

JUDICIAL BRANCH

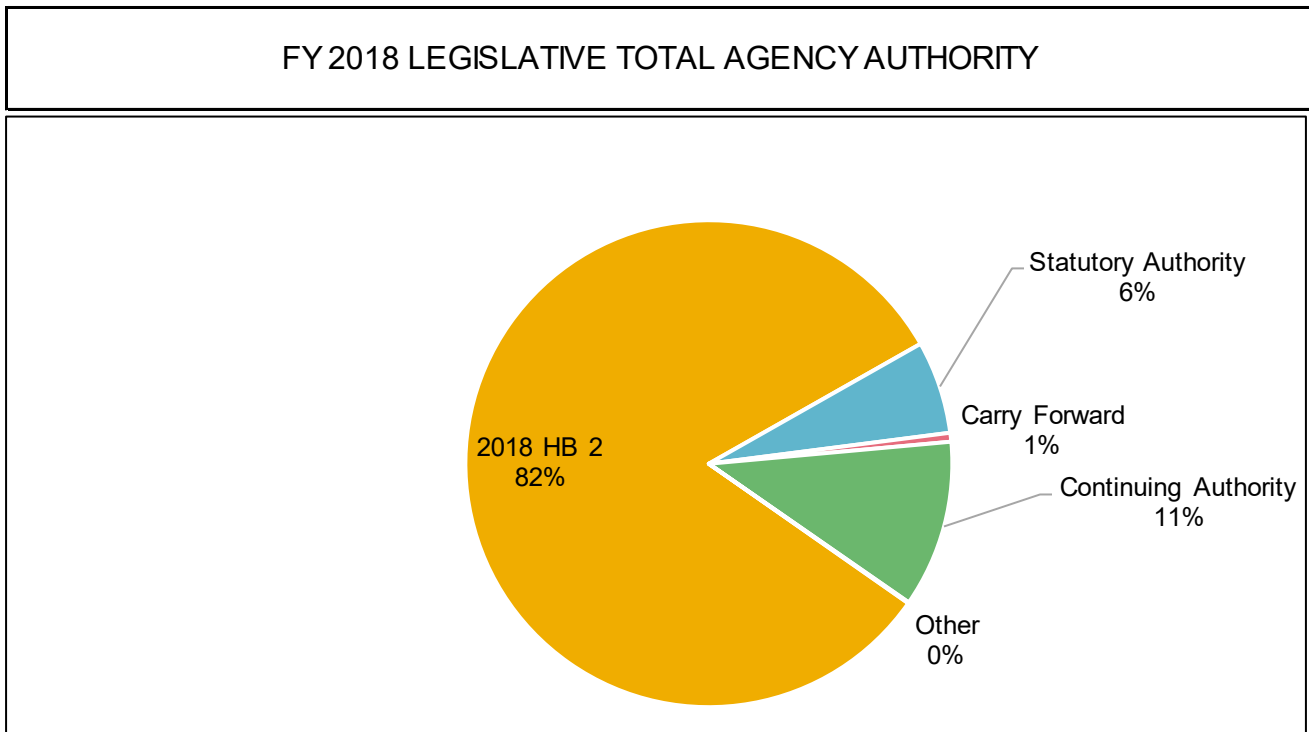
BUDGET AND EXPENDITURE HIGHLIGHTS

The Judicial Branch expended 97.0% of its HB 2 appropriation. Savings generated from vacant positions was used to:

- Implement the 1% pay raise as required in SB 294
- Provide for operating expenses in District Court Operations

As required by statute, the Judicial Branch transferred \$3.8 million in general fund from the Youth Court Program to a state special revenue account to support prevention and intervention services for at-risk juveniles or justice involved juveniles.

TOTAL APPROPRIATION AUTHORITY OVERVIEW



| FY 2018 Total Agency Authority | |
|---------------------------------|-------------------|
| Authority | FYE Budget |
| 2018 HB 2 | 47,904,759 |
| Language Authority | 0 |
| Statutory Authority | 3,604,103 |
| Carry Forward | 342,631 |
| Continuing Authority | 6,475,882 |
| Budget Amendments | 1,639,600 |
| Other | 40,000 |
| Long Range Planning | 0 |
| Total Budgeted Authority | 60,006,976 |
| Non-Budgeted Proprietary | \$ 218,770 |

| FY 2018 Total Agency Authority Expended | |
|---|--------------|
| Total Expended | 51,413,719 |
| Total Budgeted Authority | 60,006,976 |
| % Expended | 85.7% |

This chart shows current FYE authority compared to special session budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.

Statutory Authority

The Judicial Branch expended \$3.1 million of its \$6.6 million in statutory authority, \$3.6 million in current year authority and \$3.3 million in continuing appropriations. State special revenue funds for the Juvenile Delinquency Intervention Program (JDIP) are statutorily appropriated. JDIP provides a method of funding youth court placements and services that increase the ability to respond to juvenile delinquency through community-based early intervention and placement alternatives and enhanced ability to control costs.

Budget Amendments

During FY 2018 the Judicial Branch expended 36.7% of its \$3.8 million in budget amendment authority for federal grants. It should be noted that \$2.2 million in budget amendments are included in continuing authority. Between the end of May and the fiscal year end period the Judicial Branch did not add any additional appropriation authority through budget amendments.

Proprietary Funds

The Law Library has an enterprise fund for Lexis, an on-line legal data base. The Judicial Branch charges for searches and research of the on-line database based on the cost of the search performed by various state, county, and city entities. In FY 2018 the Judicial Branch collected \$219,000 in charges for services and expended \$215,000 for the electronic information data.

Other House and Senate Bills

The Supreme Court Operations has continuing appropriation authority for long range information technology improvements of \$0.9 million. In FY 2018 the program expended \$0.3 million of the authority for computer hardware and software.

HB 70, enacted by the 2017 Legislature, provided \$200,000 in general fund over the 2019 biennium for the guardianship network including \$60,000 for personal services, \$20,000 for operating expenses, and \$120,000 for grants. In FY 2018 the Judicial Branch did not expended any of the appropriations for the program.

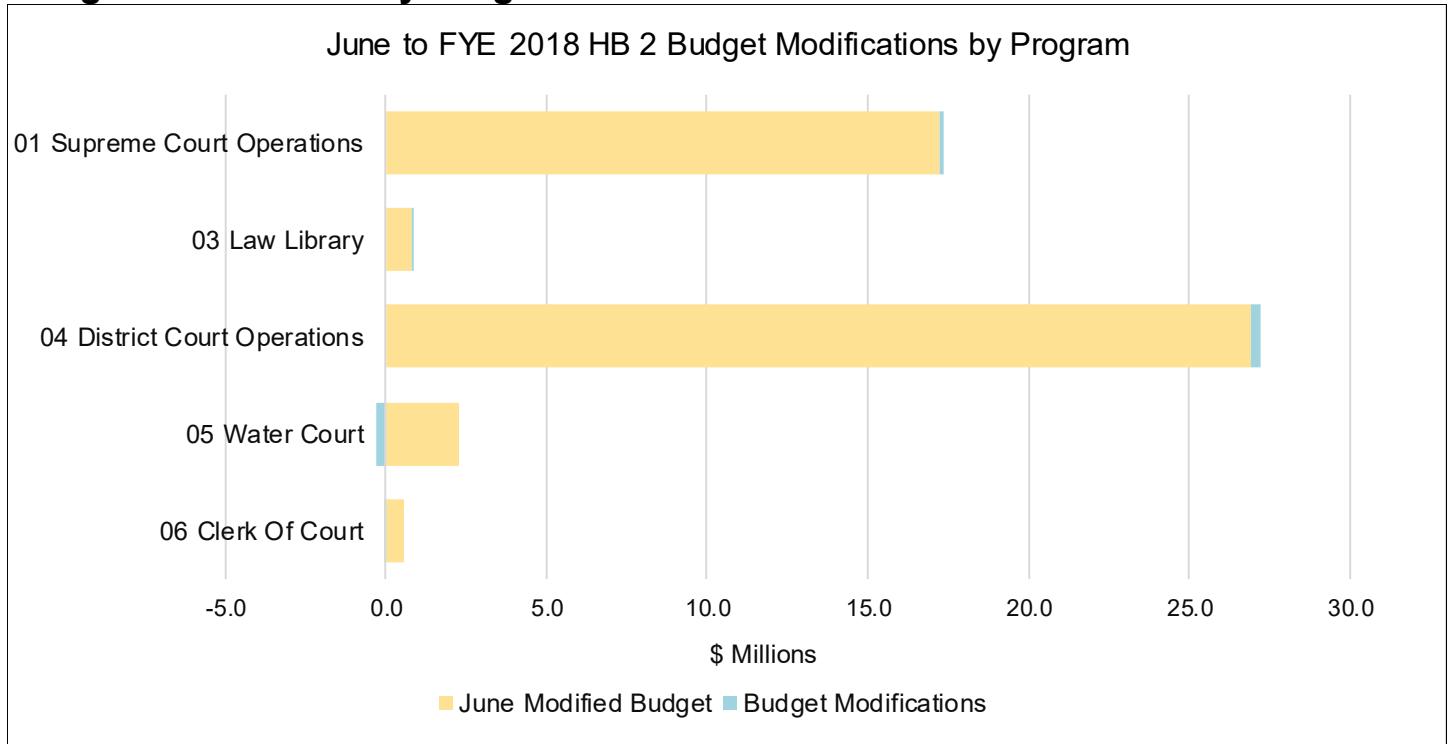
Carry forward

The Judicial Branch established \$0.8 million in carry forward appropriation authority, \$0.4 million each for FY 2016 and FY 2017. Judicial Branch expended most of the FY 2016 authority including:

- \$0.2 million in the Supreme Court Operations mainly for computer hardware and software and communication equipment
- \$0.2 million in the District Court Operations mainly for jury and witness fees and travel

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program



| Program | June. Modified Budget | Modifications | | | FYE Modified Budget | Variance to June |
|------------------------------|-----------------------|--------------------|----------------------|------------------|---------------------|------------------|
| | | Increases | Decreases | Total | | |
| 01 Supreme Court Operations | 17,255,295 | 4,162,047 | (4,082,047) | 80,000 | 17,335,295 | 0.5% |
| 03 Law Library | 806,052 | 59,043 | (47,686) | 11,357 | 817,409 | 1.4% |
| 04 District Court Operations | 26,914,685 | 466,570 | (139,723) | 326,847 | 27,241,532 | 1.2% |
| 05 Water Court | 2,263,114 | 28,600 | (322,230) | (293,630) | 1,969,484 | -13.0% |
| 06 Clerk Of Court | 545,613 | 405 | (4,979) | (4,574) | 541,039 | -0.8% |
| Grand Total | \$47,784,759 | \$4,716,665 | (\$4,596,665) | \$120,000 | \$47,904,759 | 0.3% |

This chart shows budget modifications by program from June through FYE.

The chart above shows a combination of transfers between programs, fiscal years and transfers between expenditure categories.

Program Transfers

The Law Library transferred general fund of \$228 in personal services, \$20,000 in operating expenses, and \$8,415 in debt service using HB 2 appropriation authority to the District Court Operations which recorded the transfer as \$28,643 in additional operating expenses. Reductions of \$1.4 million in general fund operating expenses were taken from the District Court Operations during the 2017 legislative session. The program managed operating expenses within established amounts with the exception of the program transfer of \$28,643 provided here and the transfer discussed below.

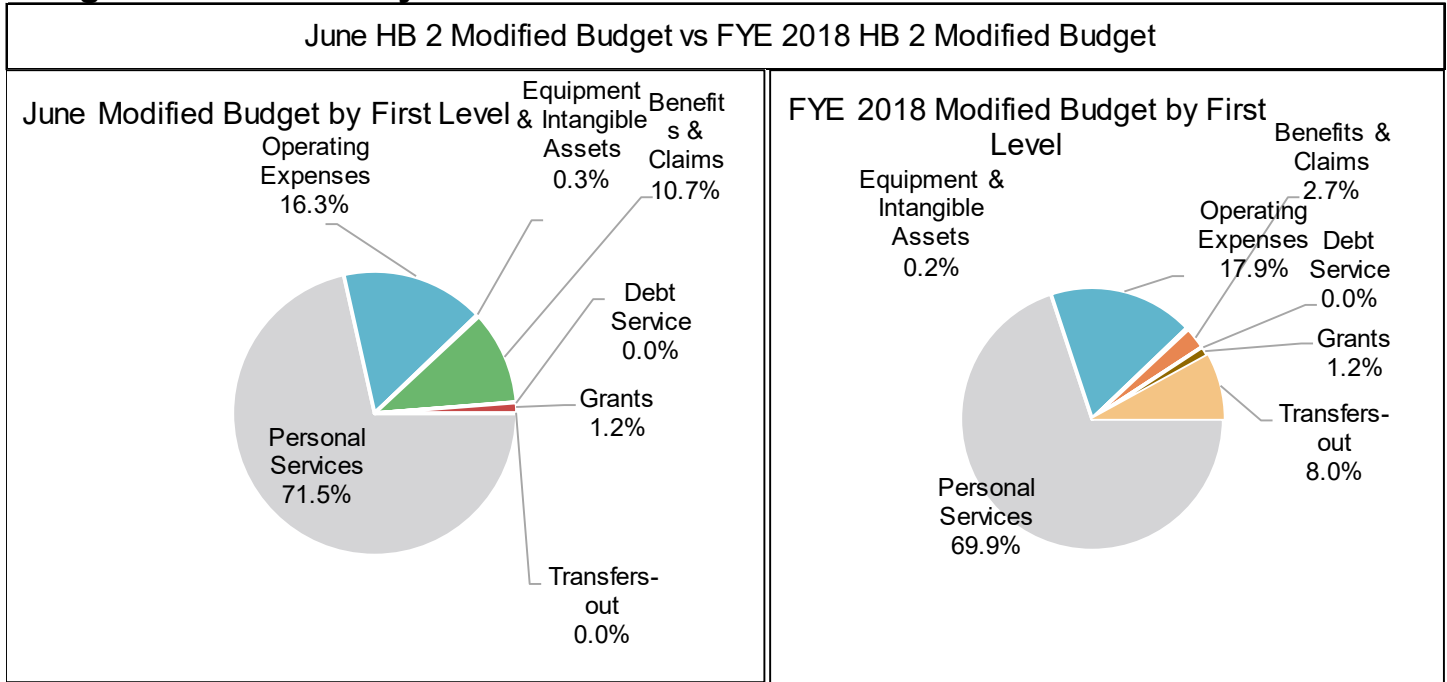
The Water Court Operations transferred \$293,630 in HB 2 appropriation authority from the general fund for personal services to the District Court Operations which recorded the transfers as \$293,630 in operating expenses. The Water Court Operations has 4.00 FTE water master positions currently vacant. The resulting personal service cost savings were than transferred to District Court Operations.

The Clerk of Court transferred \$4,574 in personal services HB 2 general fund appropriations to the District Court Operations which recorded the authority as increased operating expenses of \$4,574 which is discussed above.

Fiscal Year Supplemental Transfer

The Judicial Branch transferred \$120,000 of general fund HB 2 authority from FY 2019 to FY 2018 to address issues related to budget reductions made in the November 2017 Special Session. The Supreme Court Operations transferred \$80,000 to operating expenses and the Law Library transferred \$30,000 to personal services and \$10,000 to operating expenses.

