

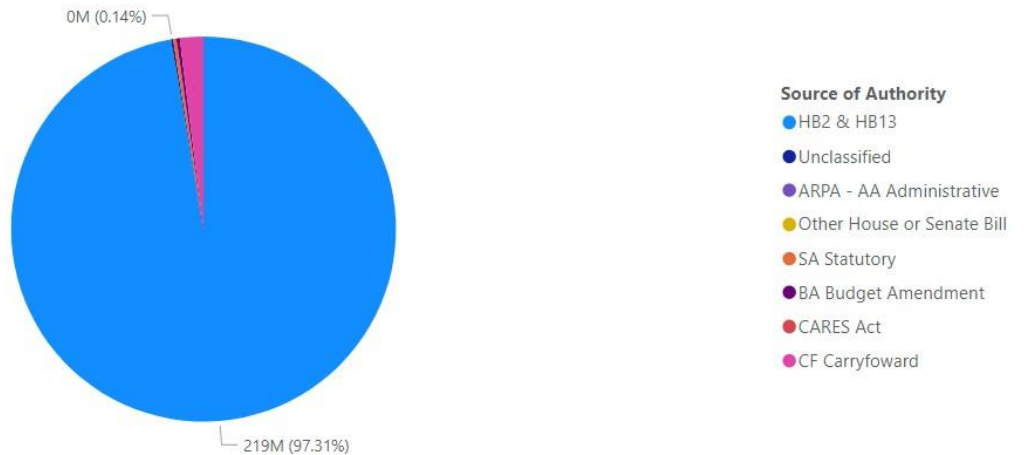
DEPARTMENT OF CORRECTIONS

(Spending report July 1, 2021 through May 31, 2022)

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 97.3% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended
HB2 & HB13	218,847,802	166,882,495	76.3%
BA Budget Amendment	590,606	54,334	9.2%
CF Carryforward	4,440,554	2,548,209	57.4%
Other House or Senate Bill	900		
SA Statutory	686,021	443,412	64.6%
Unclassified	322,915		
CARES	0		
ARPA	811		
Total	224,889,609	169,928,450	75.6%

Report Period

- Jul
- Aug
- Sep
- Oct
- Nov
- Dec
- Jan
- Feb
- Mar
- Apr
- May
- Jun

Budget Amendments

The Department of Corrections (DOC) expended \$54,334, or 9.2%, of the \$590,606 budget amendment authority through May. The authority is 100.0% federally funded. The budget amendment authority and expenditures are summarized as follows:

- \$548,877 of federal special revenue authority, the balance of an earlier budget amendment continued from FY 2021. The funding addresses the needs of incarcerated parents and their minor children
 - The funding supports 1.00 modified FTE in FY 2022
 - As of the end of May, DOC had expended \$61,064 of the authority
- \$41,729 of federal special revenue authority to support rural schools in providing basic programs, effective instruction, and language instruction
 - The authority will be used at the Pine Hills Correctional Facility

- The total authority consists of \$19,626 of authority that was continued from FY 2021 and \$22,103 of new authority in FY 2022
- DOC has expended \$621 of this authority in FY 2022
- (\$7,351) of accounting adjustments offset the budget amendment expenditures

Carryforward

DOC has \$4.4 million of carryforward authority in FY 2022, which is derived from 30.0% of the qualifying unexpended balance of FY 2021 appropriations. The authority is funded 100.0% from the general fund and is allocated to operating expenses. Through May, the agency expended \$2.5 million of the authority in the Central Services Division on fixed costs, principally insurance and bonds costs. According to DOC, these expenses may be reallocated in the fiscal year closing actions.

