

JUDICIAL BRANCH

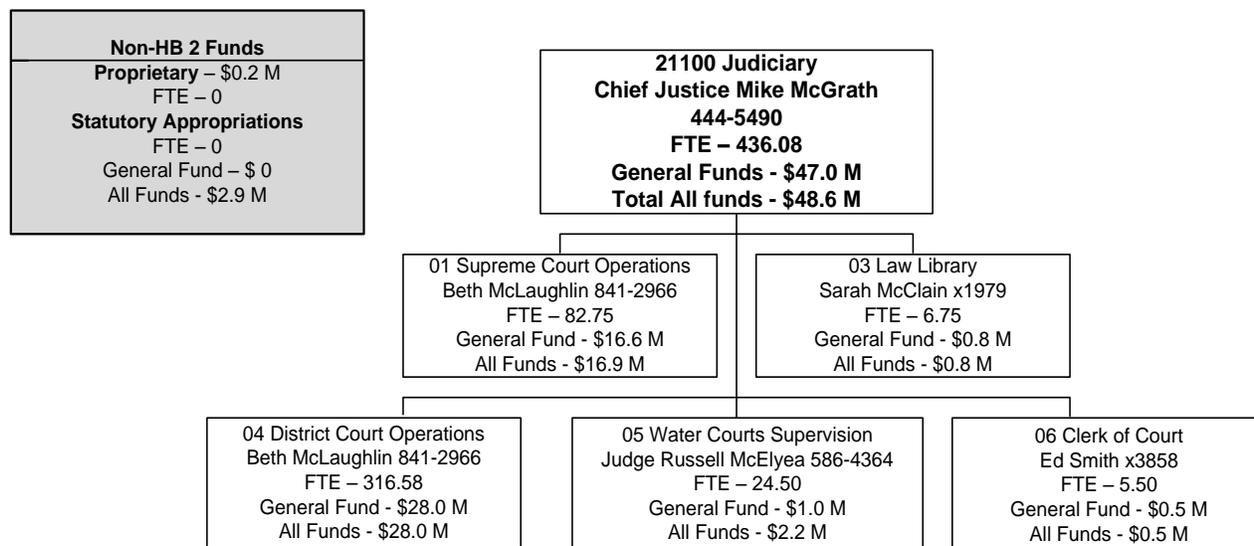
An Agency Profile Prepared by the
Legislative Fiscal Division

November, 2016



INTRODUCTION

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



HOW SERVICES ARE PROVIDED

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

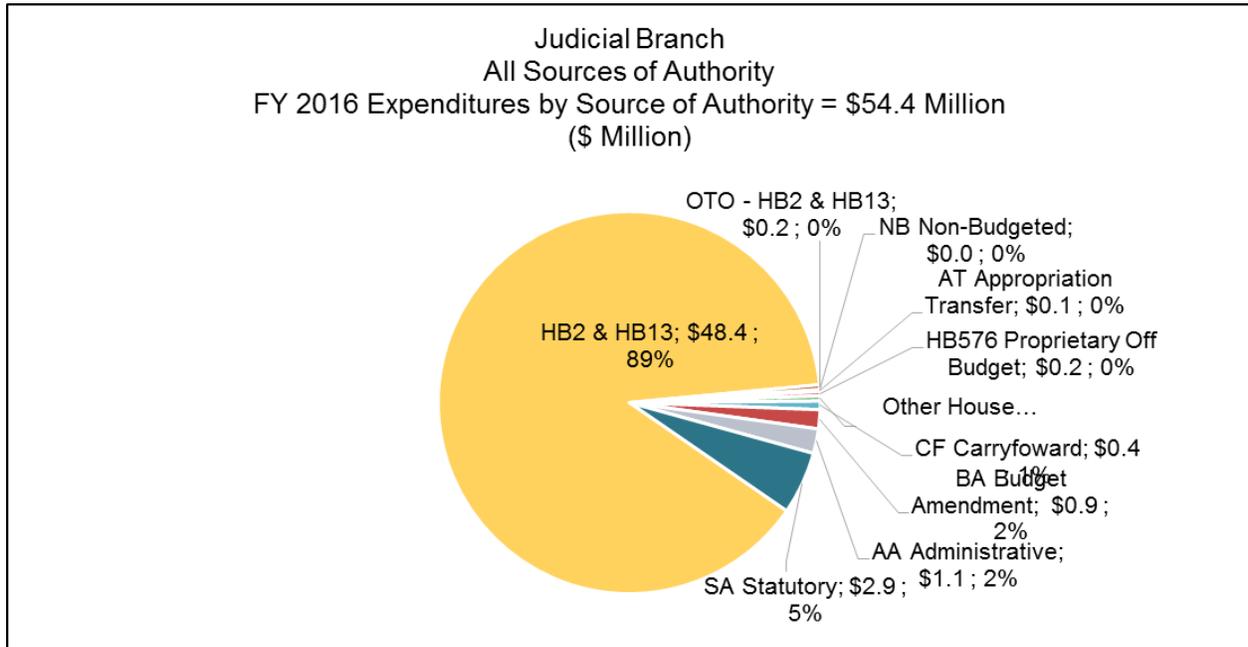
The Montana Supreme Court, which is a court of review and a court of original jurisdiction. The court has jurisdiction over appeals from all Montana district courts. This court also hears appeals from the Water and the Workers' Compensation Courts. It has original jurisdiction to hear and determine writs,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

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

The Water Court adjudicates state law-based water rights and federal and Indian water right claims. The State Law Library, governed by the board of trustees composed of the seven members of the Supreme Court, provides resource information to the public and those working within the court system.

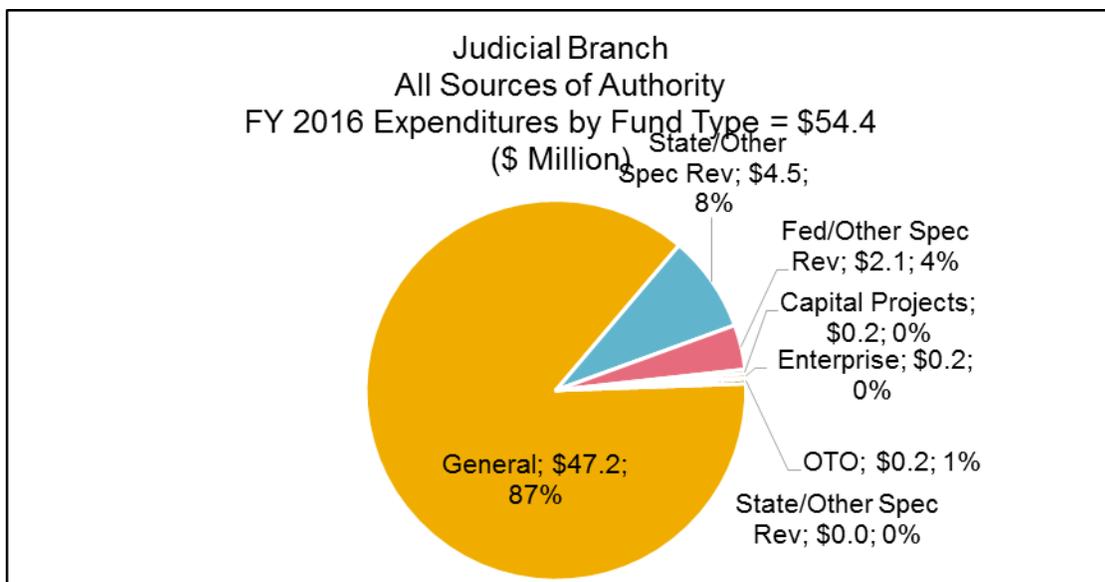
SOURCES OF SPENDING AUTHORITY

The following chart shows the sources of authority for the Judicial Branch. The majority of the funding comes from HB 2.



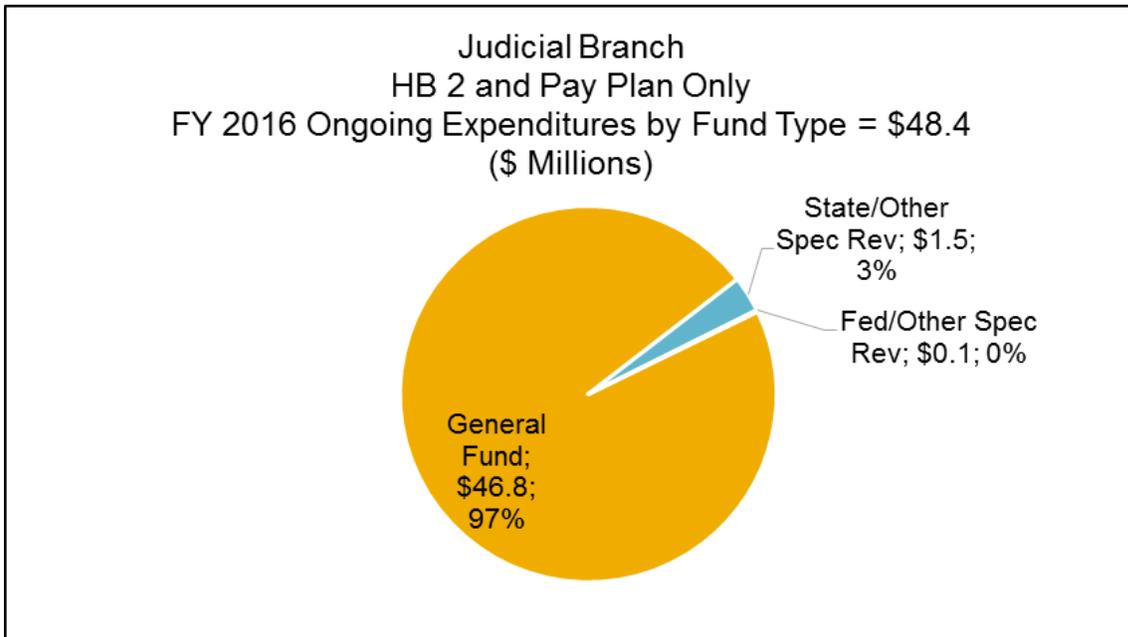
FUNDING

The branch receives the majority of its funding from the general fund. The largest sources of state special revenue are the natural resources operation fund and water adjudication fund, which support the Water Court. Other sources of state special revenue include fines and fees, assessments for training events, and the accrued county sick/vacation leave fund. Federal funds received by the branch support the Court Assessment Program.



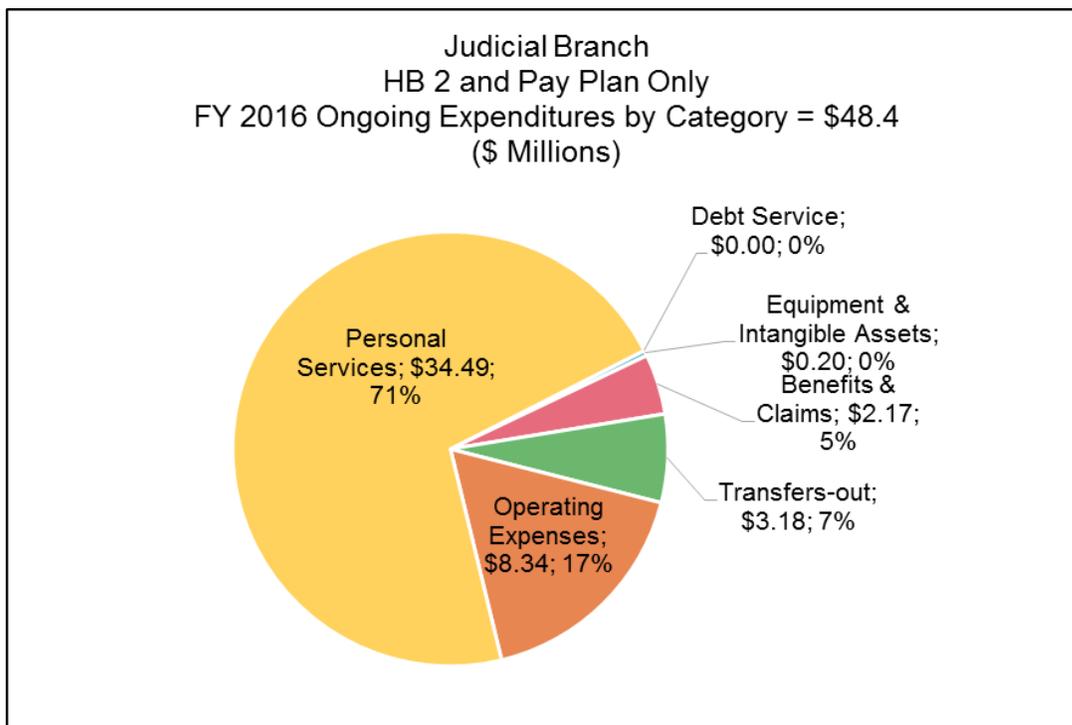
The above chart shows how Judicial Branch expenditures were funded in FY 2016 from all sources of authority by fund type.

The following chart shows how Judicial Branch expenditures were funding in FY 2016 from HB2 and pay plan by fund type.



EXPENDITURES

The following chart explains how the HB2 and pay plan authority was spent in FY 2016.



HOW THE 2017 LEGISLATURE CAN EFFECT CHANGE

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

- Change constitutional guarantees and/or provisions related to the judicial system

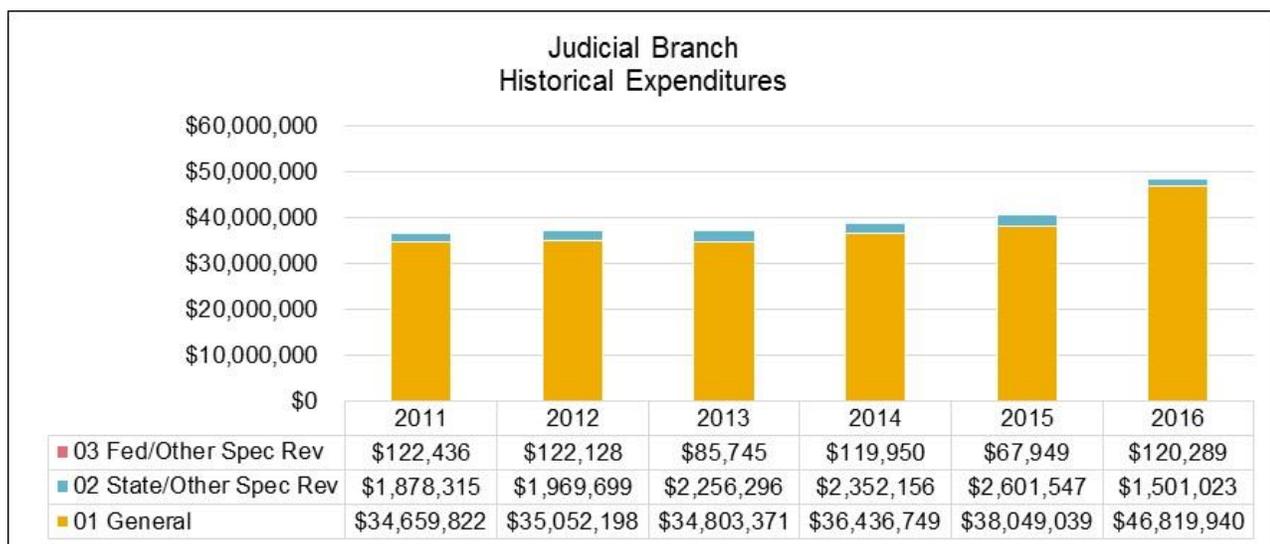
- Impact caseloads by changing statutes – criminal and civil proceedings. Also, in some cases dollar value of the crime directs the case to either a district court or lower court. Cases could be shifted between courts by changing the dollar threshold. This could create cost shifts since the state funds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

MAJOR COST DRIVERS

Driver	2005	2015	Significance of Data
New district court cases filed and reopened - Abuse and Neglect	1,273	2,321	Shows caseload impacts on district courts
New district court cases filed and reopened - Criminal	8,752	10,707	Shows caseload impacts on district courts
New district court cases filed and reopened - Civil	12,998	20,197	Shows caseload impacts on district courts
New district court cases filed and reopened - Domestic Relations	8,137	10,731	Shows caseload impacts on district courts
New district court cases filed and reopened - All Cases	38,619	55,824	Shows caseload impacts on district courts
New case filings - Montana Supreme Court	738	806	Shows caseload impacts on supreme court
Court cases are shown for calendar year			

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

The following table shows historical changes in the agency's base budget authority.



MAJOR LEGISLATIVE CHANGES IN THE LAST TEN YEARS

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

- A surcharge on court cases was increased from \$5 to \$10 for funding of court technology in HB 18 of the 2003 Legislature
- A statewide public defender system was established and the functions were moved from the branch in SB 146 of the 2005 Legislature
- A district court judge was added to the 18th judicial district by SB 18 of the 2005 Legislature
- Funding previously established from a surcharge on court cases was directed for deposit into the general fund and general fund began funding court automation costs in HB 536 of the 2005 Legislature
- The Juvenile Delinquency Intervention Act was revised as were the Department of Corrections and the branch in SB 146 of the 2007 Legislature
- An accelerated water adjudication program was established in HB 473 of the 2007 Legislature and \$25 million general fund was transferred to the water adjudication state special revenue account to fund the program through FY 2020
- Long-range information technology program funding was appropriated in HB 4 of the May 2007 Special Session for case management and courtroom technology improvements
- Three district court judges, in the 1st, 11th, and 13th districts, were added by SB 158 of the 2009 Legislature
- An associate water judge was added to the water court by HB 587 of the 2011 Legislature
- HB 107 of the 2013 Legislature assigned funding responsibility for court appointed
- HB 233 of the 2015 Legislature transferred administration of juvenile placement funds to the Judicial Branch from the Department of Corrections

For more information, please visit the agency's website here: <http://courts.mt.gov/>.

Agency Biennium Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	72,876,232	74,226,362	1,350,130	1.85 %
Operating Expenses	17,382,397	16,466,108	(916,289)	(5.27)%
Equipment & Intangible Assets	352,710	341,210	(11,500)	(3.26)%
Benefits & Claims	7,877,424	11,060,704	3,183,280	40.41 %
Transfers	3,181,841	0	(3,181,841)	(100.00)%
Debt Service	14,750	17,750	3,000	20.34 %
Total Expenditures	\$101,685,354	\$102,112,134	\$426,780	0.42 %
General Fund	97,845,088	98,134,930	289,842	0.30 %
State/Other Special Rev. Funds	3,584,855	3,775,548	190,693	5.32 %
Federal Spec. Rev. Funds	255,411	201,656	(53,755)	(21.05)%
Total Funds	\$101,685,354	\$102,112,134	\$426,780	0.42 %
Total Ongoing	\$101,273,141	\$101,599,922	\$326,781	0.32 %
Total OTO	\$412,213	\$512,212	\$99,999	24.26 %

Mission Statement

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

There is additional, more detailed information about the department in the agency profile. The profile may be viewed at: http://leg.mt.gov/content/Publications/fiscal/Budget-Books/2019/Budget-Analysis/section_d/2110-00agency-profile.pdf

Agency Highlights

Judicial Branch Major Budget Highlights
<ul style="list-style-type: none"> • Staff turnover is driving down personal services funding requests compared to the base • Funding for information technology staff previously funded with one time appropriations is requested to continue funding the positions • Funding is requested to continue for the 2019 biennium the child abuse court diversion pilot project • General fund is requested to replace federal funds used to start treatment courts
Legislative Action Issues
<ul style="list-style-type: none"> • General fund is requested to replace federal funds used to start treatment courts • General fund is requested to replace federal funds used to start treatment courts in courts of limited jurisdiction where funding is not the responsibility of the state

Agency Actuals and Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	436.08	436.08	436.08	449.75	450.08
Personal Services	34,683,753	35,916,656	36,959,576	37,116,390	37,109,972
Operating Expenses	8,355,186	8,728,377	8,654,020	8,238,320	8,227,788
Equipment & Intangible Assets	195,717	227,105	125,605	170,605	170,605
Benefits & Claims	2,173,627	2,364,022	5,513,402	5,521,877	5,538,827
Transfers	3,181,841	3,181,841	0	0	0
Debt Service	4,875	5,875	8,875	8,875	8,875
Total Expenditures	\$48,594,999	\$50,423,876	\$51,261,478	\$51,056,067	\$51,056,067
General Fund	47,026,054	48,531,679	49,313,409	49,068,463	49,066,467
State/Other Special Rev. Funds	1,501,036	1,765,099	1,819,756	1,886,814	1,888,734
Federal Spec. Rev. Funds	67,909	127,098	128,313	100,790	100,866
Total Funds	\$48,594,999	\$50,423,876	\$51,261,478	\$51,056,067	\$51,056,067
Total Ongoing	\$48,388,903	\$50,217,601	\$51,055,540	\$50,800,099	\$50,799,823
Total OTO	\$206,096	\$206,275	\$205,938	\$255,968	\$256,244

Agency Discussion

FY 2016 Appropriation Compared to FY 2016 Actual Expenditures

FY 2016 actual expenditures were 3.6% or \$1.8 million below budgeted level in large part due to vacancy savings of \$1.2 million in general fund, or 3.4%. The Supreme Court Operations program reverted 7.0%, or \$481,000 of its general fund personal services funding and the District Court Operations program reverted 2.4%, or \$632,000. The Supreme Court Operations program contributed further savings when all \$172,000 in state special revenue for juvenile delinquency intervention funds for benefits and claims was reverted.

5% Plans

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2017 biennium 5% Plan submitted for this agency is in the appendix. The 5% plan reduction in general fund is \$2.3 million and state special revenue is \$16,414 per year. Reductions are proposed largely in the Supreme Court Operations and District Court Operations programs and would impact witness, jury, and evaluator costs, but would also be in the Law Library for purchase of books and library materials and in the Clerk of Court Program for unspecified operating costs.

Elected Official Proposal

Statute provides that Judicial Branch budget proposals must be included in the budget submitted by the Governor, but expenditures above the current base budget need not be part of the executive request. The branch has indicated it will present the following request that was not included in the executive budget to the legislature for consideration.

Supreme Court Operations

DP 4 - General Fund FTE & State Special Fees Increase - The Judicial Branch requests general fund increases of \$66,048 in FY 2018 and \$66,083 in FY 2019 for personal services to fund the addition of 1.00 FTE. The 1.00 FTE would consist of two 0.50 FTE positions that would replace contracted services with one position for the 8th Judicial District (Cascade County) Adult Treatment Court and the other position for the 8th Judicial District Juvenile Drug Court. Additionally state special revenue increases of \$25,000 each year are requested to fund operating costs, and benefits and claims for costs of drug court participants.

DP 7 - Drug Court Increase to Existing Funding - The Judicial Branch requests general fund increases of \$126,041 each year to fund cost increases for treatment courts that have been funded by previous legislatures. Treatment court costs include those for participant treatment, drug testing, supervision and surveillance, and other support services necessary to keep the person sober and free from new criminal offenses.

LFD COMMENT	<p>A treatment court is a specialized diversionary program within a district court or court of limited jurisdiction designed to impact adult criminal, DUI, juvenile, child abuse and neglect cases, veterans and co-occurring cases, involving offenders who are addicted to alcohol and other drugs and may also have a mental illness. An offender who enters the program must agree to participate in treatment, frequent drug testing, community supervision and surveillance, recovery support and relapse prevention activities and frequent reporting to the drug court judge for the duration of the program, which will last a minimum of one year and often longer. If a participant successfully completes the program, the court may dismiss the original charge, reduce or set aside a sentence, offer some lesser penalty, or offer a combination of these.</p> <p>Treatment courts funded by previous legislatures include: 18th Judicial District (Gallatin County) Treatment Court, 8th Judicial District (Cascade County) Adult Treatment Court, 8th Judicial District Juvenile Drug Court, Billings Adult Misdemeanor Treatment Court, 13th Judicial District (Yellowstone County) Adult Drug Court, 13th Judicial District Family Drug Treatment Court, 13th Judicial District Veterans Treatment Court, 16th Judicial District (Custer County) Adult Treatment Court, 9th Judicial District (Teton/Toole/Pondera/Glacier Counties) Adult Treatment Court, 7th Judicial District (Richland/Dawson Counties) Adult Drug Court, 7th Judicial District Youth Treatment Court, 1st Judicial District (Lewis & Clark County) Adult Treatment Court, 4th Judicial District (Missoula/Mineral Counties) Youth Treatment Court, 2nd Judicial District (Butte Silver-Bow) Family Drug Court, 4th Judicial District Missoula Family Drug Court, and the 4th Judicial District Missoula Co-Occurring Treatment Court.</p>
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DP 9 – Judicial Standards Commission – The Judicial Branch requests a general fund increase of \$12,500 in FY 2018 for the Judicial Standard Commission to investigate complaints against judges.

LFD COMMENT	<p>The executive has included a request of \$12,500 general fund. This elected official proposal would double that amount and bring it in line with the historical funding level. Refer to present law DP 9 in the Supreme Court Operations program for further details of the portion of this request that is included in the executive request.</p>
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LFD ISSUE	<p><u>Biennial Funding</u></p> <p>As requested, the funding would not be available to investigate claims against judges in FY 2019. Historically the legislature has designated funding for the Judicial Standards Commission as biennial to make the funding available in either year of the biennium.</p>
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DP 10 - Funding for DUI Courts - The Judicial Branch requests general fund of \$136,956 in each year to provide funding for the four Impaired Driving Courts (DUI Courts) that are currently funded with pass-through federal grant funding from the Montana Department of Transportation. The 7th Judicial District DUI Court, the Butte-Silver Bow DUI Court, the 13th Judicial District Impaired Driving Court and the Hill County DUI Court are funded each year with pass-through grant funding which is not assured and this request would replace this funding with general fund to provide more stable funding for the courts.

**LFD
ISSUE**

Costs of Courts of Limited Jurisdiction are not State Costs

Montana laws that define the creation, jurisdiction, and responsibilities for courts place the burden for funding courts of limited jurisdiction on the jurisdiction that created the court. Two of the courts in this request are not in district courts and not the funding responsibility of the state. As such, the legislature may want to consider if it wants to use state funds for costs that are the responsibility of a local jurisdiction for a court created by the local jurisdiction. For further information on this request, refer to the narrative in the Program Discussion section.

DP 13 - Information Technology System Maintenance Costs – The Judicial Branch requests general fund increases of \$30,357 each year for the purchase of renewals for ongoing information technology maintenance contracts for Judicial Branch case management software.

District Court Operations

DP 6 - District Court Minimum Staffing - The Judicial Branch requests increases in general fund of \$309,558 in FY 2018 and \$285,536 in FY 2019 to fund personal services and operating costs for 4.50 FTE to address staffing issues in the following district courts:

- 0.50 FTE judicial assistant for judicial district 4 (Missoula and Mineral Counties)
- 0.50 FTE judicial assistant for judicial district 15 (Daniels, Sheridan, and Roosevelt Counties)
- 0.50 FTE judicial assistant for judicial district 18 (Gallatin County)
- 1.00 FTE court reporter in judicial district 11 (Flathead County)
- 1.00 FTE law clerk in judicial district 14 (Meagher, Wheatland, Golden Valley, and Musselshell Counties)
- 1.00 FTE law clerk in judicial district 15 (Daniels, Sheridan, and Roosevelt Counties)

**LFD
COMMENT**

The district court council is charged in law with adopting policies and procedures for the state-funded district court program. Following a judicial workload study, the council has specified the minimum standards for staff of a district court judge to be:

1. One court reporter,
2. One judicial assistant, and
3. One law clerk.

For a standing master the minimum standard is one 0.75 FTE judicial assistant or law clerk.

DP 14 - New District Court Judges & Staff - The Judicial Branch requests \$1,360,332 general fund to add 12.00 FTE comprised of three new district court judges and the following associated staff in FY 2019:

- 8th judicial district (Cascade County) including 1.00 FTE judicial assistant, 1.00 FTE court reporter, and 1.00 FTE law clerk
- 11th judicial district (Flathead County) including 1.00 FTE judicial assistant, 1.00 FTE court reporter, and 1.00 FTE law clerk

- 13th judicial district (Yellowstone County) including 1.00 FTE judicial assistant, 1.00 FTE court reporter, and 1.00 FTE law clerk

LFD COMMENT The executive has included a request for funding to add 9.50 FTE in each year consisting of 2 judges and one standing master along with complementary staff. Refer to new proposal DP 14 in the District Court Operations program for further details of the portion of this request that is included in the executive request.

Water Court

DP 11 – Water Court Rent Increase - The Judicial Branch requests increases of \$25,317 each year in general fund and \$26,018 each year in state special revenue to cover increased in rent payments for water court office space.

LFD COMMENT The Water Court's previous lease expired April 30, 2016. The Water Court was unable to enter an acceptable lease to continue in their current location and found new space under a new lease that is effective for ten years with no annual increase.

Legislative Audit Findings

LFD COMMENT

The Legislative Audit Division conducted a performance audit of the Administration of Montana's Drug Courts in January 2015. The audit found:

1. The Supreme Court lacks a comprehensive case management system to effectively and efficiently manage drug court activities statewide, generating concerns over the ability of the Supreme Court to monitor drug court program outcomes, and
2. Due to an inconsistent definition of recidivism, the Supreme Court lacks reliable recidivism data on drug court participants, generating concerns over how the success of participants can be measured and the cost effectiveness of drug court programs.

The Legislative Auditor recommends the Montana Supreme Court strengthen its drug court case management by:

1. Prioritizing securing resources to obtain a case management system for the district-level drug courts that currently rely on paper records,
2. Developing a strategic plan to implement a drug court specific, integrated, web-based case management system for district court level drug courts, and
3. Assessing the possibility of integrating drug court case management needs into the Full Court System. Pri Ensuring staff applies a consistent definition of recidivism as it relates to drug courts.

The Legislative Auditor recommends the Montana Supreme Court strengthen validity of recidivism data collected from drug courts by:

1. Encuring staff applies a consistent definition of recidivism as it relates to drug courts,
2. Providing routing training to staff on the methodology for collecting recidivism data, and
3. Periodically assessing accuracy of collected data.

Additional information on the audit can be found at: <http://leg.mt.gov/content/Publications/Audit/Report/13P-08.pdf>

Comparison of FY 2017 Legislative Budget to FY 2017 Base

Figure 1 demonstrates the beginning FY 2017 budget as adopted by the 2015 legislature, plus modifications done by the executive (and authorized in statute) during the interim, and the finalized 2017 Base Budget. The columns provide detail showing the changes that occurred over the course of the interim to reach the 2017 Base Budget. The 2017 Base Budget was agreed upon by the Legislative Finance Committee and the executive as a measuring point to start the 2019 biennium budgeting process.

Figure 1

FY 2017 Appropriation Transactions - Judicial Branch							
	Leg Approp	Allocations	Program Transfers	OP Changes	2017 Base	% Change from Legislative	% Change from Approp + Alloc
01 Supreme Court Operations							
Personal Services	\$7,958,424	(\$1,110,865)	\$61,593	\$55,699	\$6,964,851	-12.5%	1.7%
Operating Expenses	5,780,767			(470,818)	5,309,949	-8.1%	-8.1%
Equipment	8,885				8,885	0.0%	0.0%
Benefits & Claims	1,997,329			3,481,073	5,478,402	174.3%	174.3%
Transfers-out	3,065,954			(3,065,954)	0	-100.0%	-100.0%
Program Total	18,811,359	(1,110,865)	61,593	0	17,762,087	-5.6%	0.3%
03 Law Library							
Personal Services	420,572	22,942			443,514	5.5%	0.0%
Operating Expenses	428,606				428,606	0.0%	0.0%
Equipment	88,710				88,710	0.0%	0.0%
Debt Service	8,875				8,875	0.0%	0.0%
Program Total	946,763	22,942	0	0	969,705	2.4%	0.0%
04 District Court Operations							
Personal Services	25,830,756	988,070	(61,593)		26,757,233	3.6%	-0.2%
Operating Expenses	2,616,434			(35,000)	2,581,434	-1.3%	-1.3%
Equipment	19,723				19,723	0.0%	0.0%
Benefits & Claims				35,000	35,000	100.0%	100.0%
Program Total	28,466,913	988,070	(61,593)	0	29,393,390	3.3%	-0.2%
05 Water Courts Supervision							
Personal Services	2,025,906	80,976			2,106,882	4.0%	0.0%
Operating Expenses	273,935				273,935	0.0%	0.0%
Equipment	8,287				8,287	0.0%	0.0%
Program Total	2,308,128	80,976	0	0	2,389,104	3.5%	0.0%
06 Clerk Of Court							
Personal Services	478,198	18,877			497,075	3.9%	0.0%
Operating Expenses	44,179				44,179	0.0%	0.0%
Program Total	522,377	18,877			541,254	3.6%	0.0%
Grand Total	\$51,055,540	\$0	\$0	\$0	\$51,055,540	0.0%	0.0%
Leg Approp = Legislative Appropriations							
Allocations = include Contingency Base & Pay Plan							
OP = Operating Plan Changes							

Significant budget changes adopted by the executive include:

- 1.00 FTE was moved from the District Court Operations program to the Supreme Court Operations program to administer drug courts
- Funding budgeted in operating expenses and transfers-out categories was moved to benefit and claims to correctly account for the administration of juvenile delinquency and placements and drug court funds

Funding

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

Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	97,622,718	512,212	0	0	98,134,930	95.76 %
State Special Total	3,775,548	0	0	0	3,775,548	3.68 %
Federal Special Total	201,656	0	0	0	201,656	0.20 %
Proprietary Total	0	0	367,540	0	367,540	0.36 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$101,599,922	\$512,212	\$367,540	\$0	\$102,479,674	
Percent - Total All Sources	99.14 %	0.50 %	0.36 %	0.00 %		

The branch receives the majority of its funding from the general fund. The largest sources of state special revenue is the water adjudication fund, which supports a little over half of the funding for the Water Court. Other sources of state special revenue include fines, fees, assessments for training events, and youth court intervention and prevention account that derives revenue from the transfer of unexpended general fund juvenile placement funds. Federal funds received by the branch support the Court Assessment Program.

Non-budgeted proprietary funds support roughly a fifth of the Law Library program and are discussed in more detail in that program.

LFD COMMENT	The executive has proposed legislation (LC 909) to establish a youth suicide prevention program with funding that would be transferred from the youth court intervention and prevention account state special revenue account to the general fund.
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Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	49,107,471	49,107,471	98,214,942	100.08 %	51,055,540	51,055,540	102,111,080	100.00 %
SWPL Adjustments	17,939	52,063	70,002	0.07 %	64,106	100,226	164,332	0.16 %
PL Adjustments	12,500	0	12,500	0.01 %	12,500	0	12,500	0.01 %
New Proposals	(69,447)	(93,067)	(162,514)	(0.17)%	(76,079)	(99,699)	(175,778)	(0.17)%
Total Budget	\$49,068,463	\$49,066,467	\$98,134,930		\$51,056,067	\$51,056,067	\$102,112,134	

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	14,112,398	14,100,624	(11,774)	(0.08)%
Operating Expenses	10,579,612	10,908,471	328,859	3.11%
Equipment & Intangible Assets	86,270	17,770	(68,500)	(79.40)%
Benefits & Claims	7,812,948	10,990,704	3,177,756	40.67%
Transfers	3,181,841	0	(3,181,841)	(100.00)%
Total Expenditures	\$35,773,069	\$36,017,569	\$244,500	0.68%
General Fund	34,634,766	34,945,369	310,603	0.90%
State/Other Special Rev. Funds	882,892	870,544	(12,348)	(1.40)%
Federal Spec. Rev. Funds	255,411	201,656	(53,755)	(21.05)%
Total Funds	\$35,773,069	\$36,017,569	\$244,500	0.68%
Total Ongoing	\$35,360,856	\$35,505,357	\$144,501	0.41%
Total OTO	\$412,213	\$512,212	\$99,999	24.26%

Program Description

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

Program Highlights

Supreme Court Operations Major Budget Highlights
<ul style="list-style-type: none">• Staff turnover is driving down personal services funding requests• Funding for information technology staff previously funded with one time appropriations is requested to continue funding the positions• Funding is requested to continue for the 2019 biennium the child abuse court diversion pilot project• General fund is requested to replace federal funds used to start treatment courts<ul style="list-style-type: none">◦ Increases are requested for courts funded by the previous legislature due to higher costs to operate◦ Some courts would be new to general fund support◦ Two courts are in courts of limited jurisdiction
Major LFD Issues
<ul style="list-style-type: none">• General fund is requested to replace federal funds used to start treatment courts• General fund is requested to replace federal funds used to start treatment courts in courts of limited jurisdiction where funding is not the responsibility of the state

Program Actuals and Budget Comparison

The following table compares the program's FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	82.75	82.75	82.75	86.92	87.25
Personal Services	6,461,023	6,957,526	7,154,872	7,034,459	7,066,165
Operating Expenses	5,035,089	5,253,746	5,325,866	5,465,899	5,442,572
Equipment & Intangible Assets	77,292	77,385	8,885	8,885	8,885
Benefits & Claims	2,150,484	2,334,546	5,478,402	5,486,877	5,503,827
Transfers	3,181,841	3,181,841	0	0	0
Total Expenditures	\$16,905,729	\$17,805,044	\$17,968,025	\$17,996,120	\$18,021,449
General Fund	16,580,408	17,233,775	17,400,991	17,460,058	17,485,311
State/Other Special Rev. Funds	257,412	444,171	438,721	435,272	435,272
Federal Spec. Rev. Funds	67,909	127,098	128,313	100,790	100,866
Total Funds	\$16,905,729	\$17,805,044	\$17,968,025	\$17,996,120	\$18,021,449
Total Ongoing	\$16,699,633	\$17,598,769	\$17,762,087	\$17,740,152	\$17,765,205
Total OTO	\$206,096	\$206,275	\$205,938	\$255,968	\$256,244

Program Discussion -

FY 2016 Appropriation Compared to FY 2016 Actual Expenditures

The Supreme Court Operations program reverted 7%, or \$497,000 of its personal services budget due to vacancy savings with only 70% of the \$52,400 personal services federal funding for the court assessment program expended. Only 42.1% of federal funding in operating expenses for the court assessment program was expended. The largest single area of reversion was in state special revenue for juvenile delinquency intervention administration where all \$172,000 in benefits and claims funding was reverted.

Treatment Courts

Purpose for Treatment Courts

The legislature began funding treatment (drug) courts with state funds in FY 2008. Since then the legislature has provided the funding shown in the figure below. Treatment courts in Montana have first been established with federal funds established via budget amendments approved by the executive. Federal funds are typically limited to three years and are provided to startup a treatment court, establish a docket for the court, and prove to the funding jurisdiction that the court can be successful. When federal funds for the treatment courts are no longer available, the executive has requested state funds to continue the treatment courts. Figure 2 shows historical state funding for drug courts.

Figure 2

Drug Court Historical Funding			
Fiscal Year Basis		General Fund	Total Funds
FY 2008	Actual	\$326,202	\$326,202
FY 2009	Actual	1,012,139	1,012,139
FY 2010	Actual	709,619	712,719
FY 2011	Actual	752,428	757,764
FY 2012	Actual	796,540	803,175
FY 2013	Actual	758,469	771,835
FY 2014	Actual	1,083,765	1,118,237
FY 2015	Actual	1,034,729	1,070,981
FY 2016	Actual	1,207,931	1,255,060
FY 2017	Budget	1,312,374	1,373,585
FY 2018	Proposed	1,624,811	1,710,847
FY 2019	Proposed	1,673,576	1,759,612

Drug courts are specialized court dockets, or portions of judges' calendars of cases, that generally target nonviolent offenders with substance-abuse problems. These programs provide offenders with intensive court supervision, mandatory drug testing, substance-abuse treatment, and other social services as an alternative to adjudication or incarceration. In this way, drug courts are designed to break the cycle of substance abuse, addiction, and crime by changing the behavior of substance-abusing offenders. Participation in these programs is voluntary. Eligible defendants must agree to the program's requirements and successfully complete the program in exchange for avoiding incarceration, having their criminal charges reduced or dismissed, or having their sentences reduced. Drug courts encourage participants' compliance and impose sanctions on those who fail to comply with the program's requirements. The drug courts deal with crimes involving controlled substances, illegal drugs and alcohol. As such, a driving while intoxicated (DUI) court is a specific type of drug court. A co-occurring drug treatment court involves offenders who are addicted to alcohol and other drugs and may also have a mental illness.

Monitoring Performance of Treatment Courts

The Montana Judicial Branch (branch) monitors performance of state drug treatment courts and reports on several indicators of performance, including program completion rates, graduation rates, length of stay, retention rate, recidivism, and employment status: admission to discharge. If a drug treatment court is successful, reductions should be seen in the rates of recidivism, which according to the United States Department of Justice is the rate at which offenders are re-arrested within three years of being convicted and punished. The branch defines the term somewhat differently to mean a return to criminal activity by someone who has already been adjudicated guilty, delinquent, or has an open child abuse and neglect case. Montana drug courts report recidivism rates for the 6 month, 12 month, and 24 month intervals after discharge of the case.

A report prepared by the branch on drug court statistics and recidivism performance measures covering the period is also provided in the appendix and can be found on the Internet at:

https://courts.mt.gov/portals/113/cao/ct_services/treatment/docs/2015rpt.pdf

The 2015 report for Montana drug courts identified that from May 2008 through October 2014, 2,197 participants entered Montana drug courts. Through participation in the drug court, 831 individuals were diverted from potential incarceration, thus potentially reducing incarceration costs to the state or local jurisdictions.

Treatment Courts Currently Funded with State Funds

The drug court report lists the Montana drug courts, their location, the jurisdiction of the court, primary funding source, and year the court began.

In FY 2016, general fund supported 96.2% of the expenditures of these treatment courts. The remaining funds were state special revenue from grants to treatment courts or fees collected by the treatment courts.

Treatment Court Funding Requests

The executive has requested funding for three purposes associated with drug courts:

- Increase funding for existing drug courts
 - Would provide funding to address cost increases experienced in drug courts previously funded by the legislature
- Add funding to drug courts where grant funding is expiring
 - Would provide general fund to replace expiring federal funds used to start drug courts in courts that did not previously exist
- Fund the DUI courts where grants from federal highway safety funds are not assured in the future
 - Would provide general fund to replace federal highway safety funds that must be reapplied for each year. Two of the four courts that would be funded with this request are courts of limited jurisdiction where the state is not responsible for court costs

While all interrelated, there are three primary issues associated with the requests. Does the legislature wish to:

1. Continue funding the drug treatment courts as an ongoing function and if so, at what level?
2. Replace more federal funds used to help start drug treatment courts with ongoing general fund?
3. Fund some costs of municipal courts with general fund?

**LFD
ISSUE**

Continue Funding Drug Treatment Courts

The FY 2017 legislative budget includes funding for drug treatment courts including \$1,312,374 general fund and \$1,373,585 total funds. These funds support the treatment courts listed in the drug court report and have served 2,197 offenders. Data for participants taken 48 months after being discharged from a Montana drug court showed that of the 1,083 participants discharged, 335 had a re-offense for a 30.9% re-offense rate after 48 months of discharge. Recidivism for participants 24 months after discharge shows that for 632 participants discharged, 167 had a re-offense, or a 26.4% re-offense rate after 24 months.

Given the information provided, does the legislature wish to continue to fund the treatment courts with state funds?

**LFD
ISSUE**

Replacing Federal Funds With General Fund for Treatment Courts

Two of the three requests for funding associated with treatment courts are to replace federal funds that will be expiring in the 2019 biennium or would replace federal funds that must be continually requested with uncertainty of continuing. Federal funds used to start new drug courts were allocated according to federal priorities.

Request to Replace Expiring Federal Funds with General Fund in District Courts

The 8th Judicial District (Cascade County) Veterans Treatment Court was started using federal funds and general fund is now being requested to continue funding its operations - \$89,397 over the biennium.

Request to Replace expiring Federal Funds with General Fund in Courts of Limited Jurisdiction

The executive requests general fund to replace federal funding currently funding courts in the Butte-Silver Bow DUI Court and the Hill County DUI Court - \$70,512 over the biennium.

The Issues

The following issues arise regarding these two funding requests:

1. Does the legislature wish to increase the funding for additional treatment courts beyond those currently funded with state funds?

2. Does the legislature want to use state funds for costs that are the responsibility of a court created by a local jurisdiction? Montana laws define the creation, jurisdiction, and responsibilities for courts place the burden for funding courts of limited jurisdiction on the jurisdiction that created the court. Consequently, when a local jurisdiction makes the decision to establish a court, it makes the decision based on the knowledge that it will be responsible for costs to operate the court. Under state assumption of district courts, the general fund only funds certain operating costs for district courts. Courts of lower jurisdiction are funded by the entity with jurisdiction to establish the court. The funding for the Butte-Silver Bow DUI Court and the Hill County DUI Court are not currently the responsibility of the state to fund.

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

Figure 3 compares the executive budget for personal services to the legislative budget for the Supreme Court Operations program.

Figure 3

Judicial Branch: 01 Supreme Court Operations Personal Services Present Law Calculations			
PS Base:		FY 2018	FY 2019
	\$6,964,851		
Executive DP 1: SWPL Personal Services		(\$68,380)	(\$84,666)
Legislative Statutory Personal Service Change		<u>147,636</u>	<u>167,388</u>
Difference		(216,016)	(252,054)
Management Choices Explaining the Difference			
Additional 2% Vacancy Savings		-	-
Broadband Pay Adjustments		60,507	60,507
Benefits and Taxes on Pay Adjustment		14,771	14,771
Other		<u>(291,294)</u>	<u>(327,332)</u>
Total		(\$216,016)	(\$252,054)

A number of offsetting changes, including some discretionary decisions of agency management combined for a lower than anticipated budget request. The pay increases management made in addition to the statutory \$0.50 per hour pay plan increase were for:

- Two career ladder increases for law clerks
- Three strategic increases for judicial assistants
- Three accounting and human resources positions were reclassified
- Two positions received increases above the legislative pay plan increases

These increases were offset by turnover of staff that generally lowered program salaries when more senior and higher paid employees were replaced by lower paid employees. Additionally, 1.00 FTE was moved during the 2017 biennium from the District Court Operations program to the Supreme Court Operations program to administer drug court operations. The legislature expected the budget for this position in the District Court Operations program but the budget is being requested in this program.

Funding

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

Judicial Branch, 01-Supreme Court Operations Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	34,433,157	512,212	0	0	34,945,369	97.02 %	
02141 Fines & Fees Fund	0	0	0	0	0	0.00 %	
02151 YthCrt Intervention?evention	343,436	0	0	0	343,436	39.45 %	
02342 Law Library Digital Project	780	0	0	0	780	0.09 %	
02399 Judicial Education Conferences	122,918	0	0	0	122,918	14.12 %	
02536 Legal Asistance	281,338	0	0	0	281,338	32.32 %	
02961 State Grants to Drug Courts	122,072	0	0	0	122,072	14.02 %	
State Special Total	\$870,544	\$0	\$0	\$0	\$870,544	2.42 %	
03041 Probation Training Fund	480	0	0	0	480	0.24 %	
03083 Judicial Education Grant	0	0	0	0	0	0.00 %	
03153 Court Improvement Prg Grants	0	0	0	0	0	0.00 %	
03240 COURT ASSESSMENT PROGRAM	201,176	0	0	0	201,176	99.76 %	
03352 NCHIP-MBCC Grant	0	0	0	0	0	0.00 %	
Federal Special Total	\$201,656	\$0	\$0	\$0	\$201,656	0.56 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$35,505,357	\$512,212	\$0	\$0	\$36,017,569		

General fund supports most costs of the program.

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

Federal special revenue primarily supports assessments of state courts and have a 10% state match.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	17,195,053	17,195,053	34,390,106	98.41 %	17,762,087	17,762,087	35,524,174	98.63 %
SWPL Adjustments	150,021	101,814	251,835	0.72 %	122,138	74,007	196,145	0.54 %
PL Adjustments	12,500	0	12,500	0.04 %	12,500	0	12,500	0.03 %
New Proposals	102,484	188,444	290,928	0.83 %	99,395	185,355	284,750	0.79 %
Total Budget	\$17,460,058	\$17,485,311	\$34,945,369		\$17,996,120	\$18,021,449	\$36,017,569	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(40,868)	0	(27,512)	(68,380)	0.00	(57,230)	0	(27,436)	(84,666)
DP 2 - Fixed Costs	0.00	198,493	(360)	0	198,133	0.00	163,757	(360)	0	163,397
DP 3 - Inflation Deflation	0.00	(7,604)	0	(11)	(7,615)	0.00	(4,713)	0	(11)	(4,724)
DP 9 - Judicial Standards	0.00	12,500	0	0	12,500	0.00	0	0	0	0
Grand Total All Present Law Adjustments	0.00	\$162,521	(\$360)	(\$27,523)	\$134,638	0.00	\$101,814	(\$360)	(\$27,447)	\$74,007

*"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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

DP 9 - Judicial Standards -

The executive requests general fund for the constitutionally mandated Judicial Standards Commission. This appropriation pays for the commission to investigate complaints against judges.

New Proposals -

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

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5 - Expiring Federally Funded Court	0.17	22,455	0	0	22,455	0.50	66,942	0	0	66,942
DP 8 - Continue Child Abuse Crt Diversion Prjct (HB612) (OTO)	1.00	75,313	0	0	75,313	1.00	75,365	0	0	75,365
DP 15 - Information Technology Increased Staffing (OTO)	3.00	180,655	0	0	180,655	3.00	180,879	0	0	180,879
DP 555 - Appropriation Rebase	0.00	(175,939)	(3,089)	0	(179,028)	0.00	(134,742)	(3,089)	0	(137,831)
Total	4.17	\$102,484	(\$3,089)	\$0	\$99,395	4.50	\$188,444	(\$3,089)	\$0	\$185,355

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

DP 5 - Expiring Federally Funded Court -

The executive requests general fund to fund 0.17 FTE in FY 2018 and 0.50 FTE in FY 2019 for the 8th Judicial District (Cascade County) Veterans Treatment Court that was started with federal funding that will expire with four months remaining in FY 2018 (February 28, 2018). The funding would be used to fund a drug court coordinator and participant services such as: treatment, drug testing, surveillance, and other client related services.

LFD ISSUE	<p><u>General Fund Requested to Replace Federal Startup Funds for Treatment Courts</u></p> <p>For further information on this request, refer to the narrative in the Program Discussion section.</p>
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DP 8 - Continue Child Abuse Crt Diversion Prjct (HB612) (OTO) -

The executive requests general fund to fund 1.00 FTE to continue the court diversion project that was started by HB 612 of the 2015 Legislature. The executive recommends designating funding as one time only due to the contingency of statutory changes contained in LC0189.

