 3.0% caseload growth ◦ Proposal to add general fund to support attorney career ladder adjustments at \$0.1 million in general fund
<p>LFD Issues</p>
<ul style="list-style-type: none"> • Averaging total caseload growth over the last five years does not capture recent declines in: <ul style="list-style-type: none"> ◦ Average case costs ◦ Types of cases such as lower court cases

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	16.00	16.00	17.50	17.50
Personal Services	1,336,954	1,336,953	1,463,890	1,689,895	1,717,036
Operating Expenses	620,548	620,547	444,043	924,873	921,375
Total Expenditures	\$1,957,502	\$1,957,500	\$1,907,933	\$2,614,768	\$2,638,411
General Fund	1,957,502	1,957,500	1,907,933	2,614,768	2,638,411
Total Funds	\$1,957,502	\$1,957,500	\$1,907,933	\$2,614,768	\$2,638,411
Total Ongoing	\$1,957,502	\$1,957,500	\$1,907,933	\$2,614,768	\$2,638,411
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

ADD expended all of its FY 2018 appropriations for personal services and operating expenses. To achieve this result, OPD transferred appropriation authority including:

- \$91,750 in operating expenses from the Central Service Division to ADD
- \$85,839 from personal services to operating expenses within ADD

FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 appropriations are 2.5% lower than FY 2018 appropriations in total. FY 2019 personal services appropriations are \$127,000 higher than FY 2018 appropriations. Personal services in FY 2018 were reduced due to:

- Temporary suspension in employer contributions to employee health benefits made by the November 2017 Special Session
- Transfer of authority from personal services to operating expenses to provide for higher than budgeted operating expenses

Operating expenses appropriations are \$177,000 lower in FY 2019 than in FY 2018. As discussed in the Agency Summary, the 2017 Legislature anticipated that, by implementing changes in sentencing laws, the need for contract attorneys within OPD would decrease between FY 2018 and FY 2019.

**LFD
COMMENT**

The caseload for the cases before the Supreme Court has expanded in recent years.

Executive Request

The executive is proposing:

- An additional 1.50 FTE and \$271,000 in general fund supporting personal services to address caseload growth anticipated in the 2021 biennium
- Career ladder adjustments for attorneys, proposed at \$143,000
- To provide a 1.0% increase in contract attorney fees

Program Personal Services

The Appellate Defender Division personal services request increases by 21.6% or \$606,000 when compared to the 2019 biennium. A proposal to add an additional 1.50 FTE and related personal services and a request for funding for career ladder adjustments make up the majority of the increases.

Funding

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

Office of State Public Defender, 02-Appellate Defender Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	5,253,179	0	0	0	5,253,179	100.00 %	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$5,253,179	\$0	\$0	\$0	\$5,253,179		

The Appellate Defender Division is funded solely from general fund.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	1,907,933	1,907,933	3,815,866	72.64 %	1,907,933	1,907,933	3,815,866	72.64 %
SWPL Adjustments	44,998	44,075	89,073	1.70 %	44,998	44,075	89,073	1.70 %
PL Adjustments	604,509	601,094	1,205,603	22.95 %	604,509	601,094	1,205,603	22.95 %
New Proposals	57,328	85,309	142,637	2.72 %	57,328	85,309	142,637	2.72 %
Total Budget	\$2,614,768	\$2,638,411	\$5,253,179		\$2,614,768	\$2,638,411	\$5,253,179	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
DP 1 - Personal Services	0.00	44,998	0	0	44,998	0.00	44,075	0	0	44,075
DP 4 - Current Level of Caseload	0.00	465,830	0	0	465,830	0.00	468,622	0	0	468,622
DP 7 - Attorney Caseload Growth	1.50	138,679	0	0	138,679	1.50	132,472	0	0	132,472
Grand Total All Present Law Adjustments	1.50	\$649,507	\$0	\$0	\$649,507	1.50	\$645,169	\$0	\$0	\$645,169

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 4 - Current Level of Caseload -

The executive is proposing additional funding to increase the contract attorney rate by 1.0%

LFD COMMENT	This proposal outlines an increase in rates which could be considered changes to program services. This request is more appropriately categorized as a new proposal and should be evaluated by the legislature as they would consider a new proposal.
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DP 7 - Attorney Caseload Growth -

The Appellate Defender Division requests 0.50 FTE attorney and 1.00 FTE administrative assistant to address projected caseload growth of 3.0%.

LFD COMMENT	See the LFD Issue in the Agency Summary on caseload growth estimates.
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New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5 - Attorney Pay Ladder Adjustments	0.00	57,328	0	0	57,328	0.00	85,309	0	0	85,309
Total	0.00	\$57,328	\$0	\$0	\$57,328	0.00	\$85,309	\$0	\$0	\$85,309

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

DP 5 - Attorney Pay Ladder Adjustments -

The Appellate Defender Division is requesting general fund authority to fund the attorney career ladder based on the 2014 market and the union contract.

LFD COMMENT	In the 2021 biennium budget ADD proposes personal services funding supporting 12.00 FTE attorneys.
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Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	3,350,402	6,180,071	2,829,669	84.46 %
Operating Expenses	10,873,010	11,937,950	1,064,940	9.79 %
Total Expenditures	\$14,223,412	\$18,118,021	\$3,894,609	27.38 %
General Fund	14,223,412	18,118,021	3,894,609	27.38 %
Total Funds	\$14,223,412	\$18,118,021	\$3,894,609	27.38 %
Total Ongoing	\$14,223,412	\$18,118,021	\$3,894,609	27.38 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Description

The Conflict Defender Division (CDD) oversees services to qualifying clients by providing effective assistance of counsel to indigent criminal defendants and other persons in certain civil cases. This division represents only those clients, in circumstances where, because of a conflict of interest the Public Defender Division is unable to provide representation.

Program Highlights

<p>Conflict Defender Division Major Budget Highlights</p>
<ul style="list-style-type: none"> • The Conflict Defender Division 2021 biennium budget request is 27.4% or \$3.9 million higher than the 2019 biennium. Significant changes include: <ul style="list-style-type: none"> ◦ Proposal to add 14.00 FTE and \$1.9 million in general fund personal services ◦ Request for 4.00 FTE and \$0.7 million in general fund for an estimated 3.0% growth in caseload in the 2021 biennium ◦ Request for \$0.1 million in general fund for career ladder adjustments
<p>LFD Issues</p>
<ul style="list-style-type: none"> • Averaging total caseload growth over the last five years does not capture recent declines in: <ul style="list-style-type: none"> ◦ Average case costs ◦ Types of cases such as lower court cases

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	13.00	13.00	31.00	31.00
Personal Services	2,013,991	2,013,993	1,336,409	3,065,009	3,115,062
Operating Expenses	5,395,084	5,396,181	5,476,829	5,975,379	5,962,571
Total Expenditures	\$7,409,075	\$7,410,174	\$6,813,238	\$9,040,388	\$9,077,633
General Fund	7,409,075	7,410,174	6,813,238	9,040,388	9,077,633
Total Funds	\$7,409,075	\$7,410,174	\$6,813,238	\$9,040,388	\$9,077,633
Total Ongoing	\$7,409,075	\$7,410,174	\$6,813,238	\$9,040,388	\$9,077,633
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

Expenditures for the Conflict Defender Division were \$2.0 million higher than anticipated in the FY 2018 budget. CDD transferred \$2.0 million in general fund appropriations for operating expenses from FY 2019 to FY 2018 for contract attorney fees that were higher than budgeted. CDD expended all of its FY 2018 HB 2 appropriations for personal services and operating expenses. As part of the budgeting process, the fiscal year supplemental transfer of \$2.0 million in operating expenses is not included in the preceding table.

As discussed in the Agency Summary, contract attorney fees were reduced in April 2018 from \$62.00 per hour to \$56.00 per hour as part of a plan to mitigate the expenditures.

FY 2018 Appropriations Compared to FY 2019 Appropriations

Notwithstanding the transfer, FY 2019 appropriations are \$597,000 or 8.0% lower than FY 2018 appropriations in total. FY 2019 personal services appropriations are \$678,000 or 33.6% lower than FY 2018 appropriations. In FY 2018 personal services authority of \$648,228 was increased by transferring:

- \$146,665 from Central Services Division
- \$501,563 from operating expenses

LFD COMMENT

As part of its mitigation plan to reduce contract attorney fees the Conflict Defender Division was approved to hire 13.00 FTE in modified positions in FY 2018 including:

- 10.00 attorney positions
- 3.00 FTE administrative assistants

Salaries for the modified positions were \$479,000 in FY 2018. LFD estimates associated benefits for the positions at \$171,000. The modified positions are continued in FY 2019.

Executive Request

The executive is proposing:

- An additional 18.00 FTE and \$2.6 million in general fund supporting personal services. In the 2019 biennium CDD had 13.00 FTE in modified positions to reduce operating expenses associated with the costs of using contract attorneys. The remaining 4.00 FTE are proposed to address an estimated 3.0% growth in caseload. See LFD Issue in the Agency Discussion
- Career ladder adjustments for attorneys proposed at \$157,000
- To increase contract attorney fees by 1.0% for \$934,000 in general fund

Program Personal Services

Personal services in the Conflict Defender Division increase by 84.5% or \$2.8 million when compared to the 2019 biennium. Two proposals make up the majority of the increase including:

- Making 14.00 modified FTE positions permanent at a cost of \$2.7 million in general fund
- Adding an additional 4.00 FTE and \$694,000 in personal services to address a projected 3.0% growth in caseload

Funding

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

Office of State Public Defender, 03-Conflict Coordinator Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	18,118,021	0	0	0	18,118,021	100.00 %	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
03778 OPD Chemical Dependency MOU	0	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$18,118,021	\$0	\$0	\$0	\$18,118,021		

The Conflict Defender Division is funded solely with general fund.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	6,813,238	6,813,238	13,626,476	75.21 %	6,813,238	6,813,238	13,626,476	75.21 %
SWPL Adjustments	(78,509)	(80,856)	(159,365)	(0.88)%	(78,509)	(80,856)	(159,365)	(0.88)%
PL Adjustments	2,258,223	2,236,001	4,494,224	24.81 %	2,258,223	2,236,001	4,494,224	24.81 %
New Proposals	47,436	109,250	156,686	0.86 %	47,436	109,250	156,686	0.86 %
Total Budget	\$9,040,388	\$9,077,633	\$18,118,021		\$9,040,388	\$9,077,633	\$18,118,021	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
-----Fiscal 2020-----						-----Fiscal 2021-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 1 - Personal Services										
0.00	(78,509)	0	0	(78,509)	0.00	(80,856)	0	0	(80,856)	
DP 4 - Current Level of Caseload										
14.00	1,903,697	0	0	1,903,697	14.00	1,896,033	0	0	1,896,033	
DP 7 - Attorney Caseload Growth										
4.00	354,526	0	0	354,526	4.00	339,968	0	0	339,968	
Grand Total All Present Law Adjustments										
18.00	\$2,179,714	\$0	\$0	\$2,179,714	18.00	\$2,155,145	\$0	\$0	\$2,155,145	

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 4 - Current Level of Caseload -

The Conflict Defender Division is requesting that 14.00 FTE modified positions be made permanent to support its current workload. The positions include 11.00 attorney positions and 3.00 administrative assistants. The positions were established during FY 2018 and FY 2019 to handle caseload increases that did not subside in the current biennium. The CDD is also proposing to increase contract attorney rates by 1.0%.

LFD COMMENT	This proposal outlines an increase in rates which could be considered changes to program services. This request is more appropriately categorized as a new proposal and should be evaluated by the legislature as they would consider a new proposal.
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DP 7 - Attorney Caseload Growth -

The Conflict Defender Division requests 4.00 FTE including 2.00 FTE attorneys and 2.00 FTE legal secretaries to address projected caseload growth of 3.0%.

LFD COMMENT	See the LFD Issue in the Agency Summary on caseload growth estimates.
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New Proposals

The "New Proposals" table shows new changes to spending.

	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5 - Attorney Pay Ladder Adjustments	0.00	47,436	0	0	47,436	0.00	109,250	0	0	109,250
Total	0.00	\$47,436	\$0	\$0	\$47,436	0.00	\$109,250	\$0	\$0	\$109,250

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

DP 5 - Attorney Pay Ladder Adjustments -

The Conflict Defender Division is requesting general fund authority to fund the attorney career ladder based on the 2014 market and the union contract.

LFD COMMENT	In the 2021 biennium budget CDD proposes personal services funding supporting 23.00 FTE attorneys.
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Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	3,439,213	3,713,338	274,125	7.97 %
Operating Expenses	1,926,528	2,730,153	803,625	41.71 %
Total Expenditures	\$5,365,741	\$6,443,491	\$1,077,750	20.09 %
General Fund	5,365,741	6,443,491	1,077,750	20.09 %
Total Funds	\$5,365,741	\$6,443,491	\$1,077,750	20.09 %
Total Ongoing	\$5,340,741	\$6,443,491	\$1,102,750	20.65 %
Total OTO	\$25,000	\$0	(\$25,000)	(100.00)%

Program Description

The Central Services Division provides management of non-legal services such as accounting, budgeting, IT, payroll, contracting, quality and performance controls to all programs. The oversight of the eligibility determination process, including verification of all hardship cases, is also a responsibility of CSD.

Program Highlights

Central Services Division Major Budget Highlights
<ul style="list-style-type: none"> The Central Services Division 2021 biennium budget request is \$1.1 million or 20.1% higher than the 2019 biennium. Significant changes include a request for an additional \$445,000 in operating costs associated mainly with increased information technology services

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	23.00	23.00	23.00	23.00
Personal Services	1,595,836	1,595,833	1,843,380	1,855,470	1,857,868
Operating Expenses	776,019	842,866	1,083,662	1,392,522	1,337,631
Total Expenditures	\$2,371,855	\$2,438,699	\$2,927,042	\$3,247,992	\$3,195,499
General Fund	2,371,855	2,438,699	2,927,042	3,247,992	3,195,499
Total Funds	\$2,371,855	\$2,438,699	\$2,927,042	\$3,247,992	\$3,195,499
Total Ongoing	\$2,371,855	\$2,413,699	\$2,927,042	\$3,247,992	\$3,195,499
Total OTO	\$0	\$25,000	\$0	\$0	\$0

Program Discussion -*FY 2018 Appropriations Compared to FY 2018 Actual Expenditures*

CSD expended 97.3% of its FY2018 appropriations for personal services and operating expenses. In FY2018 CSD transferred \$298,000 in operating expenses from its budget to the other divisions within OPD. Costs that were lower than anticipated included other services such as information technology services, professional and consulting services, or printing costs, and supplies and materials. The Public Defender Division transferred \$153,000 in personal services and 4.00 FTE to CSD.

FY 2018 Appropriations Compared to FY 2019 Appropriations

The FY 2019 appropriations for CSD is \$488,000 or 20.0% higher than the FY 2018 appropriation. Personal services are \$248,000 higher than FY 2018. In FY 2019 the Public Defender Division transferred an additional \$205,000 in personal services above that transferred in FY 2018.

Budgeted operating expenses are \$241,000 higher in FY 2019 than in FY 2018 because FY 2019 does not include transfers of authority to other divisions.

Executive Request

The executive is proposing an additional \$563,000 in general fund for fixed costs including \$440,000 for state information technology services and \$61,000 in funding for legislative audits.

Program Personal Services

Personal services in the Central Services Division increases by 8.0% or \$274,000 when compared to the 2019 biennium. Reductions implemented by the November 2017 Special Session for FY 2018 that are not continued in either FY 2019 or the 2021 biennium are the main reason for the difference between biennia.

Funding

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

Office of State Public Defender, 04-Central Services Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	6,443,491	0	0	0	6,443,491	100.00 %	
02250 OPD Collections	0	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
03777 OPD DN Training	0	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$6,443,491	\$0	\$0	\$0	\$6,443,491		

The Central Services Division is funded solely from general fund.

Program Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	2,927,042	2,927,042	5,854,084	90.85 %	2,927,042	2,927,042	5,854,084	90.85 %
SWPL Adjustments	320,950	268,457	589,407	9.15 %	320,950	268,457	589,407	9.15 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$3,247,992	\$3,195,499	\$6,443,491		\$3,247,992	\$3,195,499	\$6,443,491	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	12,090	0	0	12,090	0.00	14,488	0	0	14,488
DP 2 - Fixed Costs	0.00	308,860	0	0	308,860	0.00	253,969	0	0	253,969
Grand Total All Present Law Adjustments	0.00	\$320,950	\$0	\$0	\$320,950	0.00	\$268,457	\$0	\$0	\$268,457

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

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

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

AGENCY CODE & NAME: 61080 Office of State Public Defender

		Minimum Requirement	
		General Fund	State Special Revenue Fund
TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET		\$ 1,572,396	
Priority	SERVICE(S) TO BE ELIMINATED OR REDUCED	General Fund Annual Savings	State Special Revenue Annual Savings
1	Move Contract Attorney Services	\$ 1,572,396	
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
TOTAL SAVINGS		\$ 1,572,396	\$ -
DIFFERENCE		0	0

Form A

5% Base Budget Reduction Form

AGENCY CODE & NAME: 61080 Office of State Public Defender

#1

BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION: Transfer capital case expenditures of contract attorneys, expert witness fees and mental health evaluation of \$1,572,396 to the Attorney Generals Office.

#2 THE SAVINGS THAT ARE EXPECTED: 1,572,396.

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION: Attorney Generals Office will incur the expenditures of capital cases.

