

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	16.00	16.00	12.00	12.00	16.00	12.00	(4.00)	(25.00%)
Personal Services	810,031	943,083	718,910	720,631	1,753,114	1,439,541	(313,573)	(17.89%)
Operating Expenses	2,511,876	2,490,111	2,621,054	2,621,560	5,001,987	5,242,614	240,627	4.81%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$3,321,907</b>	<b>\$3,433,194</b>	<b>\$3,339,964</b>	<b>\$3,342,191</b>	<b>\$6,755,101</b>	<b>\$6,682,155</b>	<b>(\$72,946)</b>	<b>(1.08%)</b>
General Fund	801,606	790,402	824,496	826,693	1,592,008	1,651,189	59,181	3.72%
State Special	1,985,509	2,003,841	2,515,468	2,515,498	3,989,350	5,030,966	1,041,616	26.11%
Other	534,792	638,951	0	0	1,173,743	0	(1,173,743)	(100.00%)
<b>Total Funds</b>	<b>\$3,321,907</b>	<b>\$3,433,194</b>	<b>\$3,339,964</b>	<b>\$3,342,191</b>	<b>\$6,755,101</b>	<b>\$6,682,155</b>	<b>(\$72,946)</b>	<b>(1.08%)</b>

### Program Description

The Montana Correctional Enterprises (MCE) Division provides vocational education and on the job training to over 400 offenders with minimal general fund support. MCE programs allow offenders to gain valuable knowledge, life skills, and work experience, helping them to transition back into society.

### Program Highlights

<b>Montana Correctional Enterprises Major Budget Highlights</b>	
◆	The 2015 biennium budget is \$73,000 or 1.1% lower than the 2013 biennium due to the following offsetting factors: <ul style="list-style-type: none"> <li>• \$1.4 million of proprietary funds that had previously been budgeted in HB 2 were taken off budget through proprietary rate supported funding</li> <li>• Statewide present law adjustments, authority to purchase additional merchandise for the canteen, and staff overtime and inmate pay nearly offset the reduced proprietary funds</li> </ul>

### Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Corrections Funding by Source of Authority 2015 Biennium Budget - Mont Correctional Enterprises							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$1,651,189	\$0	\$0	\$1,651,189	5.2%		
State Special Total	\$5,030,966	\$0	\$0	\$5,030,966	16.0%		
02917 Msp Canteen Revolving Acct	\$5,030,966	\$0	\$0	\$5,030,966	16.0%		
Proprietary Total	\$0	\$24,805,976	\$0	\$24,805,976	78.8%		
06033 Prison Ranch	\$0	\$8,929,778	\$0	\$8,929,778	28.4%		
06034 Msp Institutional Industries	\$0	\$4,519,754	\$0	\$4,519,754	14.4%		
06545 Prison Indust. Training Prog	\$0	\$1,464,685	\$0	\$1,464,685	4.7%		
06572 Mce License Plate Production	\$0	\$1,872,667	\$0	\$1,872,667	5.9%		
06573 Msp - Cook Chill	\$0	\$8,019,092	\$0	\$8,019,092	25.5%		
Total All Funds	\$6,682,155	\$24,805,976	\$0	\$31,488,131	100.0%		
<b>Percent - Total All Sources</b>	<b>21.2%</b>	<b>78.8%</b>	<b>0.0%</b>				

HB 2 funding for this program is a combination of general fund and state special revenue. General fund supports a portion of the vocational education program and personal services costs for the inmate canteen. State special revenue from the inmate canteen fund supports the purchase of merchandise that is distributed and sold to inmates through the canteen. Non-budgeted proprietary funds support a portion of the vocational education program, industries, food factory, the prison ranch, and license plate operations, and are discussed separately in the Proprietary Rates section.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	801,606	801,606	1,603,212	97.09%	3,321,907	3,321,907	6,643,814	99.43%
Statewide PL Adjustments	(16,858)	(14,686)	(31,544)	(1.91%)	25,202	27,126	52,328	0.78%
Other PL Adjustments	39,748	39,773	79,521	4.82%	725,341	725,357	1,450,698	21.71%
New Proposals	0	0	0	0.00%	(732,486)	(732,199)	(1,464,685)	(21.92%)
<b>Total Budget</b>	<b>\$824,496</b>	<b>\$826,693</b>	<b>\$1,651,189</b>		<b>\$3,339,964</b>	<b>\$3,342,191</b>	<b>\$6,682,155</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					60,364					61,845
Vacancy Savings					(34,814)					(34,877)
Inflation/Deflation					(348)					158
<b>Total Statewide Present Law Adjustments</b>		<b>(\$16,858)</b>	<b>(\$19,353)</b>	<b>\$0</b>	<b>\$25,202*</b>		<b>(\$14,686)</b>	<b>(\$19,316)</b>	<b>\$0</b>	<b>\$27,126*</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	16,858	19,353	0	(25,202)*	0.00	14,686	19,316	0	(27,126)*
DP 51 - Adjustment for Statewide Personal Services	0.00	(29,303)	0	0	36,391*	0.00	(27,582)	0	0	37,825*
DP 52 - Adjustment for Statewide Operations	0.00	(307)	(41)	0	(348)	0.00	169	(11)	0	158
DP 402 - MCE Overtime and Inmate Pay	0.00	52,500	30,000	0	114,500*	0.00	52,500	30,000	0	114,500*
DP 403 - MCE Additional Spending Authority	0.00	0	500,000	0	600,000*	0.00	0	500,000	0	600,000*
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$39,748</b>	<b>\$549,312</b>	<b>\$0</b>	<b>\$725,341*</b>	<b>0.00</b>	<b>\$39,773</b>	<b>\$549,305</b>	<b>\$0</b>	<b>\$725,357*</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$22,890</b>	<b>\$529,959</b>	<b>\$0</b>	<b>\$750,543*</b>	<b>0.00</b>	<b>\$25,087</b>	<b>\$529,989</b>	<b>\$0</b>	<b>\$752,483*</b>