LFD COMMENT	<p>HB 612 of the 2015 Legislature established a child abuse court diversion pilot project the purpose of which was to use meetings facilitated by a court diversion officer to informally resolve cases, prior to the filing of an abuse and neglect petition in which the Department of Public Health and Human Service has exercised emergency protective services and has removed a child from the custody of a parent, guardian, or other person having physical or legal custody of the child. HB 612 required the Office of the Court Administrator to select courts in which to implement the pilot and establish and measure performance benchmarks. The Office of Court Administrator was also required to report on the progress of the pilot project to the Law and Justice Interim Committee.</p> <p>In the first fiscal year of operating, the pilot project saw little success, but this was largely due to a low number of referrals to the diversion officer. Statutory concerns were raised with the guidelines for the project and as stated, legislation is proposed to address these concerns.</p>
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DP 15 - Information Technology Increased Staffing (OTO) -

The executive requests general fund to continue 3.00 FTE information technology (IT) staff that were funded with one time only appropriations by the 2013 and 2015 Legislatures. These IT staff provide the following functions:

- Full Court business analyst and systems trainer
- Network administrator and technician
- E-Filing business analyst and systems trainer

The executive recommends designating funding for these positions as one time only.

DP 555 - Appropriation Rebase -

The executive proposes reductions to the present law budget. The reductions are based on plans submitted as part of the budget under 17-7-111, MCA. This statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%.

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	871,690	791,816	(79,874)	(9.16)%
Operating Expenses	827,100	748,777	(78,323)	(9.47)%
Equipment & Intangible Assets	210,420	177,420	(33,000)	(15.68)%
Debt Service	14,750	17,750	3,000	20.34%
Total Expenditures	\$1,923,960	\$1,735,763	(\$188,197)	(9.78)%
General Fund	1,923,960	1,735,763	(188,197)	(9.78)%
Total Funds	\$1,923,960	\$1,735,763	(\$188,197)	(9.78)%
Total Ongoing	\$1,923,960	\$1,735,763	(\$188,197)	(9.78)%
Total OTO	\$0	\$0	\$0	0%

Program Description

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

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

Program Highlights

Law Library Major Budget Highlights
<ul style="list-style-type: none"> • Staff turnover is driving down personal services funding requests and leading to a requested deduction compared to the base

Program Actuals and Budget Comparison

The following table compares the program's FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	6.75	6.75	6.75	6.75	6.75
Personal Services	367,798	428,176	443,514	392,880	398,936
Operating Expenses	361,344	398,494	428,606	372,780	375,997
Equipment & Intangible Assets	106,973	121,710	88,710	88,710	88,710
Debt Service	4,875	5,875	8,875	8,875	8,875
Total Expenditures	\$840,990	\$954,255	\$969,705	\$863,245	\$872,518
General Fund	840,990	954,255	969,705	863,245	872,518
Total Funds	\$840,990	\$954,255	\$969,705	\$863,245	\$872,518
Total Ongoing	\$840,990	\$954,255	\$969,705	\$863,245	\$872,518
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

Figure 4 compares the executive budget for personal services to the legislative budget for the Law Library.

Figure 4

JUDICIAL BRANCH: 03 LAW LIBRARY			
Personal Services Present Law Calculations			
PS Base:		FY 2018	FY 2019
	\$443,514		
Executive DP 1: SWPL Personal Services		(\$28,422)	(\$27,567)
Legislative Statutory Personal Service Change		<u>3,671</u>	<u>4,522</u>
Difference		(32,093)	(32,089)
Management Choices Explaining the Difference			
Additional 2% Vacancy Savings		-	-
Broadband Pay Adjustments		-	-
Benefits and Taxes for Pay Adjustments		-	-
Other		<u>(32,093)</u>	<u>(32,089)</u>
TOTAL		(\$32,093)	(\$32,089)

The primary reason for the lower than expected executive request is the effects of staff turnover that generally lowered program salaries when more senior and higher paid employees were replaced by lower paid employees.

Funding

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

Judicial Branch, 03-Law Library Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	1,735,763	0	0	0	1,735,763	82.53 %	
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
06019 Lexis Proprietary Account	0	0	367,540	0	367,540	100.00 %	
Proprietary Total	\$0	\$0	\$367,540	\$0	\$367,540	17.47 %	
Total All Funds	\$1,735,763	\$0	\$367,540	\$0	\$2,103,303		

HB 2 funding for the law library is entirely from general fund. The law library also operates an enterprise type proprietary funded program for which the legislature does not approve rates.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	969,705	969,705	1,939,410	111.73 %	969,705	969,705	1,939,410	111.73 %
SWPL Adjustments	(28,526)	(27,656)	(56,182)	(3.24)%	(28,526)	(27,656)	(56,182)	(3.24)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	(77,934)	(69,531)	(147,465)	(8.50)%	(77,934)	(69,531)	(147,465)	(8.50)%
Total Budget	\$863,245	\$872,518	\$1,735,763		\$863,245	\$872,518	\$1,735,763	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
DP 1 - Personal Services	0.00	(28,422)	0	0	(28,422)	0.00	(27,567)	0	0	(27,567)
DP 3 - Inflation Deflation	0.00	(104)	0	0	(104)	0.00	(89)	0	0	(89)
Grand Total All Present Law Adjustments	0.00	(\$28,526)	\$0	\$0	(\$28,526)	0.00	(\$27,656)	\$0	\$0	(\$27,656)

**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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
New Proposals										
DP 555 - Appropriation Rebase	0.00	(77,934)	0	0	(77,934)	0.00	(69,531)	0	0	(69,531)
Total	0.00	(\$77,934)	\$0	\$0	(\$77,934)	0.00	(\$69,531)	\$0	\$0	(\$69,531)

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

DP 555 - Appropriation Rebase -

The executive proposes reductions to the present law budget. The reductions are based on plans submitted as part of the budget under 17-7-111, MCA. This statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%.

Other Issues -

Proprietary Rates

Proprietary Program Description

Law Library Searches/Research Enterprise Fund – 06019

The law library contracts with an on-line provider for access to a legal database.

2019 Biennium Report on Internal Service and Enterprise Funds							
Agency # 21100	Agency Name: Judicial Branch			Program Name: Law Library			
	Fund	Fund Name					
	06019	Lexis Proprietary Account					
		Actual FY14	Actual FY15	Actual FY16	Budgeted FY17	Budgeted FY18	Budgeted FY19
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
		189,750	194,921	210,792	220,000	220,000	220,000
Total Operating Revenues							
		189,750	194,921	210,792	220,000	220,000	220,000
Expenses:							
Other Operating Expenses							
		187,755	197,403	202,991	184,297	183,770	183,770
Total Operating Expenses							
		187,755	197,403	202,991	184,297	183,770	183,770
Operating Income (Loss)							
		1,995	(2,482)	7,801	35,703	36,230	36,230
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers							
		1,995	(2,482)	7,801	35,703	36,230	36,230
Change in Net Position							
		1,995	(2,482)	7,801	35,703	36,230	36,230
Beginning Net Position - July 1							
		9,686	11,681	9,199	17,000	52,703	88,933
Change in Net Position							
		1,995	(2,482)	7,801	35,703	36,230	36,230
Ending Net Position - June 30							
		11,681	9,199	17,000	52,703	88,933	125,163
Net Position (Fund Balance) Analysis							

Expenses

This proprietary program has only two expenses: 1) an allocation for the statewide indirect cost pool; and 2) charges for searches and research of the on-line database.

Revenues

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

Proprietary Rates

No change is proposed.

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

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	52,753,789	54,126,038	1,372,249	2.60 %
Operating Expenses	5,343,147	4,235,399	(1,107,748)	(20.73)%
Equipment & Intangible Assets	39,446	129,446	90,000	228.16 %
Benefits & Claims	64,476	70,000	5,524	8.57 %
Total Expenditures	\$58,200,858	\$58,560,883	\$360,025	0.62 %
General Fund	58,025,188	58,387,409	362,221	0.62 %
State/Other Special Rev. Funds	175,670	173,474	(2,196)	(1.25)%
Total Funds	\$58,200,858	\$58,560,883	\$360,025	0.62 %
Total Ongoing	\$58,200,858	\$58,560,883	\$360,025	0.62 %
Total OTO	\$0	\$0	\$0	0 %

Program Description

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

Program Highlights

District Court Operations Major Budget Highlights
<ul style="list-style-type: none"> • Funding is requested to add five district court judges and one standing master along with a full complement of support staff (21.50 FTE) • Funding is requested to address existing judges' staff shortages (4.50 FTE) • Staff turnover is driving down personal services funding requests

Program Actuals and Budget Comparison

The following table compares the program's FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	316.58	316.58	316.58	326.08	326.08
Personal Services	25,364,565	25,996,556	26,757,233	27,089,488	27,036,550
Operating Expenses	2,680,751	2,761,713	2,581,434	2,113,164	2,122,235
Equipment & Intangible Assets	11,452	19,723	19,723	64,723	64,723
Benefits & Claims	23,143	29,476	35,000	35,000	35,000
Total Expenditures	\$28,079,911	\$28,807,468	\$29,393,390	\$29,302,375	\$29,258,508
General Fund	28,009,044	28,722,395	29,302,793	29,215,638	29,171,771
State/Other Special Rev. Funds	70,867	85,073	90,597	86,737	86,737
Total Funds	\$28,079,911	\$28,807,468	\$29,393,390	\$29,302,375	\$29,258,508
Total Ongoing	\$28,079,911	\$28,807,468	\$29,393,390	\$29,302,375	\$29,258,508
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

Figure 5 compares the executive budget for personal services to the legislative budget.

Figure 5

Judicial Branch: 04 District Court Operations Personal Services Present Law Calculations			
PS Base:		FY 2018	FY 2019
		\$26,757,233	
Executive	DP 1: SWPL Personal Services	(\$12,914)	\$59,376
Legislative	Statutory Personal Service Change	<u>567,272</u>	<u>614,439</u>
	Difference	(580,186)	(555,063)
Management Choices Explaining the Difference			
	Additional 2% Vacancy Savings	-	-
	Broadband Pay Adjustments	65,117	65,117
	Benefits and Taxes on Pay Adjustment	16,309	16,309
	Other	<u>(661,612)</u>	<u>(636,489)</u>
	Total	(\$580,186)	(\$555,063)

A number of offsetting changes, including some discretionary decisions of agency management, combined for a lower than anticipated budget request. The pay increases management made in addition to the statutory \$0.50 per hour pay plan increase were for:

- Four career ladder increases for law clerks
- One position received an increase above the legislative pay plan increases

These increases were offset by turnover of staff that generally lowered program salaries when more senior and higher paid employees were replaced by lower paid employees. Additionally, 1.00 FTE was moved during the 2017 biennium from the District Court Operations program to the Supreme Court Operations program to administer drug court operations. The legislature expected the budget for this position in this program but the budget is being requested in the Supreme Court Operations program.

Funding

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

Judicial Branch, 04-District Court Operations Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	58,387,409	0	0	0	58,387,409	99.70 %
02141 Fines & Fees Fund	173,474	0	0	0	173,474	100.00 %
02183 CFSD Pilot Project Coordinator	0	0	0	0	0	0.00 %
State Special Total	\$173,474	\$0	\$0	\$0	\$173,474	0.30 %
03077 Drug Trmt Court Fed Res 13VTC	0	0	0	0	0	0.00 %
03078 Drug Trmt Court Fed Res 13Adlt	0	0	0	0	0	0.00 %
03114 Drug Trmt Crf Fed Res JD1/SW	0	0	0	0	0	0.00 %
03115 Drug Trmt Court Fed Res OJJDP	0	0	0	0	0	0.00 %
03136 STATE JUSTICE INSTITUTE GRANT	0	0	0	0	0	0.00 %
03373 Drug Trmt Court Fed Res JD7	0	0	0	0	0	0.00 %
03154 Drug Trmt Crf Fed Res JD8	0	0	0	0	0	0.00 %
03040 Drug Trmt Crf Fed Res JD5	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	\$58,560,883	\$0	\$0	\$0	\$58,560,883	

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

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	29,302,793	29,302,793	58,605,586	100.37 %	29,393,390	29,393,390	58,786,780	100.39 %
SWPL Adjustments	(26,469)	49,550	23,081	0.04 %	(26,786)	49,233	22,447	0.04 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	(60,686)	(180,572)	(241,258)	(0.41)%	(64,229)	(184,115)	(248,344)	(0.42)%
Total Budget	\$29,215,638	\$29,171,771	\$58,387,409		\$29,302,375	\$29,258,508	\$58,560,883	

Present Law Adjustments -

The “Present Law Adjustments” table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(12,914)	0	0	(12,914)	0.00	59,376	0	0	59,376
DP 2 - Fixed Costs	0.00	0	(317)	0	(317)	0.00	0	(317)	0	(317)
DP 3 - Inflation Deflation	0.00	(13,555)	0	0	(13,555)	0.00	(9,826)	0	0	(9,826)
Grand Total All Present Law Adjustments	0.00	(\$26,469)	(\$317)	\$0	(\$26,786)	0.00	\$49,550	(\$317)	\$0	\$49,233

**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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

New Proposals -

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

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 14 - New District Court Judges & Staff	9.50	726,485	0	0	726,485	9.50	553,680	0	0	553,680
DP 555 - Appropriation Rebase	0.00	(787,171)	(3,543)	0	(790,714)	0.00	(734,252)	(3,543)	0	(737,795)
Total	9.50	(\$60,686)	(\$3,543)	\$0	(\$64,229)	9.50	(\$180,572)	(\$3,543)	\$0	(\$184,115)

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

DP 14 - New District Court Judges & Staff -

The executive requests general fund to add 9.50 FTE to add two new district court judges and associated staff in the following judicial districts to address workload issues:

- 4th judicial district including 1.00 FTE judicial assistant, 1.00 FTE court reporter, and 1.00 FTE law clerk
- 13th judicial district including 1.00 FTE judicial assistant, 1.00 FTE court reporter, and 1.00 FTE law clerk
- 1st judicial district including 1.00 FTE standing master and 0.50 FTE judicial assistant

This request is contingent upon passage and approval of legislation to amend laws associated with judicial districts.

**LFD
COMMENT**

The request for additional judges and staff is based on workload and judicial resource needs identified in a 2014 judicial weighted caseload study that was conducted by the National Center for State Courts. The October 2014 report is available at:

<http://leg.mt.gov/content/Committees/Interim/2015-2016/Judicial-Redistricting/Meetings/Sept-2015/Exhibits/final-2014-weighted-caseload-study-ncsc.pdf>

The study identified that with the current judicial case-type weighted caseloads in the district courts, 15.61 additional judges would be needed to, according to the study, resolve court business without delay while also delivering quality service to the public.

DP 555 - Appropriation Rebase -

The executive proposes reductions to the present law budget. The reductions are based on plans submitted as part of the budget under 17-7-111, MCA. This statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%.

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	4,156,775	4,177,341	20,566	0.49 %
Operating Expenses	544,183	538,858	(5,325)	(0.98)%
Equipment & Intangible Assets	16,574	16,574	0	0.00 %
Total Expenditures	\$4,717,532	\$4,732,773	\$15,241	0.32 %
General Fund	2,191,239	2,001,243	(189,996)	(8.67)%
State/Other Special Rev. Funds	2,526,293	2,731,530	205,237	8.12 %
Total Funds	\$4,717,532	\$4,732,773	\$15,241	0.32 %
Total Ongoing	\$4,717,532	\$4,732,773	\$15,241	0.32 %
Total OTO	\$0	\$0	\$0	0 %

Program Description

The Water Courts Supervision Program, located in Bozeman, adjudicates claims of existing water rights in Montana.

Program Highlights

Water Court Major Budget Highlights
<ul style="list-style-type: none"> • Staff turnover is driving down personal services funding requests • Funding increases for a new 10-year lease for office space is the primary reason for the funding increase

Program Actuals and Budget Comparison

The following table compares the program’s FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Funding

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

Judicial Branch, 05-Water Court Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	2,001,243	0	0	0	2,001,243	42.28 %
02431 Water Adjudication	2,731,530	0	0	0	2,731,530	100.00 %
State Special Total	\$2,731,530	\$0	\$0	\$0	\$2,731,530	57.72 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$4,732,773	\$0	\$0	\$0	\$4,732,773	

General fund provides a little less than half of the funding for the program. General fund would be reduced by \$99,384 in FY 2018 compared to FY 2017. In FY 2017, general fund provided 42.3% of program funding and would provide 42.5% in FY 2018 under the executive recommendation. The remaining funding is from the water adjudication state special revenue account.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	1,098,666	1,098,666	2,197,332	109.80 %	2,389,104	2,389,104	4,778,208	100.96 %
SWPL Adjustments	(99,164)	(96,537)	(195,701)	(9.78)%	(24,797)	(20,250)	(45,047)	(0.95)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	(220)	(168)	(388)	(0.02)%	(220)	(168)	(388)	(0.01)%
Total Budget	\$999,282	\$1,001,961	\$2,001,243		\$2,364,087	\$2,368,686	\$4,732,773	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(98,816)	78,369	0	(20,447)	0.00	(96,250)	80,274	0	(15,976)
DP 2 - Fixed Costs	0.00	0	(3,531)	0	(3,531)	0.00	0	(3,531)	0	(3,531)
DP 3 - Inflation Deflation	0.00	(348)	(471)	0	(819)	0.00	(287)	(456)	0	(743)
Grand Total All Present Law Adjustments	0.00	(\$99,164)	\$74,367	\$0	(\$24,797)	0.00	(\$96,537)	\$76,287	\$0	(\$20,250)

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

DP 1 - Personal Services -

The executive requests adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

New Proposals -

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

	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 555 - Appropriation Rebase	0.00	(220)	0	0	(220)	0.00	(168)	0	0	(168)
Total	0.00	(\$220)	\$0	\$0	(\$220)	0.00	(\$168)	\$0	\$0	(\$168)

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

DP 555 - Appropriation Rebase -

The executive proposes reductions to the present law budget. The reductions are based on plans submitted as part of the budget under 17-7-111, MCA. This statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%.

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	981,580	1,030,543	48,963	4.99 %
Operating Expenses	88,355	34,603	(53,752)	(60.84)%
Total Expenditures	\$1,069,935	\$1,065,146	(\$4,789)	(0.45)%
General Fund	1,069,935	1,065,146	(4,789)	(0.45)%
Total Funds	\$1,069,935	\$1,065,146	(\$4,789)	(0.45)%
Total Ongoing	\$1,069,935	\$1,065,146	(\$4,789)	(0.45)%
Total OTO	\$0	\$0	\$0	0 %

Program Description

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

Program Highlights

Clerk of Court Major Budget Highlights
<ul style="list-style-type: none"> • The only budget changes are for statewide present law adjustments to fully fund personal services

Program Actuals and Budget Comparison

The following table compares the program’s FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	5.50	5.50	5.50	5.50	5.50
Personal Services	465,015	484,505	497,075	513,128	517,415
Operating Expenses	38,720	44,176	44,179	17,112	17,491
Total Expenditures	\$503,735	\$528,681	\$541,254	\$530,240	\$534,906
General Fund	503,735	528,681	541,254	530,240	534,906
Total Funds	\$503,735	\$528,681	\$541,254	\$530,240	\$534,906
Total Ongoing	\$503,735	\$528,681	\$541,254	\$530,240	\$534,906
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

Figure 7 compares the executive budget for personal services to the legislative budget.

Figure 7

Judicial Branch: 06 Clerk Of Court Personal Services Present Law Calculations			
PS Base:		\$497,075	
		FY 2018	FY 2019
Executive	DP 1: SWPL Personal Services	\$22,376	\$25,182
Legislative	Statutory Personal Service Change	<u>11,759</u>	<u>14,630</u>
	Difference	10,617	10,552
Management Choices Explaining the Difference			
	Additional 2% Vacancy Savings	-	-
	Broadband Pay Adjustments	6,583	6,583
	Benefits and Taxes on Pay Adjustment	1,359	1,359
	Other	<u>2,674</u>	<u>2,610</u>
	Total	\$10,617	\$10,552

The request is higher than the legislature expected because one position received an increase above the legislative pay plan increase and one position was vacant in both the snapshot for the 2017 biennium and 2019 biennium budget development. For the 2019, the vacant position was funded at 83% of market when it was funded at 80% for the 2017 biennium.

Funding

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

Judicial Branch, 06-Clerk of Court Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,065,146	0	0	0	1,065,146	100.00 %
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$1,065,146	\$0	\$0	\$0	\$1,065,146	

The Clerk of Court program is funded entirely from the general fund. General fund would increase only because of statewide present law adjustments primarily to fully fund personal services.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	541,254	541,254	1,082,508	101.63 %	541,254	541,254	1,082,508	101.63 %
SWPL Adjustments	22,077	24,892	46,969	4.41 %	22,077	24,892	46,969	4.41 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	(33,091)	(31,240)	(64,331)	(6.04)%	(33,091)	(31,240)	(64,331)	(6.04)%
Total Budget	\$530,240	\$534,906	\$1,065,146		\$530,240	\$534,906	\$1,065,146	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	22,376	0	0	22,376	0.00	25,182	0	0	25,182
DP 3 - Inflation Deflation	0.00	(299)	0	0	(299)	0.00	(290)	0	0	(290)
Grand Total All Present Law Adjustments	0.00	\$22,077	\$0	\$0	\$22,077	0.00	\$24,892	\$0	\$0	\$24,892

**"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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 555 - Appropriation Rebase	0.00	(33,091)	0	0	(33,091)	0.00	(31,240)	0	0	(31,240)
Total	0.00	(\$33,091)	\$0	\$0	(\$33,091)	0.00	(\$31,240)	\$0	\$0	(\$31,240)

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

DP 555 - Appropriation Rebase -

The executive proposes reductions to the present law budget. The reductions are based on plans submitted as part of the budget under 17-7-111, MCA. This statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%.

FY 2017 Fund Appropriation Transactions - Judicial Branch							
	Legislative Appropriation	Allocations (Contingency Base & Pay Plan)	Program Transfers	Operation Plan Changes	2017 Base	% Change from Legislative Base	% Change from Legislative Base
01 Supreme Court Operations							
01100 General Fund	\$18,163,349	(\$1,029,889)	\$61,593		\$17,195,053		-5.3%
02151 YthCrt Intervention&Prevention	171,718				171,718		0.0 %
02342 Law Library Digital Project	390				390		0.0 %
02399 Judicial Education Conferences	64,733				64,733		0.0 %
02431 Water Adjudication	80,976	(80,976)			-		-100.0 %
02536 Legal Assistance	140,669				140,669		0.0 %
02961 State Grants to Drug Courts	61,211				61,211		0.0 %
03041 Probation Training Fund	240				240		0.0 %
03240 Court Assessment Program	128,073	-			128,073		0.0%
Program Total	18,811,359	(1,110,865)	61,593	-	17,762,087		-5.6%
03 Law Library							
01100 General Fund	946,763	22,942			969,705		2.4%
Program Total	946,763	22,942	-	-	969,705		2.4%
04 District Court Operations							
01100 General Fund	28,376,316	988,070	(61,593)		29,302,793		3.3 %
02141 Fines & Fees Fund	90,597				90,597		0.0%
Program Total	28,466,913	988,070	(61,593)	-	29,393,390		3.3%
05 Water Courts Supervision							
01100 General Fund	1,098,666				1,098,666		0.0 %
02431 Water Adjudication	1,209,462	80,976			1,290,438		6.7%
Program Total	2,308,128	80,976	-	-	2,389,104		3.5%
06 Clerk Of Court							
01100 General Fund	522,377	18,877			541,254		3.6%
Program Total	522,377	18,877	-	-	541,254		3.6%
Grand Total	\$51,055,540	\$0	\$0	\$0	\$51,055,540		0.0%

FY 2017 Fund Appropriation Transactions - Judicial Branch							
	Legislative Appropriation	Allocations (Contingency Base & Pay Plan)	Program Transfers	Operation Plan Changes	2017 Base	% Change from Legislative Base	% Change from Approp + Allocations
01100 General Fund	\$49,107,471	\$0	\$0		\$49,107,471	0.0%	0.0%
02141 Fines & Fees Fund	90,597				90,597	0.0%	0.0%
02151 YthCrt Intervention&Prevention	171,718				171,718	0.0%	0.0%
02342 Law Library Digital Project	390				390	0.0%	0.0%
02399 Judicial Education Conferences	64,733				64,733	0.0%	0.0%
02431 Water Adjudication	1,290,438	-			1,290,438	0.0%	0.0%
02536 Legal Assistance	140,669				140,669	0.0%	0.0%
02961 State Grants to Drug Courts	61,211				61,211	0.0%	0.0%
03041 Probation Training Fund	240				240	0.0%	0.0%
03240 Court Assessment Program	128,073	-			128,073	0.0%	0.0%
Grand Total	\$51,055,540	\$0	\$0		\$51,055,540	0.0%	0.0%

MONTANA BOARD OF CRIME CONTROL

An Agency Profile Prepared by the
Legislative Fiscal Division

November, 2016



INTRODUCTION

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

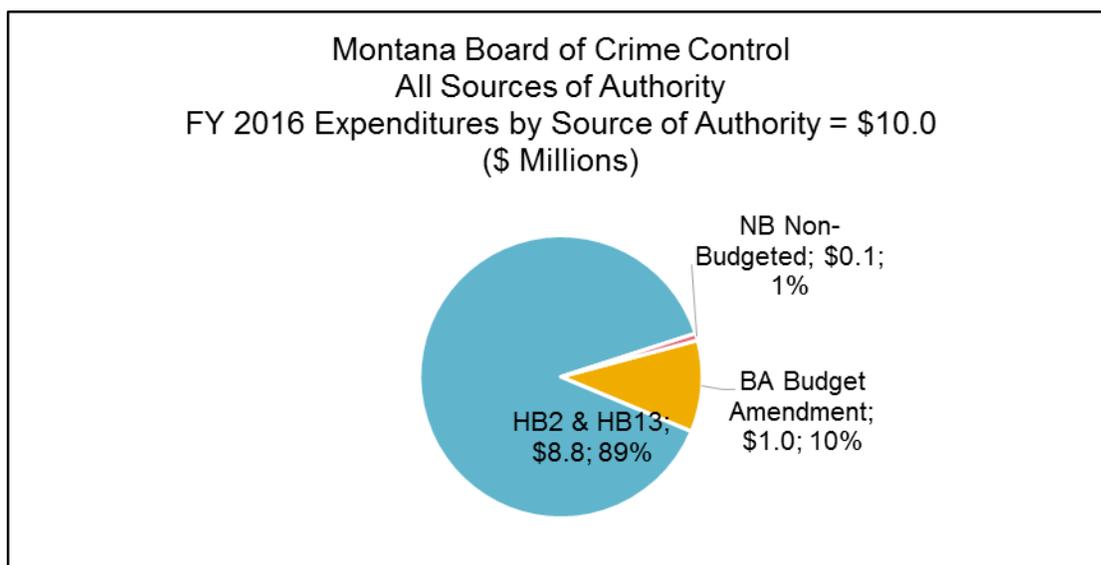
HOW SERVICES ARE PROVIDED

The board promotes public safety through its supervision of the Crime Control Division and board actions.

Under the supervision of the board, the Crime Control Division coordinates and assists public safety agencies and private non-profits both directly and in supportive functions such as:

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

SOURCES OF SPENDING AUTHORITY

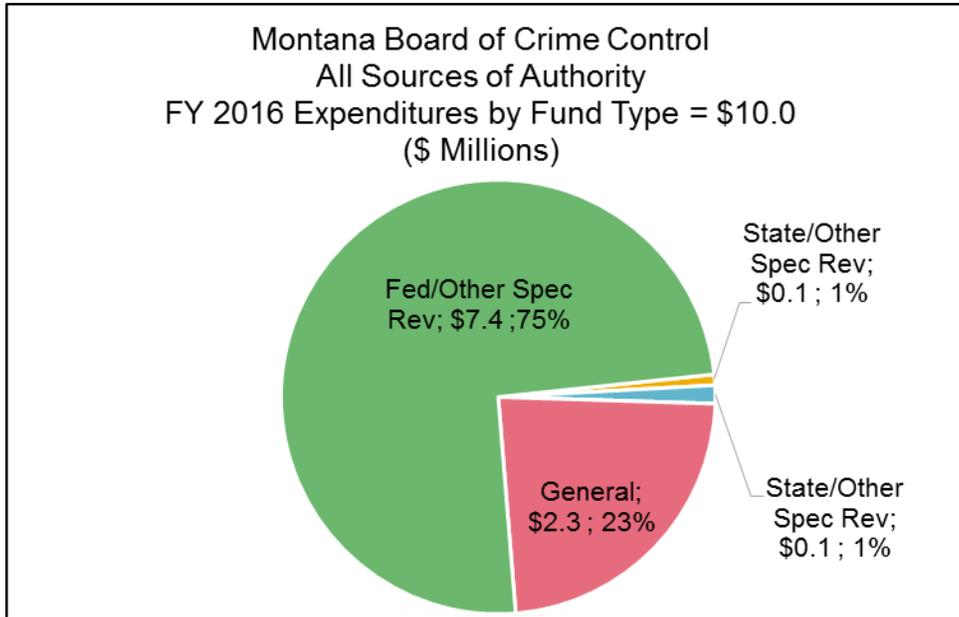


The above chart shows the sources of authority for the Montana Board of Crime Control. The majority of the funding comes from HB 2.

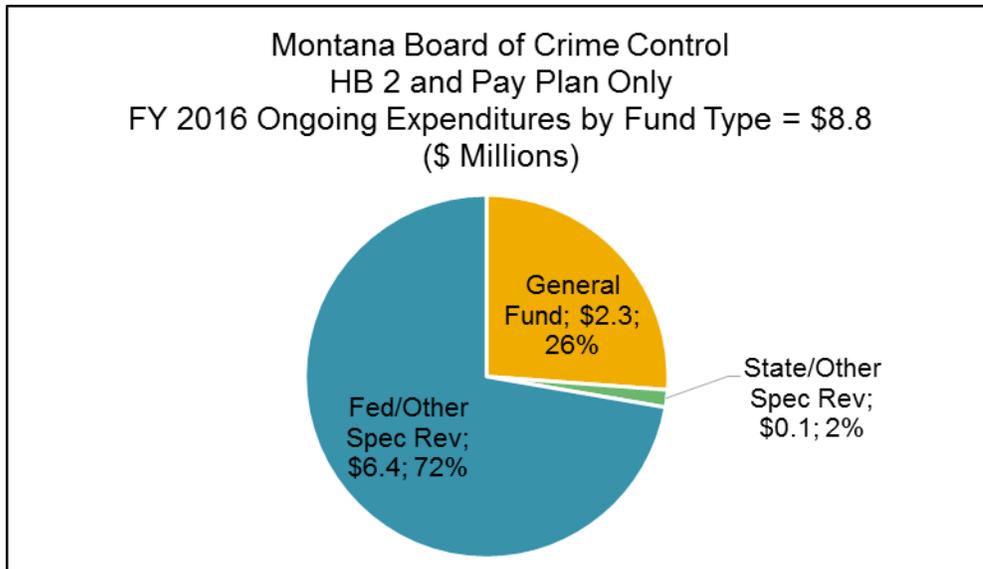
FUNDING

The Montana Board of Crime Control is funded primarily with general fund and federal special revenue from federal pass-through grants. General fund primarily supports agency operations, grant compliance and quality assurance activities, and grants to juvenile detention centers. Agency operation receives most of its support from the general fund with the balance funded primarily with federal funds. State special revenue for the misdemeanor domestic violence intervention program is administered by this agency. Federal funds administered by the agency come from federal grants with the majority of these funds being pass-through funds that go to state and local agencies. The largest use of federal funds is for assistance to victims of crime including violence against women.

This chart shows how MBCC expenditures were funded in FY 2016 from all sources of authority by fund type.

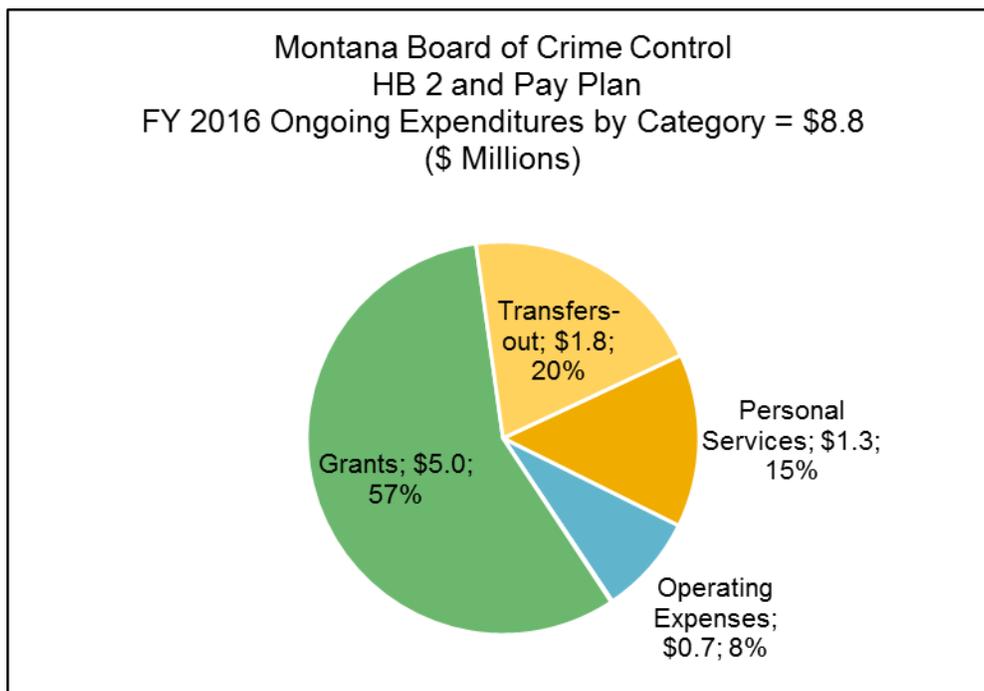


The following chart shows how MBCC expenditures were funding in FY 2016 from HB2 and pay plan by fund type.



EXPENDITURES

The next chart explains how the HB2 and pay plan authority was spent in FY 2016.



HOW THE 2017 LEGISLATURE CAN EFFECT CHANGE

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

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

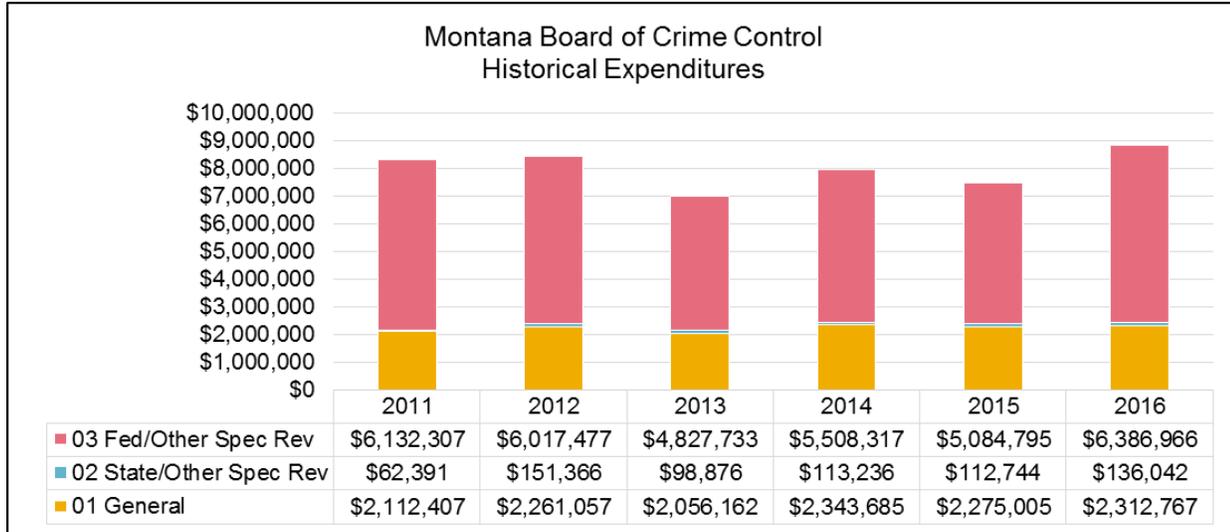
MAJOR COST DRIVERS

The major driver of costs in the MBCC is the amount of federal pass-through grant authority the state receives for criminal justice and crime victim assistance. The following shows the trend in federal funding.

Driver	FY 2006	FY 2016	Significance of Data
Federal funds	\$6,597,540	\$12,345,297	Federal funds administered

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

The following table shows historical changes in the agency's base budget authority. Major changes are related to the level of federal funding criminal justice and crime victim assistance funding Montana has received. In FY 2016, federal funding for crime victim assistance grew significantly.



MAJOR LEGISLATIVE CHANGES IN THE LAST TEN YEARS

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

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

Agency Biennium Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	2,834,513	2,792,034	(42,479)	(1.50)%
Operating Expenses	2,047,514	1,895,548	(151,966)	(7.42)%
Equipment & Intangible Assets	25,688	25,818	130	0.51 %
Grants	10,773,155	19,306,790	8,533,635	79.21 %
Transfers	5,639,855	5,321,634	(318,221)	(5.64)%
Total Expenditures	\$21,320,725	\$29,341,824	\$8,021,099	37.62 %
General Fund	4,993,858	4,217,226	(776,632)	(15.55)%
State/Other Special Rev. Funds	388,654	244,352	(144,302)	(37.13)%
Federal Spec. Rev. Funds	15,938,213	24,880,246	8,942,033	56.10 %
Total Funds	\$21,320,725	\$29,341,824	\$8,021,099	37.62 %
Total Ongoing	\$21,320,725	\$29,341,824	\$8,021,099	37.62 %
Total OTO	\$0	\$0	\$0	0 %

Mission Statement

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

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

http://leg.mt.gov/content/Publications/fiscal/Budget-Books/2019/Budget-Analysis/section_d/4107-00agency-profile.pdf

Agency Highlights

Crime Control Division Major Budget Highlights
<ul style="list-style-type: none"> • Federal funds would more than double for the following two functions in anticipation of higher awards: <ul style="list-style-type: none"> ◦ Assistance to victims of crime ◦ Criminal history improvement program

Agency Actuals and Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	17.50	17.50	17.50	17.50	17.50
Personal Services	1,262,158	1,411,824	1,422,689	1,394,388	1,397,646
Operating Expenses	728,293	1,039,661	1,007,853	945,764	949,784
Equipment & Intangible Assets	8,999	12,779	12,909	12,909	12,909
Grants	5,045,184	5,790,703	4,982,452	9,653,395	9,653,395
Transfers	1,791,150	4,879,038	760,817	2,660,817	2,660,817
Total Expenditures	\$8,835,784	\$13,134,005	\$8,186,720	\$14,667,273	\$14,674,551
General Fund	2,312,775	2,480,780	2,513,078	2,105,789	2,111,437
State/Other Special Rev. Funds	136,040	266,478	122,176	122,176	122,176
Federal Spec. Rev. Funds	6,386,969	10,386,747	5,551,466	12,439,308	12,440,938
Total Funds	\$8,835,784	\$13,134,005	\$8,186,720	\$14,667,273	\$14,674,551
Total Ongoing	\$8,835,784	\$13,134,005	\$8,186,720	\$14,667,273	\$14,674,551
Total OTO	\$0	\$0	\$0	\$0	\$0

Agency Discussion

FY 2016 Appropriation Compared to FY 2016 Actual Expenditures

Actual FY 2016 expenditures were 67.2% of FY 2016 appropriations due to delays in expenditures that are typically inherent in the process associated with subgranting funds to providing agencies and organizations. Because of this, the executive has requested approval of language to continue prior year funding into future years.

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

The 2017 base included a 2% vacancy savings as stated in HB 2 from the 2015 legislative session. The 2019 biennium executive request for personal services (SWPL 1) includes a 4% vacancy savings, with some exceptions.

Figure 1 compares the executive budget for personal services to the legislative budget.

Figure 1

Crime Control Division: 01 Justice System Support Service Personal Services Present Law Calculations			
PS Base:		FY 2018	FY 2019
		\$1,422,689	
Executive	DP 1: SWPL Personal Services	(\$28,301)	(\$25,043)
Legislative	Statutory Personal Service Change	<u>9,371</u>	<u>12,717</u>
	Difference	(37,672)	(37,760)
Management Choices Explaining the Difference			
	Additional 2% Vacancy Savings	-	-
	Broadband Pay Adjustments	25,977	25,977
	Benefits and Taxes on Pay Adjustment	5,595	5,595
	Other	<u>(69,245)</u>	<u>(69,333)</u>
	Total	(\$37,672)	(\$37,760)

A number of offsetting changes, including some discretionary decisions of agency management combined for a lower than anticipated budget request. The pay increases management made in addition to the statutory \$0.50 per hour pay plan increase were for:

- Eight performance adjustments for various position types
- One strategic increase for a computer systems analyst

These increases were offset by turnover of staff that generally lowered program salaries when more senior and higher paid employees were replaced by lower paid employees.

Comparison of FY 2017 Legislative Budget to FY 2017 Base

Figure 2 demonstrates the beginning FY 2017 budget as adopted by the 2015 legislature, plus modifications done by the executive (and authorized in statute) during the interim, and the finalized 2017 Base Budget. The columns provide detail showing the changes that occurred over the course of the interim to reach the 2017 Base Budget. The 2017 Base Budget was agreed upon by the Legislative Finance Committee and the executive as a measuring point to start the 2019 biennium budgeting process.

Figure 2

FY 2017 Appropriation Transactions - Crime Control Division						
	Leg Approp	Allocations	OP Changes	2017 Base	% Change from Legislative Approp	% Change from Approp + Allocations
01 Justice System Support Service						
Personal Services	\$1,300,675	\$59,237	\$62,777	\$1,422,689	9.4%	4.6%
Operating Expenses	804,727		203,126	1,007,853	25.2%	25.2%
Equipment	12,779		130	12,909	1.0%	1.0%
Grants	5,371,346		(388,894)	4,982,452	-7.2%	-7.2%
Transfers-out	637,956		122,861	760,817	19.3%	19.3%
Grand Total	\$8,127,483	\$59,237	\$0	\$8,186,720	0.7%	0.0%
Leg Approp = Legislative Appropriations						
Allocations = include Contingency Base & Pay Plan						
OP = Operating Plan Changes						

Significant budget changes adopted by the executive include:

- Grant funding was move to various other expenditure categories to administer increased federal grant awards

Funding

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

Total Crime Control Division Funding by Source of Authority 2019 Biennium Budget Request - Crime Control Division						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	4,217,226	0	0	0	4,217,226	14.37 %
State Special Total	244,352	0	0	0	244,352	0.83 %
Federal Special Total	24,880,246	0	0	0	24,880,246	84.79 %
Proprietary Total	0	0	0	0	0	0.00 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$29,341,824	\$0	\$0	\$0	\$29,341,824	
Percent - Total All Sources	100.00 %	0.00 %	0.00 %	0.00 %		

General fund supports agency operations and grants to regional juvenile detention centers. Agency operations receives most of its support from the general fund with the balance funded primarily with federal funds. State special revenue for the misdemeanor domestic violence intervention program is administered by this agency. Federal funds administered by the agency come from federal grants with the majority of these funds being pass-through funds that go to state and local agencies. For each year of the 2019 biennium compared to FY 2017 federal funds would more than double. The federal fund increase is due to higher than anticipated FY 2017 grant awards and in anticipation of higher federal grant funding in subsequent year. The most significant sources driving the increase are:

- Assistance to victims of crime
- National criminal history improvement program

A small portion of the federal funds support agency operations to administer the grant awards.

Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	2,513,078	2,513,078	5,026,156	119.18 %	8,186,720	8,186,720	16,373,440	55.80 %
SWPL Adjustments	2,819	8,467	11,286	0.27 %	(11,332)	(4,054)	(15,386)	(0.05)%
PL Adjustments	0	0	0	0.00 %	6,901,993	6,901,993	13,803,986	47.05 %
New Proposals	(410,108)	(410,108)	(820,216)	(19.45)%	(410,108)	(410,108)	(820,216)	(2.80)%
Total Budget	\$2,105,789	\$2,111,437	\$4,217,226		\$14,667,273	\$14,674,551	\$29,341,824	

Language and Statutory Authority -

The executive requests the following language for inclusion in HB 2.

"All pass-through grant authority is biennial."

"All remaining pass-through grant appropriations, up to \$100,000 in general fund money, \$180,000 in state special revenue, and \$14 million in federal funds, including reversions, for the 2019 biennium are authorized to continue and are appropriated in fiscal year 2018 and fiscal year 2019."

LFD ISSUE	<p><u>Wrong Biennium Referenced</u></p> <p>The request language refers to 2019 biennium pass-through grant appropriations continuing into the 2019 biennium. The intent of the language is that 2017 biennium grant funding would continue.</p>
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Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018					Fiscal 2019				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(14,150)	0	(14,151)	(28,301)	0.00	(12,522)	0	(12,521)	(25,043)
DP 2 - Fixed Costs	0.00	16,727	0	0	16,727	0.00	20,611	0	0	20,611
DP 3 - Inflation Deflation	0.00	242	0	0	242	0.00	378	0	0	378
DP 4 - National Criminal History Imp Prgm (NCHIP)	0.00	0	0	1,900,000	1,900,000	0.00	0	0	1,900,000	1,900,000
DP 5 - Victims of Crime Act (VOCA)	0.00	0	0	5,001,993	5,001,993	0.00	0	0	5,001,993	5,001,993
Grand Total All Present Law Adjustments	0.00	\$2,819	\$0	\$6,887,842	\$6,890,661	0.00	\$8,467	\$0	\$6,889,472	\$6,897,939

***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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

DP 4 - National Criminal History Imp Prgm (NCHIP) -

The executive requests an increase in federal special revenue for the national criminal history improvement program (NCHIP).

LFD COMMENT	<p>The NCHIP is funded by the U.S. Department of Justice Bureau of Justice Statistics to improve the accuracy, utility, and interstate accessibility of criminal history records. The funding would enhance records of protective orders involving domestic violence and stalking, automated identification systems, and other state systems supporting national records systems and their use for criminal history background checks.</p> <p>NCHIP awards have continued to increase as illustrated by the last two years awards:</p>
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- \$1.7 million in 2014 to assist the Office of Court Administrator develop the Full Court platform and improve Montana’s criminal records systems in an effort to connect criminal history records systems to the state record repository or appropriate federal agency record system and ensure records are accessible through the Federal Bureau of Investigation’s (FBI) records systems
- \$2.2 million in 2015 to assist the Department of Justice and the Department of Corrections in upgrading their current computerized criminal history systems including automation of presentence investigation records, connectivity to the Board of Pardons and Parole, and enhancement of criminal history record to a charge level tracking system; crucial to future information exchange needs.

DP 5 - Victims of Crime Act (VOCA) -

The executive requests increases in general fund and federal special revenue to fund direct services to crime victims under the federal Victims of Crime Act (VOCA). Included in the request is funding for 2.00 FTE, with 1.00 FTE funded from federal funds to administer the increased grant funding and 1.00 FTE funded with general fund to function as a program manager.

LFD COMMENT

The purpose of VOCA is to provide direct services to crime victims. Prior to 2015, when the federal government lifted the cap on available funds to state administering agencies, the Crime Control Division was awarded \$1.7 million to \$1.9 million in VOCA funds. The 2015 award increased fourfold to \$6.6 million. The Crime Control Division anticipates receiving \$7.5 million for FY 2017, based on federal notices.

New Proposals -

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

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 555 - Appropriation Rebase	0.00	(410,108)	0	0	(410,108)	0.00	(410,108)	0	0	(410,108)
Total	0.00	(\$410,108)	\$0	\$0	(\$410,108)	0.00	(\$410,108)	\$0	\$0	(\$410,108)

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

DP 555 - Appropriation Rebase -

The executive proposes reductions to the present law budget. The reductions are based on plans submitted as part of the budget under 17-7-111, MCA. This statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. Since this agency is exempt in statute from this 5% reduction plan, a reduction based on FY 2016 reversions is proposed. Base funding for juvenile detention grants received 81% of the reduction.

FY 2017 Fund Appropriation Transactions - Crime Control Division

	Legislative Appropriation	Allocations (Contingency Base & Pay Plan)	Program Transfers	Operation Plan Changes	2017 Base	% Change from Legislative Approp	% Change from Approp + Allocations
01100 General Fund	\$2,465,858	\$47,220			\$2,513,078	1.9%	0.0%
02768 Domestic Violence Intervention	122,039	137		-	122,176	0.1%	0.0%
03008 Juvenile Justice Council	613,177	2,041		(221,000)	394,218	-35.7%	-35.9%
03009 Juvenile Accountability	309,023			(309,023)	-	-100.0%	-100.0%
03081 OVW Sexual Assault Services	261,226	285		49,130	310,641	18.9%	18.8%
03090 P Coverdell Forensic Science	101,115	243		(9,582)	91,776	-9.2%	-9.5%
03093 Title V Delinquency Prevention	13,011			(13,011)	-	-100.0%	-100.0%
03111 Residential Substance Abuse	89,940	131		(4,000)	86,071	-4.3%	-4.4%
03186 Project Safe Neighborhood	151,086			(151,086)	-	-100.0%	-100.0%
03188 Justice Assistance Grants	874,383	3,076		(60,130)	817,329	-6.5%	-6.9%
03192 Crime Victim Assistance	1,800,610	2,862		315,439	2,118,911	17.7%	17.5%
03200 SORNA CFDA 16.751	5,000			46,000	51,000	920.0%	920.0%
03201 Justice System Enhancements	97,402	237		225,000	322,639	231.2%	230.4%
03248 Prescription Drug Monitoring	4,130	154		200,000	204,284	4846.3%	4668.5%
03343 Criminal History Record Improv	200,000				200,000	0.0%	0.0%
03344 Violence Against Women Act	963,493	2,851		(45,000)	921,344	-4.4%	-4.7%
03962 Enf. Underage Drinking Laws	55,990			(55,860)	130	-99.8%	-99.8%
03963 John R Justice Grant				33,123	33,123	100.0%	100.0%
Grand Total	\$8,127,483	\$59,237	\$0	\$0	\$8,186,720	0.7%	0.0%

DEPARTMENT OF JUSTICE

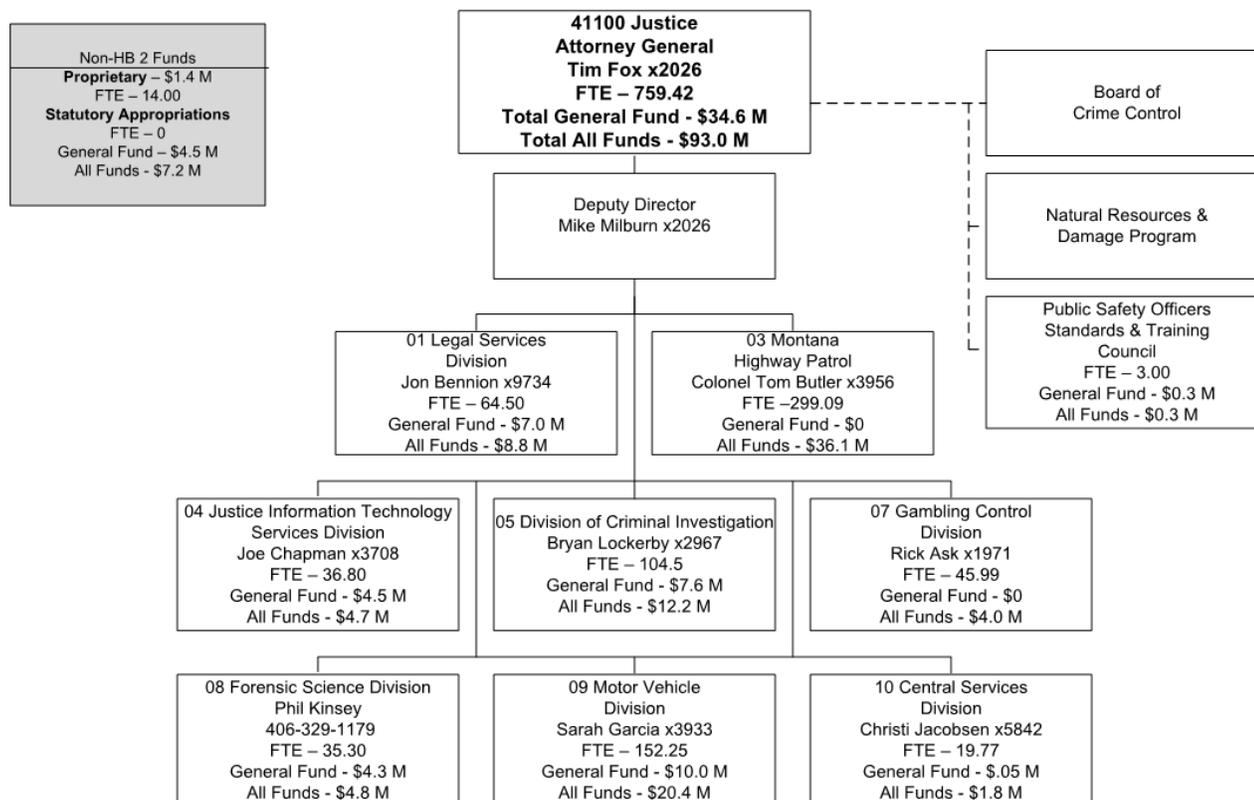
An Agency Profile Prepared by the
Legislative Fiscal Division

November, 2016



INTRODUCTION

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



HOW SERVICES ARE PROVIDED

The Legal Services The Legal Services Division (LSD) provides:

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

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

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

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

The Child Protection Unit handles child abuse and neglect cases around Montana. The unit has offices in Bozeman, Billings, Great Falls, and Miles City and focuses on resolving the legal status of children who have

been in foster care for more than 15 out of the most recent 22 months. The Office of Consumer Protection advocates on behalf of Montana Consumers, investigates consumer complaints and enforces consumer protection laws.

