

Agency Budget Comparison

The following table compares 2014 actuals expenditures without one-time appropriations plus 2015 estimated appropriations including one-time appropriations, but excluding certain base appropriations to the 2017 biennial total legislative budget. The comparison is listed by year, type of expenditure, and source of funding. The biennial percent change column has been eliminated to allow for the transition to a comparison of biennial appropriations consistent with SB 140 in the future. The biennial appropriation growth/decline is listed in the agency highlight tables and the expenditure section of Volume 1 of this Fiscal Report.

Agency Budget Comparison							
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change
FTE	1,281.89	1,281.89	1,274.52	1,274.52	1,281.89	1,274.52	(7.37)
Personal Services	74,213,255	75,563,723	85,808,976	85,766,282	149,776,978	171,575,258	21,798,280
Operating Expenses	105,766,792	106,391,602	114,645,404	116,054,130	212,158,394	230,699,534	18,541,140
Equipment & Intangible Assets	152,852	127,851	167,852	177,852	280,703	345,704	65,001
Capital Outlay	20,773	0	20,773	20,773	20,773	41,546	20,773
Benefits & Claims	2,460,387	2,080,087	540,598	540,598	4,540,474	1,081,196	(3,459,278)
Transfers	3,260,421	3,715,659	194,467	194,467	6,976,080	388,934	(6,587,146)
Debt Service	265,248	259,329	308,938	308,938	524,577	617,876	93,299
Total Costs	\$186,139,728	\$188,138,251	\$201,687,008	\$203,063,040	\$374,277,979	\$404,750,048	\$30,472,069
General Fund	181,629,002	182,099,010	196,762,815	198,133,433	363,728,012	394,896,248	31,168,236
State/Other Special Rev. Funds	4,444,319	5,960,225	4,821,418	4,822,378	10,404,544	9,643,796	(760,748)
Federal Spec. Rev. Funds	240	16,005	0	0	16,245	0	(16,245)
Proprietary Funds	66,167	63,011	102,775	107,229	129,178	210,004	80,826
Total Funds	\$186,139,728	\$188,138,251	\$201,687,008	\$203,063,040	\$374,277,979	\$404,750,048	\$30,472,069

Agency Description

The Department of Corrections (DOC), authorized in section 2-15-2301, MCA, is directed in section 53-1-201, MCA, to "utilize at maximum efficiency the resources of state government in a coordinated effort to: 1) develop and maintain comprehensive services and programs in the field of adult and youth corrections; and 2) provide for the care, protection, and mental and physical development of youth alleged to be youth in need of supervision, or delinquent youth who are referred or committed to the department." The department's six programs are:

- Director's Office including the Director's Office, Information Technology Division, Business Management Services Division, and the administratively attached Board of Pardons and Parole
- Probation and Parole Division including probation and parole; Treasure State Correctional Training Center (TSCTC); contracted pre-release centers; DUI Unit (Warm Springs Addictions Treatment and Change Program (WATCH)); Elkhorn and Nexus methamphetamine treatment centers, Missoula Assessment and Sanction Center (MASC); and the Sanction, Treatment, Assessment, Revocation, and Transition Center (START)
- Secure Custody including Montana State Prison (MSP), Montana Women's Prison (MWP), contract beds including regional prisons in Great Falls and Glendive, and a privately operated prison (Crossroads Correctional Center) in Shelby
- Montana Correctional Enterprises (MCE) including agriculture, ranching, industries, vocational education, food factory, license plate factory, fire crew and inmate canteen
- Youth Services Division including statewide juvenile community corrections functions, Riverside Youth Correctional Facility, the Transition Center, and Pine Hills Youth Correctional Facility
- Clinical services including division administration and the medical and mental health services provided at the Montana State Prison (MSP), Treasure State Correctional Training Center (TSCTC), Montana Women's Prison (MWP), and the two youth correctional facilities, either directly by DOC staff or through contracted healthcare providers. The division also has oversight of the health services provided at contracted facilities.

Agency Highlights

**Department of Corrections
Major Budget Highlights**

- In HB 2 total funds, biennial appropriations increased by 6.5%, or \$24.6 million due primarily to approval of funding to:
 - Annualize beds at contracted facilities
 - Provide inflationary adjustments for costs of treating inmates outside the state facilities
 - Provide a 2% annual provider rate increase for facilities providing services to the Probation and Parole Division and for the Shelby prison
 - Increase pay for correctional officers
 - Increase overtime and inmate pay
 - Replace state special revenue funding with general fund for probation and parole office rent costs
 - Provide a prevailing wage increase specified in the contract for services at the Shelby prison
 - Add 6.00 FTE probation and parole officers to address workload impacts
 - Add 2.50 FTE for health services at the Montana Woman's Prison as one-time-only
 - Add 5.00 FTE correctional officers for the Lewistown infirmary as one-time-only
 - Annualize pay increases provided by the department during the 2015 biennium
- In HB 2 general fund, biennial appropriations increased by 7.3%, or \$26.8 million for mostly the same reasons as total funds
- Juvenile delinquency intervention and prevention funds and their administration, including funding for 4.00 FTE, was moved from the agency to the Judicial Branch to implement HB 233

Summary of Legislative Action

The legislature approved the department's 2017 biennium HB 2 budget with an increase of \$24.6 million, or 6.5%, over the 2015 biennium. The following items were funded and drove the increase:

- Annualization of beds at contracted facilities
- Inflationary adjustments for costs of treating inmates outside the state facilities
- A 2% annual provider rate increase for contracted providers
- A prevailing wage increase specified in the contract for services at the Shelby prison

Offsetting the increases was a reduction when funding for Judicial Branch juvenile placement funds and their administration was moved to the Judicial Branch.

Additionally, the legislature provided \$5.5 million general fund for FY 2015 to address projected budget shortfalls in the Secure Custody Facilities program, due mostly to housing offenders in county jails.

Funding

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

Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	394,896,248	0	0	394,896,248	91.75 %
State Special Total	9,643,796	0	842,651	10,486,447	2.44 %
Federal Special Total	0	0	0	0	0.00 %
Proprietary Total	210,004	24,824,622	0	25,034,626	5.82 %
Other Total	0	0	0	0	0.00 %
Total All Funds	\$404,750,048	\$24,824,622	\$842,651	\$430,417,321	
Percent - Total All Sources	94.04 %	5.77 %	0.20 %		

The department 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
- Offender restitution collected from restitution payments collected from offenders
- Pine Hills donations, interest, and income funds that come mostly from the Pine Hills 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)

The remainder of the department's funding comes from proprietary funds such as license plate manufacturing and prison ranch operations.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	186,186,396	186,186,396	372,372,792	94.30 %	192,225,637	192,225,637	384,451,274	94.98 %
PL Adjustments	12,747,241	13,069,890	25,817,131	6.54 %	11,595,251	11,923,314	23,518,565	5.81 %
New Proposals	(2,170,822)	(1,122,853)	(3,293,675)	(0.83)%	(2,133,880)	(1,085,911)	(3,219,791)	(0.80)%
Total Budget	\$196,762,815	\$198,133,433	\$394,896,248		\$201,687,008	\$203,063,040	\$404,750,048	

Other Legislation

HB 28 - HB 28 requires the Board of Pardons and Parole to audio-record and video-record meetings of the board and all hearings held to consider parole, rescission, revocation, or clemency decisions and to make the recordings available to the public. The fiscal note for HB 28 assumed costs of \$145,638 in FY 2016 and \$101,770 in FY 2017 to implement the provisions of HB 28. No funding was provided in the bill or included in HB 2 for this bill.

HB 111 - HB 111 changes the sentence for felony driving under the influence of alcohol or drug convictions from 13 months to no less than 13 months and up to 2 years. The fiscal note for HB 111 assumed the potential costs for the potential 11 additional months, which could result in \$335,868 additional costs for housing offenders under the potentially longer sentence. No funding was provided in the bill or included in HB 2 for this bill.

HB 233 - HB 233 transferred the administration of juvenile placements funds from the department to the Judicial Branch. HB 2 includes the transfer of the funding for the administration, including 4.00 FTE, and for Judicial Branch juvenile

placement funds. Refer to new proposal DP 100233 in the Supreme Court Operations program of the Judicial Branch and new proposal DP 500233 in the Youth Services program of the Department of Corrections for the transfer of these functions to implement HB 233.