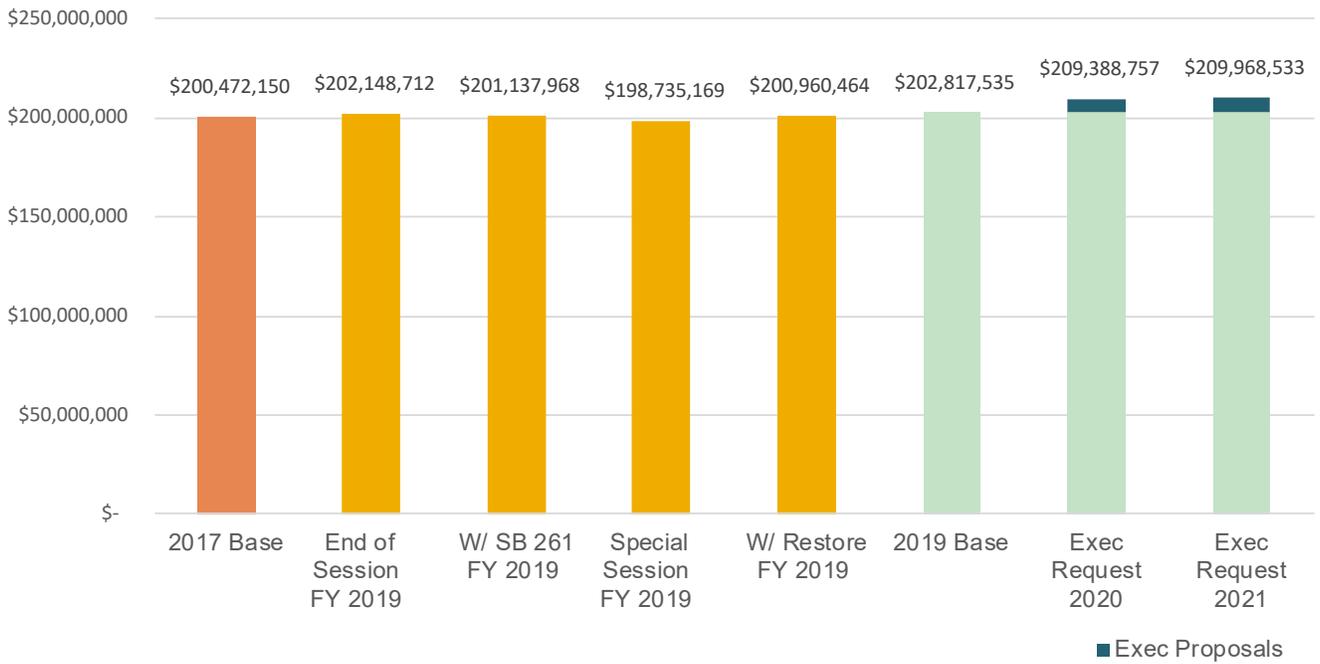
#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

N/A

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO: YES - Title 47

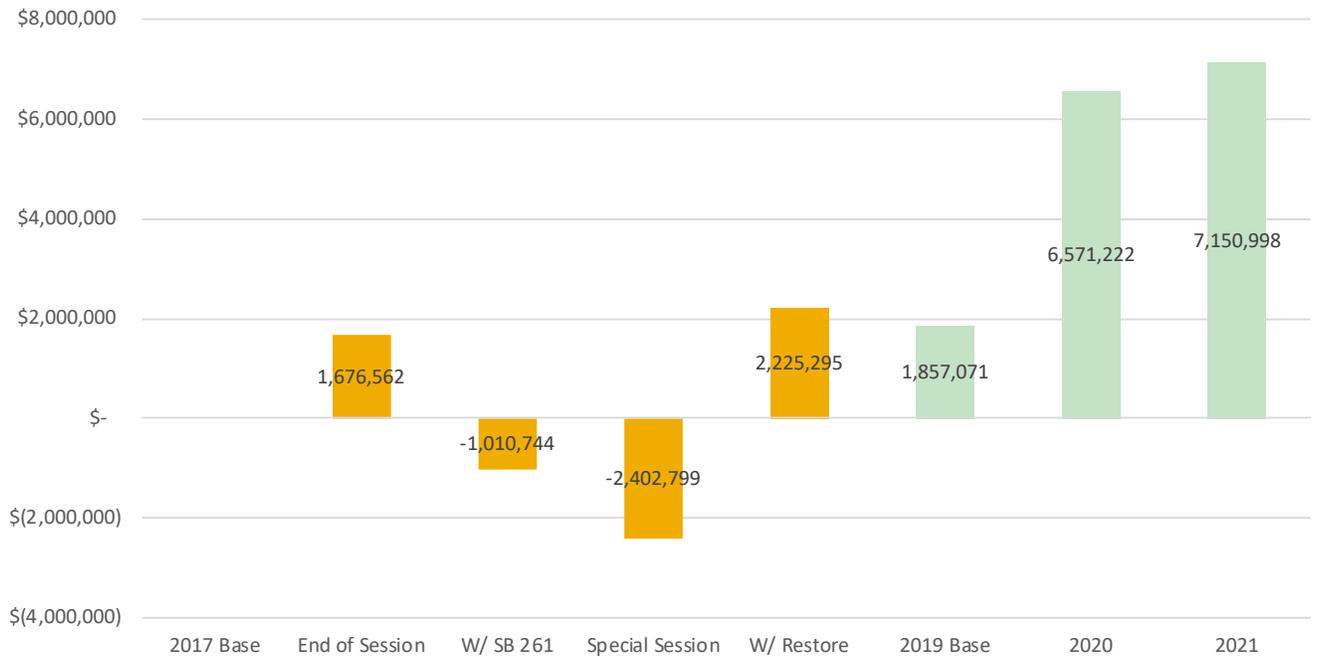
Form B

Dept of Corrections Budget General Fund



The 2017 Base and the 2019 Base exclude OTO's

Changes to Dept of Corrections Budget General Fund Only



The 2017 Base and the 2019 Base excluded OTO's

THE DEPARTMENT OF CORRECTIONS

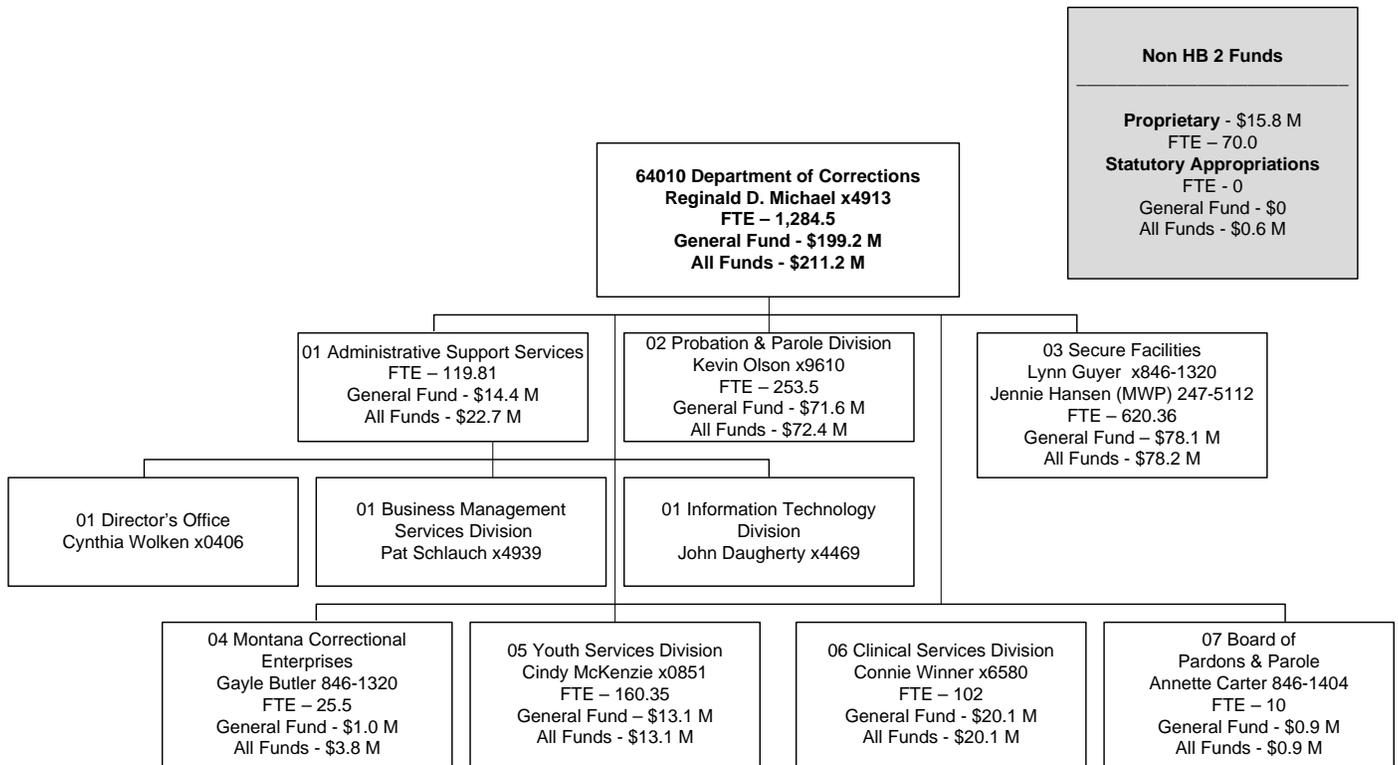
An Agency Profile Prepared by the
Legislative Fiscal Division

November 2018



INTRODUCTION

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.



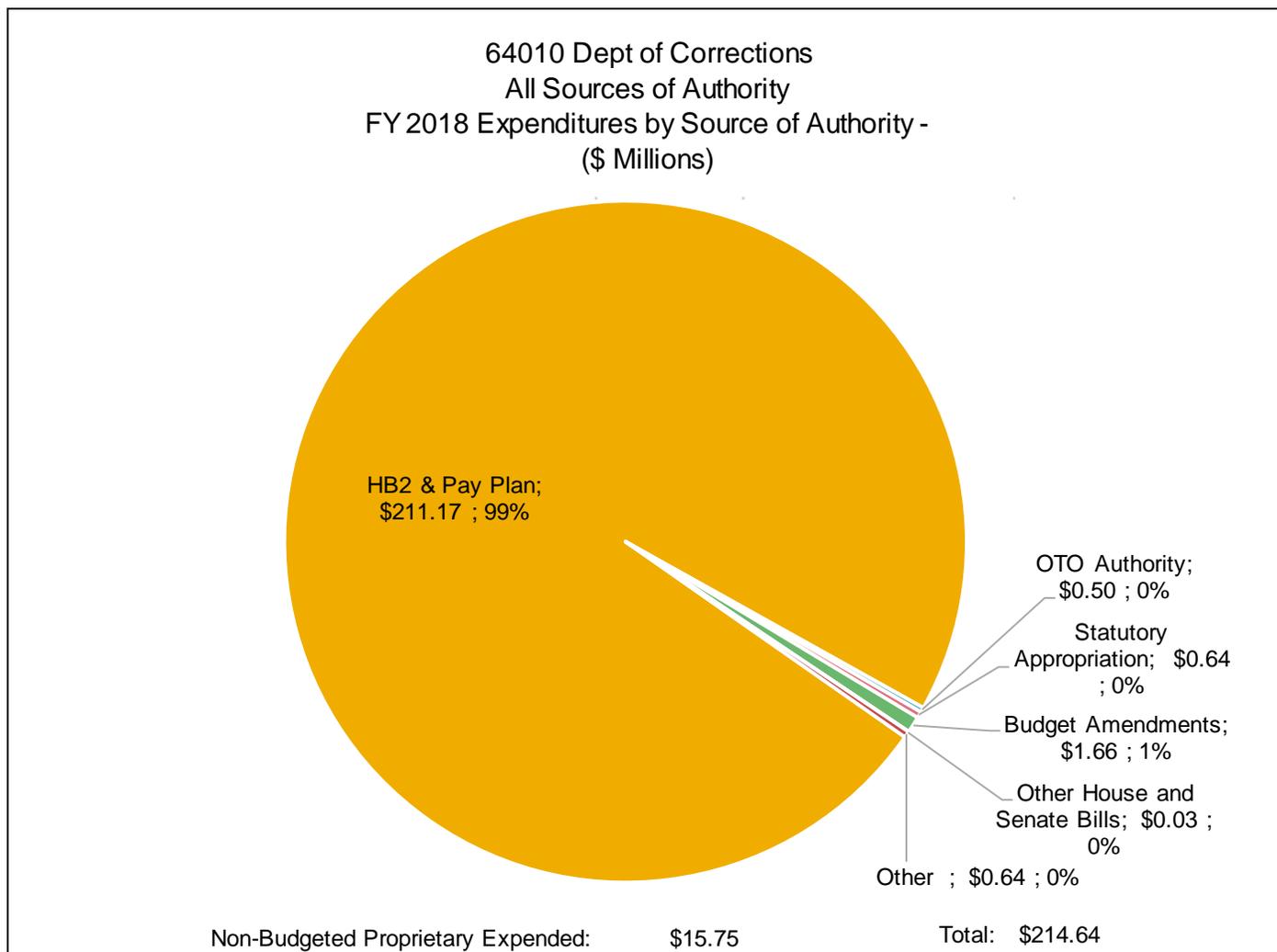
HOW SERVICES ARE PROVIDED

Services are provided through the following:

- Housing and attending to adult or youth offenders in secure care facilities both 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, the Montana Women's Prison. An example of a state facility for youth is Pine Hills 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 of adult offenders on probation or parole, or youth on parole with state probation and parole officers
- Providing job skills and training for offenders via a vocational education placement operated by state employees. 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

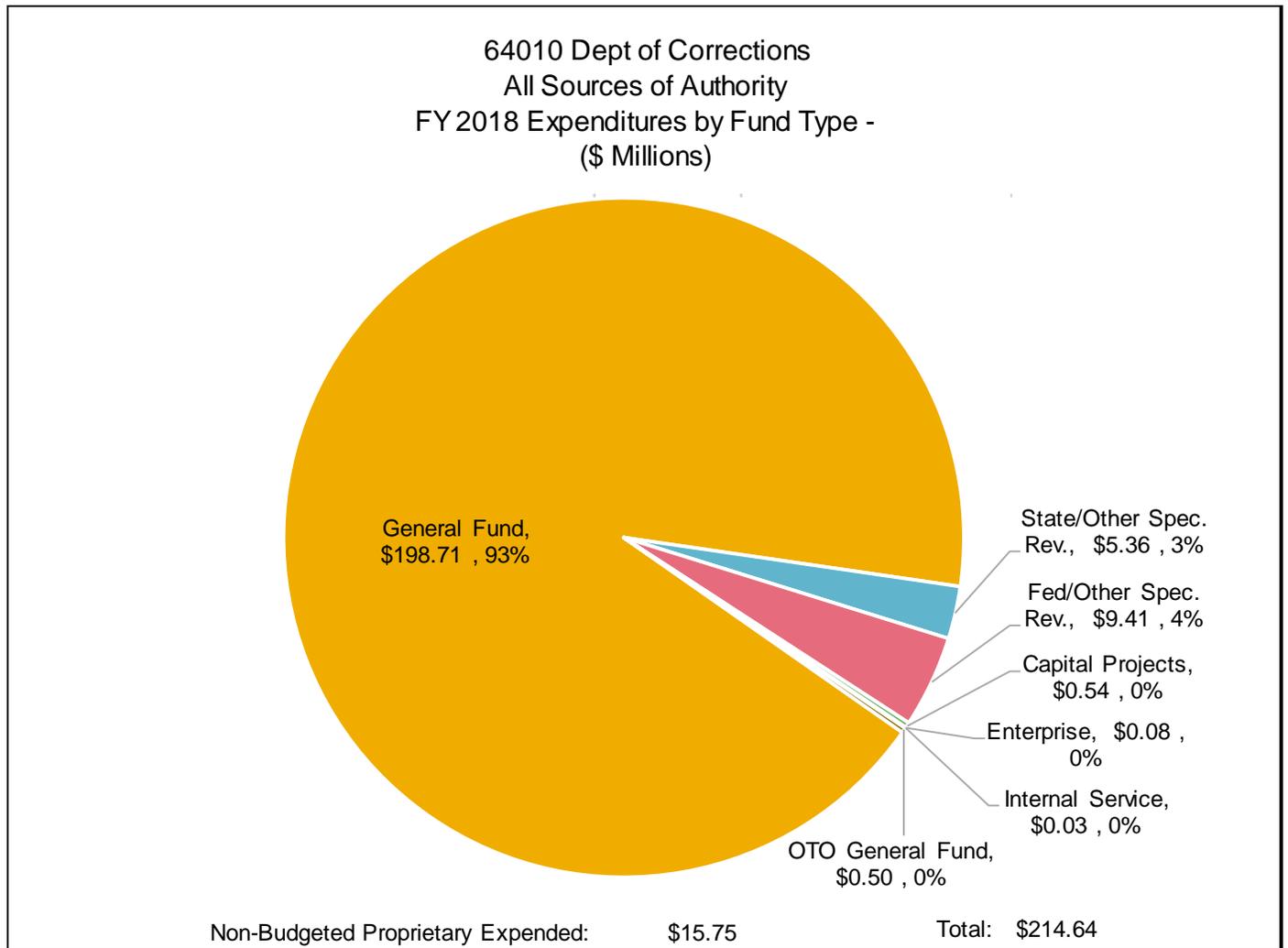
SOURCES OF SPENDING AUTHORITY

The chart below shows expenditures by source of authority for the Department of Corrections (DOC). The agency received the majority of its spending authority from HB 2 and the pay plan. In addition, DOC has off budgeted proprietary funds from operations in the Montana Correctional Enterprises programs at the Montana State Prison (Deer Lodge) and Women's State Prison (Billings). Programs such as license plate manufacturing, motor vehicle shop, wood shop, state ranch, canteen, tailor shop, and canine training are primarily supported by this funding

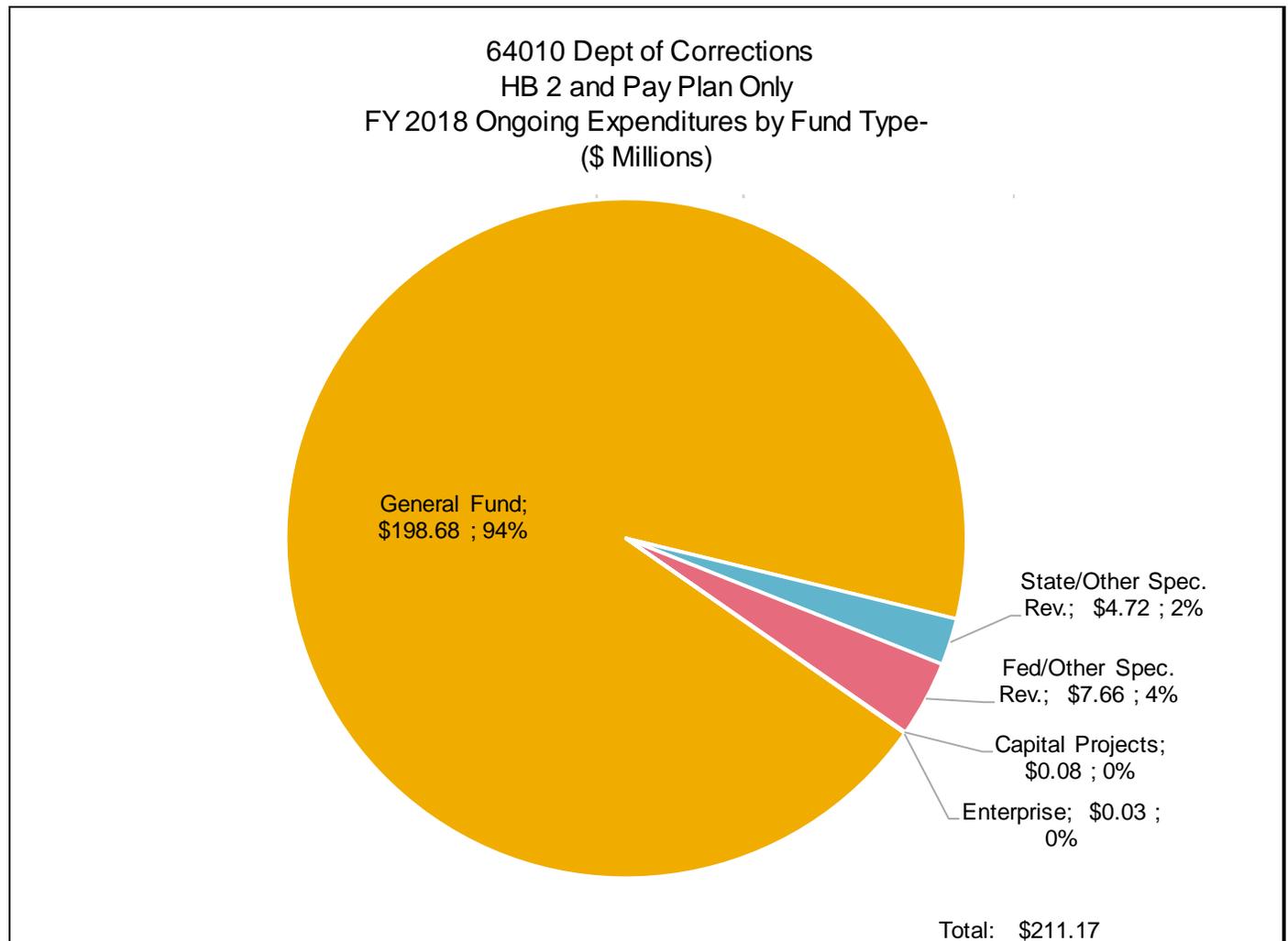


FUNDING

The chart below shows FY 2018 actual expenditures by fund type for all sources of authority. General Fund expenditures make up a significant portion of expenditures from all sources of authority in FY 2018. General fund totaled \$198.7 million or 93% of total expenditures. State Special (3%) and Federal Special (4%) funds make up the majority of the remaining expenditures totaling nearly \$14.8 million. The one-time-only funding is made up of general fund.



