

Agency Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Agency Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	1,280.67	1,305.67	1,305.67	25.00	1.0%
General Fund	274,448,008	297,605,733	298,893,817	47,603,534	8.7%
State/Other Special Rev. Funds	7,096,208	7,100,925	7,101,926	10,435	0.1%
Proprietary Funds	145,214	133,046	131,060	(26,322)	(9.1%)
Total Funds	281,689,430	304,839,704	306,126,803	47,587,647	8.4%
Personal Services	111,221,203	118,699,848	119,286,678	15,544,120	7.0%
Operating Expenses	168,299,624	182,414,585	183,114,864	28,930,201	8.6%
Equipment & Intangible Assets		1,129,000	1,129,000	2,258,000	0.0%
Transfers	503,739	503,739	503,739		0.0%
Debt Service	1,664,864	2,092,532	2,092,522	855,326	25.7%
Total Expenditures	281,689,430	304,839,704	306,126,803	47,587,647	8.4%
Total Ongoing	281,689,430	304,839,704	306,126,803	47,587,647	8.4%
Total One-Time-Only	4,754,980			(9,509,960)	(100.0%)

Agency Highlights

**Department of Corrections
Major Budget Highlights**

The 2027 biennium HB 2 request for the Department of Corrections is \$611.0 million which reflects an increase of \$47.6 million or 8.4% when compared to FY 2025 base appropriations. More significant increases include:

- Just over \$9.3 million general fund for contract renewals and provider rate increases with existing contracted community corrections facilities
- \$8.9 million in statewide present law adjustments to personal services and fixed costs
- \$6.2 million to increase base appropriations for reimbursing county jail holds
- Nearly \$2.8 million for increases in provider rates paid to contracted secure facilities and local detention centers
- \$2.7 million for increases in costs of contracted placements for juveniles and to fund caseworker services
- Almost \$2.5 million general fund for new equipment and technology purchases
- \$2.4 million general fund to support recruitment and retention efforts and to develop more formal field training

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Department of Corrections 2027 Biennium Base Budget and Requested Adjustments										
	FY 2026				FY 2027					
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	274,448,008	7,096,208		0 281,689,430	92.4%	274,448,008	7,096,208		0 281,689,430	92.0%
Statewide PL										
Personal Services	4,020,664	4,974	0	4,025,638	1.3%	4,258,560	6,017	0	4,264,577	1.4%
Fixed Costs	309,041	(257)	0	296,616	0.1%	292,495	(299)	0	278,042	0.1%
Inflation Deflation	(35,882)	0	0	(35,882)	(0.0%)	(24,250)	0	0	(24,250)	(0.0%)
Total Statewide PL	4,293,823	4,717	0	4,286,372	1.4%	4,526,805	5,718	0	4,518,369	1.5%
Present Law (PL)	4,635,616	0	0	4,635,616	1.5%	5,701,995	0	0	5,701,995	1.9%
New Proposals	14,228,286	0	0	14,228,286	4.7%	14,217,009	0	0	14,217,009	4.6%
Total HB 2 Adjustments	23,157,725	4,717	0	23,150,274	7.6%	24,445,809	5,718	0	24,437,373	8.0%
Total Requested Budget	297,605,733	7,100,925		0 304,839,704		298,893,817	7,101,926		0 306,126,803	

Statewide Present Law Adjustment for Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP1) has been broken down into three categories, as follows:

- Legislative changes - This category includes adjustments explicitly approved by the legislature, such as, changes to benefit rates, longevity adjustments required by statute, and changes in rates for workers' compensation and unemployment insurance
- Management changes - This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring positions budgeted (PB) at a lower rate to replace senior staff and broadband pay adjustments for recruitment and retention
- Budget modifications - This category includes other modifications to the FY 2025 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or movement of personal services funding to or from another expenditure category (e.g. moving funding from operating expenses to personal services)

The figure below shows the analysis of the executive budget for personal services for each program.

Department of Corrections FY 2026 Statewide Present Law Adjustment for Personal Services - DP1				
Program	Legislative Changes	Management Decisions	Budget Modifications	Total DP1
01 Director's Office / CSD	\$128,837	\$255,433	(\$89,293)	\$294,977
02 Public Safety Division	2,042,997	(240,658)	429,237	2,231,576
03 Rehabilitation and Programs	475,984	1,317,567	(272,637)	1,520,914
04 Board of Pardons and Parole	17,455	(39,284)	-	(21,829)
Total	\$2,665,273	\$1,293,058	\$67,307	\$4,025,638

Total personal services requested by the Department of Corrections for the 2027 biennium are \$238.0 million reflecting an increase of \$15.5 million or 7.0% when compared to FY 2025 base appropriations. Increases are the result of the following requests:

- A total of 25.00 requested PB for multiple different functions
- Statewide present law adjustments to personal services
- New standardized salary pay for nurses

Statewide present law adjustments are primarily the result of increases to position retirement and social security benefits, hiring vacant positions at a higher rate than when the position became vacant, and adjustments related to promotion or career ladders.

Funding

The following table shows proposed agency funding for all sources of authority.

