

### 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 %
<b>Total Expenditures</b>	<b>\$411,791,986</b>	<b>\$419,292,725</b>	<b>\$7,500,739</b>	<b>1.82 %</b>
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 %
<b>Total Funds</b>	<b>\$411,791,986</b>	<b>\$419,292,725</b>	<b>\$7,500,739</b>	<b>1.82 %</b>
<b>Total Ongoing</b>	<b>\$410,645,793</b>	<b>\$419,276,225</b>	<b>\$8,630,432</b>	<b>2.10 %</b>
<b>Total OTO</b>	<b>\$1,146,193</b>	<b>\$16,500</b>	<b>(\$1,129,693)</b>	<b>(98.56)%</b>

### 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](http://leg.mt.gov/content/Publications/fiscal/Budget-Books/2019/Budget-Analysis/section_d/6401-00agency-profile.pdf)

### Agency Highlights

<b>Department of Corrections Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• A general fund increase would address increases in costs to send state inmates for medical treatment outside state facilities</li> <li>• A general fund increase would address costs due to growth in populations of offenders being housed in county jails</li> </ul>
<b>Legislative Action Issues</b>
<ul style="list-style-type: none"> <li>• 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</li> </ul>

### 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
<b>Total Expenditures</b>	<b>\$203,217,384</b>	<b>\$205,809,222</b>	<b>\$205,982,764</b>	<b>\$209,485,835</b>	<b>\$209,806,890</b>
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
<b>Total Funds</b>	<b>\$203,217,384</b>	<b>\$205,809,222</b>	<b>\$205,982,764</b>	<b>\$209,485,835</b>	<b>\$209,806,890</b>
<b>Total Ongoing</b>	<b>\$202,654,379</b>	<b>\$205,235,384</b>	<b>\$205,410,409</b>	<b>\$209,485,835</b>	<b>\$209,790,390</b>
<b>Total OTO</b>	<b>\$563,005</b>	<b>\$573,838</b>	<b>\$572,355</b>	<b>\$0</b>	<b>\$16,500</b>

## 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.

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 %
<b>Total All Funds</b>	<b>\$419,276,225</b>	<b>\$16,500</b>	<b>\$30,164,250</b>	<b>\$1,053,806</b>	<b>\$450,510,781</b>	
<b>Percent - Total All Sources</b>	<b>93.07 %</b>	<b>0.00 %</b>	<b>6.70 %</b>	<b>0.23 %</b>		

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 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 %
<b>Total Budget</b>	<b>\$204,197,799</b>	<b>\$204,518,797</b>	<b>\$408,716,596</b>		<b>\$209,485,835</b>	<b>\$209,806,890</b>	<b>\$419,292,725</b>	

**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.