The following chart shows how Department of Corrections expenditures were funded in FY 2018 from HB 2 and pay plan by fund type.



EXPENDITURES

The next chart depicts how the HB 2 and pay plan authority was spent in FY 2018. HB 2 and pay plan ongoing expenditures totaled \$211.2 million. Operating expenses make up the largest portion of expenditures (56%) with major expenses going towards:

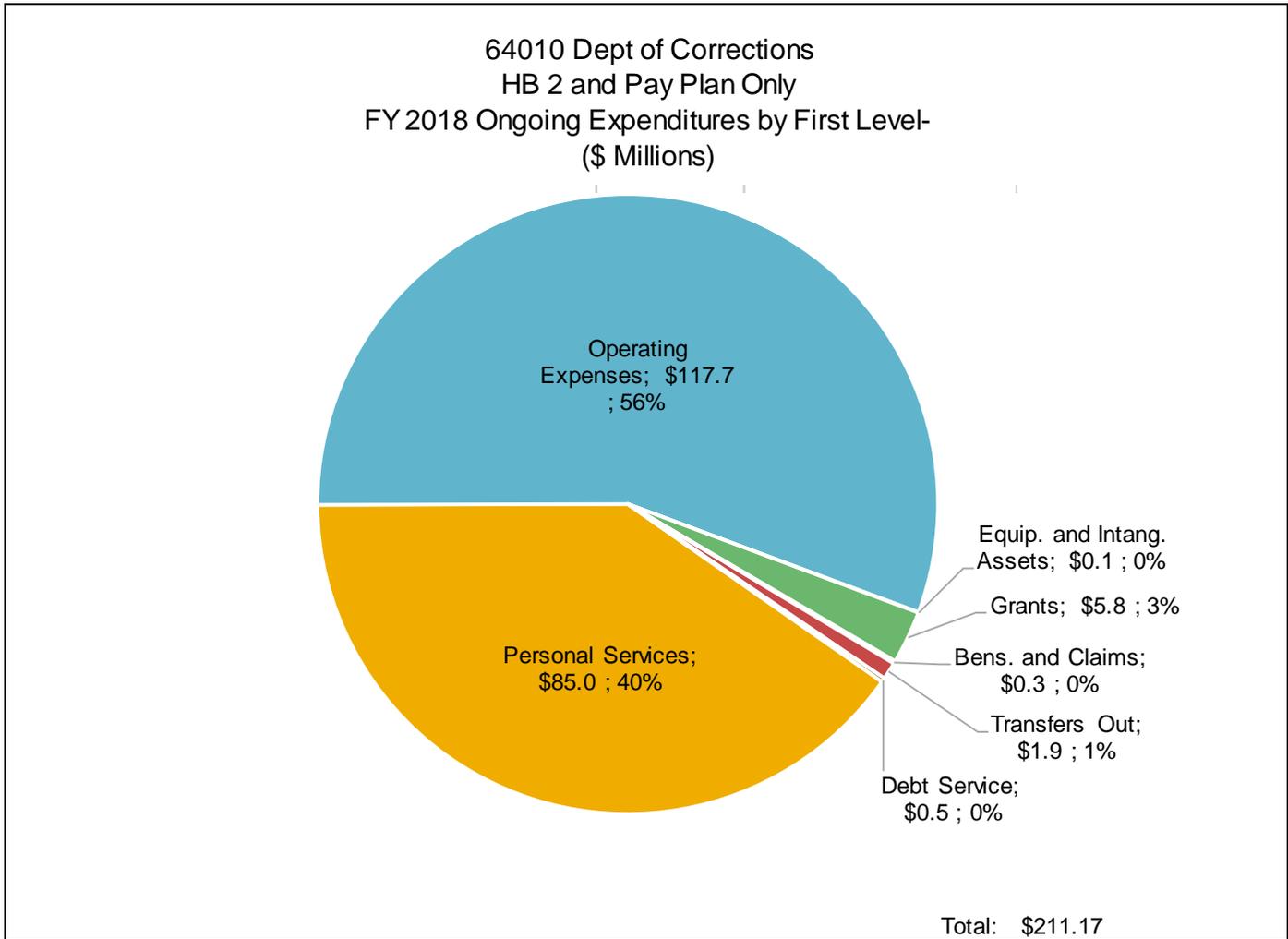
- Room and Board Services, \$78.4 million
- Medical Services, \$4.7 million
- Drug related costs, \$4.4 million
- Food related costs, \$3.6 million

Personal Services make up the majority of remaining DOC expenditures in FY 2018 contributing to 40% of total HB 2 and pay plan expenditures.

The Secure Custody Facilities program transferred nearly \$4.9 million general fund from FY 2019 budget authority to FY 2018 to help fund shortfalls. The primary reasons driving the need for a fiscal transfer are:

- Larger prison population counts have contributed to an increase of nearly \$1.9 million in expenses including laundry, food, medical, operations contracts and utilities.
- County jail holds for the first half of FY 2018 exceeded the budgeted level by \$1.1 million

- There were unanticipated infrastructure costs of \$0.8 million
- Payroll costs for the Montana State Prison (MSP) including the MSP treatment center exceeded personal services budget by nearly \$0.5 million



HOW THE 2019 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
- Changing 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

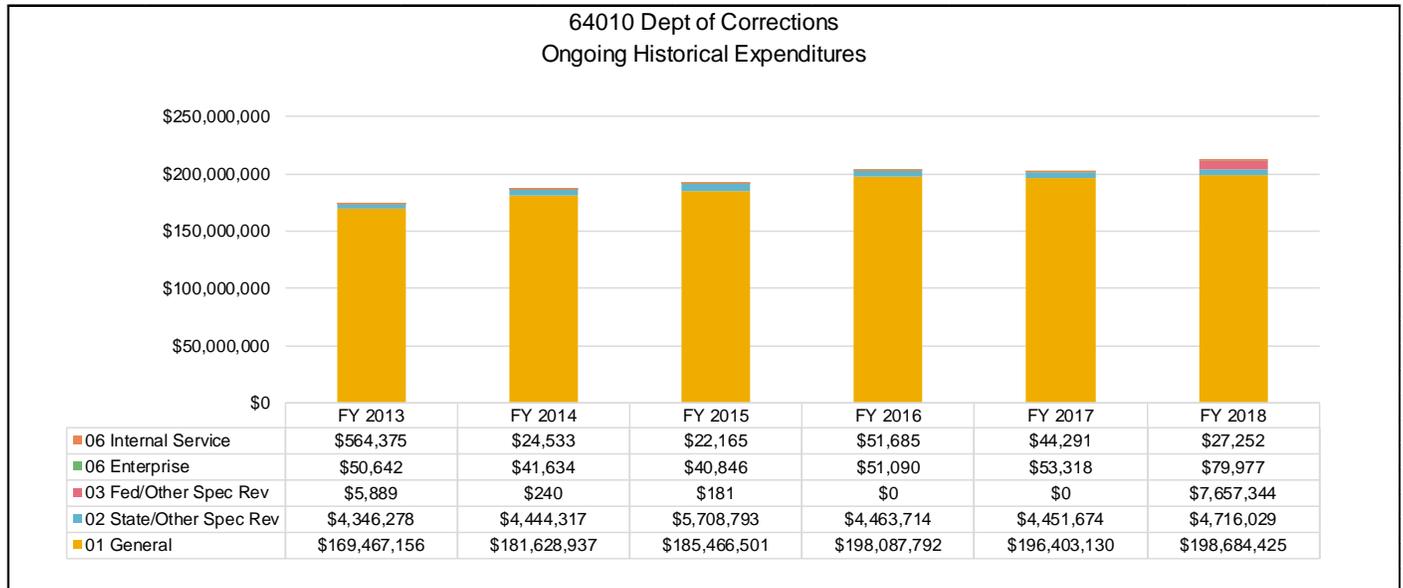
MAJOR COST DRIVERS

The major drivers of cost for the Department of Correction are inmate populations and demographics. The following table shows trends in the various inmate populations or average daily populations (ADP).

Driver	FY 2008	FY 2018	Significance of Data
ADP male secure facilities	2170	2470	Growth in ADP
ADP female secure facilities	165	213	Growth in ADP
ADP probation and parole	8558	10209	Growth in ADP
ADP Pine Hills (juvenile males)	75	38	Youth ADP is declining
ADP Riverside (juvenile females)	14	10	Youth ADP is declining
Number of offenders supervised - adults	12862	14942	Growth in total offenders
Number of offenders supervised - juveniles	292	158	Youth being supervised are declining
Average age of male inmates	37	41	Older inmates typically means more in medical costs
Percent of male inmates 55 years of age or older	8%	17%	Older tier of inmates are growing as a percentage of population
Average length of stay for male inmates (months)	46	28	Shorter sentences, higher paroled upon eligibility
Average age of female inmates	37	38	Older inmates typically means more in medical costs
Percent of female inmates 55 years of age or older	4%	10%	Older tier of inmates are growing as a percentage of population
Average length of stay for female inmates (months)	39	21	Shorter sentences, higher paroled upon eligibility
Total medical/dental/treatment expenditures	\$5,841,194	\$7,001,944	Medicaid expansion started on January 1, 2016 and more secure care inmates became Medicaid qualified for outside medical costs.
ADP is average daily population			

FUNDING/EXPENDITURE HISTORY, AUTHORITY USED TO ESTABLISH THE BUDGET BASE

The following table shows historical changes in how expenditures in HB 2 have been funded for the period from FY 2013 through FY 2018. There are no one-time-only appropriations included in the table below.



MAJOR LEGISLATIVE CHANGES IN THE LAST TEN YEARS

The following legislation impacts the department in addition to adding imprisonment to the sentencing requirements:

2017 Legislature:

- SB 59 revised criminal justice laws related to pretrial programs, creates an oversight council to monitor and report on the effects of criminal justice legislation, provides quality assurance direction, and provides an appropriation of \$28,000 for the purposes of funding the council
- SB 60 revised various criminal justice laws and presentence investigation laws, funded the department in the amount \$0.7 million from the consumer protection transfers to the general fund
- SB 64 revised laws related to the board of pardons and parole. The department has been funded in the amount of \$60,000 from consumer protection fund transfers to the general fund
- HB 650 provided funding from the consumer protection fund to support sentencing commission bills in the amount of \$1.0 million, allocated the Montana Board of Crime Control into the Department of Corrections, removed the mandated use of the Treasure State Correctional Training Center, and limited the amount of payment to a regional correctional facility to no more than was paid on December 6, 2016

2015 Legislature:

- HB 233 of the 2015 Legislature moved administration of juvenile placement funds from the department to the Judicial Branch

For more information, please visit the agency website, here: <https://cor.mt.gov/>.

Agency Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	173,999,867	185,530,172	11,530,305	6.63 %
Operating Expenses	239,649,522	243,082,724	3,433,202	1.43 %
Equipment & Intangible Assets	284,334	331,522	47,188	16.60 %
Capital Outlay	41,546	41,546	0	0.00 %
Grants	18,700,831	19,306,790	605,959	3.24 %
Benefits & Claims	1,081,196	979,146	(102,050)	(9.44)%
Transfers	8,426,455	5,812,568	(2,613,887)	(31.02)%
Debt Service	880,818	922,572	41,754	4.74 %
Total Expenditures	\$443,064,569	\$456,007,040	\$12,942,471	2.92 %
General Fund	405,444,319	419,357,290	13,912,971	3.43 %
State/Other Special Rev. Funds	10,696,063	11,548,467	852,404	7.97 %
Federal Spec. Rev. Funds	26,709,729	24,886,822	(1,822,907)	(6.82)%
Proprietary Funds	214,458	214,458	0	0.00 %
Total Funds	\$443,064,569	\$456,007,037	\$12,942,468	2.92 %
Total Ongoing	\$441,668,314	\$456,007,037	\$14,338,723	3.25 %
Total OTO	\$1,396,255	\$0	(\$1,396,255)	(100.00)%

Agency Biennium Comparison -

The biennium comparison table shows a total growth of 2.9%.

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 which can be found at: <https://leg.mt.gov/content/Publications/fiscal/BA-2021/Section-D/Agency-Profiles/6401-DOC.pdf>.

Agency Highlights

Department of Corrections Major Budget Highlights
<ul style="list-style-type: none"> • The Department of Corrections requests \$3.7 million in supplemental appropriations for FY 2019 in HB 3 • The Department of Corrections 2021 biennium budget is \$12.9 million or 2.9% higher than the 2019 biennium. Significant changes include: <ul style="list-style-type: none"> ◦ Personal services increase from the base of \$8.3 million in general fund included in statewide present law adjustments for the biennium ◦ Nearly \$4.6 million in new proposed funding described at the program level • Proposed reorganization to redistribute \$26.7 million for the biennium from Youth Services to multiple other programs
LFD Issues
<ul style="list-style-type: none"> • Transferring personal services appropriations increases 2021 biennium appropriations

Agency Actuals and Budget Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	1,284.52	1,284.52	1,289.17	1,289.17
Personal Services	85,449,874	85,247,359	88,752,508	92,785,390	92,744,782
Operating Expenses	117,662,950	120,869,144	118,780,378	121,120,253	121,962,471
Equipment & Intangible Assets	56,267	118,573	165,761	165,761	165,761
Capital Outlay	0	20,773	20,773	20,773	20,773
Grants	5,850,106	8,847,436	9,853,395	9,653,395	9,653,395
Benefits & Claims	291,074	540,598	540,598	489,573	489,573
Transfers	1,905,298	5,570,171	2,856,284	2,906,284	2,906,284
Debt Service	451,017	440,409	440,409	461,286	461,286
Total Expenditures	\$211,666,586	\$221,654,463	\$221,410,106	\$227,602,715	\$228,404,325
General Fund	199,185,978	201,890,529	203,553,790	209,388,757	209,968,533
State/Other Special Rev. Funds	4,716,029	5,390,387	5,305,676	5,663,318	5,885,149
Federal Spec. Rev. Funds	7,657,349	14,266,318	12,443,411	12,443,411	12,443,411
Proprietary Funds	107,230	107,229	107,229	107,229	107,229
Total Funds	\$211,666,586	\$221,654,463	\$221,410,106	\$227,602,715	\$228,404,322
Total Ongoing	\$211,194,990	\$220,994,463	\$220,673,851	\$227,602,715	\$228,404,322
Total OTO	\$471,596	\$660,000	\$736,255	\$0	\$0

Agency Discussion*Agency Summary*

The Department of Corrections (DOC) is charged with efficiently utilizing state resources to develop and maintain comprehensive adult and youth corrections services. The primary responsibility of DOC is to house and/or provide services to adults and youth who are sentenced to DOC or one of the facilities it operates. DOC is also responsible for 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 officers and prison guards) and the purchase of incarceration and other services (such as community-based residential treatment programs) via contracts with local governments and private not-for-profit and for-profit businesses throughout the state.

Costs and changes to the costs of the department are generally driven by several factors:

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

Average Daily Populations

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. Montana State Prison for males and Montana Woman's Prison have design capacities that DOC has been bumping up against and managing populations around these capacities.

There were many studies performed during the 2017 interim that analyzed how aspects of Montana's justice system was currently operating. One such study was that of the Commission on Sentencing. By studying the following areas, the commission made recommendations to the legislature during the 2017 session on how these areas could be altered to impact population numbers within the Department of Corrections:

- Criminal justice laws
- Sentencing laws
- Laws on community corrections
- Behavioral health treatment services
- Laws related to the Board of Pardons and Parole
- Crime victim's compensation
- Laws related to supervision of probationers and defendants serving a deferred or suspended sentence

There were 5 bills enacted during the 2017 Legislature based on recommendations from the Commission on Sentencing. The changes made as a result of these bills aim to improve efficiency and decrease costs. While recommendations from the Council of State Governments (CSG) could take 4-6 years after implementation before improvements or changes can be seen, Montana's package of legislation is projected to decrease prison population growth by 13.0% by FY 2023. This deceleration in growth is projected to eventually avert over \$69.0 million in total costs.

FY 2018 Appropriation Compared to FY 2018 Actual Expenditures

The HB 2 budget of \$221.7 million for the DOC was 95.5% expended in FY 2018. Personal services were slightly higher (0.2%) than originally budgeted. This was primarily due to large termination payouts and positions obtaining career ladder adjustments in the Probation and Parole Division and Secure Custody Facilities Program totaling nearly \$670,000. Grants, benefits & claims, and transfers expenses were well below anticipated levels due, in part, to moving the Montana Board of Crime Control (MBCC) to the department according to SB 95 and HB 650. Timing associated with federal grant spending resulted in lower expenditures in these accounts as typically, expenditures of federal grant authority lag behind expenditures of general fund or state special revenues.

FY 2018 Appropriation Compared to FY 2019 Appropriation

The DOC has many offsetting differences between FY 2018 appropriations and FY 2019 appropriations in personal services, operating expenses, grants, and transfers that amount to a total of a \$250,000 difference. These differences are outlined below in Figure 1 and explain the lower appropriations in FY 2019.

The first difference seen between FY 2018 and FY 2019 can be explained in how the MBCC moved appropriations into the DOC as a result of HB 650 of the 2017 Legislative Session. The funds move can be seen below.

Figure 1

Montana DOC HB 2 Funding Summary Before and After the MBCC Funds Transfer			
Timeline	Fund Type	FY 2018	FY 2019
DOC before MBCC HB 2 funds transfer	01 General Fund	\$200,467,841	\$201,012,643
	02 State Special Revenue	5,176,264	5,201,250
	03 Federal Special Revenue	179,598	291,389
	06 Proprietary Funds	107,229	107,229
	Total Funds	205,930,932	206,612,511
MBCC HB 2 funds transfer	01 General Fund	\$1,422,688	\$2,541,147
	02 State Special Revenue	214,123	104,426
	03 Federal Special Revenue	10,261,392	12,152,022
	06 Proprietary Funds	-	-
	Total Funds	11,898,203	14,797,595
DOC after MBCC HB 2 funds transfer	01 General Fund	\$201,890,529	\$203,553,790
	02 State Special Revenue	5,390,387	5,305,676
	03 Federal Special Revenue	10,440,990	12,443,411
	06 Proprietary Funds	107,229	107,229
	Total Funds	217,829,135	221,410,106
Additional transferred appropriations	03 Federal Special Revenue	3,825,331	-
	Total Funds	221,654,466	221,410,106

Differences in personal service appropriations can be attributed to the following:

- Reductions of \$2.7 million were made to personal services in FY 2018 as a result of the November 2017 Special Session
- Nearly \$230,000 was restored to personal services in FY 2019 as a result of the SB 9 restorations
- The additional statutory 1.0% pay increase to be included in FY 2019 over FY 2018 in the amount of nearly \$700,000

The difference seen in operating expense appropriations is primarily due to the following:

- There were reductions made by the executive in FY 2018 to operating expenses in the amount of \$2.2 million. There were similar reductions made in FY 2019, however, those reductions were brought back through the SB 9 restorations
- Program transfers at the end of FY 2018 reduced operating expenses by nearly \$280,000.

The difference in grant appropriations is primarily due to the timing of HB 650 and how the MBCC funding was moved into the DOC. In FY 2018, only a portion (around 80.0%) of all appropriations were moved. There is an additional \$1.0 million in operating expenses that will be provided to DOC in FY 2019.

The difference in transfers is due mostly in part to how appropriations were distributed as result of the MBCC moving into DOC as a result of HB 650. In FY 2018, nearly \$5.60 million in appropriations was moved into transfers. In FY 2019, that amount was reduced to nearly \$2.90 million so that additional appropriations could be moved into other expenditure accounts.