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

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

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

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

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

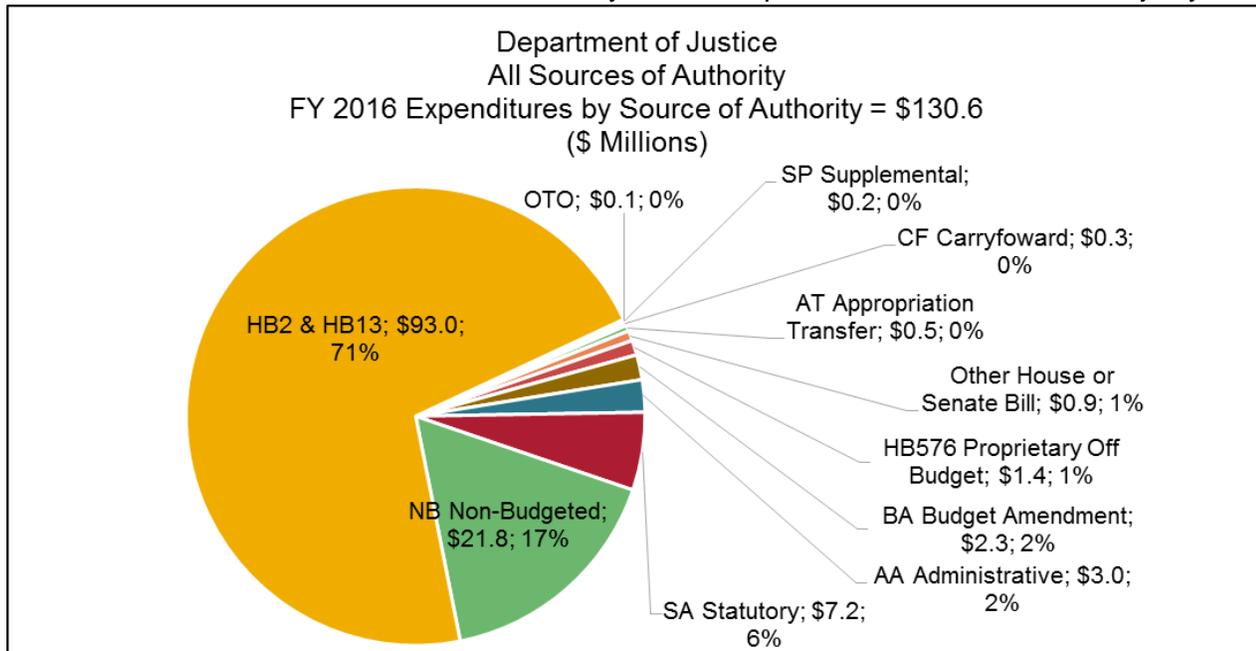
Central Services Division provides the administrative, personnel, budgetary, accounting, and fiscal support for the department. This division also administers payment of the state contribution toward county attorney costs.

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

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

SOURCES OF SPENDING AUTHORITY

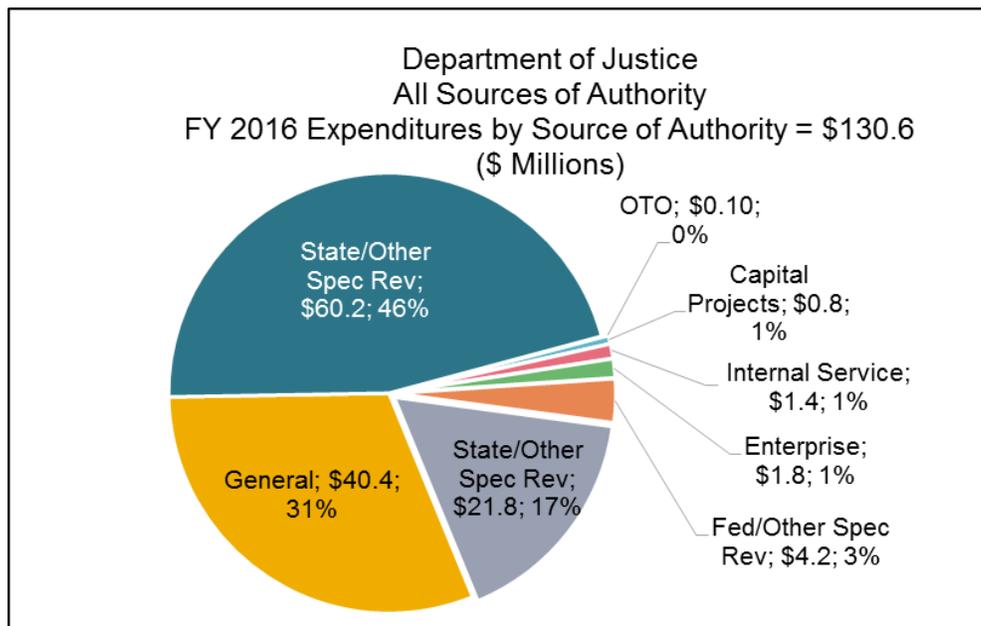
The above chart shows the sources of authority for the Department of Justice. The majority of the funding



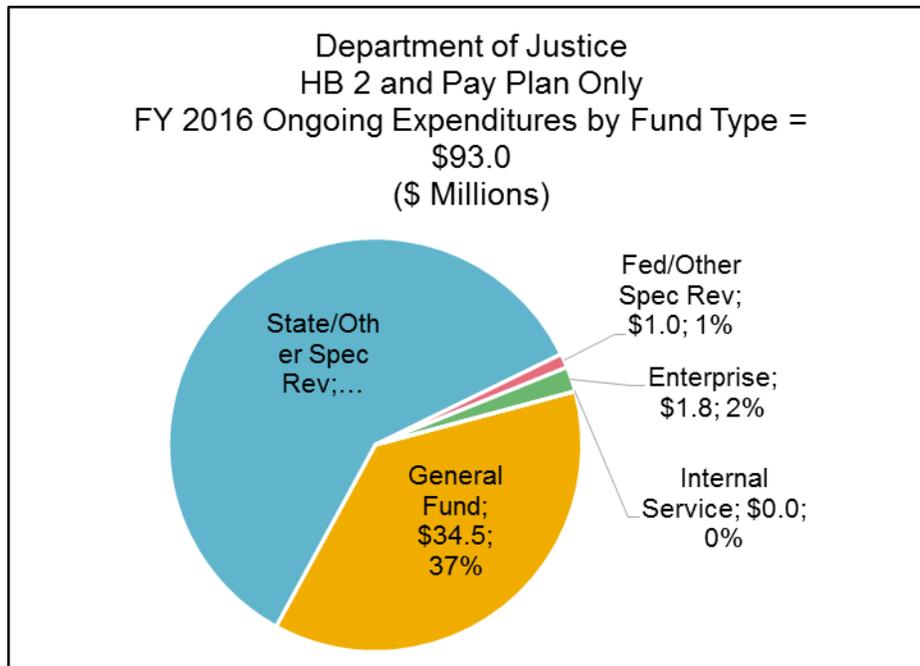
comes from HB 2. Non-budgeted proprietary funds contribute a significant portion of the funding and is primarily for legal settlements.

FUNDING

The following chart shows how Department of Justice expenditures were funded in FY 2016 from all sources of authority by fund type.

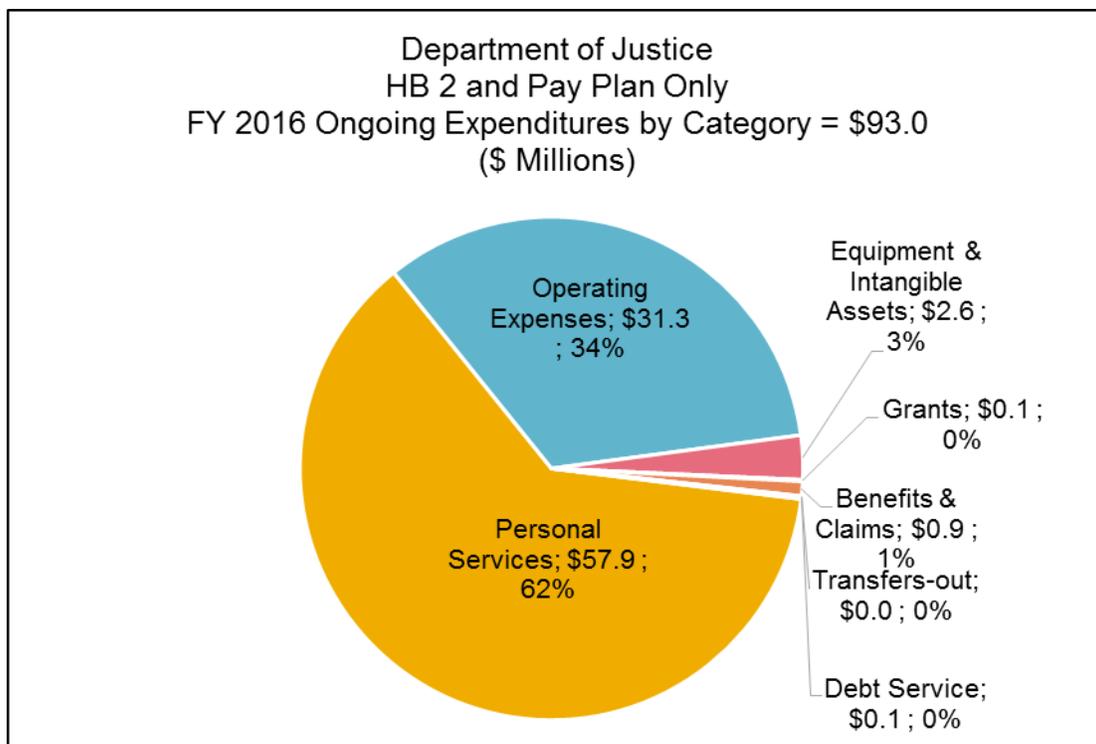


This chart shows how Department of Justice expenditures were funding in FY 2016 from HB2 and pay plan by fund type



EXPENDITURES

The next chart explains how the HB2 and pay plan authority was spent in FY 2016.



HOW THE 2017 LEGISLATURE CAN EFFECT CHANGE

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

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

MAJOR COST DRIVERS

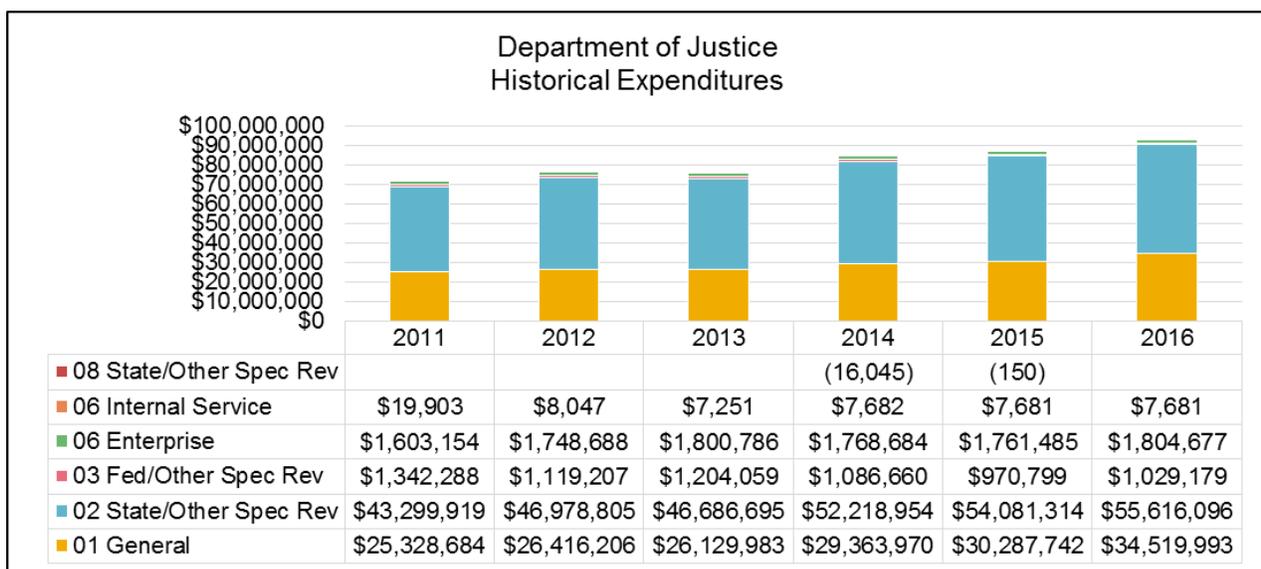
The major Department of Justice cost drivers are shown on the following table.

Driver	FY 2006	FY 2016	Significance of Data
Attorney General opinions	6	2	Legal Services Division legal workload
Crashes responded to (note 1)	11,003	12,151	Montana Highway Patrol workload
Vehicle miles traveled (note 1)	5,420,029	6,251,471	Montana Highway Patrol staff and fuel costs
Civil fingerprint based background checks (note 1)	17,804	27,224	Division of Criminal Inverstigation workload
Criminal history online public record searches	70,775	218,913	Division of Criminal Inverstigation workload
Number of cases (note 1)	5,560	8,846	Forensic Sciences Division workload
New non-commercial drivers licenses issued	42,127	52,465	Motor Vehicle Division workload
Non-commercial drivers license renewals	7,525	7,232	Motor Vehicle Division workload
New commercial drivers licenses issued	64,242	80,401	Motor Vehicle Division workload
Commercial drivers license renewals	3,811	7,792	Motor Vehicle Division workload

note 1: 2016 data is calendar year

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

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



MAJOR LEGISLATIVE CHANGES IN THE LAST TEN YEARS

The following legislative changes impact the funding for the department:

- The Peace Officers Standards and Training Council (POST) was moved from the Board of Crime Control to the department by SB 273 of the 2007 Legislature
- Internet phishing was made a crime in HB 630 of the 2007 Legislature
- State contributions for 50% of county attorneys salaries was added by HB 12 of the 2007 Legislature
- A requirement for an online vehicle insurance verification system was created with an implementation date set for January 10, 2010, in SB 508 of the 2009 Legislature
- SB 361 in the 2011 Legislature allowed video line games in licensed establishments
- Implementation of the vehicle insurance verification system was delayed until January 1, 2013 in HB 367 of the 2011 Legislature
- Driver's license format was changed to include resident address by HB 195 of the 2011 Legislature

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

Agency Biennium Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	120,072,863	113,515,494	(6,557,369)	(5.46)%
Operating Expenses	71,039,829	65,240,529	(5,799,300)	(8.16)%
Equipment & Intangible Assets	4,923,116	4,406,609	(516,507)	(10.49)%
Grants	180,000	180,000	0	0.00 %
Benefits & Claims	2,242,382	2,242,382	0	0.00 %
Transfers	39,501	22,590	(16,911)	(42.81)%
Debt Service	1,453,592	1,720,257	266,665	18.35 %
Total Expenditures	\$199,951,283	\$187,327,861	(\$12,623,422)	(6.31)%
General Fund	70,478,450	66,338,312	(4,140,138)	(5.87)%
State/Other Special Rev. Funds	122,971,806	114,479,819	(8,491,987)	(6.91)%
Federal Spec. Rev. Funds	2,708,500	2,718,490	9,990	0.37 %
Proprietary Funds	3,792,527	3,791,240	(1,287)	(0.03)%
Total Funds	\$199,951,283	\$187,327,861	(\$12,623,422)	(6.31)%
Total Ongoing	\$199,751,271	\$187,327,861	(\$12,423,410)	(6.22)%
Total OTO	\$200,012	\$0	(\$200,012)	(100.00)%

Mission Statement

The mission of the Department of Justice (DOJ) is "protecting and promoting public safety and the rule of law."

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

http://leg.mt.gov/content/Publications/fiscal/Budget-Books/2019/Budget-Analysis/section_d/4110-00agency-profile.pdf

Agency Highlights

Department of Justice Major Budget Highlights
<ul style="list-style-type: none"> • The statutory salary survey of county sheriff's offices in eight counties results in a 2.3% increase for uniformed officer of the Montana Highway Patrol and funding is requested for the increase • Funding operations of the Eastern Montana Crime Laboratory would cost \$1.1 million general fund for the biennium • Most programs are only requesting statewide present law adjustments
Legislative Action Issues
<ul style="list-style-type: none"> • Ongoing funding is requested for programming and enhancements to the criminal history system and the costs are not typically ongoing

Agency Actuals and Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	759.42	759.42	759.42	723.68	733.17
Personal Services	57,972,916	59,228,996	60,843,867	56,255,407	57,260,087
Operating Expenses	31,327,810	34,861,333	36,178,496	32,483,332	32,757,197
Equipment & Intangible Assets	2,647,585	2,567,791	2,355,325	2,176,170	2,230,439
Grants	89,082	90,000	90,000	90,000	90,000
Benefits & Claims	869,465	1,121,191	1,121,191	1,121,191	1,121,191
Transfers	28,206	28,206	11,295	11,295	11,295
Debt Service	142,723	726,796	726,796	857,258	862,999
Total Expenditures	\$93,077,787	\$98,624,313	\$101,326,970	\$92,994,653	\$94,333,208
General Fund	34,620,092	34,709,844	35,768,606	33,144,473	33,193,839
State/Other Special Rev. Funds	55,616,147	60,692,609	62,279,197	56,596,480	57,883,339
Federal Spec. Rev. Funds	1,029,178	1,344,413	1,364,087	1,360,420	1,358,070
Proprietary Funds	1,812,370	1,877,447	1,915,080	1,893,280	1,897,960
Total Funds	\$93,077,787	\$98,624,313	\$101,326,970	\$92,994,653	\$94,333,208
Total Ongoing	\$92,977,685	\$98,524,212	\$101,227,059	\$92,994,653	\$94,333,208
Total OTO	\$100,102	\$100,101	\$99,911	\$0	\$0

Agency Discussion

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2019 biennium 5% plan submitted for this agency is in the appendix. For this agency the 5% plan includes reductions totaling \$1.7 million general fund and \$876,000 state special revenue.

Elected Official Proposal

Department-wide

Restore NP 555 – Appropriation Rebase - The attorney general requests that the legislature not reduce the funding and staffing for the department as recommended by the executive in new proposal decision packages DP 555 – Appropriation Rebase.

LFD COMMENT	<p>The executive has requested reductions totaling \$1,937,249 in FY 2018 and \$1,937,247 in FY 2019 including 3.50 FTE reductions each year. The decision packages associated with the executive request and that show the funding and staff details are in the following program discussions:</p> <ul style="list-style-type: none"> • 01 - Legal Services Division • 04 - Justice Information Technology Services Division • 05 - Division of Criminal Investigation • 07 - Gambling Control Division • 09 - Motor Vehicle Division • 10 - Central Services Division • 19 - POST
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Restore NP 560 - Balance Highway State Special Revenue Account - The attorney general requests that the legislature not reduce the funding and staff for the department as recommended by the executive in new proposal decision packages DP 560 – Balance Highway State Special Revenue Account.

LFD COMMENT The executive has requested reductions totaling \$4,090,000 in FY 2018, including 32.24 FTE, and \$2,860,000 in FY 2019, including 22.75 FTE. The decision packages associated with the executive request and that show the funding and staff details are in the following program discussions:

- 03 – Montana Highway Patrol
- 04 - Justice Information Technology Services Division
- 09 - Motor Vehicle Division
- 10 - Central Services Division

Montana Highway Patrol

DP 301 – MHP Salary Survey - The attorney general increases in state special revenue of \$580,000 each year to fund the statutory uniformed officers' base salary increase 2.32% per the statutory survey conducted by the Department of Administration.

LFD COMMENT In statute, uniformed officers of the Montana Highway Patrol receive a salary increase based on a Department of Administration salary survey of county sheriff's offices in eight Montana counties. The most recent survey identified a 2.32% increase. Increases given to uniformed officers are exclusive of and not in addition to any increases otherwise awarded to other state employees.

DP 302 - MHP Present Law Adjustments - The attorney general requests increases in state special revenue of \$1,260,000 each year to fund present law increases for:

- Personal services for overtime increases (\$600,000 per year)
- Operating expenses to fund increases in prisoner incarceration and medical expenses at detention centers, and lease increases (\$660,000 per year)

DP 305 - MHP Vacant Positions Adjustment - The attorney general requests increases in state special revenue of \$152,000 each year to fund the difference between funding 21 vacant positions under the Governor's budget development policy of 83% of market and the Montana Highway Patrol's contractual agreement level of 100% of market for 21 law enforcement academy cadets that would be hired to fill the positions that were vacant when the budget development snapshot was taken.

Justice Information Technology Services Division

NP 401 JITSD Funding Switch - The attorney general requests that the legislature not switch the funding for JITSD from the general fund to the consumer protection state special revenue fund as recommended by the executive in new proposal decision packages DP 401 – JITSD Funding Switch.

LFD COMMENT The executive has requested reducing general fund by \$401,609 in FY 2018 and by \$403,255 in FY 2019 while increasing funding from the consumer protection state special revenue fund by the same amounts of the general fund reductions. Refer to the decision package discussion in the Justice Information Technology Services Division narrative for further information.

Division of Criminal Investigations

PL 502 - DCI Present Law Adjustments - The attorney general requests increases in general fund of \$38,509 each year to pay for maintenance contracts of information technology systems.

NP 504 - CRISS Programming and Enhancements - The attorney general requests funding from the criminal records information system state special revenue in the amounts of \$504,370 in FY 2018 and \$380,495 in FY 2019 to fund costs for programming and enhancements of the Computerized Criminal History System (CCH).

**LFD
ISSUE**Computer System Programming and Enhancements are not On-going

This request is funded by the criminal records information system state special revenue. Nearly all of the revenues into this fund are from fees paid when an entity requests either state or FBI record checks. Although occasionally done when needed, programming and enhancements of the CCH are not regularly recurring and predictable from one year to the next. As such, the legislature may want to designate funding for this request as one time only.

Forensic Science Division

PL 801 - FSD Present Law Adjustments - The attorney general requests increases in general fund of \$323,642 in FY 2018 and \$325,801 in FY 2019 to fund the following present law costs for the division:

- Restoration of the \$200,000 funding transferred for FY 2017 to FY 2016 to cover shortfalls due to medical examiner staff turnover
- Increased maintenance costs for laboratory equipment
- Laboratory supplies
- Debt service to lease laboratory equipment instead of purchasing equipment

NP 803 - FSD Eastern Crime Lab FTE Yellowstone County - The attorney general requests general fund in the amounts of \$550,541 in FY 2018 and \$510,667 in FY 2019 to fund personal services for 5.00 FTE (two autopsy assistants, two chemists, and one evidence technician) and operating costs of the Eastern Montana Crime Laboratory in Billings. Additionally, the request includes \$40,097 to purchase X-ray equipment in FY 2018.

**LFD
ISSUE**X-Ray Equipment Purchase is not an On-going Expense

The purchase of X-Ray equipment in FY 2018 is a one-time expense. The legislature may want to designate \$40,097 in FY 2018 as one time only.

Motor Vehicle Division

DP 901 - MVD Present Law Adjustments - The attorney general requests increases in general fund of \$78,340 in FY 2018 and \$82,188 in FY 2019, and increases in state special revenue of \$52,227 in FY 2018 and \$54,792 in FY 2019 to fund increased costs of present law operations for items such as lease increases of driver licensing examination stations throughout the state, increased costs for janitorial services, increased cost for security paper used for printing titles, and the net cost difference from leasing motor pool vehicles to replace old agency vehicles.

*Legislative Audit Findings***LFD
COMMENT**

The Legislative Audit Division conducted a performance audit on Protecting Montana Consumers in January 2016. The audit found:

1. DOJ needs to more consistently define and document the cost savings produced by the Office of Consumer Protection. Without accurate information on cost recovery, the legislature is not able to effectively allocate resources for the work of OCP.

The Legislative Auditor recommends the Department of Justice:

1. Develop, document, and implement policies and procedures related to the Office of Consumer Protection's documentation of preventive savings and recovered amounts.

Additional information on the audit can be found at:

<http://leg.mt.gov/content/Publications/Audit/Summary/14P-08-summary.pdf>

Comparison of FY 2017 Legislative Budget to FY 2017 Base

Figure 1 demonstrates the beginning FY 2017 budget as adopted by the 2015 legislature, plus modifications done by the executive (and authorized in statute) during the interim, and the finalized 2017 Base Budget. The columns provide detail showing the changes that occurred over the course of the interim to reach the 2017 Base Budget. The 2017 Base Budget was agreed upon by the Legislative Finance Committee and the executive as a measuring point to start the 2019 biennium budgeting process.

Figure 1

FY 2017 Appropriation Transactions - Department of Justice								
	Leg Approp	Allocations	Program Transfers	OP Changes	Other	2017 Base	% Change from Legislative Approp	% Change from Approp + Allocations
01 Legal Services Division								
Personal Services	\$5,864,763	\$216,117	\$57,956	\$0		\$6,138,836	4.7%	1.0%
Operating Expenses	2,108,352					2,108,352	0.0%	0.0%
Benefits & Claims	1,121,191					1,121,191	0.0%	0.0%
Program Total	9,094,306	216,117	57,956	-	-	9,368,379	3.0%	0.6%
03 Montana Highway Patrol								
Personal Services	25,748,876	1,088,439				26,837,315	4.2%	0.0%
Operating Expenses	8,751,502					8,751,502	0.0%	0.0%
Equipment	1,992,165					1,992,165	0.0%	0.0%
Program Total	36,492,543	1,088,439	-	-	-	37,580,982	3.0%	0.0%
04 Justice Information Technology Services Division								
Personal Services	2,975,295	126,873				3,102,168	4.3%	0.0%
Operating Expenses	1,769,352		127,592			1,896,944	7.2%	7.2%
Equipment	36,820					36,820	0.0%	0.0%
Program Total	4,781,467	126,873	127,592	-	-	5,035,932	5.3%	2.6%
05 Division Of Criminal Investigations								
Personal Services	7,585,860	354,230				7,940,090	4.7%	0.0%
Operating Expenses	4,390,233		81,774 (90,000)			4,382,007	-0.2%	-0.2%
Equipment	123,452					123,452	0.0%	0.0%
Grants				90,000		90,000	100.0%	100.0%
Transfers-out	11,295					11,295	0.0%	0.0%
Program Total	12,110,840	354,230	81,774	-	-	12,546,844	3.6%	0.7%
07 Gambling Control Division								
Personal Services	3,451,149	154,888				3,606,037	4.5%	0.0%
Operating Expenses	843,767					843,767	0.0%	0.0%
Equipment	82,860					82,860	0.0%	0.0%
Program Total	4,377,776	154,888	-	-	-	4,532,664	3.5%	0.0%
08 Forensic Services Division								
Personal Services	3,149,107	115,954				3,265,061	3.7%	0.0%
Operating Expenses	1,232,529				(200,000)	1,032,529	-16.2%	-16.2%
Equipment	6,000					6,000	0.0%	0.0%
Debt Service	110,096					110,096	0.0%	0.0%
Program Total	4,497,732	115,954	-	-	(200,000)	4,413,686	-1.9%	-4.3%
09 Motor Vehicle Division								

41100 - Department Of Justice

SUMMARY

Personal Services	7,773,129	529,878	(57,956)			8,245,051	6.1%	-0.7%
Operating Expenses	16,198,769		408,871			16,607,640	2.5%	2.5%
Equipment	114,028					114,028	0.0%	0.0%
Debt Service	616,700					616,700	0.0%	0.0%
Program Total	24,702,626	529,878	350,915	-	-	25,583,419	3.6%	1.4%
10 Central Services Division								
Personal Services	1,359,057	62,218				1,421,275	4.6%	0.0%
Operating Expenses	953,837		(618,237)			335,600	-64.8%	-64.8%
Program Total	2,312,894	62,218	(618,237)	-	-	1,756,875	-24.0%	-26.0%
19 Post Council								
Personal Services	203,330	10,025				213,355	4.9%	0.0%
Operating Expenses	144,923				50,000	194,923	34.5%	34.5%
Program Total	348,253	10,025	-	-	50,000	408,278	17.2%	14.0%
Grand Total	\$98,718,437	\$2,658,622	\$0	\$0	(\$150,000)	\$101,227,059	2.5%	-0.1%
Leg Approp = Legislative Appropriation								
Allocations = include Contingency Base & Pay Plan								
OP = Operating Plan Changes								

Significant budget changes adopted by the executive include:

- 1.00 FTE and nearly \$58,000 general fund was moved from the Motor Vehicle Division to the Legal Services Division to create a public relations position in the attorney general's office

Funding

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

Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	66,338,312	0	0	10,328,092	76,666,404	37.26 %
State Special Total	114,479,819	0	0	4,578,116	119,057,935	57.87 %
Federal Special Total	2,718,490	0	0	250,000	2,968,490	1.44 %
Proprietary Total	3,791,240	0	3,263,137	0	7,054,377	3.43 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$187,327,861	\$0	\$3,263,137	\$15,156,208	\$205,747,206	
Percent - Total All Sources	91.05 %	0.00 %	1.59 %	7.37 %		

Funding for DOJ varies by division and function. General fund supports the Legal Services Division, Motor Vehicle Division, Division of Criminal Investigation, POST, Central Services Division, Information Technology Division, and Forensic Science Division. In FY 2017 general fund provided 35.3% of DOJ funding. In the executive request, general fund would decrease by 7.2% in FY 2018 and 7.3% in FY 2019 as compared to FY 2017, but would remain as a similar percentage of DOJ funding.

The highway state special revenue account supports a number of programs where highway safety is impacted. Highway state special revenue provides significant portions of the funding for the Motor Vehicle Division, Highway Patrol Division,

and Central Services Division. State special revenue from consumer settlement proceeds supports consumer protection activities, gambling license fees support Gambling Control, and motor vehicle fees support the debt payment for the development and implementation of a computer system. In FY 2017 state special revenue provided 61.5% of DOJ funding. In the executive request, state special revenue would decrease by 9.1% in FY 2018 and by 7.1% in FY 2019 as compared to FY 2017, but would remain as a similar percentage of DOJ funding.

Federal funds combined with general fund support Medicaid fraud investigation and the Child Protection Unit within the Legal Division. In FY 2017 federal special revenue provided 1.3% of DOJ funding. In the executive request, federal special revenue would decrease by less than 1.0% in each fiscal year of the 2019 biennium as compared to FY 2017, and would remain as a similar percentage of DOJ funding. Proprietary funds support liquor licensing functions and legal services provided under contract to other agencies. In FY 2017 budgeted proprietary funds provided 1.9% of DOJ funding. In the executive request, budgeted proprietary funds would decrease by 1.1% in FY 2018 and by less than 1.0% in FY 2019 as compared to FY 2017, but would remain as a similar percentage of DOJ funding.

Please refer to the narrative for the Department of Transportation in Section C for a discussion of the highway state special revenue account.

Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	35,668,695	35,668,695	71,337,390	107.54 %	101,227,059	101,227,059	202,454,118	108.07 %
SWPL Adjustments	(443,883)	(392,872)	(836,755)	(1.26)%	(2,588,104)	(2,355,676)	(4,943,780)	(2.64)%
PL Adjustments	(146,117)	(146,117)	(292,234)	(0.44)%	(93,726)	(93,726)	(187,452)	(0.10)%
New Proposals	(1,934,222)	(1,935,867)	(3,870,089)	(5.83)%	(5,550,576)	(4,444,449)	(9,995,025)	(5.34)%
Total Budget	\$33,144,473	\$33,193,839	\$66,338,312		\$92,994,653	\$94,333,208	\$187,327,861	

Language and Statutory Authority -

The executive requests the following language for HB 2:

"Montana Highway Patrol includes funding to hold inmates in county jails. It is the intent of the legislature that the department of justice may pay no more than \$69 per day to hold an inmate in any county jail."

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	12,139,239	11,600,245	(538,994)	(4.44)%
Operating Expenses	4,055,717	3,734,264	(321,453)	(7.93)%
Benefits & Claims	2,242,382	2,242,382	0	0.00 %
Total Expenditures	\$18,437,338	\$17,576,891	(\$860,447)	(4.67)%
General Fund	14,364,423	13,650,446	(713,977)	(4.97)%
State/Other Special Rev. Funds	2,600,337	2,450,824	(149,513)	(5.75)%
Federal Spec. Rev. Funds	1,472,578	1,475,621	3,043	0.21 %
Total Funds	\$18,437,338	\$17,576,891	(\$860,447)	(4.67)%
Total Ongoing	\$18,437,338	\$17,576,891	(\$860,447)	(4.67)%
Total OTO	\$0	\$0	\$0	0 %

Program Description

The Legal Services Division (LSD) provides:

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

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

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

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

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

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

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

Law) violations, and antitrust issues including price fixing, monopoly abuse, and restraint of trade. The office assists victims of identity theft and administers the state’s Security Freeze Program. It provides extensive public education about consumer and telemarketing fraud and identity theft to Montana consumer groups, senior citizen organizations, law enforcement agencies, and businesses.

Program Highlights

<p>Legal Services Division Major Budget Highlights</p>
<ul style="list-style-type: none"> Besides the global appropriation rebase adjustment the only other budgetary changes are in statewide present law adjustments

Program Actuals and Budget Comparison

The following table compares the program’s FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	64.50	64.50	64.50	62.50	62.50
Personal Services	5,923,977	6,000,403	6,138,836	5,789,853	5,810,392
Operating Expenses	1,984,302	1,947,365	2,108,352	1,864,573	1,869,691
Benefits & Claims	869,465	1,121,191	1,121,191	1,121,191	1,121,191
Total Expenditures	\$8,777,744	\$9,068,959	\$9,368,379	\$8,775,617	\$8,801,274
General Fund	7,056,112	7,056,111	7,308,312	6,814,841	6,835,605
State/Other Special Rev. Funds	1,279,631	1,279,621	1,320,716	1,223,420	1,227,404
Federal Spec. Rev. Funds	442,001	733,227	739,351	737,356	738,265
Total Funds	\$8,777,744	\$9,068,959	\$9,368,379	\$8,775,617	\$8,801,274
Total Ongoing	\$8,777,744	\$9,068,959	\$9,368,379	\$8,775,617	\$8,801,274
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2016 Appropriation Compared to FY 2016 Actual Expenditures

The largest difference between FY 2016 actuals and FY 2016 appropriations was that expenditures of federal crime victim funds were 60.3% of the FY 2016 budgeted level.

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

The 2017 base included a 2% vacancy savings as stated in HB 2 from the 2015 legislative session. The 2019 biennium executive request for personal services (SWPL 1) includes a 4% vacancy savings, with some exceptions.

Figure 2 compares the executive budget for personal services to the legislative budget.

Figure 2
Department Of Justice: 01 Legal Services Division
Personal Services Present Law Calculations

PS Base:		\$6,138,836	
			FY 2018 FY 2019
Executive	DP 1: SWPL Personal Services	(\$128,668)	(\$107,961)
Legislative	Statutory Personal Service Change	<u>59,115</u>	<u>79,351</u>
	Difference	(187,783)	(187,312)
Management Choices Explaining the Difference			
	Additional 2% Vacancy Savings	(121,620)	(122,052)
	Broadband Pay Adjustments	26,128	26,128
	Benefits and Taxes on Pay Adjustment	5,114	5,114
	Other	<u>(96,905)</u>	<u>(96,003)</u>
	Total	(\$187,783)	(\$187,312)

A number of offsetting changes, including some discretionary decisions of agency management combined for a lower than anticipated budget request. The pay increases management made in addition to the statutory \$0.50 per hour pay plan increase were for:

- Four competency adjustments for lawyers and paralegal assistants
- One strategic increase for a public relations specialist
- Seven \$0.50 per hour increases for exempt personal staff
- One performance increase for a legal secretary

These increases were offset by turnover of staff that generally lowered program salaries when more senior and higher paid employees were replaced by lower paid employees.

Funding

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

Department of Justice, 01-Legal Services Division
Funding by Source of Authority

Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	13,650,446	0	0	0	13,650,446	75.76 %
02106 Crime Victims Compensation-St	0	0	0	441,028	441,028	15.25 %
02140 Consumer Education Settlement	1,935,251	0	0	0	1,935,251	66.92 %
02937 DOJ Misc SSR MOUs	515,573	0	0	0	515,573	17.83 %
State Special Total	\$2,450,824	\$0	\$0	\$441,028	\$2,891,852	16.05 %
03169 Federal Crime Victims Benefits	1,091,528	0	0	0	1,091,528	73.97 %
03187 BCC Grants To Dept. Of Justice	0	0	0	0	0	0.00 %
03801 Dept Of Justice-Misc Grants	384,093	0	0	0	384,093	26.03 %
Federal Special Total	\$1,475,621	\$0	\$0	\$0	\$1,475,621	8.19 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$17,576,891	\$0	\$0	\$441,028	\$18,017,919	

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

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	7,308,312	7,308,312	14,616,624	107.08 %	9,368,379	9,368,379	18,736,758	106.60 %
SWPL Adjustments	(140,664)	(119,901)	(260,565)	(1.91)%	(175,973)	(150,317)	(326,290)	(1.86)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	(352,807)	(352,806)	(705,613)	(5.17)%	(416,789)	(416,788)	(833,577)	(4.74)%
Total Budget	\$6,814,841	\$6,835,605	\$13,650,446		\$8,775,617	\$8,801,274	\$17,576,891	

Present Law Adjustments -

The “Present Law Adjustments” table shows the changes from the FY 2017 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 2018-----				-----Fiscal 2019-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(103,035)	(25,089)	(544)	(128,668)	0.00	(86,470)	(21,744)	253	(107,961)
DP 2 - Fixed Costs	0.00	(38,705)	(8,225)	(1,451)	(48,381)	0.00	(35,700)	(7,586)	(1,339)	(44,625)
DP 3 - Inflation Deflation	0.00	1,076	0	0	1,076	0.00	2,269	0	0	2,269
Grand Total All Present Law Adjustments	0.00	(\$140,664)	(\$33,314)	(\$1,995)	(\$175,973)	0.00	(\$119,901)	(\$29,330)	(\$1,086)	(\$150,317)

**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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

New Proposals -

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

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 555 - Appropriation Rebase	(2.00)	(352,807)	(63,982)	0	(416,789)	(2.00)	(352,806)	(63,982)	0	(416,788)
Total	(2.00)	(\$352,807)	(\$63,982)	\$0	(\$416,789)	(2.00)	(\$352,806)	(\$63,982)	\$0	(\$416,788)

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

DP 555 - Appropriation Rebase -

The executive proposes reductions to the present law budget. The reductions are based on plans submitted as part of the budget under 17-7-111, MCA. This statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. For this program this reduction includes a personal services reduction with an associated FTE reduction of 2.00 FTE each year.

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	52,996,720	47,067,670	(5,929,050)	(11.19)%
Operating Expenses	17,325,234	15,768,434	(1,556,800)	(8.99)%
Equipment & Intangible Assets	3,984,330	3,686,379	(297,951)	(7.48)%
Total Expenditures	\$74,306,284	\$66,522,483	(\$7,783,801)	(10.48)%
State/Other Special Rev. Funds	74,306,284	66,522,483	(7,783,801)	(10.48)%
Total Funds	\$74,306,284	\$66,522,483	(\$7,783,801)	(10.48)%
Total Ongoing	\$74,306,284	\$66,522,483	(\$7,783,801)	(10.48)%
Total OTO	\$0	\$0	\$0	0%

Program Description

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

Program Highlights

<p>Montana Highway Patrol Major Budget Highlights</p>
<ul style="list-style-type: none"> • A funding reduction to address fund balances issues in the highway state special revenue account would reduce funding for 27 FTE in FY 2018 and 19 FTE in FY 2019 in grade 5 patrol officer positions

Program Actuals and Budget Comparison

The following table compares the program’s FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	299.09	299.09	299.09	272.09	280.09
Personal Services	25,687,350	26,159,405	26,837,315	23,147,328	23,920,342
Operating Expenses	8,248,911	8,573,732	8,751,502	7,733,030	8,035,404
Equipment & Intangible Assets	2,185,309	1,992,165	1,992,165	1,816,586	1,869,793
Total Expenditures	\$36,121,570	\$36,725,302	\$37,580,982	\$32,696,944	\$33,825,539
State/Other Special Rev. Funds	36,121,570	36,725,302	37,580,982	32,696,944	33,825,539
Total Funds	\$36,121,570	\$36,725,302	\$37,580,982	\$32,696,944	\$33,825,539
Total Ongoing	\$36,121,570	\$36,725,302	\$37,580,982	\$32,696,944	\$33,825,539
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

Figure 3 compares the executive budget for personal services to the legislative budget.

Figure 3
Department Of Justice: 03 Montana Highway Patrol
Personal Services Present Law Calculations

PS Base:	\$26,837,315	FY 2018	FY 2019
Executive DP 1: SWPL Personal Services		(\$1,392,169)	(\$1,299,990)
Legislative Statutory Personal Service Change		<u>234,499</u>	<u>327,041</u>
Difference		(1,626,668)	(1,627,031)
Management Choices Explaining the Difference			
Additional 2% Vacancy Savings		-	-
Broadband Pay Adjustments		815,604	815,604
Benefits and Taxes on Pay Adjustment		285,246	285,246
Other		<u>(2,727,517)</u>	<u>(2,727,880)</u>
Total		(\$1,626,668)	(\$1,627,031)

A number of offsetting changes, including some discretionary decisions of agency management combined for a lower than anticipated budget request. The pay increases management made in addition to the statutory \$0.50 per hour pay plan increase were for:

- One exempt employee raise for personal staff
- 56 career ladder increases for highway patrol officers and police fire dispatchers
- One negotiated pay schedule change

These increases were offset by turnover of staff that generally lowered program salaries when more senior and higher paid employees were replaced by lower paid employees. Note that the Montana Highway Patrol is exempted in statute from vacancy savings and receives a salary adjustment based on a salary survey of 8 more populated Montana counties but does not receive the pay plan adjustment other state employees receive.

Funding

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

Department of Justice, 03-Montana Highway Patrol Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	0	0	0	3,791,306	3,791,306	5.39 %	
02014 Highway Patrol Pay & Retention	12,621,265	0	0	0	12,621,265	18.97 %	
02422 Highways Special Revenue	53,901,218	0	0	0	53,901,218	81.03 %	
02937 DOJ Misc SSR MOUs	0	0	0	0	0	0.00 %	
State Special Total	\$66,522,483	\$0	\$0	\$0	\$66,522,483	94.61 %	
03549 MHP Grants	0	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$66,522,483	\$0	\$0	\$3,791,306	\$70,313,789		

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

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	37,580,982	37,580,982	75,161,964	112.99 %
SWPL Adjustments	0	0	0	0.00 %	(1,667,715)	(1,503,706)	(3,171,421)	(4.77)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	(3,216,323)	(2,251,737)	(5,468,060)	(8.22)%
Total Budget	\$0	\$0	\$0		\$32,696,944	\$33,825,539	\$66,522,483	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	(1,392,169)	0	(1,392,169)	0.00	0	(1,299,990)	0	(1,299,990)
DP 2 - Fixed Costs	0.00	0	(23,149)	0	(23,149)	0.00	0	(14,279)	0	(14,279)
DP 3 - Inflation Deflation	0.00	0	(252,397)	0	(252,397)	0.00	0	(189,437)	0	(189,437)
Grand Total All Present Law Adjustments	0.00	\$0	(\$1,667,715)	\$0	(\$1,667,715)	0.00	\$0	(\$1,503,706)	\$0	(\$1,503,706)

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

DP 1 - Personal Services -

The executive requests adjustments to annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

New Proposals -

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

New Proposals										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 560 - Balance Highway State Special Revenue Account	(27.00)	0	(3,216,323)	0	(3,216,323)	(19.00)	0	(2,251,737)	0	(2,251,737)
Total	(27.00)	\$0	(\$3,216,323)	\$0	(\$3,216,323)	(19.00)	\$0	(\$2,251,737)	\$0	(\$2,251,737)

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

DP 560 - Balance Highway State Special Revenue Account -

The executive recommends a reduction of highway state special revenue restricted funding to address declining fund balances that are due to an imbalance between expenditures and declining revenues. For this program, the recommendation includes a personal services funding reduction for 27.00 FTE in FY 2018 and 19.00 FTE in FY 2019 comprised of grade 5 highway patrol officer positions.

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	6,118,565	6,118,609	44	0.00 %
Operating Expenses	3,366,799	3,191,346	(175,453)	(5.21)%
Equipment & Intangible Assets	246,106	73,640	(172,466)	(70.08)%
Total Expenditures	\$9,731,470	\$9,383,595	(\$347,875)	(3.57)%
General Fund	9,413,536	8,286,503	(1,127,033)	(11.97)%
State/Other Special Rev. Funds	282,922	1,062,286	779,364	275.47 %
Federal Spec. Rev. Funds	5,302	5,270	(32)	(0.60)%
Proprietary Funds	29,710	29,536	(174)	(0.59)%
Total Funds	\$9,731,470	\$9,383,595	(\$347,875)	(3.57)%
Total Ongoing	\$9,731,470	\$9,383,595	(\$347,875)	(3.57)%
Total OTO	\$0	\$0	\$0	0 %

Program Description

The Justice Information Technology Services Division (JITSD) operates, and manages all information technologies systems and services within the Department of Justice (DOJ).

These systems include the Montana Enhanced Registration Licensing Network (MERLIN), driver testing, and license/identification production, Integrated Justice Information System (IJIS Broker), SmartCop, Criminal Justice Information Network (CJIN), Computerized Criminal History, Automated Biometric Identification System, Sexual or Violent Offender (SVOR) repository and web site, Laboratory Management Information System, GEN TAX, and many other technology solutions deployed within the department.

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

Program Highlights

Justice Information Technology Services Division Major Budget Highlights
<ul style="list-style-type: none"> • In addition to the appropriation rebase adjustment the division would see two additional adjustments: <ul style="list-style-type: none"> ◦ A reduction in highway state special revenue ◦ A funding switch to replace general fund with consumer education settlement state special revenue • An executive initiative to move agency computer systems to the state data center would reduce all funding sources due to anticipated savings

Program Actuals and Budget Comparison

The following table compares the program’s FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	36.80	36.80	36.80	36.80	36.80
Personal Services	3,112,435	3,016,397	3,102,168	3,050,957	3,067,652
Operating Expenses	1,379,544	1,469,855	1,896,944	1,592,671	1,598,675
Equipment & Intangible Assets	203,553	209,286	36,820	36,820	36,820
Total Expenditures	\$4,695,532	\$4,695,538	\$5,035,932	\$4,680,448	\$4,703,147
General Fund	4,536,565	4,536,571	4,876,965	4,133,784	4,152,719
State/Other Special Rev. Funds	141,461	141,461	141,461	529,261	533,025
Federal Spec. Rev. Funds	2,651	2,651	2,651	2,635	2,635
Proprietary Funds	14,855	14,855	14,855	14,768	14,768
Total Funds	\$4,695,532	\$4,695,538	\$5,035,932	\$4,680,448	\$4,703,147
Total Ongoing	\$4,695,532	\$4,695,538	\$5,035,932	\$4,680,448	\$4,703,147
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

The 2017 base included a 2% vacancy savings as stated in HB 2 from the 2015 legislative session. The 2019 biennium executive request for personal services (SWPL 1) includes a 4% vacancy savings, with some exceptions.

Figure 4 compares the executive budget for personal services to the legislative budget.

Figure 4

Department Of Justice: 04 Justice Information Technology Services Div. Personal Services Present Law Calculations			
PS Base:		FY 2018	FY 2019
		\$3,102,168	
Executive	DP 1: SWPL Personal Services	(\$51,211)	(\$34,516)
Legislative	Statutory Personal Service Change	<u>32,899</u>	<u>50,472</u>
	Difference	(84,110)	(84,988)
Management Choices Explaining the Difference			
	Additional 2% Vacancy Savings	(63,343)	(63,694)
	Broadband Pay Adjustments	31,800	31,800
	Benefits and Taxes on Pay Adjustment	6,421	6,421
	Other	<u>(58,988)</u>	<u>(59,515)</u>
	Total	(\$84,110)	(\$84,988)

A number of offsetting changes, including some discretionary decisions of agency management combined for a lower than anticipated budget request. The pay increases management made in addition to the statutory \$0.50 per hour pay plan increase were for:

- Three market adjustment for computer support technicians
- Two situational pay adjustments for a computer support specialist and a network administrator
- One exempt employee increase for an exempt personal staff
- One supervisory adjustment for a computer security specialist

These increases were offset by turnover of staff that generally lowered program salaries when more senior and higher paid employees were replaced by lower paid employees.

