



JUDICIAL BRANCH

The Judicial Branch has proposed spending reductions totaling about \$600,000 or 1.7 percent of the branch's FY 2011 general fund appropriations, not including reductions proposed by the Department of Corrections that impact the branch. When proposed reductions in the Department of Corrections impacting juvenile placement funding and use of parental contributions are added, the branch spending reductions total about \$1.5 million or 4.2 percent of the FY 2011 biennium budget.

One item, the reversion of \$340,000 general fund for information technology projects appropriated through the long-range planning process comprises the bulk of the \$600,000 of reductions proposed by the branch. Only about \$2,000 of the proposed reductions would be ongoing in nature.

Some items, such as the reversion of long range planning funding and elimination of the annual Juvenile Delinquency Intervention and Prevention Program (JDIP) evaluation require legislative action.

2110 Judicial Branch Legislative Adopted Budget						All Programs		
L01 Budget Version	Base	Approp	Budgeted	Budgeted	Biennium	Biennium	Biennial	Biennial
Budget Item	FY 2008	FY 2009	FY 2010	FY 2011	FY 2008-09	FY 2010-11	Change	Percent
Personal Services	25,851,024	27,861,604	28,387,621	29,010,286	53,712,628	57,397,907	3,685,279	6.9%
Operating Expenses	7,811,135	8,420,155	8,545,346	8,701,943	16,231,290	17,247,289	1,015,999	6.3%
Equipment & Intangible Assets	104,887	397,053	113,531	128,663	501,940	242,194	(259,746)	-51.8%
Grants	274,469	868,781	-	-	1,143,250	-	(1,143,250)	-100.0%
Benefits & Claims	-	-	-	-	-	-	-	0.0%
Debt Service	26,604	29,269	26,604	26,604	55,873	53,208	(2,665)	-4.8%
Total Costs	34,068,119	37,576,862	37,073,102	37,867,496	71,644,981	74,940,598	3,295,617	4.6%
General Fund	32,171,909	35,547,624	34,710,228	35,436,164	67,719,533	70,146,392	2,426,859	3.6%
State/other Special Rev. Funds	1,773,813	1,900,080	2,237,325	2,305,683	3,673,893	4,543,008	869,115	23.7%
Federal Spec. Rev. Funds	122,397	129,158	125,549	125,649	251,555	251,198	(357)	-0.1%
Total Funds	34,068,119	37,576,862	37,073,102	37,867,496	71,644,981	74,940,598	3,295,617	4.6%

The following figure shows the spending reductions proposed by the Judicial Branch for all programs. The description of each decision package follows the figure.

2110 Judicial Branch Budget Reduction Percentages				All Programs		
<i>Executive Spending Reductions (Feb. 16, 2010)</i>	-0.01%	-1.74%	-0.88%	Total Funds	Total Funds	Total Funds
Decision Package	General Fund FY 2010	General Fund FY 2011	General Fund FY 2010-11	FY 2010	FY 2011	FY 2010-11
PL00100 Reduce general operating expenses	(2,113)	(82,410)	(84,523)	(2,113)	(82,410)	(84,523)
PL00101 Reduce IT Equipment Purchases	-	(150,000)	(150,000)	-	(150,000)	(150,000)
PL00102 Revert Portion of IT Long-range Planning Funds	-	(340,000)	(340,000)	-	(340,000)	(340,000)
PL00200 Revert Judicial Standards Comm Approp	-	(20,000)	(20,000)	-	(20,000)	(20,000)
PL00400 Eliminate Annual JDIP Evaluation for FY 2011	-	(25,000)	(25,000)	-	(25,000)	(25,000)
PL00401 Corrections - Parental Contributions	-	(1)	(1)	-	(1)	(1)
PL00402 Corrections - Juvenile Placement	-	(1)	(1)	-	(1)	(1)
Present Law Total	(2,113)	(617,412)	(619,525)	(2,113)	(617,412)	(619,525)
Total All Decision Packages	(2,113)	(617,412)	(619,525)	(2,113)	(617,412)	(619,525)

PL
100
Reduce general operating expenses

Reductions would be made in several areas such as judicial training, fixed costs, and cellular devices.

LFD COMMENT In order to achieve these savings the branch would eliminate one district court judges training conference. This reduction also proposes achieving savings in fixed costs such as those paid to the Department of Administration for payroll, accounting systems, rent, and workers' compensation. The branch is currently studying the use of cellular devices in an effort to reduce costs for this item.

PL
101
Reduce IT Equipment Purchases

The Judicial Branch generally replaces about one-fourth of its computer equipment every year. This reduction would stretch the replacement cycle beyond four years.

LFD COMMENT LFD staff has requested additional information regarding this reduction.

PL
102
Revert Portion of IT Long -range Planning Funds

In 2007, the Branch received \$3.9 million for various IT projects. This proposal would reduce the balance in the Branch's capital projects account by \$340,000, which would reduce funding available for courtroom technology upgrades. Legislative action would be needed to move these funds from capital projects account into the general fund.

LFD COMMENT As noted by the branch in the description of this item, legislation would be required to affect the transfer of this funding to the general fund. LFD staff has requested additional information regarding which if any technology projects would not be completed if this funding is reverted.

PL
200
Revert Judicial Standards Comm Approp

The Branch received a \$22,762 biennial appropriation that can be used only for Judicial Standards Commission operations.

LFD COMMENT The legislature has typically provided an appropriation of \$25,000 general fund for the Judicial Standards Commission. A portion of this funding was included in the base budget and the balance in a restricted, biennial appropriation. This proposal would revert all but \$5,000 of the appropriation for this purpose.

PL
400
Eliminate Annual JDIP Evaluation for FY 2011

The Office of Court Administrator annually receives \$25,000 from the juvenile placement budget to conduct an evaluation of placements, programs and services to youth on probation. This proposal would eliminate the evaluation for one year. A statutory change would be needed to suspend the evaluation for a year.

LFD COMMENT As noted in the branch description of this proposal, legislation would be necessary to remove the requirement for an annual evaluation from statute.

