

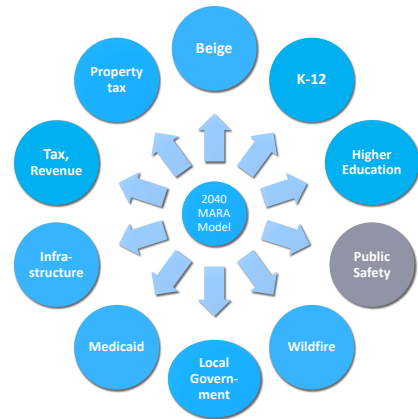
Financial Modernization and Risk Analysis (MARA) Study: Public Safety Module Summary

MARA Study Overview

As directed by HB 330, the Financial Modernization and Risk Analysis Committee (MARA) has undertaken a study of the long-term financial needs of the state and local governments, while considering changes in demographics, technology, and the economy. The MARA committee relies on a **data-driven approach to identify potential financial concerns for the state and local governments**. As such, the MARA committee has developed a forecasting model based on econometric data and is capable of identifying future financial risks to the state’s revenues and expenditures, as well as considering impacts on local governments’ revenues and expenditures. This approach has a **medium- to long-term time focus, from present to 2040**.

MARA Public Safety Module Overview

The 2040 MARA model is broken into “modules”. The modules reflect different aspects of the revenues and expenditures of state government, local government, and school districts. The diagram shows the components. The initial public safety module will include correctional facility expenditures along with a set of “beige” classifications for other public safety agencies.



MARA Public Safety Module – Data Sources

Data for the tax and revenue module is sourced from the Montana Statewide Accounting, Budgeting and Human Resources

Preliminary Considerations: MARA Public Safety Module

- Changes in offender populations impact state costs
- Existing infrastructure is limited in its ability to meet future population needs in both state owned and community correctional facilities

Systems (SABHRS) and Department of Corrections (DOC) offender/incarcerated population data.

MARA Public Safety Module – Assumptions and Methodology

The assumptions and methodology used to develop the public safety module from present – 2040 were calculated using the following:

1. Offender and incarcerated populations drive costs in the DOC
 - a. Applied multivariate regression assumptions for correctional facility population variables
 - b. Populations measured in five types of facilities/programs including male secure, female secure, adult alternative, probation and parole, and juvenile facilities

2. Cost growth in all other public safety agencies is “beige”
 - a. Beige projections incorporated IHS Global Markit econometric projections for selected financial variables, prices, productivity, labor costs, and others.

MARA Public Safety Module: Multi-variant projections and “beige” projections

- In the public safety module, “non-beige” projections are made for populations at DOC facilities and programs
- Many of the public safety collection projections of state and local government in the MARA forecasting model are inflated with a “status quo”-based methodology which assumes “business as normal” or “beige” continues into 2040

MARA Public Safety Module – Stakeholder Awareness and Participation

The Legislative Fiscal Division (LFD) staff will share the developed public safety module assumptions and calculations with staff from the DOC and other related stakeholders. LFD and MARA committee members considered information from the [Pew Charitable Trust](#).

MARA Public Safety Module – Findings

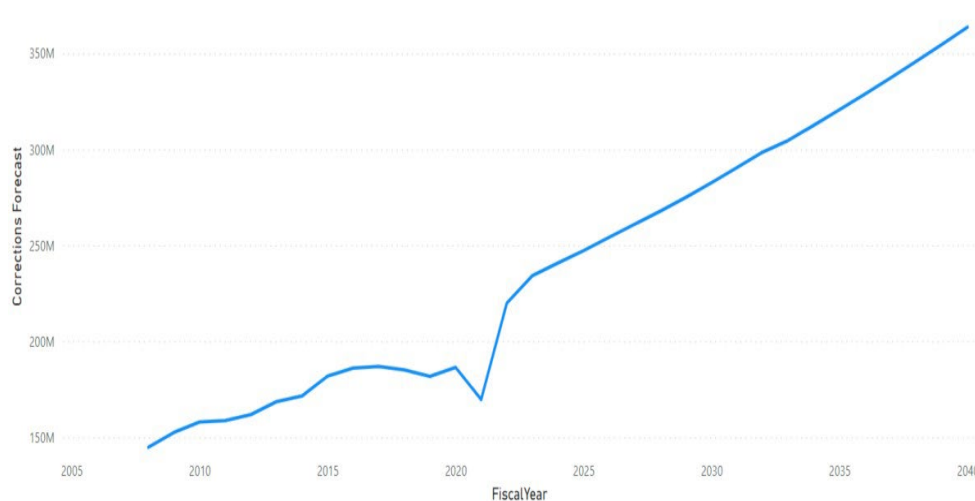
The public safety module is under development, and preliminary findings are not yet available. Immediate modeling work includes cleaning data anomalies from the DOC model and adding the beige components to the module to provide a complete picture of the state public safety costs.

MARA Public Safety Module – Limitations

Limitations of the public safety module include:

- Limited number of years considered (Annual data between FY2008 and FY 2020)
- Policy changes through time impact trends
- There are instances where costs are held to low growth within the budget
- Growth in other public safety agencies may exceed “beige”

Corrections Forecast by FiscalYear



MARA Public Safety Module – Future Research

Further research into public safety budgets/costs will be conducted during the 2025 interim by LFD staff and may include:

- Improvements to the initial model through the inclusion of additional correctional services costs
- The addition of other public safety agencies, as forecasts using similar methods