Funding

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

Department of Justice, 04-Justice Information Technology Services Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	8,286,503	0	0	0	8,286,503	88.31 %	
02016 Criminal Justice Info Network	7,926	0	0	0	7,926	0.75 %	
02074 Gambling License Fee Account	34,926	0	0	0	34,926	3.29 %	
02140 Consumer Education Settlement	800,148	0	0	0	800,148	75.32 %	
02422 Highways Special Revenue	123,920	0	0	0	123,920	11.67 %	
02797 Criminal Records Info Sys	95,496	0	0	0	95,496	8.99 %	
02937 DOJ Misc SSR MOUs	(130)	0	0	0	(130)	(0.01)%	
State Special Total	\$1,062,286	\$0	\$0	\$0	\$1,062,286	11.32 %	
03800 Medicaid Fraud	5,270	0	0	0	5,270	100.00 %	
Federal Special Total	\$5,270	\$0	\$0	\$0	\$5,270	0.06 %	
06005 Liquor Division	14,264	0	0	0	14,264	48.29 %	
06500 Agency Legal Services	15,272	0	0	0	15,272	51.71 %	
Proprietary Total	\$29,536	\$0	\$0	\$0	\$29,536	0.31 %	
Total All Funds	\$9,383,595	\$0	\$0	\$0	\$9,383,595		

JITSD is funded mainly with general fund. State special revenue, which makes up less than 3.0% of the funding in FY 2017, but would increase to 11.3% of the program's funding in the executive request comes primarily from gambling licensing fees, criminal records information system fees, and highway state special revenue. The balance of JITSD's funding comes from a very small amount of federal funds (Medicaid) and proprietary funds, including liquor licensing fees and agency legal service fees. JITSD provides services to other divisions of the DOJ and the JITSD's funding is based on user funding sources.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	4,876,965	4,876,965	9,753,930	117.71 %	5,035,932	5,035,932	10,071,864	107.33 %
SWPL Adjustments	(90,314)	(69,733)	(160,047)	(1.93)%	(90,314)	(69,733)	(160,047)	(1.71)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	(652,867)	(654,513)	(1,307,380)	(15.78)%	(265,170)	(263,052)	(528,222)	(5.63)%
Total Budget	\$4,133,784	\$4,152,719	\$8,286,503		\$4,680,448	\$4,703,147	\$9,383,595	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(51,211)	0	0	(51,211)	0.00	(34,516)	0	0	(34,516)
DP 2 - Fixed Costs	0.00	(39,292)	0	0	(39,292)	0.00	(35,806)	0	0	(35,806)
DP 3 - Inflation Deflation	0.00	189	0	0	189	0.00	589	0	0	589
Grand Total All Present Law Adjustments	0.00	(\$90,314)	\$0	\$0	(\$90,314)	0.00	(\$69,733)	\$0	\$0	(\$69,733)

*"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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

New Proposals -

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

New Proposals										
	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 401 - JITSD Funding Switch	0.00	(401,609)	401,609	0	0	0.00	(403,255)	403,255	0	0
DP 555 - Appropriation Rebase	0.00	(226,828)	(3,659)	0	(230,487)	0.00	(226,828)	(3,659)	0	(230,487)
DP 556 - IT Convergence Savings	0.00	(24,430)	(3,164)	(16)	(27,697)	0.00	(24,430)	(3,164)	(16)	(27,697)
DP 560 - Balance Highway State Special Revenue Account	0.00	0	(6,986)	0	(6,986)	0.00	0	(4,868)	0	(4,868)
Total	0.00	(\$652,867)	\$387,800	(\$16)	(\$265,170)	0.00	(\$654,513)	\$391,564	(\$16)	(\$263,052)

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

DP 401 - JITSD Funding Switch -

The executive requests a reduction of general fund and like increase in state special revenue from the consumer education settlement account. This funding switch would have the consumer education settlement account support the same percentage allocation as it supports in the Central Services Division.

DP 555 - Appropriation Rebase -

The executive proposes reductions to the present law budget. The reductions are based on plans submitted as part of the budget under 17-7-111, MCA. This statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%.

DP 556 - IT Convergence Savings -

The executive proposes reductions to agency information technology costs for savings generated by enterprise licensing for Oracle software.

DP 560 - Balance Highway State Special Revenue Account -

The executive recommends a reduction of highway state special revenue restricted funding to address declining fund balances that are due to an imbalance between expenditures and declining revenues. For this program, no FTE are impacted.

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	15,914,020	15,708,267	(205,753)	(1.29)%
Operating Expenses	8,836,970	8,315,006	(521,964)	(5.91)%
Equipment & Intangible Assets	280,904	246,904	(34,000)	(12.10)%
Grants	180,000	180,000	0	0.00%
Transfers	39,501	22,590	(16,911)	(42.81)%
Total Expenditures	\$25,251,395	\$24,472,767	(\$778,628)	(3.08)%
General Fund	15,447,939	14,593,426	(854,513)	(5.53)%
State/Other Special Rev. Funds	8,579,895	8,650,614	70,719	0.82%
Federal Spec. Rev. Funds	1,223,561	1,228,727	5,166	0.42%
Total Funds	\$25,251,395	\$24,472,767	(\$778,628)	(3.08)%
Total Ongoing	\$25,051,383	\$24,472,767	(\$578,616)	(2.31)%
Total OTO	\$200,012	\$0	(\$200,012)	(100.00)%

Program Description

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

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

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

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

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

Program Highlights

Division of Criminal Investigation Major Budget Highlights
<ul style="list-style-type: none"> Funding is requested for programming and enhancements to the criminal history system
Major LFD Issues
<ul style="list-style-type: none"> Costs associated with programming and enhancements to the criminal history system are not on-going

Program Actuals and Budget Comparison

The following table compares the program’s FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	104.50	104.50	104.50	103.50	103.50
Personal Services	7,801,152	7,899,251	8,014,769	7,840,462	7,867,805
Operating Expenses	4,177,020	4,429,731	4,407,239	4,212,405	4,102,601
Equipment & Intangible Assets	128,351	157,452	123,452	123,452	123,452
Grants	89,082	90,000	90,000	90,000	90,000
Transfers	28,206	28,206	11,295	11,295	11,295
Total Expenditures	\$12,223,811	\$12,604,640	\$12,646,755	\$12,277,614	\$12,195,153
General Fund	7,591,823	7,591,820	7,856,119	7,277,155	7,316,271
State/Other Special Rev. Funds	4,047,462	4,406,908	4,172,987	4,384,466	4,266,148
Federal Spec. Rev. Funds	584,526	605,912	617,649	615,993	612,734
Total Funds	\$12,223,811	\$12,604,640	\$12,646,755	\$12,277,614	\$12,195,153
Total Ongoing	\$12,123,709	\$12,504,539	\$12,546,844	\$12,277,614	\$12,195,153
Total OTO	\$100,102	\$100,101	\$99,911	\$0	\$0

Program Discussion -

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

The 2017 base included a 2% vacancy savings as stated in HB 2 from the 2015 legislative session. The 2019 biennium executive request for personal services (SWPL 1) includes a 4% vacancy savings, with some exceptions.

Figure 5 compares the executive budget for personal services to the legislative budget.

Figure 5

Department Of Justice: 05 Division Of Criminal Investigations Personal Services Present Law Calculations			
PS Base:		\$7,940,090	
		FY 2018	FY 2019
Executive	DP 1: SWPL Personal Services	(\$24,675)	\$2,718
Legislative	Statutory Personal Service Change	<u>47,659</u>	<u>75,472</u>
	Difference	(72,334)	(72,754)
Management Choices Explaining the Difference			
	Additional 2% Vacancy Savings	(164,246)	(164,816)
	Broadband Pay Adjustments	-	-
	Benefits and Taxes on Pay Adjustment	-	-
	Other	<u>91,911</u>	<u>92,062</u>
	Total	(\$72,334)	(\$72,754)

The division management gave no pay increases in addition to the statutory \$0.50 per hour pay plan increases. The justification for the other management choices amount is not determinable as the agency renumbered most divisions and associated position numbers. Due to the volume of position number changes it is not practical to evaluate with certainty what makes up the other increases shown in Figure 5.

Montana Law Enforcement Academy

The 2015 legislature passed HJR 8 that requested an interim study of the current state and future of the Montana Law Enforcement Academy. No legislative interim committee undertook the requested study, instead the Legislative Finance Committee referred the study to DOJ to conduct and report on the progress at each meeting of the committee. Among other reasons, the study was recommended because the “Montana Law Enforcement Academy is primarily funded by a surcharge revenue mechanism that was created in 2003 that has never materialized to the projected levels and has decreased each fiscal year” and “the campus that houses the Montana Law Enforcement Academy was built in the 1920s and requires many capital improvements, and its residential capacity is severely limited.”

DOJ made two recommendations to address study issues for the law enforcement academy:

- Move academy funding from state special revenue to general fund in the amount of \$1.8 million per year
- Fully fund the first 7 phases of the Architecture and Engineering Master Plan at a cost of \$12.6 million

The first seven master plan phases involve:

- Phase 1: Dormitory Renovations (4 buildings) Cost Estimate: \$ 5,023,470
- Phase 2: Cafeteria Expansion/Renovation Cost Estimate: \$1,431,730
- Phase 3: New Scenario Building Cost Estimate: \$3,241,709
- Phase 4: Administration Offices Addition to Ohs Bldg. Cost Estimate: \$594,063
- Phase 5: Renovate Administration Bldg. to Classrooms Cost Estimate: \$1,619,418
- Phase 6: Maintenance Shop Addition Cost Estimate: \$370,673
- Phase 7: Cottonwood Dormitory Demolition Cost estimate: \$314,004

Regarding HB 2 funding, the recommendation to replace state special revenue funding with general fund is not presented in the executive request. Renovations under the master plan would fall under the long-range building program and are not a part of HB 2.

Funding

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

Department of Justice, 05-Division of Criminal Investigation Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	14,593,426	0	0	0	14,593,426	59.49 %	
02006 Cigarette Fire Safety Standard	199,607	0	0	0	199,607	2.29 %	
02016 Criminal Justice Info Network	1,395,498	0	0	0	1,395,498	16.02 %	
02118 Local Govt Subgrants	0	0	0	0	0	0.00 %	
02143 Drug Forfeitures-State	0	0	0	60,000	60,000	0.69 %	
02349 Highway Non-Restricted Account	352,080	0	0	0	352,080	4.04 %	
02546 MT Law Enforcement Academy	2,910,434	0	0	0	2,910,434	33.41 %	
02797 Criminal Records Info Sys	3,390,483	0	0	0	3,390,483	38.92 %	
02937 DOJ Misc SSR MOUs	402,512	0	0	0	402,512	4.62 %	
State Special Total	\$8,650,614	\$0	\$0	\$60,000	\$8,710,614	35.51 %	
03051 Homeland Security	0	0	0	0	0	0.00 %	
03187 BCC Grants To Dept. Of Justice	14,748	0	0	0	14,748	1.20 %	
03542 DCI Grants	0	0	0	0	0	0.00 %	
03800 Medicaid Fraud	1,213,979	0	0	0	1,213,979	98.80 %	
03811 NCHIP FFY2015	0	0	0	0	0	0.00 %	
Federal Special Total	\$1,228,727	\$0	\$0	\$0	\$1,228,727	5.01 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$24,472,767	\$0	\$0	\$60,000	\$24,532,767		

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

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

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

LFD COMMENT	<p>Fund Transfer in HB 2 Companion Legislation</p> <p>The executive, in LC 907, proposes to transfer \$3.0 million from the criminal history record information state special revenue account to the general fund. Since FY 2013 revenues into the account have exceeded expenditures by \$1.9 million, or an average of just about \$0.5 million per year) and the fund balance at the beginning of FY 2017 is \$2.7 million.</p>
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Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	7,756,208	7,756,208	15,512,416	106.30 %	12,546,844	12,546,844	25,093,688	102.54 %
SWPL Adjustments	(104,467)	(65,351)	(169,818)	(1.16)%	(196,641)	(155,228)	(351,869)	(1.44)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	(374,586)	(374,586)	(749,172)	(5.13)%	(72,589)	(196,463)	(269,052)	(1.10)%
Total Budget	\$7,277,155	\$7,316,271	\$14,593,426		\$12,277,614	\$12,195,153	\$24,472,767	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(1,428)	(28,298)	5,051	(24,675)	0.00	16,942	(20,416)	6,192	2,718
DP 2 - Fixed Costs	0.00	(59,277)	(62,220)	(6,707)	(128,204)	0.00	(49,878)	(64,546)	(11,107)	(125,531)
DP 3 - Inflation Deflation	0.00	(43,762)	0	0	(43,762)	0.00	(32,415)	0	0	(32,415)
Grand Total All Present Law Adjustments	0.00	(\$104,467)	(\$90,518)	(\$1,656)	(\$196,641)	0.00	(\$65,351)	(\$84,962)	(\$4,915)	(\$155,228)

***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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

New Proposals -

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

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 504 - CRISS Programming and Enhancements	0.00	0	504,370	0	504,370	0.00	0	380,495	0	380,495
DP 555 - Appropriation Rebase	(1.00)	(374,586)	(202,373)	0	(576,959)	(1.00)	(374,586)	(202,372)	0	(576,958)
Total	(1.00)	(\$374,586)	\$301,997	\$0	(\$72,589)	(1.00)	(\$374,586)	\$178,123	\$0	(\$196,463)

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

DP 504 - CRISS Programming and Enhancements -

The executive requests funding from the criminal records information system state special revenue to fund costs for programming and enhancements of the Computerized Criminal History System (CCH).

<p>LFD ISSUE</p>	<p><u>Computer System Programming and Enhancements are not On-going</u></p> <p>This request is funded by the criminal records information system state special revenue. Nearly all of the revenues into this fund are from fees paid when an entity requests either state or FBI record checks. Although occasionally done when needed, programming and enhancements of the CCH are not regularly recurring and predictable from one year to the next. As such, the legislature may want to designate funding for this request as one time only.</p>
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DP 555 - Appropriation Rebase -

The executive proposes reductions to the present law budget. The reductions are based on plans submitted as part of the budget under 17-7-111, MCA. This statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. For this program this reduction include a personal services reduction with an associated FTE reduction of 1.00 FTE each year.

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	2,304,040	2,905,395	601,355	26.10 %
Operating Expenses	358,328	357,742	(586)	(0.16)%
Total Expenditures	\$2,662,368	\$3,263,137	\$600,769	22.57 %
Proprietary Funds	2,662,368	3,263,137	600,769	22.57 %
Total Funds	\$2,662,368	\$3,263,137	\$600,769	22.57 %

Program Description

The Agency Legal Services Bureau (ALS) provides legal, hearing examiner, and investigative services to state agency clients on a contract basis. ALS attorneys and investigators bill clients for their services, case-related, and incidental costs. ALS consists of 14.00 FTE funded from the revenues generated. The customers served are state agencies, boards, and commissions that have entered into contracts with ALS.

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

Program Highlights

Agency Legal Services Major Budget Highlights
<ul style="list-style-type: none"> • The rates for this proprietary funded program are requested at the same level as the rates approved by the 2015 Legislature

Program Actuals and Budget Comparison

The following table compares the program's FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison						
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019	
FTE	14.00	14.00	14.00	14.00	14.00	14.00
Personal Services	1,182,641	1,182,640	1,121,400	1,450,487	1,454,908	
Operating Expenses	179,165	179,164	179,164	178,751	178,991	
Total Expenditures	\$1,361,806	\$1,361,804	\$1,300,564	\$1,629,238	\$1,633,899	
Proprietary Funds	1,361,806	1,361,804	1,300,564	1,629,238	1,633,899	
Total Funds	\$1,361,806	\$1,361,804	\$1,300,564	\$1,629,238	\$1,633,899	

Funding

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

Department of Justice, 06-Agency Legal Services Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0	0.00 %
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
06500 Agency Legal Services	0	0	3,263,137	0	3,263,137	100.00 %
Proprietary Total	\$0	\$0	\$3,263,137	\$0	\$3,263,137	100.00 %
Total All Funds	\$0	\$0	\$3,263,137	\$0	\$3,263,137	

ALS is funded with non-budgeted proprietary funds from fees charged to agencies for attorney and paralegal work.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	1,300,564	1,300,564	2,601,128	79.71 %
SWPL Adjustments	0	0	0	0.00 %	328,674	333,335	662,009	20.29 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$1,629,238	\$1,633,899	\$3,263,137	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	329,087	0.00	0	0	0	333,508
DP 2 - Fixed Costs	0.00	0	0	0	(358)	0.00	0	0	0	(142)
DP 3 - Inflation Deflation	0.00	0	0	0	(55)	0.00	0	0	0	(31)
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$328,674	0.00	\$0	\$0	\$0	\$333,335

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

DP 1 - Personal Services -

The budget includes \$329,087 in FY 2018 and \$333,508 in FY 2019 to annualize various personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

DP 2 - Fixed Costs -

The request includes a reduction of \$358 in FY 2018 and \$142 in FY 2019 to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

DP 3 - Inflation Deflation -

This change package includes a reduction of \$55 in FY 2018 and \$31 in FY 2019 to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, natural gas, electricity, gasoline, and others.

Other Issues -

Proprietary Program Descriptions

Agency Legal Services – Fund 06500

Proposed Budget

The 2019 Biennium Report on Internal Service and Enterprise Funds for fund 06500 shows the financial information for the fund from FY 2014 through FY 2019 and is included in the appendix. The report is provided as submitted by the executive. The fund balance for the agency legal services fund (fund 06500) has begun to rise since 2015 after the 2013 Legislature approved the latest rate increase.

2019 Biennium Report on Internal Service and Enterprise Funds							
Agency # 41100	Agency Name: Department of Justice			Program Name: Agency Legal Services			
	Fund 06500	Fund Name Agency Legal Services					
		Actual FY14	Actual FY15	Actual FY16	Budgeted FY17	Budgeted FY18	Budgeted FY19
Operating Revenues:							
Fee and Charges							
Fee Revenue A		1,139,366	1,206,748	1,550,836	1,532,160	1,630,000	1,650,000
Total Operating Revenues		1,139,366	1,206,748	1,550,836	1,532,160	1,630,000	1,650,000
Expenses:							
Personal Services		954,118	1,047,488	1,177,676	1,121,400	1,450,487	1,454,908
Other Operating Expenses		183,993	160,852	186,845	187,025	178,751	178,991
Total Operating Expenses		1,138,111	1,208,340	1,364,521	1,308,425	1,629,238	1,633,899
Operating Income (Loss)		1,255	(1,592)	186,315	223,735	762	16,101
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		1,255	(1,592)	186,315	223,735	762	16,101
Change in Net Position		1,255	(1,592)	186,315	223,735	762	16,101
Beginning Net Position - July 1		(107,616)	(106,361)	(107,953)	78,362	302,097	302,859
Change in Net Position		1,255	(1,592)	186,315	223,735	762	16,101
Ending Net Position - June 30		(106,361)	(107,953)	78,362	302,097	302,859	318,960
Net Position (Fund Balance) Analysis							

Program Narrative

Expenses

The primary costs for ALS are personal services for 14.00 FTE and operating costs. Factors that influence costs include the state pay plan, the ability to recruit and retain staff, and general inflationary pressures that increase costs for items such as utilities, rent, supplies, and equipment.

Revenues

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

Proprietary Rates

For each year of the 2019 biennium the executive requests:

- \$106 per hour for attorney
- \$62 per hour for investigator.

Rates requested are the same rates approved by the 2015 Legislature.

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

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	7,108,011	7,127,041	19,030	0.27 %
Operating Expenses	1,657,433	1,366,756	(290,677)	(17.54)%
Equipment & Intangible Assets	165,720	165,720	0	0.00 %
Total Expenditures	\$8,931,164	\$8,659,517	(\$271,647)	(3.04)%
State/Other Special Rev. Funds	6,412,464	6,144,206	(268,258)	(4.18)%
Proprietary Funds	2,518,700	2,515,311	(3,389)	(0.13)%
Total Funds	\$8,931,164	\$8,659,517	(\$271,647)	(3.04)%
Total Ongoing	\$8,931,164	\$8,659,517	(\$271,647)	(3.04)%
Total OTO	\$0	\$0	\$0	0 %

Program Description

The Gambling Control Division (GCD) regulates the gambling industry in Montana. GCD has criminal justice authority and conducts routine field inspections, audits, and investigations related to gambling activities. In addition to collecting and distributing licensing and permit fees for gambling machines and activities, GCD collects the gambling tax assessed on the net proceeds of gambling activities. In addition, it conducts investigations related to alcoholic beverage licensing and tobacco enforcement. An appointed Gaming Advisory Council of nine members advises the Attorney General to ensure uniform statewide regulation of gambling activities.

Program Highlights

<p>Gambling Control Division Major Budget Highlights</p>
<ul style="list-style-type: none"> Besides the global appropriation rebase adjustment the only other budgetary changes are in statewide present law adjustments

Program Actuals and Budget Comparison

The following table compares the program’s FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	45.99	45.99	45.99	45.99	45.99
Personal Services	3,298,370	3,501,974	3,606,037	3,557,279	3,569,762
Operating Expenses	691,829	813,666	843,767	681,697	685,059
Equipment & Intangible Assets	65,849	82,860	82,860	82,860	82,860
Total Expenditures	\$4,056,048	\$4,398,500	\$4,532,664	\$4,321,836	\$4,337,681
State/Other Special Rev. Funds	2,879,809	3,157,185	3,255,279	3,066,479	3,077,727
Proprietary Funds	1,176,239	1,241,315	1,277,385	1,255,357	1,259,954
Total Funds	\$4,056,048	\$4,398,500	\$4,532,664	\$4,321,836	\$4,337,681
Total Ongoing	\$4,056,048	\$4,398,500	\$4,532,664	\$4,321,836	\$4,337,681
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

The 2017 base included a 2% vacancy savings as stated in HB 2 from the 2015 legislative session. The 2019 biennium executive request for personal services (SWPL 1) includes a 4% vacancy savings, with some exceptions.

Figure 6 compares the executive budget for personal services to the legislative budget.

Figure 6
Department Of Justice: 07 Gambling Control Division
Personal Services Present Law Calculations

PS Base:		FY 2018	FY 2019
		\$3,606,037	
Executive	DP 1: SWPL Personal Services	(\$48,758)	(\$36,275)
Legislative	Statutory Personal Service Change	<u>22,923</u>	<u>35,994</u>
	Difference	(71,681)	(72,269)
Management Choices Explaining the Difference			
	Additional 2% Vacancy Savings	(73,848)	(74,108)
	Broadband Pay Adjustments	6,396	6,396
	Benefits and Taxes on Pay Adjustment	1,480	1,480
	Other	<u>(5,710)</u>	<u>(6,037)</u>
	Total	(\$71,681)	(\$72,269)

A number of offsetting changes, including some discretionary decisions of agency management combined for a lower than anticipated budget request. The pay increases management made in addition to the statutory \$0.50 per hour pay plan increase were for:

- One exempt employee raise for personal staff
- One market adjustment of an administrative specialist
- One performance adjustment for a law enforcement manager
- One competency adjustment for a crime investigator

These increases were offset by turnover of staff that generally lowered program salaries when more senior and higher paid employees were replaced by lower paid employees.

Funding

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

Department of Justice, 07-Gambling Control Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.00 %	
02074 Gambling License Fee Account	5,880,242	0	0	3,700,088	9,580,330	97.12 %	
02120 Live Game Tax	0	0	0	20,000	20,000	0.20 %	
02790 6901-Statewide Tobacco Sttlmnt	263,964	0	0	0	263,964	2.68 %	
State Special Total	\$6,144,206	\$0	\$0	\$3,720,088	\$9,864,294	79.68 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
06005 Liquor Division	2,515,311	0	0	0	2,515,311	100.00 %	
Proprietary Total	\$2,515,311	\$0	\$0	\$0	\$2,515,311	20.32 %	
Total All Funds	\$8,659,517	\$0	\$0	\$3,720,088	\$12,379,605		

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

Statutory appropriations of state special revenue are to distribute the local government portions of gambling license fees.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	4,532,664	4,532,664	9,065,328	104.69 %
SWPL Adjustments	0	0	0	0.00 %	(66,838)	(50,993)	(117,831)	(1.36)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	(143,990)	(143,990)	(287,980)	(3.33)%
Total Budget	\$0	\$0	\$0		\$4,321,836	\$4,337,681	\$8,659,517	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	(34,618)	0	(48,758)	0.00	0	(25,756)	0	(36,275)
DP 2 - Fixed Costs	0.00	0	(2,873)	0	(7,771)	0.00	0	(2,221)	0	(6,852)
DP 3 - Inflation Deflation	0.00	0	(7,319)	0	(10,309)	0.00	0	(5,585)	0	(7,866)
Grand Total All Present Law Adjustments	0.00	\$0	(\$44,810)	\$0	(\$66,838)	0.00	\$0	(\$33,562)	\$0	(\$50,993)

**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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

New Proposals -

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

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 555 - Appropriation Rebase	0.00	0	(143,990)	0	(143,990)	0.00	0	(143,990)	0	(143,990)
Total	0.00	\$0	(\$143,990)	\$0	(\$143,990)	0.00	\$0	(\$143,990)	\$0	(\$143,990)

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

DP 555 - Appropriation Rebase -

The executive proposes reductions to the present law budget. The reductions are based on plans submitted as part of the budget under 17-7-111, MCA. This statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%.

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	6,444,284	6,981,482	537,198	8.34 %
Operating Expenses	2,458,334	2,047,378	(410,956)	(16.72)%
Equipment & Intangible Assets	18,000	12,000	(6,000)	(33.33)%
Debt Service	220,192	519,794	299,602	136.06 %
Total Expenditures	\$9,140,810	\$9,560,654	\$419,844	4.59 %
General Fund	8,381,818	8,487,912	106,094	1.27 %
State/Other Special Rev. Funds	758,992	1,072,742	313,750	41.34 %
Total Funds	\$9,140,810	\$9,560,654	\$419,844	4.59 %
Total Ongoing	\$9,140,810	\$9,560,654	\$419,844	4.59 %
Total OTO	\$0	\$0	\$0	0 %

Program Description

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

Program Highlights

Forensic Science Division Major Budget Highlights
<ul style="list-style-type: none"> Besides a request to address present law costs associated with analyzing suspected impaired drivers' blood, the only other budget changes are for state wide present law adjustments

Program Actuals and Budget Comparison

The following table compares the program's FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	35.30	35.30	35.30	35.30	35.30
Personal Services	3,031,393	3,179,223	3,265,061	3,487,459	3,494,023
Operating Expenses	1,568,728	1,425,805	1,032,529	1,022,031	1,025,347
Equipment & Intangible Assets	11,794	12,000	6,000	6,000	6,000
Debt Service	115,208	110,096	110,096	259,897	259,897
Total Expenditures	\$4,727,123	\$4,727,124	\$4,413,686	\$4,775,387	\$4,785,267
General Fund	4,354,701	4,354,702	4,027,116	4,239,016	4,248,896
State/Other Special Rev. Funds	372,422	372,422	386,570	536,371	536,371
Total Funds	\$4,727,123	\$4,727,124	\$4,413,686	\$4,775,387	\$4,785,267
Total Ongoing	\$4,727,123	\$4,727,124	\$4,413,686	\$4,775,387	\$4,785,267
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

The 2017 base included a 2% vacancy savings as stated in HB 2 from the 2015 legislative session. The 2019 biennium executive request for personal services (SWPL 1) includes a 4% vacancy savings, with some exceptions.

Figure 7 compares the executive budget for personal services to the legislative budget.

Figure 7
Department Of Justice: 08 Forensic Services Division
Personal Services Present Law Calculations

PS Base:		\$3,265,061	FY 2018	FY 2019
Executive	DP 1: SWPL Personal Services		\$222,398	\$228,962
Legislative	Statutory Personal Service Change		(9,686)	(2,941)
	Difference		232,084	231,903
Management Choices Explaining the Difference				
	Additional 2% Vacancy Savings		(72,646)	(72,785)
	Broadband Pay Adjustments		36,708	36,708
	Benefits and Taxes on Pay Adjustment		7,241	7,241
	Other		260,782	260,739
	Total		\$232,084	\$231,903

A number of discretionary decisions of agency management led to a higher than anticipated budget request. The pay increases management made in addition to the statutory \$0.50 per hour pay plan increase were for:

- One market adjustment for a forensic scientist
- One adjustment to move a position to the entry level for the position
- One exempt employee raise for personal staff

Additionally, when the entire medical examiner staff resigned during FY 2016, recruitment of new staff necessitated hiring qualified candidates from a nationally limited pool of candidates and pay was increased to recruit the medical examiners.

Funding

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

Department of Justice, 08-Forensic Science Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	8,487,912	0	0	0	8,487,912	88.78 %	
02349 Highway Non-Restricted Account	773,140	0	0	0	773,140	72.07 %	
02945 DOJ Blood Draw MCA 61-8-402	299,602	0	0	0	299,602	27.93 %	
State Special Total	\$1,072,742	\$0	\$0	\$0	\$1,072,742	11.22 %	
03187 BCC Grants To Dept. Of Justice	0	0	0	0	0	0.00 %	
03561 FSD Federal Grants	0	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$9,560,654	\$0	\$0	\$0	\$9,560,654		

FSD is funded primarily with general fund. State special revenue from non-restricted highway state special revenue funds provides the largest share of FSD's state special revenue funding and supports certification, equipment maintenance, and training of law enforcement in the use of breath testing equipment. The remaining state special revenue comes from a blood-draw fee of \$300 imposed on drivers stopped for suspicion of driving under the influence of alcohol or drugs and is imposed when the driver refuses to submit to a blood or breath test.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	4,027,116	4,027,116	8,054,232	94.89 %	4,413,686	4,413,686	8,827,372	92.33 %
SWPL Adjustments	211,900	221,780	433,680	5.11 %	211,900	221,780	433,680	4.54 %
PL Adjustments	0	0	0	0.00 %	149,801	149,801	299,602	3.13 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$4,239,016	\$4,248,896	\$8,487,912		\$4,775,387	\$4,785,267	\$9,560,654	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	222,398	0	0	222,398	0.00	228,962	0	0	228,962
DP 2 - Fixed Costs	0.00	(5,000)	0	0	(5,000)	0.00	(4,088)	0	0	(4,088)
DP 3 - Inflation Deflation	0.00	(5,498)	0	0	(5,498)	0.00	(3,094)	0	0	(3,094)
DP 801 - FSD Present Law Adjustments	0.00	0	149,801	0	149,801	0.00	0	149,801	0	149,801
Grand Total All Present Law Adjustments	0.00	\$211,900	\$149,801	\$0	\$361,701	0.00	\$221,780	\$149,801	\$0	\$371,581

*"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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

DP 801 - FSD Present Law Adjustments -

The executive requests an increase in state special revenue to address cost increases associated with analysis of suspected impaired drivers' blood.

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	16,129,603	15,731,088	(398,515)	(2.47)%
Operating Expenses	32,265,870	29,750,328	(2,515,542)	(7.80)%
Equipment & Intangible Assets	228,056	221,966	(6,090)	(2.67)%
Debt Service	1,233,400	1,200,463	(32,937)	(2.67)%
Total Expenditures	\$49,856,929	\$46,903,845	(\$2,953,084)	(5.92)%
General Fund	20,831,829	19,094,097	(1,737,732)	(8.34)%
State/Other Special Rev. Funds	27,842,582	26,627,230	(1,215,352)	(4.37)%
Proprietary Funds	1,182,518	1,182,518	0	0.00 %
Total Funds	\$49,856,929	\$46,903,845	(\$2,953,084)	(5.92)%
Total Ongoing	\$49,856,929	\$46,903,845	(\$2,953,084)	(5.92)%
Total OTO	\$0	\$0	\$0	0 %

Program Description

The Motor Vehicle Division (MVD) is responsible for:

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

Program Highlights

Motor Vehicle Division Major Budget Highlights
<ul style="list-style-type: none"> • Moving the Title and Registration Bureau from Deer Lodge to Helena is expected to save costs and the budget would be reduced accordingly • A reduction to address highway state special revenue account issues would reduce funding for 4.49 FTE in FY 2018 and 3.00 FTE in FY 2019

Program Actuals and Budget Comparison

The following table compares the program’s FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	152.25	152.25	152.25	147.76	149.25
Personal Services	7,533,980	7,884,552	8,245,051	7,803,798	7,927,290
Operating Expenses	12,823,361	15,658,230	16,607,640	14,807,076	14,943,252
Equipment & Intangible Assets	52,729	114,028	114,028	110,452	111,514
Debt Service	27,515	616,700	616,700	597,361	603,102
Total Expenditures	\$20,437,585	\$24,273,510	\$25,583,419	\$23,318,687	\$23,585,158
General Fund	10,192,734	10,192,745	10,639,084	9,548,759	9,545,338
State/Other Special Rev. Funds	9,653,591	13,489,506	14,353,076	13,178,669	13,448,561
Proprietary Funds	591,260	591,259	591,259	591,259	591,259
Total Funds	\$20,437,585	\$24,273,510	\$25,583,419	\$23,318,687	\$23,585,158
Total Ongoing	\$20,437,585	\$24,273,510	\$25,583,419	\$23,318,687	\$23,585,158
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

The 2017 base included a 2% vacancy savings as stated in HB 2 from the 2015 legislative session. The 2019 biennium executive request for personal services (SWPL 1) includes a 4% vacancy savings, with some exceptions.

Figure 8 compares the executive budget for personal services to the legislative budget.

Figure 8
Department Of Justice: 09 Motor Vehicle Division
Personal Services Present Law Calculations

		FY 2018	FY 2019
PS Base:		\$8,245,051	
Executive DP 1: SWPL Personal Services		(\$119,193)	(\$97,218)
Legislative Statutory Personal Service Change		<u>90,851</u>	<u>113,878</u>
Difference		(210,044)	(211,096)
Management Choices Explaining the Difference			
Additional 2% Vacancy Savings		(169,248)	(169,713)
Broadband Pay Adjustments		27,357	27,357
Benefits and Taxes on Pay Adjustment		5,631	5,631
Other		<u>(73,786)</u>	<u>(74,371)</u>
Total		(\$210,044)	(\$211,096)

A number of offsetting changes, including some discretionary decisions of agency management combined for a lower than anticipated budget request. The pay increases management made in addition to the statutory \$0.50 per hour pay plan increase were for:

- Two administrative support supervisors and one license permit technician received situation pay adjustments
- Two license permit technician positions received pay increases when their positions were reclassified
- One license permit clerk and one administrative clerk received market adjustments
- One management analyst received a supervisory adjustment

These increases were offset by turnover of staff that generally lowered program salaries when more senior and higher paid employees were replaced by lower paid employees.

Funding

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

Department of Justice, 09-Motor Vehicle Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	19,094,097	0	0	0	19,094,097	40.62 %	
02390 Spec Motorcycle Lic Plates	0	0	0	107,000	107,000	0.40 %	
02422 Highways Special Revenue	13,430,458	0	0	0	13,430,458	50.24 %	
02456 61-6-158 MTIVS & MCE	9,763,372	0	0	0	9,763,372	36.52 %	
02798 61-3-550 MVD MERLIN HB261	3,433,400	0	0	0	3,433,400	12.84 %	
State Special Total	\$26,627,230	\$0	\$0	\$107,000	\$26,734,230	56.87 %	
03801 Dept Of Justice-Misc Grants	0	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
06080 MVD/State Information Portal	0	0	0	0	0	0.00 %	
06083 61-3-118 MVD E-Commerce	1,182,518	0	0	0	1,182,518	100.00 %	
Proprietary Total	\$1,182,518	\$0	\$0	\$0	\$1,182,518	2.52 %	
Total All Funds	\$46,903,845	\$0	\$0	\$107,000	\$47,010,845		

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

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	10,639,084	10,639,084	21,278,168	111.44 %	25,583,419	25,583,419	51,166,838	109.09 %
SWPL Adjustments	(434,571)	(437,992)	(872,563)	(4.57)%	(724,286)	(693,985)	(1,418,271)	(3.02)%
PL Adjustments	(146,117)	(146,117)	(292,234)	(1.53)%	(243,527)	(243,527)	(487,054)	(1.04)%
New Proposals	(509,637)	(509,637)	(1,019,274)	(5.34)%	(1,296,919)	(1,060,749)	(2,357,668)	(5.03)%
Total Budget	\$9,548,759	\$9,545,338	\$19,094,097		\$23,318,687	\$23,585,158	\$46,903,845	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(71,515)	(47,678)	0	(119,193)	0.00	(58,330)	(38,888)	0	(97,218)
DP 2 - Fixed Costs	0.00	(340,229)	(226,818)	0	(567,047)	0.00	(358,838)	(203,224)	0	(562,062)
DP 3 - Inflation Deflation	0.00	(22,827)	(15,219)	0	(38,046)	0.00	(20,824)	(13,881)	0	(34,705)
DP 902 - MVD Title and Registration move to Helena	0.00	(146,117)	(97,410)	0	(243,527)	0.00	(146,117)	(97,410)	0	(243,527)
Grand Total All Present Law Adjustments	0.00	(\$580,688)	(\$387,125)	\$0	(\$967,813)	0.00	(\$584,109)	(\$353,403)	\$0	(\$937,512)

***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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

DP 902 - MVD Title and Registration move to Helena -

The executive recommends reductions in general fund and state special revenue to recognize savings that would result from moving the Title and Registration Bureau operations from Deer Lodge to Helena.

New Proposals -

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

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 555 - Appropriation Rebase	0.00	(509,637)	0	0	(509,637)	0.00	(509,637)	0	0	(509,637)
DP 560 - Balance Highway State Special Revenue Account	(4.49)	0	(787,282)	0	(787,282)	(3.00)	0	(551,112)	0	(551,112)
Total	(4.49)	(\$509,637)	(\$787,282)	\$0	(\$1,296,919)	(3.00)	(\$509,637)	(\$551,112)	\$0	(\$1,060,749)

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

DP 555 - Appropriation Rebase -

The executive proposes reductions to the present law budget. The reductions are based on plans submitted as part of the budget under 17-7-111, MCA. This statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%.

DP 560 - Balance Highway State Special Revenue Account -

The executive recommends a reduction of highway state special revenue restricted funding to address declining fund balances that are due to an imbalance between expenditures and declining revenues. For this program, the recommendation includes a personal services funding reduction for 4.49 FTE in FY 2018 and 3.00 FTE in FY 2019 comprised of positions that have yet to be classified.

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	2,801,968	2,685,581	(116,387)	(4.15)%
Operating Expenses	685,385	710,356	24,971	3.64 %
Total Expenditures	\$3,487,353	\$3,395,937	(\$91,416)	(2.62)%
General Fund	1,230,365	1,373,756	143,391	11.65 %
State/Other Special Rev. Funds	2,188,330	1,949,434	(238,896)	(10.92)%
Federal Spec. Rev. Funds	7,059	8,872	1,813	25.68 %
Proprietary Funds	61,599	63,875	2,276	3.69 %
Total Funds	\$3,487,353	\$3,395,937	(\$91,416)	(2.62)%
Total Ongoing	\$3,487,353	\$3,395,937	(\$91,416)	(2.62)%
Total OTO	\$0	\$0	\$0	0 %

Program Description

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

Program Highlights

Central Services Division Major Budget Highlights
<ul style="list-style-type: none"> • Besides the following global reduction adjustments the only other budget changes are for statewide present law adjustments: <ul style="list-style-type: none"> ◦ Appropriation rebase reduction ◦ Balance highway state special revenue account reduction

Program Actuals and Budget Comparison

The following table compares the program’s FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	17.99	17.99	17.99	16.74	16.74
Personal Services	1,359,490	1,380,693	1,421,275	1,331,413	1,354,168
Operating Expenses	345,029	349,785	335,600	391,542	318,814
Total Expenditures	\$1,704,519	\$1,730,478	\$1,756,875	\$1,722,955	\$1,672,982
General Fund	554,302	577,633	652,732	705,753	668,003
State/Other Special Rev. Funds	1,120,201	1,120,204	1,068,126	980,870	968,564
Federal Spec. Rev. Funds	0	2,623	4,436	4,436	4,436
Proprietary Funds	30,016	30,018	31,581	31,896	31,979
Total Funds	\$1,704,519	\$1,730,478	\$1,756,875	\$1,722,955	\$1,672,982
Total Ongoing	\$1,704,519	\$1,730,478	\$1,756,875	\$1,722,955	\$1,672,982
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

The 2017 base included a 2% vacancy savings as stated in HB 2 from the 2015 legislative session. The 2019 biennium executive request for personal services (SWPL 1) includes a 4% vacancy savings, with some exceptions.

Figure 9 compares the executive budget for personal services to the legislative budget.

Figure 9

Department Of Justice: 10 Central Services Division Personal Services Present Law Calculations			
PS Base:		\$1,421,275	
		FY 2018	FY 2019
Executive	DP 1: SWPL Personal Services	\$14,195	\$17,992
Legislative	Statutory Personal Service Change	<u>11,884</u>	<u>15,819</u>
	Difference	2,311	2,173
Management Choices Explaining the Difference			
	Additional 2% Vacancy Savings	(29,901)	(29,980)
	Broadband Pay Adjustments	9,144	9,144
	Benefits and Taxes on Pay Adjustment	1,839	1,839
	Other	<u>21,230</u>	<u>21,171</u>
	Total	\$2,311	\$2,173

A number of discretionary decisions of agency management led to a higher than anticipated budget request. The pay increases management made in addition to the statutory \$0.50 per hour pay plan increase were for:

- One supervisory adjustment for a benefits specialist
- One market adjustment for a financial manager
- One exempt employee raise for personal staff

Funding

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

Department of Justice, 10-Central Services Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	1,373,756	0	0	6,536,786	7,910,542	75.82 %	
02014 Highway Patrol Pay & Retention	0	0	0	0	0	0.00 %	
02016 Criminal Justice Info Network	0	0	0	0	0	0.00 %	
02074 Gambling License Fee Account	224,947	0	0	0	224,947	10.23 %	
02140 Consumer Education Settlement	269,898	0	0	0	269,898	12.27 %	
02143 Drug Forfeitures-State	0	0	0	250,000	250,000	11.37 %	
02349 Highway Non-Restricted Account	0	0	0	0	0	0.00 %	
02422 Highways Special Revenue	1,290,345	0	0	0	1,290,345	58.67 %	
02546 MT Law Enforcement Academy	0	0	0	0	0	0.00 %	
02790 6901-Statewide Tobacco Sttlmnt	0	0	0	0	0	0.00 %	
02797 Criminal Records Info Sys	164,244	0	0	0	164,244	7.47 %	
02798 61-3-550 MVD MERLIN HB261	0	0	0	0	0	0.00 %	
State Special Total	\$1,949,434	\$0	\$0	\$250,000	\$2,199,434	21.08 %	
03169 Federal Crime Victims Benefits	0	0	0	0	0	0.00 %	
03187 BCC Grants To Dept. Of Justice	0	0	0	0	0	0.00 %	
03214 Drug Forfeitures - Federal	0	0	0	250,000	250,000	96.57 %	
03800 Medicaid Fraud	8,872	0	0	0	8,872	3.43 %	
Federal Special Total	\$8,872	\$0	\$0	\$250,000	\$258,872	2.48 %	
06005 Liquor Division	63,875	0	0	0	63,875	100.00 %	
Proprietary Total	\$63,875	\$0	\$0	\$0	\$63,875	0.61 %	
Total All Funds	\$3,395,937	\$0	\$0	\$7,036,786	\$10,432,723		

CSD is funded by allocation of costs among the various funding sources supporting the department. General fund would provide roughly 40.5% of the division's HB 2 funding. State special revenue, the largest source being the non-restricted account of highway state special revenue, would provide an additional 57.4% of the division HB 2 funding. Proprietary funds including liquor licensing fees provide the remainder of HB 2 funding.

General fund also accounts for an additional \$6.5 million in funding under a statutory appropriation that funds roughly half of county attorney's salaries and contributions to group benefits.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	652,732	652,732	1,305,464	95.03 %	1,756,875	1,756,875	3,513,750	103.47 %
SWPL Adjustments	80,653	42,903	123,556	8.99 %	88,183	11,084	99,267	2.92 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	(27,632)	(27,632)	(55,264)	(4.02)%	(122,103)	(94,977)	(217,080)	(6.39)%
Total Budget	\$705,753	\$668,003	\$1,373,756		\$1,722,955	\$1,672,982	\$3,395,937	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	4,057	9,823	0	14,195	0.00	5,144	12,450	0	17,992
DP 2 - Fixed Costs	0.00	76,581	(2,624)	0	73,957	0.00	37,733	(44,695)	0	(6,962)
DP 3 - Inflation Deflation	0.00	15	16	0	31	0.00	26	28	0	54
Grand Total All Present Law Adjustments	0.00	\$80,653	\$7,215	\$0	\$88,183	0.00	\$42,903	(\$32,217)	\$0	\$11,084

**"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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

New Proposals -

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

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 555 - Appropriation Rebase	(0.50)	(27,632)	(15,062)	0	(42,694)	(0.50)	(27,632)	(15,062)	0	(42,694)
DP 560 - Balance Highway State Special Revenue Account	(0.75)	0	(79,409)	0	(79,409)	(0.75)	0	(52,283)	0	(52,283)
Total	(1.25)	(\$27,632)	(\$94,471)	\$0	(\$122,103)	(1.25)	(\$27,632)	(\$67,345)	\$0	(\$94,977)

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

DP 555 - Appropriation Rebase -

The executive proposes reductions to the present law budget. The reductions are based on plans submitted as part of the budget under 17-7-111, MCA. This statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. For this program this reduction includes a personal services reduction with an associated FTE reduction of 0.50 FTE each year.

DP 560 - Balance Highway State Special Revenue Account -

The executive recommends a reduction of highway state special revenue restricted funding to address declining fund balances that are due to an imbalance between expenditures and declining revenues. For this program, the recommendation includes a personal services funding reduction for 0.75 FTE in FY 2018 and 0.75 FTE in FY 2019 comprised of positions that have yet to be classified.

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	420,453	495,511	75,058	17.85 %
Operating Expenses	388,087	356,661	(31,426)	(8.10)%
Total Expenditures	\$808,540	\$852,172	\$43,632	5.40 %
General Fund	808,540	852,172	43,632	5.40 %
Total Funds	\$808,540	\$852,172	\$43,632	5.40 %
Total Ongoing	\$808,540	\$852,172	\$43,632	5.40 %
Total OTO	\$0	\$0	\$0	0 %

Program Description

The Montana Public Safety Officer Standards and Training (POST) Council is a quasi-judicial board. The Council is responsible for establishing basic and advanced qualification and training standards for employment of Montana's public safety officers. In addition, the council conducts and approves training, provides for the certification and re-certification of public safety officers, and is responsible for the suspension or revocation of certification of public safety officers

Program Highlights

POST Major Budget Highlights
<ul style="list-style-type: none"> Besides the global appropriation rebase adjustment, the only other budget changes are for statewide present law adjustments

Program Actuals and Budget Comparison

The following table compares the program's FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	3.00	3.00	3.00	3.00	3.00
Personal Services	224,769	207,098	213,355	246,858	248,653
Operating Expenses	109,086	193,164	194,923	178,307	178,354
Total Expenditures	\$333,855	\$400,262	\$408,278	\$425,165	\$427,007
General Fund	333,855	400,262	408,278	425,165	427,007
Total Funds	\$333,855	\$400,262	\$408,278	\$425,165	\$427,007
Total Ongoing	\$333,855	\$400,262	\$408,278	\$425,165	\$427,007
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

The 2017 base included a 2% vacancy savings as stated in HB 2 from the 2015 legislative session. The 2019 biennium executive request for personal services (SWPL 1) includes a 4% vacancy savings, with some exceptions.

Figure 10 compares the executive budget for personal services to the legislative budget.

Figure 10
Department Of Justice: 19 Post Council
Personal Services Present Law Calculations

		FY 2018	FY 2019
PS Base:		\$213,355	
Executive DP 1: SWPL Personal Services		\$33,503	\$35,298
Legislative Statutory Personal Service Change		<u>4,161</u>	<u>6,077</u>
Difference		29,342	29,222
Management Choices Explaining the Difference			
Additional 2% Vacancy Savings		(5,142)	(5,180)
Broadband Pay Adjustments		28,320	28,320
Benefits and Taxes on Pay Adjustment		5,349	5,349
Other		<u>815</u>	<u>732</u>
Total		\$29,342	\$29,222

A number of discretionary decisions of agency management led to a higher than expected budget request. The pay increases management made that were above the statutory \$0.50 per hour pay plan increases were for:

- One market adjustment for a program manager
- Three performance increases for the program manager, an administrative assistant, and a paralegal assistant

Funding

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

Department of Justice, 19-Public Safety Officer Standards & Training Program Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	852,172	0	0	0	852,172	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	\$852,172	\$0	\$0	\$0	\$852,172	

POST is funded with general fund.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	408,278	408,278	816,556	95.82 %	408,278	408,278	816,556	95.82 %
SWPL Adjustments	33,580	35,422	69,002	8.10 %	33,580	35,422	69,002	8.10 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	(16,693)	(16,693)	(33,386)	(3.92)%	(16,693)	(16,693)	(33,386)	(3.92)%
Total Budget	\$425,165	\$427,007	\$852,172		\$425,165	\$427,007	\$852,172	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	33,503	0	0	33,503	0.00	35,298	0	0	35,298
DP 2 - Fixed Costs	0.00	77	0	0	77	0.00	124	0	0	124
Grand Total All Present Law Adjustments	0.00	\$33,580	\$0	\$0	\$33,580	0.00	\$35,422	\$0	\$0	\$35,422

**"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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

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

New Proposals -

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

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 555 - Appropriation Rebase	0.00	(16,693)	0	0	(16,693)	0.00	(16,693)	0	0	(16,693)
Total	0.00	(\$16,693)	\$0	\$0	(\$16,693)	0.00	(\$16,693)	\$0	\$0	(\$16,693)

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

DP 555 - Appropriation Rebase -

The executive proposes reductions to the present law budget. The reductions are based on plans submitted as part of the budget under 17-7-111, MCA. This statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%.