**LFD
COMMENT**

As noted, DOC transferred \$4.9 million general fund authority from FY 2019 to FY 2018. The DOC has requested an additional \$3.7 million in general fund in supplemental appropriation authority for FY 2019. This request is included in HB 3.

FY 2019 Legislative Budget to FY 2019 Executive Modified Base

Figure 2 illustrates the beginning FY 2019 budget as adopted by the 2017 Legislature, plus modifications done by the executive (and authorized in statute) during the interim, and the finalized FY 2019 Base Budget. The FY 2019 Base Budget was agreed upon by the Legislative Finance Committee and the executive as a measuring point to start the 2021 biennium budgeting process.

Figure 2

FY 2019 Legislative Appropriations - Department of Corrections				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
01 Administrative Support Services				
61000 Personal Services	7,421,817	1,621,371	9,077,168	22.3%
62000 Operating Expenses	6,075,460	758,377	6,779,857	11.6%
63000 Equipment & Intangible Assets	-	12,909	12,909	0.0%
66000 Grants	-	9,653,395	9,673,395	0.0%
68000 Transfers-out	-	2,660,817	2,660,817	0.0%
Program Total	13,497,277	14,706,869	28,204,146	109.0%
02 Probation & Parole Division				
61000 Personal Services	17,282,302	(716,848)	16,565,454	-4.1%
62000 Operating Expenses	53,873,908	6,104,516	59,978,424	11.3%
63000 Equipment & Intangible Assets	18,235	(18,235)	-	-100.0%
68000 Transfers-out	6,250	-	6,250	0.0%
69000 Debt Service	70,483	(22,248)	48,235	-31.6%
Program Total	71,251,178	5,347,185	76,598,363	7.5%
03 Secure Custody Facilities				
61000 Personal Services	40,073,441	564,828	40,638,269	1.4%
62000 Operating Expenses	39,316,719	(6,046,279)	33,270,440	-15.4%
63000 Equipment & Intangible Assets	87,605	18,235	105,840	20.8%
64000 Capital Outlay	20,773	-	20,773	0.0%
68000 Transfers-out	4,100	-	4,100	0.0%
69000 Debt Service	306,466	22,248	328,714	7.3%
Program Total	79,809,104	(5,440,968)	74,368,136	-6.8%
04 Mont Correctional Enterprises				
61000 Personal Services	823,654	757,849	1,581,503	92.0%
62000 Operating Expenses	2,925,868	55,510	2,981,378	1.9%
68000 Transfers-out	185,117	-	185,117	0.0%
Program Total	3,934,639	813,359	4,747,998	20.7%
05 Youth Services				
61000 Personal Services	11,533,970	(765,463)	10,768,507	-6.6%
62000 Operating Expenses	2,001,843	(236,852)	1,764,991	-11.8%
63000 Equipment & Intangible Assets	47,012	-	47,012	0.0%
67000 Benefits & Claims	540,598	-	540,598	0.0%
69000 Debt Service	66,983	(3,523)	63,460	-5.3%
Program Total	14,190,406	(1,005,838)	13,184,568	-7.1%
06 Clinical Services Division				
61000 Personal Services	8,711,086	176,988	8,888,074	2.0%
62000 Operating Expenses	13,750,762	-	13,750,762	0.0%
Program Total	22,461,848	176,988	22,638,836	0.8%
07 Board Of Pardons & Parole				
61000 Personal Services	747,758	-	747,758	0.0%
62000 Operating Expenses	184,046	-	184,046	0.0%
Program Total	931,804	-	931,804	0.0%
Grand Total	\$206,076,256	\$14,597,595	\$220,673,851	7.1%

There were a number of major modifications to the legislative budget that are outlined below. The Department of Corrections base budget is \$220.7 million, including \$202.8 million in general fund.

- An increase of \$14.7 million in Administrative Support Services is due primarily to SB 95 and HB 650 which transferred appropriations from the Board of Crime Control into the Department of Corrections
- Secure Custody Facilities transferred \$6.0 million in general fund to the Probation and Parole Division for non-secure county jail holds
- SB 9 restored \$2.3 million general fund primarily in the Clinical Services Division
- Transferred \$4.9 million in general fund operating expenses in the Secure Custody Facilities from FY 2019 to FY 2018 to help fund budget shortfalls

Executive Request

The executive requests a 2.9% increase in total funding when compared to the 2019 biennium. Increases include:

- Personal services increases include adjustments calculated in the statewide present law adjustment and discretionary pay increases made by management totalling nearly \$8.3 million for the 2021 biennium
- Provider rate increases for contracted regional prisons and county jails totalling nearly \$2.4 million for the biennium
- 6.00 FTE and nearly \$780,000 for the biennium to aide with pre-sentence investigations

5% Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2021 biennium 5% plan submitted for this agency is in the appendix. The 5% plan for the Department of Corrections includes reducing the general fund by \$9.0 million and state special revenue funds by \$222,216. The primary reduction to general fund proposed by the department involves reducing contracted services (not specified how). Reductions in the Montana Correctional Enterprises to prison canteen purchases are proposed to reduce state special revenue.

Reorganization

The department performed three total reorganizations that moved appropriations between programs within the department in the 2019 biennium. First, as a result of HB 650 which repealed the Boot Camp Incarceration Program, the department moved operations originally associated with the Treasure State Correctional Training Center (TSCTC) into the Montana State Prison. This reorganization reduced the FY 2019 budget in the Probation & Parole Division and increased budgeting in Secure Care Facilities by 23.00 FTE and nearly \$2.0 million.

Two additional reorganizations resulted in the following:

- Reduced FY 2019 budget in Youth Services and increased budget in the Probation & Parole Division by 7.00 FTE and \$750,000. This reorganization took place to transfer juvenile parole duties out of the Youth Services Program
- Reduced FY 2019 budget in Secure Care Facilities and increased appropriations in Montana Correctional Enterprises by 14.00 FTE and \$813,000. This reorganization moved the MSP education responsibilities out of Secure Custody Facilities

In addition to those above, the executive recommends a reorganization that would affect four total programs within the department. This reorganization would eliminate the Youth Services Division as a stand-alone program and move its responsibilities to other programs. Proposed changes made to existing programs are as follows:

- The Probation and Parole Division received 15.00 FTE to be used to help decrease the number of caseloads per officer
- The Secure Custody Facilities Program received 128.00 FTE as well as responsibilities for the Pine Hills facility for male youth offenders
- The Clinical Services Division received 16.00 FTE to operate the facility at Riverside Youth Correctional Facility housing the inmates from the Lewistown infirmary

**LFD
COMMENT**

The proposed reorganization that would occur within the Youth Services Division would lead to changes in how a few existing facilities operate. The Riverside Youth Correctional Facility had previously housed female youth who are currently under contract for housing with a facility in Idaho. The facility had then switched over to housing female adults, but funding for the facility remained in the Youth Services Division. As Montana already has two DOC-contracted women's treatment facilities and not a population to support a third program, the female adults that were at the state operated facility were placed in the community for treatment or moved to a contracted treatment program by October 9, 2018. The facility at Riverside is being repurposed to house male adults with serious, long-term medical conditions that are currently being housed in Lewistown in a secure wing that is part of the Montana Mental Health Nursing Center (MMHNCC). The health care for the inmates was contracted under a memorandum of understanding with DPHHS.

The Pine Hills facility will continue to be responsible for youth and adult males at the Miles City facility.

Agency Personal Services

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

1. Formula Based

Formula based changes are calculated independent of agency choices, such as: annualize personal services costs including FY 2019 statewide pay plan adjustments, changes to benefit rates, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot, plus rate changes for workers' compensation and unemployment insurance.

A detailed illustration of this methodology is included in the Budget Analysis Appendix.

2. Personal Services Management Decisions

Any agency management decisions that adjusted employee pay or transferred personal services authority between programs. This includes raises or position changes that may increase or reduce a budget, such as hiring FTE at a lower rate to replace retired senior staff or moving FTE and funding between programs.

3. Proposed Reinstatement of Personal Services Base Budget Reductions

Most agencies requested reinstatement of personal services budget reductions taken last session. The single largest reinstatement is due to the lower vacancy savings rate requested by the executive. The FY 2019 personal services base included approximately 6.0% vacancy savings reduction as part of the funding adopted in HB 2. Generally, the executive requested a 2.0% vacancy savings reduction for 2021 biennium.

Agencies funded with general fund may have additional personal services reductions such as those reduced from the triggers in SB 261 from last session.

In some instances, the lower personal services budgets caused agencies to make management decisions that lowered the ongoing cost of personal services. When this occurred, the LFD reflected the lower reinstatement requested rather than the total of all personal services reductions made by the previous legislature.

4. Budget Modifications

This category includes modifications to the FY 2019 personal services budget such as transfer of personal services authority to operating expenses that occurred during the interim. These transfers may impact the overall size of the personal services present law adjustment (DP 1).

The Figure shows the analysis of the proposed changes.

Figure 3 shows the analysis of the executive budget for personal services compared to the expected personal services budget.

Figure 3

Personal Services Present Law DP 1 - FY 2020					
Program	Formula Based	Management Decisions	Proposed Reinstatement of PS	Budget Modifications	DP1 SWPL
01 Business Management Services	(1,275,634)	1,468,320	937,903	(97,929)	1,032,660
02 Probation and Parole	129,581	(12,381)	864,107	(66,628)	914,679
03 Secure Custody Facilities	(29,210)	(131,676)	980,295	-	819,409
04 Montana Correctional Enterprises	17,626	141,676	56,902	-	216,204
05 Youth Services	69,877	(244,274)	346,213	-	171,816
06 Clinical Services	113,068	381,433	443,953	(60,000)	878,454
07 Board of Pardons and Parole	156,144	(54,291)	38,468	-	140,321
Agency Total	(\$818,549)	\$1,548,808	\$3,667,841	(\$224,557)	\$4,173,543

Personal Services are nearly \$88.8 million or 40.1% of FY 2019 appropriations. The executive requests an increase of almost \$4.2 million in both FY 2020 and FY 2021. As seen above, the proposed reinstatement of personal services base budget reductions and management decisions are primarily contributing to the statewide present law adjustment for personal services.

FTE Movement

Although not shown in Figure 2, there were many instances in which FTE were transferred from one division to another within the department. These instances of moving FTE are outlined below.

Figure 4

Department of Corrections FTE Movement in the 2019 Biennium			
Program	FY 2018	FY 2019	FTE Change
01 Director's Office	100.31	119.81	19.50
02 Probation and Parole Division	267.50	247.50	(20.00)
03 Secure Custody Facilities	613.36	620.36	7.00
04 Montana Correctional Enterprises	11.50	25.50	14.00
05 Youth Services Division	172.35	160.35	(12.00)
06 Clinical Services Division	99.00	102.00	3.00
07 Board of Pardons and Parole	10.00	9.00	(1.00)

Funding

The following table shows proposed agency funding by source of authority.

Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	419,357,290	0	0	0	419,357,290	85.46 %
State Special Total	11,548,467	0	0	1,295,714	12,844,181	2.62 %
Federal Special Total	24,886,822	0	(5,574)	0	24,881,248	5.07 %
Proprietary Total	214,458	0	33,389,170	0	33,603,628	6.85 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$456,007,037	\$0	\$33,383,596	\$1,295,714	\$490,686,347	
Percent - Total All Sources	92.93 %	0.00 %	6.80 %	0.26 %		

For HB 2, the Department of Corrections is primarily funded with general fund (approximately 92.0%). The remaining amount is comprised mostly of state special and federal special revenues with a small portion coming from budgeted proprietary funds. Some of the largest state special revenue funds making up the majority of state special funding are

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

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

There is nearly \$650,000 in statutory appropriations each fiscal year of the 2021 biennium which is used to support the Secure Custody Facilities. This funding includes supporting inmate welfare and is used for expenses in supplies/materials, communications, travel, rent, repairs, and other expenses.

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	202,817,535	202,817,535	405,635,070	96.73 %	220,673,851	220,673,851	441,347,702	96.79 %
SWPL Adjustments	4,572,283	4,527,898	9,100,181	2.17 %	4,602,283	4,557,898	9,160,181	2.01 %
PL Adjustments	0	0	0	0.00 %	350,000	350,000	700,000	0.15 %
New Proposals	1,998,939	2,623,100	4,622,039	1.10 %	1,976,581	2,822,573	4,799,154	1.05 %
Total Budget	\$209,388,757	\$209,968,533	\$419,357,290		\$227,602,715	\$228,404,322	\$456,007,037	

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	17,953,417	20,151,109	2,197,692	12.24 %
Operating Expenses	13,735,943	14,822,528	1,086,585	7.91 %
Equipment & Intangible Assets	12,909	25,818	12,909	100.00 %
Grants	18,700,831	19,306,790	605,959	3.24 %
Transfers	8,021,521	5,321,634	(2,699,887)	(33.66)%
Total Expenditures	\$58,424,621	\$59,627,879	\$1,203,258	2.06 %
General Fund	30,249,180	33,360,113	3,110,933	10.28 %
State/Other Special Rev. Funds	1,251,254	1,166,486	(84,768)	(6.77)%
Federal Spec. Rev. Funds	26,709,729	24,886,822	(1,822,907)	(6.82)%
Proprietary Funds	214,458	214,458	0	0.00 %
Total Funds	\$58,424,621	\$59,627,879	\$1,203,258	2.06 %
Total Ongoing	\$57,824,621	\$59,627,879	\$1,803,258	3.12 %
Total OTO	\$600,000	\$0	(\$600,000)	(100.00)%

Program Biennium Comparison -

When compared to the 2019 biennium appropriations, the growth for the 2021 biennium is approximately 2.0%. However, this number is effected by the DOC receiving carry forward authority from the MBCC in FY 2018 which is partially inflating results. When compared to the FY 2019 appropriations, the growth is actually 4.6%.

Program Description

The Director's Office Program includes the Director's Office, Business Management and Services Division, and the Information Technology Division. 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. Additionally, the Montana Board of Crime Control is allocated within the Director's Office for administrative purposes.

LFD COMMENT

The 2017 Legislature allocated the MBCC to the department for administrative purposes. In doing so, the MBCC retained the authority to direct and supervise the budgeting, record keeping, reporting, and related administrative functions of the board.

Program Highlights

Director's Office Major Budget Highlights
<ul style="list-style-type: none"> • The Director's Office 2021 biennium budget request is \$1.2 million higher than the 2019 biennium. Reasons for this increase include <ul style="list-style-type: none"> ◦ Personal services of \$2.1 million for the 2021 biennium requested in the statewide present law adjustment ◦ An increase of over \$750,000 for the biennium in general fund for fixed costs associated with services in information technology • Changes in utilization of transfer appropriations resulted in a decrease of \$2.7 million

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	119.81	119.81	119.81	119.81
Personal Services	8,708,815	8,810,229	9,143,188	10,075,848	10,075,261
Operating Expenses	6,436,609	6,902,106	6,833,837	7,418,189	7,404,339
Equipment & Intangible Assets	0	0	12,909	12,909	12,909
Grants	5,850,106	8,847,436	9,853,395	9,653,395	9,653,395
Transfers	1,697,671	5,360,704	2,660,817	2,660,817	2,660,817
Total Expenditures	\$22,693,201	\$29,920,475	\$28,504,146	\$29,821,158	\$29,806,721
General Fund	14,448,986	14,878,917	15,370,263	16,687,275	16,672,838
State/Other Special Rev. Funds	479,636	668,011	583,243	583,243	583,243
Federal Spec. Rev. Funds	7,657,349	14,266,318	12,443,411	12,443,411	12,443,411
Proprietary Funds	107,230	107,229	107,229	107,229	107,229
Total Funds	\$22,693,201	\$29,920,475	\$28,504,146	\$29,821,158	\$29,806,721
Total Ongoing	\$22,581,605	\$29,620,475	\$28,204,146	\$29,821,158	\$29,806,721
Total OTO	\$111,596	\$300,000	\$300,000	\$0	\$0

Program Discussion -

FY 2018 Appropriation Compared to FY 2018 Actual Expenditures

Total expenditures for the Director's Office were \$22.7 million or 75.8% of budgeted authority. Personal services were 98.8% expended. Program expenditures below budgeted levels are mainly attributed to the following:

- Operating expenses were 93.3% expended or \$465,500 below HB 2. While certain operating expenses such as network services and insurance increased, the lower expenditures can be attributed to expenditures in computer hardware and settlement costs which are lower than in previous fiscal years
- Grants were 66.1% expended or \$3.0 million below budget due to the nearly \$9.7 million general fund grant authority that was moved into this program from the Montana Board of Crime Control
- Transfers were 31.7% expended or \$3.7 million below budget because of the nearly \$2.7 million general fund transfer authority that was moved into this program from the Montana Board of Crime Control

**LFD
COMMENT**

Grant and transfers expenditures of the MBCC typically lag behind what would be expected on a straight-line pattern. This lag is due to delays inherent in the grant cycle because grants require approval, allocation, announcement, and must be awarded prior to any expenditures being made.

FY 2018 Appropriation Compared to FY 2019 Appropriation

FY 2019 total appropriations are \$1.4 million, or 4.7% lower than the FY 2018 appropriation. These decreases, located primarily in transfers funding, are mainly due to nearly \$5.3 million in appropriations being moved into transfers from the MBCC in FY 2018. In FY 2019, this amount was reduced to nearly \$2.7 million so that additional appropriations could be moved elsewhere.

These decreases in transfers are partially offset by increases in personal services and grants attributed to:

- Personal service funding in the amount of \$330,000 was left in the MBCC in FY 2018 but will be included in the Department of Corrections personal services in FY 2019
- November 2017 Special Session reductions in both fiscal years that were restored by SB 9 for FY 2019 in the amount of nearly \$230,000 for personal service
- SB 294 pay plan increase in FY 2019 of \$27,000
- Around 80% of all grant appropriations were moved from the Board of Crime Control in FY 2018. There is an additional \$1.0 million in grants that will be provided to the Department of Corrections in FY 2019

**LFD
COMMENT**

HB 650 of the 2017 Legislature transitioned the MBCC from being allocated by the Department of Justice to being allocated to the Department of Corrections for administrative purposes. In FY 2018, only 80.0% of MBCC expenditures are reflected as DOC expenditures, while all are reflected in FY 2019.