PL
401
Corrections - Parental Contributions

Generally the money in this state special revenue account is generated from court-ordered contributions made by parents with children under juvenile probation supervision and is used to off-set the costs of juvenile out-of-home placements. This recommendation reduces funds that could be made available to Youth Courts to defray the costs of out-of-home placements of youth by juvenile probation.

LFD COMMENT The Office of Budget and Program Planning (OBPP) has recommended that \$600,000 state special revenue from parental contributions be used to offset costs within the Department of Corrections. Parental contributions are received on behalf of both youth on parole and youth on probation. Youth on parole are supervised by the Department of Corrections. Youth on probation are supervised by the district courts within the Judicial Branch. Each agency is responsible for the payment of placement costs for youth under their supervision.

In order to avoid duplication of this amount in calculations done on a statewide basis, the dollar amount of this proposal is shown as \$1 in the Judicial Branch and as \$600,000 in the Department of Corrections. Additional information on this proposal can be found in the narrative for the Department of Corrections.

PL
402
Corrections - Juvenile Placement

This recommendation reduces funds available for out-of-home placements, services, and programs for juveniles referred to Youth Court.

Regarding the DOC recommended reduction to the juvenile placement budget; the Judicial Branch respectfully requests that this reduction be temporary in nature. If the reduction continues into the 2013 biennium and beyond, it will result in less funding being available for community-based intervention and prevention programs, which are used by the Youth Courts to prevent placement of youth outside their communities. If there are fewer options available within the community, the cost of out-of-home placements will increase significantly.



**LFD
COMMENT**

The Office of Budget and Program Planning (OBPP) has recommended a \$300,000 reduction in the funding available to support juvenile placements. This reduction impacts both the Judicial Branch and the Department of Corrections.

Funding for juvenile placements is appropriated the Department of Corrections and allocated among the annual evaluation, cost containment pool, Corrections for juvenile parole placements, and judicial districts for juvenile probation placements. Eleven percent of the funding is allocated to Corrections for juvenile parole placements (or \$33,000 of the proposed \$300,000 reduction). The balance of the funding (or \$267,000 of the reduction) is allocated to judicial districts for juvenile probation placements.

There is also a statutory provision that specifies that unexpended judicial district funding is transferred into the Juvenile Delinquency Intervention and Prevention (JDIP) Account in the Judicial Branch at fiscal year end. This reduction in funding for juvenile placement costs affects not only the current year funding available but also potentially impacts the funding available to the judicial districts in future years through the JDIP account.

In order to avoid duplication of this amount in calculations done on a statewide basis, the dollar amount of this proposal is shown as \$1 in the Judicial Branch and as \$300,000 in the Department of Corrections. Additional information on this proposal can be found in the narrative for the Department of Corrections.

BOARD OF CRIME CONTROL

The Office of Budget and Program Planning (OBPP) recommends that general fund be reduced by 5 percent of the FY 2011 appropriation level included in HB 2/HB 13 (or about \$120,000). Of this amount about 63 percent would be reductions in operating expenses and the remainder a reduction in grants to counties for juvenile detention costs. None of these reductions would be ongoing in nature.

4107 Crime Control Division				410701 Justice System Support Service				
Legislative Adopted Budget								
L01 Budget Version	Base	Approp	Budgeted	Budgeted	Biennium	Biennium	Biennial	Biennial
Budget Item	FY 2008	FY 2009	FY 2010	FY 2011	FY 2008-09	FY 2010-11	Change	Percent
Personal Services	1,058,895	1,243,480	1,281,439	1,290,649	2,302,375	2,572,088	269,713	11.7%
Operating Expenses	755,049	741,577	879,309	758,073	1,496,626	1,637,382	140,756	9.4%
Equipment & Intangible Assets	-	6,790	-	-	6,790	-	(6,790)	-100.0%
Grants	6,504,797	29,123,332	6,811,789	6,811,789	35,628,129	13,623,578	(22,004,551)	-61.8%
Total Costs	8,318,741	31,115,179	8,972,537	8,860,511	39,433,920	17,833,048	(21,600,872)	-54.8%
General Fund	2,195,808	2,304,278	2,445,896	2,394,384	4,500,086	4,840,280	340,194	7.6%
State/other Special Rev. Funds	67,087	131,984	164,028	164,084	199,071	328,112	129,041	64.8%
Federal Spec. Rev. Funds	6,055,846	28,678,917	6,362,613	6,302,043	34,734,763	12,664,656	(22,070,107)	-63.5%
Total Funds	8,318,741	31,115,179	8,972,537	8,860,511	39,433,920	17,833,048	(21,600,872)	-54.8%

The following figure shows the spending reduction proposals by the executive for all programs. The description of each decision package follows the figure.

4107 Crime Control Division				All Programs		
Budget Reduction Percentages				-2.03%	-2.92%	-2.47%
<i>Executive Spending Reductions (Feb. 16, 2010)</i>				General Fund	General Fund	General Fund
Decision Package	FY 2010	FY 2011	FY 2010-11	Total Funds	Total Funds	Total Funds
	FY 2010	FY 2011	FY 2010-11	FY 2010	FY 2011	FY 2010-11
PL00101 Gen Fund OTO and Admin 5%	(15,320)	(25,294)	(40,614)	(15,320)	(25,294)	(40,614)
PL00102 Carryforward 5% Reduction	(34,379)	-	(34,379)	(34,379)	-	(34,379)
PL00103 Juvenile Detention 5% Reduction	-	(44,323)	(44,323)	-	(44,323)	(44,323)
PL00104 Fixed Costs 5% Reduction	-	(403)	(403)	-	(403)	(403)
Present Law Total	(49,699)	(70,020)	(119,719)	(49,699)	(70,020)	(119,719)
Total All Decision Packages	(49,699)	(70,020)	(119,719)	(49,699)	(70,020)	(119,719)

PL
101
Gen Fund OTO and Admin 5%

Reduce \$320 from FY 2010 OTO maintenance fee, \$15,000 from FY 2010 OTO NIBRS, and \$25,697 from FY 2011 general administration funds. The reductions in the FY 2010 OTO general fund are permissive and some of the reduction can be made up from new federal sources. The reductions in the FY 2011 general fund administration will come as a result of reduced travel and other operating expenditures.