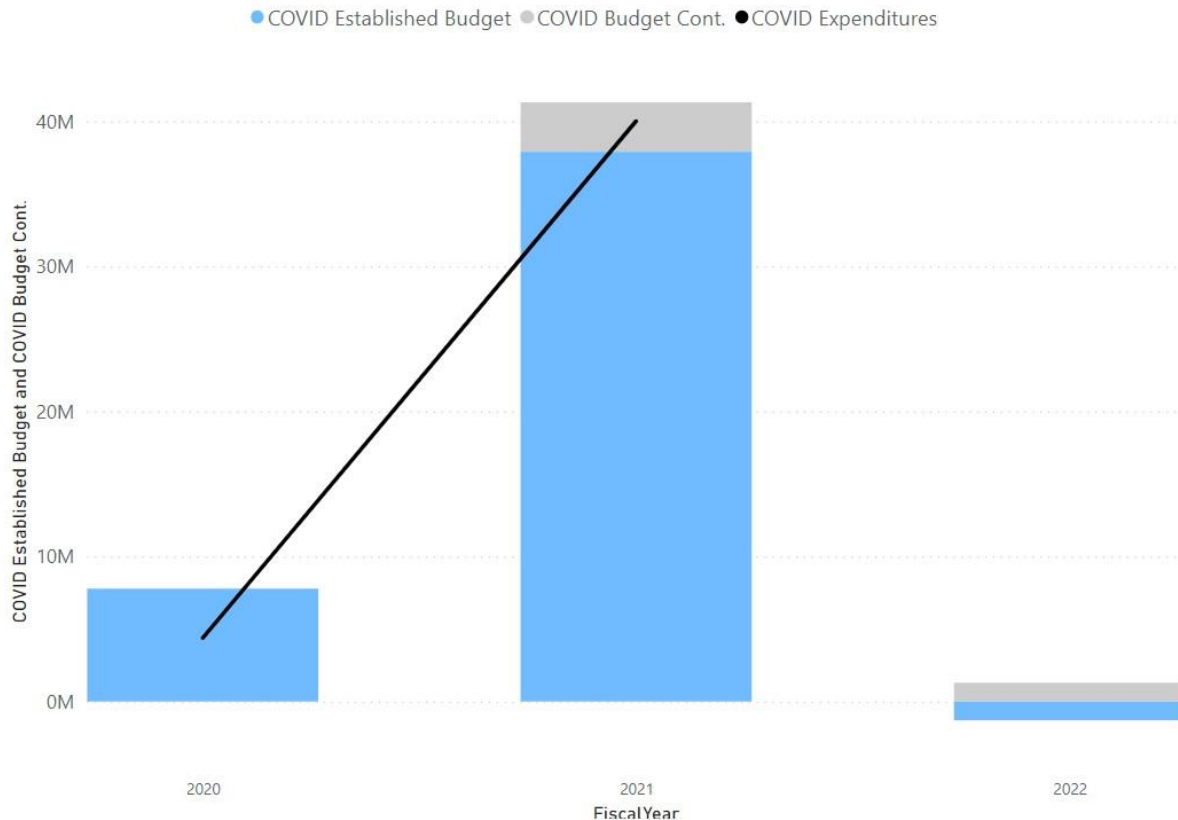
Other Bills

The department has \$900 of general fund authority provided through non-HB 2 legislation in FY 2022. The authority funds the actions of HB 658, which provides guidelines for mental health appraisals for inmates in restrictive housing. The funds will be used to provide an additional camera in the restrictive housing unit at the Montana State Prison. DOC has not allocated costs to this authority.

COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts.

COVID Established Budget, COVID Continuing Budget, and COVID Expenditures by Fiscal Year



DOC continued \$1.3 million of CARES I funding into FY 2022, but the allocation was initially provided to the Board of Crime Control (BOCC). When BOCC was transferred to the Department of Justice, the CARES I allocation followed. In FY 2022, DOC was allocated \$811 of ARPA funding through elementary & secondary schools' emergency relief funds. The grant is provided through the Office of Public Instruction. The agency has not allocated any costs to this authority.

Statutory Appropriations

Through May of FY 2022, the department expended \$443,412, or 64.6%, of the \$686,021 in statutory appropriation authority supporting inmate priorities at the Pine Hills Correctional Facility and the state prisons, as provided in 53-1-109, MCA. The appropriation is funded from the inmate welfare account, which receives revenues from the following sources:

- Net proceeds from Pine Hills Correctional Facility resident and state prison inmate canteen purchases and resident or inmate telephone use
- Cash proceeds from the disposition of confiscated contraband
- Any public money held for the needs of residents or inmates and their families and not otherwise allocated

DOC determines the amount of the statutory appropriation based on prior spending trends and/or specific budget needs developed at the agency. Spending from the account is allocated in the proportional amount of funds (proceeds) that each facility contributed, and uses are determined through consultation with residents and inmates. In FY 2022, DOC allocated the appropriation as 6.1% personal services (inmate pay) and 93.9% operating expenses. Through May, \$35,663 has been expended on inmate pay and \$407,779 on operating expenses. Some of the major operating expenses include:

- Subscriptions, 25.3% (of operating expenses)
- Athletic and recreational expenses, 20.6%
- Shop supplies, tools, and minor equipment, 8.6%

Unclassified

Per 39-71-403(1)(b)(iv), MCA, when workers' compensation premiums are lower than the previous year, state agencies shall reduce personal services appropriations by the amount of the premium reduction. To track the changes in appropriation authority, total appropriations are not reduced, instead the Governor's Office of Budget and Program Planning (OBPP) requires state agencies to:

- Reduce HB 2, statutory, and proprietary appropriations
- Create a separate offsetting entry on the financial statements in the same amount using an identifying number for workers' compensation entries (shown in the Total Authority figure above as "Unclassified")

The offsetting entries are identified as "frozen" appropriations, which means the appropriations will not be spent unless authorized by OBPP. Total DOC personal services budgets were reduced by \$322,915 (\$305,476 reduction in HB 2 and \$17,439 reduction in the enterprise program) and have an offsetting unclassified appropriation of a like amount.

Non-Budgeted Proprietary Funding

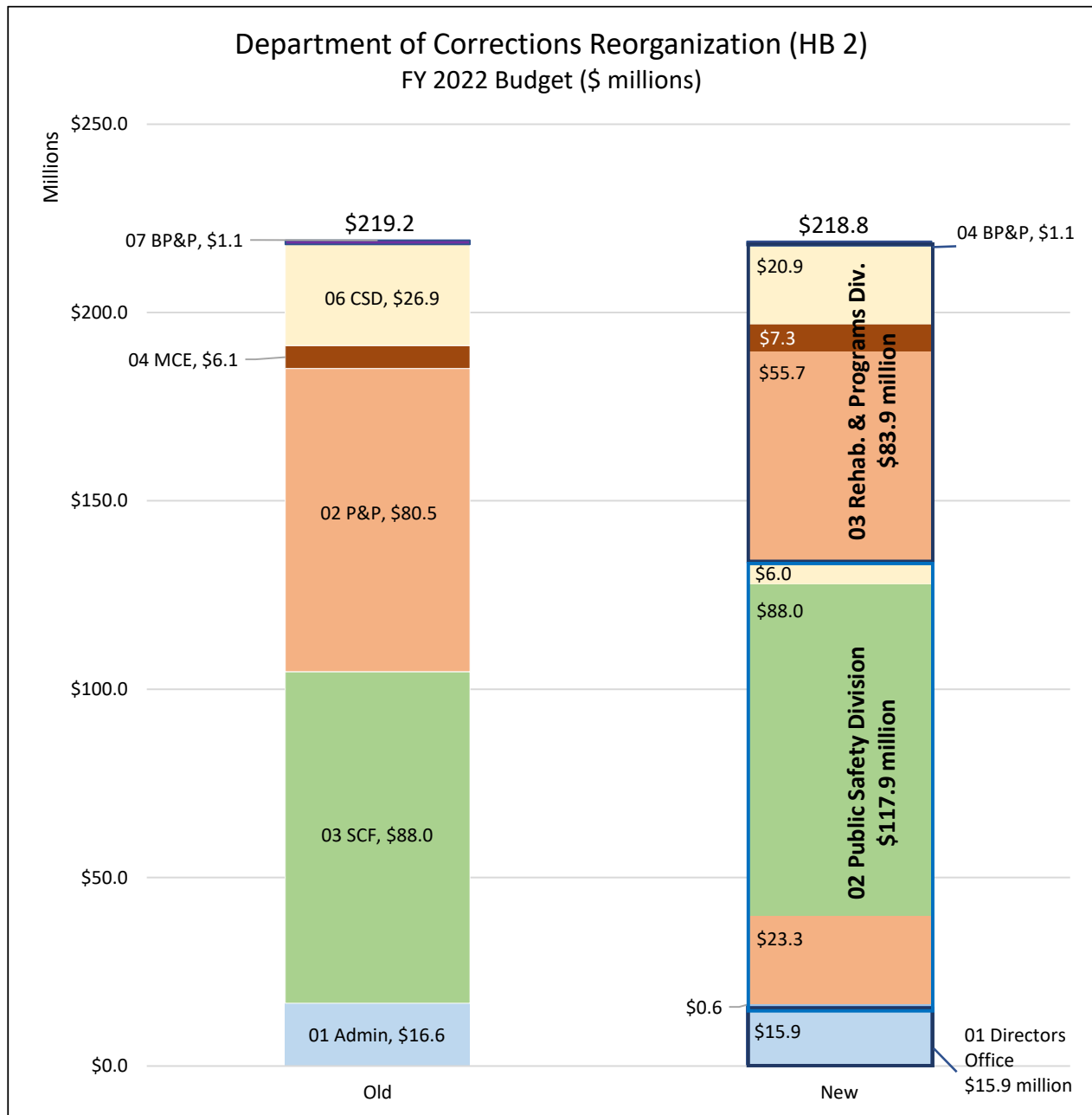
Not included in the total authority figure, DOC has \$18.5 million in off-budget proprietary authority. During the DOC reorganization, the agency moved the Montana Correctional Enterprises, previously managed as a separate division, to a program within the new Rehabilitation and Programs Division. DOC continues to provide the same enterprise programs at the Montana State Prison (Deer Lodge) and Montana Women's Prison (Billings), which includes license plate manufacturing, motor vehicle shop, wood shop, state ranch, tailor shop, and canine training.