Executive Request

The executive requests an increase of \$1.2 million or 2.0% for the 2021 biennium. The increase is related to present law adjustments for personal services and fixed costs. The following changes have been requested:

- Personal services increase of approximately \$2.2 million, or 12.2%
- Operating expenses increase of approximately \$1.1 million, or 7.9% associated with fixed costs and audit fees
- A request for funding of a supportive housing grant program for offenders leaving a DOC facility or program

Program Personal Services Narrative

Personal services are \$9.1 million or 32.1% of total FY 2019 appropriations. The executive proposes an increase of approximately \$1.0 million in both FY 2020 and FY 2021. In addition to formula based changes, management provided pay increases for the following:

- Career ladder increases for two human resource specialists
- Seven market adjustments for a lawyer, two operations managers, compliance specialist, compliance technician, regulatory program manager, and a grants contracts coordinator
- Performance pay increases for seven positions

Funding

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

Department of Corrections, 01-Director's Office Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	33,360,113	0	0	0	33,360,113	55.95 %	
02355 Miscellaneous Fines and Fees	9,660	0	0	0	9,660	0.83 %	
02689 Offender Restitution	906,704	0	0	0	906,704	77.73 %	
02917 MSP Canteen Revolving Acct	5,716	0	0	0	5,716	0.49 %	
02768 Domestic Violence Intervention	244,406	0	0	0	244,406	20.95 %	
State Special Total	\$1,166,486	\$0	\$0	\$0	\$1,166,486	1.96 %	
03315 Misc Federal Grants	0	0	0	0	0	0.00 %	
03008 Juvenile Justice Council	862,436	0	0	0	862,436	3.47 %	
03081 OVW Sexual Assault Services	621,282	0	0	0	621,282	2.50 %	
03090 P COVERDELL FORENSIC SCIENCE	141,552	0	0	0	141,552	0.57 %	
03111 Residential Substance Abuse	148,142	0	0	0	148,142	0.60 %	
03119 ARRA Victims of Crime	0	0	0	0	0	0.00 %	
03182 Vision 21 - Legal Assistance	0	0	0	0	0	0.00 %	
03188 Justice Assistance Grants	1,634,658	0	0	0	1,634,658	6.57 %	
03189 Vision 21 - Technology Grant	0	0	0	0	0	0.00 %	
03192 Crime Victim Assistance	14,221,712	0	0	0	14,221,712	57.15 %	
03200 SORNA CFDA 16.751	104,000	0	0	0	104,000	0.42 %	
03201 Justice System Enhancements	645,278	0	0	0	645,278	2.59 %	
03248 Prescription Drug Monitoring	458,568	0	0	0	458,568	1.84 %	
03266 Vision 21 - Systems of Care	0	0	0	0	0	0.00 %	
03343 Criminal History Record Improv	4,200,000	0	0	0	4,200,000	16.88 %	
03344 Violence Against Women Act	1,842,688	0	0	0	1,842,688	7.40 %	
03961 BJA Mental Health Coolaberatio	0	0	0	0	0	0.00 %	
03962 Enf. Underage Drinking Laws	260	0	0	0	260	0.00 %	
03963 John R Justice Grant	6,246	0	0	0	6,246	0.03 %	
03288 Sexual Assault Kit Ini-BJA	0	0	0	0	0	0.00 %	
03298 Elder Abuse Services-Train OVW	0	0	0	0	0	0.00 %	
Federal Special Total	\$24,886,822	\$0	\$0	\$0	\$24,886,822	41.74 %	
06033 Prison Ranch	53,318	0	0	0	53,318	24.86 %	
06034 MSP Institutional Industries	53,318	0	0	0	53,318	24.86 %	
06545 Prison Indust. Training Prog	1,186	0	0	0	1,186	0.55 %	
06573 MSP - Cook Chill	53,318	0	0	0	53,318	24.86 %	
06011 MCE License Plate Production	53,318	0	0	0	53,318	24.86 %	
Proprietary Total	\$214,458	\$0	\$0	\$0	\$214,458	0.36 %	
Total All Funds	\$59,627,879	\$0	\$0	\$0	\$59,627,879		

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

Federal special revenues are primarily associated with the new Crime Control Bureau located within the program. This new division was a result of the Department of Corrections becoming responsible for the Montana Board of Crime Control during the 2019 biennium per HB 650 of the 2017 Legislature. These federal funds are primarily administered through federal grants and are used as pass-through funds that go to state and local agencies. There is an increase in federal funding here due to anticipation of higher federal grant funding in upcoming fiscal years.

Program Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	15,070,263	15,070,263	30,140,526	90.35 %	28,204,146	28,204,146	56,408,292	94.60 %
SWPL Adjustments	1,417,012	1,402,575	2,819,587	8.45 %	1,417,012	1,402,575	2,819,587	4.73 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	200,000	200,000	400,000	1.20 %	200,000	200,000	400,000	0.67 %
Total Budget	\$16,687,275	\$16,672,838	\$33,360,113		\$29,821,158	\$29,806,721	\$59,627,879	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	1,032,660	0	0	1,032,660	0.00	1,032,073	0	0	1,032,073
DP 2 - Fixed Costs	0.00	375,654	0	0	375,654	0.00	359,707	0	0	359,707
DP 3 - Inflation Deflation	0.00	8,698	0	0	8,698	0.00	10,795	0	0	10,795
Grand Total All Present Law Adjustments	0.00	\$1,417,012	\$0	\$0	\$1,417,012	0.00	\$1,402,575	\$0	\$0	\$1,402,575

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

New Proposals

The "New Proposals" table shows new changes to spending.

	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 101 - Housing funding	0.00	200,000	0	0	200,000	0.00	200,000	0	0	200,000
Total	0.00	\$200,000	\$0	\$0	\$200,000	0.00	\$200,000	\$0	\$0	\$200,000

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

DP 101 - Housing funding -

The executive requests funding for a supportive housing grant program for inmates.

LFD COMMENT	The 2017 Legislature enacted SB 65 to establish a supportive housing grant program under the Montana Board of Crime Control. Grants could be awarded to local governments to help offenders being discharged from a DOC program reenter the community by providing housing assistance. Funding to support the SB 65 grant program was designated as one-time-only and would need to be requested for the 2021 biennium.
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Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	33,375,618	37,111,174	3,735,556	11.19 %
Operating Expenses	118,101,674	121,655,844	3,554,170	3.01 %
Transfers	12,500	12,500	0	0.00 %
Debt Service	118,515	96,470	(22,045)	(18.60)%
Total Expenditures	\$151,608,307	\$158,875,988	\$7,267,681	4.79 %
General Fund	149,979,973	157,223,805	7,243,832	4.83 %
State/Other Special Rev. Funds	1,628,334	1,652,182	23,848	1.46 %
Total Funds	\$151,608,307	\$158,875,987	\$7,267,680	4.79 %
Total Ongoing	\$150,888,307	\$158,875,987	\$7,987,680	5.29 %
Total OTO	\$720,000	\$0	(\$720,000)	(100.00)%

Program Biennium Comparison -

The biennium comparison table shows a total growth of 4.8% which is significantly impacted by transfers that happened in FY 2018. Compared to the FY 2019 legislative appropriation, the growth is 3.2%.

Program Description

The Probation and Parole Division (PPD) includes probation and parole, intensive and enhanced supervision programs, male and female community corrections programs that include: chemical dependency treatment programs, DUI treatment facilities, methamphetamine treatment facilities, assessment, sanction and revocation centers, and various other prison diversion programs. The department contracts with nonprofit corporations in Great Falls, Missoula, Billings, Bozeman, Butte, and Helena for pre-release services.

Program Highlights

Probation and Parole Division Major Budget Highlights
<ul style="list-style-type: none"> • The Probation and Parole Division's 2021 biennium budget request is \$7.3 million higher than the 2019 biennium driven by: <ul style="list-style-type: none"> ◦ Changes in personal services of \$1.8 million for the biennium associated with the statewide present law adjustment ◦ Increase of 15.00 FTE and just over \$1.5 million for the biennium proposed through the Youth Services reorganization ◦ Increase of 6.00 FTE and nearly \$770,000 for the biennium to be assigned for presentence investigations ◦ Provider rate increases for contracted regional facilities in the amount of \$1.5 million for the biennium

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	247.50	247.50	268.50	268.50
Personal Services	17,131,449	16,450,164	16,925,454	18,519,056	18,592,118
Operating Expenses	55,194,825	58,123,250	59,978,424	60,590,256	61,065,588
Transfers	0	6,250	6,250	6,250	6,250
Debt Service	70,280	70,280	48,235	48,235	48,235
Total Expenditures	\$72,396,554	\$74,649,944	\$76,958,363	\$79,163,797	\$79,712,191
General Fund	71,582,890	73,835,777	76,144,196	78,337,705	78,886,100
State/Other Special Rev. Funds	813,664	814,167	814,167	826,091	826,091
Total Funds	\$72,396,554	\$74,649,944	\$76,958,363	\$79,163,796	\$79,712,191
Total Ongoing	\$72,036,554	\$74,289,944	\$76,598,363	\$79,163,796	\$79,712,191
Total OTO	\$360,000	\$360,000	\$360,000	\$0	\$0

Program Discussion -

The Probation & Parole Division supervises offenders in settings other than prison. Services offered vary 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, such as probation and parole officers, and contracts with nonprofit organizations that operate various types of community based residential programs.

Average daily population (ADP) projections for the Probation and Parole Division show a growth compared to FY 2018 actuals of 10.6% in FY 2020 and 16.3% in FY 2021. Included in ADP projections are offenders supervised by probation and parole officers, as well as, individuals placed in residential treatment programs. This increase in the number of offenders and the type of placement or service needed for the offender are the primary drivers of costs within the division. With the goal being to reintegrate the offender back into the community, placement needs to be appropriate in order to address the needs of the offender. The table below shows the total cost per day for programs within the Probation and Parole Division. As shown, even though far fewer offenders receive services from residential treatment centers than supervision, the costs associated with these treatment centers can be much higher. Residential treatment programs such as methamphetamine treatment centers have the highest daily costs while probation and parole has the lowest.

Figure 5

FY 2018 Probation and Parole Placement Costs		
Facility/Program	ADP	Total Cost Per Day
Meth Treatment Female	36	\$154.01
Meth Treatment Male	81	143.41
WATCh East-Glendive	50	118.49
START Male	140	111.13
MASC	142	100.35
Passages ADT/ASC	91	92.14
WATCh West Warm Springs	103	88.12
Connections Corrections Male	107	86.21
Pre-Release Female	188	76.13
Pre-Release Male	671	62.38
Pre-Release Transitional Living Male/Female	218	22.24
Adult Probation and Parole	9,922	5.75

**LFD
COMMENT**

For the 2019 biennium, the department received 6.00 FTE to focus on reducing the backlog of presentence investigations as intended by the 2017 Legislature. These FTE were issued as one-time-only and will not carry forward into the 2021 biennium. There is a possibility that a backlog may continue to be an issue moving forward.

The 2017 Legislative session resulted in SB 63. In SB 63, it is stated that based on the risk and needs of each individual as determined by the individual's most recent risk and needs assessment, the probation and parole officer shall recommend conditional discharge when a probationer is in compliance with conditions of supervision. These conditions being:

- a low-risk probationer has served 9 months
- a medium risk probationer has served 12 months
- a moderate risk probationer has served 18 months
- a high risk probationer has served 24 months

It was anticipated that this language would result in fewer people on community supervision leading to fewer caseloads for probation and parole officers. The Commission on Sentencing projected that this ability for probation and parole officers to give a probationer early discharge would decrease the community supervised population by over 2,600 and lead to nearly \$10.9 million in estimated savings for the department by 2023. However, as the Department of Corrections began to implement the bill, some of the district courts decided that probation and parole officers could not file the recommendation of conditional discharge in the court as the probation and parole officers are not recognized as officers of the court. Thus, consistency in how this process is being completed is lacking. As a result, the Department of Corrections worked with the Office of Public Defender who began assisting probationers with filing pro se requests for discharge. The Justice Oversight Committee appointed to oversee the implementation of Justice Reinvestment recommended a bill draft to address this issue in the upcoming legislative session. In FY 2018 the number of probationers did not meet the projected targets to attain the projected savings outlined by the Council on State Governments.

FY 2018 Appropriation Compared to FY 2018 Actual Expenditures

The Probation and Parole Division expended \$72.4 million general fund or 96.9% of the budget. Personal services were above HB 2 appropriations by over \$680,000 or 4.1%. Operating expenses were 95.0% expended, and debt service was 100.0% expended. While personal service spending was lower when compared to FY 2017, the following outline the higher than anticipated personal service budget of FY 2018:

- Payouts for termination in the amount of nearly \$154,000
- Over \$136,000 in achieved pay increments
- Pay plan 1% statutory salary increase of just over \$140,000

Additionally, there was vacancy savings in the amount of 6.5% imposed on the Probation and Parole Division in FY 2018. This number was difficult to hit, and there is generally poor turnover with positions within this division.

FY 2018 Appropriation Compared to FY 2019 Appropriation

FY 2019 total appropriations are \$2.3 million, or 3.1% higher than the FY 2018 total appropriation due to:

- SB 294 pay plan increase in FY 2019 of \$56,000
- Reductions in FY 2018 to the state share contribution of \$544,000
- Program transfers moving nearly \$1.9 million in operating expenses out of the division and into other programs and expenditure accounts

Executive Request

The executive requests an increase of \$7.3 million or 4.8% for the 2021 biennium. The increase is related to present law adjustments and new proposals for personal services and fixed costs. The following significant changes have been requested:

- Personal services increase of approximately \$3.7 million, or 11.2%
- Operating expenses increase of approximately \$3.5 million, or 3.0%

Program Personal Services Narrative

Personal services are \$16.9 million or 22.0% of total FY 2019 appropriations. The executive proposes an increase from the base budget of approximately \$915,000 in both FY 2020 and FY 2021. In addition to formula based changes, management gave pay increases for the following:

- Adjustments included in the statewide present law adjustment
- Pay increment adjustments for over 60 probation parole officers
- 3 market adjustments for an operations manager and two substance abuse counselors
- 2 performance pay increases for a secretary and a probation parole officer

Additionally, a reorganization that would eliminate the Youth Services Division and reallocate staff to various other programs would add 15.00 FTE to this program including a total of \$1.4 million personal services for the biennium.

Funding

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

Department of Corrections, 02-Probation and Parole Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	157,223,805	0	0	0	157,223,805	98.96 %	
02261 P & P Supervisory Fee	1,628,334	0	0	0	1,628,334	98.56 %	
02970 Juvenile Plcmnt Cost of Care	23,848	0	0	0	23,848	1.44 %	
State Special Total	\$1,652,182	\$0	\$0	\$0	\$1,652,182	1.04 %	
03315 Misc Federal Grants	0	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$158,875,987	\$0	\$0	\$0	\$158,875,987		

Nearly 99.0% of the program’s funding comes from the general fund. The remaining funding comes from state special revenues. These state special funds are collected from offenders who are required to pay supervision fees related to probation and parole.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	75,784,196	75,784,196	151,568,392	96.40 %	76,598,363	76,598,363	153,196,726	96.43 %
SWPL Adjustments	945,453	948,018	1,893,471	1.20 %	945,453	948,018	1,893,471	1.19 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	1,608,056	2,153,886	3,761,942	2.39 %	1,619,980	2,165,810	3,785,790	2.38 %
Total Budget	\$78,337,705	\$78,886,100	\$157,223,805		\$79,163,796	\$79,712,191	\$158,875,987	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	914,679	0	0	914,679	0.00	909,827	0	0	909,827
DP 2 - Fixed Costs	0.00	0	0	0	0	0.00	0	0	0	0
DP 3 - Inflation Deflation	0.00	30,774	0	0	30,774	0.00	38,191	0	0	38,191
Grand Total All Present Law Adjustments	0.00	\$945,453	\$0	\$0	\$945,453	0.00	\$948,018	\$0	\$0	\$948,018

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 202 - Presentence Investigation	6.00	386,397	0	0	386,397	6.00	385,523	0	0	385,523
DP 301 - Provider rate increases for regional facilities	0.00	503,503	0	0	503,503	0.00	971,418	0	0	971,418
DP 501 - Youth Services Division Reorganization	15.00	718,156	11,924	0	730,080	15.00	796,945	11,924	0	808,869
Total	21.00	\$1,608,056	\$11,924	\$0	\$1,619,980	21.00	\$2,153,886	\$11,924	\$0	\$2,165,810

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

DP 202 - Presentence Investigation -

The executive requests funding to add 6.00 FTE probation officers to exclusively conduct pre-sentencing investigations

LFD COMMENT	The 2017 Legislature funded 6.00 FTE to not carry probation officer caseloads but exclusively conduct pre-sentencing investigations. In doing so, the Legislature designated the funding as one-time-only. During the 2019 biennium, pre-sentencing investigation staff have helped bring the time to make the investigation report available to the court down to 30 days as specified in SB 60 of the 2017 Legislative Session. The Criminal Justice Oversight Council (CJOC) recommends a bill draft changing the number of days from 30 to 60 business days.
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DP 301 - Provider rate increases for regional facilities -

The executive recommends increasing provider rates by 0.91% for FY 2020 and 1.83% for FY 2021. These percentage increases are the same amount applied in the executive budget to K-12 schools, DPHHS providers, Public Defender providers, and other correction providers. This change package would include funding for prerelease providers, treatment center providers, the Missoula Assessment and Sanction Center, and other service providers across the division. This request would include funding for the anticipated charges for regional prison beds which are paid based upon actual costs.

DP 501 - Youth Services Division Reorganization -

The executive proposes a reorganization that would eliminate the Youth Services Division and distribute all its functions to various other programs within the department. This reorganization would move 15.00 FTE to the Probation and Parole Division for the 2021 biennium to address probation and parole caseloads

LFD COMMENT	The 15.00 FTE moved to the Probation and Parole Division would address caseloads for probation and parole officers. Growing populations of supervised offenders in the communities are resulting in probation and parole officer caseload numbers that are higher than the national average per officer.
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Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	79,697,177	100,524,143	20,826,966	26.13 %
Operating Expenses	71,997,278	72,024,059	26,781	0.04 %
Equipment & Intangible Assets	211,680	305,704	94,024	44.42 %
Capital Outlay	41,546	41,546	0	0.00 %
Benefits & Claims	0	979,146	979,146	0.00 %
Transfers	22,200	8,200	(14,000)	(63.06)%
Debt Service	635,383	784,348	148,965	23.44 %
Total Expenditures	\$152,605,264	\$174,667,146	\$22,061,882	14.46 %
General Fund	152,396,340	173,106,831	20,710,491	13.59 %
State/Other Special Rev. Funds	208,924	1,560,315	1,351,391	646.83 %
Total Funds	\$152,605,264	\$174,667,146	\$22,061,882	14.46 %
Total Ongoing	\$152,605,264	\$174,667,146	\$22,061,882	14.46 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The biennium comparison table shows an increase of 14.5%, which for the Secure Custody Facilities, is influenced by appropriation movement that occurred in FY 2018. Compared to the FY 2019 appropriations, the growth is actually 10.9%.

Program Description

The Secure Facilities Program includes the Montana State Prison, Montana Women’s Prison, Montana Correctional Treatment Center and contract bed facilities that include: Dawson County Correctional Facility, Cascade County Regional Prison, and Crossroads Correctional Center in Shelby. Approximately 2,500 male and 250 female inmates are incarcerated in these facilities currently.

Program Highlights

Secure Custody Facilities Major Budget Highlights
<ul style="list-style-type: none"> • Secure Custody Facilities 2021 biennium budget request is \$22.0 million higher than the 2019 biennium. The increase can be explained by the following: <ul style="list-style-type: none"> ◦ Increases in personal services of \$1.6 million for the biennium associated with the statewide present law adjustment ◦ Additional 128.00 FTE and nearly \$21.4 million in associated operating costs for the 2021 biennium that would be recieved throught the proposed Youth Services reorganization • There is a supplemental request for \$3.7 million in HB 3 for FY 2019 to address projected shortfalls.