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

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings at 3% for all positions.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 402 - MCE Overtime and Inmate Pay - The legislature approved funding for staff overtime and inmate pay.

DP 403 - MCE Additional Spending Authority - The legislature approved state special revenue to purchase additional merchandise for the canteen.

**New Proposals**

New Proposals	-----Fiscal 2014-----					-----Fiscal 2015-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 420 - Move Funding to Proprietary Rates	04	(4.00)	0	0	0	(732,486)*	(4.00)	0	0	0	(732,199)*
<b>Total</b>		<b>(4.00)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$732,486)*</b>	<b>(4.00)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$732,199)*</b>

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

DP 420 - Move Funding to Proprietary Rates - The legislature reduced all funding from the Vocational Education - Proprietary sub-program as the proprietary rates provide authority for the same purpose.

## Proprietary Rates

### Proprietary Program Description

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:

- Prison Ranch
- Industries
- Vocational Education
- Food Factory
- License Plate Operations

### Prison Ranch – Fund 06033

#### *Proprietary Program Description*

The proprietary program consists of the ranch operation located near the Montana State Prison in Deer Lodge and includes cattle, crops, feedlot, land management, dairy milking parlor, dairy processing, heifer reproduction, and lumber processing activities.

#### Expenses

Personal services funds 21.50 FTE. The largest operating expenses for the program include items such as feed, grain, gasoline, diesel fuel, and veterinary supplies. The cost of these supplies varies with general economic conditions.

#### Revenues

Revenues for this program are derived primarily from the sale of raw milk and livestock. Additionally, a small amount of revenue is generated through logging. Revenues vary depending upon general economic conditions that impact commodity prices.

### 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*

This proprietary program consists of the furniture, upholstery, print, sign, and laundry operations at the Montana State Prison facility.

#### Expenses

The expenses are split almost equally between personal services for 21.00 FTE and operating expenses. The largest categories of operating expenses for the program include items related to furniture manufacturing and shop supplies.

#### Revenues

Revenues are derived primarily from the sale of merchandise (furniture and signs) and charges for laundry services. In FY 2012 about \$935,000 of revenue was derived from furniture sales and upholstery work to state agencies and the private sector and \$433,000 was derived from the provision of laundry services to Montana State Prison (MSP) and Montana State Hospital (MSH).

**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.

**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.

Expenses

The expenses include personal services for 21.00 FTE and operating expenses, with the bulk of the funding supporting operating costs. The largest category of operating cost is raw materials, which includes the various grocery type items needed to prepare meals.

Revenues

Revenues are derived from the sale of meals to facilities. The largest customer is MSP.

**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 rates approved for this program are listed in Section R of HB 2 and were not changed from those requested.

**Vocational Education – Fund 06545***Proprietary Program Description*

This proprietary program consists of the motor vehicle maintenance shop.

Expenses

The expenses are split between personal services (4.00 FTE) and operating expenses, with about one-third of the budget supporting personal services and the remaining two-thirds supporting operating costs. The largest category of operating expense for the program is merchandise.

Revenues

Revenues are derived primarily from motor vehicle maintenance completed for MSP and the prison ranch.

**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 rates approved for this program are listed in Section R of HB 2 and were not changed from those requested.

**MCE License Plate – Fund 06572***Proprietary Program Description*

This proprietary program consists of license plate manufacturing.

Expenses

The expenses for this program include personal services for 2.50 FTE and operating expenses, with the bulk of the funding supporting operating costs for materials used in the production of license plates.

Revenues

Revenues are derived from the sale of license plates to the Department of Justice. The Department of Justice pays for the license plates with fee revenue collected from license plate sales.

**Proprietary Rates**

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. The rates approved for this program are listed in Section R of HB 2 and were not changed from those requested.