Executive Budget Comparison

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	1,281.89	1,283.52	1,274.52	(9.00)	1,283.52	1,274.52	(9.00)	(9.00)
Personal Services	74,213,255	87,600,561	85,808,976	(1,791,585)	87,556,285	85,766,282	(1,790,003)	(3,581,588)
Operating Expenses	105,766,792	116,215,902	114,645,404	(1,570,498)	117,508,863	116,054,130	(1,454,733)	(3,025,231)
Equipment & Intangible Assets	152,852	189,652	167,852	(21,800)	213,652	177,852	(35,800)	(57,600)
Capital Outlay	20,773	20,773	20,773	0	20,773	20,773	0	0
Benefits & Claims	2,460,387	2,460,387	540,598	(1,919,789)	2,460,387	540,598	(1,919,789)	(3,839,578)
Transfers	3,260,421	3,260,421	194,467	(3,065,954)	3,260,421	194,467	(3,065,954)	(6,131,908)
Debt Service	265,248	308,938	308,938	0	308,938	308,938	0	0
Total Costs	\$186,139,728	\$210,056,634	\$201,687,008	(\$8,369,626)	\$211,329,319	\$203,063,040	(\$8,266,279)	(\$16,635,905)
General Fund	181,629,002	204,953,652	196,762,815	(8,190,837)	206,227,914	198,133,433	(8,094,481)	(16,285,318)
State/other Special Rev. Funds	4,444,319	4,994,880	4,821,418	(173,462)	4,995,068	4,822,378	(172,690)	(346,152)
Federal Spec. Rev. Funds	240	240	0	(240)	240	0	(240)	(480)
Other	66,167	107,862	102,775	(5,087)	106,097	107,229	1,132	(3,955)
Total Funds	\$186,139,728	\$210,056,634	\$201,687,008	(\$8,369,626)	\$211,329,319	\$203,063,040	(\$8,266,279)	(\$16,635,905)

The legislative budget is \$16.6 million in total funds and \$16.3 million in general fund lower than the executive request. The main differences are:

- Funding was not provided to add 1.00 FTE psychiatrist at the Montana State Prison or to replace information technology and radio equipment
- Funding was provided at different levels than requested to add 6.00 FTE probation and parole officers instead of the 10.00 FTE requested
- Juvenile delinquency intervention and prevention funds and their administration, including funding for 4.00 FTE, was moved from the agency to the Judicial Branch to implement HB 233

Language and Statutory Authority

The legislature included the following language in HB 2:

Probation and Parole Division includes funding for payment of contracted treatment and prerelease beds. It is the intent of the legislature that, within existing funding at the contracted rate, the department of corrections may pay for beds filled at up to 110% of the contracted bed levels for treatment and prerelease beds.

All appropriations for Probation & Parole Division and Secure Custody Facilities not otherwise identified in a separate appropriation item are biennial.

Secure Custody Facilities includes funding to hold inmates in county jails. It is the intent of the legislature that the department of corrections may pay no more than \$69 per day to hold an inmate in any county jail. If the department of corrections certifies to the budget director that it cannot obtain the number of beds required to house inmates in county jails at the \$69 rate and the budget director verifies the certification, Secure Custody Facilities is increased by \$174,820 general fund each year of the 2017 biennium. It is the intent of the legislature that once the budget director verifies the certification, the department of corrections may pay no more than \$72.50 per day to hold an inmate in any county jail.

If HB 233 is not passed and approved, Youth Services is increased in general fund money by \$5,068,979 in FY 2016 and by \$5,068,622 in FY 2017, in state special revenue by \$171,718 in FY 2016 and by \$171,718 in FY 2017, and in federal special revenue by \$240 in FY 2016 and by \$240 in FY 2017.

(Note: HB 233 has become law so this contingency language does not apply and the adjustments in the Youth Services Program under new proposal DP 500233 remain in effects.)

Program Budget Comparison

The following table summarizes the total Legislative budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	107.00	107.00	105.48	105.48	107.00	105.48	(1.52)	(1.42)%
Personal Services	6,770,033	7,319,543	8,141,740	8,144,660	14,089,576	16,286,400	2,196,824	15.59 %
Operating Expenses	4,752,592	4,774,523	5,231,193	5,241,474	9,527,115	10,472,667	945,552	9.92 %
Equipment & Intangible Assets	0	0	0	0	0	0	0	0.00 %
Total Costs	\$11,522,625	\$12,094,066	\$13,372,933	\$13,386,134	\$23,616,691	\$26,759,067	\$3,142,376	13.31 %
General Fund	10,977,647	11,273,139	12,820,945	12,829,126	22,250,786	25,650,071	3,399,285	15.28 %
State/Other Special Rev. Funds	478,811	757,916	449,213	449,779	1,236,727	898,992	(337,735)	(27.31)%
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0.00 %
Proprietary Funds	66,167	63,011	102,775	107,229	129,178	210,004	80,826	62.57 %
Total Funds	\$11,522,625	\$12,094,066	\$13,372,933	\$13,386,134	\$23,616,691	\$26,759,067	\$3,142,376	13.31 %

Program Description

The Director's Office includes the Director's Office, Information Technology Division, Business Management Services Division and the administratively attached Board of Pardons and Parole. 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

Director's Office Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the 2015 biennium legislative funding, budget changes are for: <ul style="list-style-type: none"> ◦ Funding reductions as the result of an agency reorganization during the 2015 biennium that moved funding for outside medical costs to the Clinical Services Program ◦ Funding for pay changes made at the agency's discretion during the 2015 biennium and for anticipated longevity pay in the 2017 biennium ◦ Funding for costs for a certification with the American Correctional Association for the Board of Pardons and Parole

Funding

The following table shows program funding by source from all sources of authority.

Department of Corrections, 01-Director's Office Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	25,650,071	0	0	25,650,071	95.86 %	
02249 Governor's Office Operations Fund	0	0	0	0	0.00 %	
02251 Corrections Operations Account	0	0	0	0	0.00 %	
02261 P & P Supervisory Fee	0	0	0	0	0.00 %	
02355 Miscellaneous Fines and Fees	9,660	0	0	9,660	1.07 %	
02689 Offender Restitution	883,616	0	0	883,616	98.29 %	
02917 MSP Canteen Revolving Acct	5,716	0	0	5,716	0.64 %	
State Special Total	\$898,992	\$0	\$0	\$898,992	3.36 %	
03315 Misc Federal Grants	0	0	0	0	0.00 %	
03316 MBCC Grants	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06033 Prison Ranch	42,534	0	0	42,534	20.25 %	
06034 MSP Institutional Industries	123,140	0	0	123,140	58.64 %	
06545 Prison Indust. Training Prog	1,186	0	0	1,186	0.56 %	
06572 MCE License Plate Production	3,516	0	0	3,516	1.67 %	
06573 MSP - Cook Chill	39,628	0	0	39,628	18.87 %	
Proprietary Total	\$210,004	\$0	\$0	\$210,004	0.78 %	
Total All Funds	\$26,759,067	\$0	\$0	\$26,759,067		

The bulk 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.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	20,406,308	20,406,308	40,812,616	159.11 %	21,227,235	21,227,235	42,454,470	158.65 %
PL Adjustments	(7,585,363)	(7,577,182)	(15,162,545)	(59.11)%	(7,854,302)	(7,841,101)	(15,695,403)	(58.65)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$12,820,945	\$12,829,126	\$25,650,071		\$13,372,933	\$13,386,134	\$26,759,067	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 510 - Legislative Audit - HB 2 2014 Fixed Costs (Restr/Biennial)	0.00	108,291	0	0	108,291	0.00	0	0	0	0
DP 515 - State Share Health Insurance	0.00	51,263	0	0	51,263	0.00	51,263	0	0	51,263
DP 516 - Correct State Share Health Insurance	0.00	(1,205)	3,402	0	2,197	0.00	(1,205)	3,402	0	2,197
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	144,605	0	0	144,605	0.00	144,605	0	0	144,605
DP 525 - Fixed Cost Adjustment	0.00	705,252	5,252	0	750,268	0.00	725,710	5,818	0	775,746
DP 526 - 2017 Biennium Legislative Audit (Restricted/Biennial)	0.00	3,031	0	0	3,031	0.00	0	0	0	0
DP 527 - Inflation\Deflation Adjustment	0.00	(330,281)	0	0	(330,281)	0.00	(266,001)	0	0	(266,001)
DP 530 - Reorganizations	0.00	(9,192,456)	0	0	(9,192,456)	0.00	(9,192,456)	0	0	(9,192,456)
DP 531 - SITSD Rate Adjustment	0.00	94,373	0	0	94,373	0.00	134,850	0	0	134,850
DP 532 - General Liability Insurance Rate Adjustment	0.00	(85,020)	0	0	(85,020)	0.00	(85,020)	0	0	(85,020)
DP 535 - Program Transfers	0.00	39,287	0	0	39,287	0.00	39,287	0	0	39,287
DP 536 - Other 2015 Biennium Budget Adjustments	0.00	425,157	(317,357)	0	107,800	0.00	428,838	(317,357)	0	111,481
DP 550 - Motor Pool Rate Adjustment	0.00	(11,991)	0	0	(11,991)	0.00	(11,306)	0	0	(11,306)
DP 600 - 2015 Biennium Career Increment Pay Increases	0.00	61,531	0	0	61,531	0.00	61,531	0	0	61,531
DP 601 - Longevity Pay Increases	0.00	38,196	0	0	38,196	0.00	38,196	0	0	38,196
DP 602 - 2015 Biennium Other Pay Increases	0.00	179,014	0	0	179,014	0.00	179,014	0	0	179,014
DP 603 - Correctional Officer and Market Pay Adjustments	0.00	146,802	0	0	146,802	0.00	146,802	0	0	146,802
DP 100003 - Present Law Base Adjustment - BOPP	0.00	28,688	0	0	28,688	0.00	28,710	0	0	28,710
DP 100004 - American Correctional Association Certification (OTO)	0.00	10,100	0	0	10,100	0.00	0	0	0	0
DP 100444 - Statewide 4% FTE Reduction	(1.52)	0	0	0	0	(1.52)	0	0	0	0
Grand Total All Present Law Adjustments	(1.52)	(\$7,585,363)	(\$308,703)	\$0	(\$7,854,302)	(1.52)	(\$7,577,182)	(\$308,137)	\$0	(\$7,841,101)