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	620.36	620.36	748.36	748.36
Personal Services	39,318,543	39,058,908	40,638,269	50,313,819	50,210,324
Operating Expenses	38,513,156	38,726,838	33,270,440	35,821,661	36,202,398
Equipment & Intangible Assets	43,535	105,840	105,840	152,852	152,852
Capital Outlay	0	20,773	20,773	20,773	20,773
Benefits & Claims	0	0	0	489,573	489,573
Transfers	32,000	18,100	4,100	4,100	4,100
Debt Service	317,977	306,669	328,714	392,174	392,174
Total Expenditures	\$78,225,211	\$78,237,128	\$74,368,136	\$87,194,952	\$87,472,194
General Fund	78,121,996	78,132,666	74,263,674	86,525,712	86,581,119
State/Other Special Rev. Funds	103,215	104,462	104,462	669,242	891,073
Total Funds	\$78,225,211	\$78,237,128	\$74,368,136	\$87,194,954	\$87,472,192
Total Ongoing	\$78,225,211	\$78,237,128	\$74,368,136	\$87,194,954	\$87,472,192
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

Offender Populations

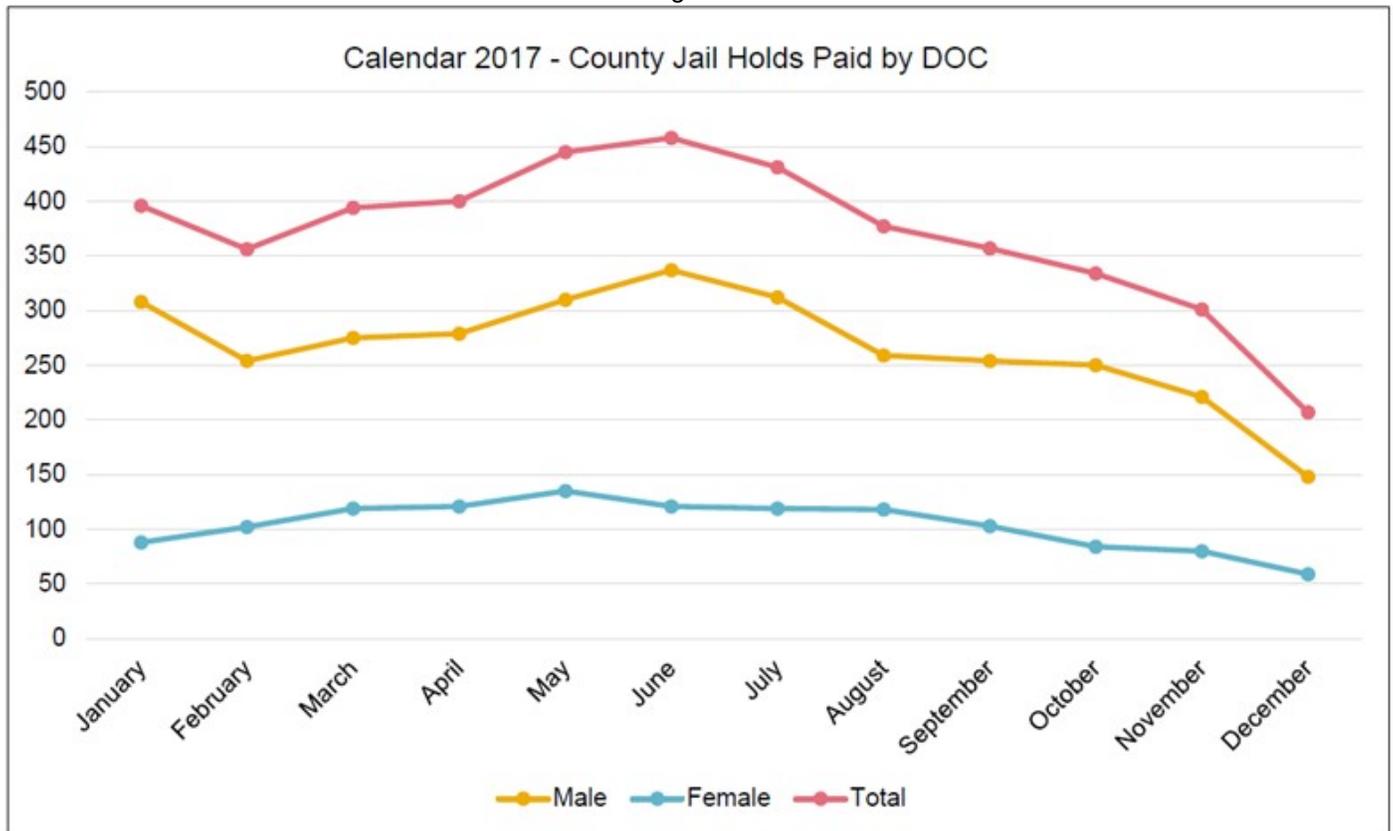
The Secure Custody Facilities Program houses offenders in the Montana State Prison, Montana Women's Prison, and various contracted prison and detention facilities. It is the responsibility of the department to provide housing for offenders after conviction. Facilities around the state vary greatly in operational capacity as outlined below:

- Montana State Prison – 1,512
- Glendive and Great Falls regional prison facilities - 293
- Montana State Correctional Treatment Center - 56
- Pine Hills (male adults) - 64
- Montana Women's Prison – 212
- Crossroads Correctional Center (Shelby) - 601
- Riverside Correctional Facility – 25

Through double bunking and repurposing facilities, the department has been able to increase total capacity.

The Department of Corrections has contracts with Montana counties to house offenders within county jails, and the rate set in these contracts is based on values established by the department to determine allowable costs. The 2017 Legislature set a cap on these daily rates of \$69 based on the intent of a maximum of 250 offenders being housed in county jails. In HB 650, the rates paid to regional facilities were set to the rates paid as of December 6, 2016. Below, Figure 6 outlines county jail hold numbers for the year leading up to January 1, 2018.

Figure 6



LFD COMMENT

In previous years, per day rates at regional prisons had been determined through a process documented in administrative rules. The rate cap established for the 2019 biennium for county jails and the frozen rate established for regional prisons will not carry forward into the 2021 biennium. If there is not a cap or rate freeze set by the legislature, the methodology used to set rates for county and regional contracted facilities will resort back to that documented in the administrative rules based on the actual costs to house state offenders. Given that the rates in the base are reflective of FY 2015 actual costs for contracted facilities, rates for the 2021 biennium using the administrative rules process would be based on FY 2019 and FY 2020 actual costs. New proposals DP 301 and DP 303 are executive requests to address these shortfalls.

LFD COMMENT

A factor to consider is that in order for the agency to address budget shortfalls in FY 2018, the department transferred nearly \$4.9 million in budget authority from FY 2019 to FY 2018. Reasons for the fiscal transfer are as follows:

- Larger prison population counts contributing to an increase in laundry, food, medical, and operations contracts/utilities of nearly \$1.9 million
- County jail holds were reduced below 250 halfway through FY 2018, but remained above the budgeted level by \$1.1 million for the first half of FY 2018. This should not be an ongoing issue if jail hold numbers stay below 250
- Unanticipated infrastructure costs of \$800,000

- Payroll costs in the Montana State Prison were \$500,000 higher than personal services budget due to overtime associated with short staffing or the vacancy savings rate of 6.5% imposed on the program

The Legislative Finance Committee recommended that fiscal transfers moving appropriations from the second fiscal year of the biennium to the first fiscal year to address shortfalls should not be included in the base budget appropriations for FY 2019. Thus, the \$4.9 million that was transferred is included in FY 2019 appropriation numbers. In HB 3, the department is requesting supplemental funding in the amount of \$3.7 million for FY 2019 to help fund projected budget shortfalls.

FY 2018 Appropriation Compared to FY 2018 Actual Expenditures

The Secure Custody Facilities Program expended \$78.2 million or 100.0% of HB 2 budgeted authority. Personal services were over expended by \$260,000 or 0.7% as compared to HB 2. Secure Custody Facilities saw an increase of over \$175,000 in career ladder salaries as compared to FY 2017 in addition to almost \$2.6 million in overtime pay, \$590,000 in termination payouts, and nearly \$300,000 associated with the statutory 1.0% pay increase.

FY 2018 Appropriation Compared to FY 2019 Appropriation

FY 2019 total appropriations are \$3.9 million, or 4.9% lower than the FY 2018 total appropriation due to decreases in operating expenses slightly offset by increases in personal services. The reason for a decrease in operating expenses has to do with Secure Custody Facilities transferring a net of \$6.4 million in operating expenses into the Probation and Parole Division for responsibilities related to non-secure county jail holds.

Personal services have increased from FY 2018 to FY 2019 mainly due to:

- SB 294 pay plan increase in FY 2019 of \$118,000
- A decrease of \$315,000 in FY 2018 personal service due to program transfers
- Reductions in FY 2018 to the state share contribution of \$1.2 million

Executive Request

The executive requests an increase of \$22.1 million or 14.5% for the 2021 biennium. The increase is related to present law adjustments and new proposals for personal services and fixed costs. The following significant changes have been requested:

- Personal services increase of approximately \$20.9 million, or 26.1% (see Program Personal Services for further discussion)
- Benefits and claims increase of approximately \$979,000
- Funding for the per bed rate adjustments for county jail holds and regional prisons of \$2.4 million
- A proposed agency reorganization to reallocate the Youth Services Division's functions across the agency would increase this program's funding by \$21.9 million

Program Personal Services Narrative

Personal services are nearly \$40.6 million or 54.6% of total FY 2019 appropriations. The executive proposes an increase from the base budget of approximately \$820,000 in FY 2020 and \$800,000 in FY 2021. In addition to formula based changes, management gave pay increases for the following:

- Career ladder adjustments for nearly 140 correctional officer and situational pay raises for 17 correctional officers
- Market adjustments for two operations managers and a correctional officer
- Performance pay increases for five positions including two mail clerks and a program manager
- Seventeen situational pay adjustments for correctional officers and sergeants

Additionally, the reorganization to reallocate Youth Services functions across the agency would move 128.00 FTE to this program and increase biennium personal service appropriations by over \$17.6 million.

Funding

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

Department of Corrections, 03-Secure Custody Facilities Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	173,106,831	0	0	0	173,106,831	98.38 %	
02033 Pine Hills Vocational Program	7,876	0	0	0	7,876	0.28 %	
02034 Earmarked Alcohol Funds	280,753	0	0	0	280,753	9.83 %	
02339 Inmate Welfare/Inmate Pay	200,000	0	0	0	200,000	7.00 %	
02345 Inmate Welfare Fund	0	0	0	1,295,714	1,295,714	45.37 %	
02355 Miscellaneous Fines and Fees	8,924	0	0	0	8,924	0.31 %	
02916 PHS-Canteen	7,046	0	0	0	7,046	0.25 %	
02927 PHS Donations/I & I	754,660	0	0	0	754,660	26.42 %	
02970 Juvenile Plcmnt Cost of Care	301,056	0	0	0	301,056	10.54 %	
State Special Total	\$1,560,315	\$0	\$0	\$1,295,714	\$2,856,029	1.62 %	
03099 PHS-ESEA Title I	0	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$174,667,146	\$0	\$0	\$1,295,714	\$175,962,860		

General fund makes up nearly all (98.4%) of the division’s funding. The remaining funding is made up of state special revenues. The Inmate Welfare state special revenue fund is used to fund welfare activities for inmates and is comprised of the sales of contraband and confiscated items, as well as proceeds from inmate canteen purchases from the state prison.

Most of the state special revenue for the inmate welfare fund comes from statutory appropriations. Parental contributions toward the costs of care and interest and income related to Pine Hills school lands primarily make up additional state special revenue and are used for additional support related to direct and non-direct care costs in the Pine Hills Correctional Facility.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	74,263,674	74,263,674	148,527,348	85.80 %	74,368,136	74,368,136	148,736,272	85.15 %
SWPL Adjustments	820,481	800,232	1,620,713	0.94 %	820,481	800,232	1,620,713	0.93 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	11,441,557	11,517,213	22,958,770	13.26 %	12,006,337	12,303,824	24,310,161	13.92 %
Total Budget	\$86,525,712	\$86,581,119	\$173,106,831		\$87,194,954	\$87,472,192	\$174,667,146	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	819,409	0	0	819,409	0.00	798,902	0	0	798,902
DP 3 - Inflation Deflation	0.00	1,072	0	0	1,072	0.00	1,330	0	0	1,330
Grand Total All Present Law Adjustments	0.00	\$820,481	\$0	\$0	\$820,481	0.00	\$800,232	\$0	\$0	\$800,232

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

New Proposals

The "New Proposals" table shows new changes to spending.

	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 301 - Provider rate increases for regional facilities	0.00	906,341	0	0	906,341	0.00	1,168,350	0	0	1,168,350
DP 303 - Jail hold rates	0.00	94,080	0	0	94,080	0.00	211,023	0	0	211,023
DP 501 - Youth Services Division Reorganization	128.00	10,441,136	564,780	0	11,005,916	128.00	10,137,840	786,611	0	10,924,451
Total	128.00	\$11,441,557	\$564,780	\$0	\$12,006,337	128.00	\$11,517,213	\$786,611	\$0	\$12,303,824

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

DP 301 - Provider rate increases for regional facilities -

The executive requests increasing funding to pay per diem rates to contracted regional prison facilities based on actual costs.

**LFD
COMMENT**

As stated in the Program Discussion, the 2017 Legislature froze rates for the 2019 biennium, and adjusted the budget accordingly, to the rate paid on December 6, 2016. The rate cap applied only to the 2019 biennium. Absent similar legislative action, the rate would return to the rate based on actual costs. This adjustment addresses the anticipated shortfall when rates are recalculated.

DP 303 - Jail hold rates -

The executive recommends increasing provider rates by 0.91% for FY 2020 and 1.83% for FY 2021. These percentage increases are the same amount applied in the executive budget to K-12 schools, DPHHS providers, Public Defender providers, and other correction providers.

DP 501 - Youth Services Division Reorganization -

The executive proposes a reorganization that would eliminate the Youth Services Division and distribute all its functions to various other programs within the department. This reorganization would move 128.00 FTE to Secure Custody Facilities for the 2021 biennium.

**LFD
COMMENT**

With the proposed reorganization taking place within the new proposal DP 501, Pine Hills would now be under the supervision of Secure Custody Facilities. While a portion of the facility is still used for the housing of male youth offenders, 64 beds are purposed to house adult male offenders between the ages of 18-25. With double bunking, 13 additional beds have been added at the Montana Women's prison and an additional 30 at the men's Montana State Prison. The inclusion of new beds has helped decrease the number of county jail holds.

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	2,494,252	3,595,024	1,100,772	44.13 %
Operating Expenses	5,905,040	6,562,756	657,716	11.14 %
Equipment & Intangible Assets	9,291	0	(9,291)	(100.00)%
Transfers	370,234	470,234	100,000	27.01 %
Total Expenditures	\$8,778,817	\$10,628,014	\$1,849,197	21.06 %
General Fund	2,787,190	3,876,330	1,089,140	39.08 %
State/Other Special Rev. Funds	5,991,627	6,751,684	760,057	12.69 %
Total Funds	\$8,778,817	\$10,628,014	\$1,849,197	21.06 %
Total Ongoing	\$8,778,817	\$10,628,014	\$1,849,197	21.06 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The executive requests an increase of 21.1% from the 2019 to the 2021 biennium which is significantly influenced by reduction amounts in FY 2018. When compared to the FY 2019 legislative appropriation, the growth is 11.9%.

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, a dairy milking parlor, dairy processing, heifer reproduction, and lumber processing, which are all located at the Montana State Prison facility.

The MCE Vocational Training program operates a motor vehicle maintenance shop and metal fabrication 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 200 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 MCE Education program provides vocational training, library services, and education at the Montana State Prison facility.

Program Highlights

Montana Correctional Enterprises Major Budget Highlights
<ul style="list-style-type: none"> • Montana Correctional Enterprises 2021 biennium budget is \$1.9 million higher than the 2019 biennium. Significant changes are: <ul style="list-style-type: none"> ◦ Increase within the statewide present law adjustment request for \$430,000 in personal services for the biennium ◦ Request for additional state special revenue for the purchase of merchandise for the prison canteen ◦ A significant portion of the program's funding is non-budgeted proprietary funds which do not require the legislature to appropriate funds, or for most programs, approve rates

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	25.50	25.50	25.50	25.50
Personal Services	900,482	912,749	1,581,503	1,797,707	1,797,317
Operating Expenses	2,762,778	2,923,662	2,981,378	3,281,378	3,281,378
Equipment & Intangible Assets	9,290	9,291	0	0	0
Transfers	175,627	185,117	185,117	235,117	235,117
Total Expenditures	\$3,848,177	\$4,030,819	\$4,747,998	\$5,314,202	\$5,313,812
General Fund	1,034,917	1,035,034	1,752,156	1,938,360	1,937,970
State/Other Special Rev. Funds	2,813,260	2,995,785	2,995,842	3,375,842	3,375,842
Total Funds	\$3,848,177	\$4,030,819	\$4,747,998	\$5,314,202	\$5,313,812
Total Ongoing	\$3,848,177	\$4,030,819	\$4,747,998	\$5,314,202	\$5,313,812
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriation Compared to FY 2018 Actual Expenditures

The Montana Correctional Enterprises Program expended \$3.8 million or 95.5% of budgeted authority. Personal services were 98.7% expended while operating expenses were 94.5% expended through the end of FY 2018.

FY 2018 Appropriation Compared to FY 2019 Appropriation

FY 2019 total appropriations are \$717,000, or 17.8% higher than the FY 2018 total appropriation mostly in personal services due to:

- SB 294 pay plan increase in FY 2019 of nearly \$38,000
- Program transfers that occurred in FY 2018 only that decreased personal services by \$355,000 and operating expenses by \$35,000
- Reductions only in FY 2018 to the state share contribution of nearly \$23,000
- Additional reductions only in FY 2018 to personal services of nearly \$16,000

Executive Request

The executive requests an increase of \$1.9 million or 21.1% for the 2021 biennium. The increase is related to present law adjustments and new proposals for personal services and fixed costs. The following significant changes have been requested:

- Personal services increase of approximately \$1.1 million, or 44.1% (see Program Personal Services for a more detailed discussion)
- Unallocated operating expense increase in present law adjustments of approximately \$600,000 for the biennium
- Transfers increase of \$100,000

Program Personal Services Narrative

Personal services account for nearly \$1.6 million or 33.3% of total FY 2019 appropriations. The executive is proposing increases from the base budget of approximately \$216,000 in both FY 2020 and FY 2021. In addition to formula based changes management gave pay increases for the following:

- Personal service adjustments outlined in the statewide present law adjustment
- Career ladder adjustments for a food service manager, two librarians, and three laundry positions
- Market adjustments for two operations managers and a laundry manager

Funding

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

Department of Corrections, 04-Montana Correctional Enterprises Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	3,876,330	0	0	0	3,876,330	8.81 %	
02917 MSP Canteen Revolving Acct	6,751,684	0	0	0	6,751,684	100.00 %	
State Special Total	\$6,751,684	\$0	\$0	\$0	\$6,751,684	15.34 %	
03099 PHS-ESEA Title I	0	0	(5,574)	0	(5,574)	100.00 %	
Federal Special Total	\$0	\$0	(\$5,574)	\$0	(\$5,574)	(0.01) %	
06033 Prison Ranch	0	0	9,566,718	0	9,566,718	28.65 %	
06034 MSP Institutional Industries	0	0	7,393,458	0	7,393,458	22.14 %	
06545 Prison Indust. Training Prog	0	0	1,477,807	0	1,477,807	4.43 %	
06572 MCE License Plate Production	0	0	5,574	0	5,574	0.02 %	
06573 MSP - Cook Chill	0	0	10,214,857	0	10,214,857	30.59 %	
06011 MCE License Plate Production	0	0	4,730,756	0	4,730,756	14.17 %	
Proprietary Total	\$0	\$0	\$33,389,170	\$0	\$33,389,170	75.86 %	
Total All Funds	\$10,628,014	\$0	\$33,383,596	\$0	\$44,011,610		

General fund and state special revenue are both sources of the division’s HB 2 funding while non-budgeted proprietary funds make up the remaining funding. The primary use of general fund is for personal services related to the inmate canteen and inmate vocational education functions. Non-budgeted proprietary funds such as license plate productions, prison ranch, and cook chill operations make up the largest portion of funding. Remaining program funding is received through state special revenue from the inmate canteen state special service fund is where revenues are derived from the sale of products to inmates and is paid by inmates through inmate wages and money received by family members.