Budget Modification by First Level



June to FYE 2018 HB 2 Budget Modification by First Level

| First Level | June Modified Budget | Modifications | | | Modified Budget | Variance to June |
|-------------------------------------|----------------------|--------------------|----------------------|------------------|---------------------|------------------|
| | | Increases | Decreases | Total | | |
| 61000 Personal Services | \$34,167,386 | 43,283 | (\$707,361) | (664,078) | 33,503,308 | -1.9% |
| 62000 Operating Expenses | \$7,796,123 | 819,679 | (\$38,515) | 781,165 | 8,577,288 | 10.0% |
| 63000 Equipment & Intangible Assets | \$125,115 | 19,043 | (\$36,895) | (17,852) | 107,263 | -14.3% |
| 66000 Grants | \$585,867 | - | \$0 | - | 585,867 | 0.0% |
| 67000 Benefits & Claims | \$5,101,393 | 5,232 | (\$3,805,479) | (3,800,248) | 1,301,145 | -74.5% |
| 69000 Debt Service | \$8,875 | - | (\$8,415) | (8,415) | 460 | -94.8% |
| 68000 Transfers-out | \$0 | 3,829,428 | \$0 | 3,829,428 | 3,829,428 | 0.0% |
| Grand Total | \$47,784,759 | \$4,716,665 | (\$4,596,665) | \$120,000 | \$47,904,759 | 0.3% |

The above charts show June HB 2 modified budget by first level compared to FYE modified budget by first level.

Operating Plan Changes

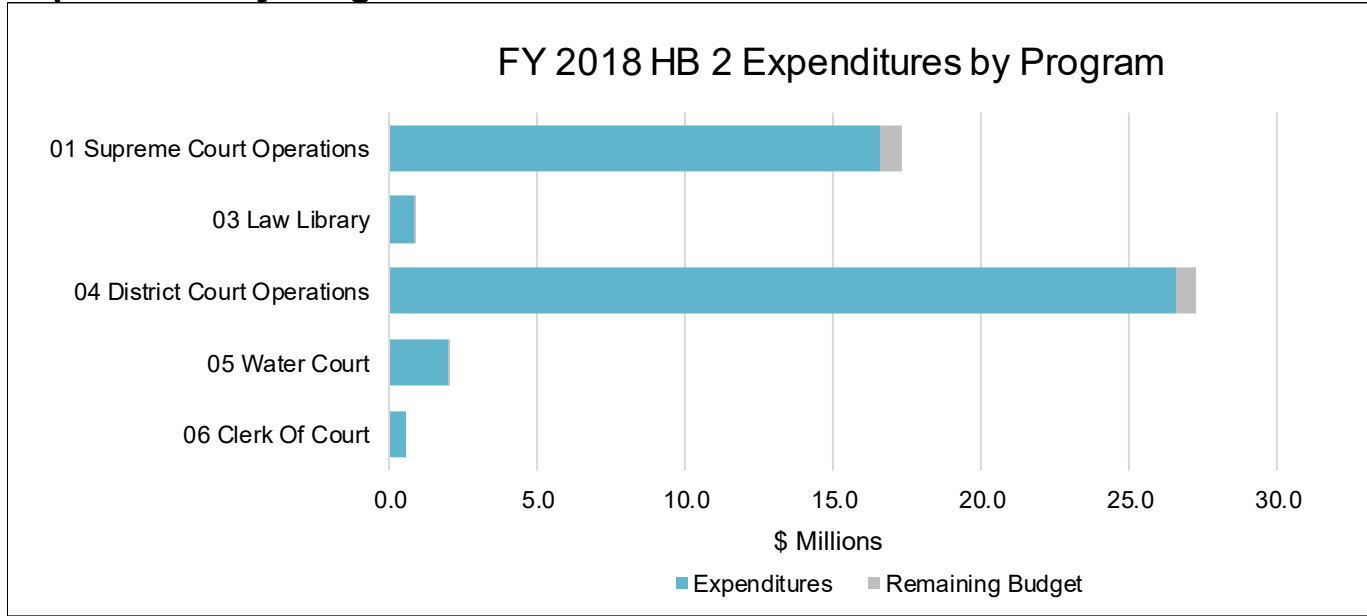
In addition to transferring appropriation between programs and expenditure categories using program transfers, the Judicial Branch also transferred authority between expenditure categories using operating plan changes including:

- The largest transfer was \$3.8 million in general fund transferred from benefits and claims into transfers-out. By statute, at the end of the fiscal year any remaining funding provided for Youth Courts is transferred into a state special revenue fund. The funding is used to provide prevention and intervention services for justice involved juveniles or juveniles at risk of being involved with the Youth Court
- Supreme Court Operations transferred \$236,885 in HB 2 general fund personal services appropriations with \$211,937 going into operating expenses and \$24,948 into benefits and claims. The Judicial Branch did not have reductions of personal services for vacancy savings. In Supreme Court operations the positions were filled 94.6% of the year generating unused authority available to transfer to operating expenses.

- The Law Library transferred \$19,043 in general fund personal services HB 2 appropriation authority to equipment and intangible assets

AGENCY HB 2 EXPENDITURES

Expenditure by Program



| Program | FYE Modified Budget | Expenditures | Remaining Budget | Percent Expended |
|------------------------------|---------------------|-------------------|--------------------|------------------|
| 01 Supreme Court Operations | 17,335,295 | 16,551,945 | 783,350 | 95.5% |
| 03 Law Library | 817,409 | 816,960 | 449 | 99.9% |
| 04 District Court Operations | 27,241,532 | 26,578,530 | 663,002 | 97.6% |
| 05 Water Court | 1,969,484 | 1,969,478 | 6 | 100.0% |
| 06 Clerk Of Court | 541,039 | 541,038 | 1 | 100.0% |
| Grand Total | \$47,904,759 | 46,457,951 | \$1,446,808 | 97.0% |

This chart shows current FY 2018 expenditures by program and remaining authority for HB 2 budget.

As reflected above 97.0% of HB 2 appropriations were expended by the Judicial Branch in FY 2018.

Supreme Court Operations

The Supreme Court Operations expended 95.5% of its HB 2 appropriation, 99.2% of the personal services budget, 98.0% of operating expenses, 5.2% of grants, and 94.3% of benefits and claims. Funding for grants came from the biennial, one-time-only appropriation of \$585,867 in general fund for pre-trial services.

The Judicial Branch partnered with the Arnold Foundation for a public safety assessment tool that uses criminal history combined with previous failures to appear in court to determine which arrested individuals should be released from jail prior to a court hearing to determine if they are guilty of the crime of which they are accused. Five counties including Yellowstone, Butte-Silverbow, Lewis and Clark, Missoula, and Lake agreed to participate in a pilot project for the disposition of the case. The pre-trial project required training on the assessment tool and revisions to information technology. Counties began working with the new tool in March, gradually gearing up through the end of June. The Judicial Branch anticipates using the remainder of the grant appropriation in FY 2019.

Law Library

The Law Library expended 99.9% of its HB 2 appropriation. Personal services were 100.0% expended, operating expenses were 99.9% expended, and equipment and intangible assets were 100.0% expended. While the

Judicial Branch was not required to generate vacancy savings, general fund supporting 1% pay raises as required in SB 294 was eliminated through SB 261. The actual vacancy rate within the Law Library of 2.9% was used to offset the increased salaries and benefits due to the pay raise.

District Court Operations

The District Court Operations expended 97.6% of its HB 2 appropriation, 99.2% of the personal services budget, 84.4% of operating expenses, and 57.6% of benefits and claims. Both the personal services and operating expenses HB 2 budgets are designated as biennial due to the variability of costs associated with jury trials such as witness fees, jury fees and related travel.

In FY 2018 the cost of jury fees and travel supported in HB 2 increased while the cost of witness fees and travel declined. Overall HB 2 operating expenses declined by almost \$0.2 million when compared to FY 2017 with a large portion of the decline in witness fees and travel as a result of a change in policy. As noted in the discussion on carryforward, these expenditures were offset using carry forward appropriations resulting in lower HB 2 expenditures.

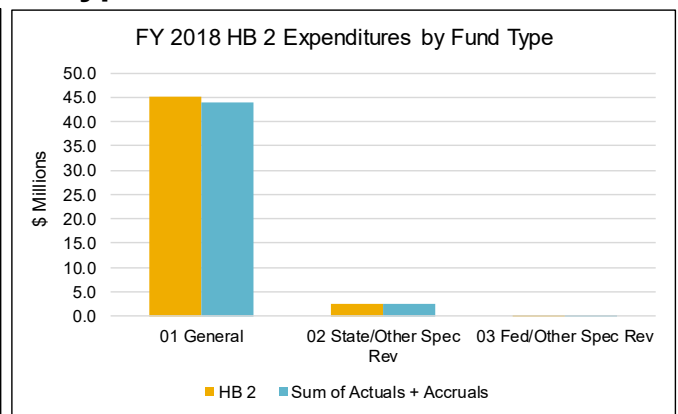
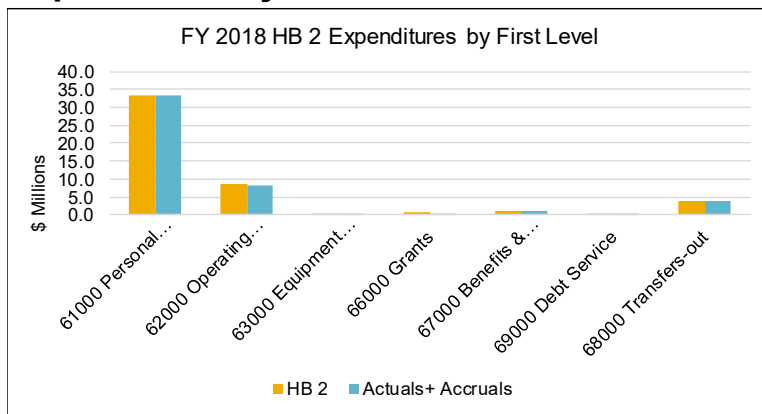
Water Court Operations

The Water Court expended 100.0% of its HB 2 appropriation with both personal services and operating expenses fully expended. Excess personal service authority was transferred to the District Court Operations for operating expenses as discussed above.

Clerk of Court

The Clerk of Court expended 100.0% of its HB 2 appropriation with both personal services and operating expenses fully expended.

Expenditure By First Level Account and Fund Type



| First Level | FYE Modified HB 2 | Expended | Percent Expended |
|-------------------------------------|---------------------|---------------------|------------------|
| 61000 Personal Services | 33,503,308 | 33,242,894 | 99.2% |
| 62000 Operating Expenses | 8,577,288 | 8,032,696 | 93.7% |
| 63000 Equipment & Intangible Assets | 107,263 | 107,216 | 100.0% |
| 66000 Grants | 585,867 | 30,657 | 5.2% |
| 67000 Benefits & Claims | 1,301,145 | 1,214,600 | 93.3% |
| 68000 Transfers-out | 3,829,428 | 3,829,428 | 100.0% |
| 69000 Debt Service | 460 | 460 | 100.0% |
| Grand Total | \$47,904,759 | \$46,457,951 | 97.0% |

| Fund Type | FYE Modified HB 2 | Expended | Percent Expended |
|-------------------------|---------------------|---------------------|------------------|
| 01 General | 45,233,996 | 44,005,800 | 97.3% |
| 02 State/Other Spec Rev | 2,571,473 | 2,391,013 | 93.0% |
| 03 Fed/Other Spec Rev | 99,290 | 61,138 | 61.6% |
| Grand Total | \$47,904,759 | \$46,457,951 | 97.0% |

The above charts show HB 2 modified budget compared to expenditures by first level and fund type.

The Judicial Branch was not required to reduce personal services by vacancy savings. However, SB 261 eliminated \$84,300 in general fund for a required 1.0% pay raise for employees effective in the pay period

including February 15. The Judicial Branch used a portion of the savings realized from vacancies to fund the pay raise.

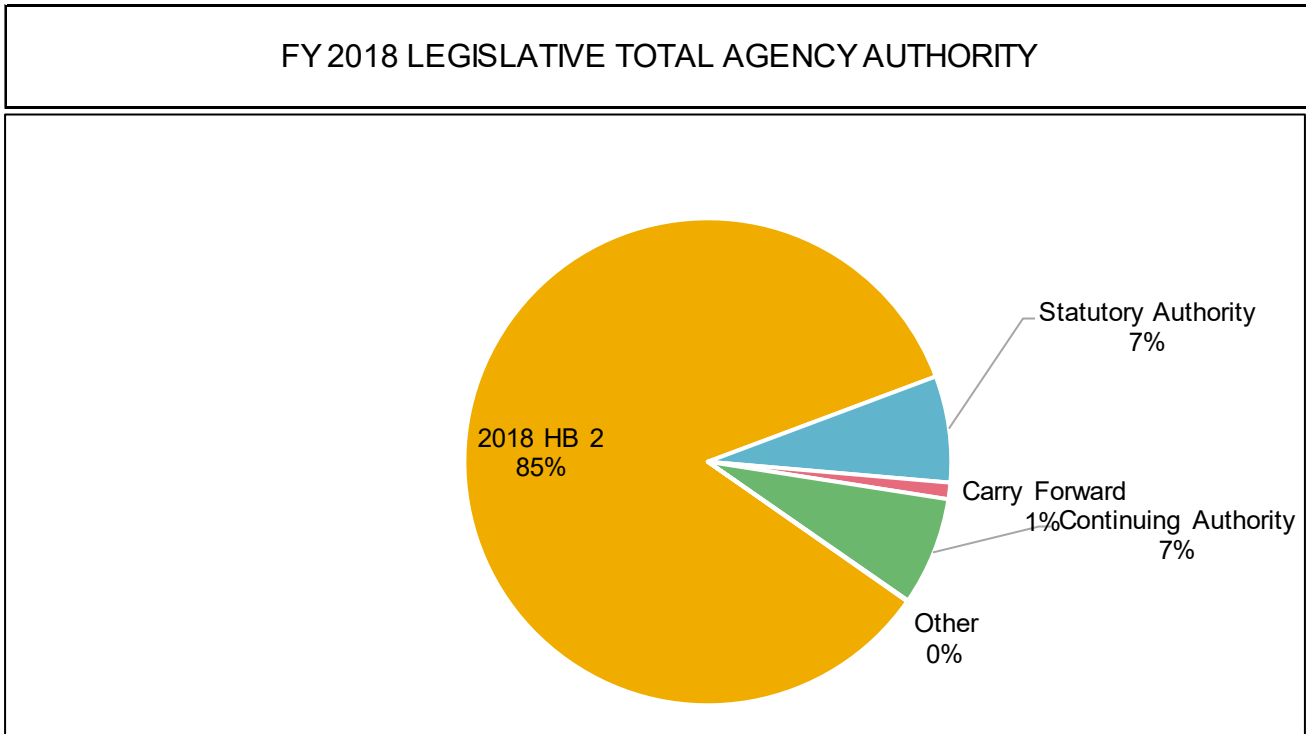
Operating expenses were below HB 2 appropriations mainly due to the timing of the pre-trial services program, a biennial appropriation that will expend the majority of the appropriation in FY 2019.

DEPARTMENT OF JUSTICE (DOJ)

BUDGET AND EXPENDITURE HIGHLIGHTS

- DOJ expended 104.1% of its HB 2 personal services appropriation as a result of 6.0% vacancy savings and a reduction in general fund to support a 1.0% pay raise
- To compensate, DOJ reduced expenditures on operating expenses, which were 80.3% of the HB 2 budgeted appropriation level

TOTAL APPROPRIATION AUTHORITY OVERVIEW



| FY 2018 Total Agency Authority | |
|---------------------------------|--------------------|
| Authority | FYE Budget |
| 2018 HB 2 | 98,148,317 |
| Language Authority | 0 |
| Statutory Authority | 8,204,282 |
| Carry Forward | 1,271,977 |
| Continuing Authority | 8,342,491 |
| Budget Amendments | 1,113,660 |
| Other | 80,000 |
| Long Range Planning | 0 |
| Total Budgeted Authority | 117,160,726 |
| Non-Budgeted Proprietary | \$ 1,782,606 |

| FY 2018 Total Agency Authority Expended | |
|---|--------------|
| Total Expended | 102,352,637 |
| Total Budgeted Authority | 117,160,726 |
| % Expended | 87.4% |

This chart shows current FYE authority compared to special session budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.