LFD COMMENT This item would reduce the one-time-only funding available for National Incident Based Reporting System (NIBRS) web statistics enhancements from \$64,000 to \$49,000 for the biennium. There would be no reduction in the federal funds supporting a portion of this project. The \$25,697 reduction in general fund support for agency administration and operations equates to about 1.8 percent of the \$1.4 million appropriated for these purposes.

PL
102
Carryforward 5% Reduction

This decision package is a reduction of all MBCC general fund carry forward of \$34,379 in FY 2010. This source of funding is generally used to cover some of the unknown costs that arise each year.

LFD COMMENT Statute (17-7-340, MCA) provides that 30 percent of certain operating funds that are unexpended at the end of the year may be carried forward to the following two years for expenditure. This decision package proposes that the agency would not expend the \$34,379 of carry forward funds (from FY 2009 appropriations) that are available to the agency per statute.

PL
103
Juvenile Detention 5% Reduction

This recommendation includes a reduction of \$44,323 in FY 2011 general fund grants for the Juvenile Detention centers. The MBCC is proposing the reduction for FY 2011 in order to give local government some lead time in planning their budgets.

LFD COMMENT This decision package reduces funding available for grants to counties for juvenile detention costs by 5 percent of the \$904,559 appropriated for FY 2011 for these grants. Juvenile detention costs in excess of the state funding level are the responsibility of local government. Thus, the net impact of this reduction is a likely increase in local government cost.

PL
104
Fixed Costs 5% Reduction

This is a reduction of the agency fixed cost budget by \$403 in FY2011; per OBPP request.

LFD COMMENT This fixed cost reduction was applied statewide. For further discussion please refer to the narrative for the Department of Administration.



DEPARTMENT OF JUSTICE

The Office of Budget and Program Planning (OBPP) recommends reductions of \$1.2 million including about \$0.9 million in general fund and \$0.3 million in state special revenue. This proposal assumes the transfer of the \$0.3 million savings in state special revenue from consumer settlement proceeds to the general fund. Compared to the FY 2011 appropriations levels, the proposed reductions equate to a reduction in general fund of 3.3 percent, in state special revenue of 0.7 percent, and in total funds of 1.6 percent.

The bulk of the \$1.2 million in proposed reductions would be made in operating costs (about \$0.9 million or 73.8 percent of the reductions). Proposed reductions in personal services total \$176,659 (14.8 percent of the total reductions) and benefits and claims \$136,731 (11.4 percent of the total reductions). One reduction, non expenditure of carry forward funds from the 2009 biennium appropriation for major litigation related to the Yellowstone Compact, comprises more than half the proposed reductions.

4110 Department Of Justice Legislative Adopted Budget							All Programs	
L01 Budget Version Budget Item	Base FY 2008	Approp FY 2009	Budgeted FY 2010	Budgeted FY 2011	Biennium FY 2008-09	Biennium FY 2010-11	Biennial Change	Biennial Percent
Personal Services	37,299,436	41,652,605	46,334,755	46,726,454	78,952,041	93,061,209	14,109,168	17.9%
Operating Expenses	20,506,827	20,570,837	23,437,281	25,110,441	41,077,664	48,547,722	7,470,058	18.2%
Equipment & Intangible Assets	2,090,990	2,310,630	2,167,240	2,167,240	4,401,620	4,334,480	(67,140)	-1.5%
Grants	-	-	-	-	-	-	-	0.0%
Benefits & Claims	860,152	864,021	1,935,631	1,935,631	1,724,173	3,871,262	2,147,089	124.5%
Transfers	-	-	-	-	-	-	-	0.0%
Debt Service	830,342	7,936,794	1,940,288	1,824,840	8,767,136	3,765,128	(5,002,008)	-57.1%
Total Costs	61,587,747	73,334,887	75,815,195	77,764,606	134,922,634	153,579,801	18,657,167	13.8%
General Fund	23,761,709	25,275,706	26,325,462	26,529,395	49,037,415	52,854,857	3,817,442	7.8%
State/other Special Rev. Funds	35,011,954	44,540,438	45,959,074	47,687,016	79,552,392	93,646,090	14,093,698	17.7%
Federal Spec. Rev. Funds	1,335,049	1,736,714	1,749,167	1,760,313	3,071,763	3,509,480	437,717	14.3%
Proprietary Funds	1,479,035	1,782,029	1,781,492	1,787,882	3,261,064	3,569,374	308,310	9.5%
Total Funds	61,587,747	73,334,887	75,815,195	77,764,606	134,922,634	153,579,801	18,657,167	13.8%

The following figure shows the spending reduction proposals by the executive for all programs. The description of each decision package follows the figure.

4110 Department Of Justice Budget Reduction Percentages				All Programs		
<i>Executive Spending Reductions (Feb. 16, 2010)</i>	-2.51%	-0.81%	-1.66%	Total Funds	Total Funds	Total Funds
Decision Package	General Fund FY 2010	General Fund FY 2011	General Fund FY 2010-11	FY 2010	FY 2011	FY 2010-11
PL00011 Major Litigation Carry-Forward	(660,763)	-	(660,763)	(660,763)	-	(660,763)
PL00021 OCP Settlement Distribution funds	-	-	-	(174,107)	(136,731)	(310,838)
PL00181 Meth Watch Program	-	(200,000)	(200,000)	-	(200,000)	(200,000)
PL00281 Consumer Education Settlement Carry-Forward	-	-	-	(10,000)	-	(10,000)
PL00291 Fixed costs reductions	-	(15,649)	(15,649)	-	(15,649)	(15,649)
Present Law Total	(660,763)	(215,649)	(876,412)	(844,870)	(352,380)	(1,197,250)
Total All Decision Packages	(660,763)	(215,649)	(876,412)	(844,870)	(352,380)	(1,197,250)



PL

11

Major Litigation Carry-Forward

The Legal Services Division could reduce \$660,763 in general fund FY 2009 carry-forward authority as part of its 5% reduction under 17-7-140, MCA. The department anticipates that its litigation costs over the 2011 biennium will be maintained within the current level appropriation. Therefore, it is expected that there will be no impact to the state if it is necessary to reduce this carry-forward authority.