2019 Biennium 5% Base Budget Reduction Form
[17-7-111-3\(f\)](#)

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

		Minimum Requirement	
		General Fund	State Special Revenue Fund
TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET		\$ 1,725,916	\$ 876,114
Div Priorit	SERVICE(S) TO BE ELIMINATED OR REDUCED	General Fund Annual Savings	State Special Revenue Annual Savings
1	LSD - eliminate 2.0 FTE, reduce major litigation authority, reduce benefit and claims	\$ 352,806	\$ 63,982
2	MHP - reduction to Dignitary Protection, and reduce level of uniformed trooper coverage statewide		\$ 309,719
3	JITSD - JITSD will reduce hardware and/or software maintenance costs	\$ 226,828	\$ 3,659
4	DCI - Reduce general fund operating and equipment budget for the Montana Child Sexual Abuse (MCSART) program by 50%; and reduce Montana Law Enforcement Academy (MLEA) state special revenue by the elimination of one professional programs trainer, and the elimination of professional and leadership	\$ 374,586	\$ 202,373
5	GCD - close one or two regional offices and delay gambling and liquor license investigations, inspections, and criminal investigations	\$ -	\$ 143,990
6	FSD - Eliminate contracts/agreements, and reduction of 1.5 FTE	\$ 217,735	\$ 18,621
7	MVD - eliminate the call center, and require each county to share the costs of network connections for MERLIN	\$ 509,637	\$ 118,708
8	CSD - Reduce existing staff by .5 FTE.	\$ 27,632	\$ 15,062
9	POST - reduce Legal Fees & Court Cost	\$ 16,693	
	TOTAL SAVINGS	\$ 1,725,917	\$ 876,114
	DIFFERENCE	-1	0

Form A

5% Base Budget Reduction Form

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

Legal Services Division

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

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

#2 THE SAVINGS THAT ARE EXPECTED:

This 5% reduction would consist of \$352,806 savings of general fund in eliminating 2 FTE, reduction in major litigation costs.

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

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

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

N/A

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

2-15-501, MCA

Form B

5% Base Budget Reduction Form

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

Office of Consumer Protection

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

Reduce benefit/claims authority in state special revenue fund.

#2 THE SAVINGS THAT ARE EXPECTED:

This 5% reduction would consist of savings of \$63,982 to the state special revenue fund in claims to beneficiaries each year of the 2019 biennium.

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

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

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

NA

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

Yes, 30-14-143, MCA.

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME:

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

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

#2 THE SAVINGS THAT ARE EXPECTED:

This 5% reduction will consist of a savings of \$309,719 from the state special revenue fund in personal services and operating costs each year of the 2019 biennium.

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

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

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

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

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

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

Form B

5% Base Budget Reduction Form

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

Justice Information Technology Services Division

#1

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

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

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

Personal Services: 0.50 FTE = \$46,500

Operating: Contract Maintenance = \$75,000 ; Multi-user Computer = \$37,000 ; Office Equipment = \$50,000 ;

Education = \$22,000

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

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

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

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

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

No. Per state and federal policy.

Form B

5% Base Budget Reduction Form

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

Division of Criminal Investigations

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

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

#2 THE SAVINGS THAT ARE EXPECTED:

This 5% reduction will consist of a savings of \$374,586 of general fund, and \$202,373 in state special revenue in personal services, operating costs, and equipment each year of the 2019 biennium. Personal services includes 1.00 FTE.

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

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

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

N/A

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

No, duties defined per Title 44, MCA

Form B

5% Base Budget Reduction Form

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

Gambling Control Division

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

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

#2 THE SAVINGS THAT ARE EXPECTED:

A savings of \$143,990 in state special revenue could be saved if we closed one or two regional offices (which would include a reduction in force of 1.00 or 2.00 FTE and related operating expenses).

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

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

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

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

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

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

Form B

5% Base Budget Reduction Form

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

Forensic Science Division

#1

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

Eliminate contracts/agreements under operating expenses resulting in savings of \$120,000 in the 2019 biennium. Other reductions would include 1.5 reductions in FTE which would result in significant delays in processing of forensic evidence, \$97,735 from General Fund and \$18,621 from State Special Revenue funding for a total of \$236,356.

#2

THE SAVINGS THAT ARE EXPECTED:

\$236,356

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

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

#4

HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

NA

#5

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

Yes, MCA 44-3-101 & 301.

Form B

5% Base Budget Reduction Form

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

Motor Vehicle Division

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

Elimination of Call Center

#2 THE SAVINGS THAT ARE EXPECTED:

This 5% reduction will consist of a savings of \$167,703 from the general fund and savings in the state special revenue fund of \$111,802 in personal services and operating costs each year of the 2017 biennium and a reduction of 6 FTE.

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

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

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

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

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

Not mandated by statute.

Form B

5% Base Budget Reduction Form

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

Motor Vehicle Division

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

Require each county to share the costs of network connections (absorb 72.3%) SITSD costs statutorily mandated for the "statewide online computer system to be used to title and register motor vehicles, trailers, motorboats, personal watercraft, snowmobiles and off-highway vehicles" if county has imposed and is collecting local option motor vehicle tax under 61-3-537.

#2 THE SAVINGS THAT ARE EXPECTED:

This 5% reduction will result in a savings of \$341,934 from the general fund and savings of \$6,907 in the state special revenue fund in operating costs each year of FY 2018 and FY 2019.

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

Cost shift to local government.

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

Unknown

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

Statutory mandate is for the department of justice to "maintain" the motor vehicle titling and registration system and the counties to share the costs as per MCA 61-3-537.

Form B

5% Base Budget Reduction Form

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

Central Services Division

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

Reduce existing staff by .5 FTE.

#2 THE SAVINGS THAT ARE EXPECTED:

This reduction would create a general fund savings of \$27,632 and state special fund savings of \$15,062 in each year of the 2019 biennium in personal services.

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

Turnaround time for general ledger accounting, budgeting, and reconciliations would be reduced.

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

NA.

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

No, per generally accepted accounting standards and state policy.

Form B

5% Base Budget Reduction Form

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

Montana Public Safety Officer Standards and Training Council

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

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

#2 THE SAVINGS THAT ARE EXPECTED:

This 5% reduction will consist of a savings of \$16,693 of general fund each year of the 2019 biennium.

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

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

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

N/A

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

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

Form B

FY 2017 Fund Appropriation Transactions - Department of Justice

	Legislative Appropriation	Contingency Base Change	Operation Plan Changes	Other	2017 Base	% Change from Legislative Base
01100 General Fund	35,818,695			-150,000	35,668,695	-0.4%
02006 Cigarette Fire Safety Standard	104,662				104,662	0.0%
02014 Highway Patrol Pay & Retention	6,669,169				6,669,169	0.0%
02016 Criminal Justice Info Network	747,735				747,735	0.0%
02074 Gambling License Fee Account	3,250,131				3,250,131	0.0%
02140 Consumer Education Settlement	1,271,218		-67,200		1,204,018	-5.3%
02349 Highway Non-Restricted Account	561,570				561,570	0.0%
02422 Highways Special Revenue	39,386,874	75,000			39,461,874	0.2%
02456 61-6-158 MTIVS & MCE	5,981,686		-1,100,000		4,881,686	-18.4%
02546 MT Law Enforcement Academy	1,548,546				1,548,546	0.0%
02790 6901-Statewide Tobacco Sttlmnt	134,023				134,023	0.0%
02797 Criminal Records Info Sys	1,528,452				1,528,452	0.0%
02798 61-3-550 MVD MERLIN HB261	616,700		1,100,000		1,716,700	178.4%
02937 DOJ Misc SSR MOUs	403,431		67,200		470,631	16.7%
03169 Federal Crime Victims Benefits	545,764				545,764	0.0%
03187 BCC Grants To Dept. Of Justice	7,374				7,374	0.0%
03800 Medicaid Fraud	617,362				617,362	0.0%
03801 Dept Of Justice-Misc Grants	193,587				193,587	0.0%
06005 Liquor Division	1,316,140				1,316,140	0.0%
06083 61-3-118 MVD E-Commerce	591,259				591,259	0.0%
06500 Agency Legal Services	7,681				7,681	0.0%
Grand Total	101,302,059	75,000	0	-150,000	101,227,059	-0.1%

PUBLIC SERVICE REGULATION

An Agency Profile Prepared by the
Legislative Fiscal Division

November, 2016



INTRODUCTION

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

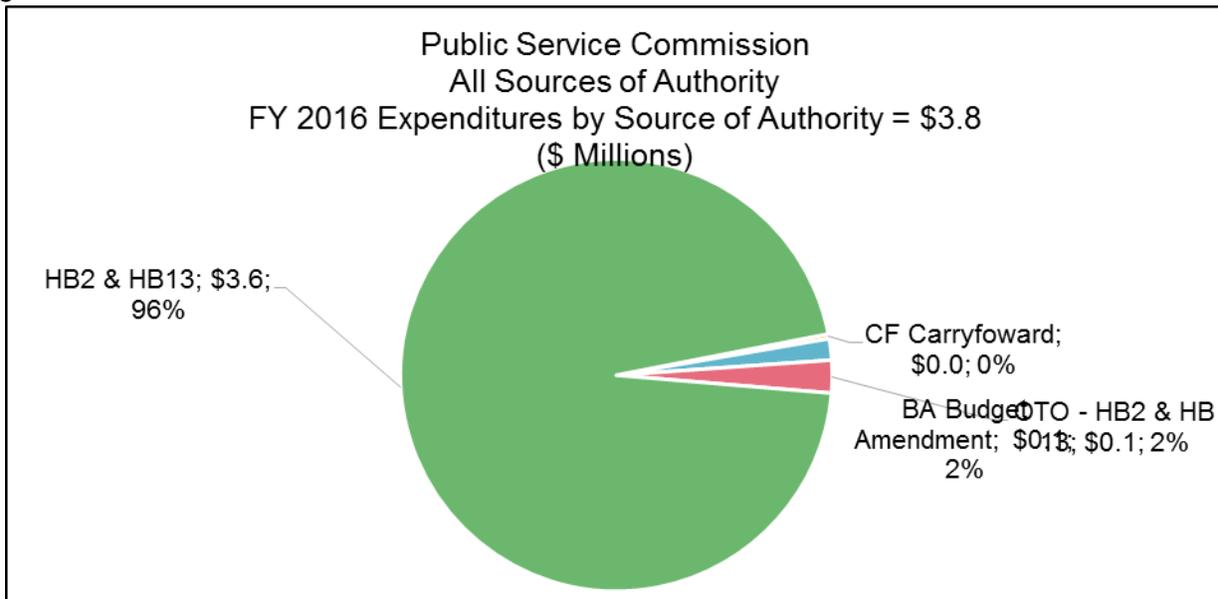
HOW SERVICES ARE PROVIDED

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

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

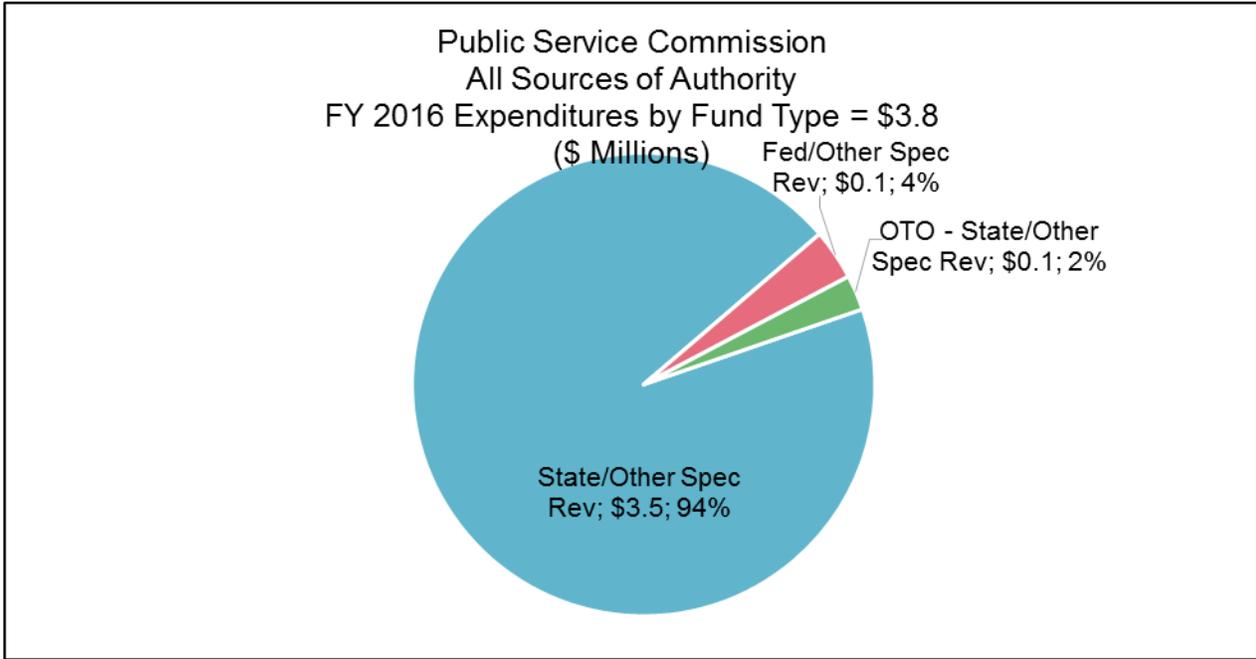
SOURCES OF SPENDING AUTHORITY

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

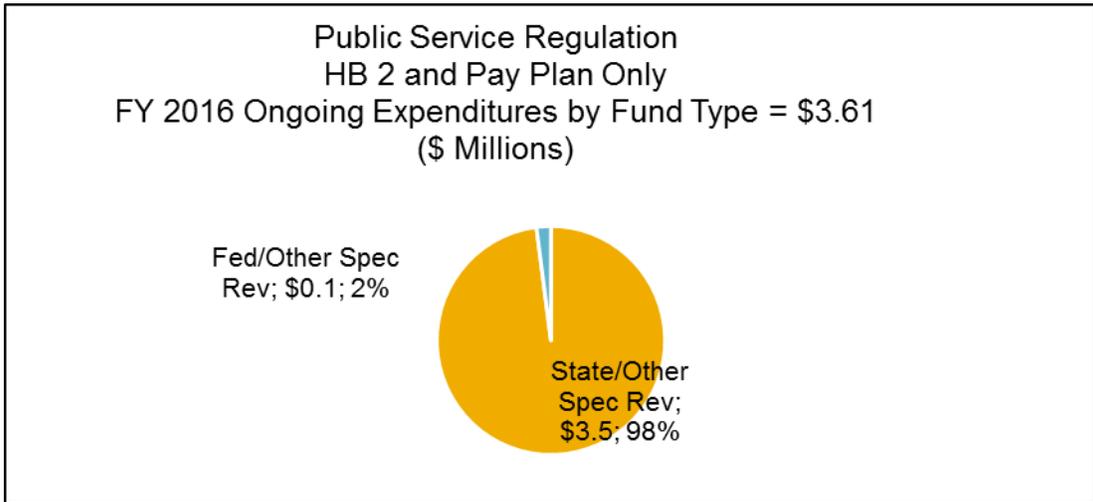


FUNDING

The PSR is funded primary with state special revenue with the main source a fee that is levied on regulated companies, based on funding appropriated by the legislature for a specific fiscal year. Fees are deposited directly into a state special revenue account (Section 69-1-402, MCA). Fees are based upon a percentage of the gross operating revenue from all activities regulated by the commission for the calendar quarter of operation. Federal funds support the natural gas safety program. The following chart shows how the PSC expenditures were funded in FY 2016 from all sources of authority by fund type.

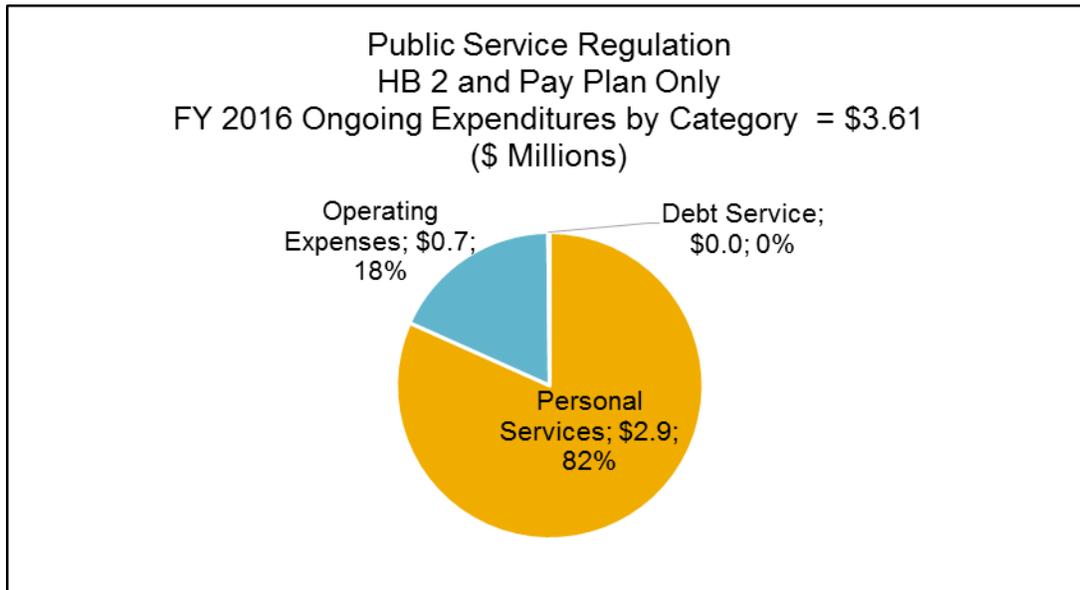


The chart below shows how PSC expenditures were funding in FY 2016 from HB2 and pay plan by fund type.



EXPENDITURES

The next chart explains how the HB2 and pay plan authority was spent in FY 2016.



HOW THE 2017 LEGISLATURE CAN EFFECT CHANGE

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

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

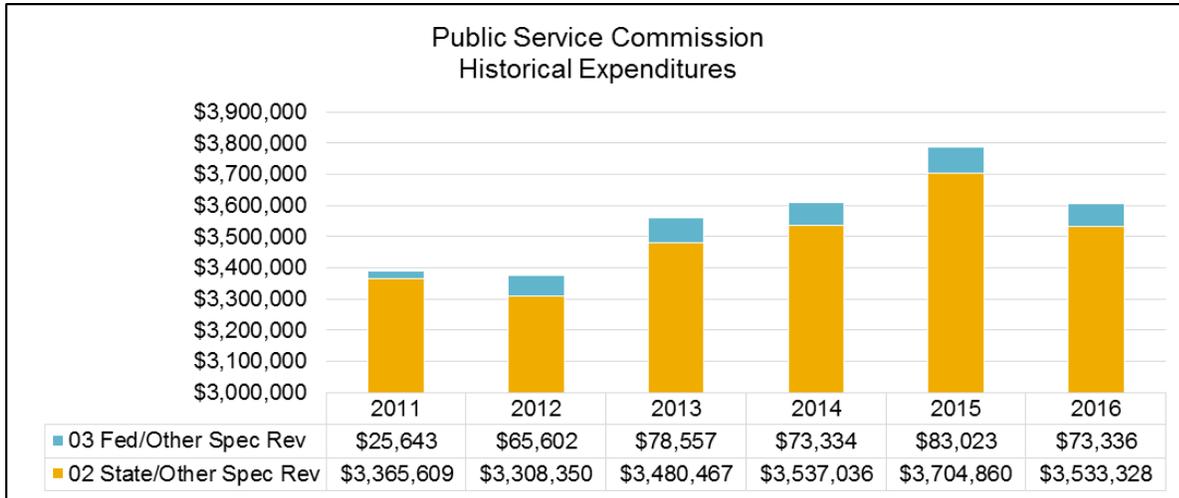
MAJOR COST DRIVERS

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

Driver	FY 2006	FY 2016	Significance of Data
Number of utility dockets:			
Dockets opened	175	93	caseload impact
Dockets closed	118	45	caseload impact
Number of transportation dockets open:			
Docketed	32	54	caseload impact
Non-docketes	41	24	caseload impact
Number of complaints entered	1,114	1,021	consumer satisfaction
Number of calls received on toll-free line	10,778	3,942	consumer satisfaction

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

The following table shows historical changes in the agency's base budget authority. Major changes are related to the level of state special revenue funded by the legislature to support PSC operations. State



special revenue increased in FY 2015 to fund retirement payouts of senior staff.

MAJOR LEGISLATIVE CHANGES IN THE LAST TEN YEARS

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

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

Agency Biennium Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	6,802,608	7,344,400	541,792	7.96 %
Operating Expenses	1,413,593	1,571,635	158,042	11.18 %
Debt Service	12,160	12,160	0	0.00 %
Total Expenditures	\$8,228,361	\$8,928,195	\$699,834	8.51 %
State/Other Special Rev. Funds	8,081,689	8,581,523	499,834	6.18 %
Federal Spec. Rev. Funds	146,672	346,672	200,000	136.36 %
Total Funds	\$8,228,361	\$8,928,195	\$699,834	8.51 %
Total Ongoing	\$8,128,361	\$8,818,195	\$689,834	8.49 %
Total OTO	\$100,000	\$110,000	\$10,000	10.00 %

Mission Statement

The mission of the Public Service Regulation (PSR) is to fairly balance the long-term interests of Montana utility and transportation companies and the customers they serve.

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

http://leg.mt.gov/content/Publications/fiscal/Budget-Books/2019/Budget-Analysis/section_d/4201-00agency-profile.pdf

Agency Highlights

Public Service Regulation Major Budget Highlights
<ul style="list-style-type: none"> • The personal services budget is \$60,000 higher each year than the legislature would have anticipated after funding the 2017 biennium pay plan • Funding for personal services would increase by \$77,000 to fund the addition of 1.00 FTE railroad inspector to strengthen railroad safety efforts

Agency Actuals and Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	38.44	38.44	38.44	39.44	39.44
Personal Services	3,039,037	3,410,227	3,392,381	3,673,917	3,670,483
Operating Expenses	653,705	717,470	696,123	1,020,220	551,415
Debt Service	6,075	6,080	6,080	6,080	6,080
Total Expenditures	\$3,698,817	\$4,133,777	\$4,094,584	\$4,700,217	\$4,227,978
State/Other Special Rev. Funds	3,625,479	4,060,441	4,021,248	4,526,881	4,054,642
Federal Spec. Rev. Funds	73,338	73,336	73,336	173,336	173,336
Total Funds	\$3,698,817	\$4,133,777	\$4,094,584	\$4,700,217	\$4,227,978
Total Ongoing	\$3,606,667	\$4,033,777	\$4,094,584	\$4,640,217	\$4,177,978
Total OTO	\$92,150	\$100,000	\$0	\$60,000	\$50,000

Agency Discussion

5% Plans

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2017 biennium 5% Plan submitted for this agency is in the appendix. The agency has no funding from the general fund. The 5% plan reduction in state special revenue is \$176,309 per year. Reductions proposed would be taken in operating costs for consulting supplies, communications, travel, and subscriptions.

FY 2016 Appropriation Compared to FY 2016 Actual Expenditures

FY 2016 actual expenditures were about 89% of FY 2016 appropriations due largely to vacancy savings as a result of staff turnover.

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

The 2017 base included a 2% vacancy savings as stated in HB 2 from the 2015 legislative session. The 2019 biennium executive request for personal services (SWPL 1) includes a 4% vacancy savings, with some exceptions.

Figure 1 compares the executive budget for personal services to the legislative budget.

Figure 1

Public Service Commission: 01 Public Service Regulation Prog Personal Services Present Law Calculations			
PS Base: \$3,392,381			
		FY 2018	FY 2019
Executive	DP 1: SWPL Personal Services	\$79,814	\$86,324
Legislative	Statutory Personal Service Change	<u>20,012</u>	<u>26,745</u>
	Difference	59,802	59,579
Management Choices Explaining the Difference			
	Additional 2% Vacancy Savings	(58,028)	(58,152)
	Broadband Pay Adjustments	108,463	108,463
	Benefits and Taxes on Pay Adjustment	21,250	21,250
	Other	<u>(11,884)</u>	<u>(11,982)</u>
	Total	\$59,802	\$59,579

Figure 1 indicates that, after taking into account the additional 2% vacancy savings proposed by the executive, the funding requested for personal services of the PSR is about \$60,000 each year higher than what the 2015 Legislature would have expected were only pay increases funded in the legislative pay plan and other incidental changes associated with changes in various benefit rates and calculations or the statutory increases for elected officials as directed in state law. The primary pay changes that lead to this funding increase are for:

- Career ladder increases for five rate analysts and an attorney
- Competency increases for two staff members
- Market adjustments for six rate analysts, attorneys, and a railroad inspector
- Exempt staff pay increases for four commission personal staff
- Effects of staff turnover resulting in lower paid staff replacing more senior and higher paid staff

The agency stated that adjustments were provided to retain staff with specialized skills that support the mission of the PSC.

Elected Official Proposal

DP 201702 - Research State Owned/Operated Office Space - The Public Service Commission requests increases in state special revenue of \$ to fund costs to move the office to a yet to be determined new offices space.

**LFD
ISSUE**

Office Move is Speculative and Not Ongoing

The proposed move is speculative as a new location has not been procured or allocated by the Department of Administration. If the legislature concurs with funding costs to relocate the PSR to new office space, it may want to designate the funding as restricted so the finding will revert if a move does not materialize during the 2019 biennium. Furthermore, the cost for moving the office are not ongoing in nature and the legislature may want to designate the funding as one time only.

Legislative Audit Findings

LFD COMMENT
<p>The Legislative Audit Division conducted a performance audit of the Railroad Safety in October 2015. The audit found:</p> <ol style="list-style-type: none"> The number for rail safety inspectors employed by the PSC is not sufficient to adequately cover the state. The costs for additional inspectors would cost approximately \$60,000-\$80,000 per inspector. <p>The Legislative Auditor recommends the Public Service Commission:</p> <ol style="list-style-type: none"> Increase its railroad safety inspection capability across the state through increased inspection coverage and frequency. <p>Additional information on the audit can be found at: http://leg.mt.gov/content/Publications/Audit/Summary/14P-13-summary.pdf</p>

Comparison of FY 2017 Legislative Budget to FY 2017 Base

Figure 2 demonstrates the beginning FY 2017 budget as adopted by the 2015 legislature, plus modifications done by the executive (and authorized in statute) during the interim, and the finalized 2017 Base Budget. The columns provide detail showing the changes that occurred over the course of the interim to reach the 2017 Base Budget. The 2017 Base Budget was agreed upon by the Legislative Finance Committee and the executive as a measuring point to start the 2019 biennium budgeting process.

Figure 2

	Leg Approp	Allocations	OP Changes	2017 Base	% Change from Legislative Approp	% Change from Approp + Allocations
01 Public Service Regulation Prog						
Personal Services	\$3,270,015	\$122,366		\$3,392,381	3.7%	0.0%
Operating Expenses	696,123			696,123	0.0%	0.0%
Debt Service	6,080			6,080	0.0%	0.0%
Grand Total	\$3,972,218	\$122,366	\$0	\$4,094,584	3.1%	0.0%
Leg Approp = Legislative Appropriations						
Allocations = include Contingency Base & Pay Plan						
OP = Operating Plan Changes						

The Public Service Regulation (PSR) FY 2017 budget is about \$122,000, or 3.1%, higher than the HB 2 budget due to allocation of the legislative pay plan from the Governor’s Office appropriation.

Funding

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

Total Public Service Commission Funding by Source of Authority 2019 Biennium Budget Request - Public Service Commission						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0	0.00 %
State Special Total	8,471,523	110,000	0	0	8,581,523	96.12 %
Federal Special Total	346,672	0	0	0	346,672	3.88 %
Proprietary Total	0	0	0	0	0	0.00 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$8,818,195	\$110,000	\$0	\$0	\$8,928,195	
Percent - Total All Sources	98.77 %	1.23 %	0.00 %	0.00 %		

Public Service Regulation (PSR) is funded by a combination of state and federal special revenue. State special revenue would comprise 96.3% of PSR funding. State special revenue would increase by 20.3% in FY 2018 compared to the base. State special revenue comes primarily from a fee that is levied on regulated companies based on funding appropriated by the legislature for a specific fiscal year and are based upon a percentage of the gross operating revenue from all activities regulated by the commission for the calendar quarter of operation (69-1-402, MCA).

PSR also administers a small amount of federal pipeline safety grant funds. For the 2019 biennium the federal share of pipeline safety funds increases from 50% to 80%. FY 2018 federal funds would increase by 236.4% compared to the base.

Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	4,094,584	4,094,584	8,189,168	91.72 %
SWPL Adjustments	0	0	0	0.00 %	545,220	82,925	628,145	7.04 %
PL Adjustments	0	0	0	0.00 %	160,000	150,000	310,000	3.47 %
New Proposals	0	0	0	0.00 %	(99,587)	(99,531)	(199,118)	(2.23)%
Total Budget	\$0	\$0	\$0		\$4,700,217	\$4,227,978	\$8,928,195	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018					Fiscal 2019				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	79,814	0	79,814	0.00	0	86,324	0	86,324
DP 2 - Fixed Costs	0.00	0	464,984	0	464,984	0.00	0	(4,094)	0	(4,094)
DP 3 - Inflation Deflation	0.00	0	422	0	422	0.00	0	695	0	695
DP 201701 - Retirement Payouts - OTO	0.00	0	60,000	0	60,000	0.00	0	50,000	0	50,000
DP 201705 - Pipeline Safety Federal Spending Authority	0.00	0	0	100,000	100,000	0.00	0	0	100,000	100,000
Grand Total All Present Law Adjustments	0.00	\$0	\$605,220	\$100,000	\$705,220	0.00	\$0	\$132,925	\$100,000	\$232,925

***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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

DP 201701 - Retirement Payouts - OTO -

The executive requests an increase in state special revenue to pay for anticipated staff retirement payouts. The executive recommends designating funding for retirement payouts as one time only, biennial, and restricted only to be used to fund retirement payouts.

DP 201705 - Pipeline Safety Federal Spending Authority -

The executive requests an increase in federal special revenue to reflect increased federal grant funding for pipeline safety. Increases are to address additional federal requirements and an increase in federal share from 50% to 80%. The federal grant supports inspection of natural gas pipelines, including construction, transmission and distribution

integrity management, operator qualification as well as other operations and maintenance and emergency response related activities.

New Proposals -

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

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 555 - Appropriation Rebase	0.00	0	(176,309)	0	(176,309)	0.00	0	(176,309)	0	(176,309)
DP 201704 - Railroad Inspector	1.00	0	76,722	0	76,722	1.00	0	76,778	0	76,778
Total	1.00	\$0	(\$99,587)	\$0	(\$99,587)	1.00	\$0	(\$99,531)	\$0	(\$99,531)

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

DP 555 - Appropriation Rebase -

The executive proposes reductions to the present law budget. The reductions are based on plans submitted as part of the budget under 17-7-111, MCA. This statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%.

DP 201704 - Railroad Inspector -

The executive requests an increase in state special revenue to fund personal services for the addition of 1.00 FTE to address workload issues in the railroad safety program.

LFD COMMENT	An October 2015 legislative performance audit of railroad safety (14P-13) found that the PSR was not adequately fulfilling its responsibility toward railroad safety in Montana. The audit recommended among other things that the PSR conduct a state rail safety risk assessment including establishing rail safety goals and objectives and a state rail safety plan that is reviewed annually by the Federal Railroad Administration. The FTE contained in this request would undertake activities toward this end as well as assist the current 2.00 FTE responsible for conducting railroad inspections.
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5% Base Budget Reduction Form
[17-7-111-3\(f\)](#)

AGENCY CODE & NAME: 4201/Public Service Commission

		Minimum Requirement	
		General Fund	State Special Revenue Fund
TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET			\$ 176,309
Priority		General Fund Annual Savings	State Special Revenue Annual Savings
	SERVICE(S) TO BE ELIMINATED OR REDUCED		
1	Consulting		\$ 30,000
2	Supplies		\$ 66,309
3	Communications		\$ 30,000
4	Travel		\$ 40,000
5	Subscriptions		\$ 10,000
6			
7			
8			
9			
10			
11			
	TOTAL SAVINGS	\$ -	\$ 176,309
	DIFFERENCE	0	0

Form A

5% Base Budget Reduction Form

AGENCY CODE & NAME: 4201/Public Service Commission

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

In meeting the 5% reduction, we would reduce different categories instead of a large reduction in one area; reducing \$30,000 from Operating Expenses (consulting) would be a part of that reduction. The scope of our work is very unique and detailed that, at times, expert witnesses are needed to help us understand and defend the complexity of the regulatory topics before the Commission or for other high level and necessary priority projects. Recent examples include hiring outside expert consultants to assist us in navigating through an extensive internal assessment and reorganization process.

#2 THE SAVINGS THAT ARE EXPECTED:

\$30,000

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

Depending on the type of consultant, the impact could be substantial if an expert witness or contractor needed to be hired. For example, not hiring outside consultants or expert witnesses may lead to further staff time needed on cases or projects which would take time away from day to day duties.

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

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

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

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 4201/Public Service Commission

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

In meeting the 5% reduction, we would reduce different categories instead of a large reduction in one area; reducing \$66,309 from Operating Expenses (supplies) would be a part of that reduction. Supplies are essential for doing the business that we are required to do, for example, at times we need to file documents with various courts, which need to be compiled in accordance to that particular courts' standards in relation to type of paper, cardstock, binding, etc. Since these standards are not ours and cannot be changed on our part, it may be difficult for us to deal with a reduction in certain supplies.

#2 THE SAVINGS THAT ARE EXPECTED:

\$66,309

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

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

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

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

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

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 4201/Public Service Commission

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

In meeting the 5% reduction, we would reduce different categories instead of a large reduction in one area; reducing \$30,000 from Operating Expenses (communications) would be a part of that reduction. Most of our communication costs are driven by the Department of Administration, in that they set our costs for our use of our telephones (voice mail, long distance, etc.) as well as our network services. Other communication costs relate to postage and express mailing. These costs, as well, are not in our control and are needed for us to do the business that we are required to do, so it would be difficult for us to reduce our communication costs.

#2 THE SAVINGS THAT ARE EXPECTED:

\$30,000

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

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

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

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

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

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 4201/Public Service Commission

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

In meeting the 5% reduction, we would reduce different categories instead of a large reduction in one area; reducing \$40,000 from Operating Expenses (travel) would be a part of that reduction. Staff members require training and continuing education on regulatory issues that is only available from out of state sources. The PSC also benefits from the knowledge gained by staff participation in regional and national regulatory meetings.

#2 THE SAVINGS THAT ARE EXPECTED:

\$ 40,000

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

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

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

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

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

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 4201/Public Service Commission

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

In meeting the 5% reduction, we would reduce different categories instead of a large reduction in one area; reducing \$10,00 from Operating Expenses (subscriptions) would be a part of that reduction. Some of the Commission's subscriptions are for legal and regulatory publications that are not readily available elsewhere, for example, in the Montana State Law Library. Lack of access to these publications may lead to less thoroughly researched and supportable legal and technical advice and Commission decisions. Other subscriptions, such as Lexis online for use by Commission attorneys, allows them to operate efficiently and competently; cancellation of Lexis will require attorneys to spend time out of the office and additional time researching, resulting in additional exempt compensatory time and delays in case management.

#2 THE SAVINGS THAT ARE EXPECTED:

\$10,000

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

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

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

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

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

Form B

FY 2017 Fund Appropriation Transactions - Public Service Regulation

	Legislative Appropriation	Allocations (Contingency Base & Pay Plan)	Program Transfers	Operation Plan Changes	2017 Base	% Change from Legislative Approp	% Change from Approp + Allocations
02281 Public Service Commission	\$3,898,882	\$122,366			\$4,021,248	3.1%	0.0%
03011 Natural Gas Safety Pgm	73,336				73,336	0.0%	0.0%
Grand Total	\$3,972,218	\$122,366	\$0	\$0	\$4,094,584	3.1%	0.0%

STATE PUBLIC DEFENDER

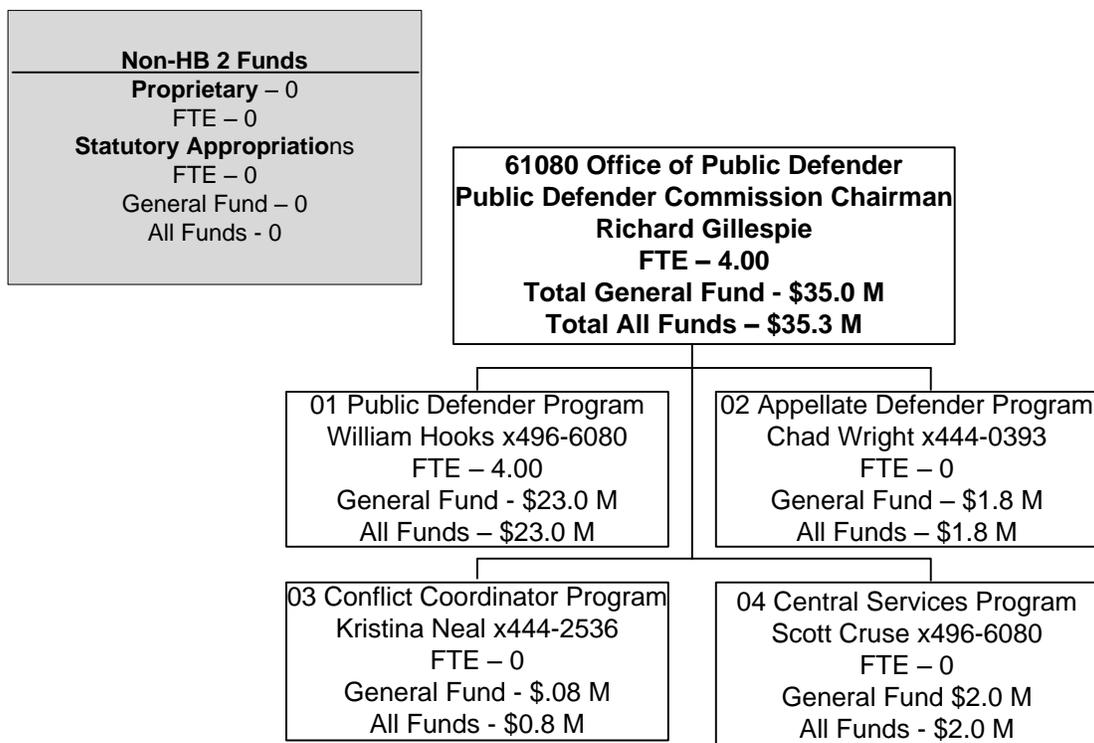
An Agency Profile Prepared by the
Legislative Fiscal Division

November, 2016



INTRODUCTION

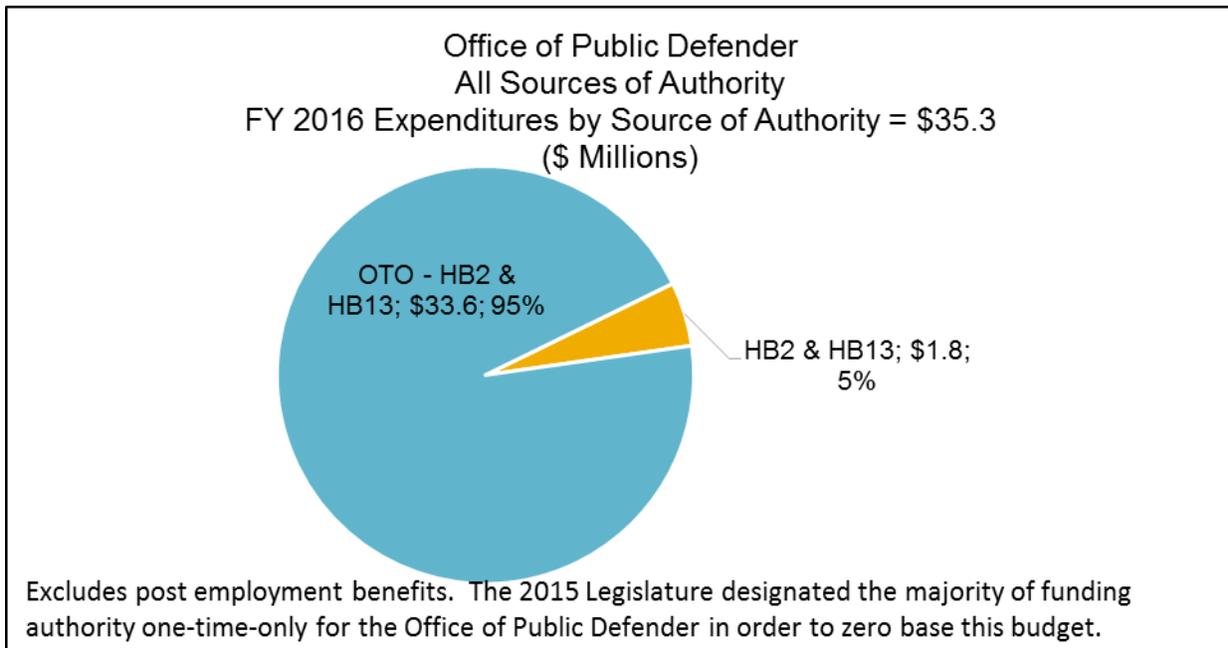
The primary mission of the statewide public defender system is to provide effective assistance of counsel to indigent persons accused of crime and other persons in civil cases who are entitled by law to the assistance of counsel at public expense.



HOW SERVICES ARE PROVIDED

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

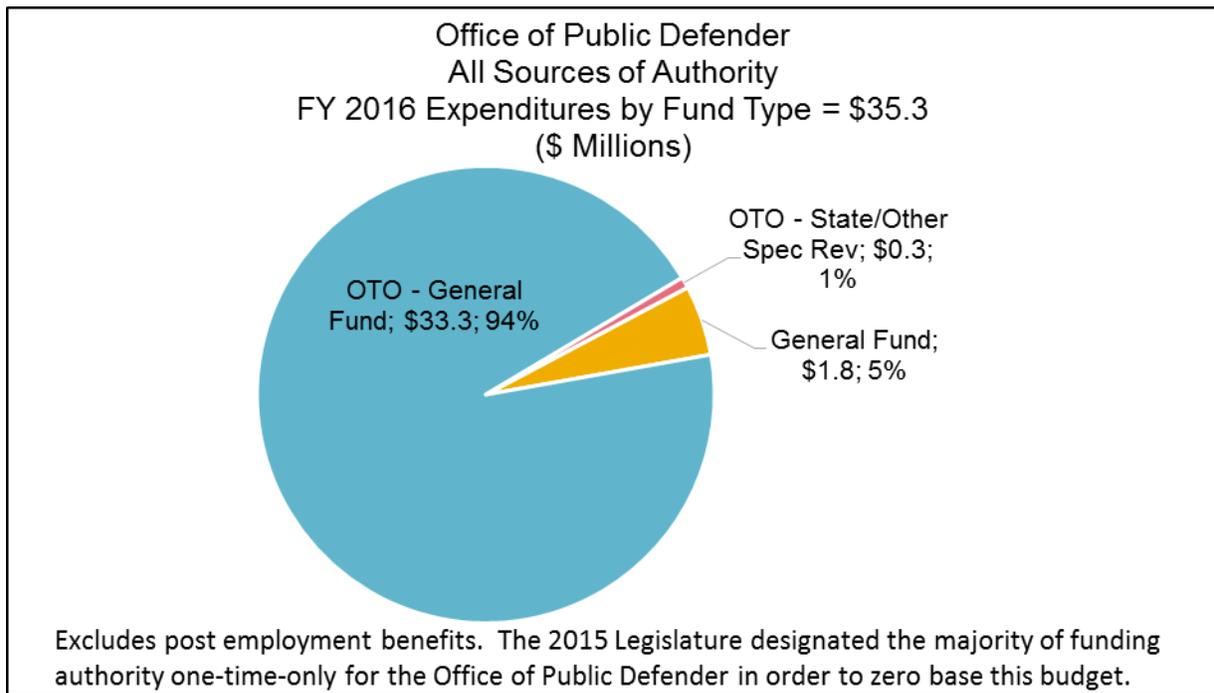
SOURCES OF SPENDING AUTHORITY



The above chart shows the sources of authority for the Office of State Public Defender that were expended in FY 2016.

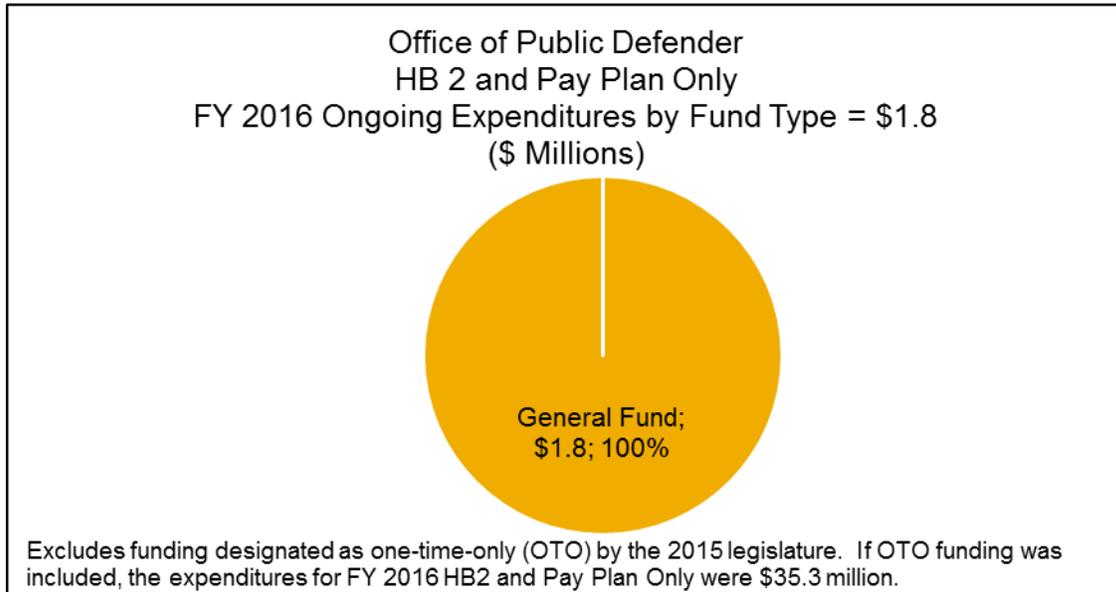
FUNDING

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



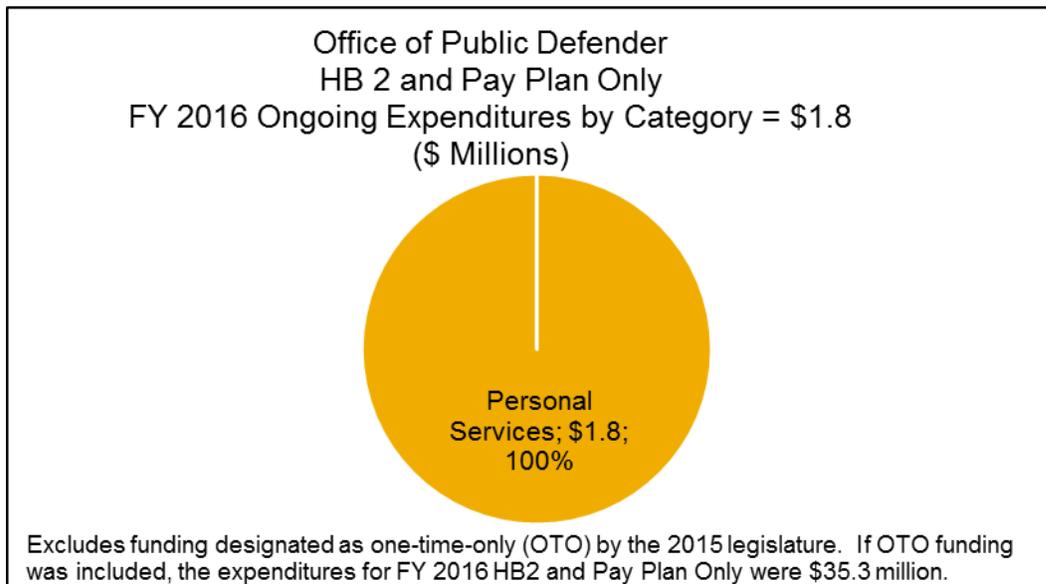
The above chart shows the funding sources for agency's FY 2016 expenditures.

The following chart shows the agency's FY 2016 HB2 and pay plan funding authority by fund type.



EXPENDITURES

The next chart explains how the HB2 and pay plan authority was spent in FY 2016.



HOW THE 2017 LEGISLATURE CAN EFFECT CHANGE

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

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

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

- Changing statutory provisions related to certain civil proceedings

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

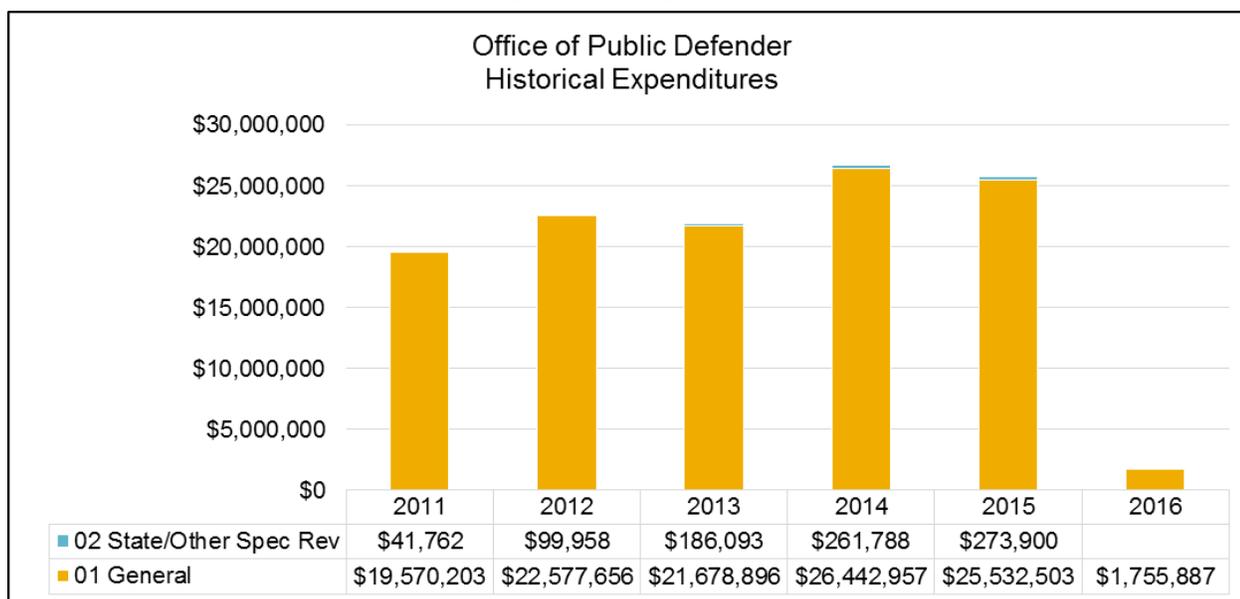
MAJOR COST DRIVERS

The major drivers of cost for the Office of State Public Defender are caseloads. The following table shows trends in the various types of cases of the office:

Driver	FY 2008	FY 2016	Significance of Data
Abuse and Neglect	2,181	4,691	Impact on workload
Criminal	5,523	7,904	Impact on workload
Guardianship	248	200	Impact on workload
Involuntary Commitment	735	1,103	Impact on workload
Juvenile	959	907	Impact on workload
Lower Court	16,910	21,543	Impact on workload
Total All Case Types	26,556	36,348	Impact on workload

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

The following table shows historical changes in the agency's base budget authority.



MAJOR LEGISLATIVE CHANGES IN THE LAST TEN YEARS

The agency came into existence after SB 146 was passed and approved in the 2005 Legislative Session.