Statutory Appropriations

DOJ has a number of statutory appropriations including:

- \$5.6 million in general fund, \$2.1 million for contributions to the Montana Highway Patrol retirement system and \$3.5 million to provide for county attorney salaries. In FY 2018 \$1.7 million was expended for MHP retirement and \$3.5 for local assistance to counties for county attorney salaries
- \$1.9 million in state special revenues for local assistance to counties and cities. The funding is derived from gambling machine permits. DOJ retains 58.3% of the permit fees and returns the remainder to the county or city where the machine is located. In FY 2018 DOJ returned \$1.8 million in gambling machine permit fees to city and county governments
- \$0.4 million in state special revenue for restitution payments to victims of crimes. This funding was expended for benefits and claims including medical care such as hospitals or doctors and temporary lost wages
- \$0.2 million in state special revenue generated from state forfeitures related to seizure of assets related to drugs. DOJ expended \$0.1 million for operating expense and personal services in the Division of Criminal Investigation

Proprietary Funds

Agency Legal Services expended 96.9% of its \$1.8 million in proprietary fund authority in FY 2018. The majority of the funding was used to support the salary and benefits of the attorneys and related staff in the program.

Budget Amendments

DOJ added \$151,000 in federal authority between the end of May and 2018 FYE for overtime for investigations conducted with federal agents. DOJ had \$3.1 million in total budget amendment authority, including continuing appropriations, in FY 2018 of which \$1.4 million was expended, mostly under federal grant requirements.

Other House or Senate Bills

DOJ was appropriated additional funding in the following bills:

- HB 22, enacted by the 2017 Legislature, provided \$80,000 in state special revenue appropriations for intervention in out-of-state energy proceedings. DOJ expended the appropriation for legal fees and court costs
- HB 294, enacted by the 2017 Legislature, provided \$102,117 in appropriation authority, \$67,703 in general fund, \$22,201 in state special revenue, \$4,463 in federal special revenue, and \$7,750 in enterprise funds to implement an increase in the employer contribution for the sheriff's retirement system as required in HB 383. DOJ expended all of this appropriation authority for retirement contributions in FY 2018
- HB 90, enacted by the 2007 Legislature, increased a loan to the Department of Justice for the motor vehicle information system and appropriated \$6.0 million of capital projects funds for the system. DOJ did not require another draw down of loan authority, thus generating excess loan authority. In FY 2018 \$4.8 million in authority for capital projects funds remained outstanding in the Motor Vehicle Division (MVD). MVD expended \$0.6 million in FY 2018 for personal services and operating costs associated with the project. This is included as part of continuing appropriation authority.

Carry Forward

The Department of Justice has \$2.7 million in established carryforward appropriation authority, the majority was in state special revenue. In FY 2018 DOJ expended \$1.4 million in the following programs:

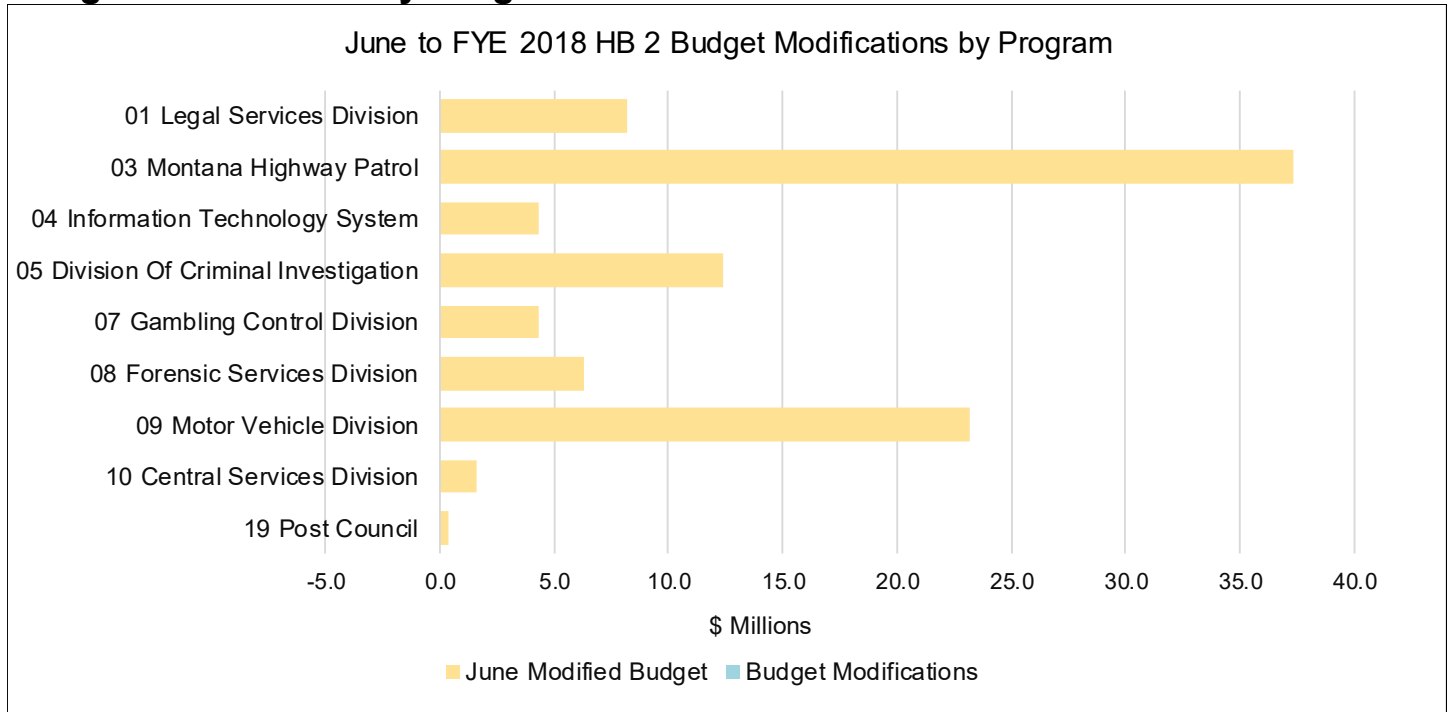
- Legal Service Division expended \$0.2 million in state special revenue mainly for consulting and professional services
- Montana Highway Patrol expended \$1.0 million in state special revenue for communications and laboratory equipment
- Information Technology System Division expended \$0.1 million in state special revenue for computer hardware and software
- Division of Criminal Investigation expended \$2,000 in federal special revenue for overtime and \$1,000 for storage
- Gambling Control Division (GCD) expended \$75,000 in state special revenue for operating expenses including background checks, printing, two-way video equipment, minor equipment, and office supplies. GCD also expended \$13,000 in enterprise funds for similar operating expenses

It should be noted that a portion of the funding is included in continuing appropriations.

Centralized Services Division has \$1.2 million in state special revenue carryforward appropriation authority unspent in FY 2018 that is available for FY 2019. This amount of authority is for all divisions within DOJ.

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program



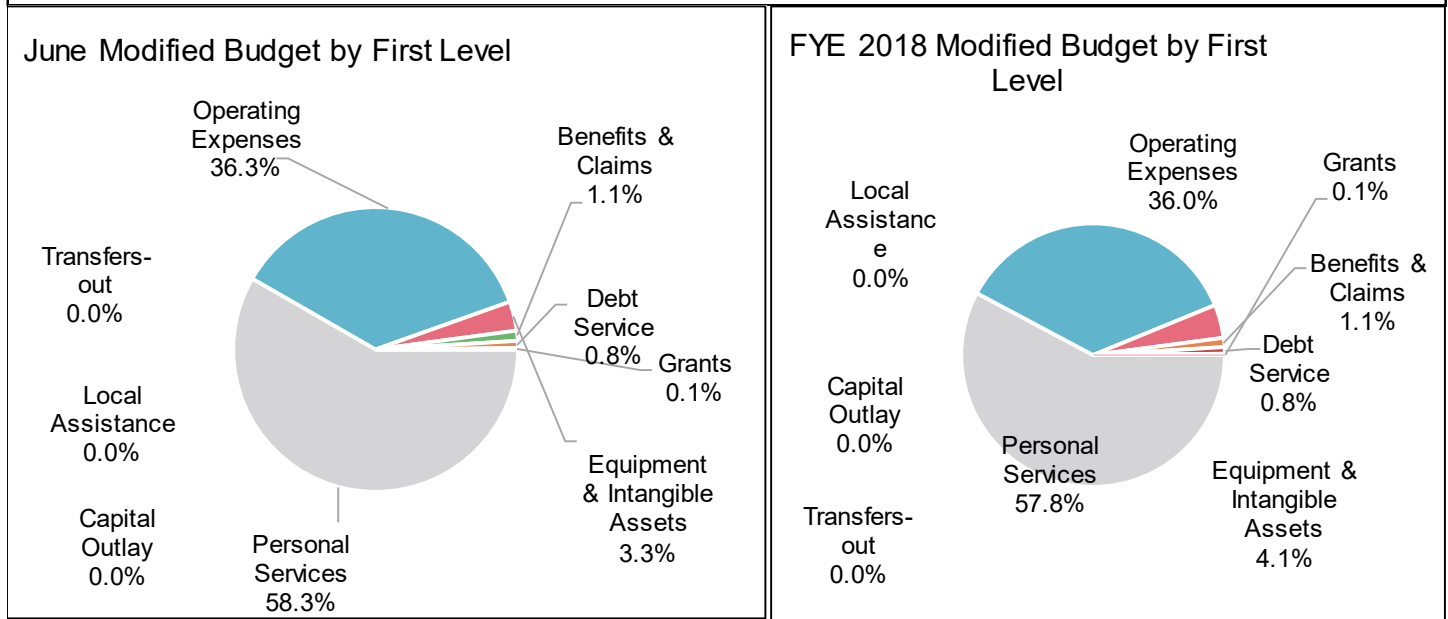
| Program | June. Modified Budget | Modifications | | | FYE Modified Budget | Variance to June |
|---------------------------------------|-----------------------|--------------------|----------------------|--------------|---------------------|------------------|
| | | Increases | Decreases | Total | | |
| 01 Legal Services Division | 8,229,720 | - | - | - | 8,229,720 | 0.0% |
| 03 Montana Highway Patrol | 37,345,470 | 650,864 | (650,864) | (0) | 37,345,470 | 0.0% |
| 04 Information Technology System | 4,334,459 | 79,073 | (79,073) | (0) | 4,334,459 | 0.0% |
| 05 Division Of Criminal Investigation | 12,408,331 | 322,200 | (322,200) | - | 12,408,331 | 0.0% |
| 07 Gambling Control Division | 4,336,982 | - | - | - | 4,336,982 | 0.0% |
| 08 Forensic Services Division | 6,282,058 | 50,000 | (50,000) | - | 6,282,058 | 0.0% |
| 09 Motor Vehicle Division | 23,180,875 | - | - | - | 23,180,875 | 0.0% |
| 10 Central Services Division | 1,647,245 | - | - | - | 1,647,245 | 0.0% |
| 19 Post Council | 383,177 | - | - | - | 383,177 | 0.0% |
| Grand Total | \$98,148,317 | \$1,102,137 | (\$1,102,137) | (\$0) | \$98,148,317 | 0.0% |

This chart shows budget modifications by program from June through FYE.

Budget modifications transferring authority between expenditure categories are discussed on the following page. The Department of Justice did not transfer appropriations between programs between the beginning of June and fiscal year end.

Budget Modification by First Level

June HB 2 Modified Budget vs FYE 2018 HB 2 Modified Budget



June to FYE 2018 HB 2 Budget Modification by First Level

| First Level | June Modified Budget | Modifications | | | Modified Budget | Variance to June |
|-------------------------------------|----------------------|--------------------|----------------------|--------------|---------------------|------------------|
| | | Increases | Decreases | Total | | |
| 61000 Personal Services | \$57,220,443 | - | (\$496,880) | (496,880) | 56,723,563 | -0.9% |
| 62000 Operating Expenses | \$35,584,469 | 310,000 | (\$555,257) | (245,257) | 35,339,212 | -0.7% |
| 63000 Equipment & Intangible Assets | \$3,264,422 | 749,878 | \$0 | 749,878 | 4,014,300 | 23.0% |
| 64000 Capital Outlay | \$0 | 30,059 | \$0 | 30,059 | 30,059 | 0.0% |
| 65000 Local Assistance | \$25,000 | - | \$0 | - | 25,000 | 0.0% |
| 66000 Grants | \$90,000 | 12,200 | \$0 | 12,200 | 102,200 | 13.6% |
| 67000 Benefits & Claims | \$1,121,191 | - | \$0 | - | 1,121,191 | 0.0% |
| 69000 Debt Service | \$831,497 | - | (\$50,000) | (50,000) | 781,497 | -6.0% |
| 68000 Transfers-out | \$11,295 | - | \$0 | - | 11,295 | 0.0% |
| Grand Total | \$98,148,317 | \$1,102,137 | (\$1,102,137) | (\$0) | \$98,148,317 | 0.0% |

The above charts show June HB 2 modified budget by first level compared to FYE modified budget by first level.

Operating Plan Changes

Budget modifications reflected above show movement between expenditure categories in related programs. The transfer of appropriation authority is reflected in the following tables.