**LFD
COMMENT**

The 2007 Legislature provided a \$3.0 million one-time-only, biennial appropriation for the 2009 biennium to support the costs of major litigation related to the Yellowstone River Compact. About \$2.2 million of this appropriation was not expended. Per statute (17-7-340, MCA), 30 percent or about \$660,000 of this appropriation may be carried forward for expenditure in the 2011 biennium. This decision package proposes that these carry forward funds would not be expended in the 2011 biennium, which would result in the funds reverting to the general fund at the end of the 2011 biennium.

The 2009 Legislature provided a restricted, biennial, one-time-only appropriation of \$600,000 for the 2011 biennium to support the costs of major litigation related to the Yellowstone River Compact. This funding remains available to the department.

PL

21

OCP Settlement Distribution funds

The Attorney General, through the Office of Consumer Protection, may pursue legal action or participate in class action lawsuits against entities suspected of harming Montana citizens with unfair or deceptive business practices. When the courts rule in favor of the State of Montana, often times there is a monetary award or settlement that is paid to the state for education, protection, or aid. Section 30-14-143(1), MCA, states that costs and fees received or recovered by the department are to be deposited into a state special revenue account and used to defray the expenses of the department in discharging its administrative and regulatory powers and duties. Any excess civil fines, costs, or fees are transferred to the general fund. The Attorney General has determined that he could relinquish \$174,107 in FY 2008 carry-forward authority or HB 2 authority and \$136,731 in FY 2009 carry-forward authority from the Office of Consumer Protection this state special revenue fund, along with the associated fund balance, to assist the state in reducing its general fund budget as detailed under section 17-7-140, MCA. The reduction of spending authority and fund balance from the Office of Consumer Protection will have minimal impact on the department or the citizens of Montana at this time as the Attorney General is prioritizing potential uses for these funds.

**LFD
COMMENT**

This decision package proposes shifting \$310,838 from the state special revenue account for consumer settlement proceeds to the general fund. This fund currently has a cash balance of about \$3 million.

There is no limit on the balance that may remain in this account, or timeframe within which funds in the account must be disbursed to consumers.

Legislative legal review has concluded that reductions made to non-general fund sources do not qualify as a reduction in spending pursuant to Section 17-7-140, MCA. Moreover, legislative review has concluded that this reduction should be listed as other adjustments in the balance sheet as opposed to a Section 17-7-140, MCA proposed reduction.

PL
181
Meth Watch Program

The Division of Criminal Investigation (DCI) could reduce the general fund appropriation allocated to the methamphetamine watch media campaign. The 2009 legislature provided a restricted, biennial, one-time-only appropriation of \$500,000 in general fund for this media campaign which is designed to reduce methamphetamine addiction, especially among young Montanans. This public awareness campaign uses television, newspapers, radio, billboards, and movie screens to focus on the damage meth use causes individuals, families, and communities. DCI has not issued a 'request for proposal' (RFP) or tied up the meth watch media funds as of this date. DCI could reduce this appropriation by \$200,000 over the biennium. The department believes that the reduction of \$200,000 will not adversely impact the methamphetamine watch media campaign. FY 2009 funds are still encumbered for the ongoing release of media campaigns. A new approach to educating the public about the damage meth use causes was recently released statewide. The balance of \$300,000 will provide the department with the capability to proceed with the RFP process and secure a vendor to continue the public awareness campaign prior to June 30, 2010. This program has reduced the number of teens addicted to methamphetamine across Montana and it remains a high priority for the department. The Attorney General believes that a reduced RFP will meet his objective to support the methamphetamine watch media campaign through June 30, 2011.

LFD COMMENT The 2009 Legislature provided a restricted, biennial, one-time-only appropriation of \$500,000 to support the Methamphetamine Watch Program. To date, the media campaign has continued to be supported by the 2009 biennium appropriation. This decision package would reduce state funding for this item by \$200,000 or 40 percent of the 2011 biennium appropriation level.

PL
281
Consumer Education Settlement Carry-Forward

The Central Services Division could reduce \$10,000 in state special revenue consumer education settlement fund FY 2008 carry-forward authority as reductions under 17-7-140, MCA, as well as the accompanying fund balance. Section 30-14-143(1), MCA, provides that excess money in the state special revenue fund is transferred to the general fund. The Attorney General is prioritizing the potential uses for the consumer protection settlement funds and has determined that, if necessary, he could relinquish these funds to the general fund.

LFD COMMENT Please refer to DP 21 above for discussion of consumer settlement proceeds.

PL
291
Fixed costs reductions

The Office of Budget and Program Planning informed the Department of Justice that its total assigned fixed costs would be reduced by \$15,649. The department has chosen to make this reduction for FY 2011 in Program 29, Justice Information and Technology Division.



**LFD
COMMENT**

Reductions in fixed cost have been applied statewide. Information related to this reduction may be found in the narrative for the Department of Administration.

Other Option/Alternatives

In this agency, general fund supports legal services, a portion of motor vehicle titling and registration and drivers licensing functions, executive protection, some criminal investigation functions, the state crime lab, and portions of centralized services and information technology functions. Within these functions the legislature may wish to consider reductions to general fund support for:

- Major litigation related to the Yellowstone Compact – The legislature provided a \$600,000 biennial appropriation for this litigation and could consider a spending reduction of all or part of the unexpended remaining balance would be within 10% of program, but the full \$600,000 would be over 10% in the appropriation (\$370,000).
- The Methamphetamine Watch Program – The executive proposes a reduction of \$200,000 while the appropriation is \$500,000. Elimination of the entire funding for this item would not exceed 10 percent of the program budget (Division of Criminal Investigation).
- No expenditures or contracts have been made against the appropriations.