In May, the proprietary program requested and received a budget modification adding \$210,000 to the budget which consisted of \$10,000 in personal services and \$200,000 in operating expenses. Through the end of May, expenditures were \$11.1 million, or 60.1%, of the total authority. Major allocations of the authority are 27.5% in personal services (including inmate pay) and 61.1% in operating expenses. The program has expended 50.2% of the personal services budget and 73.5% of the operating expenses budget.

HB 2 BUDGET MODIFICATIONS

Due to the major reorganization of DOC, we will not be providing the HB 2 budget modifications in this report. Instead, we have provided a high-level summary of the changes that occurred within the HB 2 budget during the DOC reorganization.

DOC reorganized their agency operations, and all accounting for the changes were finalized in mid-May. The following chart shows how the FY 2022 budget was moved from the old program structure to the new structure, as demonstrated in the color coding.



Note, the difference in the FY 2022 budget totals, shown at the top of the bars in the figure above, is related to the reduction in workers' compensation costs in FY 2022.

Structurally, DOC changed from a six-division agency to a four-division agency. A comparison of the DOC old and new programs is as follows:

Department of Corrections Reorganization - HB 2 Budgets			
Program or Division-Old Structure	FY 2022 Budget	Program or Division-New Structure	FY 2022 Budget
01 ADMINISTRATIVE SUPPORT SRVCS	\$16,647,321	01 DIRECTOR'S OFFICE CSD	\$15,942,306
02 PROBATION & PAROLE DIVISION	80,503,506	02 PUBLIC SAFETY	117,935,213
03 SECURE CUSTODY FACILITIES	87,981,720	03 REHABILITATION AND PROGRAMS	83,867,026
04 MONT CORRECTIONAL ENTERPRISES	6,061,535	04 BOARD OF PARDONS AND PAROLE	1,103,257
06 CLINICAL SERVICES DIVISION	26,855,939		
07 BOARD OF PARDONS & PAROLE	1,103,257		
Agency Total	\$219,153,278		\$218,847,802

Primary programmatic funding changes consist of the following:

- The 01 Director's Office Division consists of most of the previous 01 Administrative Support Services Division
- The new 02 Public Safety Division (PSD) consists of all of the previous 03 Secure Custody Facilities Division and also includes:
 - Probation and parole functions (previously managed in the 02 Probation and Parole Division)
 - A small portion of the previous 01 Administrative Support Services functions
 - A small portion of the previous 06 Clinical Services Division functions
- The 03 Rehabilitation and Programs Division (RPD) consists of the remainder of the previous 02 Probation and Parole Division and also includes:
 - The previous 04 Montana Correctional Enterprises Division
 - The remaining functions of the 06 Clinical Services Division
 - The new RPD includes funding for all community correctional services
- The 04 Board of Pardons & Parole continues with the same structure as the previous 07 Board of Pardons & Parole