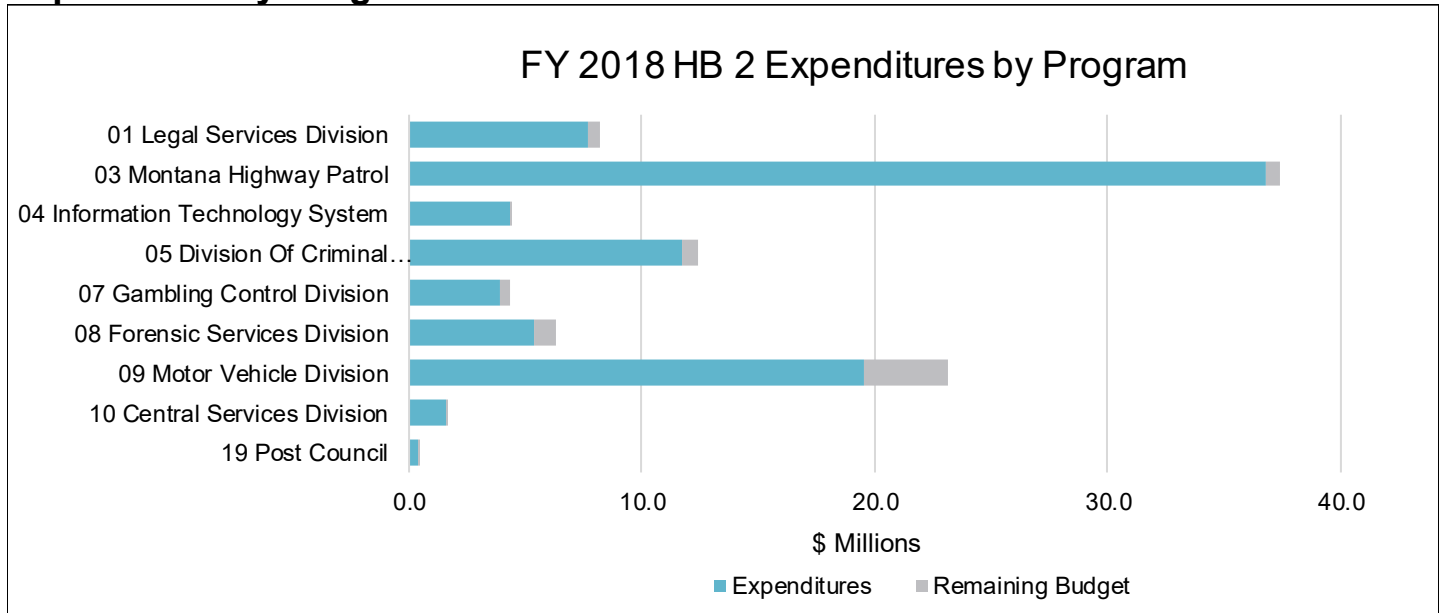
Changes to appropriation authority included transfers between expenditure categories in the following divisions:

- Division of Criminal Investigation moved \$310,000 in state special revenue from personal services to operating expenses for increased food services costs and operating expenses associated with the Montana Law Enforcement Academy and the criminal justice information network respectively. An additional \$12,200 in general fund was transferred from operating expenses to grants to allow the Montana Child Sexual Assault Team awards for child safety programs
- Montana Highway Patrol moved \$186,880 from personal services to equipment and intangible assets to purchase interdiction team vehicles. The 2017 Legislature authorized the creation of the Montana Interdiction Drug Apprehension Squad with total funding for the costs allocated to personal services. As the appropriation included funding for operating expenses and equipment purchases, MPH moved appropriation authority within the program. An additional \$463,984 in state special revenue was moved from operating expenses to equipment to purchase upgraded equipment for the dispatch center

- Information Technology Services Division moved \$49,014 in state special revenue from operating expenses to equipment and intangible assets for servers and fiber switches and \$30,059 in general fund from operating expenses to capital outlay for remodeling costs
- Forensic Science Division moved \$50,000 in general fund from debt service to equipment and intangible assets due to accounting rules that require certain assets to be capitalized

AGENCY HB 2 EXPENDITURES

Expenditure by Program



| Program | FYE Modified Budget | Expenditures | Remaining Budget | Percent Expended |
|---------------------------------------|---------------------|-------------------|--------------------|------------------|
| 01 Legal Services Division | 8,229,720 | 7,667,073 | 562,647 | 93.2% |
| 03 Montana Highway Patrol | 37,345,470 | 36,796,917 | 548,553 | 98.5% |
| 04 Information Technology System | 4,334,459 | 4,334,435 | 23 | 100.0% |
| 05 Division Of Criminal Investigation | 12,408,331 | 11,713,132 | 695,198 | 94.4% |
| 07 Gambling Control Division | 4,336,982 | 3,878,396 | 458,586 | 89.4% |
| 08 Forensic Services Division | 6,282,058 | 5,348,240 | 933,818 | 85.1% |
| 09 Motor Vehicle Division | 23,180,875 | 19,505,351 | 3,675,524 | 84.1% |
| 10 Central Services Division | 1,647,245 | 1,605,642 | 41,603 | 97.5% |
| 19 Post Council | 383,177 | 382,858 | 319 | 99.9% |
| Grand Total | \$98,148,317 | 91,232,045 | \$6,916,272 | 93.0% |

This chart shows current FY 2018 expenditures by program and remaining authority for HB 2 budget.

As shown in the preceding table, DOJ expended 93.0% of its FY 2018 appropriation authority contained in HB 2. The following narrative describes HB 2 appropriations and expenditures for the various programs within DOJ.

Legal Services Division

The Legal Services Division (LSD) expended 93.2% of its HB 2 appropriation, 106.5% of the personal services budget, 74.3% of operating expenses, and 58.4% of benefits and claims. Personal services within the Legal Services Division were reduced by \$366,195 in FY 2018 for the legislative vacancy savings of 6.0%. The actual vacancy rate for LSD was 2.9%.

To offset personal services expenditures, LSD spent less in operating expenses supported through the general fund by reducing consulting and professional services, purchases of supplies and materials, and travel as compared to the 2017 biennium.

Benefits and claims for crime victims were appropriated \$0.5 million in federal special revenues, however, only 10.1% of the appropriations were expended as requirements to expend federal appropriations were not met. According to DOJ, this is because the federal and state fiscal year are different and because federal law requires DOJ to spend state dollars before spending federal dollars.

Montana Highway Patrol

The Montana Highway Patrol (MHP) expended 98.5% of its HB 2 appropriations, 99.9% of personal services, 95.7% of operating expenses and 94.3% of expenditures. The legislature imposed a 3.0% vacancy savings reduction or \$801,000 in state special revenues. Overall MHP during FY 2018 did not incur vacancies.

MHP expended slightly more in FY 2018 than in previous biennia for operating expenses. The main exemption to this was less expenditures for computer hardware when compared to those made in the 2017 biennium.

Information Technology System Division

The Information Technology System Division (ITS) expended 109.5% of its personal services budget, 83.3% of operating expenses, 100.0% of equipment and intangible assets, and 97.8% of capital outlay. The legislature imposed a 6.0% vacancy savings reduction or \$190,059. ITS incurred actual vacancies of 6.2%, however the vacant positions did not generate sufficient funding to offset the reduction in personal services imposed through vacancy savings.

Reductions to costs in operating expenses were achieved through reduced expenditures for training costs, conferences, and travel as compared to the 2017 biennium.

Division of Criminal Investigation

The Division of Criminal Investigation (DCI) expended 103.0% of its personal services HB 2 appropriations, 82.1% of operating expenses, 57.2% of equipment and intangible assets, 119.6% of grants, and 100.0% of transfers out. The legislature imposed a 6.0% vacancy savings reduction or \$492,819. The actual vacancy rate in DCI was 0.3%.

To offset higher than budgeted personal services, DCI spent less on operating expenses. DCI reduced expenditures on computer hardware and software, ammunition, and travel when compared to expenditures for the 2017 biennium. In addition, expenditures for vehicle purchases were deferred.

Grants to local government agencies were above levels estimated in HB 2.

Gambling Control Division

The Gambling Control Division (GCD) expended 94.5% of its personal services HB 2 appropriations, 67.9% of operating expenses, and 87.2% of equipment and intangible assets. The legislature imposed a 6.0% vacancy savings reduction or \$221,580. The actual vacancy rate in GCD was 4.3%.

Operating expenses in HB 2, including background checks and travel, and purchases of equipment and intangible assets were reduced to offset personal services expenditures. It should be noted that the costs of background checks were switched from HB 2 to carryforward appropriations.

Forensic Services Division

The Forensic Services Division (FSD) expended 116.2% of its personal services HB 2 appropriations, 74.2% of operating expenses, 11.0% of equipment and intangible assets. The legislature imposed a 6.0% vacancy savings reduction or \$217,965. The actual vacancy rate in FSD was 3.8%.

Reductions in HB 2 operating expenses, including consulting and professional services, travel, and property management were used to offset personal services expenditures.

The legislature provided \$896,097 in equipment and intangible assets including \$800,000 in a restricted, one-time-only, biennial appropriations of general fund to retrofit the crime lab in Yellowstone county. At FYE FSD

had not expended this appropriation. According to DOJ, the project required working with the Architecture and Engineering Division at the Department of Administration to go out for a request for proposal (RFP). The RFP was awarded the third week of August 2018 with work to be completed by December 2018. DOJ anticipates the appropriation will be fully expended by December 2018.

Motor Vehicle Division

The Motor Vehicle Division (MVD) expended 115.7% of its personal services HB 2 appropriations or \$1.1 million above HB 2 appropriations, 73.2% of operating expenses or \$4.2 million less than appropriated in HB 2, 51.9% of equipment and intangible assets, 34.6% of local assistance, and 2.4% of debt service. The legislature imposed a 6.0% vacancy savings reduction or \$507,864. The actual vacancy rate in MVD was 0.0%.

To offset higher than budgeted personal service costs MVD spent less in operating expenses including professional and consulting services, and postage and mailing. It should be noted that MVD also received \$0.5 million in a biennial, one-time-only general fund appropriations for county information technology efficiency. At FYE MVD had expended \$0.1 million or 19.2% of the funding. According to DOJ, MVD is working with county governments to complete the project and anticipates completion in FY 2019.

Debt service appropriations in MVD were \$0.5 million with expenditures of \$12,000 in FY 2018. Debt service appropriations were used for loans with the Board of Investment for the Motor Vehicle Division automation project (MERLIN). As the loans were repaid at the beginning of FY 2018, the majority of the debt service appropriation was not required in FY 2018.

Central Services Division

The Central Services Division (CSD) expended 107.2% of its personal services HB 2 appropriations, and 68.5% of operating expenses. The legislature imposed a 6.0% vacancy savings reduction or \$89,718. The actual vacancy rate in CSD was 1.8%.

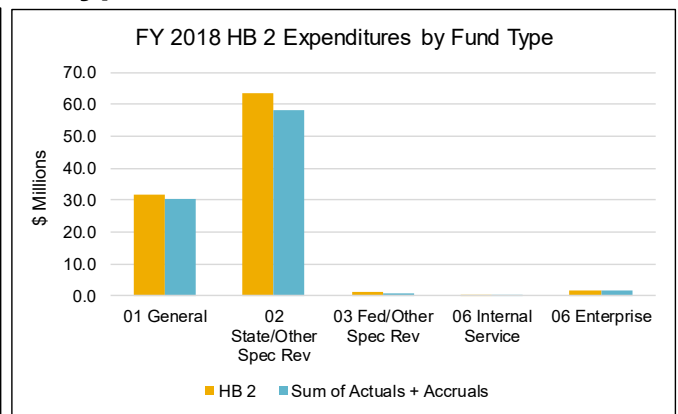
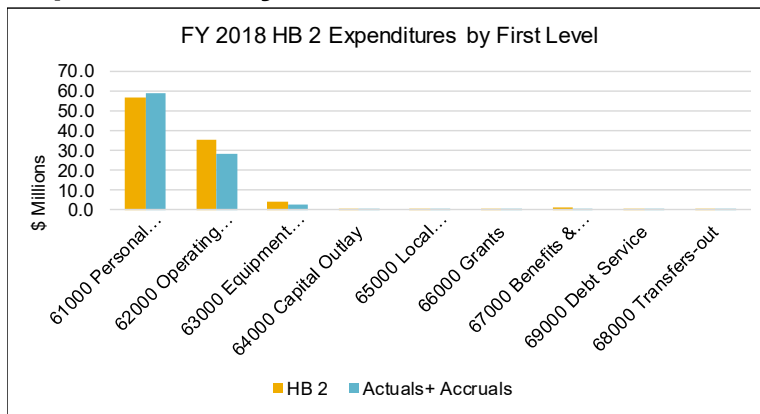
Operating expenses, including consulting and professional services and education and training costs, were reduced compared to the 2017 biennium to offset the personal services expenditures that were above the HB 2 budget.

Public Safety Officers Standards and Training Council (POST)

The POST Council expended 107.9% of its personal services HB 2 appropriations, and 87.6% of operating expenses. The legislature imposed a 6.0% vacancy savings reduction or \$15,429. The actual vacancy rate in POST was 0.0%.

To offset personal services expenditure POST reduced expenditures for temporary services and software when compared to the 2017 biennium.

Expenditure By First Level Account and Fund Type



| First Level | FYE Modified HB 2 | Expended | Percent Expended |
|-------------------------------------|---------------------|---------------------|------------------|
| 61000 Personal Services | 56,723,563 | 59,046,957 | 104.1% |
| 62000 Operating Expenses | 35,339,212 | 28,369,574 | 80.3% |
| 63000 Equipment & Intangible Assets | 4,014,300 | 2,915,238 | 72.6% |
| 64000 Capital Outlay | 30,059 | 29,384 | 97.8% |
| 65000 Local Assistance | 25,000 | 8,657 | 34.6% |
| 66000 Grants | 102,200 | 122,200 | 119.6% |
| 67000 Benefits & Claims | 1,121,191 | 655,292 | 58.4% |
| 68000 Transfers-out | 11,295 | 11,295 | 100.0% |
| 69000 Debt Service | 781,497 | 73,449 | 9.4% |
| Grand Total | \$98,148,317 | \$91,232,045 | 93.0% |

| Fund Type | FYE Modified HB 2 | Expended | Percent Expended |
|-------------------------|---------------------|---------------------|------------------|
| 01 General | 31,530,081 | 30,486,723 | 96.7% |
| 02 State/Other Spec Rev | 63,429,748 | 58,298,569 | 91.9% |
| 03 Fed/Other Spec Rev | 1,334,835 | 818,031 | 61.3% |
| 06 Enterprise | 1,846,017 | 1,621,087 | 87.8% |
| 06 Internal Service | 7,636 | 7,636 | 100.0% |
| Grand Total | \$98,148,317 | \$91,232,045 | 93.0% |

The above charts show HB 2 modified budget compared to expenditures by first level and fund type.

Within several division DOJ expended above their appropriations for personal services for two main reasons:

1. As part of its cost reduction strategy the 2017 Legislature implemented a 6.0% vacancy savings reduction for most programs within DOJ for the 2019 biennium. In several divisions DOJ's actual vacancies were below 6.0%, thus DOJ could not achieve the required vacancy savings
2. SB 294 required state agencies to provide a 1% salary increase to state employees for the first pay period including February 15th. SB 261 eliminated general fund appropriations for the pay increase but did not eliminate the requirement that state agencies provide the pay raise. DOJ pay plan appropriation was reduced by \$139,405 as a result

DOJ offset the higher than budgeted personal services expenditures for the most part through reductions in operating expenses.

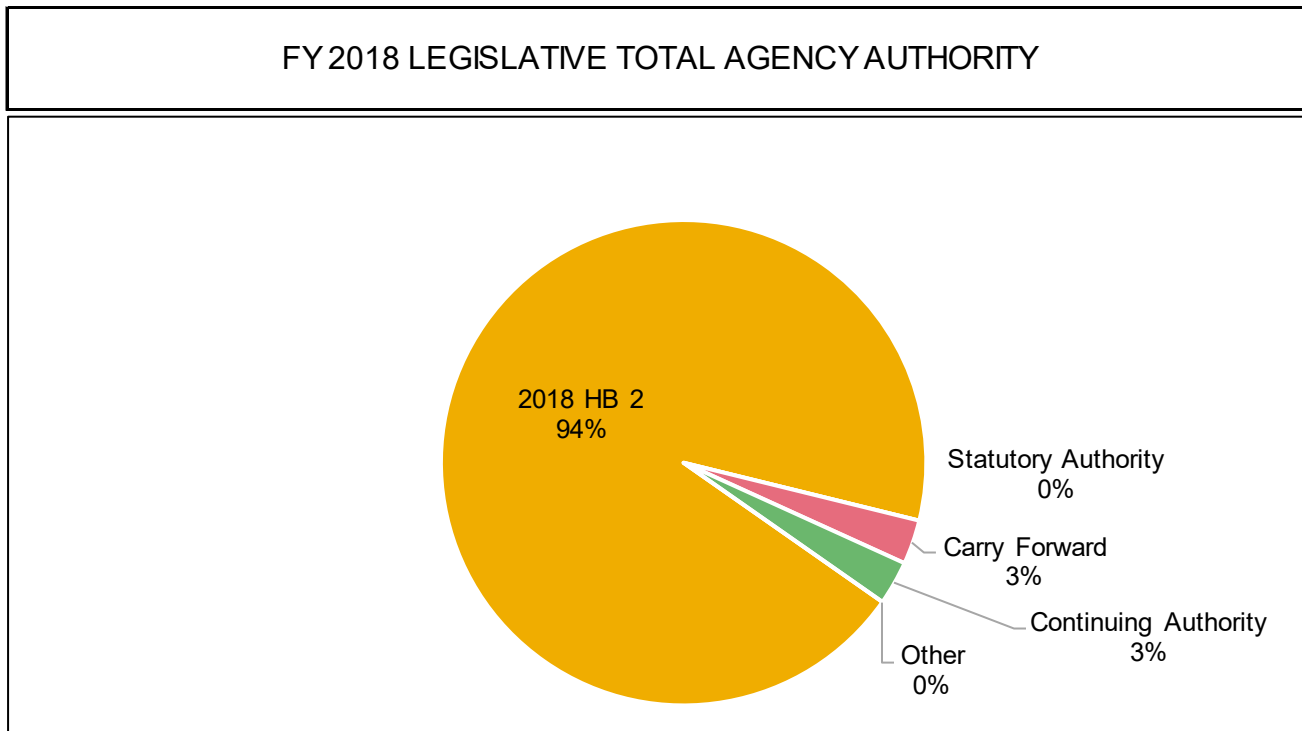
Federal special revenues were expended at 61.3% of budgeted appropriations mainly because federal crime victim assistance was provided at lower levels than estimated in the budget.