OFFICE OF PUBLIC DEFENDER

The Office of Budget and Program Planning recommends that general fund operating expenditures for the Office of Public Defender be reduced by \$7,479 or less than 1 percent. These reductions impact ongoing expenditures but they occur in FY 2011 and therefore will not be carried forward to the 2013 biennium.

6108 Office Of The Public Defender						All Programs		
Legislative Adopted Budget								
L01 Budget Version	Base	Approp	Budgeted	Budgeted	Biennium	Biennium	Biennial	Biennial
Budget Item	FY 2008	FY 2009	FY 2010	FY 2011	FY 2008-09	FY 2010-11	Change	Percent
Personal Services	11,077,564	11,663,426	11,737,899	11,847,905	22,740,990	23,585,804	844,814	3.7%
Operating Expenses	8,068,574	7,928,489	8,161,223	8,040,780	15,997,063	16,202,003	204,940	1.3%
Equipment & Intangible Assets	123,370	60,653	123,370	123,370	184,023	246,740	62,717	34.1%
Total Costs	19,269,508	19,652,568	20,022,492	20,012,055	38,922,076	40,034,547	1,112,471	2.9%
General Fund	19,226,052	19,577,568	19,979,036	19,968,599	38,803,620	39,947,635	1,144,015	3.0%
State/other Special Rev. Funds	43,456	75,000	43,456	43,456	118,456	86,912	(31,544)	-26.6%
Total Funds	19,269,508	19,652,568	20,022,492	20,012,055	38,922,076	40,034,547	1,112,471	2.9%

The following figure shows the spending reduction proposals by the executive for all programs. The description of each decision package follows the figure.

6108 Office Of The Public Defender						All Programs			
Budget Reduction Percentages									
				0.00%	-0.04%	-0.02%			
<i>Executive Spending Reductions (Feb. 16, 2010)</i>				General Fund	General Fund	General Fund	Total Funds	Total Funds	Total Funds
Decision Package				FY 2010	FY 2011	FY 2010-11	FY 2010	FY 2011	FY 2010-11
PL00002 Travel Reduction- Public Defender Commission				-	(3,500)	(3,500)	-	(3,500)	(3,500)
PL00003 5 % Plan-Fixed Cost Reduction				-	(3,979)	(3,979)	-	(3,979)	(3,979)
Present Law Total				-	(7,479)	(7,479)	-	(7,479)	(7,479)
Total All Decision Packages				-	(7,479)	(7,479)	-	(7,479)	(7,479)

PL

2

Travel Reduction- Public Defender Commission

The commission will reduce the number of meetings held in person to four in FY 2011. This is a reduction of \$3,500.

PL

3

5 % Plan-Fixed Cost Reduction

This reduction will reduce the OPD's fixed cost budget by \$3,979 general fund in FY 2011.



**LFD
COMMENT**

Reductions in fixed costs were applied statewide. Additional information on these reductions may be found in the narrative for the Department of Administration.

Other Options/Alternatives

The Office of State Public Defender has faced a number of financial pressures since its inception and as a result has implemented a number of cost controls and cost containment measures. Given that efforts to control cost have previously been implemented, the next steps for controlling costs will need to focus on items such as:

- Who is eligible for services? Are there changes that could be made to department rules regarding determination of eligibility for services that would impact the number of individuals receiving services and thus, the costs of service provision? (It should be noted that statute provides that this determination may be reviewed by the court.)
- Is the agency providing services it is not constitutionally or statutorily required to provide? Items that might fit into this category are things such as participation in drug and other treatment courts.

The items above are items that the department could review and act upon without legislation.



DEPARTMENT OF CORRECTIONS

The Office of Budget and Program Planning (OBPP) recommends that general fund expenditures for the agency be reduced by 4.0 percent when compared to the FY 2011 general fund appropriation level in HB 2/HB 13. Of the recommended \$6.9 million in reductions, 12.0 percent is in personal services (\$0.8 million), 83.8 percent is in operations (\$5.8 million), and 4.4 percent is in benefits and claims (\$0.3 million).

The bulk of the reductions in personal services are related to utilizing state special revenues rather than general fund to support these costs. The recommended \$5.8 million reduction in operating costs includes \$2.8 million for the operation of community correctional facilities (a prerelease center in northwestern Montana and the female methamphetamine treatment center) and impacts the number of beds available to house offenders. \$0.8 million is elimination of FY 2011 provider rate increases. The reduction in benefits and claims is a proposed reduction in the allocation of juvenile placement funds. This reduction impacts both the department and the Judicial Branch.

About \$2.0 million or 29.5 percent of the reductions may be of an ongoing nature. However, this includes \$1.2 million for the opening of a prerelease center in northwestern Montana and \$0.8 million related to elimination of FY 2011 provider rate increases. Achieving these two savings may be difficult. While it is unlikely that the department would be able to open a prerelease center in northwestern Montana this biennium, if the population of offenders that was estimated is realized, the department may need this funding to support the cost of housing and supervision of offenders. Additionally, it may be difficult for the department to achieve the savings associated with maintaining regional prison per diem rates at the FY 2010 level due to the statutory provisions regarding calculation of rates for these facilities. It may be necessary for the department to modify the services provided under contracts with regional prisons so that the per diem rate is adequate to cover the cost that must be included in the rate calculation.