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

DP 510 - Legislative Audit - HB 2 2014 Fixed Costs (Restr/Biennial) -

The legislature provided a restricted biennial appropriation for the legislative audit costs. The funding is established at the level of the 2015 biennial appropriation contained in HB 2 as enacted by the 2013 Legislature.

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 516 - Correct State Share Health Insurance -

The legislature approved an adjustment to the state share for health insurance to correct for an error in calculating the initial amounts.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustment -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 526 - 2017 Biennium Legislative Audit (Restricted/Biennial) -

The legislature adjusted legislative audit costs and funding based on the current estimate of the Legislative Auditor.

DP 527 - Inflation\Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 530 - Reorganizations -

The legislature adopted the reorganization of the management for medical services from the Director's Office, Probation and Parole Division, Secure Custody Facilities Program, and Youth Services Program to for the Clinical Services Division within the department. This included transfers of \$9.2 million in general fund and 0.50 FTE in each FY 2016 and FY 2017 from this program.

DP 531 - SITSD Rate Adjustment -

The legislature approved an increase for fixed cost rates included in state agency budgets for information technology services provided by the State Information Technology Services Division (SITSD).

DP 532 - General Liability Insurance Rate Adjustment -

The legislature reduced the rate assessed to state agencies for general liability insurance provided by the Risk Management and Tort Defense Division.

DP 535 - Program Transfers -

The legislature adopted program transfers made by the department in the interim. This includes transfers of \$39,287 in general fund in each FY 2016 and FY 2017 from the Youth Services Program to this program.

DP 536 - Other 2015 Biennium Budget Adjustments -

The legislature approved various unspecified budget adjustments to move operating expenses to the FY 2015 legislative base.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 600 - 2015 Biennium Career Increment Pay Increases -

The legislature approved funding to annualize career increment pay increases provided by the agency during the 2015 biennium.

DP 601 - Longevity Pay Increases -

The legislature funded longevity pay adjustments.

DP 602 - 2015 Biennium Other Pay Increases -

The legislature approved funding to annualize various pay increases that were not for correctional officer or probation officer market movement, market adjustment to move employees to the entry level for the pay band, career increment movement, or longevity that were provided by the agency during the 2015 biennium.

DP 603 - Correctional Officer and Market Pay Adjustments -

The legislature funded pay adjustments given in the 2015 biennium for correctional and probation officer increments and adjustment to raise employees to 80% of market.

DP 100003 - Present Law Base Adjustment - BOPP -

The legislature funded adjustments for building lease increases and board member per diem.

DP 100004 - American Correctional Association Certification (OTO) -

The legislature funded costs for a certification with the American Correctional Association and designated this funding as one-time-only.

DP 100444 - Statewide 4% FTE Reduction -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. This change package includes a reduction of 1.52 FTE per year.

Program Budget Comparison

The following table summarizes the total Legislative budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	256.50	256.50	258.50	258.50	256.50	258.50	2.00	0.78 %
Personal Services	15,921,993	15,086,799	17,280,767	17,266,348	31,008,792	34,547,115	3,538,323	11.41 %
Operating Expenses	47,196,650	48,918,496	50,698,616	51,505,149	96,115,146	102,203,765	6,088,619	6.33 %
Equipment & Intangible Assets	18,235	12,500	18,235	18,235	30,735	36,470	5,735	18.66 %
Transfers	6,250	6,250	6,250	6,250	12,500	12,500	0	0.00 %
Debt Service	70,483	68,111	70,483	70,483	138,594	140,966	2,372	1.71 %
Total Costs	\$63,213,611	\$64,092,156	\$68,074,351	\$68,866,465	\$127,305,767	\$136,940,816	\$9,635,049	7.57 %
General Fund	62,399,444	62,591,945	67,260,184	68,052,298	124,991,389	135,312,482	10,321,093	8.26 %
State/Other Special Rev. Funds	814,167	1,500,211	814,167	814,167	2,314,378	1,628,334	(686,044)	(29.64)%
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0.00 %
Total Funds	\$63,213,611	\$64,092,156	\$68,074,351	\$68,866,465	\$127,305,767	\$136,940,816	\$9,635,049	7.57 %

Program Description

The Probation & Parole Division includes probation and parole, intensive and enhanced supervision programs, male and female community corrections programs that include: the Treasure State Correctional Training Center (boot camp), chemical dependency treatment programs, DUI treatment facilities, Methamphetamine treatment facilities, assessment, sanction and revocation centers, and various other prison diversion programs. The department contracts with nonprofit corporations in Great Falls, Missoula, Billings, Bozeman, Butte and Helena for pre-release services.

Program Highlights

Probation & Parole Division Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the 2015 biennium legislative funding, budget changes are for: <ul style="list-style-type: none"> ◦ Funding for pay changes made at the agency's discretion during the 2015 biennium and for anticipated longevity pay in the 2017 biennium ◦ Funding reductions as the result of an agency reorganization during the 2015 biennium ◦ Annualization of funding for contracted facilities to the full contracted levels ◦ General fund to replace state special revenue for probation and parole office leases with state special revenue not reduced ◦ An increase for overtime ◦ Funding to add 6.00 FTE probation and parole officers to address workload impacts ◦ A 2% annual provider rate increase

Funding

The following table shows program funding by source from all sources of authority.

Department of Corrections, 02-Probation & Parole Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	135,312,482	0	0	135,312,482	98.81 %	
02261 P & P Supervisory Fee	1,628,334	0	0	1,628,334	100.00 %	
State Special Total	\$1,628,334	\$0	\$0	\$1,628,334	1.19 %	
03315 Misc Federal Grants	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$136,940,816	\$0	\$0	\$136,940,816		

General fund provides 98.8% of the division’s funding. About 1.2% of the division’s funding comes from state special revenue collected from offenders who must pay a probation and parole supervision fee.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	63,565,506	63,565,506	127,131,012	93.95 %	65,065,717	65,065,717	130,131,434	95.03 %
PL Adjustments	2,458,550	2,446,470	4,905,020	3.62 %	1,772,506	1,760,426	3,532,932	2.58 %
New Proposals	1,236,128	2,040,322	3,276,450	2.42 %	1,236,128	2,040,322	3,276,450	2.39 %
Total Budget	\$67,260,184	\$68,052,298	\$135,312,482		\$68,074,351	\$68,866,465	\$136,940,816	