Total Department of Corrections Funding by Source of Authority 2027 Biennium Budget Request						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	596,499,550				596,499,550	91.8%
02917 MSP Canteen Revolving Acct	9,527,162				9,527,162	1.5%
02261 P & P Supervisory Fee	2,266,566				2,266,566	0.3%
02345 Inmate Welfare Fund				1,410,030	1,410,030	0.2%
02689 Offender Restitution	937,763				937,763	0.1%
02927 PHS Donations/I & I	754,660				754,660	0.1%
Other State Special Revenue	716,700				716,700	0.1%
State Special Revenue Total	14,202,851	-	-	1,410,030	15,612,881	2.4%
Federal Special Revenue Total	-	-	-	-	-	0.0%
06573 MSP - Cook Chill	52,789		12,540,444		12,593,233	1.9%
06033 Prison Ranch	52,787		9,738,396		9,791,183	1.5%
06034 MSP Institutional Industries	52,787		7,732,086		7,784,873	1.2%
06011 License Plate Production	104,815		5,760,630		5,865,445	0.9%
06545 Prison Indust. Training Prog	928		1,613,805		1,614,733	0.2%
Proprietary Fund Total	264,106	-	37,385,361	-	37,649,467	5.8%
Total of All Funds	610,966,507	-	37,385,361	1,410,030	649,761,898	
Percent of All Sources of Authority	94.0%	0.0%	5.8%	0.2%		

The Department of Corrections is primarily funded with general fund at approximately 97.6% of requested HB 2 funds. The remaining amount is comprised of state special revenues with a small portion coming from budgeted proprietary funds. Some of the largest state special revenue funds are:

- The canteen revolving fund, which receives revenue from the sale of items to inmates
- Probation and parole supervision fees collected from offenders under the supervision of the department
- Pine Hills donations, interest, and income funds coming mostly from interest and income collected on school trust lands

There is approximately \$1.4 million in statutory appropriations (in state special revenue) over the 2025 biennium, which are used to support the Public Safety Division. This funding is for the Inmate Welfare Fund and is used to benefit inmates and their families per 53-1-109, MCA.

Additional authority is comprised of non-budgeted proprietary funds used to support programs at the Montana Correctional Enterprises. These programs are discussed more in the non-budgeted proprietary analysis for Section D agencies found at <https://archive.legmt.gov/content/Publications/fiscal/2027-Biennium/Budget-and-Revenue/Budget-Analysis/Section-D/Section-D-Non-Budgeted-Proprietary-27Bi.pdf> and are comprised of the following:

- Cook Chill Program
- Prison Ranch Program

- MSP Institutional Industries
- License Plate Production
- Industries Training Program

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	1,280.67	1,280.67	1,305.67	1,305.67
Personal Services	108,299,338	109,674,709	113,324,917	118,699,848	119,286,678
Operating Expenses	155,654,335	159,929,274	170,950,890	182,414,585	183,114,864
Equipment & Intangible Assets	480,838	938,552	0	1,129,000	1,129,000
Capital Outlay	0	20,773	0	0	0
Transfers	672,086	732,395	503,739	503,739	503,739
Debt Service	1,673,206	1,953,496	1,664,864	2,092,532	2,092,522
Total Expenditures	\$266,779,803	\$273,249,199	\$286,444,410	\$304,839,704	\$306,126,803
General Fund	261,038,855	266,029,717	279,202,988	297,605,733	298,893,817
State/Other Special Rev. Funds	5,622,145	7,100,679	7,096,208	7,100,925	7,101,926
Proprietary Funds	118,803	118,803	145,214	133,046	131,060
Total Funds	\$266,779,803	\$273,249,199	\$286,444,410	\$304,839,704	\$306,126,803
Total Ongoing	\$264,289,812	\$267,857,488	\$281,689,430	\$304,839,704	\$306,126,803
Total OTO	\$2,489,991	\$5,391,711	\$4,754,980	\$0	\$0

Agency Description

The Montana Department of Corrections provides services that impact every community in Big Sky Country. From assisting victims of crime; to providing support to offenders under supervision in Montana communities; to ensuring the incarcerated population is prepared to re-enter society successfully; the work of the department is wide and varied. The department aims to provide evidence-based programming in all aspects of our work as we move toward our goal of reducing recidivism and disrupting the cycle of incarceration. Please refer to the agency profile at <https://www.legmt.gov/lfd/committees/section-d/agency-profile-department-of-corrections/> for additional information about the agency’s organization structure, historical expenditures, goals and objectives, and recent studies and audits.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Department of Corrections’ FY 2024 modified HB 2 budget was \$269.2 million. Through the end of FY 2024, the department expended \$264.3 million or 98.2% leaving nearly \$5.0 million in unspent authority. At FYE 2024, the department performed a series of fiscal transfers which moved \$10.1 million from FY 2025 appropriations to FY 2024 to cover shortfalls in reimbursing county detention centers for holding convicted offenders, costs related to building emergencies, prescription drug costs, and costs due to the inability to access some contingent personal service appropriations.

Without these fiscal transfers, the department would have over expended its HB 2 budget by approximately \$5.1 million or 2.0%. As all HB 2 authority for the Director’s Office, Public Safety Division, and Rehabilitation and Programs Division is biennial, the Department continued most of this unspent authority back to FY 2025. This should help decrease any supplemental request that may result from the initial \$10.1 million transfer of authority to FY 2024. Expenditures of 98.2% after the fiscal transfer were proportionally higher than the previous five-year average of 95.8%.