6401 Department Of Corrections							All Programs	
Legislative Adopted Budget								
L01 Budget Version	Base	Approp	Budgeted	Budgeted	Biennium	Biennium	Biennial	Biennial
Budget Item	FY 2008	FY 2009	FY 2010	FY 2011	FY 2008-09	FY 2010-11	Change	Percent
Personal Services	65,035,582	69,153,604	72,010,614	72,482,475	134,189,186	144,493,089	10,303,903	7.7%
Operating Expenses	85,728,107	113,574,533	94,260,495	98,658,055	199,302,640	192,918,550	(6,384,090)	-3.2%
Equipment & Intangible Assets	207,507	300,190	207,507	207,507	507,697	415,014	(92,683)	-18.3%
Benefits & Claims	4,175,855	4,508,563	4,175,855	4,175,855	8,684,418	8,351,710	(332,708)	-3.8%
Transfers	2,124,917	1,866,299	2,124,917	2,124,917	3,991,216	4,249,834	258,618	6.5%
Debt Service	-	216,708	-	-	-	216,708	(216,708)	-100.0%
Total Costs	157,271,968	189,619,897	172,779,388	177,648,809	346,891,865	350,428,197	3,536,332	1.0%
General Fund	153,515,661	185,172,717	167,423,497	172,718,753	338,688,378	340,142,250	1,453,872	0.4%
State/other Special Rev. Funds	3,106,783	3,665,848	4,565,655	4,141,930	6,772,631	8,707,585	1,934,954	28.6%
Federal Spec. Rev. Funds	134,148	223,376	134,079	134,068	357,524	268,147	(89,377)	-25.0%
Proprietary Funds	515,376	557,956	656,157	654,058	1,073,332	1,310,215	236,883	22.1%
Total Funds	157,271,968	189,619,897	172,779,388	177,648,809	346,891,865	350,428,197	3,536,332	1.0%

The following figure shows the spending reduction proposals by the executive for all programs. The description of each decision package follows the figure.



6401 Department Of Corrections				All Programs		
Budget Reduction Percentages	-1.58%	-2.45%	-2.02%			
<i>Executive Spending Reductions (Feb. 16, 2010)</i>	General Fund	General Fund	General Fund	Total Funds	Total Funds	Total Funds
Decision Package	FY 2010	FY 2011	FY 2010-11	FY 2010	FY 2011	FY 2010-11
PL00101 Board of Pardons and Parole Contract Reduction	(5,000)	(7,500)	(12,500)	(5,000)	(7,500)	(12,500)
PL00102 Training Budget Reduction	-	(7,447)	(7,447)	-	(7,447)	(7,447)
PL00103 HR/Training Leadership Training Reduction	(15,000)	(15,000)	(30,000)	(15,000)	(15,000)	(30,000)
PL00104 Outside Medical Reduction	(100,000)	(100,000)	(200,000)	(100,000)	(100,000)	(200,000)
PL00105 IT Replacements Reduction	-	(200,000)	(200,000)	-	(200,000)	(200,000)
PL00106 Advisory Councils Reduction	(8,348)	(10,190)	(18,538)	(8,348)	(10,190)	(18,538)
PL00107 Personal Services Offset Collections	(100,000)	(100,000)	(200,000)	(100,000)	(100,000)	(200,000)
PL00108 Fixed Costs Budget Reduction	-	(23,238)	(23,238)	-	(23,238)	(23,238)
PL00201 PRC Per Diem 1%/Year	-	(187,147)	(187,147)	-	(187,147)	(187,147)
PL00202 Reduce Elkhorn Meth Treatment 20%	-	(365,000)	(365,000)	-	(365,000)	(365,000)
PL00203 Treatment Per Diem 1% FY 2011	-	(140,036)	(140,036)	-	(140,036)	(140,036)
PL00204 Norhtwest Prerelease Center	(1,226,984)	(1,226,984)	(2,453,968)	(1,226,984)	(1,226,984)	(2,453,968)
PL00205 P&P Leased Vehicle Return	(70,000)	(160,000)	(230,000)	(70,000)	(160,000)	(230,000)
PL00206 Personal Services Offset with Supervision Fees	(500,000)	(500,000)	(1,000,000)	(500,000)	(500,000)	(1,000,000)
PL00207 Hold MASC Per Diem at FY 2010 Level	-	(65,441)	(65,441)	-	(65,441)	(65,441)
PL00301 Decrease MSP Operating Budget	(165,000)	(165,000)	(330,000)	(165,000)	(165,000)	(330,000)
PL00302 CCA Per Diem Rate Reduction	-	(215,348)	(215,348)	-	(215,348)	(215,348)
PL00303 Hold Per Diem Rate for Regional Prisons at FY 2010	-	(199,219)	(199,219)	-	(199,219)	(199,219)
PL00401 License Plate OTO Appropriation Reduction	(100,000)	-	(100,000)	(100,000)	-	(100,000)
PL00501 Juvenile Delinquency Incentive Programs Reduction	-	(300,000)	(300,000)	-	(300,000)	(300,000)
PL00502 Personal Services Offset Parental Contributions	(350,000)	(250,000)	(600,000)	(350,000)	(250,000)	(600,000)
Present Law Total	(2,640,332)	(4,237,550)	(6,877,882)	(2,640,332)	(4,237,550)	(6,877,882)
Total All Decision Packages	(2,640,332)	(4,237,550)	(6,877,882)	(2,640,332)	(4,237,550)	(6,877,882)

PL

101

Board of Pardons and Parole Contract Reduction

During the past legislative session, the BOPP requested and received \$7,500 for each year of the biennium in funding for an outside attorney. This was to be used to assist with administrative rule changes and to give expert advice regarding case law affecting policy and procedure. This will now be absorbed by department attorneys and may result in increased workload and the potential for slower response times. The funding reduction requested will reduce the BOPP budget by \$5,000 in FY 2010 and \$7,500 in FY 2011.

**LFD
COMMENT**

The 2011 biennium is the first time the Board of Pardons has had a specific appropriation to support hiring of outside counsel when needed. This decision package reduces spending of all but \$2,500 of the appropriation. The reduction equates to less than 1 percent of the 2011 biennium budget (\$1.4 million) for the Board of Pardons.

PL

102

Training Budget Reduction

The funding for training/subscriptions/licenses was built into the department's base budget in fiscal year 2008. Additional department legal time will be required to access materials at the State Law Library. The funding reduction requested will reduce the director's office budget by \$7,447 in FY 2011.

LFD COMMENT The Director’s Office budget includes about \$12,000 per year to support training, subscriptions, and licenses. This reduction equates to about 62 percent of the funding available for these items.

PL
103
HR/Training Leadership Training Reduction

The funding for the leadership training was built into the department’s base budget in fiscal year 2008. The funding reduction requested will reduce the HR/Training budget by \$15,000 in FY 2010 and \$15,000 in FY 2011.