PUBLIC SERVICE COMMISSION

BUDGET AND EXPENDITURE HIGHLIGHTS

The HB 2 budget of \$4.0 million for the Public Service Commission was 99.3% expended through the end of FY 2018. Personal services were slightly below anticipated expenditures, primarily due to an actual vacancy rate of 1.8% compared to the legislative assessment of vacancy savings of 4.0%. Operating expenses were above anticipated levels, due to increased costs for state information technology services.

TOTAL APPROPRIATION AUTHORITY OVERVIEW



| FY 2018 Total Agency Authority | |
|---------------------------------|------------------|
| Authority | FYE Budget |
| 2018 HB 2 | 3,983,726 |
| Language Authority | 0 |
| Statutory Authority | 0 |
| Carry Forward | 125,359 |
| Continuing Authority | 123,811 |
| Budget Amendments | 0 |
| Other | 0 |
| Long Range Planning | 0 |
| Total Budgeted Authority | 4,232,896 |
| Non-Budgeted Proprietary | \$ - |

| FY 2018 Total Agency Authority Expended | |
|---|--------------|
| Total Expended | 4,206,486 |
| Total Budgeted Authority | 4,232,896 |
| % Expended | 99.4% |

This chart shows current FYE authority compared to special session budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.

Carry forward

Carry forward authority includes \$125,359 established in FY 2018 and \$123,811 in continuing authority established in FY 2017. Total carry forward authority included \$248,160 in state special revenue and \$1,010 in

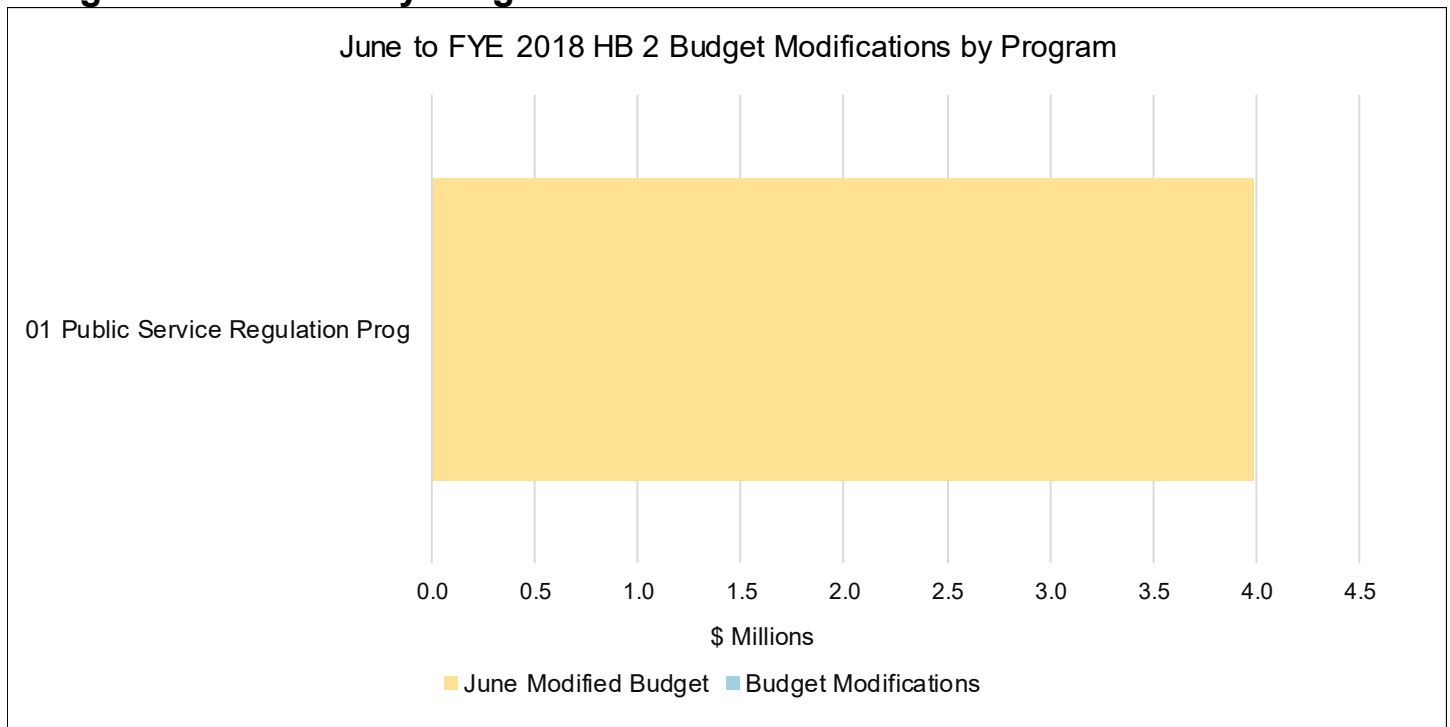
federal special revenue. PSC expended all of its carry forward authority in FY 2018 for operating expenses, offsetting reductions included during the November 2017 Special Session. State special revenue was used for:

- \$32,000 in other services
- \$18,000 in supplies and materials
- \$14,000 in communications
- \$58,000 in travel
- \$80,000 in rent
- \$1,000 in repair and maintenance
- \$45,000 in other expenses

PSC also mainly spent federal special revenue authority for travel.

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program

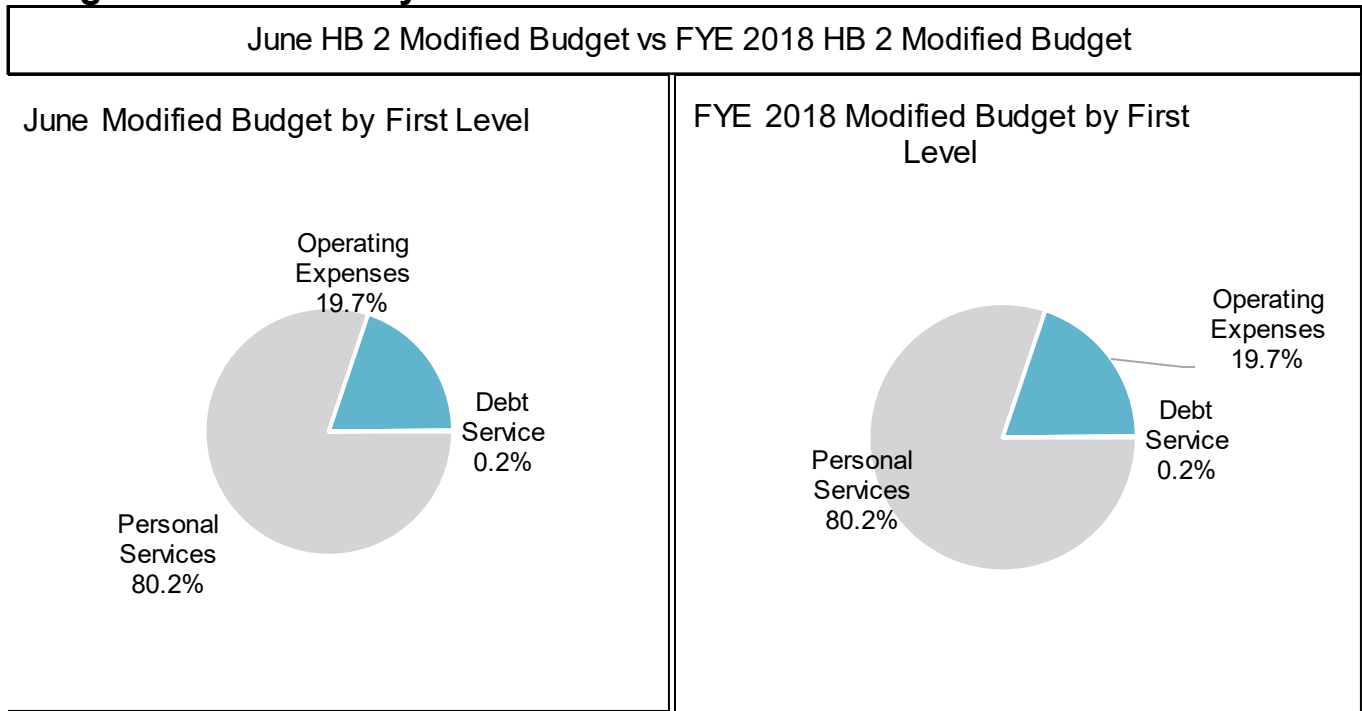


| Program | June. Modified Budget | Modifications | | | FYE Modified Budget | Variance to June |
|-----------------------------------|-----------------------|---------------|-----------|-------|---------------------|------------------|
| | | Increases | Decreases | Total | | |
| 01 Public Service Regulation Prog | 3,983,726 | - | - | - | 3,983,726 | 0.0% |
| Grand Total | \$3,983,726 | \$0 | \$0 | \$0 | \$3,983,726 | 0.0% |

This chart shows budget modifications by program from June through FYE.

PSC did not modify its budget between June and the fiscal year end.

Budget Modification by First Level



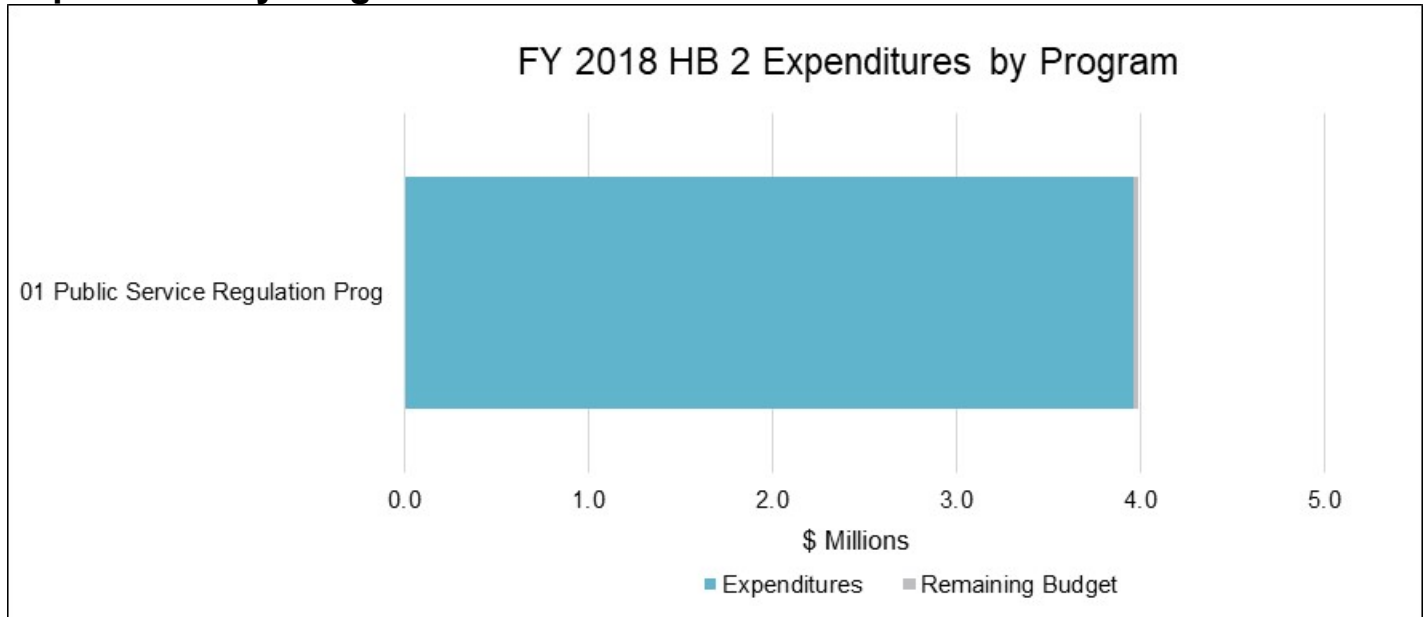
| June to FYE 2018 HB 2 Budget Modification by First Level | | | | | | | |
|--|----------------------|---------------|------------|------------|--------------------|------------------|--|
| First Level | June Modified Budget | Modifications | | | Modified Budget | Variance to June | |
| | | Increases | Decreases | Total | | | |
| 61000 Personal Services | \$3,193,839 | - | \$0 | - | 3,193,839 | 0.0% | |
| 62000 Operating Expenses | \$783,807 | - | \$0 | - | 783,807 | 0.0% | |
| 69000 Debt Service | \$6,080 | - | \$0 | - | 6,080 | 0.0% | |
| Grand Total | \$3,983,726 | \$0 | \$0 | \$0 | \$3,983,726 | 0.0% | |

The above charts show June HB 2 modified budget by first level compared to FYE modified budget by first level.

As shown in the above table, PSC did not modify its budget between the beginning of June and the fiscal year end period.

AGENCY HB 2 EXPENDITURES

Expenditure by Program



| Program | FYE Modified Budget | Expenditures | Remaining Budget | Percent Expended |
|-----------------------------------|---------------------|--------------|------------------|------------------|
| 01 Public Service Regulation Prog | 3,983,726 | 3,957,316 | 26,410 | 99.3% |
| Grand Total | \$3,983,726 | 3,957,316 | \$26,410 | 99.3% |

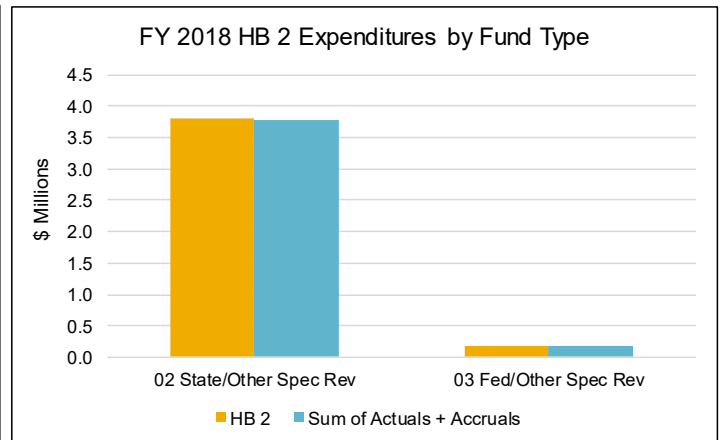
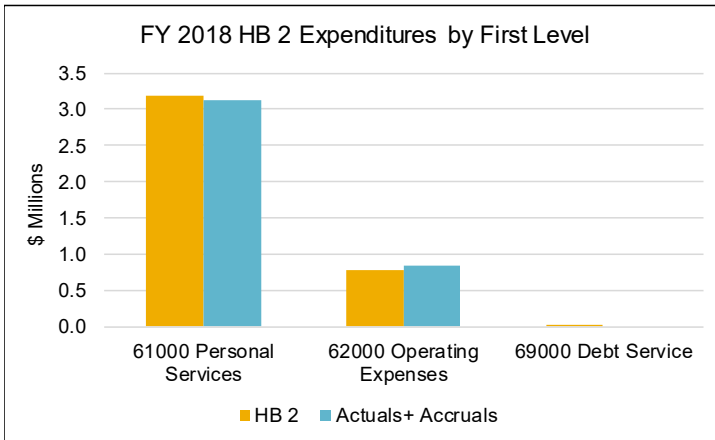
This chart shows current FY 2018 expenditures by program and remaining authority for HB 2 budget.