The only significant legislative changes occurred in the 2011 Legislative Session when:

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

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

Agency Biennium Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	40,377,781	46,933,167	6,555,386	16.24 %
Operating Expenses	27,490,595	20,891,106	(6,599,489)	(24.01)%
Equipment & Intangible Assets	46,649	37,108	(9,541)	(20.45)%
Total Expenditures	\$67,915,025	\$67,861,381	(\$53,644)	(0.08)%
General Fund	67,641,099	67,313,530	(327,569)	(0.48)%
State/Other Special Rev. Funds	273,926	547,851	273,925	100.00 %
Total Funds	\$67,915,025	\$67,861,381	(\$53,644)	(0.08)%
Total Ongoing	\$4,852,613	\$67,836,381	\$62,983,768	1,297.94 %
Total OTO	\$63,062,412	\$25,000	(\$63,037,412)	(99.96)%

Mission Statement

The mission of the Office of the State Public Defender is to ensure equal access to justice for the state's indigent and to provide appellate representation to indigent clients.

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

http://leg.mt.gov/content/Publications/fiscal/Budget-Books/2019/Budget-Analysis/section_d/6108-00agency-profile.pdf

Agency Highlights

Office of State Public Defender Major Budget Highlights
<ul style="list-style-type: none"> • The budget starts with a base of just over \$2.8 million derived from pay plan and personal services contingency base allocations • The staff and funding appropriated as one time only are requested to be restored • Additional funding for the addition of 37.50 FTE for the following purposes: <ul style="list-style-type: none"> ◦ Resource advocates, 5.00 FTE ◦ A policy decision to replace funding for contracted attorneys to staff FTE attorneys, 11.50 FTE ◦ Restoration of contingency base FTE, 10 FTE more than were allocated to the agency ◦ Remove caseloads from managers, 9.00 FTE ◦ Restoration of staff FTE attorneys funded with OTO commission discretionary funding, 2.00 FTE
Legislative Action Issues
<ul style="list-style-type: none"> • Funding requests are not linked to a strategic plan • Requests to restore a portion of the FTE that were funded with contingency base funding are overstated • The approach taken to construct the budget masks the purposes for many of the adjustments

Agency Actuals and Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	0.00	0.00	0.00	281.44	281.44
Personal Services	18,044,697	18,044,687	22,333,094	23,444,315	23,488,852
Operating Expenses	14,885,416	14,885,416	12,605,179	10,813,266	10,077,840
Equipment & Intangible Assets	28,095	28,095	18,554	18,554	18,554
Total Expenditures	\$32,958,208	\$32,958,198	\$34,956,827	\$34,276,135	\$33,585,246
General Fund	32,958,208	32,958,198	34,682,901	34,002,210	33,311,320
State/Other Special Rev. Funds	0	0	273,926	273,925	273,926
Total Funds	\$32,958,208	\$32,958,198	\$34,956,827	\$34,276,135	\$33,585,246
Total Ongoing	\$2,038,973	\$2,038,973	\$2,813,640	\$34,251,135	\$33,585,246
Total OTO	\$30,919,235	\$30,919,225	\$32,143,187	\$25,000	\$0

Agency Discussion

5% Plans

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2017 biennium 5% Plan submitted for this agency is in the appendix. For this agency the 5% plan includes reductions totaling \$1.75 million general fund and \$13,700 state special revenue.

Background

The Office of State Public Defender provides defense for indigent persons accused of crime and other persons in civil cases who are entitled by law to the assistance of counsel at public expense, such as any party in an abuse and neglect petition regardless of financial ability to retain private counsel. If a defendant meets the financial test for indigence, he or she is entitled to counsel from the office. In addition, judges can order the office to provide counsel regardless of qualification. Therefore, with the exception of the particulars of means and asset tests that determine a defendant's indigence, the office has little control over the number or complexity of cases it must work.

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

Office of Public Defender Task Force

In funding the Office of State Public Defender for the 2017 biennium, the 2015 Legislature designated all funding as one time only (OTO) in order to have the budget for the 2019 biennium explained fully. The legislature wanted the 2019 biennium budget linked to a long-term strategic plan that would address the long-term fiscal stability of the office. In addition to the OTO designation of the 2017 biennium budget, a study bill was enacted that established a task force on state public defender operations. The task force was created under HB 627 and directed to study the operations of the office and develop a long-term organizational plan that would allow it to provide effective assistance of counsel to those who qualify.

Among other things, the task force was required to take into consideration:

- The constitutional and statutory duties of the office
- The ethics and professional responsibilities of attorneys employed at the office
- How other states provide assistance of counsel to those who qualify for assistance
- The effects of compensation and workloads on the recruitment and retention of attorneys and administrative and support staff
- Measures and resources that could be implemented or assigned to improve staff and attorney recruitment and retention issue
- The possibility, costs, and benefits of restructuring the office

After an interim of study, the task force provided recommendations through the following legislation requests:

- Provide an overall agency director appointed by the governor, convert the public defender commission to an advisory provide that the commission shall nominate three candidates for director, provide that the governor shall select a director from the list of nominees, and provide that the director would be a hired position, not a politically appointed position, so that the director could only be removed with cause
- Eliminate the statutory requirement for the chief appellate defender to confer with the chief public defender on the Office of the Appellate Defend budget
- Transfer determination of eligibility for public defender services to the Department of Public Health and Human Services
- Provide that the Montana Department of Revenue is responsible for collecting any fees for public defender services imposed by a judge pursuant to 46-8-113, MCA
- Establish a holistic defense pilot program in up to four public defender office locations across the state

- Require the Office of the State Public Defender to contract for a workload assessment
- Revise the appointment of a public defender to a putative father in a dependent neglect case
- Revise the appointment of a public defender to an absent parent in a dependent neglect case

No Linkage to a Long-Term Strategic Plan

The budget for OPD was designated OTO because the legislature was concerned the operations of the office were not being managed to a viable long-range strategic plan that addressed the continued budget growth and the associated operating and fiscal pressures facing the office. When requesting funding to reestablish the present law funding for the office no linkage is made to a long-term strategic plan. The apparent lack of a long-term strategic plan for OPD was a concern to the 2015 Legislature. Instead, the executive is simply requesting the same funding and staffing structure that was designated as one time only by the 2015 Legislature. Furthermore, the taskforce that studied the office during the 2017 interim provided no insight on a long-term plan for OPD other than providing legislation to restructure top level management of the office and the role of the Public Defender Commission.

Base is not Fully Zero

As stated above, the 2015 Legislature made all funding for the office OTO in order to evaluate the entire 2019 biennium budget, rather than just the growth in spending. However, the legislature also appropriated contingency funding in the Governor's Office to address budget pressures the Governor determined most significant to address during the 2017 biennium. Portions of the contingency funding were designated in HB 2 to be a part of the base for building the 2019 biennium budgets of those agencies to which the Governor allocated the funding. Additionally, up to 10 FTE statewide were designated to be established as permanent positions and used to develop the personal services funding for the 2019 biennium. The office was allocated base funding and 4.00 FTE from these appropriations. Because of these base funding allocations, instead of starting with a base of zero the office starts with a base of \$2,813,640, established by the following base allocations from the Governor's appropriations:

- \$600,000 from the contingency base funding appropriation
- \$1,358,264 from the personal services contingency base funding and 4.00 FTE
- \$855,376 from the personal services contingency funding

The executive request includes decision packages to reestablish these funds and FTE far in excess of the 4.00 FTE allocated to the office. Requesting, in a present law decision package, to reestablish FTE in excess of the amount allocated would erroneously overstate the request and imply that the FTE were previously established by the legislature.

Figure 1 illustrates how the executive approached the process of moving from the base to a position that would, in essence, return the office to the funding level equivalent to what the ongoing funding would have been had the 2017 biennium budget not been designated as OTO and also taking into consideration the allocation of the Governor's base contingency funding. The intent would be to return the budget to a level somewhat equivalent to the FY 2017 funding level prior to requesting new funds and staffing. Figure 2 shows an alternative approach to getting to the same intended budget prior to 2019 biennium adjustments to add funding and staff for additional needs anticipated during the 2019 biennium. Note that the executive approach reduces funding by just under \$3.3 million for the biennium while stating it is intended to reestablish the present law and contingency base funding.

Legislative Options

The legislature has, among others, three basic options for establishing some sort of present law starting point prior to addressing other requests that incrementally adjust the budget for various standalone reasons:

- Deliberate on the executive budget as presented in Figure 1
- Deliberate by following the alternative approach in Figure 2
- Direct the agency to come back with a plan that uses smaller increments that are tied to a strategic plan

Executive Budget as Requested - Figure 1

If the legislature decides to deliberate on the executive budget as presented, it should know that the executive is requesting \$1.6 million per year less than what the funding would have been were the FY 2017 budget not OTO and the allocations of the Governor's personal services contingency base funding were included. Also, the legislature should know that the executive is requesting 10.00 FTE more than was authorized in HB 2 for the personal services contingency base funding. For the remainder of agencies, SWPL-1 adjusts personal services to address funding needs of positions in light of delayed implementation the known previous legislative actions. For OPD, SWPL-1 just removes base funding.

Figure 1

Executive Budget Request to to Establishing a Present Law Starting Point					
Total Funds					
Program/ Item	FY 2017 Base	FY 2018 Adjustment	FY 2018 Cum Total	FY 2019 Adjustment	FY 2019 Cum Total
01-Office of Public Defender Base	\$2,143,632		\$2,143,632		\$2,143,632
SWPL 1 - Personal Services		(2,143,632)	-	(2,143,632)	-
SWPL 3 - Inflation		(146)	(146)	1,580	1,580
PL 19 - Restore OPD Present Law Services		20,947,732	20,947,586	20,986,116	20,987,696
PL 20 - Restore Personal Services Base Contingency		524,234	21,471,820	524,598	21,512,294
01-Office of Public Defender Total			<u>\$21,471,820</u>		<u>\$21,512,294</u>
02-Office of Appellate Defender Base	43,447		43,447		43,447
SWPL 1 - Personal Services		(43,447)	-	(43,447)	-
SWPL 3 - Inflation		(212)	(212)	(196)	(196)
PL 19 - Restore OPD Present Law Services		1,795,428	1,795,216	1,798,491	1,798,295
02-Office of Appellate Defender Total			<u>\$1,795,216</u>		<u>\$1,798,295</u>
03-Conflict Coordinator Base	626,561		626,561		626,561
SWPL 1 - Personal Services		(626,561)	-	(626,561)	-
PL 19 - Restore OPD Present Law Services		6,932,475	6,932,475	6,332,687	6,332,687
PL 20 - Restore Personal Services Base Contingency		652,123	7,584,598	652,618	6,985,305
03-Conflict Coordinator Total			<u>\$7,584,598</u>		<u>\$6,985,305</u>
04-Chief Administrator Base	-		-		-
SWPL 2 - Fixed Costs		252,529	252,529	196,350	196,350
PL 19 - Restore OPD Present Law Services		2,382,773	2,635,302	2,383,853	2,580,203
04-Chief Administrator Total			<u>\$2,635,302</u>		<u>\$2,580,203</u>
Office of State Public Defender Total			<u>\$33,486,936</u>		<u>\$32,876,097</u>

Alternative Approach – Figure 2

If the legislature chose to take the alternative approach shown in Figure 2 it would start at the base as established in HB 2 of the 2015 Legislature and adjust accordingly. Under this alternative approach the legislature would evaluate the adjustment the executive proposes that reduces the budgets by \$1.6 million a year separately, rather than in the combination with all other adjustments.

Figure 2

Alternate Approach to Establishing a Present Law Starting Point					
Total Funds					
Program/ Item	FY 2017 Base	FY 2018 Adjustment	FY 2018 Cum Total	FY 2019 Adjustment	FY 2019 Cum Total
01-Office of Public Defender					
Base	\$2,143,632		\$2,143,632		\$2,143,632
SWPL 3 - Inflation		(146)	2,143,486	1,580	2,145,212
PL 19 - Restore OPD Present Law Services		20,947,732	23,091,218	20,986,116	23,131,328
NP 901 - Personal Services Base Contingency FTE			-		-
NP 900 - Adjust Funding to the Executive Request			(1,619,398)		(1,619,034)
01-Office of Public Defender Total			<u>\$21,471,820</u>		<u>\$21,512,294</u>
02-Office of Appellate Defender					
Base	43,447		43,447		43,447
SWPL 3 - Inflation		(212)	43,235	(196)	43,251
PL 19 - Restore OPD Present Law Services		1,795,428	1,838,663	1,798,491	1,841,742
NP 900 - Adjust Funding to the Executive Request			(43,447)		(43,447)
02-Office of Appellate Defender Total			<u>\$1,795,216</u>		<u>\$1,798,295</u>
03-Conflict Coordinator					
Base	626,561		626,561		626,561
PL 19 - Restore OPD Present Law Services		6,932,475	7,559,036	6,332,687	6,959,248
NP 900 - Adjust Funding to the Executive Request			25,562		26,057
03-Conflict Coordinator Total			<u>\$7,584,598</u>		<u>\$6,985,305</u>
04-Chief Administrator					
Base	-		-		-
SWPL 2 - Fixed Costs		252,529	252,529	196,350	196,350
PL 19 - Restore OPD Present Law Services		2,382,773	2,635,302	2,383,853	2,580,203
04-Chief Administrator Total			<u>\$2,635,302</u>		<u>\$2,580,203</u>
Office of State Public Defender Total			<u>\$33,486,936</u>		<u>\$32,876,097</u>
NP 900 - Adjust Funding to the Executive Request Total			<u>(\$1,637,283)</u>		<u>(\$1,636,424)</u>

Start Over

The legislature could reject the executive request in its entirety and direct the executive and agency to present a new budget comprised of smaller decision packages that are specific to implementing various aspects of the agency's strategic plan. The legislature may want to direct that the new budget include separate decisions that link FTE and contracted resources to specific caseload assumptions and that are presented separately for each type of case and resource. The legislature may want the decision presented separately for contracted resources that are in support of cases, such as expert witnesses, and for contracted attorneys that augment FTE. The legislature may want the caseloads linked to the data presented in the Fiscal Year 2016 Report to the Governor, Supreme Court and Legislature and to the agency's strategic plan.

Caseload Growth

Caseloads drive costs of the office. Figure 3 shows the case trends from FY 2012 through FY 2016 and reflects the number of new cases assigned to the office over this period. These cases are those in which the defendant was either indigent or met some other requirement under the Montana Public Defender Act, or where the judge overseeing the case assigned the office to provide counsel regardless of qualification. Figure 3 shows that except for from FY 2013 to FY 2014 the office saw a positive growth in cases. The type of cases showing the largest growth in: 1) case type as a percentage of all cases; 2) annual case growth in volume; and 3) annual cost of case type as a percentage of all case costs of the office are predominantly abuse and neglect and criminal cases. Abuse and neglect cases have experienced 20% and 30% annual growth since FY 2014 and have grown to nearly 13% of all cases and 19% of case costs compared to 9.5% of case volume and 16.7% of case costs in FY 2014. Likewise, criminal cases have grown in volume and have increased as a portion of case costs and caseloads.

Figure 3

Office of Public Defender Case Trends FY 2012 to FY 2016					
Case Types	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<u>Number of New Cases Opened</u>					
Abuse and Neglect	3,061	3,129	3,029	3,925	4,691
Criminal	5,988	6,090	6,597	6,699	7,904
Guardianship	268	255	178	189	200
Involuntary Commitment	1,058	983	1,046	1,080	1,103
Juvenile	1,081	1,193	1,052	927	907
Lower Court	19,456	20,330	19,803	20,814	21,543
Total All Case Types	30,912	31,980	31,705	33,634	36,348
Annual Change		3.5%	-0.9%	6.1%	8.1%
<u>Case Type as a Percent of Sum of All Case Types</u>					
Abuse and Neglect	9.90	9.78	9.55	11.67	12.91
Criminal	19.37	19.04	20.81	19.92	21.75
Guardianship	0.87	0.80	0.56	0.56	0.55
Involuntary Commitment	3.42	3.07	3.30	3.21	3.03
Juvenile	3.50	3.73	3.32	2.76	2.50
Lower Court	62.94	63.57	62.46	61.88	59.27
<u>By Type Case Growth</u>					
Abuse and Neglect		2%	-3%	30%	20%
Criminal		2%	8%	2%	18%
Guardianship		-5%	-30%	6%	6%
Involuntary Commitment		-7%	6%	3%	2%
Juvenile		10%	-12%	-12%	-2%
Lower Court		4%	-3%	5%	4%
<u>Annual Cost of Case Type as a Percent of Sum of All Case Type Costs</u>					
Abuse and Neglect	15.68	17.54	16.71	16.79	19.17
Criminal	46.30	43.97	45.85	47.44	48.16
Guardianship	0.94	0.76	0.59	0.49	0.39
Involuntary Commitment	1.38	1.41	1.32	1.62	1.47
Juvenile	4.45	4.49	3.91	3.32	3.18
Lower Court	31.25	31.82	31.63	30.34	27.63

Comparison of FY 2017 Legislative Budget to FY 2017 Base

Figure 4 demonstrates the beginning FY 2017 budget as adopted by the 2015 legislature, plus modifications done by the executive (and authorized in statute) during the interim, and the finalized 2017 Base Budget. The columns provide detail showing the changes that occurred over the course of the interim to reach the 2017 Base Budget. The 2017 Base Budget was agreed upon by the Legislative Finance Committee and the executive as a measuring point to start the 2019 biennium budgeting process.

Figure 4

FY 2017 Appropriation Transactions - Public Defender						
	Leg Approp	Allocations	Program Transfers	2017 Base	% Change from Legislative Approp	% Change from Approp + Allocations
01 Office Of Public Defender						
Personal Services	\$0	\$2,758,632	(\$615,000)	\$2,143,632	100.0%	-22.3%
Program Total	0	2,758,632	(615,000)	2,143,632	100.0%	-22.3%
02 Office Of Appellate Defender						
Personal Services		43,447		43,447	100.0%	0.0%
Program Total		43,447		43,447	100.0%	0.0%
03 Conflict Coordinator						
Personal Services	0	11,561	615,000	626,561	100.0%	100.0%
Program Total		11,561	615,000	626,561	100.0%	100.0%
Grand Total	\$0	\$2,813,640	\$0	\$2,813,640	100.0%	0.0%
Leg Approp = Legislative Appropriations						
Allocations = include Contingency Base & Pay Plan						
OP = Operating Plan Changes						

Funding

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

Total Office of State Public Defender Funding by Source of Authority 2019 Biennium Budget Request - Office of State Public Defender						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	67,288,530	25,000	0	0	67,313,530	99.19 %
State Special Total	547,851	0	0	0	547,851	0.81 %
Federal Special Total	0	0	0	0	0	0.00 %
Proprietary Total	0	0	0	0	0	0.00 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$67,836,381	\$25,000	\$0	\$0	\$67,861,381	
Percent - Total All Sources	99.96 %	0.04 %	0.00 %	0.00 %		

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

Budget Summary by Category

The following summarizes the total budget 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	2,813,640	2,813,640	5,627,280	8.36 %	2,813,640	2,813,640	5,627,280	8.29 %
SWPL Adjustments	(2,561,469)	(2,615,906)	(5,177,375)	(7.69)%	(2,561,469)	(2,615,906)	(5,177,375)	(7.63)%
PL Adjustments	34,048,223	33,433,688	67,481,911	100.25 %	34,322,148	33,707,614	68,029,762	100.25 %
New Proposals	(298,184)	(320,102)	(618,286)	(0.92)%	(298,184)	(320,102)	(618,286)	(0.91)%
Total Budget	\$34,002,210	\$33,311,320	\$67,313,530		\$34,276,135	\$33,585,246	\$67,861,381	

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	34,956,913	38,570,739	3,613,826	10.34 %
Operating Expenses	11,652,302	5,838,787	(5,813,515)	(49.89)%
Equipment & Intangible Assets	46,649	37,108	(9,541)	(20.45)%
Total Expenditures	\$46,655,864	\$44,446,634	(\$2,209,230)	(4.74)%
General Fund	46,655,864	44,446,634	(2,209,230)	(4.74)%
Total Funds	\$46,655,864	\$44,446,634	(\$2,209,230)	(4.74)%
Total Ongoing	\$3,909,396	\$44,446,634	\$40,537,238	1,036.92 %
Total OTO	\$42,746,468	\$0	(\$42,746,468)	(100.00)%

Program Description

The Office of Public Defender administers the statewide public defender system that delivers public defender services in all courts in Montana for criminal and certain civil cases for an individual who is determined to be financially unable to retain private counsel and who is accused of an offense that could result in the person's loss of life or liberty if convicted. The Public Defender Commission is responsible for the design, direction, and supervision of the system. The commission appoints the chief public defender, approves the strategic plan for the delivery of services, and approves statewide standards for qualifications and training of public defenders.

Program Highlights

Office of Public Defender Major Budget Highlights
<ul style="list-style-type: none"> • Funding and FTE that were designated as OTO for FY 2017 are requested to be restored • Funding is requested for 5.00 FTE resource advocates to relieve caseload pressures from staff attorneys • Funding is requested for 9.00 FTE attorneys to relieve managers of caseloads • Base funding derived from allocations of pay plan and the Governor's personal services contingency base funding is removed and then requested at a lower level and requests 8.00 FTE, or 4.00 FTE more than were in the allocation • An appropriation rebase request reduces funding while changing the funding from use of contracted attorneys to staff FTE includes the addition of 8.00 FTE
Major LFD Issues
<ul style="list-style-type: none"> • A request to restore the funding for pay plan and personal services contingency base includes a reduction to the base and a request for more FTE than were allocated

Program Actuals and Budget Comparison

The following table compares the program’s FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	0.00	0.00	0.00	234.94	234.94
Personal Services	16,285,738	16,285,725	18,671,188	19,265,593	19,305,146
Operating Expenses	6,639,928	6,639,926	5,012,376	2,946,525	2,892,262
Equipment & Intangible Assets	28,095	28,095	18,554	18,554	18,554
Total Expenditures	\$22,953,761	\$22,953,746	\$23,702,118	\$22,230,672	\$22,215,962
General Fund	22,953,761	22,953,746	23,702,118	22,230,672	22,215,962
Total Funds	\$22,953,761	\$22,953,746	\$23,702,118	\$22,230,672	\$22,215,962
Total Ongoing	\$1,765,764	\$1,765,764	\$2,143,632	\$22,230,672	\$22,215,962
Total OTO	\$21,187,997	\$21,187,982	\$21,558,486	\$0	\$0

Funding

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

Office of State Public Defender, 01-Office of Public Defender Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	44,446,634	0	0	0	44,446,634	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	\$44,446,634	\$0	\$0	\$0	\$44,446,634	

The Office of the Public Defender is funded from the general fund.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	2,143,632	2,143,632	4,287,264	9.65 %	2,143,632	2,143,632	4,287,264	9.65 %
SWPL Adjustments	(2,143,778)	(2,142,052)	(4,285,830)	(9.64)%	(2,143,778)	(2,142,052)	(4,285,830)	(9.64)%
PL Adjustments	22,352,982	22,358,464	44,711,446	100.60 %	22,352,982	22,358,464	44,711,446	100.60 %
New Proposals	(122,164)	(144,082)	(266,246)	(0.60)%	(122,164)	(144,082)	(266,246)	(0.60)%
Total Budget	\$22,230,672	\$22,215,962	\$44,446,634		\$22,230,672	\$22,215,962	\$44,446,634	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018					Fiscal 2019				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(2,143,632)	0	0	(2,143,632)	0.00	(2,143,632)	0	0	(2,143,632)
DP 3 - Inflation Deflation	0.00	(146)	0	0	(146)	0.00	1,580	0	0	1,580
DP 9 - Program 1 - Address Manager Caseloads	9.00	881,016	0	0	881,016	9.00	847,750	0	0	847,750
DP 19 - Restore OPD Present Law Services	204.94	20,947,732	0	0	20,947,732	204.94	20,986,116	0	0	20,986,116
DP 20 - Restore Personal Services Base Contingency	8.00	524,234	0	0	524,234	8.00	524,598	0	0	524,598
Grand Total All Present Law Adjustments	221.94	\$20,209,204	\$0	\$0	\$20,209,204	221.94	\$20,216,412	\$0	\$0	\$20,216,412

**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 to remove all base funding derived from the pay plan and allocations to the office from the Governor's personal services contingency base appropriation.

DP 3 - Inflation Deflation -

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

DP 9 - Program 1 - Address Manager Caseloads -

The executive requests general fund for personal services and operating costs to fund the addition of 9.00 FTE to address manager caseloads. The positions associated with this request are:

- Crime investigator, 1.00 FTE
- Lawyer, 6.00 FTE
- Legal Secretary, 2.0 FTE

DP 19 - Restore OPD Present Law Services -

The executive requests general fund and state special revenue to restore the personal services and operating costs to fund 204.94 FTE. The request restores funding that was designated one time only in the 2017 biennium . The positions associated with this request are:

- Administrative Assistant, 17.94 FTE
- Child Family Social Worker, 1.00 FTE
- Crime Investigator, 19.00 FTE
- Lawyer, 114.00 FTE
- Legal Secretary, 35.00 FTE
- Other/Prof-Admin, 1.00 FTE
- Paralegal Legal Assistant, 4.00 FTE
- Personal Staff - EO/Prof, 11.00 FTE

- Secretary, 2.00 FTE

DP 20 - Restore Personal Services Base Contingency -

The executive requests general fund to restore funding allocated to the office from the Governor’s personal services contingency base funding appropriation from HB 2 of the 2015 Legislature including 8.00 FTE attorneys. Positions associated with this request are:

- Child Family Social Worker, 2.00 FTE
- Eligibility Assistant, 2.00 FTE
- Lawyer, 2.00 FTE
- Legal Secretary, 1.00 FTE
- Paralegal Legal Assistant, 1.00 FTE

**LFD
ISSUE**

Personal Services Contingency Base Funding is Already in the Base

This adjustment requests funding that is already in the base. However, through SWPL 1 - Personal Services the base funding would be removed and this adjustment would request all but \$1.62 million each year. In effect the combination of SWPL 1 and this adjustment would result in an unspecified reduction from base funding.

Refer to the discussion of this topic in the Agency Discussion section for additional information on how this request interacts with SWPL 1.

**LFD
ISSUE**

More FTE are Requested than HB 2 Allowed

This request also requests to make permanent 8.00 FTE. Restrictive language on the Governor’s Office appropriation for this funding limited the Governor to 10.00 base FTE statewide. The executive allocated 4.00 base FTE to the office in the Office of Public Defender program. Because only 4.00 base FTE were allocated to the office the remaining 4.00 FTE are modified positions and need to be requested in a separate proposal. Basically, this request as proposed would "restore" more FTE than the executive was authorized, after taking into account other allocations of the personal services base contingency FTE.

New Proposals -

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

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8 - Program 1 - Resource Advocates	5.00	314,697	0	0	314,697	5.00	292,779	0	0	292,779
DP 555 - Appropriation Rebase	8.00	(436,861)	0	0	(436,861)	8.00	(436,861)	0	0	(436,861)
Total	13.00	(\$122,164)	\$0	\$0	(\$122,164)	13.00	(\$144,082)	\$0	\$0	(\$144,082)

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

DP 8 - Program 1 - Resource Advocates -

The executive requests general fund for personal services and operating expenses to add 5.00 FTE resource advocates.

**LFD
COMMENT**

The use of resource advocates are specialized case workers trained in assisting clients in accessing various social services and community resources. The executive proposes using resource advocates to relieve attorney workloads for tasks that are more of an administrative task and not focused on legal work related to a client's case.

DP 555 - Appropriation Rebase -

Under 17-7-111, MCA state agencies are required to submit plans to reduce general fund and certain state special revenue funds by 5%. The executive proposes reductions to the present law budget based on either the 5% reduction plans or FY 2016 reversions. In addition to reducing funding this request moves funding between expenditure categories by reducing operating expenses and increasing personal services. Personal services would increase by \$1.6 million for the biennium to fund the addition of 8.00 FTE grade 7 lawyers each year and unspecified operating expenses would decrease by \$2.5 million for the biennium.

**LFD
COMMENT**

Imbedded in this reduction is a policy change that shifts the resource utilization away from the use of contracted attorneys to address workload pressures to the use of staff FTE.

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	2,383,840	2,981,087	597,247	25.05 %
Operating Expenses	985,725	915,584	(70,141)	(7.12)%
Total Expenditures	\$3,369,565	\$3,896,671	\$527,106	15.64 %
General Fund	3,369,565	3,896,671	527,106	15.64 %
Total Funds	\$3,369,565	\$3,896,671	\$527,106	15.64 %
Total Ongoing	\$57,812	\$3,896,671	\$3,838,859	6,640.25 %
Total OTO	\$3,311,753	\$0	(\$3,311,753)	(100.00)%

Program Description

The Appellate Defender Program provides appeal services for indigent citizens.

Program Highlights

Office of Appellate Defender Major Budget Highlights
<ul style="list-style-type: none"> • Funding and FTE that were designated as OTO for FY 2017 are requested to be restored • An appropriation rebase request reduces funding while changing the funding from use of contracted attorneys to staff FTE includes the addition of 0.50 FTE • Funding and FTE associated with FY 2017 funds allocated are the discretion of the OPD commission and requested by the executive as OTO are requested to be restored as a present law request
Major LFD Issues
<ul style="list-style-type: none"> • A request for funding that was designated as OTO in the 2017 biennium executive request is requested as a present law instead of as a new proposal

Program Actuals and Budget Comparison

The following table compares the program’s FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	0.00	0.00	0.00	16.50	16.50
Personal Services	1,218,670	1,218,670	1,165,170	1,488,945	1,492,142
Operating Expenses	442,430	442,431	543,294	457,784	457,800
Total Expenditures	\$1,661,100	\$1,661,101	\$1,708,464	\$1,946,729	\$1,949,942
General Fund	1,661,100	1,661,101	1,708,464	1,946,729	1,949,942
Total Funds	\$1,661,100	\$1,661,101	\$1,708,464	\$1,946,729	\$1,949,942
Total Ongoing	\$14,365	\$14,365	\$43,447	\$1,946,729	\$1,949,942
Total OTO	\$1,646,735	\$1,646,736	\$1,665,017	\$0	\$0

Funding

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

Office of State Public Defender, 02-Office of Appellate Defender Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	3,896,671	0	0	0	3,896,671	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	\$3,896,671	\$0	\$0	\$0	\$3,896,671	

The Office of Appellate Defender is funded with general fund.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	43,447	43,447	86,894	2.23 %	43,447	43,447	86,894	2.23 %
SWPL Adjustments	(43,659)	(43,643)	(87,302)	(2.24)%	(43,659)	(43,643)	(87,302)	(2.24)%
PL Adjustments	1,976,795	1,979,992	3,956,787	101.54 %	1,976,795	1,979,992	3,956,787	101.54 %
New Proposals	(29,854)	(29,854)	(59,708)	(1.53)%	(29,854)	(29,854)	(59,708)	(1.53)%
Total Budget	\$1,946,729	\$1,949,942	\$3,896,671		\$1,946,729	\$1,949,942	\$3,896,671	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(43,447)	0	0	(43,447)	0.00	(43,447)	0	0	(43,447)
DP 3 - Inflation Deflation	0.00	(212)	0	0	(212)	0.00	(196)	0	0	(196)
DP 19 - Restore OPD Present Law Services	14.00	1,795,428	0	0	1,795,428	14.00	1,798,491	0	0	1,798,491
DP 21 - Restore Public Defender Commission Funding	2.00	181,367	0	0	181,367	2.00	181,501	0	0	181,501
Grand Total All Present Law Adjustments	16.00	\$1,933,136	\$0	\$0	\$1,933,136	16.00	\$1,936,349	\$0	\$0	\$1,936,349

**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 to remove all base funding derived from the pay plan for the 2017 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.

DP 19 - Restore OPD Present Law Services -

The executive requests general fund and state special revenue to restore the personal services and operating costs to fund 14.00 FTE. The request restores funding that was designated one time only in the 2017 biennium . The positions associated with this request are:

- Administrative Assistant, 3.00 FTE
- Lawyer, 10.00 FTE
- Personal Staff - EO/Prof, 1.00 FTE

DP 21 - Restore Public Defender Commission Funding -

The executive requests general fund to fund 2.00 FTE attorneys to address caseloads.

LFD ISSUE	<p><u>Public Defender Commission Funding was not Intended to be Ongoing</u></p> <p>The executive seeks to make permanent 2.00 FTE funding in the 2017 biennium with the appropriation to the Public Defender Commission that was intended to be allocated within the office to address criminal caseload growth, dependent and neglect caseload funding pressures, appellate caseload pressure, or any other unforeseen fiscal pressure that agency might experience. The legislature designated all funding in the office as one time only. On the surface this funding appears to follow suit. However, when the funding was originally requested by the executive it was designated as one time only to signify that it was never intended by the executive to be ongoing in the office's base budget. As such, requesting to reestablish this funding as a present law request misrepresents the original intent for the funding.</p>
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This request is more appropriately categorized as a new proposal and should be evaluated by the legislature as they would consider a new proposal.

New Proposals -

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

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 555 - Appropriation Rebase	0.50	(29,854)	0	0	(29,854)	0.50	(29,854)	0	0	(29,854)
Total	0.50	(\$29,854)	\$0	\$0	(\$29,854)	0.50	(\$29,854)	\$0	\$0	(\$29,854)

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

DP 555 - Appropriation Rebase -

Under 17-7-111, MCA state agencies are required to submit plans to reduce general fund and certain state special revenue funds by 5%. The executive proposes reductions to the present law budget based on either the 5% reduction plans or FY 2016 reversions. In addition to reducing funding this request moves funding between expenditure categories by reducing operating expenses and increasing personal services. Personal services would increase by \$110,888 for the biennium to fund the addition of 0.50 FTE grade 7 lawyer each year and unspecified operating expenses would decrease by \$170,950 for the biennium.

LFD COMMENT

Imbedded in this reduction is a policy change that shifts the resource utilization away from the use of contracted attorneys to address workload pressures to the use of staff FTE.

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	1,418,221	2,417,915	999,694	70.49 %
Operating Expenses	13,850,505	11,859,656	(1,990,849)	(14.37)%
Total Expenditures	\$15,268,726	\$14,277,571	(\$991,155)	(6.49)%
General Fund	15,268,726	14,277,571	(991,155)	(6.49)%
Total Funds	\$15,268,726	\$14,277,571	(\$991,155)	(6.49)%
Total Ongoing	\$885,405	\$14,277,571	\$13,392,166	1,512.55 %
Total OTO	\$14,383,321	\$0	(\$14,383,321)	(100.00)%

Program Description

The Conflict Coordinator receives conflict cases from both the Public Defender Program and the Appellate Defender Program.

Program Highlights

Conflict Coordinator Major Budget Highlights
<ul style="list-style-type: none"> • Funding and FTE that were designated as OTO for FY 2017 are requested to be restored • Base funding derived from allocations of pay plan and the Governor's personal services contingency base funding is removed and then requested again at the same level, including 6.00 FTE that were never in the allocation • An appropriation rebase request reduces funding while changing the funding from use of contracted attorneys to staff FTE, including the addition of 3.00 FTE
Major LFD Issues
<ul style="list-style-type: none"> • A request to restore the funding for pay plan and personal services contingency base restores FTE that were not in the allocation

Program Actuals and Budget Comparison

The following table compares the program's FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	0.00	0.00	0.00	12.00	12.00
Personal Services	540,289	540,292	877,929	1,208,604	1,209,311
Operating Expenses	7,803,058	7,803,059	6,047,446	6,229,828	5,629,828
Total Expenditures	\$8,343,347	\$8,343,351	\$6,925,375	\$7,438,432	\$6,839,139
General Fund	8,343,347	8,343,351	6,925,375	7,438,432	6,839,139
Total Funds	\$8,343,347	\$8,343,351	\$6,925,375	\$7,438,432	\$6,839,139
Total Ongoing	\$258,844	\$258,844	\$626,561	\$7,438,432	\$6,839,139
Total OTO	\$8,084,503	\$8,084,507	\$6,298,814	\$0	\$0

Funding

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

Office of State Public Defender, 03-Conflict Coordinator Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	14,277,571	0	0	0	14,277,571	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	\$14,277,571	\$0	\$0	\$0	\$14,277,571	

The Conflict Coordinator is funded with general fund.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	626,561	626,561	1,253,122	8.78 %	626,561	626,561	1,253,122	8.78 %
SWPL Adjustments	(626,561)	(626,561)	(1,253,122)	(8.78)%	(626,561)	(626,561)	(1,253,122)	(8.78)%
PL Adjustments	7,584,598	6,985,305	14,569,903	102.05 %	7,584,598	6,985,305	14,569,903	102.05 %
New Proposals	(146,166)	(146,166)	(292,332)	(2.05)%	(146,166)	(146,166)	(292,332)	(2.05)%
Total Budget	\$7,438,432	\$6,839,139	\$14,277,571		\$7,438,432	\$6,839,139	\$14,277,571	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(626,561)	0	0	(626,561)	0.00	(626,561)	0	0	(626,561)
DP 19 - Restore OPD Present Law Services	3.00	6,932,475	0	0	6,932,475	3.00	6,332,687	0	0	6,332,687
DP 20 - Restore Personal Services Base Contingency	6.00	652,123	0	0	652,123	6.00	652,618	0	0	652,618
Grand Total All Present Law Adjustments	9.00	\$6,958,037	\$0	\$0	\$6,958,037	9.00	\$6,358,744	\$0	\$0	\$6,358,744

**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 to remove all base funding derived from the pay plan and allocations to the office from the Governor's personal services contingency base appropriation.

DP 19 - Restore OPD Present Law Services -

The executive requests general fund and state special revenue to restore the personal services and operating costs to fund 3.00 FTE. The request restores funding that was designated one time only in the 2017 biennium . The positions associated with this request are:

- Administrative Assistant, 1.00 FTE
- Lawyer, 2.00 FTE

DP 20 - Restore Personal Services Base Contingency -

The executive requests general fund to restore funding allocated to the office from the Governor's personal services contingency base funding appropriation from HB 2 of the 2015 Legislature including 6.00 FTE lawyers.

LFD ISSUE	<p><u>Personal Services Contingency Base Funding is Already in the Base</u></p> <p>The request to restore personal services contingency base and 2017 biennium pay plan funding is redundant as the base already includes this funding.</p> <p>This request also seeks to make permanent 6.00 FTE. Restrictive language on the Governor's Office appropriation for this funding limited the Governor to 10.00 base FTE statewide. The executive transferred 4.00 base FTE to the Office of Public Defender program, and subsequently transferred \$615,000 in funding and established 6.00 modified FTE to this program in FY 2017. Because the FY 2017 FTE established for this program were modified positions they are not present law and must be requested as a new separate proposal and not included in a request to "restore" previous base funding.</p> <p>Refer to the discussion of this topic in the Agency Discussion section for additional information on how this request interacts with SWPL 1.</p>
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New Proposals -

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

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 555 - Appropriation Rebase	3.00	(146,166)	0	0	(146,166)	3.00	(146,166)	0	0	(146,166)
Total	3.00	(\$146,166)	\$0	\$0	(\$146,166)	3.00	(\$146,166)	\$0	\$0	(\$146,166)

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

DP 555 - Appropriation Rebase -

Under 17-7-111, MCA state agencies are required to submit plans to reduce general fund and certain state special revenue funds by 5%. The executive proposes reductions to the present law budget based on either the 5% reduction plans or FY 2016 reversions. In addition to reducing funding this request moves funding between expenditure categories by reducing operating expenses and increasing personal services. Personal services would increase by \$542,904 for the biennium to fund the addition of 3.00 FTE grade 7 lawyers each year and unspecified operating expenses would decrease by \$835,236 for the biennium.

LFD COMMENT	Imbedded in this reduction is a policy change that shifts the resource utilization away from the use of contracted attorneys to address workload pressures to the use of staff FTE.
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Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	1,618,807	2,963,426	1,344,619	83.06 %
Operating Expenses	1,002,063	2,277,079	1,275,016	127.24 %
Total Expenditures	\$2,620,870	\$5,240,505	\$2,619,635	99.95 %
General Fund	2,346,944	4,692,654	2,345,710	99.95 %
State/Other Special Rev. Funds	273,926	547,851	273,925	100.00 %
Total Funds	\$2,620,870	\$5,240,505	\$2,619,635	99.95 %
Total Ongoing	\$0	\$5,215,505	\$5,215,505	100.00 %
Total OTO	\$2,620,870	\$25,000	(\$2,595,870)	(99.05)%

Program Description

The Chief Administrator's Office supports the Public Defender Commission and provides the central services administrative, human resources, and information technology functions for the programs of the Office of State Public Defender. The Public Defender Commission is responsible for the design, direction, and supervision of the system and approves the strategic plan for the delivery of services, and approves statewide standards for qualifications and training of public defenders.

Program Highlights

Chief Administrator's Office Major Budget Highlights
<ul style="list-style-type: none"> • Funding and FTE that were designated as OTO for FY 2017 are requested to be restored • Funding is requested to replace all Vision Net systems

Program Actuals and Budget Comparison

The following table compares the program's FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	0.00	0.00	0.00	18.00	18.00
Personal Services	0	0	1,618,807	1,481,173	1,482,253
Operating Expenses	0	0	1,002,063	1,179,129	1,097,950
Total Expenditures	\$0	\$0	\$2,620,870	\$2,660,302	\$2,580,203
General Fund	0	0	2,346,944	2,386,377	2,306,277
State/Other Special Rev. Funds	0	0	273,926	273,925	273,926
Total Funds	\$0	\$0	\$2,620,870	\$2,660,302	\$2,580,203
Total Ongoing	\$0	\$0	\$0	\$2,635,302	\$2,580,203
Total OTO	\$0	\$0	\$2,620,870	\$25,000	\$0

Funding

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

Office of State Public Defender, 04-Chief Administrator'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	4,667,654	25,000	0	0	4,692,654	89.55 %
02250 OPD Collections	547,851	0	0	0	547,851	100.00 %
State Special Total	\$547,851	\$0	\$0	\$0	\$547,851	10.45 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$5,215,505	\$25,000	\$0	\$0	\$5,240,505	

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

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	0	0	0	0.00 %	0	0	0	0.00 %
SWPL Adjustments	252,529	196,350	448,879	9.57 %	252,529	196,350	448,879	8.57 %
PL Adjustments	2,133,848	2,109,927	4,243,775	90.43 %	2,407,773	2,383,853	4,791,626	91.43 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$2,386,377	\$2,306,277	\$4,692,654		\$2,660,302	\$2,580,203	\$5,240,505	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2 - Fixed Costs	0.00	252,529	0	0	252,529	0.00	196,350	0	0	196,350
DP 7 - Program 4 - Replace Agency Vision Net Machines - Bien/OTO	0.00	25,000	0	0	25,000	0.00	0	0	0	0
DP 19 - Restore OPD Present Law Services	18.00	2,108,848	273,925	0	2,382,773	18.00	2,109,927	273,926	0	2,383,853
Grand Total All Present Law Adjustments	18.00	\$2,386,377	\$273,925	\$0	\$2,660,302	18.00	\$2,306,277	\$273,926	\$0	\$2,580,203

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

DP 2 - Fixed Costs -

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

DP 7 - Program 4 - Replace Agency Vision Net Machines - Bien/OTO -

The executive requests general fund to replace five Vision Net machines. The executive recommends that the legislature designate funding for this request as one time only and biennial.

LFD COMMENT	For clarification, this request is to replace five Vision Net machines. Currently, the office only has four Vision Net machines. One of the machines of this request would be a new installation.
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DP 19 - Restore OPD Present Law Services -

The executive requests general fund and state special revenue to restore the personal services and operating costs to fund 18.00 FTE. The request restores funding that was designated one time only in the 2017 biennium . The positions associated with this request are:

- Accountant, 2.00 FTE
- Accounting Technician, 2.00 FTE
- Administrative Assistant, 1.00 FTE
- Administrative Specialist, 1.00 FTE
- Computer Support Specialist, 1.00 FTE
- Computer Systems Analyst, 2.00 FTE
- Crime Investigator, 1.00 FTE
- Eligibility Technician, 1.00 FTE
- Human Resource Specialist, 1.00 FTE
- Lawyer, 1.00 FTE
- Network Administrator, 2.00 FTE
- Personal Staff - EO/Prof, 3.00 FTE

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

AGENCY CODE & NAME: 61080/Office of the State Public Defender

		Minimum Requirement	
		General Fund	State Special Revenue Fund
TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET		\$ 1,751,088	\$ 13,696
		<hr/>	
Priority	SERVICE(S) TO BE ELIMINATED OR REDUCED	General Fund Annual Savings	State Special Revenue Annual Savings
		<hr/>	
1	Reduce Contract Attorney Services - Program 1	\$ 1,248,174	
2	Reduce Contract Attorney Services - Program 2	\$ 85,297	
3	Reduce Contract Attorney Services - Program 3	\$ 417,617	
4	Reduce purchases of personal computers - Program 4		\$ 13,696
5			
6			
7			
8			
9			
10			
11			
	TOTAL SAVINGS	\$ 1,751,088	\$ 13,696
	DIFFERENCE	-	-

Form A

5% Base Budget Reduction Form

AGENCY CODE & NAME: 61080/Office of the State Public Defender - Program 1

#1

BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION: Reduce contract attorney costs by \$1,248,174. The agency would move contract attorney cases into its offices to be served by existing FTE and create a waiting list of those that cannot be served immediately.

#2 THE SAVINGS THAT ARE EXPECTED: \$1,248,174

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION: Agency FTE are already feeling the stress of the growth rate in caseloads per year and this action would compound that stress by bringing more cases into offices. The agency may see hired attorneys exit the system as a result of unreasonable caseload requirements. The agency may see law suits to limit caseloads to a level prescribed by the agency's standards of legal practices and the American Bar Association. Clients would not be served in a timely manner which would be disruptive to the justice system and to the client.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED: The Legislature could consider removing the jail time as a penalty from certain crimes.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO: YES - TITLE 47

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 61080/Office of the State Public Defender (Program 2)

#1

BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION: Reduce contract attorney costs by \$85,297. The agency would move contract attorney cases into its offices to be served by existing FTE and create a waiting list of those that cannot be served immediately.

#2 THE SAVINGS THAT ARE EXPECTED: \$85,297

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION: Agency FTE are already feeling the stress of the growth rate in caseloads per year and this action would compound that stress by bringing more cases into offices. The agency may see hired attorneys exit the system as a result of unreasonable caseload requirements. The agency may see law suits to limit caseloads to a level prescribed by the agency's standards of legal practices and the American Bar Association. Clients would not be served in a timely manner which would be disruptive to the justice system and to the client.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED: The Legislature could consider removing the jail time as a penalty from certain crimes.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO: YES - TITLE 47

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 61080/Office of the State Public Defender - Program 3

#1

BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION: Reduce contract attorney costs by \$417,167. The agency would move contract attorney cases into its offices to be served by existing FTE and create a waiting list of those that cannot be served immediately.

#2 THE SAVINGS THAT ARE EXPECTED: \$417,617

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION: Agency FTE are already feeling the stress of the growth rate in caseloads per year and this action would compound that stress by bringing more cases into offices. The agency may see hired attorneys exit the system as a result of unreasonable caseload requirements. The agency may see law suits to limit caseloads to a level prescribed by the agency's standards of legal practices and the American Bar Association. Clients would not be served in a timely manner which would be disruptive to the justice system and to the client.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED: The Legislature could consider removing the jail time as a penalty from certain crimes.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO: YES - TITLE 47

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: 61080/Office of the State Public Defender - Program 4

#1

BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION: The Agency would reduce its planned purchases of replacement personal computers. This action would have some FTE using out of date equipment that may fail. If the computer fails, the employee will not have this tool to do their job. PC sharing may need to be instituted.

#2 THE SAVINGS THAT ARE EXPECTED: \$13,696

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION: See the impact described in item 1 above.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED: The agency could institute staggered work hours so that PC sharing is doable.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO: YES - Title 47

Form B

FY 2017 Fund Appropriation Transactions - Public Defender

	Legislative Appropriation	Allocations (Contingency Base & Pay Plan)	Program Transfers	Operation Plan Changes	2017 Base	% Change from Legislative Approp	% Change from Approp + Allocations
01100 General Fund	\$0	\$2,813,640	\$0	\$0	\$2,813,640	100.0%	0.0%
Grand Total	\$0	\$2,813,640	\$0	\$0	\$2,813,640	100.0%	0.0%

THE DEPARTMENT OF CORRECTIONS

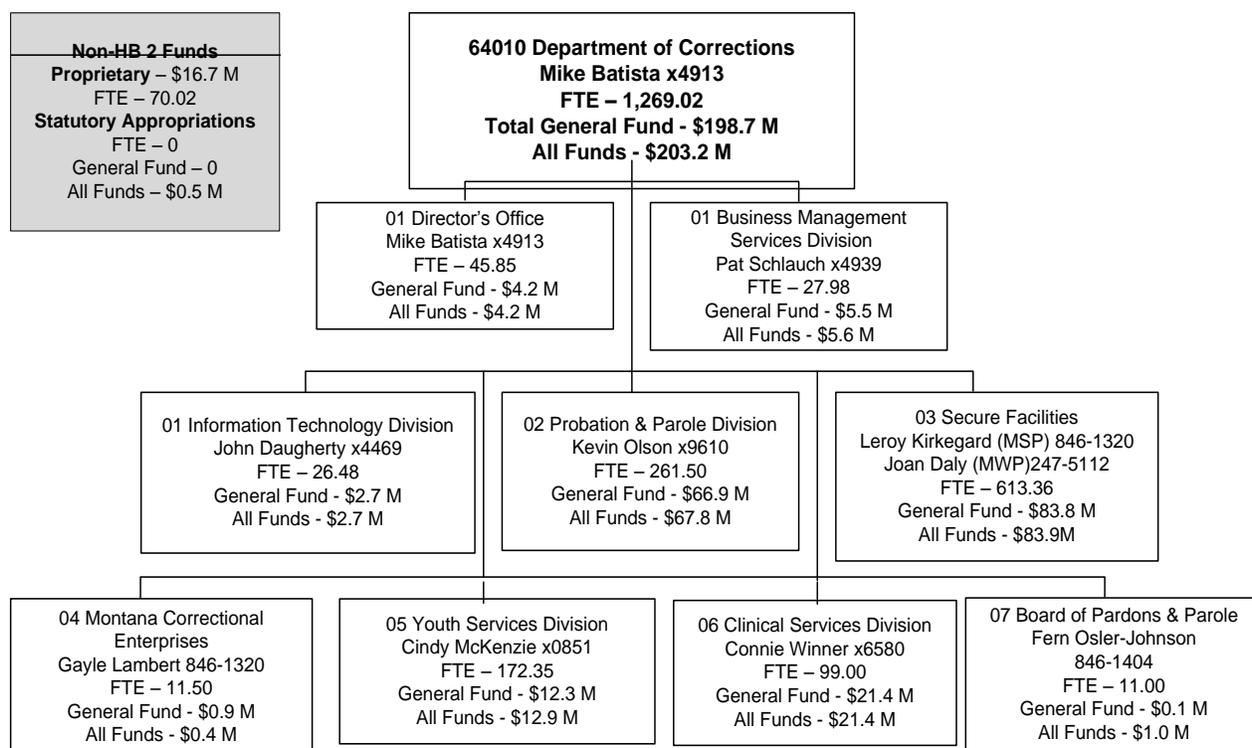
An Agency Profile Prepared by the
Legislative Fiscal Division

November, 2016



INTRODUCTION

The Montana Department of Corrections' staff enhances public safety, supports victims of crime, promotes positive change in offender behavior, and reintegrates offenders into the community.