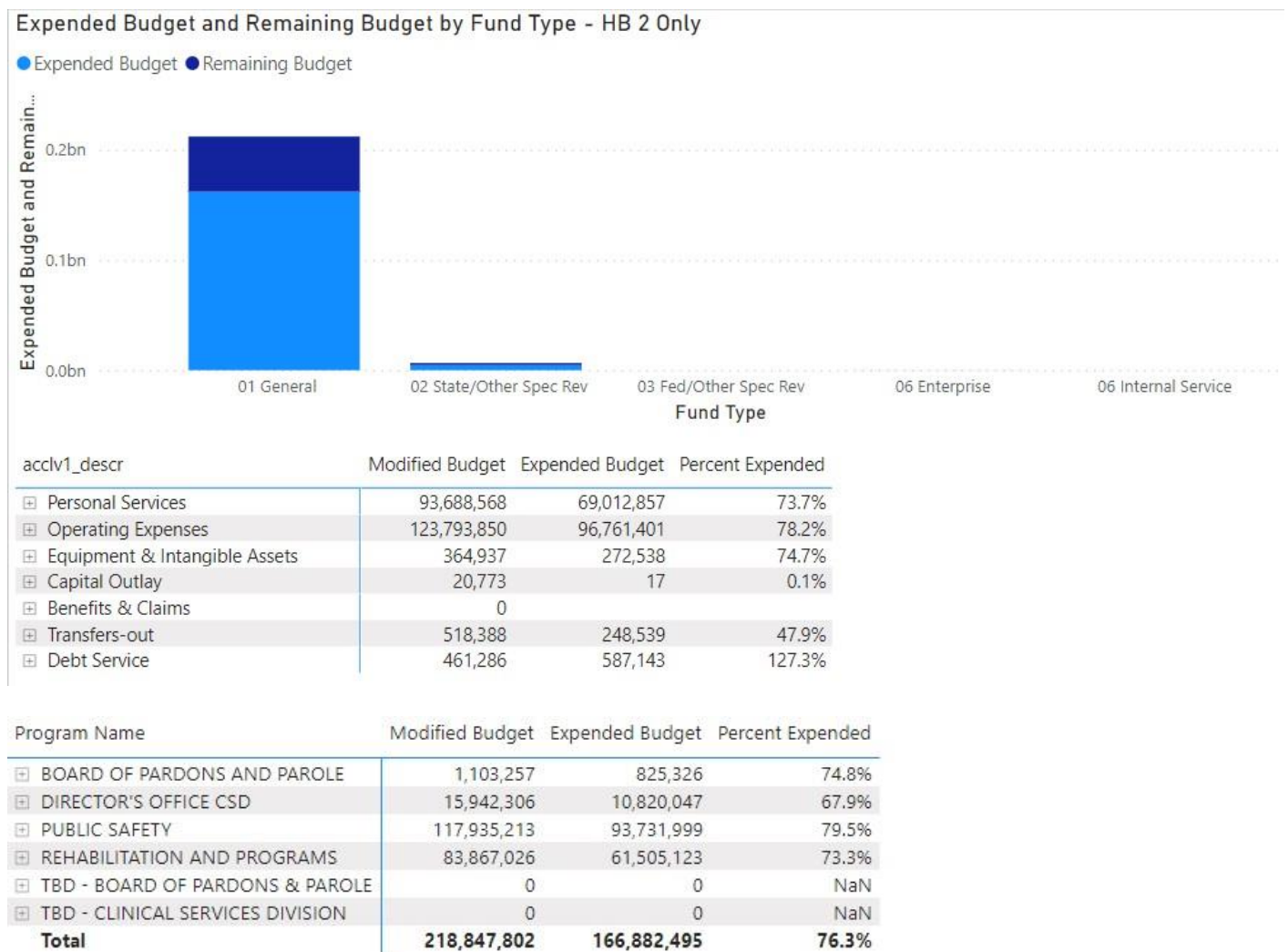
Note, this comparison is a high-level presentation of the change and may not fully capture smaller changes between the old and new programs.

In addition to the reorganization, since the March quarterly report DOC made the following modifications to their HB 2 budget:

- Movement of \$489,573 from benefits and claims into operating expenses made within the reorganization
 - This change corrects an accounting inaccuracy related to the placement of youth in outside facilities, which is more accurately accounted for as an operating expense
 - This change is now made permanent, eliminating the need to request budget changes in the future
- Reductions of \$298,690 in HB 2 personal services budgets from the lower than expected costs of workers' compensation, funded 99.8% through general fund

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through May 31, 2022.



Through May, DOC expended \$166.9 million, or 76.3%, of the modified HB 2 budget. The figure at the top of this page explains the HB 2 funding. The DOC HB 2 budget is principally funded, 96.9%, with general fund and the spending was 97.1% general fund.