Present Law Adjustments

The “Present Law Adjustments” table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
-----Fiscal 2016-----						-----Fiscal 2017-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 402 - Montana Correctional Enterprises Rate Changes	0.00	68,734	0	0	68,734	0.00	88,970	0	0	88,970
DP 515 - State Share Health Insurance	0.00	122,715	0	0	122,715	0.00	122,715	0	0	122,715
DP 516 - Correct State Share Health Insurance	0.00	4,131	0	0	4,131	0.00	4,131	0	0	4,131
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	289,047	0	0	289,047	0.00	289,047	0	0	289,047
DP 527 - Inflation\Deflation Adjustment	0.00	12,744	0	0	12,744	0.00	10,264	0	0	10,264
DP 530 - Reorganizations	0.00	(86,175)	0	0	(86,175)	0.00	(86,175)	0	0	(86,175)
DP 536 - Other 2015 Biennium Budget Adjustments	0.00	(59,988)	(686,044)	0	(746,032)	0.00	(68,134)	(686,044)	0	(754,178)
DP 550 - Motor Pool Rate Adjustment	0.00	(210,861)	0	0	(210,861)	0.00	(207,016)	0	0	(207,016)
DP 600 - 2015 Biennium Career Increment Pay Increases	0.00	329,031	0	0	329,031	0.00	329,031	0	0	329,031
DP 601 - Longevity Pay Increases	0.00	65,784	0	0	65,784	0.00	65,784	0	0	65,784
DP 602 - 2015 Biennium Other Pay Increases	0.00	110,899	0	0	110,899	0.00	110,899	0	0	110,899
DP 603 - Correctional Officer and Market Pay Adjustments	0.00	234,752	0	0	234,752	0.00	234,752	0	0	234,752
DP 200004 - Overtime	0.00	7,968	0	0	7,968	0.00	7,968	0	0	7,968
DP 200005 - Probation and Parole Office Leases (Biennial)	0.00	823,500	0	0	823,500	0.00	823,500	0	0	823,500
DP 200006 - Annualize PPD Contracted Facilities (Biennial)	0.00	746,269	0	0	746,269	0.00	720,734	0	0	720,734
DP 200444 - Statewide 4% FTE Reduction	(4.00)	0	0	0	0	(4.00)	0	0	0	0
Grand Total All Present Law Adjustments	(4.00)	\$2,458,550	(\$686,044)	\$0	\$1,772,506	(4.00)	\$2,446,470	(\$686,044)	\$0	\$1,760,426

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

DP 402 - Montana Correctional Enterprises Rate Changes -

The legislature approved funding to address rate changes for food and laundry services purchased from Montana Correctional Enterprises.

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 516 - Correct State Share Health Insurance -

The legislature approved an adjustment to the state share for health insurance to correct for an error in calculating the initial amounts.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 527 - Inflation\Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 530 - Reorganizations -

The legislature adopted the reorganization of the management for medical services from the Director's Office, Probation and Parole Division, Secure Custody Facilities Program, and Youth Services Program to for the Clinical Services Division within the department. This included transfers of \$86,175 in general fund and 1.00 FTE in each FY 2016 and FY 2017 from this program.

DP 536 - Other 2015 Biennium Budget Adjustments -

The legislature approved various unspecified budget adjustments to move operating expenses to the FY 2015 legislative base.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 600 - 2015 Biennium Career Increment Pay Increases -

The legislature approved funding to annualize career increment pay increases provided by the agency during the 2015 biennium.

DP 601 - Longevity Pay Increases -

The legislature funded longevity pay adjustments.

DP 602 - 2015 Biennium Other Pay Increases -

The legislature approved funding to annualize various pay increases that were not for correctional officer or probation officer market movement, market adjustment to move employees to the entry level for the pay band, career increment movement, or longevity that were provided by the agency during the 2015 biennium.

DP 603 - Correctional Officer and Market Pay Adjustments -

The legislature funded pay adjustments given in the 2015 biennium for correctional and probation officer increments and adjustment to raise employees to 80% of market.

DP 200004 - Overtime -

The legislature funded increases to overtime.

DP 200005 - Probation and Parole Office Leases (Biennial) -

The legislature approved funding for Probation and Parole Division office lease costs. The legislature designated funding as biennial.

DP 200006 - Annualize PPD Contracted Facilities (Biennial) -

The legislature annualized the funding for contracted beds that house offenders managed under the Probation and Parole Division in treatment, pre-release, after care, transitional living, enhanced supervision, re-entry, and sanction facilities at the contracted level of beds and at the rate funded by the 2013 Legislature. Additionally, the legislature included language that provides flexibility to pay for beds filled in treatment and pre-release facilities up to 10% over the contracted number of beds as long as funding is available within the budget for these facilities.

DP 200444 - Statewide 4% FTE Reduction -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. This change package includes a reduction of 4.00 FTE each year.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 200009 - PPD Population Management	6.00	417,461	0	0	417,461	6.00	407,375	0	0	407,375
DP 200098 - PPD Provider Rate Increase	0.00	818,667	0	0	818,667	0.00	1,632,947	0	0	1,632,947
Total	6.00	\$1,236,128	\$0	\$0	\$1,236,128	6.00	\$2,040,322	\$0	\$0	\$2,040,322

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

DP 200009 - PPD Population Management -

The legislature approved funding to add 6.00 FTE probation and parole officers to address workload issues statewide.

DP 200098 - PPD Provider Rate Increase -

The legislature approved funding to provide a 2% provider rate increase in FY 2016 and an additional 2% (4% total) rate increase for FY 2017 for all contracted providers.

Program Budget Comparison

The following table summarizes the total Legislative budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	629.04	629.04	629.69	629.69	629.04	629.69	0.65	0.10 %
Personal Services	33,724,290	36,141,622	39,967,979	39,939,273	69,865,912	79,907,252	10,041,340	14.37 %
Operating Expenses	38,613,248	36,358,780	41,002,347	41,586,603	74,972,028	82,588,950	7,616,922	10.16 %
Equipment & Intangible Assets	87,605	115,351	87,605	87,605	202,956	175,210	(27,746)	(13.67)%
Capital Outlay	20,773	0	20,773	20,773	20,773	41,546	20,773	100.00 %
Transfers	53,100	49,500	53,100	53,100	102,600	106,200	3,600	3.51 %
Debt Service	173,888	170,341	217,578	217,578	344,229	435,156	90,927	26.41 %
Total Costs	\$72,672,904	\$72,835,594	\$81,349,382	\$81,904,932	\$145,508,498	\$163,254,314	\$17,745,816	12.20 %
General Fund	72,568,442	72,730,778	81,244,920	81,800,470	145,299,220	163,045,390	17,746,170	12.21 %
State/Other Special Rev. Funds	104,462	104,816	104,462	104,462	209,278	208,924	(354)	(0.17)%
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0.00 %
Total Funds	\$72,672,904	\$72,835,594	\$81,349,382	\$81,904,932	\$145,508,498	\$163,254,314	\$17,745,816	12.20 %

Program Description

The Secure Custody 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 Program Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the 2015 biennium legislative funding, budget changes are for: <ul style="list-style-type: none"> ◦ Funding for pay changes made at the agency's discretion during the 2015 biennium and for anticipated longevity pay in the 2017 biennium ◦ Funding reductions as the result of an agency reorganization during the 2015 biennium ◦ Annualization of funding for contracted facilities to the full contracted levels ◦ Pay increases for correctional officers ◦ An increase for overtime ◦ Funding to add 5.00 FTE for security at the Lewistown infirmary as one-time-only ◦ Funding to pay up to \$69.00 per bed-day at county jails ◦ A 2% annual provider rate increase ◦ A prevailing wage increase addressed in the contract for services at the Shelby prison • The legislature provided \$5.5 million in supplemental funding for FY 2015 to address projected budget shortfalls largely due to costs to house offenders in county jails

Funding

The following table shows program funding by source from all sources of authority.

Department of Corrections, 03-Secure Custody Facilities Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	163,045,390	0	0	163,045,390	99.36 %	
02339 Inmate Welfare/Inmate Pay	200,000	0	0	200,000	19.02 %	
02345 Inmate Welfare Fund	0	0	842,651	842,651	80.13 %	
02355 Miscellaneous Fines and Fees	8,924	0	0	8,924	0.85 %	
02689 Offender Restitution	0	0	0	0	0.00 %	
State Special Total	\$208,924	\$0	\$842,651	\$1,051,575	0.64 %	
03099 PHS-ESEA Title I	0	0	0	0	0.00 %	
03315 Misc Federal Grants	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$163,254,314	\$0	\$842,651	\$164,096,965		

This division is funded almost entirely by the general fund. State special funds are from the sale of canteen items to inmates and support the cost of purchasing canteen items.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	82,776,210	82,776,210	165,552,420	101.54 %	82,881,026	82,881,026	165,762,052	101.54 %
PL Adjustments	(2,857,298)	(2,546,448)	(5,403,746)	(3.31)%	(2,857,652)	(2,546,802)	(5,404,454)	(3.31)%
New Proposals	1,326,008	1,570,708	2,896,716	1.78 %	1,326,008	1,570,708	2,896,716	1.77 %
Total Budget	\$81,244,920	\$81,800,470	\$163,045,390		\$81,349,382	\$81,904,932	\$163,254,314	