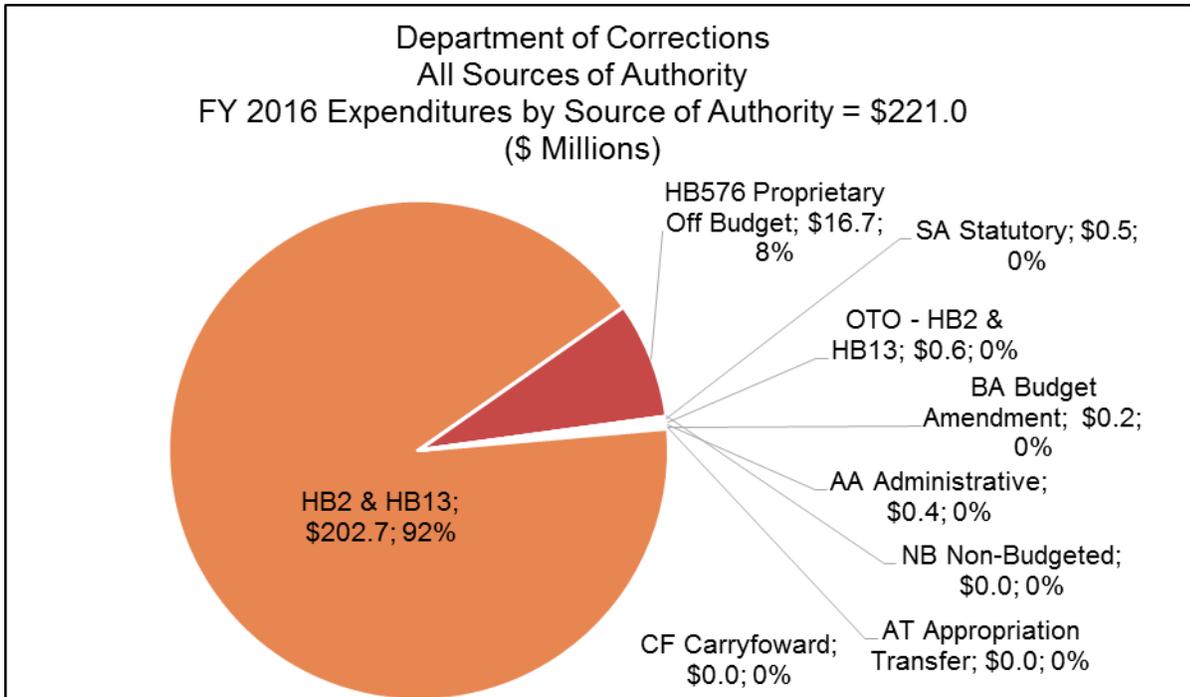


HOW SERVICES ARE PROVIDED

Services are provided through the following:

- Housing and attending to adult or youth offenders in secure care facilities both owned and operated by the state or under contract with a private or local government entity that owns and operates the facility under contract with the state. Examples of state facilities for adults are the Montana State Prison and the Montana Women's Prison. Examples of state facilities for youth are Pine Hills Youth Correctional Center or Riverside Youth Correctional Center
- Contracting with private not-for-profit entities for treatment and supervision in a treatment or community-based setting such as pre-release centers, transitional living centers, methamphetamine or alcohol treatment facilities
- Supervision of adult offenders on probation or parole, or youth on parole with state probation and parole officers
- Providing job skills and training for offenders via a vocational education placement operated by state employees. Examples of vocational education includes the prison ranch and dairy, prison license plate factory, prison furniture and upholstery factory
- Providing a military style program for addressing criminality and behavioral issues in younger adult offenders

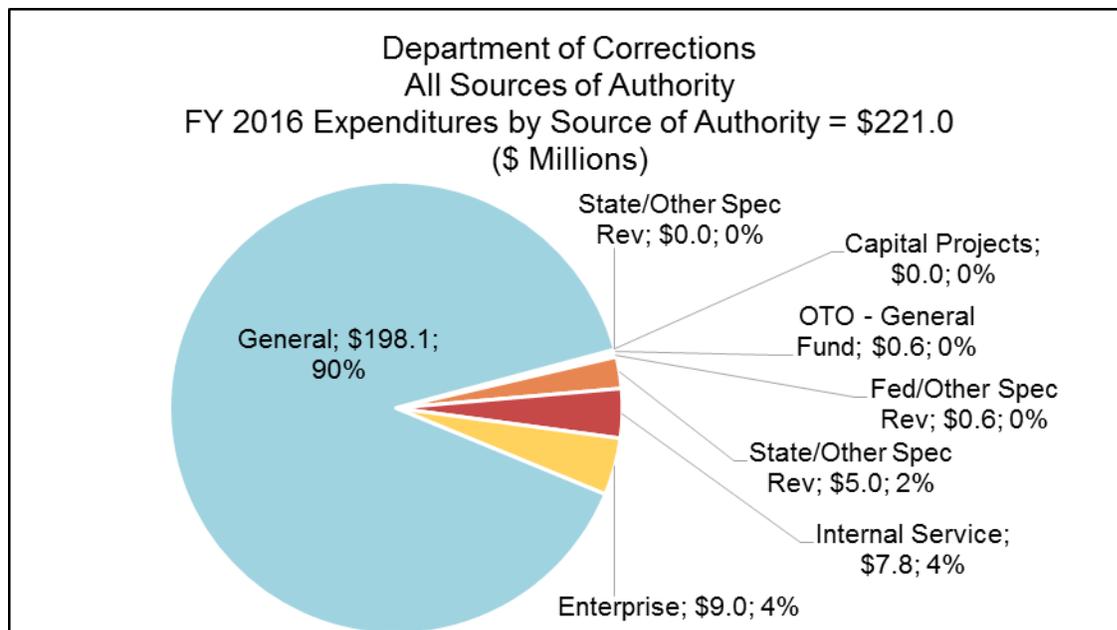
SOURCES OF SPENDING AUTHORITY



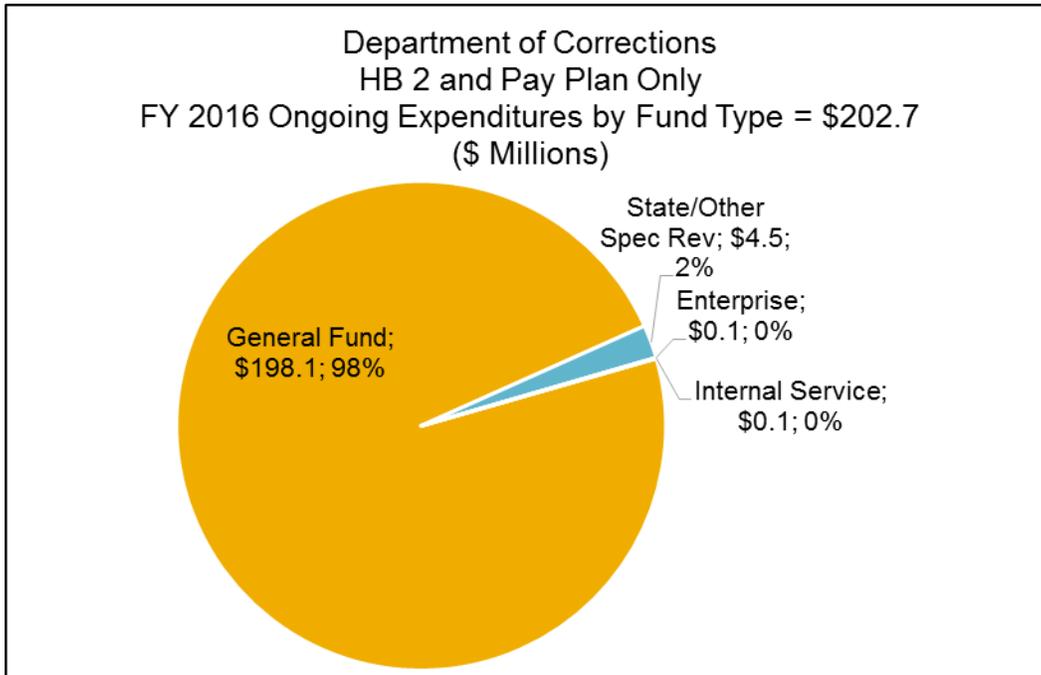
The above chart shows the sources of authority for the Department of Corrections. The majority of the funding comes from HB 2, while off budgeted proprietary funds from operations in the Montana Correctional Enterprises program contribute the majority of the remaining funding.

FUNDING

The Department of Corrections is funded primarily with general fund but proprietary funds provide the majority of the remaining funding. The following chart shows how the Department of Corrections expenditures were funded in FY 2016 from all sources of authority by fund type.

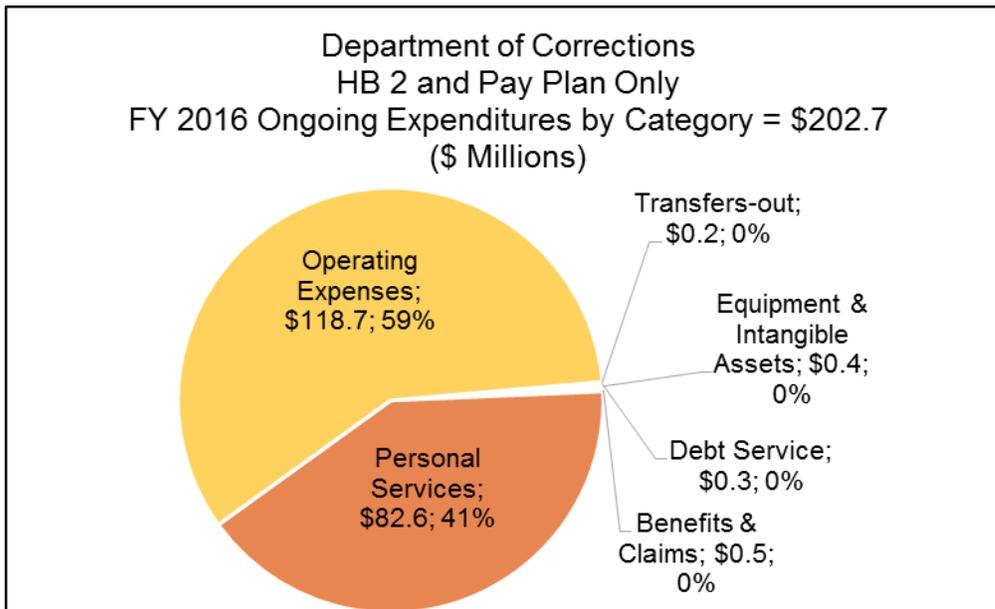


The below chart shows how Department of Corrections expenditures were funded in FY 2016 from HB2 and pay plan by fund type.



EXPENDITURES

The next chart explains how the HB2 and pay plan authority was spent in FY 2016. Operating expenses primarily to pay contractors and local governments to house inmates in various treatment and community placements, private prisons, and county jails, or to fund inmate outside medical costs account for the majority of expenses.



HOW THE 2017 LEGISLATURE CAN EFFECT CHANGE

In order to change expenditure levels and/or agency activity, the legislature must address one or more of the following basic elements that drive costs. If the legislature wishes to affect correctional expenditures at the state level in significant ways, it must address the number of offenders and/or the cost to provide services.

The legislature might impact these items by:

- Changing criminal statutes, including what offenses are considered a felony and the length and type of sentence imposed upon individuals guilty of committing a criminal act
- Reducing the costs of current services and incarceration options and/or pursuing the development of new options that may be less costly. In such cases, it is important to determine how “less costly” is defined or determined. Less costly may be cost per day, cost per offender for the course of treatment or incarceration, or cost over a longer time period and measured in terms of future impact on the correctional system and society

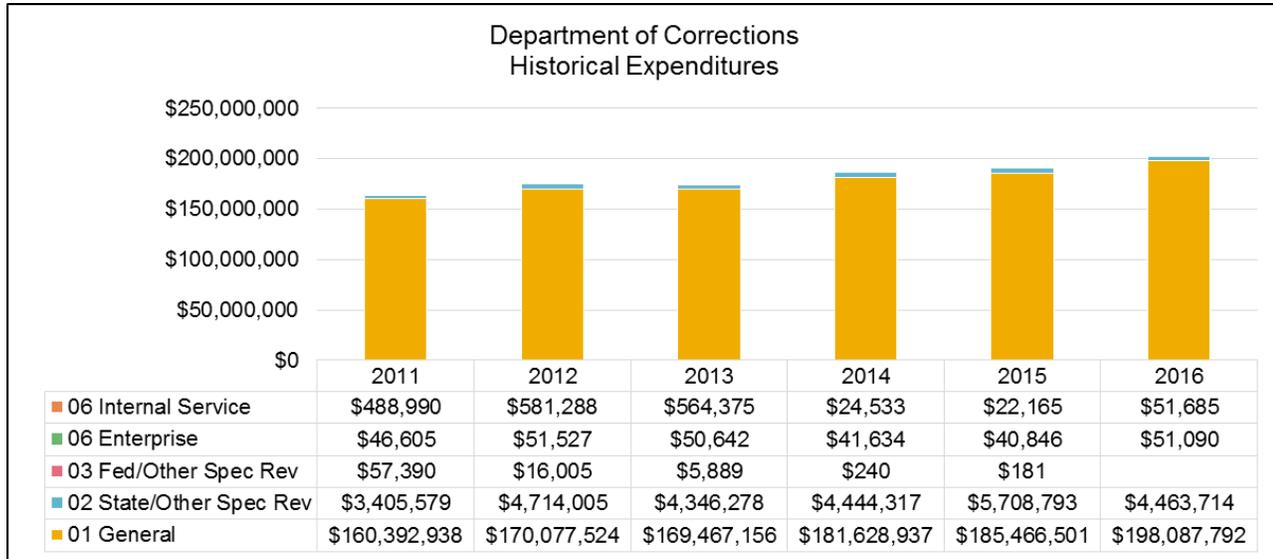
MAJOR COST DRIVERS

The major drivers of cost for the Department of Correction are inmate populations and demographics. The following table shows trends in the various inmate populations or average daily populations (ADP).

Driver	FY 2006	FY 2016	Significance of Data
ADP male secure facilities	2,329	2,379	Growth in ADP
ADP female secure facilities (see note 1)	229	226	Growth in ADP
ADP probation and parole	7,536	8,468	Growth in ADP
ADP Pine Hills (juvenile males)	95	41	Youth ADP is declining
ADP Riverside (juvenile females)	14	4	Youth ADP is declining
Number of offenders supervised - adults	15,966	18,701	Growth in people supervised by the department
Number of offenders supervised - juveniles	311	150	Youth being supervised are declining
Average age of male inmates	37.6	41.7	Older inmates typically means more in medical costs
Percent of male inmates 55 years of age or older	8.1%	18.0%	Older tier of inmates are growing as a percentage of populations
Average age of female inmates	35.6	38.4	Older inmates typically means more in medical costs
Percent of female inmates 55 years of age or older	2.0%	6.8%	Older tier of inmates are growing as a percentage of populations
Total medical/dental/pharmacy services purchased	3,401,527	8,593,678	As inmates age the medical costs increase
note 1 - In FY 2003, the Intensive Challenge and BASC programs were started and hosted onsite at MWP. They account for 35 ADP in 2006.			

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

The following table shows historical changes in the agency's base budget authority.



MAJOR LEGISLATIVE CHANGES IN THE LAST TEN YEARS

The following legislation impacts the department by adding imprisonment to the sentencing requirements:

- SB 547 of the 2007 Legislature revised provisions related to sexual offenders and provided for a minimum 25 year mandatory minimum sentence in certain circumstances
- HB 233 of the 2015 Legislature moved administration of juvenile placement funds from the department to the Judicial Branch

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

Agency Biennium Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	174,853,504	175,008,667	155,163	0.09 %
Operating Expenses	234,175,825	241,562,814	7,386,989	3.15 %
Equipment & Intangible Assets	595,220	305,704	(289,516)	(48.64)%
Capital Outlay	41,546	41,546	0	0.00 %
Benefits & Claims	1,081,196	1,081,196	0	0.00 %
Transfers	426,819	404,934	(21,885)	(5.13)%
Debt Service	617,876	887,864	269,988	43.70 %
Total Expenditures	\$411,791,986	\$419,292,725	\$7,500,739	1.82 %
General Fund	401,926,696	408,716,596	6,789,900	1.69 %
State/Other Special Rev. Funds	9,655,286	10,361,671	706,385	7.32 %
Proprietary Funds	210,004	214,458	4,454	2.12 %
Total Funds	\$411,791,986	\$419,292,725	\$7,500,739	1.82 %
Total Ongoing	\$410,645,793	\$419,276,225	\$8,630,432	2.10 %
Total OTO	\$1,146,193	\$16,500	(\$1,129,693)	(98.56)%

Mission Statement

The Montana Department of Corrections enhances public safety, supports victims of crime, promotes positive change in offender behavior, and reintegrates offenders into the community.

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

http://leg.mt.gov/content/Publications/fiscal/Budget-Books/2019/Budget-Analysis/section_d/6401-00agency-profile.pdf

Agency Highlights

Department of Corrections Major Budget Highlights
<ul style="list-style-type: none"> • A general fund increase would address increases in costs to send state inmates for medical treatment outside state facilities • A general fund increase would address costs due to growth in populations of offenders being housed in county jails
Legislative Action Issues
<ul style="list-style-type: none"> • Budget shortfalls could exist if restrictions in HB 2, for the rate paid to counties to hold state offenders in county jails, are not continued

Agency Actuals and Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	1,269.02	1,269.02	1,269.02	1,269.02	1,269.02
Personal Services	83,101,910	84,194,883	90,658,621	87,394,328	87,614,339
Operating Expenses	118,652,780	120,094,310	114,081,515	120,723,885	120,838,929
Equipment & Intangible Assets	403,218	417,368	177,852	152,852	152,852
Capital Outlay	0	20,773	20,773	20,773	20,773
Benefits & Claims	528,938	540,598	540,598	540,598	540,598
Transfers	222,409	232,352	194,467	209,467	195,467
Debt Service	308,129	308,938	308,938	443,932	443,932
Total Expenditures	\$203,217,384	\$205,809,222	\$205,982,764	\$209,485,835	\$209,806,890
General Fund	198,650,891	200,882,191	201,044,505	204,197,799	204,518,797
State/Other Special Rev. Funds	4,463,718	4,824,256	4,831,030	5,180,807	5,180,864
Proprietary Funds	102,775	102,775	107,229	107,229	107,229
Total Funds	\$203,217,384	\$205,809,222	\$205,982,764	\$209,485,835	\$209,806,890
Total Ongoing	\$202,654,379	\$205,235,384	\$205,410,409	\$209,485,835	\$209,790,390
Total OTO	\$563,005	\$573,838	\$572,355	\$0	\$16,500

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) and the purchase of incarceration and other services (such as community-based residential programs) via contracts with local governments and private not-for-profit and for-profit businesses throughout the state.

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 Population Projections

When offenders are sentenced to either a facility or to the supervision of the department it assumes responsibility for placement of the offender within a facility most appropriate to that offender. Because the main mission of the department is to eventually return the offender back to the community as a law-abiding citizen, the department must have adequate capacity to place the offender in the most appropriate facility to address the issue of the offender's criminality. Montana State Prison for males and Montana Woman's Prison have design capacities that DOC has been bumping up against and managing populations to.

Barring additional capacity through a new prison facility DOC has some flexibility to add capacity by contracting to house more inmates in the private prison, Crossroads Correctional Center (CCC) in Shelby. DOC has added contractual capacity to CCC of 40 beds since preparing its 2017 biennium budget request two years ago. Other options to manage secure custody of offenders is to modify the configuration of existing facilities by adding beds to dormitory rooms where available. DOC is not currently requesting funding for any secure facility expansions.

During the 2017 interim, several studies associated with various aspects of Montana's criminal justice system were undertaken. The study that may have the greatest impact on the operations of DOC is the Commission on Sentencing, which was undertaken as a result of passage of SB 224 by the 2015 Legislature. The commission was aided in large part by staff resources provided by the Bureau of Justice Assistance, the Pew Center on the States, and Council of State Governments (CSG). The commission studied and made recommendations for legislation to the 2017 Legislature on the following areas that, if enacted, could impact the populations of offenders under DOC jurisdiction and costs of the agency in future years:

- 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

As the legislature has to act on any of these initiatives, there is no estimate of what increased or avoided costs will result. However, the staff from CGS provided the following preliminary estimates of the impact if all recommendations CGS offered were undertaken:

- Avert at least \$80 million between FY2018 and FY2023
- Reduce the prison population from the baseline projection by 518 people between FY2018 and FY2023, bringing the prison population below the current level
- Reduce the supervision population from the baseline projection by 2,639 people
- Double the number of people who can be served in prerelease centers with the existing number of beds
- Provide numerous tools that can enable counties to manage the growth in or reduce their jail populations
- Averting growth in the prison population and generating savings in this six-year time frame would position Montana to instead reinvest \$28 million in strategies to save beds, reduce recidivism, and increase public safety at a lesser cost to taxpayers.

The full Montana Justice Reinvestment Impacts and Reinvestments document and a list of bills associated with the council work can be found on the Commission on Sentencing Internet page at:

<http://leg.mt.gov/css/Committees/Interim/2015-2016/Sentencing/Meetings/Oct-2016/oct-2016.asp>

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2019 biennium 5% plan submitted for this agency is in the appendix. For this agency the 5% plan includes reductions totaling \$9.9 million general fund and \$262,822 state special revenue. The proposed reductions would include reducing contracted services (not specified how) to reduce general fund and reductions to Montana Correctional Enterprises prison canteen purchased to reduce state special revenue.

Legislative Audit Findings

LFD COMMENT

The Legislative Audit Division conducted a financial compliance audit of the Department of Corrections in September 2016. The audit found:

1. Changing inmate census and/or re-purposing youth correctional facilities would likely have cost implications for the department relating to construction/remodeling, changes in staffing levels and/or differences in per diem rates.

The Legislative Auditor recommends the Department of Corrections comply with state law by:

1. Using state youth correctional facilities only for the purposes outlined in §52-5-101, MCA,
2. Not placing youth offenders in facilities used to execute sentences of adults convicted of crimes, and
3. Resuming state youth correctional activities at the Riverside state youth correctional facility.

The audit found:

1. Addressing accounting errors could result in changes to per diem payment calculations and associated expenditures affecting budget requests going forward,
2. Fees were not commensurate with costs for the department's Cook Chill internal service fund for FY 2016 and the resulting fund equity was excessive, and
3. Part of this recommendation relates to noncompliance with statute requiring department adoption of rules relating to collection of inmate medical and dental expenses. Despite statutory intent, the department has no mechanisms in place to charge inmates for costs associated with medical or dental treatment.

The Legislative Auditor recommends the Department of Corrections review and revise regional correctional facility per diem accounting processes to ensure:

1. The accrued liability balance at fiscal year-end reflects a reasonable estimate of the department's unpaid obligation to the facilities, in accordance with generally accepted accounting principles,
2. Per diem payments are charged to an expenditure account and appropriation, either through a payment recorded directly to an expenditure or through a payment made against a previously-established expenditure accrual, and
3. Charge fees commensurate with costs for cook chill products, as required by state law, and
4. Continue to develop and implement internal procedures to ensure compliance with all governing state laws.

Additional information on the audit can be found at: <http://leg.mt.gov/content/Publications/Audit/Report/16-15.pdf>

Comparison of FY 2017 Legislative Budget to FY 2017 Base

Figure 1 demonstrates the beginning FY 2017 budget as adopted by the 2015 legislature, plus modifications done by the executive (and authorized in statute) during the interim, and the finalized 2017 Base Budget. The 2017 Base Budget was agreed upon by the Legislative Finance Committee and the executive as a measuring point to start the 2019 biennium budgeting process.

Figure 1

FY 2017 Appropriation Transactions - Dept of Corrections								
	Leg Approp	Allocations	Program Transfers	OP Changes	Other	2017 Base	% Change from Legislative Approp	% Change from Approp + Allocations
01 Business Management Services								
Personal Services	\$8,144,660	\$432,413	(\$515,334)			\$8,061,739	-1.0%	-6.0%
Operating Expenses	5,241,474	28,860	(184,046)			5,086,288	-3.0%	-3.5%
Program Total	13,386,134	461,273	(699,380)	-	-	13,148,027	-1.8%	-5.1%
02 Probation & Parole Division								
Personal Services	17,266,348	876,982	161,262	66,628		18,371,220	6.4%	1.3%
Operating Expenses	51,505,149		(50,000)	(66,628)		51,388,521	-0.2%	-0.2%
Equipment & Assets	18,235					18,235	0.0%	0.0%
Transfers-out	6,250					6,250	0.0%	0.0%
Debt Service	70,483					70,483	0.0%	0.0%
Program Total	68,866,465	876,982	111,262	-	-	69,854,709	1.4%	0.2%
03 Secure Custody Facilities								
Personal Services	39,666,173	2,321,956	(579,673)			41,408,456	4.4%	-1.4%
Operating Expenses	41,586,603				(1,934,848)	39,651,756	-4.7%	-4.7%
Equipment & Assets	87,605					87,605	0.0%	0.0%
Capital Outlay	20,773					20,773	0.0%	0.0%
Transfers-out	53,100					53,100	0.0%	0.0%
Debt Service	217,578					217,578	0.0%	0.0%
Program Total	81,631,832	2,321,956	(579,673)	-	(1,934,848)	81,439,267	-0.2%	-3.0%
04 Mont Correctional Enterprises								
Personal Services	770,825	39,835	14,778			825,438	7.1%	1.8%
Operating Expenses	2,626,082					2,626,082	0.0%	0.0%
Transfers-out	135,117					135,117	0.0%	0.0%
Program Total	3,532,024	39,835	14,778	-	-	3,586,637	1.5%	0.4%
05 Youth Services								
Personal Services	11,474,712	607,180	(129,788)			11,952,104	4.2%	-1.1%
Operating Expenses	2,183,365					2,183,365	0.0%	0.0%

64010 - Department Of Corrections

SUMMARY

Equipment & Assets	47,012					47,012	0.0%	0.0%
Benefits & Claims	540,598					540,598	0.0%	0.0%
Debt Service	20,877					20,877	0.0%	0.0%
Program Total	14,266,564	607,180	(129,788)	-	-	14,743,956	3.3%	-0.9%
06 Clinical Services								
Personal Services	7,896,209	547,344	251,462			8,695,015	10.1%	3.0%
Operating Expenses	12,911,457		50,000			12,961,457	0.4%	0.4%
Program Total	20,807,666	547,344	301,462	-	-	21,656,472	4.1%	1.4%
07 Board of Pardons & Parole								
Personal Services			797,294			797,294	100.0%	100.0%
Operating Expenses			184,046			184,046	100.0%	100.0%
Program Total	-	-	981,340	-	-	981,340	100.0%	100.0%
Grand Total	\$202,490,685	\$4,854,570	\$0	\$0	(\$1,934,848)	\$205,410,408	1.4%	-0.9%
Leg Approp = Legislative Appropriations								
Allocations = include Contingency Base & Pay Plan								
OP = Operating Plan Changes								

Significant budget changes adopted by the executive include:

The functions of the Board of Pardons and Parole were removed from the Business Management Services Division to establish a new Board of Pardons and Parole Program

- \$1.9 million general fund was moved from FY 2017 to FY 2016 to fund a budget shortfall associated with housing inmates in county jails
- 2.00 FTE and nearly \$129,000 general fund were transferred from the Youth Services program to the Clinical Services Division
- 1.00 FTE and \$81,500 general fund were transferred from the Youth Services program to the Business Management Services Division
- 2.00 FTE and nearly \$96,00 were transferred from the Secure Custody Facilities program to the Business Management Services Division

Funding

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

Total Department of Corrections Funding by Source of Authority 2019 Biennium Budget Request - Department of Corrections							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	408,700,096	16,500	0	0	408,716,596	90.72 %	
State Special Total	10,361,671	0	0	1,053,806	11,415,477	2.53 %	
Federal Special Total	0	0	0	0	0	0.00 %	
Proprietary Total	214,458	0	30,164,250	0	30,378,708	6.74 %	
Other Total	0	0	0	0	0	0.00 %	
Total All Funds	\$419,276,225	\$16,500	\$30,164,250	\$1,053,806	\$450,510,781		
Percent - Total All Sources	93.07 %	0.00 %	6.70 %	0.23 %			

DOC receives most of its funding from the general fund, with a small amount coming from state special revenue. The four largest state special revenue funds are:

- The canteen revolving fund, which receives revenue from the sale of items (such as personal hygiene items) to inmates
- Probation and parole supervision fees collected from offenders under the supervision of the department
- Pine Hills donations, interest, and income funds that come mostly from the collection of interest and income on school trust lands
- Juvenile placement costs of care that comes from payments made by parents and other responsible parties toward the costs of care of juveniles under the supervision of juvenile parole (Corrections) or juvenile probation (Judicial Branch)

Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	200,472,150	200,472,150	400,944,300	98.10 %	205,410,409	205,410,409	410,820,818	97.98 %
SWPL Adjustments	(1,235,293)	(1,046,154)	(2,281,447)	(0.56)%	(1,235,516)	(1,046,320)	(2,281,836)	(0.54)%
PL Adjustments	2,474,878	2,604,935	5,079,813	1.24 %	2,824,878	2,954,935	5,779,813	1.38 %
New Proposals	2,486,064	2,487,866	4,973,930	1.22 %	2,486,064	2,487,866	4,973,930	1.19 %
Total Budget	\$204,197,799	\$204,518,797	\$408,716,596		\$209,485,835	\$209,806,890	\$419,292,725	

Reorganizations -

The agency established a new program for the Board of Pardons and Parole by moving funding and staff from the Director's Office program to the new Board of Pardons and Parole program. The move reduced the FY 2017 budget in the Director's Office and established the budget in the Board of Pardons and Parole program by \$981,340 and 11.00 FTE.

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	15,464,144	15,137,946	(326,198)	(2.11)%
Operating Expenses	10,589,595	12,396,339	1,806,744	17.06 %
Transfers	3,258	0	(3,258)	(100.00)%
Total Expenditures	\$26,056,997	\$27,534,285	\$1,477,288	5.67 %
General Fund	24,936,511	26,402,965	1,466,454	5.88 %
State/Other Special Rev. Funds	910,482	916,862	6,380	0.70 %
Proprietary Funds	210,004	214,458	4,454	2.12 %
Total Funds	\$26,056,997	\$27,534,285	\$1,477,288	5.67 %
Total Ongoing	\$26,056,997	\$27,534,285	\$1,477,288	5.67 %
Total OTO	\$0	\$0	\$0	0 %

Program Description

The Director's Office Program includes the Director's Office, Information Technology Division, and Business Management Services 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.

Program Highlights

<p>Director's Office Major Budget Highlights</p>
<ul style="list-style-type: none"> • Other than a reduction to rebase appropriations all other budget changes are for statewide present law adjustments

Program Actuals and Budget Comparison

The following table compares the program's FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	100.31	100.31	100.31	100.31	100.31
Personal Services	7,306,341	7,402,405	8,061,739	7,554,397	7,583,549
Operating Expenses	5,507,036	5,503,307	5,086,288	6,256,378	6,139,961
Transfers	3,258	3,258	0	0	0
Total Expenditures	\$12,816,635	\$12,908,970	\$13,148,027	\$13,810,775	\$13,723,510
General Fund	12,300,827	12,354,144	12,582,367	13,245,115	13,157,850
State/Other Special Rev. Funds	413,033	452,051	458,431	458,431	458,431
Proprietary Funds	102,775	102,775	107,229	107,229	107,229
Total Funds	\$12,816,635	\$12,908,970	\$13,148,027	\$13,810,775	\$13,723,510
Total Ongoing	\$12,816,635	\$12,908,970	\$13,148,027	\$13,810,775	\$13,723,510
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

The 2017 base included a 2% vacancy savings as stated in HB 2 from the 2015 legislative session. The 2019 biennium executive request for personal services (SWPL 1) includes a 4% vacancy savings, with some exceptions.

Figure 2 compares the executive budget for personal services to the legislative budget.

Figure 2

Department Of Corrections: 01 Director's office Personal Services Present Law Calculations			
PS Base:		FY 2018	FY 2019
Executive	DP 1: SWPL Personal Services	(\$7,342)	\$21,810
Legislative	Statutory Personal Service Change	<u>26,484</u>	<u>56,948</u>
	Difference	(33,826)	(35,138)
Management Choices Explaining the Difference			
	Additional 2% Vacancy Savings	(167,658)	(168,263)
	Broadband Pay Adjustments	153,998	153,998
	Benefits and Taxes on Pay Adjustment	32,658	32,658
	Other	<u>(52,825)</u>	<u>(53,532)</u>
	Total	(\$33,826)	(\$35,138)

A number of offsetting changes, including some discretionary decisions of agency management combined for a lower than anticipated budget request. The pay increases management made in addition to the statutory \$0.50 per hour pay plan increase were for:

- Five career ladder adjustments for human resource staff, an electronic learning specialist, and a computer systems analyst
- Six competency adjustments for lawyers, financial managers, budget analysts and a network systems analyst
- Five market adjustments for an account and information technology staff
- Four positions were reclassified for a lawyer, a records management assistant, a computer information systems manager, and a financial operations manager

These increases were offset by turnover of staff that generally lowered program salaries when senior and higher paid employees were replaced by lower paid employees.

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	26,402,965	0	0	0	26,402,965	95.89 %	
02355 Miscellaneous Fines and Fees	9,660	0	0	0	9,660	1.05 %	
02689 Offender Restitution	901,486	0	0	0	901,486	98.32 %	
02917 MSP Canteen Revolving Acct	5,716	0	0	0	5,716	0.62 %	
02768 Domestic Violence Intervention	0	0	0	0	0	0.00 %	
State Special Total	\$916,862	\$0	\$0	\$0	\$916,862	3.33 %	
03315 Misc Federal Grants	0	0	0	0	0	0.00 %	
03008 Juvenile Justice Council	0	0	0	0	0	0.00 %	
03009 Juvenile Accountability	0	0	0	0	0	0.00 %	
03081 OVW Sexual Assault Services	0	0	0	0	0	0.00 %	
03090 P COVERDELL FORENSIC SCIENCE	0	0	0	0	0	0.00 %	
03111 Residential Substance Abuse	0	0	0	0	0	0.00 %	
03188 Justice Assistance Grants	0	0	0	0	0	0.00 %	
03192 Crime Victim Assistance	0	0	0	0	0	0.00 %	
03200 SORNA CFDA 16.751	0	0	0	0	0	0.00 %	
03201 Justice System Enhancements	0	0	0	0	0	0.00 %	
03248 Prescription Drug Monitoring	0	0	0	0	0	0.00 %	
03343 Criminal History Record Improv	0	0	0	0	0	0.00 %	
03344 Violence Against Women Act	0	0	0	0	0	0.00 %	
03962 Enf. Underage Drinking Laws	0	0	0	0	0	0.00 %	
03963 John R Justice Grant	0	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
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 %	
06572 MCE License Plate Production	53,318	0	0	0	53,318	24.86 %	
06573 MSP - Cook Chill	53,318	0	0	0	53,318	24.86 %	
Proprietary Total	\$214,458	\$0	\$0	\$0	\$214,458	0.78 %	
Total All Funds	\$27,534,285	\$0	\$0	\$0	\$27,534,285		

Most of the funding for this program comes from the general fund. A small amount of the program's funding comes from state special revenue, primarily from fees charged for the collection of restitution from offenders. The remainder of the program's funding comes from proprietary funds such as the prison ranch, industries program, and cook chill operation, which supports centralized service functions of the agency that are provided from this program.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	
2017 Base Budget	12,582,367	12,582,367	25,164,734	95.31 %	13,148,027	13,148,027	26,296,054	95.50 %	
SWPL Adjustments	1,162,748	1,075,483	2,238,231	8.48 %	1,162,748	1,075,483	2,238,231	8.13 %	
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %	
New Proposals	(500,000)	(500,000)	(1,000,000)	(3.79)%	(500,000)	(500,000)	(1,000,000)	(3.63)%	
Total Budget	\$13,245,115	\$13,157,850	\$26,402,965		\$13,810,775	\$13,723,510	\$27,534,285		

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(7,342)	0	0	(7,342)	0.00	21,810	0	0	21,810
DP 2 - Fixed Costs	0.00	1,169,369	0	0	1,169,369	0.00	1,051,180	0	0	1,051,180
DP 3 - Inflation Deflation	0.00	721	0	0	721	0.00	2,493	0	0	2,493
Grand Total All Present Law Adjustments	0.00	\$1,162,748	\$0	\$0	\$1,162,748	0.00	\$1,075,483	\$0	\$0	\$1,075,483

**"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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

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

New Proposals -

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

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 555 - Appropriation Rebase	0.00	(500,000)	0	0	(500,000)	0.00	(500,000)	0	0	(500,000)
Total	0.00	(\$500,000)	\$0	\$0	(\$500,000)	0.00	(\$500,000)	\$0	\$0	(\$500,000)

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

DP 555 - Appropriation Rebase -

Under 17-7-111, MCA state agencies are required to submit plans to reduce general fund and certain state special revenue funds by 5%. The executive proposes reductions to the present law budget based on either the 5% reduction plans or FY 2016 reversions.

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	35,366,749	35,286,548	(80,201)	(0.23)%
Operating Expenses	101,884,745	102,790,290	905,545	0.89%
Equipment & Intangible Assets	268,455	36,470	(231,985)	(86.41)%
Transfers	12,500	12,500	0	0.00%
Debt Service	140,966	140,966	0	0.00%
Total Expenditures	\$137,673,415	\$138,266,774	\$593,359	0.43%
General Fund	136,045,081	136,638,440	593,359	0.44%
State/Other Special Rev. Funds	1,628,334	1,628,334	0	0.00%
Total Funds	\$137,673,415	\$138,266,774	\$593,359	0.43%
Total Ongoing	\$137,673,415	\$138,266,774	\$593,359	0.43%
Total OTO	\$0	\$0	\$0	0%

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: the Treasure State Correctional Training Center, chemical dependency treatment programs, DUI treatment facilities, Methamphetamine treatment facilities, assessment, sanction and revocation centers, and various other prison diversion programs. The department contracts with nonprofit corporations in Great Falls, Missoula, Billings, Bozeman, Butte, and Helena for prerelease services.

Program Highlights

Probation and Parole Major Budget Highlights
<ul style="list-style-type: none"> • The only budget changes requested are for statewide present law adjustments

Program Actuals and Budget Comparison

The following table compares the program’s FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	261.50	261.50	261.50	261.50	261.50
Personal Services	16,933,935	16,995,529	18,371,220	17,617,444	17,669,104
Operating Expenses	50,489,677	50,496,224	51,388,521	51,391,676	51,398,614
Equipment & Intangible Assets	255,373	250,220	18,235	18,235	18,235
Transfers	0	6,250	6,250	6,250	6,250
Debt Service	70,280	70,483	70,483	70,483	70,483
Total Expenditures	\$67,749,265	\$67,818,706	\$69,854,709	\$69,104,088	\$69,162,686
General Fund	66,935,094	67,004,539	69,040,542	68,289,921	68,348,519
State/Other Special Rev. Funds	814,171	814,167	814,167	814,167	814,167
Total Funds	\$67,749,265	\$67,818,706	\$69,854,709	\$69,104,088	\$69,162,686
Total Ongoing	\$67,749,265	\$67,818,706	\$69,854,709	\$69,104,088	\$69,162,686
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

Offender Populations

The Probation & Parole Division supervises offenders in settings other than prison. The types of services vary in intensity from community supervision to supervised residential settings such as pre-release centers and treatment facilities. The division provides services through the use of state employees (probation and parole officers) and contracts with nonprofit organizations that operate various types of community based residential programs.

The primary drivers of community correctional costs are increases in the number of offenders to be supervised or housed and the type of placement or service that is needed to supervise the offenders. Community residential treatment programs such as the methamphetamine treatment centers tend to have the highest per day costs while probation and parole supervision has the lowest per day costs. While fewer offenders receive residential services than supervision services, the cost per day can be almost twenty times greater. Projections of average daily population (ADP) for the Probation and Parole Division including both offenders supervised by probation and parole officers and those being placed in residential treatment programs indicate a growth over the actual FY 2016 level of 4.6% in FY 2018 and 5.5% in FY 2019. Figure 3 shows the total cost per day, including allocations of administrative costs, for programs under the division. Of course it not just about cost, the placement must first be the most appropriate to address the needs of the offender with an end goal to reintegrate the offender back into the community.

Figure 3

Facility/Program	ADP	Total Cost Per Day
Meth Treatment Female	42	\$152.48
Meth Treatment Male	85	\$136.29
WATCh Female	25	109.60
MASC	141	91.13
START Male	142	106.76
Passages ADT/ASC	95	93.81
WATCh Male	144	90.18
Connections Corrections Male	107	80.46
Pre-Release Female	184	74.99
Pre-Release Male	651	61.34
Adult P&P Specialized Officers	553	20.69
Pre-Release Transitional Living Male/Female	197	20.75
Adult Probation and Parole	8,354	4.07

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

The 2017 base included a 2% vacancy savings as stated in HB 2 from the 2015 legislative session. The 2019 biennium executive request for personal services (SWPL 1) includes a 4% vacancy savings, with some exceptions.

Figure 4 compares the executive budget for personal services to the legislative budget.

Figure 4

Department Of Corrections: 02 Probation & Parole Division Personal Services Present Law Calculations			
PS Base:		FY 2018	FY 2019
	\$18,371,220		
Executive	DP 1: SWPL Personal Services	(\$753,776)	(\$702,116)
Legislative	Statutory Personal Service Change	<u>109,962</u>	<u>162,805</u>
	Difference	(863,738)	(864,921)
Management Choices Explaining the Difference			
	Additional 2% Vacancy Savings	(365,779)	(366,854)
	Broadband Pay Adjustments	92,379	92,379
	Benefits and Taxes on Pay Adjustment	22,703	22,703
	Other	<u>(613,042)</u>	<u>(613,149)</u>
	Total	(\$863,738)	(\$864,921)

A number of offsetting changes, including some discretionary decisions of agency management combined for a lower than anticipated budget request. The pay increases management made in addition to the statutory \$0.50 per hour pay plan increase were for:

- 28 career ladder adjustments for probation parole officers
- 3 competency adjustments for two drill instructors and a corrections and social services supervising manager
- 12 market adjustments for an administrative service manager, three social community service managers, five drill instructors, two administrative assistants, and a correctional officer supervising manager

These increases were offset by turnover of staff that generally lowered program salaries when senior and higher paid employees were replaced by lower paid employees.

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	136,638,440	0	0	0	136,638,440	98.82 %
02261 P & P Supervisory Fee	1,628,334	0	0	0	1,628,334	100.00 %
State Special Total	\$1,628,334	\$0	\$0	\$0	\$1,628,334	1.18 %
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	\$138,266,774	\$0	\$0	\$0	\$138,266,774	

General fund provides nearly all of the division’s funding. A small amount of the funding comes from state special revenue collected from offenders who must pay a probation and parole supervision fee.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	69,040,542	69,040,542	138,081,084	101.06 %	69,854,709	69,854,709	139,709,418	101.04 %
SWPL Adjustments	(750,621)	(692,023)	(1,442,644)	(1.06)%	(750,621)	(692,023)	(1,442,644)	(1.04)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$68,289,921	\$68,348,519	\$136,638,440		\$69,104,088	\$69,162,686	\$138,266,774	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(753,776)	0	0	(753,776)	0.00	(702,116)	0	0	(702,116)
DP 3 - Inflation Deflation	0.00	3,155	0	0	3,155	0.00	10,093	0	0	10,093
Grand Total All Present Law Adjustments	0.00	(\$750,621)	\$0	\$0	(\$750,621)	0.00	(\$692,023)	\$0	\$0	(\$692,023)

*"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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 3 - Inflation Deflation -

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

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	80,813,625	80,300,857	(512,768)	(0.63)%
Operating Expenses	84,386,789	84,890,021	503,232	0.60 %
Equipment & Intangible Assets	177,510	175,210	(2,300)	(1.30)%
Capital Outlay	41,546	41,546	0	0.00 %
Transfers	106,200	22,200	(84,000)	(79.10)%
Debt Service	435,156	612,932	177,776	40.85 %
Total Expenditures	\$165,960,826	\$166,042,766	\$81,940	0.05 %
General Fund	165,751,902	165,833,842	81,940	0.05 %
State/Other Special Rev. Funds	208,924	208,924	0	0.00 %
Total Funds	\$165,960,826	\$166,042,766	\$81,940	0.05 %
Total Ongoing	\$165,413,965	\$166,042,766	\$628,801	0.38 %
Total OTO	\$546,861	\$0	(\$546,861)	(100.00)%

Program Description

The Secure Facilities Program includes the Montana State Prison, Montana Women’s Prison, and contract bed facilities that include: Dawson County Correctional Facility, Cascade County Regional Prison, and Crossroads Correctional Center in Shelby. Approximately 2,300 male and 200 female inmates are incarcerated in these facilities.

Program Highlights

Secure Custody Facilities Major Budget Highlights
<ul style="list-style-type: none"> • General fund is requested to address a growing population of offenders being housed in county jails • All other budget changes are for statewide present law adjustments
Major LFD Issues
<ul style="list-style-type: none"> • Budget shortfalls could exist in the funding to hold state offenders in county jails

Program Actuals and Budget Comparison

The following table compares the program’s FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	613.36	613.36	613.36	613.36	613.36
Personal Services	38,941,397	39,132,069	41,681,556	40,106,995	40,193,862
Operating Expenses	44,638,824	44,735,033	39,651,756	42,404,656	42,485,365
Equipment & Intangible Assets	89,525	89,905	87,605	87,605	87,605
Capital Outlay	0	20,773	20,773	20,773	20,773
Transfers	49,500	53,100	53,100	18,100	4,100
Debt Service	216,972	217,578	217,578	306,466	306,466
Total Expenditures	\$83,936,218	\$84,248,458	\$81,712,368	\$82,944,595	\$83,098,171
General Fund	83,835,214	84,143,996	81,607,906	82,840,133	82,993,709
State/Other Special Rev. Funds	101,004	104,462	104,462	104,462	104,462
Total Funds	\$83,936,218	\$84,248,458	\$81,712,368	\$82,944,595	\$83,098,171
Total Ongoing	\$83,662,457	\$83,974,697	\$81,439,268	\$82,944,595	\$83,098,171
Total OTO	\$273,761	\$273,761	\$273,100	\$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. Montana State Prison (MSP) for male offenders is the largest facility with an operational capacity of 1,485 inmates while regional prison facilities in Glendive and Great Falls that house a combined 293 inmates and are the smallest facilities. Montana Women's Prison (MWP), the only female prison in the state, has an operational capacity of 194. Both male and female secure inmates are also held in county jails. The cost of contracted prison beds includes the cost to house 600 inmates in the Crossroads Correctional Center in Shelby as well as cost of housing offenders in county jails. The department also houses 25 inmates at the Montana Mental Health Nursing Care Center in Lewistown. The department is responsible for the cost of housing offenders after conviction.

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

The 2017 base included a 2% vacancy savings as stated in HB 2 from the 2015 legislative session. The 2019 biennium executive request for personal services (SWPL 1) includes a 4% vacancy savings, with some exceptions.

Figure 5 compares the executive budget for personal services to the legislative budget.

Figure 5

Department Of Corrections: 03 Secure Custody Facilities Personal Services Present Law Calculations			
PS Base:		FY 2018	FY 2019
Executive	DP 1: SWPL Personal Services	(\$1,301,461)	(\$1,214,594)
Legislative	Statutory Personal Service Change	<u>373,866</u>	<u>463,003</u>
	Difference	(1,675,327)	(1,677,597)
Management Choices Explaining the Difference			
	Additional 2% Vacancy Savings	(335,194)	(336,158)
	Broadband Pay Adjustments	329,876	329,876
	Benefits and Taxes on Pay Adjustment	82,309	82,309
	Other	<u>(1,752,319)</u>	<u>(1,753,624)</u>
	Total	(\$1,675,327)	(\$1,677,597)

A number of offsetting changes, including some discretionary decisions of agency management combined for a lower than anticipated budget request. The pay increases management made in addition to the statutory \$0.50 per hour pay plan increase were for:

- 104 career ladder adjustments for correctional officers
- One exempt employee pay adjustment for a food services manager
- Four market adjustments for an administrative assistant, a social community service manager, an administrative services manager, and a correctional officer supervising manager
- Three strategic pay adjustments for program managers
- Four blue collar pay raises for two tractor/trailer transport drivers and two services truck drivers
- One situation adjustment for a program manager

The 2015 legislature funded pay adjustments for correctional officers, so the 104 career ladder adjustments of correctional officers were expected by the legislature.

These increases were offset by turnover of staff that generally lowered program salaries when senior and higher paid employees were replaced by lower paid employees. In addition, the legislature funded a correctional office career ladder. Due to high vacancies of correctional officers some increases were not given when the positions were vacant resulting in the executive request being lower personal services funding than the legislature would have anticipated.

HB 2 Companion Legislation

In the executive budget, the Governor proposes legislation, LC 907, to implement the provision of HB 2. In LC 907 the Governor proposes to freeze the reimbursement rates paid to regional correctional facilities at the rate that existed on November 15, 2016. The risk to the budget for this program is that the executive budget as submitted does not include \$12.8 million in additional biennium funding that would result if the provision in LC 907 does not become law. Additionally, suspending the provision in law for the 2019 biennium would delay these cost increases and more than double the increases for the 2021 biennium.