LFD COMMENT The Human Resources Division has a budget of about \$43,000 per year for education and training costs. This reduction equates to about 35 percent of this funding.

PL
104
Outside Medical Reduction

The funding for outside medical care was built into the department’s base budget in fiscal year 2008 for the purposes of providing referrals for specialized medical care for inmates. The Department of Corrections will continue to provide adequate and appropriate medical care as required by law. While needs for referrals and emergent care are unpredictable, the department will continue to use its medical managed care unit to control these costs. The funding reduction requested will reduce the outside medical budget by \$100,000 in FY 2010 and \$100,000 in FY 2011.

LFD COMMENT The general fund budget for outside medical costs is about \$5.2 million per year. Currently, FY 2010 costs appear to be at a level that will be less than the amount appropriated although future costs may not be predictable. The reduction equates to about 2 percent of the amount appropriated for these services.

PL
105
IT Replacements Reduction

The funding for IT replacements was built into the department’s base budget in fiscal year 2008 for the purposes of providing replacement computers, printers, and critical equipment to maintain compliance with state policy. The department will move from a three-year to five-year replacement cycle without additional warranties for computers. The potential impact includes an increased risk of failed servers, IT infrastructure and data center equipment. The funding reduction requested will reduce the IT Replacement budget by \$200,000 in FY 2011.

LFD COMMENT The division has a budget of about \$219,000 per year for minor equipment/computer hardware. This reduction removes almost all of the funding available for this item in FY 2011.

PL
106
Advisory Councils Reduction

The funding for DOC Advisory Council and Crime Victims Advisory Council was built into the Department's base budget in fiscal year 2008. The department will continue to receive input through direct communications to agency staff including the Director and the Crime Victims Advocate. Formal public comment will be available at quarterly DoC management team meetings. The recommendation will reduce the budget by \$8,348 in FY 2010 and \$10,190 in FY 2011.

LFD COMMENT The discontinuation of these two advisory councils was previously announced by the executive (January 20, 2010 Helena Independent Record article). The Corrections Advisory Council was created by executive order in 2007. Members of the council were appointed by the Governor. Those appointed to the council included current and former legislators.

PL
107
Personal Services Offset Collections

The department will use state special revenue available to the department to offset general fund personal services expenditures. The recommendation will reduce general fund expenditures by \$100,000 each year of the biennium.

LFD COMMENT The department plans to utilize \$200,000 of state special revenue from fees for collection of restitution to offset personal services costs within the Administrative and Financial Services Division. At the time of this writing the state special revenue account had a cash balance of about \$700,000.

PL
108
Fixed Costs Budget Reduction

The fixed costs charged to the department will be reduced by \$23,238 general fund in FY 2011.

LFD COMMENT This reduction was applied on a statewide basis. Information about these reductions may be found in the narrative for the Department of Administration.

PL
201
PRC Per Diem 1%/Year

This reduction will eliminate the FY 2011 1% per diem increase for prerelease. The impact will be continuation of the per diem payments at the FY 2010 level, which included a 1% increase over the FY 2009 level. The reduction is for \$187,147 in FY 2011.



**LFD
COMMENT**

The 2009 Legislature provided general fund to support a 1 percent per year rate increase to community providers operating prerelease centers. This decision package would eliminate the 1 percent increase for FY2011. However, the 1 percent rate increase funded for FY2010 remains in effect.

PL
202

Reduce Elkhorn Meth Treatment 20%

This reduction will require a change in the management of women offender's entry into treatment. This reduction is for \$365,000 in FY 2011.

**LFD
COMMENT**

This decision package would reduce general fund expenditures by reducing the occupancy at the female methamphetamine treatment center by 20 percent or to 80 percent occupancy. This facility has a capacity of 40 beds for the department and also has up to 8 beds available for Department of Public Health and Human Services clients. This facility began operating in April of 2007 and construction was financed by bonds issued through the Montana Facility Finance Authority (MFFA).

The contract between the department and the provider requires that the department provide payment each fiscal year that is sufficient to produce income available for debt service equal to at least 115 percent of the total principal and interest payments on the bonds due in the fiscal year. The contract also specifies that income for this purpose consist of operating revenues, less operating expenses, plus depreciation, amortization, and limited other items. Payments made to the provider at this reduced level must meet these contract provisions.

Department staff has reviewed and applied this calculation at the corporate level and believe that the department will continue to meet this contract obligation after implementation of this spending reduction. Based upon a preliminary review, legislative staff could not determine if the contract provision applies at the corporate or facility level as that would require formal legal review of all the relevant documents. This provision if applied at the facility level may yield a different outcome. If the provider and department legal staff disagree on the manner in which this contract provision is applied, legal action may be needed to resolve the issue.

Risks associated with implementation of this spending reduction include:

- The potential for contract litigation
- Whether the provider will continue to operate this facility if facility revenues are not adequate to cover expenses, particularly if this is true over an extended time frame
- What happens to the bonds issued by the MFFA in the event the provider is unable to make bond payments

One avenue available to the provider to reduce financial risk is the occupancy of vacant beds by private pay individuals or placing agencies other than those supported by state tax dollars. The provider is free to pursue this avenue but their success in doing so may be impacted by the fact that the facility is a locked correctional facility.

PL
203

Treatment Per Diem 1% FY 2011

This reduction will eliminate the FY 2011 1% per diem increase for treatment providers in the second year of the biennium. The impact will be continuation of the per diem payments at the FY 2010 level, which included a 1% increase over the FY 2009 level. The reduction is for \$140,036 in FY 2011.

LFD COMMENT The 2009 Legislature provided general fund to support a 1 percent per year rate increase to community providers of treatment services. This decision package would eliminate the 1 percent increase for FY 11. However, the 1 percent rate increase funded for FY 10 remains in effect.

PL
204
Northwest Prerelease Center

This reduction would remove funding to begin operation of a prerelease center in Northwestern Montana this biennium. This reduction is for \$1,226,984 general fund each year of the biennium.