Expenditures are 76.3% of the modified budget, lower than the five-year annual average of 80.3%, but are higher than the same period in FY 2021, 75.7% of the budget. Changes from the historic averages are seen in the personal services budget where the historic average has been 82.2% of the budget and the FY 2021 expenditures of \$69.9 million were 79.2% of the budget. A portion of the nominal reduction in personal services spending when compared to FY 2021 is explained by the transfer of 17.00 FTE to the Department of Justice (Board of Crime Control). For more information, see the Personal Services section below.

Through May, the department's expenditures are weighted to operating expenses, accounting for 58.0% of total HB 2 expenditures. In operating expenses, the department expended \$96.8 million. Operational costs are now centered in the newly created Public Safety and Rehabilitation and Programs divisions, accounting for 93.9% of

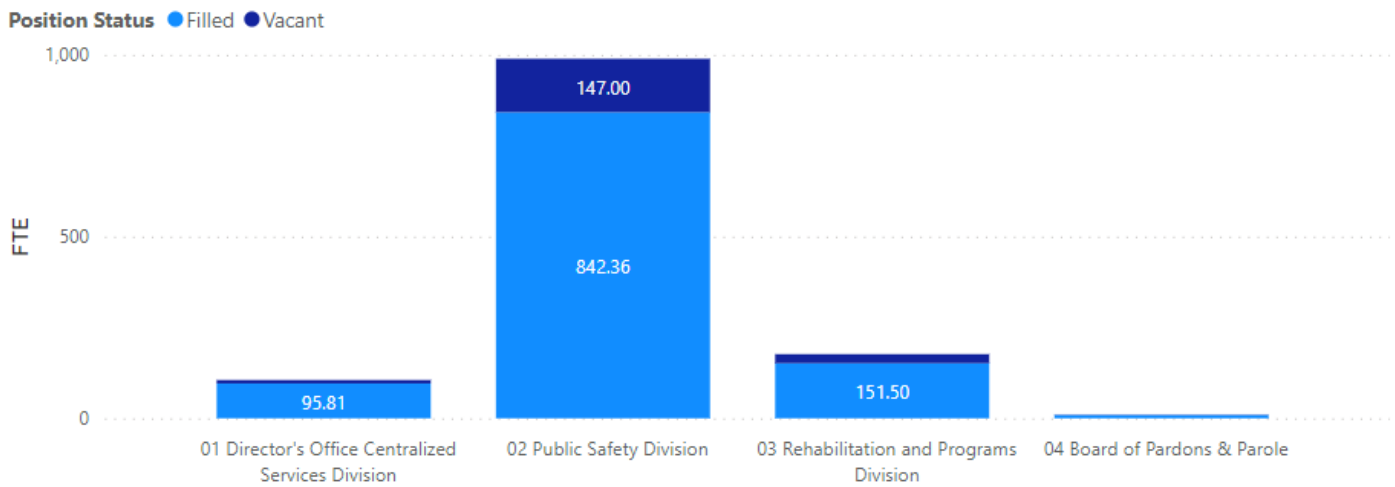
total expenditures. In these two divisions, the cost of housing (board & room) was \$60.3 million or 65.3% of the operating expenses in the divisions. Housing costs are also the largest single operating expense cost in DOC, accounting for 62.3% of total agency operating expenses and providing housing at county jails, regional prisons, private prison treatment facilities, and pre-release centers. The next highest cost in the divisions is medical services costs. Under the reorganization, medical services costs are now within the two divisions and account for 5.1% of operating expenses in the two programs and 4.9% of total operating expenses.

HB 2 (2021 Legislative Session) included six line-items, as detailed in earlier quarterly reports. The FY 2022 line-item appropriations and associated spending allocated to the items to date include:

- \$1.6 million – Director’s Office Contingency, Restricted - \$0 expended
- \$75,000 – Evidence Based Practices - \$216 expended
- \$6.4 million – Jail Holds - \$5.0 expended
- \$509,164 – Nonprofit Provider Per Diem, Restricted - \$0 expended
- \$304,229 – For Profit Per Diem, Restricted - \$0 expended
- \$67,903 – Regional Prison Per Diem Increase, Restricted - \$0 expended