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	165,833,842	0	0	0	165,833,842	99.24 %	
02033 Pine Hills Vocational Program	0	0	0	0	0	0.00 %	
02261 P & P Supervisory Fee	0	0	0	0	0	0.00 %	
02339 Inmate Welfare/Inmate Pay	200,000	0	0	0	200,000	15.84 %	
02345 Inmate Welfare Fund	0	0	0	1,053,806	1,053,806	83.45 %	
02355 Miscellaneous Fines and Fees	8,924	0	0	0	8,924	0.71 %	
02689 Offender Restitution	0	0	0	0	0	0.00 %	
02916 PHS-Canteen	0	0	0	0	0	0.00 %	
02917 MSP Canteen Revolving Acct	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	\$208,924	\$0	\$0	\$1,053,806	\$1,262,730	0.76 %	
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	\$166,042,766	\$0	\$0	\$1,053,806	\$167,096,572		

This division is funded almost entirely by the general fund. A small amount of state special revenue, from the sale of contraband and confiscated items, and net proceeds from state prison inmate canteen purchases and inmate telephone use are deposited into an inmate welfare state special revenue fund and funds inmate welfare activities. The majority of the state special revenue is statutorily appropriated. However, a small amount of the funds are appropriated in HB 2 to fund inmate pay.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	81,334,806	81,334,806	162,669,612	98.09 %	81,439,268	81,439,268	162,878,536	98.09 %
SWPL Adjustments	(1,480,737)	(1,328,963)	(2,809,700)	(1.69)%	(1,480,737)	(1,328,963)	(2,809,700)	(1.69)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	2,986,064	2,987,866	5,973,930	3.60 %	2,986,064	2,987,866	5,973,930	3.60 %
Total Budget	\$82,840,133	\$82,993,709	\$165,833,842		\$82,944,595	\$83,098,171	\$166,042,766	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(1,301,461)	0	0	(1,301,461)	0.00	(1,214,594)	0	0	(1,214,594)
DP 3 - Inflation Deflation	0.00	(144,276)	0	0	(144,276)	0.00	(65,369)	0	0	(65,369)
Grand Total All Present Law Adjustments	0.00	(\$1,445,737)	\$0	\$0	(\$1,445,737)	0.00	(\$1,279,963)	\$0	\$0	(\$1,279,963)

**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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3009 - County Jail Hold Population Adjustment	0.00	2,986,064	0	0	2,986,064	0.00	2,987,866	0	0	2,987,866
Total	0.00	\$2,986,064	\$0	\$0	\$2,986,064	0.00	\$2,987,866	\$0	\$0	\$2,987,866

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

DP 3009 - County Jail Hold Population Adjustment -

The executive requests an increase in general fund to address population growth in the number of offenders housed in county jails.

LFD COMMENT	<p>The 2017 budget for housing offenders in county jails was based on a projected 250 offenders. During FY 2016 the number of offenders being housed in county jails grew to a year-end average population of 382 and continues to grow in FY 2017. The executive request for the 2019 biennium is based on 375 offenders in each year.</p> <p>The Department of Corrections contracts with county governments to house offenders in county jails. The rate stipulated in the contracts is based on a worksheet established by the department to determine allowable costs. The contracted costs per offender per day is different for each county. The 2015 Legislature capped the rate in HB 2 at \$69 but allowed a process to increase the cap to \$72.50 if a situation justified the increase. Only one county, Yellowstone County, requested</p>
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and was granted to have its rate increased to \$72.50 under this process. The FY 2017 budget for county jails is based on an average of \$64.97 per bed day.

**LFD
ISSUE**
Other Budget Shortfall Risks

In addition to addressing a rising population of offenders housed in county jails, two other areas of risk exist in association with funding for county jail holds: HB 2 restrictive language that capped the reimbursement rate and a transfer of funding during the 2017 biennium from the base year to FY 2016.

The 2015 Legislature restricted the appropriation to fund reimbursements to counties for housing state inmates in county jails. Any restrictions in HB 2 placed on an appropriation only apply for the biennium for which HB 2 applies. Prior to the 2015 Legislature restricting the reimbursement rate, the agency had a process for negotiating the contractual reimbursement rate for housing offenders in county jails. When the executive budget was submitted for the 2017 biennium the average costs of the county jail holds was \$72.65 for males and \$75.69 for females, or \$73.57 blended average rate. As stated, the 2019 biennium budget is based on an average blended cost of \$64.97 for both males and females. Were the 2017 Legislature to choose not to approve a cap on county jail reimbursement rates at \$69.00, the budget could be further underfunded by as much as \$1.2 million per year.

One other factor to consider is that in order for the agency to address shortfalls in FY 2016 due to the higher than anticipated number of offenders being housed in county jails, the department transferred \$1.9 million in budget authority from FY 2017 to FY 2016. Since the FY 2017 budget, after this transfer, is used as the base for the 2019 biennium, the budgets for each year of the 2019 biennium are underfunded by an additional \$1.9 million in general fund.

The legislature may want to consider the following options for county jail reimbursements:

- Including restrictive language in HB 2 for the funding of this request that would be similar to the language approved for the 2017 biennium and that would cap the rate the department could pay counties for housing state offenders at \$69.00 per bed per day
- Increasing the funding to address the shortfall associated with funding costs in accordance with the existing rate development structure that has, until the 2015 Legislature set the \$69.00 per bed per day limit
- Increase the funding to address the base shortfall that resulted when FY 2017 funding was moved to FY 2016 to address funding shortfalls in FY 2016

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	1,624,094	1,677,801	53,707	3.31 %
Operating Expenses	5,213,417	5,850,069	636,652	12.21 %
Equipment & Intangible Assets	5,231	0	(5,231)	(100.00)%
Transfers	304,861	370,234	65,373	21.44 %
Total Expenditures	\$7,147,603	\$7,898,104	\$750,501	10.50 %
General Fund	1,855,981	1,906,477	50,496	2.72 %
State/Other Special Rev. Funds	5,291,622	5,991,627	700,005	13.23 %
Total Funds	\$7,147,603	\$7,898,104	\$750,501	10.50 %
Total Ongoing	\$7,147,603	\$7,898,104	\$750,501	10.50 %
Total OTO	\$0	\$0	\$0	0 %

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 Education 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 160 different types of plates manufactured.

The MCE Inmate Canteen provides offender commissary goods for all Montana correctional facilities. The commissary is located at the Montana State Prison facility.

Program Highlights

Montana Correctional Enterprises Major Budget Highlights
<ul style="list-style-type: none"> • Besides a request for state special revenue to purchase merchandise for the prison canteen, the only other budget changes are for statewide present law adjustments • A portion of the funding for this program is proprietary funds for which the legislature approves rate instead of appropriations

Program Actuals and Budget Comparison

The following table compares the program's FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	11.50	11.50	11.50	11.50	11.50
Personal Services	766,445	798,656	825,438	838,286	839,515
Operating Expenses	2,507,851	2,587,335	2,626,082	2,924,718	2,925,351
Equipment & Intangible Assets	0	5,231	0	0	0
Transfers	169,651	169,744	135,117	185,117	185,117
Total Expenditures	\$3,443,947	\$3,560,966	\$3,586,637	\$3,948,121	\$3,949,983
General Fund	899,225	915,352	940,629	952,336	954,141
State/Other Special Rev. Funds	2,544,722	2,645,614	2,646,008	2,995,785	2,995,842
Total Funds	\$3,443,947	\$3,560,966	\$3,586,637	\$3,948,121	\$3,949,983
Total Ongoing	\$3,443,947	\$3,560,966	\$3,586,637	\$3,948,121	\$3,949,983
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

The 2017 base included a 2% vacancy savings as stated in HB 2 from the 2015 legislative session. The 2019 biennium executive request for personal services (SWPL 1) includes a 4% vacancy savings, with some exceptions.

Figure 6 compares the executive budget for personal services to the legislative budget.

Figure 6

Department Of Corrections: 04 Mont Correctional Enterprises Personal Services Present Law Calculations			
PS Base:		\$825,438	
		FY 2018	FY 2019
Executive	DP 1: SWPL Personal Services	\$12,848	\$14,077
Legislative	Statutory Personal Service Change	<u>9,579</u>	<u>10,731</u>
	Difference	3,269	3,346
Management Choices Explaining the Difference			
	Additional 2% Vacancy Savings	(15,832)	(15,858)
	Broadband Pay Adjustments	48,936	48,936
	Benefits and Taxes on Pay Adjustment	11,131	11,131
	Other	<u>(40,966)</u>	<u>(40,864)</u>
	Total	\$3,269	\$3,346

A number of offsetting changes, including some discretionary decisions of agency management combined for a lower than anticipated budget request. The pay increases management made in addition to the statutory \$0.50 per hour pay plan increase were for:

- Three career ladder adjustments for laundry supervising managers
- One competency adjustment for an accountant
- Two market adjustments for an agricultural program manager and a program manager
- Two blue collar pay raises for truck drivers

These increases were partially offset by turnover of staff that generally lowered program salaries when more senior and higher paid employees were replaced by lower paid employees.

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	1,906,477	0	0	0	1,906,477	5.01 %	
02917 MSP Canteen Revolving Acct	5,991,627	0	0	0	5,991,627	100.00 %	
State Special Total	\$5,991,627	\$0	\$0	\$0	\$5,991,627	15.74 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
06033 Prison Ranch	0	0	9,192,833	0	9,192,833	30.48 %	
06034 MSP Institutional Industries	0	0	7,230,462	0	7,230,462	23.97 %	
06545 Prison Indust. Training Prog	0	0	1,579,562	0	1,579,562	5.24 %	
06572 MCE License Plate Production	0	0	2,151,270	0	2,151,270	7.13 %	
06573 MSP - Cook Chill	0	0	10,010,123	0	10,010,123	33.19 %	
Proprietary Total	\$0	\$0	\$30,164,250	\$0	\$30,164,250	79.25 %	
Total All Funds	\$7,898,104	\$0	\$30,164,250	\$0	\$38,062,354		

HB 2 funding for this program comes from the general fund, state special revenue, and proprietary funds. General fund supports personal services in the inmate canteen and inmate vocational education functions. State special revenue from the inmate canteen state special service fund is derived from the sale of products to inmates and is paid by inmates through inmate wages and money received by family members. The remainder of the program’s funding comes from proprietary funds such as the prison ranch, industries program, license plate factory, and cook chill operation.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	940,629	940,629	1,881,258	98.68 %	3,586,637	3,586,637	7,173,274	90.82 %
SWPL Adjustments	11,707	13,512	25,219	1.32 %	11,484	13,346	24,830	0.31 %
PL Adjustments	0	0	0	0.00 %	350,000	350,000	700,000	8.86 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$952,336	\$954,141	\$1,906,477		\$3,948,121	\$3,949,983	\$7,898,104	

Present Law Adjustments -

The “Present Law Adjustments” table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	12,848	0	0	12,848	0.00	14,077	0	0	14,077
DP 3 - Inflation Deflation	0.00	(1,141)	(223)	0	(1,364)	0.00	(565)	(166)	0	(731)
DP 4001 - 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	\$11,707	\$349,777	\$0	\$361,484	0.00	\$13,512	\$349,834	\$0	\$363,346

***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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 3 - Inflation Deflation -

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

DP 4001 - Canteen authority -

The executive requests an increase in state special revenue to purchase additional merchandise for the prison canteens and to allow for transfers of some proceeds to the inmate welfare fund.

Other Issues -

Proprietary Rates

Agricultural – Fund 6033

Proprietary Proposed Budget

The 2019 biennium report on enterprise funds for the Prison Ranch shows the financial information for the fund from FY 2014 through FY 2019.

2019 Biennium Report on Internal Service and Enterprise Funds							
Agency # 64010	Agency Name: Department of Corrections			Program Name: Montana Correctional Enterprises			
	Fund 06033	Fund Name Prison Ranch					
		Actual FY14	Actual FY15	Actual FY16	Budgeted FY17	Budgeted FY18	Budgeted FY19
Operating Revenues:							
Fee and Charges							
Fee Revenue A		4,951,689	4,932,006	4,990,131	5,000,005	5,000,005	5,000,005
Revenue A		3,177	-	2,342	-	-	-
Total Operating Revenues		4,954,866	4,932,006	4,992,473	5,000,005	5,000,005	5,000,005
Expenses:							
Personal Services		1,542,480	1,710,214	1,720,159	1,781,320	1,390,486	1,397,457
Other Operating Expenses		3,307,936	2,881,714	2,997,272	3,264,284	3,192,118	3,212,722
Total Operating Expenses		4,850,416	4,591,928	4,717,431	5,045,604	4,582,604	4,610,179
Operating Income (Loss)		104,450	340,078	275,042	(45,599)	417,401	389,826
Nonoperating Revenues:							
Other Revenue A		679,679	113,370	3,350	-	-	-
Nonoperating Expenses:							
Other Expense A		222,414	1,303,904	(910,733)	-	-	-
Total Nonoperating Revenues (Expenses)		902,093	1,417,274	(907,383)	-	-	-
Income (Loss) Before Contributions and Transfers		1,006,543	1,757,352	(632,341)	(45,599)	417,401	389,826
Transfers Out		-	-	(8,854)	-	-	-
Change in Net Position		1,006,543	1,757,352	(641,195)	(45,599)	417,401	389,826
Beginning Net Position - July 1		10,611,454	11,617,997	13,348,926	12,707,731	12,662,132	13,079,533
Prior Period Adjustments		-	(26,423)	-	-	-	-
Change in Net Position		1,006,543	1,757,352	(641,195)	(45,599)	417,401	389,826
Ending Net Position - June 30		11,617,997	13,348,926	12,707,731	12,662,132	13,079,533	13,469,359
Net Position (Fund Balance) Analysis							

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 19.88 FTE. The largest operating expenses for the program include items such as feed, grain, gasoline, diesel fuel, and veterinary supplies. The cost of these supplies varies with general economic conditions.

Revenues

Revenues for this program are derived primarily from the sale of raw milk and livestock. Additionally, a small amount of revenue is generated through logging. Revenues vary depending upon general economic conditions that impact commodity prices.

Funding Sources

Prison ranch products are sold in the private sector.

Proprietary Rates

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program.

MSP Institutional Industries – Fund 06034*Proprietary Proposed Budget*

The 2019 biennium report on enterprise funds for the MSP Institutional Industries shows the financial information for the fund from FY 2014 through FY 2019.

2019 Biennium Report on Internal Service and Enterprise Funds							
Agency # 64010	Agency Name: Department of Corrections			Program Name: Montana Correctional Enterprises			
	Fund	Fund Name					
	06034	MSP Institutional Industries					
		Actual FY14	Actual FY15	Actual FY16	Budgeted FY17	Budgeted FY18	Budgeted FY19
Operating Revenues:							
Fee and Charges							
Fee Revenue A		2,661,116	3,018,478	3,508,244	3,500,500	3,500,500	3,500,500
Other Operating Revenue		4,334	18	493	-	-	-
Total Operating Revenues		2,665,450	3,018,496	3,508,737	3,500,500	3,500,500	3,500,500
Expenses:							
Personal Services							
Other Operating Expenses		1,013,636	1,204,599	1,292,618	1,318,652	1,319,834	1,323,354
Expense B		-	30,748	30,014	-	-	-
Total Operating Expenses		2,496,877	3,097,176	3,453,526	3,524,969	3,612,730	3,617,732
Operating Income (Loss)		168,573	(78,680)	55,211	(24,469)	(112,230)	(117,232)
Nonoperating Revenues:							
Nonoperating Expenses:							
Other Expense A		-	5,732	2,136	-	-	-
Total Nonoperating Revenues (Expenses)		-	5,732	2,136	-	-	-
Income (Loss) Before Contributions and Transfers		168,573	(72,948)	57,347	(24,469)	(112,230)	(117,232)
Transfers In		2,135	(2,135)	239	-	-	-
Change in Net Position		170,708	(75,083)	57,586	(24,469)	(112,230)	(117,232)
Beginning Net Position - July 1		2,543,348	2,714,056	2,638,973	2,692,961	2,668,492	2,556,262
Prior Period Adjustments		-	-	(3,598)	-	-	-
Change in Net Position		170,708	(75,083)	57,586	(24,469)	(112,230)	(117,232)
Ending Net Position - June 30		2,714,056	2,638,973	2,692,961	2,668,492	2,556,262	2,439,030
Net Position (Fund Balance) Analysis							

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

The expenses are split almost equally between personal services for 20.13 FTE and operating expenses. The largest categories of operating expenses for the program include items related to furniture manufacturing, shop supplies, and items to be embroidered.

Revenues

Revenues are derived primarily from the sale of merchandise (furniture and signs) and charges for laundry services. In FY 2016 about \$1.8 million, or 50.2%, of revenue was derived from furniture sales and upholstery work, and garment graphics to state agencies and the private sector and \$889,405 was derived from the provision of laundry services to Montana State Prison (MSP) and Montana State Hospital (MSH).

Funding Sources

Because a large portion of revenues are the result of business done with state agencies, a portion of the revenue from this program comes indirectly from the general fund and other special revenue and proprietary funds in indeterminate amounts.

Proprietary Rates

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Although the industries program is an enterprise fund, it has requested rate approvals for the laundry rate per pound, as these will directly affect the general fund customers served. The laundry is not an internal service fund as it is a small operation in the overall industries program. The executive is recommending no rate changes for the 2019 biennium compared to the 2017 biennium. Figure 7 shows the rates requested for the 2019 biennium.

Figure 7

Fee Description	Actual FY 14	Actual FY 15	Actual FY 16	Budgeted FY 17	Budgeted FY 18	Budgeted FY 19
Cost Per Pound Laundry Services	\$0.51	\$0.52	\$0.59	\$0.60	\$0.60	\$0.60
Delivery Charge per Pound						
Montana Development Center	0.05	0.05	0.05	0.05	0.05	0.05
Riverside Youth Correctional Facility	0.05	0.05	0.05	0.05	0.05	0.05
Montana Law Enforcement Academy	0.15	0.15	0.15	0.15	0.15	0.15
Montana Chemical Dependency Corp	0.04	0.04	0.04	0.04	0.04	0.04
START Program	0.01	0.01	0.01	0.01	0.01	0.01
Montana State Hospital	(0.01)	(0.01)	-	-	-	-
University of Montana	0.20	0.20	0.20	0.20	0.20	0.20

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.

MCE Food Factory – Fund 06573

Proprietary Proposed Budget

The 2019 biennium report on internal service funds for the MCE Food Factory shows the financial information for the fund from FY 2014 through FY 2019.

2019 Biennium Report on Internal Service and Enterprise Funds						
Agency # 64010	Agency Name: Department of Corrections			Program Name: Montana Correctional Enterprises		
	Fund 06573	Fund Name MSP - Cook Chill				
	Actual FY14	Actual FY15	Actual FY16	Budgeted FY17	Budgeted FY18	Budgeted FY19
Operating Revenues:						
Fee and Charges						
Fee Revenue A	4,429,009	4,890,911	4,799,405	4,935,000	4,957,000	5,048,000
Total Operating Revenues	4,429,009	4,890,911	4,799,405	4,935,000	4,957,000	5,048,000
Expenses:						
Personal Services	1,023,955	1,090,489	1,113,674	1,194,869	1,170,982	1,173,970
Other Operating Expenses	3,226,740	3,599,867	3,498,560	3,844,127	3,831,516	3,833,655
Expense B	-	(161,761)	161,761	-	-	-
Total Operating Expenses	4,250,695	4,528,595	4,773,995	5,038,996	5,002,498	5,007,625
Operating Income (Loss)	178,314	362,316	25,410	(103,996)	(45,498)	40,375
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	178,314	362,316	25,410	(103,996)	(45,498)	40,375
Transfers In	-	140,386	18,878	-	-	-
Change in Net Position	178,314	502,702	44,288	(103,996)	(45,498)	40,375
Beginning Net Position - July 1	2,372,283	2,550,597	3,053,299	3,097,587	2,993,591	2,948,093
Change in Net Position	178,314	502,702	44,288	(103,996)	(45,498)	40,375
Ending Net Position - June 30	2,550,597	3,053,299	3,097,587	2,993,591	2,948,093	2,988,468
Net Position (Fund Balance) Analysis						

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

The expenses include personal services for 22.00 FTE and operating expenses, with the bulk of the funding supporting operating costs. The largest category of operating cost is raw materials, which includes the various grocery type items needed to prepare meals.

Revenues

Revenues are derived from the sale of meals to facilities. The largest customer is MSP.

Funding Sources

Revenues supporting MSP, the food factory's largest customer, come from the general fund.

Proprietary Rates

This program is funded with an internal service type proprietary fund. As such, the legislature approves the maximum rates the program may charge for its services. The executive requests the following rates for the 2019 biennium. There are no changes from the rates approved for FY 2017. The requested rates are shown on the figure 8.

Figure 8

Requested Rates for Internal Service Funds				
Fee/Rate Information				
	Actual	Budgeted	Budgeted	Budgeted
	FY16	FY17	FY18	FY19
Tray Meal Prices to all customers				
Base Tray-hot/cold	\$2.32	\$2.35	\$2.35	\$2.35
Base Tray-hot	1.18	1.22	1.22	1.22
Detention Center Trays	2.92	2.95	2.95	2.95
Accessory Package	0.16	0.16	0.16	0.16
Delivery Charge Per Tray 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
Bulk food is sold at cost, with a spoilage charge added based on a percentage of the customer food cost.				
Spoilage percentage to all bulk customers	5%	5%	5%	5%
Overhead Charges				
Montana State Prison	76%	76%	76%	76%
Montana State Hospital	11%	11%	11%	11%
Treasure State Correctional Training	13%	13%	13%	13%

Note: Bulk food is sold at cost, with a spoilage percentage added on and an overhead charge to cover operating expenses. Overhead charge is based on historical costs and volume of sales to the customer, as a percentage of overall food costs. Delivery is based on actual delivery costs.

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

Vocational Education (Industries Training) – Fund 06545*Proprietary Proposed Budget*

The 2019 biennium report on internal service funds for vocational education shows the financial information for the fund from FY 2014 through FY 2019.

2019 Biennium Report on Internal Service and Enterprise Funds							
Agency # 64010	Agency Name: Department of Corrections			Program Name: Montana Correctional Enterprises			
	Fund	Fund Name					
	06545	Prison Indust. Training Prog					
		Actual FY14	Actual FY15	Actual FY16	Budgeted FY17	Budgeted FY18	Budgeted FY19
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
		543,328	575,947	676,216	675,000	680,000	680,000
Total Operating Revenues							
		543,328	575,947	676,216	675,000	680,000	680,000
Expenses:							
Personal Services							
		187,009	239,895	244,535	255,095	299,241	299,373
Other Operating Expenses							
		389,952	379,422	478,052	490,474	490,474	490,474
Total Operating Expenses							
		576,961	619,317	722,587	745,569	789,715	789,847
Operating Income (Loss)							
		(33,633)	(43,370)	(46,371)	(70,569)	(109,715)	(109,847)
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers							
		(33,633)	(43,370)	(46,371)	(70,569)	(109,715)	(109,847)
Change in Net Position							
		(33,633)	(43,370)	(46,371)	(70,569)	(109,715)	(109,847)
Beginning Net Position - July 1							
		202,353	168,720	125,350	78,979	8,410	(101,305)
Change in Net Position							
		(33,633)	(43,370)	(46,371)	(70,569)	(109,715)	(109,847)
Ending Net Position - June 30							
		168,720	125,350	78,979	8,410	(101,305)	(211,152)
Net Position (Fund Balance) Analysis							

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

The expenses are split between personal services (4.00 FTE) and operating expenses, with about one-third of the budget supporting personal services and the remaining two-thirds supporting operating costs. The largest category of operating expense for the program is merchandise.

Revenues

Revenues are derived primarily from motor vehicle maintenance completed for MSP and the prison ranch.

Funding Sources

Because a largest portion of the revenues are the result of business done with MSP and the prison ranch, the primary funding sources supporting payment for services are the ranch proprietary fund and the general fund, which supports MSP.

Proprietary Rates

This program is funded with an internal service type proprietary fund. As such, the legislature approves the maximum rates the program may charge for its services. Figure 9 shows the rates the executive request for the 2019 biennium.

Figure 9

Requested Rates for Internal Service Funds				
Fee/Rate Information				
Fee Description	Actual FY16	Budgeted FY17	Budgeted FY18	Budgeted FY19
Labor Charge/hour	\$28.45	\$28.45	\$28.45	\$28.45
Supply fee as percentage of acutal cost of parts	5%	5%	8%	8%
*parts are sold at cost				

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

MCE License Plate – Fund 06572

Proprietary Proposed Budget

The 2019 biennium report on internal service funds for the license plate program shows the financial information for the fund from FY 2014 through FY 2019.

2019 Biennium Report on Internal Service and Enterprise Funds							
Agency # 64010	Agency Name: Department of Corrections			Program Name: Montana Correctional Enterprises			
	Fund 06572	Fund Name MCE License Plate Production					
		Actual FY14	Actual FY15	Actual FY16	Budgeted FY17	Budgeted FY18	Budgeted FY19
Operating Revenues:							
Fee and Charges							
Fee Revenue A		1,927,342	2,899,125	1,828,115	2,200,000	2,200,000	2,200,000
Total Operating Revenues		1,927,342	2,899,125	1,828,115	2,200,000	2,200,000	2,200,000
Expenses:							
Personal Services		175,082	215,724	252,787	264,813	265,232	265,752
Other Operating Expenses		1,335,942	1,862,705	1,783,035	810,566	810,133	810,153
Total Operating Expenses		1,511,024	2,078,429	2,035,822	1,075,379	1,075,365	1,075,905
Operating Income (Loss)		416,318	820,696	(207,707)	1,124,621	1,124,635	1,124,095
Nonoperating Revenues:							
Nonoperating Expenses:							
Other Expense A		-	(40,528)	516,181	-	-	-
Total Nonoperating Revenues (Expenses)		-	(40,528)	516,181	-	-	-
Income (Loss) Before Contributions and Transfers		416,318	780,168	308,474	1,124,621	1,124,635	1,124,095
Transfers In		-	40,528	332,736	-	-	-
Change in Net Position		416,318	820,696	641,210	1,124,621	1,124,635	1,124,095
Beginning Net Position - July 1		2,153,286	2,569,604	3,390,300	4,031,510	5,156,131	6,280,766
Change in Net Position		416,318	820,696	641,210	1,124,621	1,124,635	1,124,095
Ending Net Position - June 30		2,569,604	3,390,300	4,031,510	5,156,131	6,280,766	7,404,861
Net Position (Fund Balance) Analysis							

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

The expenses for this program include personal services for 4.01 FTE and operating expenses, with the bulk of the funding supporting operating costs for materials used in the production of license plates.

Revenues

Revenues are derived from the sale of license plates to the Department of Justice. The Department of Justice pays for the license plates with fee revenue collected from license plate sales.

Funding Sources

Revenues supporting license plate manufacturing come from members of the public who purchase license plates.

Proprietary Rates

This program is funded with an internal service type proprietary fund. As such, the legislature approves the maximum rates the program may charge for its services. The executive requests the legislature approved \$6.20 per set of plates as the rate for both FY 2018 and FY 2019. This is the same rate set for the 2017 biennium.

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

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	22,794,608	23,318,786	524,178	2.30 %
Operating Expenses	3,933,018	4,267,540	334,522	8.51 %
Equipment & Intangible Assets	94,024	94,024	0	0.00 %
Benefits & Claims	1,081,196	1,081,196	0	0.00 %
Debt Service	41,754	133,966	92,212	220.85 %
Total Expenditures	\$27,944,600	\$28,895,512	\$950,912	3.40 %
General Fund	26,746,476	27,697,388	950,912	3.56 %
State/Other Special Rev. Funds	1,198,124	1,198,124	0	0.00 %
Total Funds	\$27,944,600	\$28,895,512	\$950,912	3.40 %
Total Ongoing	\$27,944,600	\$28,895,512	\$950,912	3.40 %
Total OTO	\$0	\$0	\$0	0 %

Program Description

The Youth Services Division is responsible for all state operated youth programs including Pine Hills Youth Correctional Facility for males located in Miles City, Riverside Youth Correctional Facility for females in Boulder, Youth Community Corrections including Juvenile Parole, interstate compact services for probation and parole, reentry services, transition centers, detention licensing, and transportation. Additional responsibilities include research, training, and administrative support services.

Program Highlights

<p>Youth Services Major Budget Highlights</p>
<ul style="list-style-type: none"> • The only budget changes are for statewide present law adjustments

Program Actuals and Budget Comparison

The following table compares the program’s FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	172.35	172.35	172.35	172.35	172.35
Personal Services	10,700,567	10,842,504	11,952,104	11,646,148	11,672,638
Operating Expenses	1,616,242	1,749,653	2,183,365	2,127,024	2,140,516
Equipment & Intangible Assets	33,320	47,012	47,012	47,012	47,012
Benefits & Claims	528,938	540,598	540,598	540,598	540,598
Debt Service	20,877	20,877	20,877	66,983	66,983
Total Expenditures	\$12,899,944	\$13,200,644	\$14,743,956	\$14,427,765	\$14,467,747
General Fund	12,309,156	12,601,582	14,144,894	13,828,703	13,868,685
State/Other Special Rev. Funds	590,788	599,062	599,062	599,062	599,062
Total Funds	\$12,899,944	\$13,200,644	\$14,743,956	\$14,427,765	\$14,467,747
Total Ongoing	\$12,899,944	\$13,200,644	\$14,743,956	\$14,427,765	\$14,467,747
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

The 2017 base included a 2% vacancy savings as stated in HB 2 from the 2015 legislative session. The 2019 biennium executive request for personal services (SWPL 1) includes a 4% vacancy savings, with some exceptions.

Figure 10 compares the executive budget for personal services to the legislative budget.

Figure 10
Department Of Corrections: 05 Youth Services
Personal Services Present Law Calculations

		FY 2018	FY 2019
PS Base:		\$11,952,104	
Executive DP 1: SWPL Personal Services		(\$305,956)	(\$279,466)
Legislative Statutory Personal Service Change		<u>79,470</u>	<u>106,055</u>
Difference		(385,426)	(385,521)
Management Choices Explaining the Difference			
Additional 2% Vacancy Savings		(138,356)	(138,646)
Broadband Pay Adjustments		100,151	100,151
Benefits and Taxes on Pay Adjustment		24,231	24,231
Other		<u>(371,452)</u>	<u>(371,257)</u>
Total		(\$385,426)	(\$385,521)

A number of offsetting changes, including some discretionary decisions of agency management combined for a lower than anticipated budget request. The pay increases management made in addition to the statutory \$0.50 per hour pay plan increase were for:

- 11 career ladder adjustments for correctional officers, a probation parole officers, a teacher, and a child family social worker
- Four competency adjustments for a correctional officer, a correctional officer sergeant, an administrative services manager, and a teacher
- Five market adjustments for a principal, three teachers, and a social community service manager
- Two strategic pay adjustments for a food service supervising manager and a correctional officer

These increases were offset by turnover of staff that generally lowered program salaries when more senior and higher paid employees were replaced by lower paid employees.

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	27,697,388	0	0	0	27,697,388	95.85 %	
02033 Pine Hills Vocational Program	15,752	0	0	0	15,752	1.31 %	
02034 Earmarked Alcohol Funds	51,046	0	0	0	51,046	4.26 %	
02916 PHS-Canteen	7,046	0	0	0	7,046	0.59 %	
02927 PHS Donations/I & I	754,660	0	0	0	754,660	62.99 %	
02970 Juvenile Plcmnt Cost of Care	369,620	0	0	0	369,620	30.85 %	
State Special Total	\$1,198,124	\$0	\$0	\$0	\$1,198,124	4.15 %	
03084 MVS-School Foods	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	\$28,895,512	\$0	\$0	\$0	\$28,895,512		

This division receives the majority of its support from the general fund. State special revenue is primarily from parental contributions toward the costs of care and interest and income related to Pine Hills school lands.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	14,144,894	14,144,894	28,289,788	102.14 %	14,743,956	14,743,956	29,487,912	102.05 %
SWPL Adjustments	(316,191)	(276,209)	(592,400)	(2.14)%	(316,191)	(276,209)	(592,400)	(2.05)%
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	\$13,828,703	\$13,868,685	\$27,697,388		\$14,427,765	\$14,467,747	\$28,895,512	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----				-----Fiscal 2019-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(305,956)	0	0	(305,956)	0.00	(279,466)	0	0	(279,466)
DP 3 - Inflation Deflation	0.00	(10,235)	0	0	(10,235)	0.00	3,257	0	0	3,257
Grand Total All Present Law Adjustments	0.00	(\$316,191)	\$0	\$0	(\$316,191)	0.00	(\$276,209)	\$0	\$0	(\$276,209)

***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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 3 - Inflation Deflation -

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

Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	17,216,478	17,762,148	545,670	3.17 %
Operating Expenses	27,746,859	30,983,963	3,237,104	11.67 %
Equipment & Intangible Assets	50,000	0	(50,000)	(100.00)%
Total Expenditures	\$45,013,337	\$48,746,111	\$3,732,774	8.29 %
General Fund	44,595,537	48,328,311	3,732,774	8.37 %
State/Other Special Rev. Funds	417,800	417,800	0	0.00 %
Total Funds	\$45,013,337	\$48,746,111	\$3,732,774	8.29 %
Total Ongoing	\$44,424,105	\$48,746,111	\$4,322,006	9.73 %
Total OTO	\$589,232	\$0	(\$589,232)	(100.00)%

Program Description

The Clinical Services Division (CSD) provides medical, dental, and mental health staff at the Montana State Prison (MSP), Treasure State Correctional Training Center (TSCTC), Montana Women's Prison (MWP), Riverside Youth Correctional Facility, and Pine Hills Youth Correctional Facility. In addition, 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 executive is requesting a general fund increase to fund increases in costs for treating inmates medical needs when they are treated outside state facilities • All other budget changes are for statewide present law adjustments

Program Actuals and Budget Comparison

The following table compares the program's FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	99.00	99.00	99.00	99.00	99.00
Personal Services	7,729,683	8,247,208	8,969,270	8,869,084	8,893,064
Operating Expenses	13,612,926	14,785,402	12,961,457	15,435,387	15,548,576
Equipment & Intangible Assets	25,000	25,000	25,000	0	0
Total Expenditures	\$21,367,609	\$23,057,610	\$21,955,727	\$24,304,471	\$24,441,640
General Fund	21,367,609	22,848,710	21,746,827	24,095,571	24,232,740
State/Other Special Rev. Funds	0	208,900	208,900	208,900	208,900
Total Funds	\$21,367,609	\$23,057,610	\$21,955,727	\$24,304,471	\$24,441,640
Total Ongoing	\$21,078,365	\$22,767,633	\$21,656,472	\$24,304,471	\$24,441,640
Total OTO	\$289,244	\$289,977	\$299,255	\$0	\$0

Program Discussion -

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

The 2017 base included a 2% vacancy savings as stated in HB 2 from the 2015 legislative session. The 2019 biennium executive request for personal services (SWPL 1) includes a 4% vacancy savings, with some exceptions.

Figure 11 compares the executive budget for personal services to the legislative budget.

Figure 11
Department Of Corrections: 06 Clinical Services Division
Personal Services Present Law Calculations

PS Base:		\$8,695,015	
		FY 2018	FY 2019
Executive	DP 1: SWPL Personal Services	\$174,069	\$198,049
Legislative	Statutory Personal Service Change	<u>30,411</u>	<u>55,540</u>
	Difference	143,658	142,509
Management Choices Explaining the Difference			
	Additional 2% Vacancy Savings	(181,452)	(181,954)
	Broadband Pay Adjustments	379,778	379,778
	Benefits and Taxes on Pay Adjustment	80,787	80,787
	Other	<u>(135,454)</u>	<u>(136,102)</u>
	Total	\$143,658	\$142,509

A number of offsetting changes, including some discretionary decisions of agency management combined for a lower than anticipated budget request. The pay increases management made in addition to the statutory \$0.50 per hour pay plan increase were for:

- Three career ladder adjustments for a correctional officer, a registered nurse, and a clinical therapist
- One competency adjustment for a nurse practitioner
- Eight market adjustments for two primary care physicians and six registered nurses
- Two positions were reclassified for a clinical therapist and a human services specialist

These increases were offset by turnover of staff that generally lowered program salaries when more senior and higher paid employees were replaced by lower paid employees.

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	48,328,311	0	0	0	48,328,311	99.14 %	
02355 Miscellaneous Fines and Fees	417,800	0	0	0	417,800	100.00 %	
State Special Total	\$417,800	\$0	\$0	\$0	\$417,800	0.86 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$48,746,111	\$0	\$0	\$0	\$48,746,111		

General fund provides 98.8% of the division’s funding. State special revenue comes from revenue collected from inmates to defray a portion of their medical costs.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	21,447,572	21,447,572	42,895,144	88.76 %	21,656,472	21,656,472	43,312,944	88.85 %
SWPL Adjustments	173,121	196,733	369,854	0.77 %	173,121	196,733	369,854	0.76 %
PL Adjustments	2,474,878	2,588,435	5,063,313	10.48 %	2,474,878	2,588,435	5,063,313	10.39 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$24,095,571	\$24,232,740	\$48,328,311		\$24,304,471	\$24,441,640	\$48,746,111	

Present Law Adjustments -

The “Present Law Adjustments” table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	174,069	0	0	174,069	0.00	198,049	0	0	198,049
DP 3 - Inflation Deflation	0.00	(948)	0	0	(948)	0.00	(1,316)	0	0	(1,316)
DP 6005 - Outside Medical Expenditures	0.00	2,474,878	0	0	2,474,878	0.00	2,588,435	0	0	2,588,435
Grand Total All Present Law Adjustments	0.00	\$2,647,999	\$0	\$0	\$2,647,999	0.00	\$2,785,168	\$0	\$0	\$2,785,168

***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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 3 - Inflation Deflation -

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

DP 6005 - Outside Medical Expenditures -

The executive requests general fund to fund projected increases in medical costs for medical expenses that occur outside a state facility.

LFD COMMENT	<p>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 24 hours. The HELP act was expected to save the department money on treating inmates receiving medical services outside the prison facilities. However, outside medical costs continue to rise even after implementation of the HELP Act. A key indicator for why this may be happening is the upward trend on the average age of those under the department's supervision. In FY 2006 the average age of male inmates was 37.6 and female inmates was 35.6. Ten years later the average ages have gone up to 41.7 for males and 38.4 for females. For this same period, the percentage of male inmates 55 years of age and older has gone from 8.1% to 18.0% and for females from 2.0% to 6.8%.</p> <p>A number of national studies of health care costs for incarcerated individuals has found that health care costs for older inmates are higher for older inmates. Serving time in a prison setting also tends to cause a faster aging process due to stresses associated with the prison environment. 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.</p> <p>To demonstrate the trend in outside medical costs, the department spent \$3.4 million in FY 2006 and \$8.6 million in FY 2016. It should be noted that these numbers don't account for any savings that may have resulted from implementation of the HELP Act. Since the Help Act was implemented in January 2016, little data is available to determine the effects on savings for the department. Regardless, outside medical costs for the department are continuing to rise.</p>
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Program Budget Comparison

The following table compares the 2017 biennium appropriated budget to the 2019 biennium requested budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 16-17	Requested Budget 18-19	Biennium Change	Biennium % Change
Personal Services	1,573,806	1,524,581	(49,225)	(3.13)%
Operating Expenses	421,402	384,592	(36,810)	(8.74)%
Total Expenditures	\$1,995,208	\$1,909,173	(\$86,035)	(4.31)%
General Fund	1,995,208	1,909,173	(86,035)	(4.31)%
Total Funds	\$1,995,208	\$1,909,173	(\$86,035)	(4.31)%
Total Ongoing	\$1,985,108	\$1,892,673	(\$92,435)	(4.66)%
Total OTO	\$10,100	\$16,500	\$6,400	63.37%

Program Description

The Board of Pardons and Parole 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"> Besides statewide present law adjustments, the only other budget change is for one-time general fund to pay for board accreditation fees

Program Actuals and Budget Comparison

The following table compares the program’s FY 2016 actual expenditures with FY 2016 and FY 2017 appropriations and with FY 2018 and FY 2019 requested appropriations.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2016	Approp. Fiscal 2016	Approp. Fiscal 2017	Request Fiscal 2018	Request Fiscal 2019
FTE	11.00	11.00	11.00	11.00	11.00
Personal Services	723,542	776,512	797,294	761,974	762,607
Operating Expenses	280,224	237,356	184,046	184,046	200,546
Total Expenditures	\$1,003,766	\$1,013,868	\$981,340	\$946,020	\$963,153
General Fund	1,003,766	1,013,868	981,340	946,020	963,153
Total Funds	\$1,003,766	\$1,013,868	\$981,340	\$946,020	\$963,153
Total Ongoing	\$1,003,766	\$1,003,768	\$981,340	\$946,020	\$946,653
Total OTO	\$0	\$10,100	\$0	\$0	\$16,500

Program Discussion -

Personal Services

The LFD calculated an expected personal services budget as a comparison to the executive personal services request. The LFD calculation uses the 2017 base as a starting point, and calculates expected incremental increases based on legislatively approved increases such as the pay plan, workers compensation, longevity increases, health benefit increase, and other expected changes. An illustration of this calculation is included in the Budget Analysis appendix.

The 2017 base included a 2% vacancy savings as stated in HB 2 from the 2015 legislative session. The 2019 biennium executive request for personal services (SWPL 1) includes a 4% vacancy savings, with some exceptions.

Figure 12 compares the executive budget for personal services to the legislative budget.

Figure 12
Department Of Corrections: 07 Board Of Pardons & Parole
Personal Services Present Law Calculations

PS Base:		FY 2018	FY 2019
		\$797,294	
Executive	DP 1: SWPL Personal Services	(\$35,320)	(\$34,687)
Legislative	Statutory Personal Service Change	<u>3,697</u>	<u>4,348</u>
	Difference	(39,017)	(39,035)
Management Choices Explaining the Difference			
	Additional 2% Vacancy Savings	(14,834)	(14,847)
	Broadband Pay Adjustments	4,864	4,864
	Benefits and Taxes on Pay Adjustment	1,076	1,076
	Other	<u>(30,125)</u>	<u>(30,129)</u>
	Total	(\$39,017)	(\$39,035)

A number of offsetting changes, including some discretionary decisions of agency management combined for a lower than anticipated budget request. The pay increases management made in addition to the statutory \$0.50 per hour pay plan increase were for:

- One performance adjustment of a correctional treatment specialist
- Three competency adjustments correctional treatment specialists and an editor

These increases were offset by turnover of staff that generally lowered program salaries when more senior and higher paid employees were replaced by lower paid employees.

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	1,892,673	16,500	0	0	1,909,173	100.00 %
State Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$1,892,673	\$16,500	\$0	\$0	\$1,909,173	

Funding for the Board of Pardons and Parole comes entirely from general fund.

Program Budget Summary by Category

The following 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 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget	Budget Fiscal 2018	Budget Fiscal 2019	Biennium Fiscal 18-19	Percent of Budget
2017 Base Budget	981,340	981,340	1,962,680	102.80 %	981,340	981,340	1,962,680	102.80 %
SWPL Adjustments	(35,320)	(34,687)	(70,007)	(3.67)%	(35,320)	(34,687)	(70,007)	(3.67)%
PL Adjustments	0	16,500	16,500	0.86 %	0	16,500	16,500	0.86 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$946,020	\$963,153	\$1,909,173		\$946,020	\$963,153	\$1,909,173	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from the FY 2017 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 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(35,320)	0	0	(35,320)	0.00	(34,687)	0	0	(34,687)
DP 7003 - Accreditation Fees OTO	0.00	0	0	0	0	0.00	16,500	0	0	16,500
Grand Total All Present Law Adjustments	0.00	(\$35,320)	\$0	\$0	(\$35,320)	0.00	(\$18,187)	\$0	\$0	(\$18,187)

*"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 annualize personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot.

DP 7003 - Accreditation Fees OTO -

The executive requests general fund to pay the accreditation fee in FY 2019 to the American Correctional Association to maintain the board's accreditation. The executive recommends the legislature designate funding as one time only.

5% Base Budget Reduction Form

[17-7-111-3\(f\)](#)

AGENCY CODE & NAME: 6401 - Department of Corrections

		Minimum Requirement	
		General Fund	State Special Revenue Fund
TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET		\$ 9,914,013	\$ 262,822
Priority	SERVICE(S) TO BE ELIMINATED OR REDUCED	General Fund Annual Savings	State Special Revenue Annual Savings
1	Reduction in contracted services - department wide	\$ 9,914,013	
2	Reduce MCE canteen appropriation		\$ 262,822
3			
4			
5			
6			
7			
	TOTAL SAVINGS	\$ 9,914,013	\$ 262,822
	DIFFERENCE	\$ -	\$ -

Form A

5% Base Budget Reduction Form

AGENCY CODE & NAME: 6401 Department of Corrections - 02

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

Reduction in contracted services - department wide

#2 THE SAVINGS THAT ARE EXPECTED:

Savings from this 5% reduction, \$9,914,013

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

The Department of Corrections contracted services budget is 47% of it's base budget. The department contracts for adult transitional living facility services; treatment center services; and prison services in Shelby, Great Falls, and Glendive. Contracted services pays for reimbursing county jails for holding department inmates. The department contracts for many services related to the youth population, as well as many medical, vision, optical, chemical dependency, and mental health services.

The department would reduce contracted services by attempting to negotiate lower rates with these service providers. If lower rates could not be negotiated, services would have to be reduced or eliminated. The consequences of reduced services includes more offenders (adult and youth) being supervised in our communities with less treatment services available to them. This leads to increased liability for the department and risk to the public safety.

Reducing health services leads to increased deterioration of health in offenders. The department is constitutionally obligated to care for these offenders, so this also leads to increased liability for the department.

Reducing services to youth potentially reduces the chance of these minors growing up to be healthy, productive adults who do not enter into the adult correctional system.

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

Supervise an increasing number of offenders in the community with the resources remaining.

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

Yes MCA 53-30-507, currently regional prisons are reimbursed on an actual cost basis. In order to reduce rates, the statute would need to be revised to allow a reduction with no increases in the next biennium.

5% Base Budget Reduction Form

AGENCY CODE & NAME: 6401 Department of Corrections - 03

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

Reduce inmate canteen operating budget.

#2 THE SAVINGS THAT ARE EXPECTED:

Savings from this 5% reduction, \$262,822

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

The purpose of the inmate canteen state special service fund is to provide products for purchase by the inmate population . Limitations would need to be placed on what is made available to our consumers. This is a state special revenue program which is derived from the sale of products to inmates, paid by inmates through inmate wages and money received by family members. Reduction to this fund will reduce the amount of inventory available for sale and could create problems with the inmate population. It will also reduce the amount of net revenue available for deposit to the Inmate Welfare Fund.

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

Inmate canteen purchases could be paid by the general fund.

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

Yes, referred to in MCA 53-1-109.

Form B

FY 2017 Fund Appropriation Transactions - Dept of Corrections								
	Legislative Appropriation	Allocations (Contingency Base & Pay Plan)	Program Transfers	Operation Plan Changes	Other	2017 Base	% Change from Legislative Approp	% Change from Legislati
01 Business Management Services Division								
01100 General Fund	\$12,829,126	\$452,621	(\$699,380)			\$12,582,367		-5.3%
02355 Miscellaneous Fines and Fees	4,830					4,830		0.0%
02689 Offender Restitution	442,091	8,652				450,743		0.0%
02917 MSP Canteen Revolving Acct	2,858					2,858		0.0%
06033 Prison Ranch	21,267			5,392		26,659		25.4%
06034 MSP Institutional Industries	63,797			(37,138)		26,659		-58.2%
06545 Prison Indust. Training Prog	593					593		0.0%
06572 MCE License Plate Production	1,758			24,901		26,659		1416.4%
06573 MSP - Cook Chill	19,814			6,845		26,659		34.5%
Program Total	13,386,134	461,273	(699,380)	-		13,148,027		-5.1%
02 Probation & Parole Division								
01100 General Fund	68,052,298	876,982	111,262			69,040,542		0.2%
02261 P & P Supervisory Fee	814,167					814,167		0.0%
Program Total	68,866,465	876,982	111,262			69,854,709		0.2%
03 Secure Custody Facilities								
01100 General Fund	81,527,370	2,321,956	(579,673)		(1,934,848)	81,334,805		-3.0%
02339 Inmate Welfare/Inmate Pay	100,000					100,000		0.0%
02355 Miscellaneous Fines and Fees	4,462					4,462		0.0%
Program Total	81,631,832	2,321,956	(579,673)		(1,934,848)	81,439,267		-3.0%
04 Mont Correctional Enterprises								
01100 General Fund	886,016	39,835	14,778			940,629		1.6%
02917 MSP Canteen Revolving Acct	2,646,008					2,646,008		0.0%
Program Total	3,532,024	39,835	14,778			3,586,637		0.4%
05 Youth Services								
01100 General Fund	13,667,502	607,180	(129,788)			14,144,894		-0.9%
02033 Pine Hills Vocational Program	282			7,594		7,876		2692.9%
02034 Earmarked Alcohol Funds	25,523					25,523		0.0%
02916 PHS-Canteen	3,523					3,523		0.0%
02927 PHS Donations/I & I	377,330					377,330		0.0%
02970 Juvenile Plcmnt Cost of Care	192,404			(7,594)		184,810		-3.9%
Program Total	14,266,564	607,180	(129,788)	-		14,743,956		-0.9%
06 Clinical Services Division								
01100 General Fund	20,598,766	547,344	301,462			21,447,572		1.4%
02355 Miscellaneous Fines and Fees	208,900					208,900		0.0%

Program Total	20,807,666	547,344	301,462			21,656,472	1.4%
07 Board of Pardons & Parole							
01100 General Fund			981,340			981,340	100.0%
Program Total			981,340			981,340	100.0%
Grand Total	\$202,490,685	\$4,854,570	(\$0)	\$0	(\$1,934,848)	\$205,410,408	-0.9%

FY 2017 Fund Appropriation Transactions - Dept of Corrections								
	Legislative Appropriation	Allocations (Contingency Base & Pay Plan)	Program Transfers	Operation Plan Changes	Other	2017 Base	% Change from Legislative Approp	% Change from Approp +
01100 General Fund	\$197,561,078	\$4,845,918	\$0		(\$1,934,848)	\$200,472,149	1.5%	-1.0%
02033 Pine Hills Vocational Program	282			7,594		7,876	2692.9%	2692.9%
02034 Earmarked Alcohol Funds	25,523					25,523	0.0%	0.0%
02261 P & P Supervisory Fee	814,167					814,167	0.0%	0.0%
02339 Inmate Welfare/Inmate Pay	100,000					100,000	0.0%	0.0%
02355 Miscellaneous Fines and Fees	218,192					218,192	0.0%	0.0%
02689 Offender Restitution	442,091	8,652				450,743	2.0%	0.0%
02916 PHS-Canteen	3,523					3,523	0.0%	0.0%
02917 MSP Canteen Revolving Acct	2,648,866					2,648,866	0.0%	0.0%
02927 PHS Donations/I & I	377,330					377,330	0.0%	0.0%
02970 Juvenile Plcmnt Cost of Care	192,404			(7,594)		184,810	-3.9%	-3.9%
06033 Prison Ranch	21,267			5,392		26,659	25.4%	25.4%
06034 MSP Institutional Industries	63,797			(37,138)		26,659	-58.2%	-58.2%
06545 Prison Indust. Training Prog	593					593	0.0%	0.0%
06572 MCE License Plate Production	1,758			24,901		26,659	1416.4%	1416.4%
06573 MSP - Cook Chill	19,814			6,845		26,659	34.5%	34.5%
Grand Total	\$202,490,685	\$4,854,570	\$0	\$0	(\$1,934,848)	\$205,410,408	1.4%	-0.9%