

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).

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. |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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. |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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. |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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

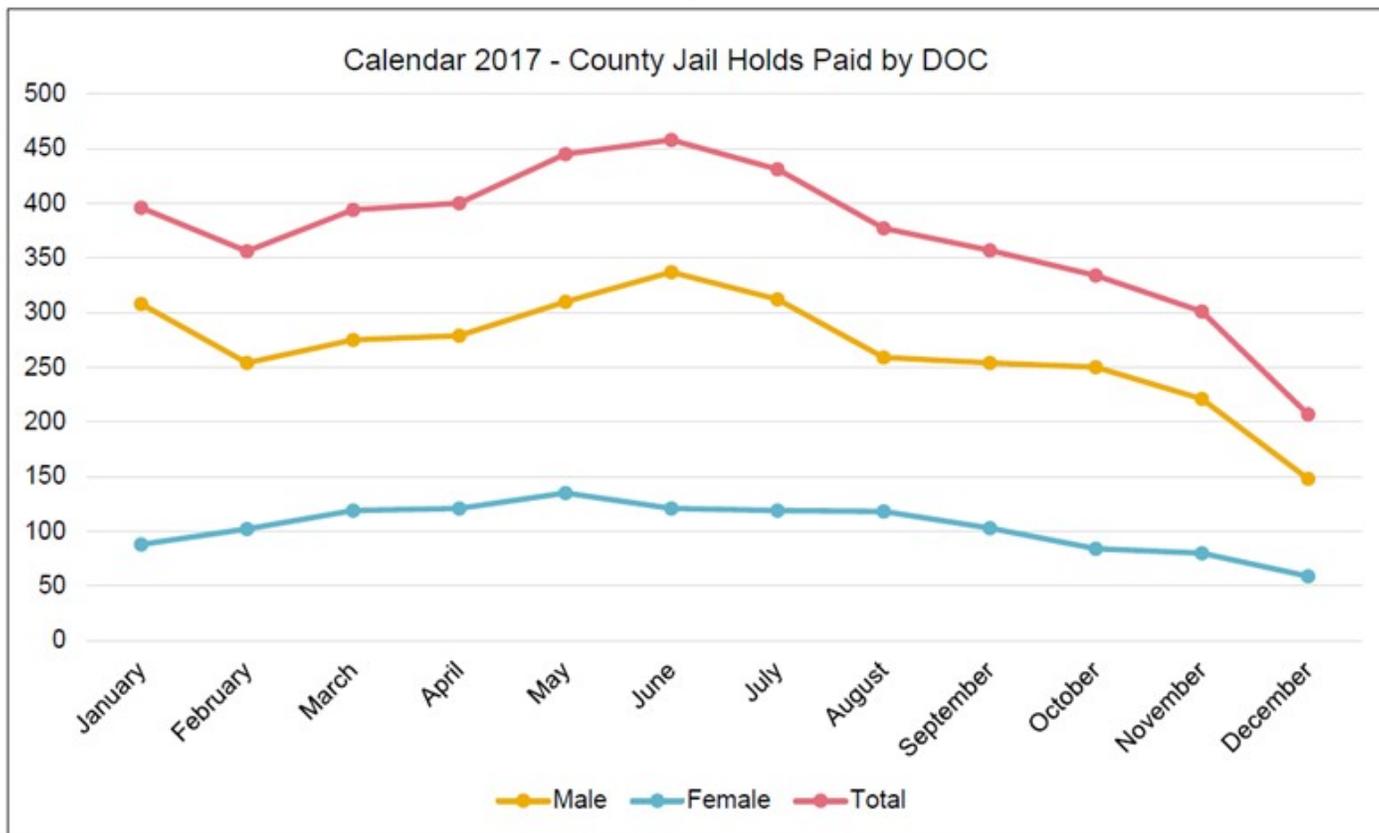
The Secure Custody Facilities Program houses offenders in the Montana State Prison, Montana Women's Prison, and various contracted prison and detention facilities. It is the responsibility of the department to provide housing for offenders after conviction. Facilities around the state vary greatly in 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 | | | 3,450,000 |
| | Total Operating Revenues | | 3,405,354 | 3,451,000 |
| | | | | 3,501,200 |
| Expenses | | | | |
| | Personal Services | | 1,380,912 | 1,338,087 |
| | Other Operating Expense | | 2,359,187 | 2,090,000 |
| | Expense B/69302 interest | | 14,027 | 62 |
| | Total Operating Expense | | 3,754,125 | 3,440,062 |
| | | | | 3,488,500 |
| | Operating Income (Loss) | | (348,771) | 211 |
| | | | | 10,938 |
| | 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 |
| | Transfers In | | | |
| | Change in Net Position | | (257,762) | 211 |
| | | | | 10,938 |
| | 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 |
| | 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 |
| 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 |
| | Operating Income (Loss) | | 114,640 | 168,452 |
| 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 |
| | Change in Net Position | | 177,358 | 50,000 |
| | 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 |
| 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

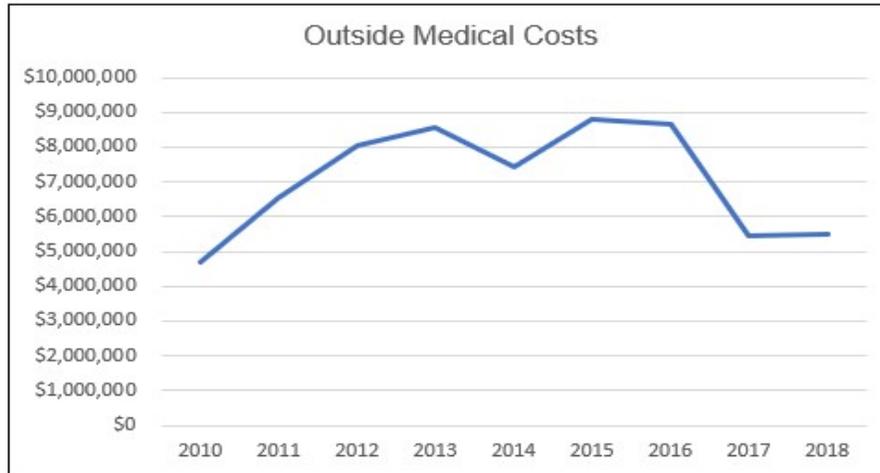
Executive Request

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. |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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.