Present Law Adjustments

The “Present Law Adjustments” table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
-----Fiscal 2016-----						-----Fiscal 2017-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 402 - Montana Correctional Enterprises Rate Changes										
0.00	521,036	0	0	521,036	0.00	595,439	0	0	595,439	
DP 515 - State Share Health Insurance										
0.00	303,599	0	0	303,599	0.00	303,599	0	0	303,599	
DP 516 - Correct State Share Health Insurance										
0.00	2,095	0	0	2,095	0.00	2,095	0	0	2,095	
DP 520 - Fully Fund 2015 Legislatively Authorized FTE										
0.00	128,734	0	0	128,734	0.00	128,734	0	0	128,734	
DP 527 - Inflation\Deflation Adjustment										
0.00	(17,501)	0	0	(17,501)	0.00	(14,095)	0	0	(14,095)	
DP 530 - Reorganizations										
0.00	(8,930,105)	0	0	(8,930,105)	0.00	(8,930,105)	0	0	(8,930,105)	
DP 535 - Program Transfers										
0.00	204,673	0	0	204,673	0.00	204,673	0	0	204,673	
DP 536 - Other 2015 Biennium Budget Adjustments										
0.00	(497,625)	(354)	0	(497,979)	0.00	(494,115)	(354)	0	(494,469)	
DP 550 - Motor Pool Rate Adjustment										
0.00	(6,919)	0	0	(6,919)	0.00	(6,786)	0	0	(6,786)	
DP 600 - 2015 Biennium Career Increment Pay Increases										
0.00	544,606	0	0	544,606	0.00	544,606	0	0	544,606	
DP 601 - Longevity Pay Increases										
0.00	136,081	0	0	136,081	0.00	136,081	0	0	136,081	
DP 602 - 2015 Biennium Other Pay Increases										
0.00	126,208	0	0	126,208	0.00	126,208	0	0	126,208	
DP 603 - Correctional Officer and Market Pay Adjustments										
0.00	821,129	0	0	821,129	0.00	821,129	0	0	821,129	
DP 300008 - Overtime and Inmate Pay										
0.00	301,649	0	0	301,649	0.00	301,649	0	0	301,649	
DP 300015 - Lewistown Infirmary Staff (OTO)										
5.00	273,761	0	0	273,761	5.00	273,100	0	0	273,100	
DP 300016 - Annualize Secure Care Contract Beds (Biennial)										
0.00	3,648,061	0	0	3,648,061	0.00	3,878,120	0	0	3,878,120	
DP 300018 - Shelby Prison Prevailing Wage Increase (Biennial)										
0.00	386,200	0	0	386,200	0.00	386,200	0	0	386,200	
DP 300020 - County Jail Hold Rate Reduction										
0.00	(802,980)	0	0	(802,980)	0.00	(802,980)	0	0	(802,980)	
DP 300444 - Statewide 4% FTE Reduction										
(4.35)	0	0	0	0	(4.35)	0	0	0	0	
Grand Total All Present Law Adjustments										
0.65	(\$2,857,298)	(\$354)	\$0	(\$2,857,652)	0.65	(\$2,546,448)	(\$354)	\$0	(\$2,546,802)	

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

DP 402 - Montana Correctional Enterprises Rate Changes -

The legislature approved funding to address rate changes for food and laundry services purchased from Montana Correctional Enterprises.

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 516 - Correct State Share Health Insurance -

The legislature approved an adjustment to the state share for health insurance to correct for an error in calculating the initial amounts.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 527 - Inflation\Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 530 - Reorganizations -

The legislature adopted the reorganization of the management for medical services from the Director's Office, Probation and Parole Division, Secure Custody Facilities Program, and Youth Services Program to for the Clinical Services Division within the department. This included transfers of \$8.9 million in general fund and 79.50 FTE in each FY 2016 and FY 2017 from this program.

DP 535 - Program Transfers -

The legislature adopted program transfers made by the department in the interim. This includes transfers of \$204,673 in general fund in each FY 2016 and FY 2017 from the Youth Services Program to this program.

DP 536 - Other 2015 Biennium Budget Adjustments -

The legislature approved various unspecified budget adjustments to move operating expenses to the FY 2015 legislative base.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 600 - 2015 Biennium Career Increment Pay Increases -

The legislature approved funding to annualize career increment pay increases provided by the agency during the 2015 biennium.

DP 601 - Longevity Pay Increases -

The legislature funded longevity pay adjustments.

DP 602 - 2015 Biennium Other Pay Increases -

The legislature approved funding to annualize various pay increases that were not for correctional officer or probation officer market movement, market adjustment to move employees to the entry level for the pay band, career increment movement, or longevity that were provided by the agency during the 2015 biennium.

DP 603 - Correctional Officer and Market Pay Adjustments -

The legislature funded pay adjustments given in the 2015 biennium for correctional and probation officer increments and adjustment to raise employees to 80% of market.

DP 300008 - Overtime and Inmate Pay -

The legislature funded increases to overtime and inmate pay.

DP 300015 - Lewistown Infirmary Staff (OTO) -

The legislature funded the addition of 5.00 FTE correctional officer positions located at the Lewistown Infirmary. This funding was designated as one-time-only.

DP 300016 - Annualize Secure Care Contract Beds (Biennial) -

The legislature annualized for contracted beds. Funding for holding offenders in county jails was provided for a per bed per day rate of \$69.00, but language was provided that would allow the agency to request additional funds from the Governor's budget director to pay up to \$72.50 per bed. If the agency is unable to obtain an adequate number of beds at the \$69.00 bed rate it may request the additional budget authority.

The legislature designated this funding as biennial.

DP 300018 - Shelby Prison Prevailing Wage Increase (Biennial) -

The legislature funded costs associated with the prevailing wage clause in the contract for the Shelby prison. The legislature designated the funding as biennial.

DP 300020 - County Jail Hold Rate Reduction -

The legislature reduced funding for holding offenders in county jails and stated its intent that the Department of Corrections may reimburse counties for holding offenders at a rate up to \$69 per bed per day. In addition, the legislature provided language that would allow the department to seek additional budget authority should it not be able to secure enough beds at the \$69 rate, but that would state the legislatures intent to not pay more than \$72.50 per bed per day.

DP 300444 - Statewide 4% FTE Reduction -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. This change package includes a reduction of 4.35 FTE each year.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 300017 - Shelby Prison Per Diem Rate Increase (Biennial)	0.00	250,174	0	0	250,174	0.00	498,981	0	0	498,981
DP 300019 - Correctional Officer Pay Adjustment (Restricted)	0.00	1,075,834	0	0	1,075,834	0.00	1,071,727	0	0	1,071,727
Total	0.00	\$1,326,008	\$0	\$0	\$1,326,008	0.00	\$1,570,708	\$0	\$0	\$1,570,708

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

DP 300017 - Shelby Prison Per Diem Rate Increase (Biennial) -

The legislature approved funding to provide a 2% provider rate increase in FY 2016 and an additional 2% (4% total) rate increase for FY 2017 for the contracted provider at the Shelby prison. The legislature designated funding as biennial.

DP 300019 - Correctional Officer Pay Adjustment (Restricted) -

The legislature funded pay adjustments for all pay band 3 and 4 correctional officers. The legislature designated the funding as restricted only for providing the correctional officer pay adjustments.

Program Budget Comparison

The following table summarizes the total Legislative budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	12.00	12.00	11.00	11.00	12.00	11.00	(1.00)	(8.33)%
Personal Services	655,800	761,155	770,732	770,825	1,416,955	1,541,557	124,602	8.79 %
Operating Expenses	2,270,880	2,421,560	2,627,193	2,626,082	4,692,440	5,253,275	560,835	11.95 %
Transfers	135,117	200,000	135,117	135,117	335,117	270,234	(64,883)	(19.36)%
Total Costs	\$3,061,797	\$3,382,715	\$3,533,042	\$3,532,024	\$6,444,512	\$7,065,066	\$620,554	9.63 %
General Fund	785,698	867,217	887,428	886,016	1,652,915	1,773,444	120,529	7.29 %
State/Other Special Rev. Funds	2,276,099	2,515,498	2,645,614	2,646,008	4,791,597	5,291,622	500,025	10.44 %
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0.00 %
Total Funds	\$3,061,797	\$3,382,715	\$3,533,042	\$3,532,024	\$6,444,512	\$7,065,066	\$620,554	9.63 %

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, 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 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.

The Adult Education and MCE Vocational Education program is funded with general fund and operates at the Montana State Prison.

Program Highlights

Montana Correctional Enterprises Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the 2015 biennium legislative funding, budget changes are for: <ul style="list-style-type: none"> ◦ Funding for pay changes made at the agency's discretion during the 2015 biennium and for anticipated longevity pay in the 2017 biennium ◦ An increase to purchase items for the canteen ◦ An increase for overtime and inmate pay

Funding

The following table shows program funding by source from all sources of authority.