Personal Services

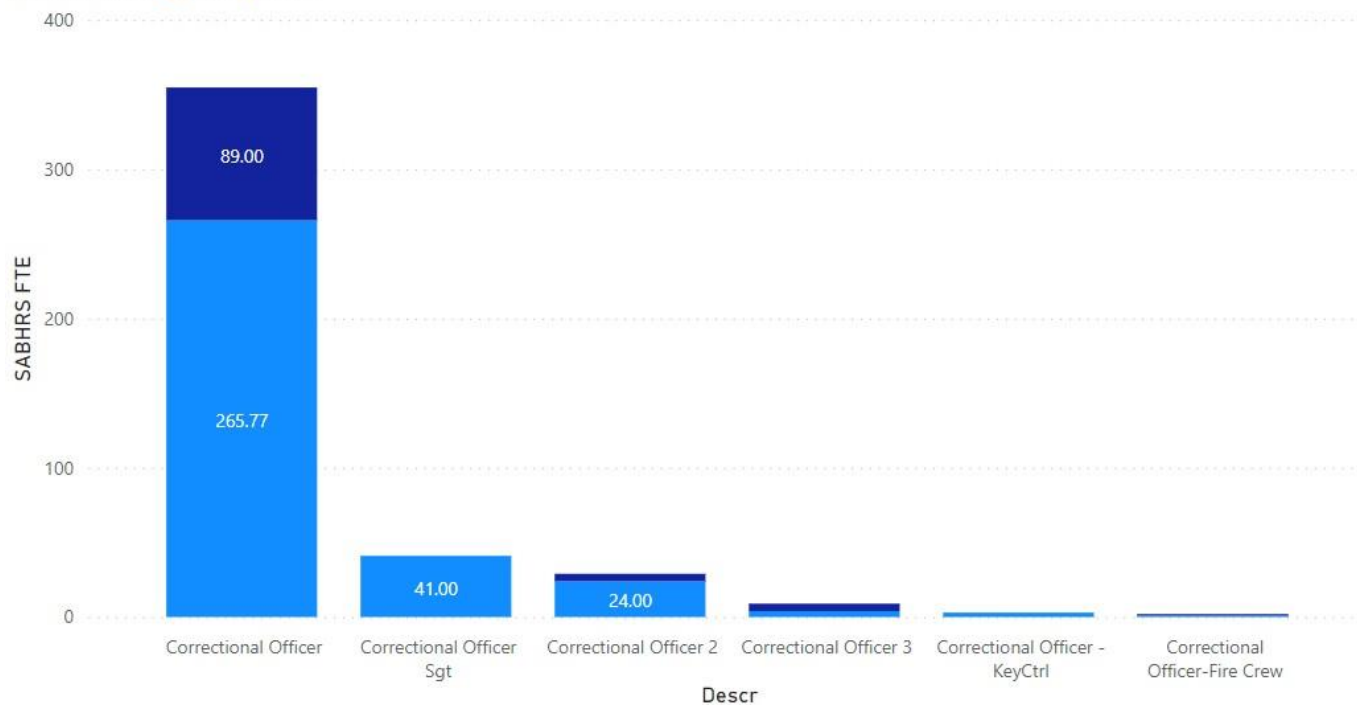
The following chart shows the filled and vacant FTE within the agency as of May 1, 2022.



In FY 2022, the DOC is budgeted for 1,282.17 FTE. Of the total FTE, DOC had 182.50 positions vacant as of May 1, 2022, an increase of 25.50 vacancies since the March report. The vacancies represent a vacancy rate of 14.2%. Of the total vacancies, 147.00, or 80.5% were in the new Public Safety Division.

FTE by Job Type

Position Status ● Filled ● Vacant



The figure above shows the full array of correctional officers in the Public Safety Division. This figure represents 477.00 FTE, or 65.3%, of the division’s 730.36 budgeted FTE, and is 54.8% of the agency vacancies. Through the end of April, DOC realized (as a preliminary estimate) approximately \$2.2 million of vacancy savings through the vacancies of correctional officers, which is approximately 75.9% of the total agency vacancy savings of \$2.9 million. The realized vacancy savings in the Public Safety Division was offset by \$2.4 million in overtime costs through the end of May.

In March, DOC reached an agreement with the prison staffs’ union to provide \$2/hr. pay raises to all correctional officers. In FY 2022, the pay raises are not expected to increase personal services costs beyond the budgeted amount. In FY 2023 and going forward, the increase in pay, assuming full employment, is expected to cost \$2.0 million per year.