LFD COMMENT The 2007 and 2009 Legislatures provided funding to support the development of a prerelease center in northwestern Montana. To date, the department and its contractors have not been successful in locating a building site for this center. The department intends to continue working to locate a building site. However, it is unlikely that a facility could be sited and operational prior to the end of the 2011 biennium.

While it is unlikely that a facility will be operational in the current biennium, the department had anticipated the expenditure of this appropriation to support the costs of offenders. There is risk that the department may not be able to reduce expenditures by this amount depending upon offender population growth and other financial pressures, increasing the chance that a supplemental appropriation may be requested.

PL
205
P&P Leased Vehicle Return

The department is reducing the P&P leased vehicle fleet by 14 vehicles. This is a business decision to efficiently maximize resources. This also matches the governor's mandate to reduce energy consumption by 2010 through having officers share vehicles. This reduction is for \$70,000 in FY 2010 and \$160,000 in FY 2011.

LFD COMMENT The department plans to terminate the leases of 14 motor pool vehicles in March 2010 and an additional 14 vehicles in July 2010 for a total reduction of 28 leased vehicles. In order to achieve this reduction, probation and parole officers will need to coordinate schedules and share the remaining leased vehicles that are available.

PL
206
Personal Services Offset with Supervision Fees

The department will offset general fund personal services with available supervision fee state special revenue. The offset requested is \$500,000 per year of the biennium.



**LFD
COMMENT**

This decision package would utilize \$1 million of state special revenue from the collection of probation and parole supervision fees (46-23-1031, MCA) as an offset to the general fund. This state special revenue account currently has a cash balance of about \$1.3 million.

PL
207

Hold MASC Per Diem at FY 2010 Level

This reduction will eliminate the FY 2011 per diem increase for the MASC program. The impact will be continuation of the per diem payments at the FY 2010 level, which does include an increase over the FY 2009 level. The reduction is for \$65,441 in FY 2011.

**LFD
COMMENT**

MASC is the Missoula Assessment and Sanction Center, which was originally operated as a regional prison facility. Statute 53-30-507(3), MCA requires that certain criteria be utilized to determine the per diem rate paid to regional prisons and directs the department to adopt administrative rules regarding the establishment of these rates. While statute does not specify that rates may not be reduced, it may be challenging for the department to achieve this reduction if the costs of items that must be included in the calculation increase. It is possible that the department may have to modify contracts and implement reductions in the services provided by these contractors in order to maintain the per diem costs at the FY 2010 level.

PL
301

Decrease MSP Operating Budget

This reduction includes internal maintenance this reduction is for \$165,000 each year of the biennium. Non-critical maintenance projects, including those unrelated to health, safety and security issues will be postponed.

**LFD
COMMENT**

The reduction would be achieved through reducing costs or deferring items such as building and vehicle maintenance. The general fund budget for the operations of Montana State Prison is about \$90 million for the biennium.

PL
302

CCA Per Diem Rate Reduction

This reduction will eliminate the FY 2011 2% per diem increase for CCA. The impact will be continuation of the per diem payments at the FY 2010 level, which included a 2% increase over the FY 2009 level. Funding reduction is \$215,348 in FY 2011.

**LFD
COMMENT**

The 2009 Legislature provided general fund to support a 2 percent per year rate increase to support contracted prison beds. This decision package would eliminate the 2 percent increase for the Corrections Corporation of America (CCA) facility in Shelby for FY 2011. However, the 2 percent rate increase funded for FY 10 would remain in effect.



PL
303
Hold Per Diem Rate for Regional Prisons at FY 2010

This reduction will eliminate the FY 2011 per diem increase for the regional prisons. The impact will be continuation of the per diem payments at the FY 2010 level, which includes an increase over the FY 2009 level. The reduction is for \$199,219 in FY 2011.

**LFD
COMMENT**

Please refer to decision package 207 for a discussion of reductions related to per diem rates paid to regional prisons.

PL
401
License Plate OTO Appropriation Reduction

The state is required to produce and distribute license plates to tax payers. The proposal is to reduce expenditures for the production of license plates by \$100,000 in FY 2010.

**LFD
COMMENT**

The legislature provided a one-time-only appropriation of about \$1.1 million for FY 2010 for the manufacture of license plates. As of this date, the unexpended balance in this appropriation is about \$750,000. License plate production is currently behind the projected production schedule by about three months. The department anticipates achieving cost savings due to:

- Lower than anticipated costs for integration of automated systems
- Aluminum prices which were at a five year low at the time the department released its bid to purchase the aluminum for plate production

PL
501
Juvenile Delinquency Incentive Programs Reduction

This will reduce the allocation to each judicial district and to juvenile parole placement funds. The department will work to maximize remaining funds in providing for youth placements. This funding reduces \$300,000 of the placement budget in FY 2011.

**LFD
COMMENT**

The executive proposes not including \$300,000 of the appropriation for juvenile placements in the allocation of funds among the department and district courts. The executive proposes that this unallocated amount revert to the general fund. Removal of this amount from the funding allocated to the department and district courts for juvenile placements results in a decrease in funding for FY 2011. Per statute any funds allocated to the district courts and cost containment pool that are not expended are transferred at fiscal year end to the Juvenile Delinquency Intervention and Prevention fund in the Judicial Branch. A reduction in the funding allocated to the district courts potentially reduces the amount of unexpended fund available for transfer at fiscal year end.

PL
502
Personal Services Offset Parental Contributions

The division will offset general fund personal services expenditures at Pine Hills Youth Correctional Facility and Riverside Youth Correctional Facility with parental contribution fees. This revenue is generated by court-ordered parental contributions and Social Security benefits that are intended to offset costs associated with placement and care of youth. The offset is \$350,000 in FY 2010 and \$250,000 in FY 2011.

LFD COMMENT	46-5-112, MCA provides for a state special revenue account for parental contributions and specifies that all the money in the account, except amounts required to be returned to federal sources, is allocated to the department to offset the costs of placements, programs, and services for youth under the jurisdiction of the youth court or department. Currently, this account has a cash balance of about \$600,000.
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