

Agency Budget Comparison

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

Agency 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	1,279.89	1,279.89	1,281.89	1,281.89	1,279.89	1,281.89	2.00	0.16%
Estimated Impact of HB 2*			(34.49)	(34.49)		(34.49)	(34.49)	
Net Estimated FTE*			1247.40	1247.40		1247.40	(32.49)	
Personal Services	69,859,396	70,643,147	71,478,400	71,543,752	140,502,543	143,022,152	2,519,609	1.79%
Operating Expenses	99,536,893	98,970,190	107,700,976	109,196,488	198,507,083	216,897,464	18,390,381	9.26%
Equipment & Intangible Assets	100,851	81,681	303,851	141,551	182,532	445,402	262,870	144.01%
Benefits & Claims	2,330,087	2,940,542	2,080,087	2,080,087	5,270,629	4,160,174	(1,110,455)	(21.07%)
Transfers	3,526,709	2,916,469	3,519,259	3,515,659	6,443,178	7,034,918	591,740	9.18%
Debt Service	86,479	86,651	262,329	262,329	173,130	524,658	351,528	203.04%
Total Costs	\$175,440,415	\$175,638,680	\$185,344,902	\$186,739,866	\$351,079,095	\$372,084,768	\$21,005,673	5.98%
General Fund	170,077,589	170,089,157	179,367,912	180,767,375	340,166,746	360,135,287	19,968,541	5.87%
State Special	4,714,007	4,788,037	5,894,818	5,893,475	9,502,044	11,788,293	2,286,249	24.06%
Federal Special	16,005	25,739	16,005	16,005	41,744	32,010	(9,734)	(23.32%)
Other	632,814	735,747	66,167	63,011	1,368,561	129,178	(1,239,383)	(90.56%)
Total Funds	\$175,440,415	\$175,638,680	\$185,344,902	\$186,739,866	\$351,079,095	\$372,084,768	\$21,005,673	5.98%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

Mission - The Montana Department of Corrections enhances public safety, promotes positive change in offender behavior, reintegrates offenders into the community, and supports victims of crime.

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 five programs are:

- Administration and support services including the Director's Office, Health Services, Information Technology Services, Human Resources Division, Administrative and Financial Services Division, and the administratively attached Board of Pardons and Parole
- Community Corrections Division including division administration; Treasure State Correctional Treatment Center (TSCTC); contracted pre-release centers, probation and parole; Warm Springs Addictions Treatment and Change Program (WATCH), the DUI treatment unit; 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, lumber processing, 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

Agency Highlights

Department of Corrections Major Budget Highlights
<ul style="list-style-type: none"> ◆ The legislature funded the department expecting that total populations would grow by 1% per year, with female secure care populations growing the most at an average rate of 4.4% per year ◆ The legislature addressed these expected populations by: <ul style="list-style-type: none"> • Annualizing contract beds to the full contracted level, except for a reduction of 12 male pre-release beds • Increasing female pre-release and transitional living beds by 10 beds • Using the remodeled Montana Mental Health Nursing Care Center in Lewistown to house inmates needing staff assistance for their daily care. This initiative began in FY 2013 and is expected to free up space in the Montana State Prison to accommodate growth ◆ Other factors contributing to the funding increase are: <ul style="list-style-type: none"> • Statewide present law adjustments • Outside medical cost inflation • Annualizing of contracted beds • Provider rate increases of 2% per year for most providers with selected providers receiving 1% increases ◆ The legislature funded the addition of a net 2.00 FTE: <ul style="list-style-type: none"> • 1.00 FTE for correctional relief factors at the Montana Women's Prison • 6.00 FTE to replace the previously contracted health services function for the Montana Women's Prison • 4.00 FTE moved from budgeted funds in HB 2 to non-budgeted proprietary funds for the Vocational Education program • 1.00 FTE long-term vacant position at the Pine Hills Youth Correctional Center not funded

Summary of Legislative Action

Total funding for the department increases \$21.0 million or 6.0% and general fund support increases \$20.0 million or 5.9% over the current biennium.

State special revenue support for the agency increases due to legislative action that shifted funding for expenditures from the general fund to state special revenue funds, including supervision fees, restitution administrative fees, and parental cost of care payments for juveniles.

The legislative budget provides funding to increase provider rates by 2% in FY 2014 and an additional 2% in FY 2015 for all but a few selected providers. Provider rate increases were approved for both not-for-profit providers and for-profit providers. Funding for medical costs that occur when an inmate is treated outside a state facility are funded nearly 20% higher than the base year costs.

Population and Bed Increases

The legislature generally funded beds for fewer offenders than the department estimates will enter the system during the 2015 biennium. The following figure summarizes the average daily population (ADP) funded and reflects the following reductions from the executive request: 1) 12 fewer male pre-release beds; 2) 10 fewer female pre-release beds; and 3) 10 fewer female transitional living beds. However, the legislature provided an appropriation of \$2.0 million to the department and an unspecified portion of another \$7.5 million appropriation in SB 410 that the department could use to offset these reductions.

Department of Corrections Funded ADP		
	FY 2014	FY 2015
Male Prison	2,372	2,392
Female Prison	209	218
Alternatives to Prison	1,011	1,044
Prerelease and Transitional Living	928	934
Specialized Supervision Programs	656	656
Probation and Parole	<u>7,728</u>	<u>7,778</u>
Total ADP	<u>12,904</u>	<u>13,022</u>

Overall offender populations are anticipated to grow by roughly 1% per year. Growth is influenced by female secure custody and programs functioning as an alternative to prison with female secure custody expected to grow by about 4.4% per year and alternatives to prison to grow by 3.4% per year.