Department of Corrections, 04-Montana Correctional Enterprises Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,773,444	0	0	1,773,444	5.56 %
02917 MSP Canteen Revolving Acct	5,291,622	0	0	5,291,622	100.00 %
State Special Total	\$5,291,622	\$0	\$0	\$5,291,622	16.59 %
03315 Misc Federal Grants	0	0	0	0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
06033 Prison Ranch	0	8,944,494	0	8,944,494	36.03 %
06034 MSP Institutional Industries	0	4,522,298	0	4,522,298	18.22 %
06545 Prison Indust. Training Prog	0	1,464,398	0	1,464,398	5.90 %
06572 MCE License Plate Production	0	1,872,510	0	1,872,510	7.54 %
06573 MSP - Cook Chill	0	8,020,922	0	8,020,922	32.31 %
Proprietary Total	\$0	\$24,824,622	\$0	\$24,824,622	77.85 %
Total All Funds	\$7,065,066	\$24,824,622	\$0	\$31,889,688	

Besides general fund, the bulk of the HB 2 funding for this program is state special revenue, primarily from fees charged for the collection of restitution from offenders and prison canteen sales. The remainder of the program's funding comes from proprietary funds such as the prison ranch, industries program, and cook chill operation.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	867,217	867,217	1,734,434	97.80 %	3,382,715	3,382,715	6,765,430	95.76 %
PL Adjustments	20,211	18,799	39,010	2.20 %	150,327	149,309	299,636	4.24 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$887,428	\$886,016	\$1,773,444		\$3,533,042	\$3,532,024	\$7,065,066	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	3,888	1,458	0	5,346	0.00	3,888	1,458	0	5,346
DP 516 - Correct State Share Health Insurance	0.00	3,402	(1,458)	0	1,944	0.00	3,402	(1,458)	0	1,944
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	13,461	0	0	13,461	0.00	13,461	0	0	13,461
DP 527 - Inflation\Deflation Adjustment	0.00	6,146	0	0	6,146	0.00	4,875	0	0	4,875
DP 536 - Other 2015 Biennium Budget Adjustments	0.00	(23,286)	0	0	(23,286)	0.00	(23,427)	0	0	(23,427)
DP 600 - 2015 Biennium Career Increment Pay Increases	0.00	6,965	0	0	6,965	0.00	6,965	0	0	6,965
DP 601 - Longevity Pay Increases	0.00	6,264	0	0	6,264	0.00	6,264	0	0	6,264
DP 602 - 2015 Biennium Other Pay Increases	0.00	5,842	0	0	5,842	0.00	5,842	0	0	5,842
DP 603 - Correctional Officer and Market Pay Adjustments	0.00	1,827	0	0	1,827	0.00	1,827	0	0	1,827
DP 400019 - Overtime and Inmate Pay	0.00	(4,298)	0	0	(4,298)	0.00	(4,298)	0	0	(4,298)
DP 400022 - MCE Canteen Additional Authority	0.00	0	130,116	0	130,116	0.00	0	130,510	0	130,510
DP 400444 - Statewide 4% FTE Reduction	(1.00)	0	0	0	0	(1.00)	0	0	0	0
Grand Total All Present Law Adjustments	(1.00)	\$20,211	\$130,116	\$0	\$150,327	(1.00)	\$18,799	\$130,510	\$0	\$149,309

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 516 - Correct State Share Health Insurance -

The legislature approved an adjustment to the state share for health insurance to correct for an error in calculating the initial amounts.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 527 - Inflation\Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 536 - Other 2015 Biennium Budget Adjustments -

The legislature approved various unspecified budget adjustments to move operating expenses to the FY 2015 legislative base.

DP 600 - 2015 Biennium Career Increment Pay Increases -

The legislature approved funding to annualize career increment pay increases provided by the agency during the 2015 biennium.

DP 601 - Longevity Pay Increases -

The legislature funded longevity pay adjustments.

DP 602 - 2015 Biennium Other Pay Increases -

The legislature approved funding to annualize various pay increases that were not for correctional officer or probation officer market movement, market adjustment to move employees to the entry level for the pay band, career increment movement, or longevity that were provided by the agency during the 2015 biennium.

DP 603 - Correctional Officer and Market Pay Adjustments -

The legislature funded pay adjustments given in the 2015 biennium for correctional and probation officer increments and adjustment to raise employees to 80% of market.

DP 400019 - Overtime and Inmate Pay -

The legislature reduced funding for overtime and inmate pay.

DP 400022 - MCE Canteen Additional Authority -

The legislature approved funding for increased purchases at the inmate canteen.

DP 400444 - Statewide 4% FTE Reduction -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. This change package includes a reduction of 1.00 FTE each year.

Other Issues

The Montana Correctional Enterprises Program provides the following functions funded with proprietary funds. These programs are described below along with a discussion of the program revenues, expenses, and rates being requested to finance the programs:

- Agriculture (Prison Ranch)
- Industries
- Food Factory
- License Plate Operations

Agricultural – Fund 06033

Proprietary Program Description

The Agriculture program trains inmates in specific work skills and life skills in operations which include range and dairy cattle production, dairy milking parlor and processing plant, crops and land management, lumber processing, wild land firefighting, and various community work programs.

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 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. In addition Industries includes a dog training program located at the Montana Women's Prison, called Prison Paws and teaches inmates how to provide basic training and social skills to dogs that have been donated to the program or rescued from the local animal shelters.

Two industries are certified by the U.S. Justice Department's Prison Industry Enhancement Certification Program. Inmates in these programs 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 10 percent of his or her net wages deposited into a mandatory savings account available upon release.

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 following rates were approved by the legislature for the 2017 biennium.

Requested Rates for Internal Service Fund 06034		
Rate Item	FY 2016	FY 2017
Cost Per Pound Laundry Services	\$0.59	\$0.60
Delivery Charge per Pound:		
Montana Development Center	0.05	0.05
Riverside Youth Correctional Facility	0.05	0.05
Montana Law Enforcement Academey	0.15	0.15
Montana Chemical Dependency Corp	0.04	0.04
START Program	0.01	0.01
Montana State Hospital	0.00	0.00
University of Montana	\$0.20	\$0.20

MCE Food Factory – Fund 06573*Proprietary Program Description*

This proprietary program consists of food processing and creation of trayed meals and products that are sold to other facilities of the agency and the Montana State Hospital at Warm Springs.

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 legislature approved rates are shown in the figure.

Requested Rates for Internal Service - Fund 06573		
Rate Item	Request FY 2016	Request FY 2017
Tray Meal Prices to all customers		
Base Tray-hot/cold	\$2.32	\$2.35
Base Tray-hot	1.18	1.22
Detention Center Trays	2.92	2.95
Accessory Package	0.16	0.16
Delivery Charge Per Trayed Meal		
Delivery charge per mile	0.50	0.50
Delivery charge per hour	\$35.00	\$35.00
Spoilage percentage to all bulk customers	5%	5%
Overhead Charges		
Montana State Prison	76%	76%
Montana State Hospital	11%	11%
Treasure State Correctional Training	13%	13%

Note: Bulk food is sold at cost, with a spoilage percentage added on and an overhead charge to cover operating expenses. The 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 Program Description*

The Vocational Education program trains inmates in specific work skills and life skills in operations which include motor vehicle maintenance, welding and machining and metals programs in conjunction with the general fund vocational education program.

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 legislature approved the following rates for the program.

Requested Rates for Internal Service - Fund 06545		
Rate Item	Request FY 2016	Request FY 2017
Fee Description:		
Labor Charge/hour	\$28.45	\$28.45
Supply fee as percentage of actual cost of parts	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 Program Description

This proprietary program consists of license plate manufacturing. The License Plate Factory program trains inmates in specific work skills and life skills in license plate production, inventory control and shipping, while providing all license plates to County Treasurers throughout Montana.

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 legislature approved \$6.20 per set of plates as the rate for both FY 2016 and FY 2017. This is the same rate set for the 2015 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.