Public Service Regulation Program

Total expenditures for the PSC were \$4.0 million, or 99.3% of the budget. Personal services were below the HB 2 budget by \$79,000 or 2.5%, mainly due to a difference between the legislatively established vacancy savings of 4.0% and an actual vacancy rate of 1.8%.

Operating expenses were above HB 2 appropriations by \$58,640 or 7.5% due to increased costs for state information technology services related application development.

Expenditure By First Level Account and Fund Type



| FY 2018 HB 2 Expended by First Level | | | |
|--------------------------------------|--------------------|--------------------|------------------|
| First Level | FYE Modified HB 2 | Expended | Percent Expended |
| 61000 Personal Services | 3,193,839 | 3,114,869 | 97.5% |
| 62000 Operating Expenses | 783,807 | 842,447 | 107.5% |
| 69000 Debt Service | 6,080 | - | 0.0% |
| Grand Total | \$3,983,726 | \$3,957,316 | 99.3% |

| FY 2018 HB 2 Expended by Fund Type | | | |
|------------------------------------|--------------------|--------------------|------------------|
| Fund Type | FYE Modified HB 2 | Expended | Percent Expended |
| 02 State/Other Spec Rev | 3,810,522 | 3,784,112 | 99.3% |
| 03 Fed/Other Spec Rev | 173,204 | 173,204 | 100.0% |
| Grand Total | \$3,983,726 | \$3,957,316 | 99.3% |

The above charts show HB 2 modified budget compared to expenditures by first level and fund type.

As part of the adoption of the budget during the 2017 Legislative Session, the legislature reduced personal service appropriations for FY 2018 by 4% and eliminated \$277,480 in state special revenue appropriations for 4.0 FTE. In addition, during the November 2017 Special Session the legislature reduced appropriations for operating expenses by \$277,000. As a result of the reduced spending authority, the PSC expended the majority of its appropriation authority. In part, PSC kept expenditures within the reduced funding levels by utilizing carry forward authority for a portion of the operating expenses.

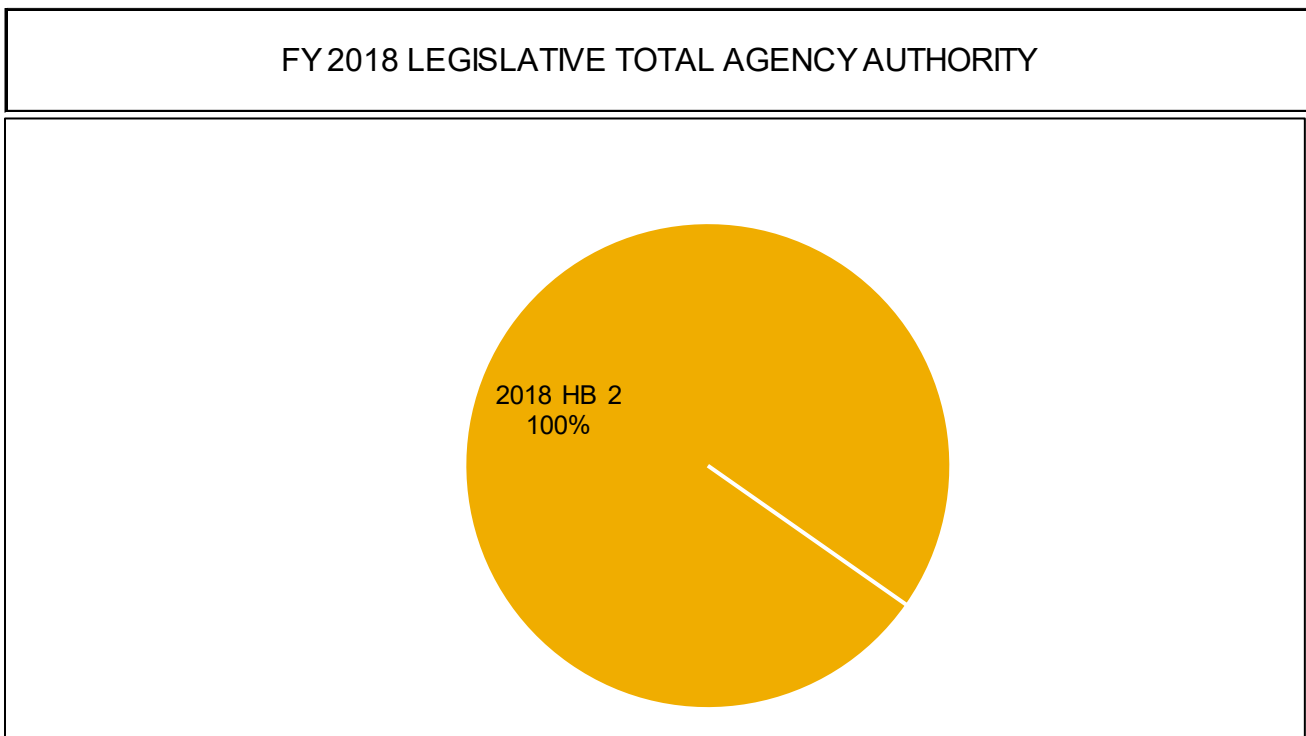
OFFICE OF THE PUBLIC DEFENDER (OPD)

BUDGET AND EXPENDITURE HIGHLIGHTS

The Office of the Public Defender expended 4.9% less in FY 2018 than it did in FY 2017. The majority of the lower costs were in operating expenses. OPD transferred \$3.0 million from FY 2019 to FY 2018 to address shortfalls in operating expenses due to:

- Growth in dependent and neglect cases that outpaced budget authority by \$0.8 million. OPD projects dependent and neglect caseload growth to continue
- Unexpected leave payouts for staff exceeding budgeted authority by \$0.6 million
- OPD expending \$1.0 million in two death penalty cases
- Expenses related to court orders requiring a further \$0.5 million

TOTAL APPROPRIATION AUTHORITY OVERVIEW



| FY 2018 Total Agency Authority | |
|---------------------------------|-------------------|
| Authority | FYE Budget |
| 2018 HB 2 | 35,238,734 |
| Language Authority | 0 |
| Statutory Authority | 0 |
| Carry Forward | 0 |
| Continuing Authority | 0 |
| Budget Amendments | 0 |
| Other | 0 |
| Long Range Planning | 0 |
| Total Budgeted Authority | 35,238,734 |
| Non-Budgeted Proprietary | \$ - |

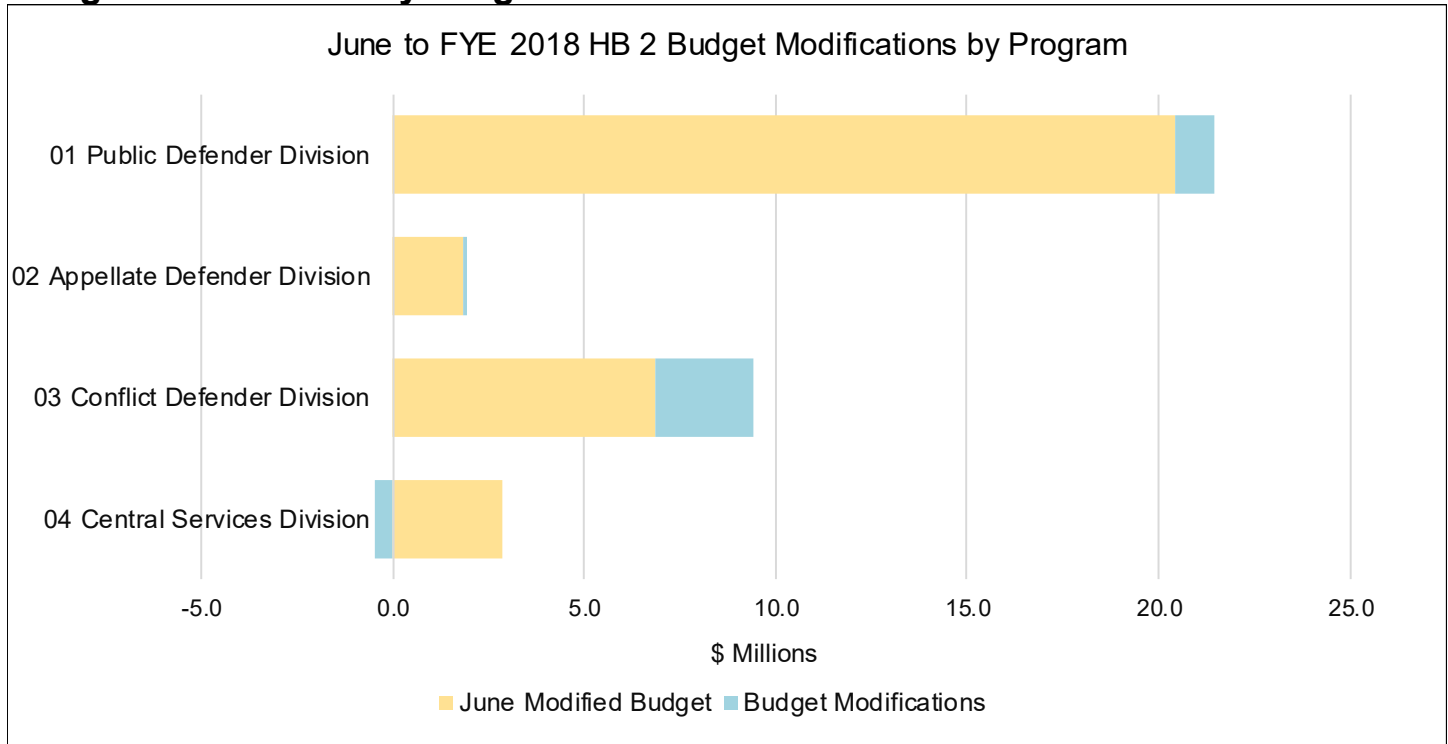
| FY 2018 Total Agency Authority Expended | |
|---|--------------|
| Total Expended | 35,170,788 |
| Total Budgeted Authority | 35,238,734 |
| % Expended | 99.8% |

This chart shows current FYE authority compared to special session budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.

As reflected in the preceding chart, the Office of the Public Defender does not have additional appropriation authority beyond HB 2.

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program



| Program | June. Modified Budget | Modifications | | | FYE Modified Budget | Variance to June |
|--------------------------------|-----------------------|---------------|---------------|-------------|---------------------|------------------|
| | | Increases | Decreases | Total | | |
| 01 Public Defender Division | 20,435,147 | 1,447,280 | (450,066) | 997,214 | 21,432,361 | 4.9% |
| 02 Appellate Defender Division | 1,866,957 | 176,382 | (85,839) | 90,543 | 1,957,500 | 4.8% |
| 03 Conflict Defender Division | 6,842,190 | 3,069,547 | (501,563) | 2,567,984 | 9,410,174 | 37.5% |
| 04 Central Services Division | 2,889,440 | - | (450,741) | (450,741) | 2,438,699 | -15.6% |
| Grand Total | \$32,033,734 | \$4,693,210 | (\$1,488,210) | \$3,205,000 | \$35,238,734 | 10.0% |

This chart shows budget modifications by program from June through FYE.

Fiscal Year Supplemental Transfer

The Office of the Public Defender transferred \$3.0 million in general fund appropriation authority from FY 2019 to FY 2018 including:

- \$1.0 million in the Public Defender Division in operating expenses
- \$2.0 million in operating expenses in the Conflict Defender Division

According to OPD, the need for the fiscal year supplemental transfer was due to:

- Growth in dependent and neglect cases that outpaced budget authority by \$0.8 million. OPD projects dependent and neglect caseload growth to continue
- Unexpected leave payouts for staff exceeding budgeted authority by \$0.6 million
- OPD expending \$1.0 million in two death penalty cases in FY 2018
- Expenses related to court orders requiring a further \$0.5 million for FY 2018

Personal Services Appropriation Transfers

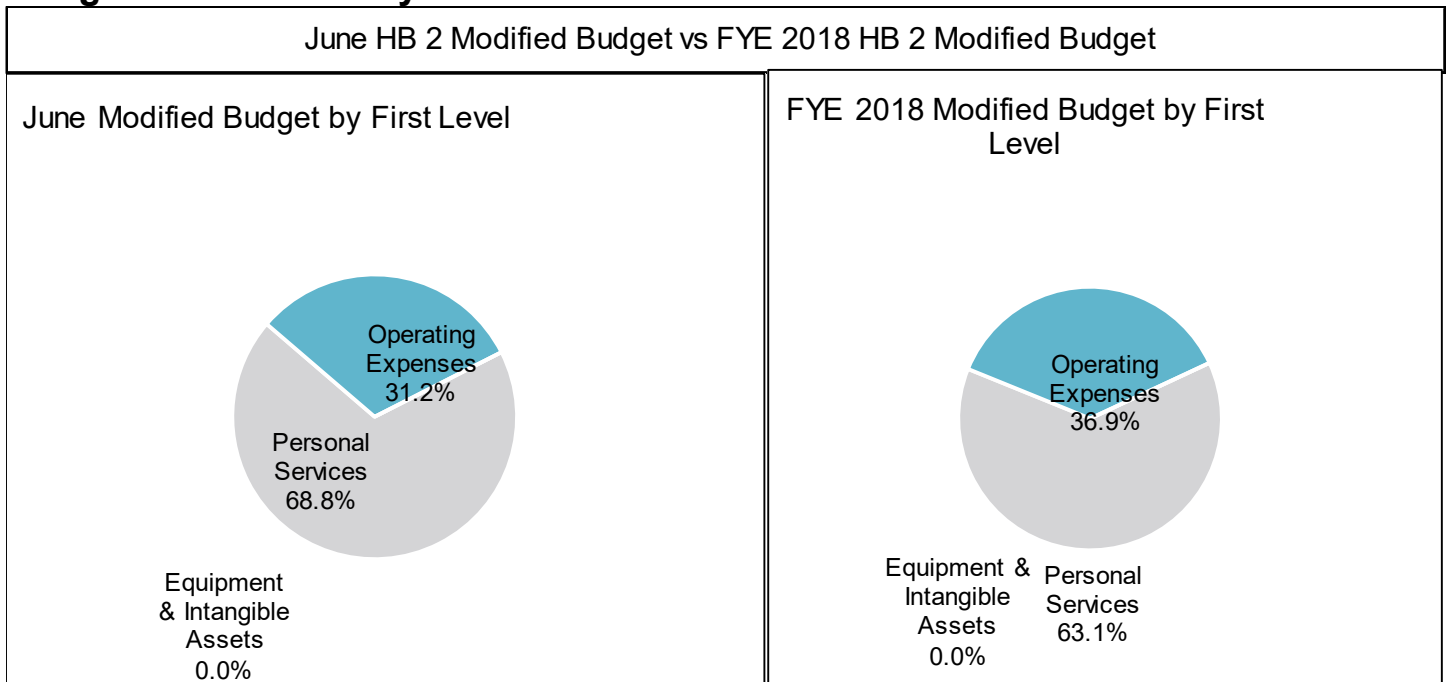
The Office of Budget and Program Planning transferred \$205,000 in general fund from the personal services contingency established in SB 95 to the Public Defender Division for termination payouts due to employees leaving state employment.