Next Steps for Personal Services Reporting

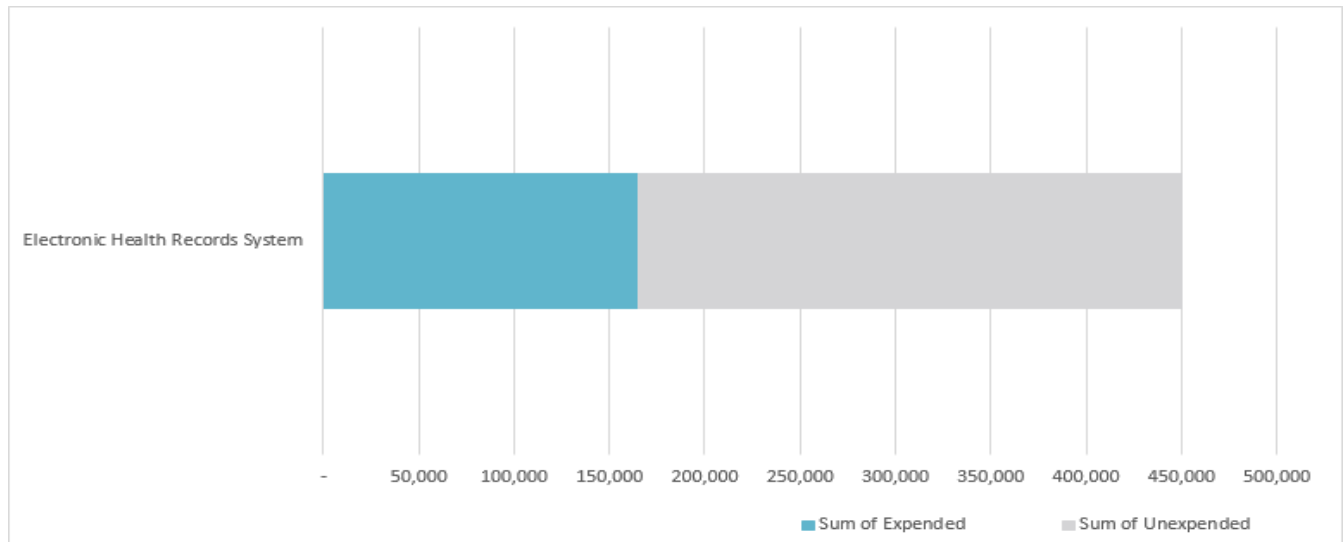
As mentioned in the March report, the LFD will begin the process of a more comprehensive look at personal services this summer. The LFD will compare two executive “snapshots” -- July 2020 and July 2022. The analysis will identify adjustments adopted by the legislature in 2021 and modifications made by the agencies, within the confines of budget law.

The September Quarterly Financial Report will provide the complete comparison from July 2020 to July 2022. Ultimately, the analysis will result in a description of all the components that will be part of the executive’s decision package one (DP 1) 2025 biennium budget request. This work will prepare legislators for budget deliberations in the 2023 session. For a review of how DP 1 works and snapshot components, please read this [short brochure](#) from 2019.

OTHER ISSUES

Information Technology Project Expenditures

DOC IT Dashboard Report



As viewed in the State Information Technology Services Division (SITSD) dashboard report, the DOC has one major information technology project. The Electronic Health Records System project, with estimated costs of \$450,000, will allow the Clinical Services Division to make changes in state and federal policy and support new health care initiatives in a timely manner, leading to improvements in accuracy, efficiency, and costs. The project was started in FY 2021 and is 90.0% complete. The project went “live” in November and the remaining authority of \$100,000 will fund final interfacing. The project is expected to be completed in FY 2022.

REPORTING REQUIREMENTS

HB 693 Reporting – This legislation requires reporting by the DOC on the following items:

- 1) Each quarter of the fiscal year, the Department of Corrections shall report to the Law and Justice Interim Committee and the Legislative Finance Committee on the utilization of drug treatment beds and any payments made to contractors for the failure to allow the contractor to operate at 75.0% capacity (#1).
- 2) Each quarter of the 2023 biennium, for the quarter preceding the report, the Department of Corrections shall report to the Law and Justice Interim Committee and the Legislative Finance Committee on (#4):
 - a) the number of occasions a defendant sentenced for one or more felonies remained in a county detention facility for more than 10 business days after sentencing;
 - b) the names of the defendants who remained in a county detention facility for more than 10 business days after sentencing and the county detention facility in which they were held; and
 - c) for those defendants remaining in a county detention facility for more than 10 business days after sentencing, on the relevant facts leading to the delay in transfer out of the facility and whether the delay is attributable to untimely receipt of a judgment or other sentencing documents from the judicial branch.