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Program Budget Comparison

The following table summarizes the total Legislative budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	182.85	182.85	173.85	173.85	182.85	173.85	(9.00)	(4.92)%
Personal Services	9,994,882	10,641,854	11,480,894	11,474,712	20,636,736	22,955,606	2,318,870	11.24 %
Operating Expenses	2,219,347	2,119,422	2,174,653	2,183,365	4,338,769	4,358,018	19,249	0.44 %
Equipment & Intangible Assets	47,012	0	47,012	47,012	47,012	94,024	47,012	100.00 %
Benefits & Claims	2,460,387	2,080,087	540,598	540,598	4,540,474	1,081,196	(3,459,278)	(76.19)%
Transfers	3,065,954	3,459,909	0	0	6,525,863	0	(6,525,863)	(100.00)%
Debt Service	20,877	20,877	20,877	20,877	41,754	41,754	0	0.00 %
Total Costs	\$17,808,459	\$18,322,149	\$14,264,034	\$14,266,564	\$36,130,608	\$28,530,598	(\$7,600,010)	(21.03)%
General Fund	17,037,439	17,224,360	13,664,972	13,667,502	34,261,799	27,332,474	(6,929,325)	(20.22)%
State/Other Special Rev. Funds	770,780	1,081,784	599,062	599,062	1,852,564	1,198,124	(654,440)	(35.33)%
Federal Spec. Rev. Funds	240	16,005	0	0	16,245	0	(16,245)	(100.00)%
Total Funds	\$17,808,459	\$18,322,149	\$14,264,034	\$14,266,564	\$36,130,608	\$28,530,598	(\$7,600,010)	(21.03)%

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

Youth Services Division Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the 2015 biennium legislative funding, budget changes are for: <ul style="list-style-type: none"> ◦ Funding for pay changes made at the agency's discretion during the 2015 biennium and for anticipated longevity pay in the 2017 biennium ◦ Funding reductions as the result of an agency reorganization during the 2015 biennium ◦ Pay increases for correctional officers ◦ An increase for overtime and inmate pay funded with general fund ◦ A reduction to transfer juvenile placement funding and its administration, including 4.00 FTE to the Judicial Branch

Funding

The following table shows program funding by source from all sources of authority.

Department of Corrections, 05-Youth Services Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	27,332,474	0	0	27,332,474	95.80 %	
02033 Pine Hills Vocational Program	564	0	0	564	0.05 %	
02034 Earmarked Alcohol Funds	51,046	0	0	51,046	4.26 %	
02916 PHS-Canteen	7,046	0	0	7,046	0.59 %	
02927 PHS Donations/I & I	754,660	0	0	754,660	62.99 %	
02970 Juvenile Plcmnt Cost of Care	384,808	0	0	384,808	32.12 %	
State Special Total	\$1,198,124	\$0	\$0	\$1,198,124	4.20 %	
03084 MVS-School Foods	0	0	0	0	0.00 %	
03089 PHS-School Foods	0	0	0	0	0.00 %	
03099 PHS-ESEA Title I	0	0	0	0	0.00 %	
03315 Misc Federal Grants	0	0	0	0	0.00 %	
03316 MBCC Grants	0	0	0	0	0.00 %	
03530 6901-Foster Care 93.658	0	0	0	0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$28,530,598	\$0	\$0	\$28,530,598		

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. The division also receives a small amount of federal funds from the Title IV-E Foster Care and Adoption Program.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	18,571,155	18,571,155	37,142,310	135.89 %	19,668,944	19,668,944	39,337,888	137.88 %
PL Adjustments	(173,225)	(169,770)	(342,995)	(1.25)%	(499,994)	(496,539)	(996,533)	(3.49)%
New Proposals	(4,732,958)	(4,733,883)	(9,466,841)	(34.64)%	(4,904,916)	(4,905,841)	(9,810,757)	(34.39)%
Total Budget	\$13,664,972	\$13,667,502	\$27,332,474		\$14,264,034	\$14,266,564	\$28,530,598	

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 402 - Montana Correctional Enterprises Rate Changes	0.00	1,908	0	0	1,908	0.00	2,302	0	0	2,302
DP 515 - State Share Health Insurance	0.00	86,435	0	0	86,435	0.00	86,435	0	0	86,435
DP 516 - Correct State Share Health Insurance	0.00	2,989	0	0	2,989	0.00	2,989	0	0	2,989
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	108,853	0	0	108,853	0.00	108,853	0	0	108,853
DP 527 - Inflation\Deflation Adjustment	0.00	1,671	0	0	1,671	0.00	1,346	0	0	1,346
DP 530 - Reorganizations	0.00	(1,102,835)	0	0	(1,102,835)	0.00	(1,102,835)	0	0	(1,102,835)
DP 535 - Program Transfers	0.00	(243,960)	0	0	(243,960)	0.00	(243,960)	0	0	(243,960)
DP 536 - Other 2015 Biennium Budget Adjustments	0.00	221,601	(117,034)	(15,765)	88,802	0.00	223,418	(117,034)	(15,765)	90,619
DP 550 - Motor Pool Rate Adjustment	0.00	(47,248)	0	0	(47,248)	0.00	(45,679)	0	0	(45,679)
DP 600 - 2015 Biennium Career Increment Pay Increases	0.00	123,666	0	0	123,666	0.00	123,666	0	0	123,666
DP 601 - Longevity Pay Increases	0.00	39,897	0	0	39,897	0.00	39,897	0	0	39,897
DP 602 - 2015 Biennium Other Pay Increases	0.00	118,489	0	0	118,489	0.00	118,489	0	0	118,489
DP 603 - Correctional Officer and Market Pay Adjustments	0.00	378,728	0	0	378,728	0.00	378,728	0	0	378,728
DP 500024 - Overtime and Inmate Pay	0.00	136,581	(193,970)	0	(57,389)	0.00	136,581	(193,970)	0	(57,389)
DP 500444 - Statewide 4% FTE Reduction	(5.00)	0	0	0	0	(5.00)	0	0	0	0
Grand Total All Present Law Adjustments	(5.00)	(\$173,225)	(\$311,004)	(\$15,765)	(\$499,994)	(5.00)	(\$169,770)	(\$311,004)	(\$15,765)	(\$496,539)

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

DP 402 - Montana Correctional Enterprises Rate Changes -

The legislature approved funding to address rate changes for food and laundry services purchased from Montana Correctional Enterprises.

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 516 - Correct State Share Health Insurance -

The legislature approved an adjustment to the state share for health insurance to correct for an error in calculating the initial amounts.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 527 - Inflation\Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 530 - Reorganizations -

The legislature adopted the reorganization of the management for medical services from the Director's Office, Probation and Parole Division, Secure Custody Facilities Program, and Youth Services Program to for the Clinical Services Division within the department. This included transfers of \$1.1 million in general fund and 13.50 FTE in each FY 2016 and FY 2017 from this program.

DP 535 - Program Transfers -

The legislature adopted program transfers made by the department in the interim. This includes transfers of \$243,960 in general fund in each FY 2016 and FY 2017 this program to the Director's Office and Secure Custody Facilities Program.

DP 536 - Other 2015 Biennium Budget Adjustments -

The legislature approved various unspecified budget adjustments to move operating expenses to the FY 2015 legislative base.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 600 - 2015 Biennium Career Increment Pay Increases -

The legislature approved funding to annualize career increment pay increases provided by the agency during the 2015 biennium.

DP 601 - Longevity Pay Increases -

The legislature funded longevity pay adjustments.

DP 602 - 2015 Biennium Other Pay Increases -

The legislature approved funding to annualize various pay increases that were not for correctional officer or probation officer market movement, market adjustment to move employees to the entry level for the pay band, career increment movement, or longevity that were provided by the agency during the 2015 biennium.

DP 603 - Correctional Officer and Market Pay Adjustments -

The legislature funded pay adjustments given in the 2015 biennium for correctional and probation officer increments and adjustment to raise employees to 80% of market.

DP 500024 - Overtime and Inmate Pay -

The legislature reduced overall funding for overtime and inmate pay.

DP 500444 - Statewide 4% FTE Reduction -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. This change package includes a reduction of 5.00 FTE each year.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 500019 - Correctional Officer Pay Adjustment (Restricted)	0.00	336,021	0	0	336,021	0.00	334,739	0	0	334,739
DP 500233 - JDIP Administration - HB 233	(4.00)	(5,068,979)	(171,718)	(240)	(5,240,937)	(4.00)	(5,068,622)	(171,718)	(240)	(5,240,580)
Total	(4.00)	(\$4,732,958)	(\$171,718)	(\$240)	(\$4,904,916)	(4.00)	(\$4,733,883)	(\$171,718)	(\$240)	(\$4,905,841)

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

DP 500019 - Correctional Officer Pay Adjustment (Restricted) -

The legislature funded pay adjustments for all pay band 3 and 4 correctional officers. The legislature designated the funding as restricted only for providing the correctional officer pay adjustments.

DP 500233 - JDIP Administration - HB 233 -

The legislature moved the function for administering the juvenile delinquency intervention and prevention funds from the Department of Corrections to the Judicial Branch including funding for 4.00 FTE. This adjustment implements the provisions of HB 233 that generally revised juvenile delinquency laws and is offset by a similar adjustment in the Judicial Branch.