Program Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	1,752,156	1,752,156	3,504,312	90.40 %	4,747,998	4,747,998	9,495,996	89.35 %
SWPL Adjustments	186,204	185,814	372,018	9.60 %	216,204	215,814	432,018	4.06 %
PL Adjustments	0	0	0	0.00 %	350,000	350,000	700,000	6.59 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$1,938,360	\$1,937,970	\$3,876,330		\$5,314,202	\$5,313,812	\$10,628,014	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	186,204	30,000	0	216,204	0.00	185,814	30,000	0	215,814
DP 401 - Canteen Authority	0.00	0	350,000	0	350,000	0.00	0	350,000	0	350,000
Grand Total All Present Law Adjustments	0.00	\$186,204	\$380,000	\$0	\$566,204	0.00	\$185,814	\$380,000	\$0	\$565,814

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 401 - Canteen Authority -

The executive requests an increase in state special revenue to purchase additional merchandise for the prison canteens due to the addition of new customers and the introduction of new products. There is also a request to allow for transfers of some proceeds to the inmate welfare fund.

Other Issues -

Proprietary Rates

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

- License plate factory
- Agricultural program

- MSP Institutional industries
- MCE food factory
- Vocational education industries training

License Plate Factory – 06011

Proprietary Proposed Budget

The 2021 Biennium Report on Internal Service and Enterprise Funds for fund 06011 License Plate Factory shows the financial information for the fund from FY 2016 through FY 2021. The report is provided as submitted by the executive but the LFD has edited and reconfigured the figure for clarity.

2021 Biennium Report on Internal Service and Enterprise Funds							
Fund	Fund Name	Agency #	Agency Name	Program Name			
06011	License Plate Factory	64010	Department of Corrections	Montana Correctional Enterprises			
				Actual FY 2018	Estimated FY 2019	Proposed FY 2020	Proposed FY 2021
Operating Revenues							
Fees and Charges							
	Fee Revenue A			2,565,694	2,600,000	2,600,000	2,600,000
	Other Operating Revenues						
Total Operating Revenues				2,565,694	2,600,000	2,600,000	2,600,000
Expenses							
	Personal Services			308,110	323,752	315,000	320,000
	Other Operating Expense			1,963,542	1,963,447	2,000,000	2,100,000
Total Operating Expense				2,271,652	2,287,199	2,315,000	2,420,000
Operating Income (Loss)				294,042	312,801	285,000	180,000
	Nonoperating Revenues						
	Nonoperating Expenses						
	Other Expense A			(208)			
Total Nonoperating Revenues (Expenses)				(208)			
Income (Loss) Before Contributions and Transfers				293,834	312,801	285,000	180,000
	Capital Contributions			3,493,781			
	Transfers In			727,448			
Change in Net Position				4,515,063	312,801	285,000	180,000
Beginning Net Position - July 1					4,515,063	4,827,864	5,112,864
	Change in Net Position			4,515,063	312,801	285,000	180,000
Ending Net Position - June 30				4,515,063	4,827,864	5,112,864	5,292,864
Net Position (Fund Balance) Analysis							
	Unrestricted Net Position			4,515,063	4,827,864	5,112,864	5,292,864

Proprietary Program Description

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

*Proprietary Program Narrative*Expenses

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

Revenues

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

Funding Sources

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

Proprietary Rates

The License Plate Factory fund had previously been implemented as an internal service fund with rates approved by the Legislature. This is now an enterprise fund and will require no action from the 2021 legislature to set rates.

Prison Ranch – Fund 06033*Proprietary Proposed Budget*

The 2021 Biennium Report on Internal Service and Enterprise Funds for fund 06033 Prison Ranch shows the financial information for the fund from FY 2016 through FY 2021. The report is provided as submitted by the executive but the LFD has edited and reconfigured the figure for clarity.

2021 Biennium Report on Internal Service and Enterprise Funds				
Fund	Fund Name	Agency #	Agency Name	Program Name
06033	Prison Ranch	64010	Department of Corrections	Montana Correctional Enterprises
			Actual FY 2018	Estimated FY 2019
			Proposed FY 2020	Proposed FY 2021
Operating Revenues				
Fees and Charges				
Fee Revenue A			4,327,761	4,500,000
Other Operating Revenues				
Revenue A			10,485	9,000
Total Operating Revenues			4,338,246	4,509,000
Expenses				
Personal Services			1,494,660	1,413,210
Other Operating Expense			3,714,231	2,976,031
Expense A			(98,664)	
Expense B				
Total Operating Expense			5,110,227	4,389,241
Operating Income (Loss)			(771,982)	119,759
Nonoperating Revenues				
Other Revenue A			9,500	
Nonoperating Expenses				
Other Expense A - 62884			(4,291)	
Total Nonoperating Revenues (Expenses)			5,209	
Income (Loss) Before Contributions and Transfers			(766,773)	119,759
Capital Contributions				
Transfers Out			(6,375)	
Change in Net Position			(773,148)	119,759
Beginning Net Position - July 1			12,449,305	11,676,157
Change in Net Position			(773,148)	19,759
Ending Net Position - June 30			11,676,157	11,795,916
Net Position (Fund Balance) Analysis				
Unrestricted Net Position			11,676,157	11,795,916

Proprietary Program Description

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

*Proprietary Program Narrative*Expenses

Personal services funds 20.88 FTE. Some of the largest operating expenses for the program include services such as the following:

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

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

Revenues

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

**LFD
COMMENT**

The price of cattle is down in recent years and is projected to drop even more through 2020. Prices for cattle in the U.S. reached a high around 2014-2015 but have been on the decline. Selling cattle at lower prices will not draw as much revenue as in previous fiscal years.

Funding Sources

Prison ranch products are sold in the private sector.

Proprietary Rates

The Prison Ranch fund is an enterprise fund and will require no action from the 2021 Legislature to set rates.

MSP Institutional Industries – Fund 06034*Proprietary Proposed Budget*

The 2021 Biennium Report on Internal Service and Enterprise Funds for fund 06034 shows the financial information for the fund from FY 2016 through FY 2021. The report is provided as submitted by the executive but the LFD has edited and reconfigured the figure for clarity.

2021 Biennium Report on Internal Service and Enterprise Funds				
Fund	Fund Name	Agency #	Agency Name	Program Name
06034	Industries	64010	Department of Corrections	Montana Correctional Enterprises
			Actual FY 2018	Estimated FY 2019
			Proposed FY 2020	Proposed FY 2021
Operating Revenues				
Fees and Charges				
	Fee Revenue A/charges for services		1,282	500
	Fee Revenue B/Sale of merchandise		3,404,072	3,400,000
	Other Operating Revenues			1,000
				1,200
				3,500,000
Total Operating Revenues			3,405,354	3,400,500
			3,451,000	3,501,200
Expenses				
	Personal Services		1,380,912	1,338,087
	Other Operating Expense		2,359,187	2,056,700
	Expense B/69302 interest		14,027	5,502
				62
Total Operating Expense			3,754,125	3,400,289
				3,440,062
Operating Income (Loss)			(348,771)	211
				10,938
				12,700
Nonoperating Revenues				
Nonoperating Expenses				
	Other Expense A/Buildings		91,009	
Total Nonoperating Revenues (Expenses)			91,009	
Income (Loss) Before Contributions and Transfers			(257,762)	211
				10,938
				12,700
Transfers In				
Change in Net Position			(257,762)	211
				10,938
				12,700
Beginning Net Position - July 1			2,550,264	2,287,966
	Prior Period Adjustments		(4,536)	2,288,177
	Change in Net Position		(257,762)	2,299,115
Ending Net Position - June 30			2,287,966	2,288,177
				2,299,115
				2,311,815
Net Position (Fund Balance) Analysis				
	Unrestricted Net Position		2,287,966	2,288,177
				2,299,115
				2,311,815

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 and public-private partnerships. In addition, industries includes a dog training program located at the Montana Women's Prison.

One industry is currently certified by the U.S. Justice Department’s Prison Industry Enhancement Certification Program. Inmates in this program 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 20 percent of his or her net wages deposited into a mandatory savings account available upon release.

Proprietary Program Narrative

Expenses

Personal service expenses are used to fund 20.13 FTE. Operating expenses make up the largest portion of expenditures and are mostly used for items such as merchandise, sewing/embroidered clothing, manufacturing hardwood/plywood, and shop supplies.

Revenues

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

Funding Sources

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

Proprietary Rates

With the exception of laundry services, all revenues for the Industry Program are based on market values and will tend to fluctuate. Despite the Industry Program being an enterprise fund, however, the executive requests the legislature approve rates for the laundry program. Rate approval is requested since they directly affect the general fund budgets of customers purchasing laundry services. The executive is requesting that the legislature approve the following per-pound rates for the laundry program. The laundry is not an internal service fund as it is a small operation in the overall industries program. There is no request for an increase in rates for the 2021 biennium.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
Industries				
	Estimated FY 2018	Estimated FY 2019	Proposed FY 2020	Proposed FY 2021
Fee Description:				
Cost Per Pound Laundry Services	\$ 0.60	\$ 0.60	\$ 0.60	\$ 0.60
Delivery Charge per Pound	-	-	-	-
Montana Development Center	\$ 0.05	\$ 0.05	-	-
Riverside Youth Correctional Facility	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05
Montana Law Enforcement Academy	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15
Montana Chemical Dependency Corp	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04
START Program	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Montana State Hospital	-	-	-	-
University of Montana	\$ 0.20	\$ 0.20	\$ 67.50	\$ 67.50
Calculated at 67.50 per shared round trip				
The Laundry is a small part of the Industries Enterprise Fund operation. It is not an actual internal service fund. MCE requests rate approval for this operation to allow the general fund customers to request the required appropriation to cover any additional rate increase.				

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

MCE Food Factory – Fund 06573

Proprietary Proposed Budget

The 2021 Biennium Report on Internal Service and Enterprise Funds for fund 06573 shows the financial information for the fund from FY 2016 through FY 2021. The report is provided as submitted by the executive but the LFD has edited and reconfigured the figure for clarity.

2021 Biennium Report on Internal Service and Enterprise Funds				
Fund	Fund Name	Agency #	Agency Name	Program Name
06573	Food Factory	64010	Department of Corrections	Montana Correctional Enterprises
			Actual FY 2018	Estimated FY 2019
			Proposed FY 2020	Proposed FY 2021
Operating Revenues				
Fees and Charges				
	Fee Revenue A		4,954,534	4,960,000
	Other Operating Revenues			5,000,000
	Total Operating Revenues		4,954,534	4,960,000
			5,000,000	5,050,000
Expenses				
	Personal Services		1,003,386	1,186,299
	Other Operating Expense		3,836,507	3,605,249
	Total Operating Expense		4,839,893	4,791,548
			4,950,000	5,015,000
	Operating Income (Loss)		114,640	168,452
			50,000	35,000
Nonoperating Revenues				
	Other Revenue A			
Nonoperating Expenses				
	Other Expense A / Building Improvements		62,718	
	Total Nonoperating Revenues (Expenses)		62,718	-
				-
	Income (Loss) Before Contributions and Transfers		177,358	168,452
			50,000	35,000
	Change in Net Position		177,358	168,452
			50,000	35,000
	Beginning Net Position - July 1		2,929,747	3,107,106
	Change in Net Position		177,358	168,452
	Ending Net Position - June 30		3,107,106	3,275,558
			3,325,558	3,360,558
Net Position (Fund Balance) Analysis				
	Unrestricted Net Position		3,107,106	3,275,558
			3,325,558	3,360,558

Program Description

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

*Proprietary Program Narrative*Expenses

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

Revenues

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

Funding Sources

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

Proprietary Rates

Rates are based on the cost of raw materials, supplies, and other operating expenses. There is no increase in rates requested for the 2021 biennium. The executive is requesting that the legislature approve the rates shown in Figure 12 for the Food Service Program.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
	Estimated FY 2018	Estimated FY 1209	Proposed FY 2020	Proposed FY 2021
Tray Meal Prices to all customers				
Base Tray-hot/cold	\$ 2.35	\$ 2.35	\$ 2.35	\$ 2.35
Base Tray-hot	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22
Detention Center Trays	\$ 2.95	\$ 2.95	\$ 2.95	\$ 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%	90%	90%
Montana State Hospital	11%	11%	10%	10%
Treasure State Correctional Training	13%	13%	0%	0%

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 2021 Biennium Report on Internal Service and Enterprise Funds for fund 06545 shows the financial information for the fund from FY 2016 through FY 2021. The report is provided as submitted by the executive but the LFD has edited and reconfigured the figure for clarity.

2021 Biennium Report on Internal Service and Enterprise Funds							
Fund	Fund Name	Agency #	Agency Name	Program Name			
06545	Vocational Education Proprietary	64010	Department of Corrections	Montana Correctional Enterprises			
			Actual FY 2018	Estimated FY 2019	Proposed FY 2020	Proposed FY 2021	
Operating Revenues							
Fees and Charges							
Fee Revenue A			815,672	800,000	800,000	800,000	
Other Operating Revenues							
Total Operating Revenues			815,672	800,000	800,000	800,000	
Expenses							
Personal Services			239,697	302,357	300,000	300,000	
Other Operating Expense			599,973	490,474	500,000	500,000	
Total Operating Expense			839,670	792,831	800,000	800,000	
Operating Income (Loss)			(23,998)	7,169			
Nonoperating Revenues							
Nonoperating Expenses							
Total Nonoperating Revenues (Expenses)							
Income (Loss) Before Contributions and Transfers			(23,998)	7,169			
Change in Net Position			(23,998)	7,169			
Beginning Net Position - July 1			121,494	97,496	104,665	04,665	
Change in Net Position			(23,998)	7,169			
Ending Net Position - June 30			97,496	104,665	104,665	104,665	
Net Position (Fund Balance) Analysis							
Unrestricted Net Position			97,496	104,665	104,665	104,665	

Proprietary Program Description

The Vocational Education Program trains inmates in specific work skills and life skills in operations which include motor vehicle maintenance, vehicle restoration welding, and machining and metals programs in conjunction with the general funded vocational education program.

Proprietary Program Narrative

Expenses

Expenses include personal service funding for 3.00 FTE as well as various parts to perform repairs and operating costs associated with the various programs.

Revenues

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

Funding Sources

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

Proprietary Rates

Motor vehicle maintenance rates are based on the costs of parts and a supply charge to cover consumable supplies for auto repairs and labor to perform tasks. The labor charge is based on the cost of civilian and inmate labor and program overhead. There is no request for labor rate increases for the 2021 biennium. The executive is requesting that the legislature approve the rates shown in Figure 14 for the Vocational Education Program.

Requested Rates for Internal Service or Enterprise Funds				
Fee/Rate Information				
Vocational Education Proprietary				
	Estimated FY 2018	Estimated FY 2019	Proposed FY 2020	Proposed FY 2021
Fee Description:				
Labor Charge/hour	28.45	28.45	28.45	28.45
Supply fee as percentage of actual cost of parts	8%	8%	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.

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison					
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change	
Personal Services	21,502,616	0	(21,502,616)	(100.00)%	
Operating Expenses	4,076,654	0	(4,076,654)	(100.00)%	
Equipment & Intangible Assets	50,454	0	(50,454)	(100.00)%	
Benefits & Claims	1,081,196	0	(1,081,196)	(100.00)%	
Debt Service	126,920	0	(126,920)	(100.00)%	
Total Expenditures	\$26,837,840	\$0	(\$26,837,840)	(100.00)%	
General Fund	25,639,716	0	(25,639,716)	(100.00)%	
State/Other Special Rev. Funds	1,198,124	0	(1,198,124)	(100.00)%	
Total Funds	\$26,837,840	\$0	(\$26,837,840)	(100.00)%	
Total Ongoing	\$26,837,840	\$0	(\$26,837,840)	(100.00)%	
Total OTO	\$0	\$0	\$0	0.00 %	

Program Biennium Comparison -

The executive proposes a reorganization that would eliminate the Youth Services Program and reallocate its functions to three other programs.

Program Description

The Youth Services Program is responsible for all state operated youth programs including Pine Hills Correctional Facility for males located in Miles City, 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

<p>Youth Services Division Major Budget Highlights</p>
<ul style="list-style-type: none"> • The only requested budget changes are for the proposed reorganization which would eliminate the program

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	160.35	160.35	0.00	0.00
Personal Services	10,409,975	10,734,109	10,768,507	0	0
Operating Expenses	2,791,055	2,311,663	1,764,991	0	0
Equipment & Intangible Assets	3,442	3,442	47,012	0	0
Benefits & Claims	291,074	540,598	540,598	0	0
Debt Service	62,760	63,460	63,460	0	0
Total Expenditures	\$13,558,306	\$13,653,272	\$13,184,568	\$0	\$0
General Fund	13,052,052	13,054,210	12,585,506	0	0
State/Other Special Rev. Funds	506,254	599,062	599,062	0	0
Total Funds	\$13,558,306	\$13,653,272	\$13,184,568	\$0	\$0
Total Ongoing	\$13,558,306	\$13,653,272	\$13,184,568	\$0	\$0
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriation Compared to FY 2018 Actual Expenditures

The Youth Services Program spent \$13.6 million or 99.3% of the budget. While personal services were 97.0% expended through the end of FY 2018, operating expenses were above HB 2 by nearly \$480,000 or 20.7%. Primarily, this is because of an increase in board and room services used for youth residential placement. Benefits and claims were under expended by nearly \$250,000 or 46.2%.

FY 2018 Appropriation Compared to FY 2019 Appropriation

FY 2019 total appropriations are \$469,000, or 3.4% lower than the FY 2018 total appropriation mostly due to program transfers which moved nearly \$470,000 in appropriations for operating expenses in FY 2018 in the program. Personal services saw a slight increase due to the SB 294 pay plan increase in FY 2019 of \$36,000.

Executive Request

The request is to eliminate the budget for Youth Services and reallocate its base plus statewide present law adjustment budget and functions to other programs within the agency.

Program Personal Services Narrative

In the statewide present law adjustment, increases are due to formula based changes, and the following pay increases given under union contract or management discretion.

- Pay increment adjustments for 40 correctional officers
- Market adjustments an operations manager, a correctional treatment specialist, and three correctional officers
- Two performance pay increases for a correctional officer and a secondary teacher
- Three position reclassifications resulting in two new program managers and a correctional officer manager

Funding

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

Department of Corrections, 05-Youth Services Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	0	0	0	0	0	0.00 %	
02033 Pine Hills Vocational Program	0	0	0	0	0	0.00 %	
02034 Earmarked Alcohol Funds	0	0	0	0	0	0.00 %	
02355 Miscellaneous Fines and Fees	0	0	0	0	0	0.00 %	
02916 PHS-Canteen	0	0	0	0	0	0.00 %	
02927 PHS Donations/I & I	0	0	0	0	0	0.00 %	
02970 Juvenile Plcmnt Cost of Care	0	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
03089 PHS-School Foods	0	0	0	0	0	0.00 %	
03099 PHS-ESEA Title I	0	0	0	0	0	0.00 %	
03315 Misc Federal Grants	0	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$0	\$0	\$0	\$0	\$0		

With approval of statewide present law adjustments included in DP 1 and DP 3 as well as new proposals found in DP 501, no budget will remain within the program for the 2021 biennium.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	12,585,506	12,585,506	25,171,012	0.00 %	13,184,568	13,184,568	26,369,136	0.00 %
SWPL Adjustments	184,358	181,683	366,041	0.00 %	184,358	181,683	366,041	0.00 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	(12,769,864)	(12,767,189)	(25,537,053)	0.00 %	(13,368,926)	(13,366,251)	(26,735,177)	0.00 %
Total Budget	\$0	\$0	\$0		\$0	\$0	\$0	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	171,816	0	0	171,816	0.00	166,118	0	0	166,118
DP 3 - Inflation Deflation	0.00	12,542	0	0	12,542	0.00	15,565	0	0	15,565
Grand Total All Present Law Adjustments	0.00	\$184,358	\$0	\$0	\$184,358	0.00	\$181,683	\$0	\$0	\$181,683

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

New Proposals

The “New Proposals” table shows new changes to spending.