Program Transfers

Between the end of May and fiscal year end the Office of the Public Defender transferred HB 2 appropriation authority between divisions. The majority of the modifications were:

- \$146,665 in personal services and \$304,076 in operating expenses from the general fund was transferred out of the Central Services Division. Of this amount, operating expenses of \$91,750 were transferred to the Appellate Defender Division, \$206,747 was transferred to the Conflict Coordinator, and \$5,579 was transferred to the Public Defender Division
- \$205,000 in general fund personal services appropriation authority was transferred from the Public Defender Division to the Conflict Coordinator. The Conflict Coordinator recorded the additional authority as operating expenses

Budget Modification by First Level



| June to FYE 2018 HB 2 Budget Modification by First Level | | | | | | |
|--|----------------------|--------------------|----------------------|--------------------|---------------------|------------------|
| First Level | June Modified Budget | Modifications | | | Modified Budget | Variance to June |
| | | Increases | Decreases | Total | | |
| 61000 Personal Services | \$22,037,012 | 853,228 | (\$661,231) | 191,997 | 22,229,009 | 0.9% |
| 62000 Operating Expenses | \$9,996,722 | 3,839,982 | (\$826,979) | 3,013,003 | 13,009,725 | 30.1% |
| 63000 Equipment & Intangible Assets | \$0 | - | \$0 | - | - | 0.0% |
| Grand Total | \$32,033,734 | \$4,693,210 | (\$1,488,210) | \$3,205,000 | \$35,238,734 | 10.0% |

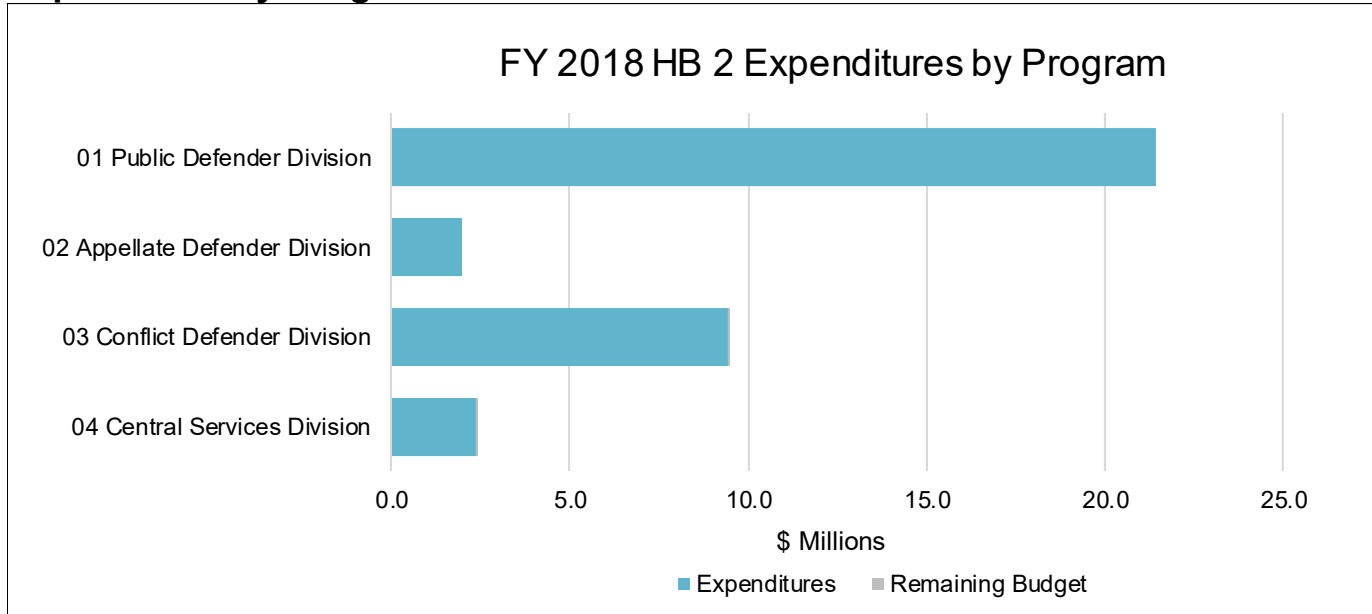
The above charts show June HB 2 modified budget by first level compared to FYE modified budget by first level.

Operating Plan Changes

The Public Defender Division moved \$223,726 in general fund from personal services to operating expenses, the Appellate Defender Division transferred \$85,839 in general fund from personal services to operating expenses, and the Conflict Defender Division transferred \$501,563 in general fund from operating expenses to personal services.

AGENCY HB 2 EXPENDITURES

Expenditure by Program



| Program | FYE Modified Budget | Expenditures | Remaining Budget | Percent Expended |
|--------------------------------|---------------------|-------------------|------------------|------------------|
| 01 Public Defender Division | 21,432,361 | 21,432,361 | - | 100.0% |
| 02 Appellate Defender Division | 1,957,500 | 1,957,500 | - | 100.0% |
| 03 Conflict Defender Division | 9,410,174 | 9,409,075 | 1,099 | 100.0% |
| 04 Central Services Division | 2,438,699 | 2,371,851 | 66,847 | 97.3% |
| Grand Total | \$35,238,734 | 35,170,788 | \$67,946 | 99.8% |

This chart shows current FY 2018 expenditures by program and remaining authority for HB 2 budget.

The Office of the Public Defender expended 99.8% of its HB 2 appropriation authority in FY 2018 including \$3.0 million in authority transferred from FY 2019 to FY 2018. The following table shows the Office of the Public Defender expenditures between FY 2014 and FY 2018, along with the % change in the expenditures between fiscal years.

| Office of the Public Defender Expenditures | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 |
| Personal Services | | | | | |
| Salaries | \$12,168,701 | \$12,921,250 | \$14,450,036 | \$15,795,521 | \$16,523,916 |
| Benefits | 4,151,110 | 4,606,916 | 5,082,862 | 5,837,264 | 5,672,129 |
| Total Personal Services | 16,319,811 | 17,528,166 | 19,532,898 | 21,632,785 | 22,196,045 |
| Operating Expenses | | | | | |
| Other Services | 10,996,581 | 12,063,884 | 13,108,449 | 12,599,773 | 10,247,972 |
| Supplies and Materials | 332,285 | 293,015 | 400,609 | 418,967 | 324,757 |
| Communications | 509,479 | 500,359 | 518,160 | 527,230 | 592,118 |
| Travel | 158,558 | 156,711 | 160,427 | 128,392 | 138,811 |
| Rent | 1,256,386 | 1,300,992 | 1,308,324 | 1,364,157 | 1,416,096 |
| Utilities | 991 | 935 | 931 | 952 | 1,012 |
| Repair & Maintenance | 123,028 | 117,571 | 194,850 | 523,290 | 135,328 |
| Other Expenses | 66,127 | 70,974 | 74,572 | 67,703 | 86,176 |
| Total Operating Expenses | 13,443,434 | 14,504,440 | 15,766,322 | 15,630,464 | 12,942,270 |
| Equipment & Intangible Assets | | | | | |
| Equipment | 6,500 | 0 | 28,095 | 0 | 0 |
| Total Equipment & Intangible Assets | 6,500 | 0 | 28,095 | 0 | 0 |
| Transfers Out | 0 | 0 | 0 | 0 | 317,493 |
| Total Expenditures | \$29,769,745 | \$32,032,606 | \$35,327,315 | \$37,263,249 | \$35,455,808 |
| % Change between Fiscal Years | | 7.6% | 10.3% | 5.5% | -4.9% |

As shown, in spite of requiring transfers of \$3.0 million from FY 2019 to FY 2018, the Office of the Public Defender spent 4.9% less or \$1.8 million than it did in FY 2017. Comparing other services under operating expenses shows the majority of the difference came from lower costs in this expenditure category. Hiring an additional 20.50 FTE as modified staff and reducing the hourly rate paid to contract attorneys generated savings in other services. The reductions were partially offset by higher personal services due to the additional 20.50 FTE.

Public Defender Division

The Public Defender Division (PDD) expended 99.7% of its HB 2 appropriation including 99.9% of personal services and 99.5% of operating expenses.

Appellate Defender Division

The Appellate Defender Division expended 100.0% of its HB 2 appropriation authority including 99.9% of personal services and 100.0% of operating expenses.

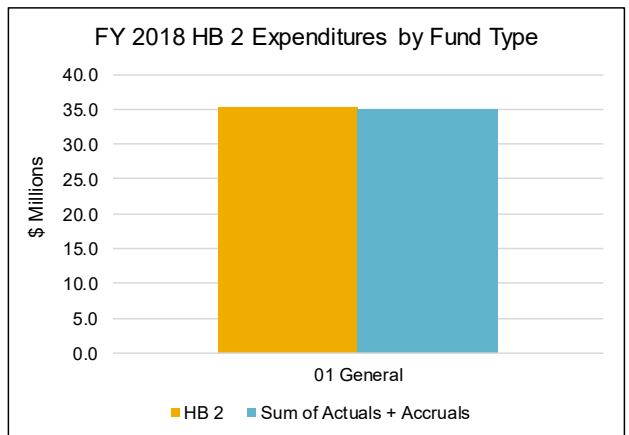
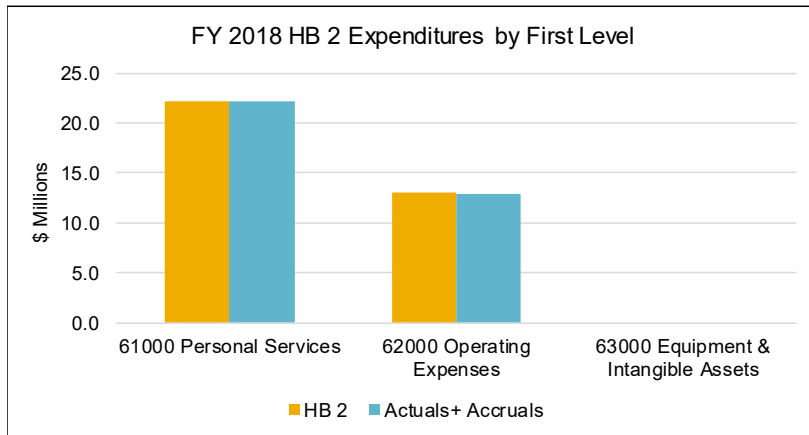
Conflict Defender Division

The Conflict Defender Division expended 100.0% of its HB 2 appropriation authority including 99.9% of personal services and 100.0% of operating expenses.

Central Services Division

The Central Services Division expended 97.3% of its HB 2 appropriation authority including 99.9% of personal services and 92.0% of operating expenses.

Expenditure By First Level Account and Fund Type



| First Level | FYE Modified | | Percent Expended |
|-------------------------------------|---------------------|---------------------|------------------|
| | HB 2 | Expended | |
| 61000 Personal Services | 22,229,009 | 22,229,009 | 100.0% |
| 62000 Operating Expenses | 13,009,725 | 12,941,778 | 99.5% |
| 63000 Equipment & Intangible Assets | - | - | 0.0% |
| Grand Total | \$35,238,734 | \$35,170,788 | 99.8% |

| Fund Type | FYE Modified | | Percent Expended |
|--------------------|---------------------|---------------------|------------------|
| | HB 2 | Expended | |
| 01 General | 35,238,734 | 35,170,788 | 99.8% |
| Grand Total | \$35,238,734 | \$35,170,788 | 99.8% |

The above charts show HB 2 modified budget compared to expenditures by first level and fund type.

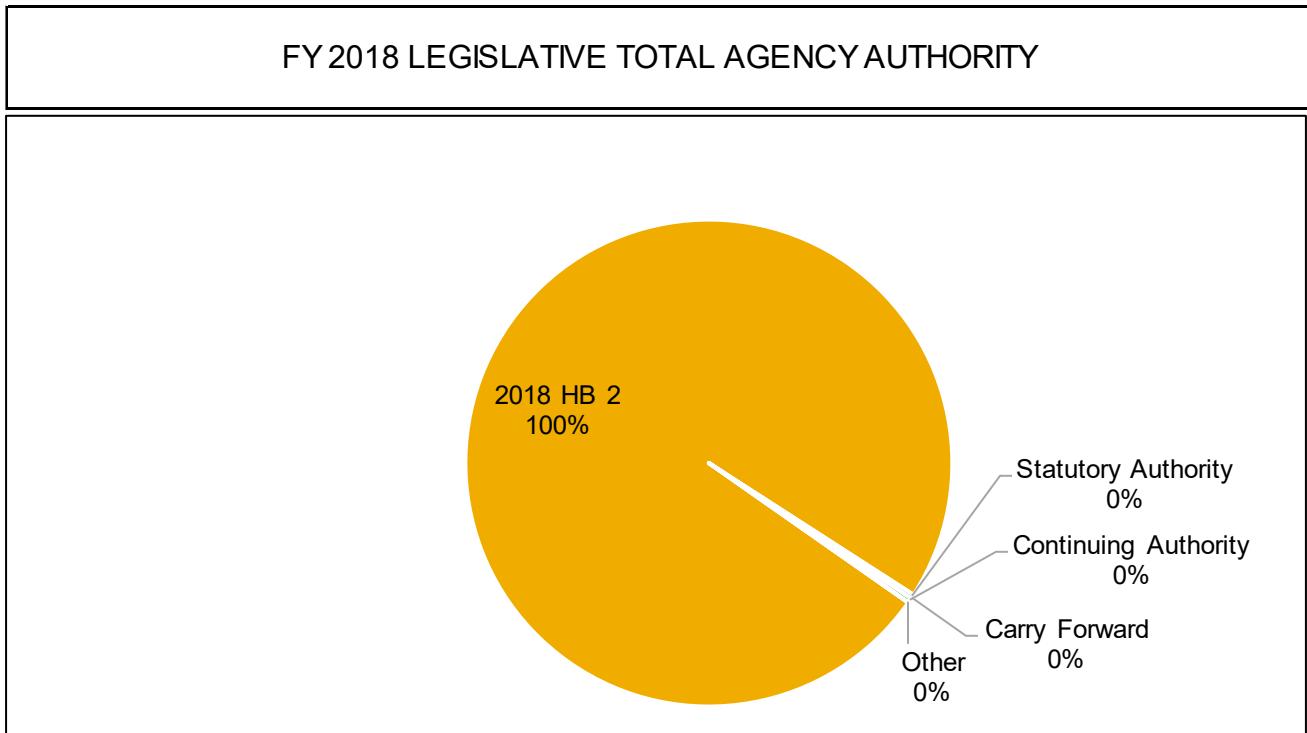
Operating expense authority and general fund in HB 2 were increased by \$3.0 million due to fiscal year transfers of authority between FY 2019 and FY 2018.

DEPARTMENT OF CORRECTIONS

BUDGET AND EXPENDITURE HIGHLIGHTS

The HB 2 budget of \$221.7 million for the Department of Corrections was 95.5% expended in FY 2018. Personal services were slightly higher (0.2%) than anticipated in the budget. This was primarily due to large termination payouts and positions obtaining career ladders in the Probation and Parole Division and Secure Custody Facilities Program totaling nearly \$670,000. Grants, benefits & claims, and transfers expenses were well below anticipated levels due, in part, to the funds obtained from the Board of Crime Control according to SB 95 and HB 650. Timing with federal grants has also affected the lower expenditures in these accounts.

TOTAL APPROPRIATION AUTHORITY OVERVIEW



| FY 2018 Total Agency Authority | |
|---------------------------------|--------------------|
| Authority | FYE Budget |
| 2018 HB 2 | 221,654,466 |
| Language Authority | 0 |
| Statutory Authority | 645,949 |
| Carry Forward | 0 |
| Continuing Authority | 704,308 |
| Budget Amendments | 6,451,705 |
| Other | 28,000 |
| Long Range Planning | 0 |
| Total Budgeted Authority | 229,484,428 |
| Non-Budgeted Proprietary | \$ 16,931,719 |

| FY 2018 Total Agency Authority Expended | |
|---|--------------|
| Total Expended | 214,636,974 |
| Total Budgeted Authority | 229,484,428 |
| % Expended | 93.5% |

This chart shows current FYE authority compared to special session budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.