Program Budget Comparison

The following table summarizes the total Legislative budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	94.50	94.50	96.00	96.00	94.50	96.00	1.50	1.59 %
Personal Services	7,146,257	5,612,750	8,166,864	8,170,464	12,759,007	16,337,328	3,578,321	28.05 %
Operating Expenses	10,714,075	11,798,821	12,911,402	12,911,457	22,512,896	25,822,859	3,309,963	14.70 %
Equipment & Intangible Assets	0	0	15,000	25,000	0	40,000	40,000	0.00 %
Total Costs	\$17,860,332	\$17,411,571	\$21,093,266	\$21,106,921	\$35,271,903	\$42,200,187	\$6,928,284	19.64 %
General Fund	17,860,332	17,411,571	20,884,366	20,898,021	35,271,903	41,782,387	6,510,484	18.46 %
State/Other Special Rev. Funds	0	0	208,900	208,900	0	417,800	417,800	0.00 %
Total Funds	\$17,860,332	\$17,411,571	\$21,093,266	\$21,106,921	\$35,271,903	\$42,200,187	\$6,928,284	19.64 %

Program Description

The Clinical Services Division (CSD) includes 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, the division oversees medical, dental and mental health services at contracted facilities as specified in the facilities’ contracts with the department. The division also works with a third-party administrator to oversee all claims submitted by outside medical providers. It oversees the health services pre-authorization process and provides education to contracted facilities with regard to medical issues. The division tracks and ensures Medicaid reimbursement for Medicaid-eligible inmates under the supervision of the department.

Program Highlights

Clinical Services Division Major Budget Highlights
<ul style="list-style-type: none"> • Compared to the 2015 biennium legislative funding, budget changes are for: <ul style="list-style-type: none"> ◦ Funding for pay changes made at the agency's discretion during the 2015 biennium and for anticipated longevity pay in the 2017 biennium ◦ A funding increase as the result of an agency reorganization during the 2015 biennium that created the program ◦ Funding to purchase medical equipment for the Montana State Prison infirmary ◦ Funding to add 2.50 FTE clinical staff for the Montana Woman's Prison as one-time-only ◦ An increase in funding for outside medical costs ◦ An unspecified increase to move operating costs to the 2015 legislative base ◦ An increase for overtime and inmate pay • Funding associated with outside medical costs was restricted due to implementation of the Montana Health and Economic Livelihood Partnership (HELP) Act, any savings would revert to the general fund

Funding

The following table shows program funding by source from all sources of authority.

Department of Corrections, 06-Clinical Services Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	41,782,387	0	0	41,782,387	99.01 %	
02261 P & P Supervisory Fee	0	0	0	0	0.00 %	
02355 Miscellaneous Fines and Fees	417,800	0	0	417,800	100.00 %	
State Special Total	\$417,800	\$0	\$0	\$417,800	0.99 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$42,200,187	\$0	\$0	\$42,200,187		

General fund provides 99% of the division’s funding. About 1% of the division’s funding would come from state special revenue collected from inmates under a proposal for a medical co-payment program.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	0	0	0	0.00 %
PL Adjustments	20,884,366	20,898,021	41,782,387	100.00 %	20,884,366	20,898,021	41,782,387	99.01 %
New Proposals	0	0	0	0.00 %	208,900	208,900	417,800	0.99 %
Total Budget	\$20,884,366	\$20,898,021	\$41,782,387		\$21,093,266	\$21,106,921	\$42,200,187	

Present Law Adjustments

The “Present Law Adjustments” table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
-----Fiscal 2016-----						-----Fiscal 2017-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 515 - State Share Health Insurance										
0.00	45,441	0	0	45,441	0.00	45,441	0	0	45,441	
DP 516 - Correct State Share Health Insurance										
0.00	729	0	0	729	0.00	729	0	0	729	
DP 527 - Inflation\Deflation Adjustment										
0.00	95	0	0	95	0.00	77	0	0	77	
DP 530 - Reorganizations										
0.00	19,311,571	0	0	19,311,571	0.00	19,311,571	0	0	19,311,571	
DP 536 - Other 2015 Biennium Budget Adjustments										
0.00	423,599	0	0	423,599	0.00	427,984	0	0	427,984	
DP 550 - Motor Pool Rate Adjustment										
0.00	(14,567)	0	0	(14,567)	0.00	(14,557)	0	0	(14,557)	
DP 600 - 2015 Biennium Career Increment Pay Increases										
0.00	54,624	0	0	54,624	0.00	54,624	0	0	54,624	
DP 601 - Longevity Pay Increases										
0.00	14,026	0	0	14,026	0.00	14,026	0	0	14,026	
DP 602 - 2015 Biennium Other Pay Increases										
0.00	172,993	0	0	172,993	0.00	172,993	0	0	172,993	
DP 603 - Correctional Officer and Market Pay Adjustments										
0.00	87,778	0	0	87,778	0.00	87,778	0	0	87,778	
DP 600026 - Clinical Staff MWP (OTO)										
2.50	274,977	0	0	274,977	2.50	274,255	0	0	274,255	
DP 600027 - Outside Medical Costs (Restricted/Biennial)										
0.00	250,000	0	0	250,000	0.00	250,000	0	0	250,000	
DP 600028 - Infirmary Operating Needs - MSP (Biennial)										
0.00	90,000	0	0	90,000	0.00	90,000	0	0	90,000	
DP 600029 - Overtime and Inmate Pay										
0.00	158,100	0	0	158,100	0.00	158,100	0	0	158,100	
DP 600030 - MSP Infirmary Medical Equipment (OTO)										
0.00	15,000	0	0	15,000	0.00	25,000	0	0	25,000	
DP 600444 - Statewide 4% FTE Reduction										
(1.00)	0	0	0	0	(1.00)	0	0	0	0	
Grand Total All Present Law Adjustments										
1.50	\$20,884,366	\$0	\$0	\$20,884,366	1.50	\$20,898,021	\$0	\$0	\$20,898,021	

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 516 - Correct State Share Health Insurance -

The legislature approved an adjustment to the state share for health insurance to correct for an error in calculating the initial amounts.

DP 527 - Inflation\Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 530 - Reorganizations -

The legislature adopted the reorganization of the management for medical services from the Director's Office, Probation and Parole Division, Secure Custody Facilities Program, and Youth Services Program to for the Clinical Services Division within the department. This included transfers of \$19.3 million in general fund and 94.50 FTE in each FY 2016 and FY 2017 to this program.

DP 536 - Other 2015 Biennium Budget Adjustments -

The legislature approved various unspecified budget adjustments to move operating expenses to the FY 2015 legislative base.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 600 - 2015 Biennium Career Increment Pay Increases -

The legislature approved funding to annualize career increment pay increases provided by the agency during the 2015 biennium.

DP 601 - Longevity Pay Increases -

The legislature funded longevity pay adjustments.

DP 602 - 2015 Biennium Other Pay Increases -

The legislature approved funding to annualize various pay increases that were not for correctional officer or probation officer market movement, market adjustment to move employees to the entry level for the pay band, career increment movement, or longevity that were provided by the agency during the 2015 biennium.

DP 603 - Correctional Officer and Market Pay Adjustments -

The legislature funded pay adjustments given in the 2015 biennium for correctional and probation officer increments and adjustment to raise employees to 80% of market.

DP 600026 - Clinical Staff MWP (OTO) -

The legislature funded the addition of 2.50 FTE health services positions at the Montana Women's Prison. The positions added would include a 0.50 FTE physician, 1.00 FTE registered nurse, and 1.00 FTE case manager. Funding for these positions was designated as one-time-only.

DP 600027 - Outside Medical Costs (Restricted/Biennial) -

The legislature funded medical expenses that are required outside of a department facility or program. The funding was restricted only for this purpose and in conjunction with SB 405, a bill that establishes the Montana Health and Economic Livelihood Partnership Act.

DP 600028 - Infirmary Operating Needs - MSP (Biennial) -

The legislature funded costs for the Montana State Prison infirmary including costs for supplemental nursing staff, continuing training for existing staff, and to pay for the National Commission on Correctional Health Care (NCCHC) accreditation fees at the Montana State Prison Infirmary.

DP 600029 - Overtime and Inmate Pay -

The legislature funded increases to overtime and inmate pay.

DP 600030 - MSP Infirmery Medical Equipment (OTO) -

The legislature funded dental and optical equipment replacement costs at the Montana State Prison infirmery. This funding was designated as one-time-only.

DP 600444 - Statewide 4% FTE Reduction -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. This change package includes a reduction of 1.00 FTE each year.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 600033 - Medical Co-Pay State Special Authority	0.00	0	208,900	0	208,900	0.00	0	208,900	0	208,900
Total	0.00	\$0	\$208,900	\$0	\$208,900	0.00	\$0	\$208,900	\$0	\$208,900

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

DP 600033 - Medical Co-Pay State Special Authority -

The legislature approved funding to implement a medical/dental co-payment program for inmates within the prison system. The legislature designated the copayment funds as restricted to inmate medical costs.