New Proposals	-----Fiscal 2020-----				-----Fiscal 2021-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 501 - Youth Services Division Reorganization	(160.35)	(12,769,864)	(599,062)	0	(13,368,926)	(160.35)	(12,767,189)	(599,062)	0	(13,366,251)
Total	(160.35)	(\$12,769,864)	(\$599,062)	\$0	(\$13,368,926)	(160.35)	(\$12,767,189)	(\$599,062)	\$0	(\$13,366,251)

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

DP 501 - Youth Services Division Reorganization -

The executive proposes a reorganization that would eliminate the Youth Services Division and distribute all its functions to various other programs within the department. This reorganization would move all 161.00 FTE out of the program for the 2021 biennium.

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	17,472,506	22,374,110	4,901,604	28.05 %
Operating Expenses	25,454,737	27,649,445	2,194,708	8.62 %
Debt Service	0	41,754	41,754	0.00 %
Total Expenditures	\$42,927,243	\$50,065,309	\$7,138,066	16.63 %
General Fund	42,509,443	49,647,507	7,138,064	16.79 %
State/Other Special Rev. Funds	417,800	417,800	0	0.00 %
Total Funds	\$42,927,243	\$50,065,307	\$7,138,064	16.63 %
Total Ongoing	\$42,927,243	\$50,065,307	\$7,138,064	16.63 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The executive proposes an increase of 16.6% in total funding when compared to the 2019 biennium which is influenced by FY 2018 reductions. Compared to the FY 2019 appropriation, the growth is 10.6%.

Program Description

The Clinical Services Division (CSD) provides medical, dental, and mental health staff at the Montana State Prison (MSP), Montana State Correctional Treatment Center (MSCTC), Montana Women's Prison (MWP), Riverside Correctional Facility, and Pine Hills Youth Correctional Facility. In addition, CSD oversees medical, dental, and mental health services at contracted facilities as specified in the facilities' contracts with DOC. CSD also works with a third-party administrator to oversee all claims submitted by outside medical providers. CSD oversees the health services pre-authorization process and provides education to contracted facilities with regard to medical issues. CSD tracks and ensures Medicaid reimbursement for DOC's Medicaid-eligible inmates.

Program Highlights

Clinical Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The Clinical Services Division's 2021 biennium budget is \$7.1 million higher than the 2019 biennium. Significant changes are: <ul style="list-style-type: none"> ◦ Increase within the statewide present law adjustment request for nearly \$1.7 million in personal services for the biennium ◦ An additional 16.00 FTE and over \$3.9 million in operating costs that would be received through the proposed Youth Services reorganization

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	102.00	102.00	118.00	118.00
Personal Services	8,285,539	8,584,432	8,888,074	11,190,881	11,183,229
Operating Expenses	11,787,724	11,703,975	13,750,762	13,824,723	13,824,722
Debt Service	0	0	0	20,877	20,877
Total Expenditures	\$20,073,263	\$20,288,407	\$22,638,836	\$25,036,481	\$25,028,828
General Fund	20,073,263	20,079,507	22,429,936	24,827,580	24,819,927
State/Other Special Rev. Funds	0	208,900	208,900	208,900	208,900
Total Funds	\$20,073,263	\$20,288,407	\$22,638,836	\$25,036,480	\$25,028,827
Total Ongoing	\$20,073,263	\$20,288,407	\$22,638,836	\$25,036,480	\$25,028,827
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriation Compared to FY 2018 Actual Expenditures

There were FY 2018 expenditures in the amount of \$20.1 million or 98.9% of budgeted authority spent by the Clinical Services Division. Personal services were 96.5% expended, and operating expenses were 100.7% expended in FY 2018. Operating expenses saw increases in medical services and drug costs compared to FY 2017.

FY 2018 Appropriation Compared to FY 2019 Appropriation

FY 2019 total appropriations are \$2.4 million, or 11.6% higher than the FY 2018 total appropriation due to:

- November 2017 Special Session reductions in both fiscal years that were subsequently restored by SB 9 for FY 2019 in the amount of nearly \$2.3 million in operating expenses
- SB 294 pay plan increase in FY 2019 of \$29,000
- FY 2018 included reductions to unallocated personal services in the amount of \$220,000

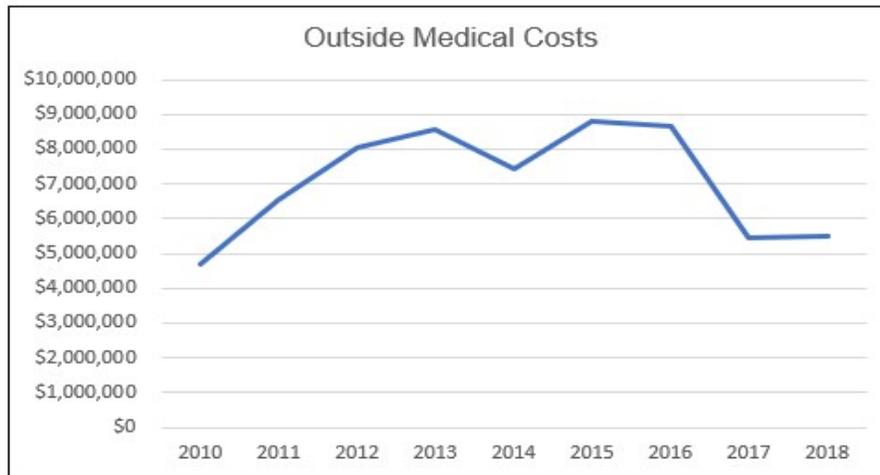
Executive Request

The executive requests an increase of \$7.1 million or 16.6% for the 2021 biennium. The increase is related to present law adjustments and new proposals for personal services and fixed costs. The following significant changes have been requested:

- Personal services increase of approximately \$4.9 million, or 28.1% (see Program Personal Services for a more detailed discussion)
- Operating expenses increase of approximately \$2.2 million, or 8.6%
- A proposed agency reorganization to reallocate the Youth Services Division's functions across the agency would increase this program's funding by over \$3.0 million for the biennium

SB 405 of the 2015 Legislature established the Montana Health and Economic Livelihood Partnership (HELP) Act that expanded health care coverage to additional individuals who previously were not eligible for Medicaid coverage. Among the expanded eligible individuals are some inmates under the supervision of the department who were previously not eligible and when they are treated outside the prison system during a stay of at least 48 hours. The HELP act was expected to save the department money on treating inmates receiving medical services outside the prison facilities. Figure 7 shows outside medical costs by the department from FY 2010 through FY 2018.

Figure 7



Prior to FY 2016, there had already been, for the most part, an increasing trend in outside medical costs. The HELP Act was established in January 2016, and since this implementation, more secure care inmates have become Medicaid qualified for outside medical costs. This is shown through lower outside medical costs within the department.

LFD COMMENT While outside medical costs have shown a relatively substantial decrease since the implementation of the HELP Act, the average age of those under the department’s supervision continues to increase. In FY 2008 the average age of both male and female inmates was 37. In FY 2018, the average ages have gone up to 41 for males and 38 for females. For this same period, the percentage of male inmates 55 years of age and older has gone from 8.0% to 17.0% and for females from 4.0% to 10.0%.

There have been a number of national studies conducted on health care costs for incarcerated individuals that have found health care costs tend to be higher for older inmates. The prison environment is often stressful, and serving time in this setting can also be associated with a faster aging process. Older inmates, typically defined as 55 of age and older, with chronic and terminal illnesses tend to cost two to three times that of other inmates.

Funding

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

Department of Corrections, 06-Clinical Services Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	49,647,507	0	0	0	49,647,507	99.17 %	
02355 Miscellaneous Fines and Fees	417,800	0	0	0	417,800	100.00 %	
State Special Total	\$417,800	\$0	\$0	\$0	\$417,800	0.83 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$50,065,307	\$0	\$0	\$0	\$50,065,307		

General fund provides 99.2% of the division’s funding. Approximately \$12.3 million or 53% of the general fund is appropriated to the Clinical Service Division for operation while the remainder funds outside medical costs. The remaining 0.8% of the division’s total funding comes from state special revenue collected from inmates to fund a medical co-payment program.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	22,429,936	22,429,936	44,859,872	90.36 %	22,638,836	22,638,836	45,277,672	90.44 %
SWPL Adjustments	878,454	870,801	1,749,255	3.52 %	878,454	870,801	1,749,255	3.49 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	1,519,190	1,519,190	3,038,380	6.12 %	1,519,190	1,519,190	3,038,380	6.07 %
Total Budget	\$24,827,580	\$24,819,927	\$49,647,507		\$25,036,480	\$25,028,827	\$50,065,307	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	878,454	0	0	878,454	0.00	870,801	0	0	870,801
DP 3 - Inflation Deflation	0.00	0	0	0	0	0.00	0	0	0	0
Grand Total All Present Law Adjustments	0.00	\$878,454	\$0	\$0	\$878,454	0.00	\$870,801	\$0	\$0	\$870,801

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 501 - Youth Services Division Reorganization	16.00	1,519,190	0	0	1,519,190	16.00	1,519,190	0	0	1,519,190
Total	16.00	\$1,519,190	\$0	\$0	\$1,519,190	16.00	\$1,519,190	\$0	\$0	\$1,519,190

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

DP 501 - Youth Services Division Reorganization -

The executive proposes a reorganization that would eliminate the Youth Services Division and distribute all its functions to various other programs within the department. This reorganization would move 16.00 FTE to the Clinical Services Division for the 2021 biennium.

LFD COMMENT	As the Lewistown infirmary has recently closed down and its inmates moved to the Riverside Correctional Facility, the department will be using the 16.00 FTE requested in the change package above to operate the new infirmary at Riverside. This allows the department to keep the operating costs within the division and they will not be contracting with the Department of Health and Human Services to provide services for the facility.
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Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	1,504,281	1,774,612	270,331	17.97 %
Operating Expenses	378,196	368,092	(10,104)	(2.67)%
Total Expenditures	\$1,882,477	\$2,142,704	\$260,227	13.82 %
General Fund	1,882,477	2,142,704	260,227	13.82 %
Total Funds	\$1,882,477	\$2,142,704	\$260,227	13.82 %
Total Ongoing	\$1,806,222	\$2,142,704	\$336,482	18.63 %
Total OTO	\$76,255	\$0	(\$76,255)	(100.00)%

Program Biennium Comparison -

The executive proposes an increase of 13.8% in total funding when compared to the 2019 biennium, which is influenced by the FY 2018 reduction amounts for this program. Compared to the FY 2019 legislative appropriation, the growth is 0.35%.

Program Description

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

Program Highlights

Board of Pardons and Parole Major Budget Highlights
<ul style="list-style-type: none"> The only major budget changes for the program are for changes associated with the statewide present law adjustment totaling nearly \$280,000 for the biennium
LFD Issues
<ul style="list-style-type: none"> Revisions made to the Board of Pardons and Parole in SB 64 of the 2017 Legislative Session were funded as one-time-only in HB 2. The legislature may wish to provide permanent funding for the revisions made in SB 64.

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	9.00	9.00	9.00	9.00
Personal Services	695,071	696,768	807,513	888,079	886,533
Operating Expenses	176,803	177,650	200,546	184,046	184,046
Total Expenditures	\$871,874	\$874,418	\$1,008,059	\$1,072,125	\$1,070,579
General Fund	871,874	874,418	1,008,059	1,072,125	1,070,579
Total Funds	\$871,874	\$874,418	\$1,008,059	\$1,072,125	\$1,070,579
Total Ongoing	\$871,874	\$874,418	\$931,804	\$1,072,125	\$1,070,579
Total OTO	\$0	\$0	\$76,255	\$0	\$0

Program Discussion -

FY 2018 Appropriation Compared to FY 2018 Actual Expenditures

The Board of Pardons & Parole has expended \$872,000 or 99.7% of HB 2 budget. Personal services were 99.8% expended, and operating expenses were 99.5% expended.

FY 2018 Appropriation Compared to FY 2019 Appropriation

FY 2019 total appropriations are \$100,000, or 15.3% higher than the FY 2018 total due to:

- SB 294 pay plan increase in FY 2019 of nearly \$2,600
- Program transfers reducing personal service appropriations by \$66,000 only in FY 2018
- Program transfers reducing operating expenses by \$14,000 only in FY 2018

The final portion of the difference is related to SB 64. The legislature approved OTO funding for 3.00 additional FTE and reduced funding for 4.00 FTE within the Board of Pardons and Parole that would be implemented halfway through FY 2018. FY 2019 contains the entire year for the OTO funds.

Executive Request

The executive requests an increase of \$260,000 or 13.8% for the 2021 biennium. The increase is related to present law adjustments and new proposals for personal services and fixed costs. The following significant change has been requested:

- Personal services increase of approximately \$270,000, or 18.0% for the 2021 biennium

Program Personal Services Narrative

Personal services are \$807,500 or 80.1% of total FY 2019 appropriations. The executive proposes an increase of approximately \$140,000 in both FY 2020 and FY 2021. In addition to expected changes there are requests for the following:

- Adjustments outlined in the statewide present law adjustment
- Two performance increases for an administrative assistant and a secretary

Funding

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

Department of Corrections, 07-Board of Pardons and Parole Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	2,142,704	0	0	0	2,142,704	100.00 %
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$2,142,704	\$0	\$0	\$0	\$2,142,704	

General fund provides all of the division’s funding.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	931,804	931,804	1,863,608	86.97 %	931,804	931,804	1,863,608	86.97 %
SWPL Adjustments	140,321	138,775	279,096	13.03 %	140,321	138,775	279,096	13.03 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$1,072,125	\$1,070,579	\$2,142,704		\$1,072,125	\$1,070,579	\$2,142,704	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	140,321	0	0	140,321	0.00	138,775	0	0	138,775
Grand Total All Present Law Adjustments	0.00	\$140,321	\$0	\$0	\$140,321	0.00	\$138,775	\$0	\$0	\$138,775

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Reinstatement of personal services previously reduced
- Modifications made to the personal services budget in the 2019 biennium

**LFD
ISSUE**One-time-only Funding for the 2019 Biennium

The 2017 Legislature approved funding to implement SB 64 that established a professional Board of Pardons and Parole. HB 2 funded the addition of 3.00 FTE as board members and reduced funding for 4.00 FTE staff analysts. The net effect was that funding was increased by nearly \$60,000 in FY 2019. However, the legislature designated the funding as one-time-only. Because of the OTO designation, the legislative intent of HB 2 is that funding and associated FTE actions are to revert to the condition and level that existed prior to the action – effectively eliminating the 3.00 FTE board members funding and positions and restoring the 4.00 FTE staff analyst positions and funding. This action would contradict the intent to permanently revise the Board of Pardons and Parole as specified in SB 64. As a result, funding would revert back to that of the 4.00 FTE staff positions. As SB 64 was intended to include an ongoing revision of the board, the funding amounts included in the statewide present law adjustment (DP 1) for personal services are currently overstated by \$59,755 each fiscal year of the 2021 biennium due to the need to fund the new revised 3.00 FTE board members.

Legislative options:

If the legislature wishes to continue to fund the Board of Pardons and Parole as intended in SB 64 and fund 3.00 FTE board members while removing funding for 4.00 FTE staff analysts, it may wish to request staff draft a decision package with no funding that states the intent to add function for the board member FTE and remove funding for the staff analyst FTE.

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

AGENCY CODE & NAME: 64010 Corrections

		Minimum Requirement	
		General Fund	State Special Revenue Fund
TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET		\$ 9,891,132	\$ 235,801
Priority	SERVICE(S) TO BE ELIMINATED OR REDUCED	General Fund Annual Savings	State Special Revenue Annual Savings
1	Close Lewistown Infirmary	\$ 1,192,815	
2	Reduce Funding for Outside Medical	\$ 2,895,969	
3	Transfer Juv. Parole to courts and eliminate FTE	\$ 1,011,443	
4	Close Bozeman PRC	\$ 969,112	
5	Close Riverside	\$ 2,188,564	
6	Decrease SUD (substance abuse disorder) beds at non-bonded PPD facilities	\$ 1,633,229	
7	Reduce Supervision Fees Appropriation		\$ 235,801
8			
9			
10	TOTAL SAVINGS	\$ 9,891,132	\$ 235,801
	DIFFERENCE	0	0

Form A

5% Base Budget Reduction Form

AGENCY CODE & NAME:

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

Closing the Lewistown Infirmary, which serves 25 inmates in need of nursing home care.

#2 THE SAVINGS THAT ARE EXPECTED:

\$1,192,815.04 assuming a 12/31/18 closure. This amount doesn't include correctional officer payouts.

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

Closing the Lewistown Infirmary would strain the already limited medical resources at MSP and exacerbate the prison's overcrowding problems. Medical costs and equipment would still need to be provided at MSP. Reduced care may lead to increased liability for the State.

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

Closing the Lewistown Infirmary would cause the nine correctional officers assigned to provide security at the infirmary to be reassigned or subject to a reduction in force. Moving the current inmate population from the infirmary to MSP would create a burden on the clinical and security staff at MSP.

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

No

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME:

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

Reductions in outside medical costs

#2 THE SAVINGS THAT ARE EXPECTED:

\$2,895,969.00

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

Reductions in outside medical costs will be accomplished by the following changes. Evaluate the number of psychological evaluations ordered by the Board of Pardons and Parole and reduce the cost of contracted psychological evaluations by utilizing on-site mental health staff. Evaluate over-the-counter (OTC) medications provided through pharmacy services and paid by DOC which should be offered through canteen and purchased by offenders.

#4

HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

This would add to the already significant workload for on-site mental health staff. This would also reduce inmates' monetary accounts, which are already subject to deductions for mandatory savings, victim restitution, and canteen items.

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

Yes

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME:

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

If Department of Corrections were Transfer Juv. Parole to courts that could possibly eliminate 2 FTE and if we were no longer pay for placement

#2 THE SAVINGS THAT ARE EXPECTED:

\$

1,011

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

Consequences would be that the courts would need to be able to find placement for some of the existing youth. An additional youth would be a future load on the existing adult probation and parole officers. This would reduce contract expenses for the Department of Corrections.

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

Probation Officers would 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:

NO

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME:

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

Closing Bozeman PRC

#2 THE SAVINGS THAT ARE EXPECTED:

\$969,112

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

This would increase the number of offenders on waiting list for services, which would, in turn increase the amount of time DOC offenders spend in county jails awaiting an opening.

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

Probation Officers would 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:

No

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME:

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

Closing Riverside Youth Correctional Facility.

#2 THE SAVINGS THAT ARE EXPECTED:

\$

2,188,564

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

Riverside Correctional Facility has transitioned to a 32-bed program for adult females sentenced to the department known as DOC commits. The program's primary focus is treatment for chemical dependency and the lifelong impacts of childhood trauma. Cutting this program would mean they would have to be placed at MWP which is already overcrowded or released to community supervision.

#4

HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

Closing this facility will eliminate jobs for 26 employees.

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

No

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME:

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

Decrease SUD (substance abuse disorder) beds at non-bonded PPD facilities

#2 THE SAVINGS THAT ARE EXPECTED:

\$

1,633,229

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

The consequences is the offenders would have to be placed in alternative community corrections facilities or on community supervision.

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

This would bog down already loaded Probation & Parole Case loads for additional staffing strain

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

NO

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME:

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

Reduction in Supervision Fees Appropriation for use on expenditures on safety and tactical equipment for P&P officers

#2 THE SAVINGS THAT ARE EXPECTED:

\$235,801

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

Expenditures on safety and tactical equipment for P&P officers would have to be funded with General Fund.

#4

HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

The P&P officers wouldn't be able to receive their safety and tactical gear to be able to perform their job duties.

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

No

Form B