A detailed table showing historical populations along with current projections can be found here: <http://leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/Corrections-ADP-table.pdf>

Boilerplate

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 34.49 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

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.

Total Department Of Corrections Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$360,135,287	\$0	\$0	\$360,135,287	90.6%
State Special Total	11,788,293	-	706,163	12,494,456	3.1%
Federal Special Total	32,010	-	-	32,010	0.0%
Proprietary Total	129,178	24,805,976	-	24,935,154	6.3%
Total All Funds	<u>\$372,084,768</u>	<u>\$24,805,976</u>	<u>\$706,163</u>	<u>\$397,596,907</u>	
Percent - Total All Sources	93.6%	6.2%	0.2%		

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
- Pine Hills donations, interest, and income funds that come mostly from the collection of interest and income on school 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 department receives a small amount of federal funds for the Youth Services program from the Title IV-E Foster Care and Adoption Program.

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 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	170,077,589	170,077,589	340,155,178	94.45%	175,440,415	175,440,415	350,880,830	94.30%
Statewide PL Adjustments	(903,265)	(857,204)	(1,760,469)	(0.49%)	(803,886)	(757,584)	(1,561,470)	(0.42%)
Other PL Adjustments	7,959,199	8,210,274	16,169,473	4.49%	9,125,066	9,371,114	18,496,180	4.97%
New Proposals	2,234,389	3,336,716	5,571,105	1.55%	1,583,307	2,685,921	4,269,228	1.15%
Total Budget	\$179,367,912	\$180,767,375	\$360,135,287		\$185,344,902	\$186,739,866	\$372,084,768	

Other Legislation

HB 13 – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches and the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

SB 410 –This bill includes a one-time-only biennial appropriation of \$7.5 million general fund to the Governor’s Office. The funding can be transferred at the Governor’s discretion in the 2015 biennium to the following departments for operations costs:

- Governor’s Office
- Public Health and Human Services
- Natural Resources and Conservation
- Environmental Quality
- Administration
- Commerce
- Revenue
- Corrections
- Labor and Industry

Any funds transferred are one-time-only and consequently will not be part of the FY 2014 budget base.

The legislature also provided a direct appropriation to this agency of \$2 million from the state special revenue fund, funded with a general fund transfer. The agency may use these funds for operation of the agency.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	1,279.89	1,309.89	1,281.89	(28.00)	1,309.89	1,281.89	(28.00)	
Estimated Impact of HB 2*			(34.49)	(34.49)		(34.49)	(34.49)	
Net Estimated FTE*			1247.40	(62.49)		1247.40	(62.49)	
Personal Services	69,859,396	73,437,426	71,478,400	(1,959,026)	74,294,282	71,543,752	(2,750,530)	(4,709,556)
Operating Expenses	99,536,893	109,379,576	107,700,976	(1,678,600)	111,748,553	109,196,488	(2,552,065)	(4,230,665)
Equipment & Intangible Assets	100,851	376,851	303,851	(73,000)	141,551	141,551	0	(73,000)
Benefits & Claims	2,330,087	2,330,087	2,080,087	(250,000)	2,330,087	2,080,087	(250,000)	(500,000)
Transfers	3,526,709	3,519,259	3,519,259	0	3,515,659	3,515,659	0	0
Debt Service	86,479	262,329	262,329	0	262,329	262,329	0	0
Total Costs	\$175,440,415	\$189,305,528	\$185,344,902	(\$3,960,626)	\$192,292,461	\$186,739,866	(\$5,552,595)	(\$9,513,221)
General Fund	170,077,589	183,035,457	179,367,912	(3,667,545)	186,022,149	180,767,375	(5,254,774)	(8,922,319)
State/Other Special	4,714,007	5,452,076	5,894,818	442,742	5,452,165	5,893,475	441,310	884,052
Federal Special	16,005	16,005	16,005	0	16,005	16,005	0	0
Proprietary	632,814	801,990	66,167	(735,823)	802,142	63,011	(739,131)	(1,474,954)
Total Funds	\$175,440,415	\$189,305,528	\$185,344,902	(\$3,960,626)	\$192,292,461	\$186,739,866	(\$5,552,595)	(\$9,513,221)

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislature approved general fund that is \$8.9 million lower and \$9.5 million lower in total funds than the executive through a combination of offsetting reductions and increases. The legislature:

- Reduced funding for outside medical by \$1.9 million
- Reduced funding for a contract between the department and the Department of Public Health and Human services for care of 20 inmates at the Montana Mental Health Nursing Care Center in Lewistown for additional FTE to provide security at the facility
- Did not fund the request for a career ladder for correctional officers
- Funded no FTE for the agency's re-entry initiative when 8.00 FTE were requested, but approved funding for coordination of re-entry efforts
- Funded the addition of 5 pre-release transitional living beds and 5 women's pre-release beds when 10 transitional living and 15 women's pre-release beds were requested
- Funded 12 fewer male pre-release beds than are currently funded

The legislature also reduced budgeted proprietary funds that were duplicated with funding authorized through proprietary rates approved for a portion of Montana Correctional Enterprises program operations. This action reduced total funds by nearly \$1.5 million.

Additionally, the legislature funded a number of requests with state special revenue from probation and parole supervision fees and interest and income generated from leasing land at Pine Hills when general fund was requested by the Governor. While this action had no impact on total funds, it resulted in a reduction of general fund.

Language and Statutory Authority

The legislature approved the following language in HB 2:

"Administration and Support Services includes appropriations of \$8,050,772 in general fund in each year for outside medical costs that are biennial.

All appropriations for Adult Community Corrections and Secure Custody Facilities are biennial."