Total appropriation authority for the Department of Corrections, excluding non-budgeted proprietary funds, was \$229.5 million as shown in the chart on the previous page.

Statutory Appropriations

For FY 2018, there was nearly \$650,000 in statutory appropriations supporting secure facilities. This funding includes supporting inmate welfare in the secure custody facilities program.

Budget Amendments

There was additional budget amendment authority since June 1, 2018, totaling \$1.4 million. The Administrative Support Services Program received authority from the Board of Crime Control through SB 95, and moved, through a budget amendment, \$66,000 of authority into personal services and \$448,000 into operating expenses. This program also saw a nearly \$918,000 increase in federal authority to be used for DNA kits in the Sexual Assault Kit Initiative Project.

Non-Budgeted Proprietary

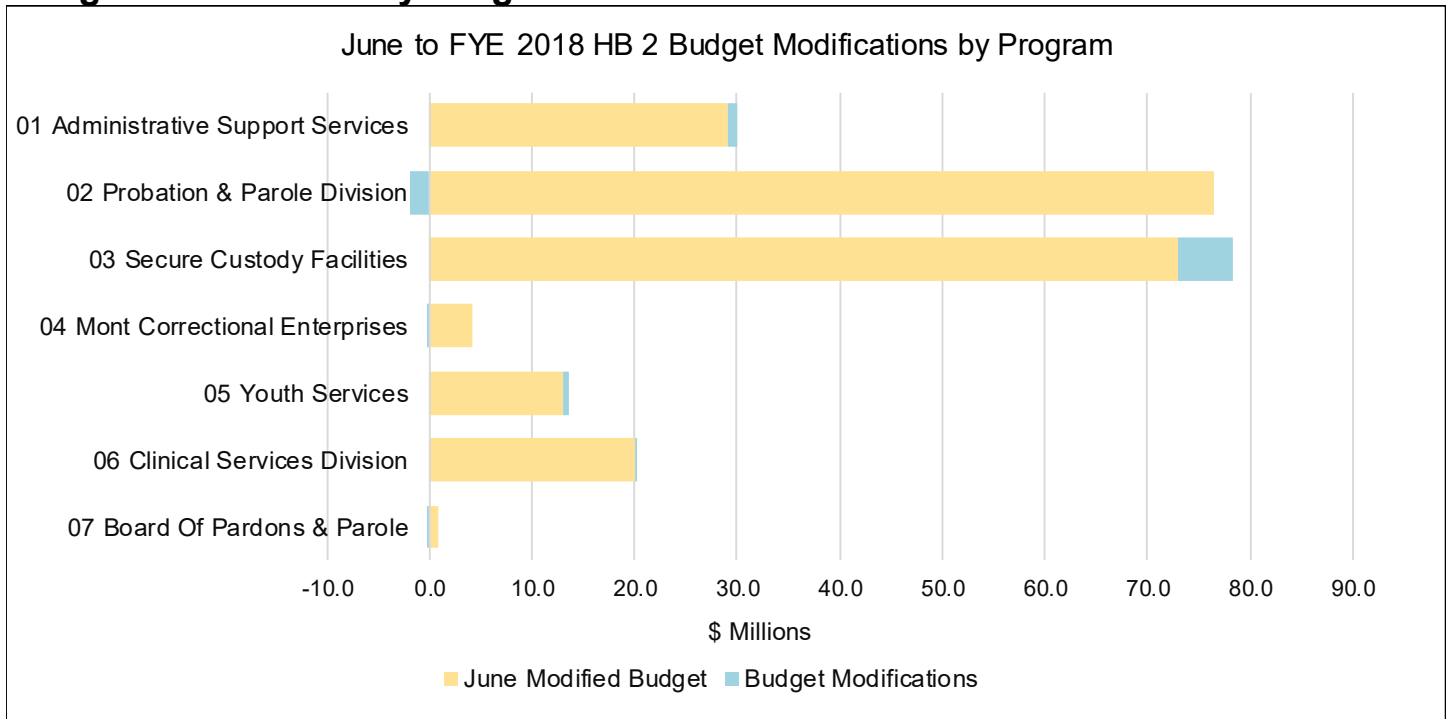
The Department of Corrections had \$16.9 million in non-budgeted proprietary funding. Enterprise programs at the Montana State Prison (Deer Lodge) and Women’s State Prison (Billings) such as license plate manufacturing, motor vehicle shop, wood shop, state ranch, canteen, tailor shop, and canine training were primarily supported by this funding.

Other

The Secure Custody Facilities Program has nearly \$550,000 worth of appropriation authority that was used to fund perimeter fencing at the Montana State Prison (MSP).

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program



| Program | June. Modified Budget | Modifications | | | FYE Modified Budget | Variance to June |
|------------------------------------|-----------------------|--------------------|----------------------|--------------------|----------------------|------------------|
| | | Increases | Decreases | Total | | |
| 01 Administrative Support Services | 29,119,478 | 955,909 | (154,909) | 801,000 | 29,920,478 | 2.8% |
| 02 Probation & Parole Division | 76,523,944 | - | (1,874,000) | (1,874,000) | 74,649,944 | -2.4% |
| 03 Secure Custody Facilities | 72,919,455 | 5,567,673 | (250,000) | 5,317,673 | 78,237,128 | 7.3% |
| 04 Mont Correctional Enterprises | 4,167,819 | 9,291 | (146,291) | (137,000) | 4,030,819 | -3.3% |
| 05 Youth Services | 13,037,272 | 659,570 | (43,570) | 616,000 | 13,653,272 | 4.7% |
| 06 Clinical Services Division | 20,036,407 | 252,000 | - | 252,000 | 20,288,407 | 1.3% |
| 07 Board Of Pardons & Parole | 954,418 | - | (80,000) | (80,000) | 874,418 | -8.4% |
| Grand Total | \$216,758,793 | \$7,444,443 | (\$2,548,770) | \$4,895,673 | \$221,654,466 | 2.3% |

This chart shows budget modifications by program from June through FYE.

Program Transfers

The Department of Corrections moved \$2.3 million general fund through the use of program transfers to cover FY 2018 year end deficits and to balance expenditures. The table below provides detail on how these funds were moved.

| | PT 486 | PT 488 | PT 490 | PT 491 | PT 492 | PT 493 | Totals |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| 01 Administrative Support Services | | | | | | | |
| 61000 Personal Services | 315,000 | | 190,000 | 196,000 | 5,000 | (100,000) | 606,000 |
| 62000 Operating Expenses | | | 245,000 | | 15,000 | | 260,000 |
| | | | | | | | - |
| 02 Probation & Parole Division | | | | | | | - |
| 61000 Personal Services | | | | | | | - |
| 62000 Operating Expenses | | | (670,000) | (413,000) | (737,000) | (54,000) | (1,874,000) |
| | | | | | | | - |
| 03 Secure Custody Facilities | | | | | | | - |
| 61000 Personal Services | (315,000) | | | | | | (315,000) |
| 62000 Operating Expenses | | | | | 472,000 | 200,000 | 672,000 |
| | | | | | | | - |
| 04 MT Correctional Enterprises | | | | | | | - |
| 61000 Personal Services | | | | 217,000 | (102,000) | (46,000) | 69,000 |
| 62000 Operating Expenses | | | 235,000 | | (35,000) | | 200,000 |
| | | | | | | | - |
| 05 Youth Services | | | | | | | - |
| 61000 Personal Services | | | | | (20,000) | | (20,000) |
| 62000 Operating Expenses | | 230,000 | | | | | 230,000 |
| | | | | | | | - |
| 06 Clinical Services Division | | | | | | | - |
| 61000 Personal Services | | | | | | | - |
| 62000 Operating Expenses | | (230,000) | | | 482,000 | | 252,000 |
| | | | | | | | - |
| 07 Board of Pardons & Parole | | | | | | | - |
| 61000 Personal Services | | | | | (66,000) | | (66,000) |
| 62000 Operating Expenses | | | | | (14,000) | | (14,000) |

Fiscal Year Supplemental Transfers

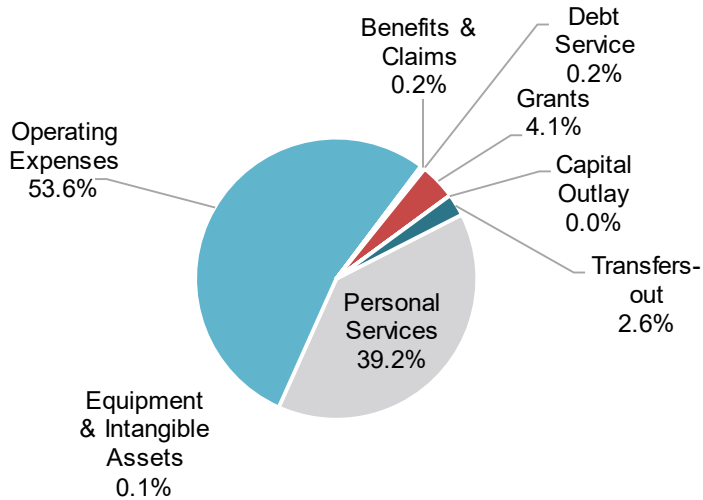
The Secure Custody Facilities program transferred \$4.9 million general fund from FY 2019 budget authority to FY 2018 to help fund shortfalls. Main reasons driving the need for a fiscal transfer are as follows:

- Larger prison population counts have contributed to an increase of nearly \$1.9 million in expenses including laundry, food, medical, operations contracts and utilities
- While county jail holds were below the 250 count by December 31, 2017 as required by HB 2, county jail holds for the first half of FY 2018 exceeded the budgeted level by \$1.1 million
- There were unanticipated infrastructure costs of \$0.8 million
- Payroll costs for the Montana State Prison including the MSP treatment center exceeded personal services budget by nearly \$0.5 million

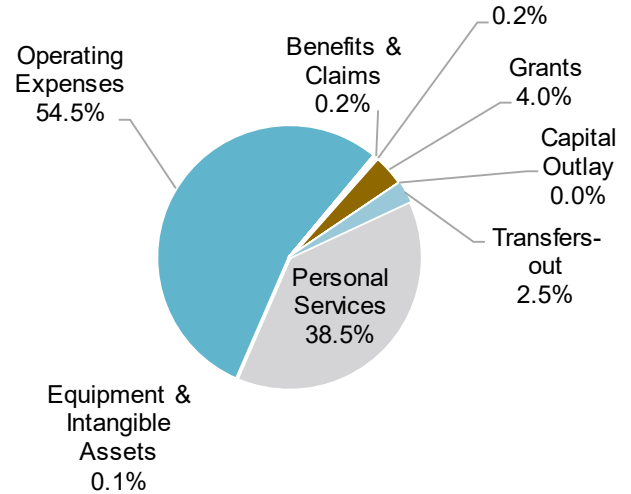
Budget Modification by First Level

June HB 2 Modified Budget vs FYE 2018 HB 2 Modified Budget

June Modified Budget by First Level



FYE 2018 Modified Budget by First Level



June to FYE 2018 HB 2 Budget Modification by First Level

| First Level | June Modified Budget | Modifications | | | Modified Budget | Variance to June |
|-------------------------------------|----------------------|--------------------|----------------------|--------------------|----------------------|------------------|
| | | Increases | Decreases | Total | | |
| 61000 Personal Services | \$84,941,859 | 723,500 | (\$418,000) | 305,500 | 85,247,359 | 0.4% |
| 62000 Operating Expenses | \$116,135,783 | 6,669,652 | (\$1,936,291) | 4,733,361 | 120,869,144 | 4.1% |
| 63000 Equipment & Intangible Assets | \$166,761 | 9,291 | (\$57,479) | (48,188) | 118,573 | -28.9% |
| 64000 Capital Outlay | \$20,773 | - | \$0 | - | 20,773 | 0.0% |
| 66000 Grants | \$8,972,437 | - | (\$125,000) | (125,000) | 8,847,437 | -1.4% |
| 67000 Benefits & Claims | \$540,598 | - | \$0 | - | 540,598 | 0.0% |
| 69000 Debt Service | \$440,409 | - | \$0 | - | 440,409 | 0.0% |
| 68000 Transfers-out | \$5,540,173 | 42,000 | (\$12,000) | 30,000 | 5,570,173 | 0.5% |
| Grand Total | \$216,758,793 | \$7,444,443 | (\$2,548,770) | \$4,895,673 | \$221,654,466 | 2.3% |

The above charts show June HB 2 modified budget by first level compared to FYE modified budget by first level.

Operating Plan Changes

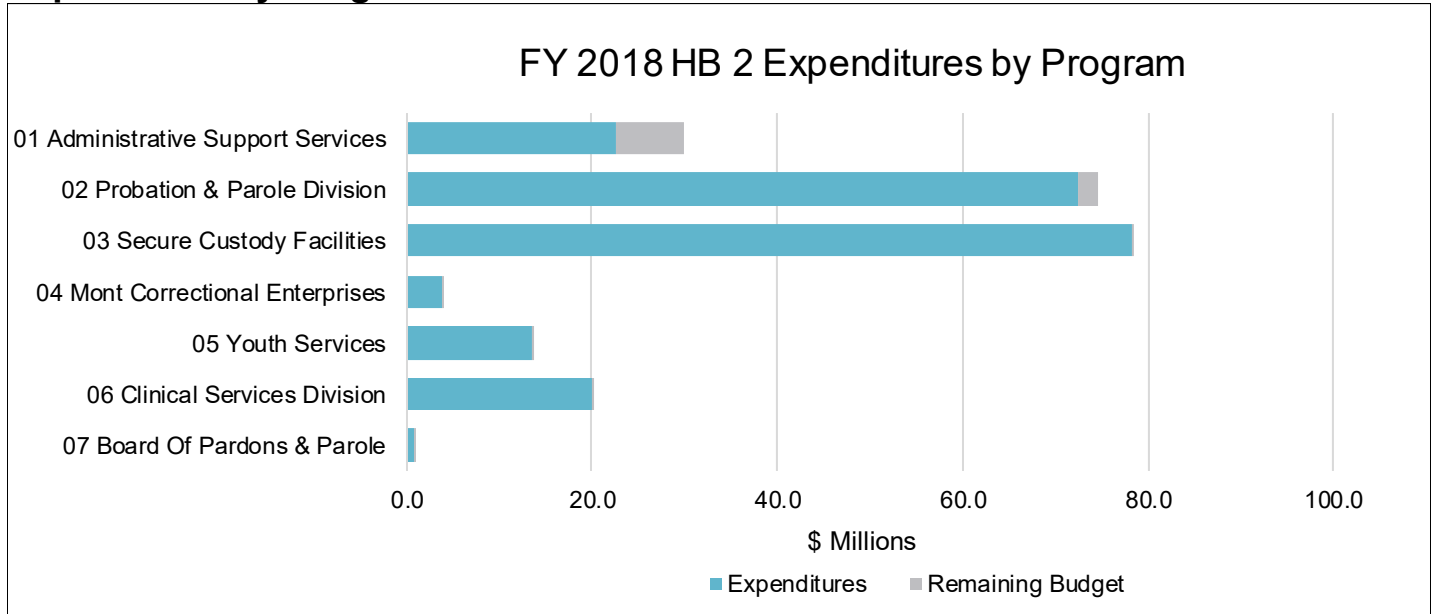
Montana Correctional Enterprises transferred \$9,291 general fund from operating expenses to equipment and intangible assets to cover the purchase of a new scanning tool.

Youth Services transferred \$43,570 general fund from equipment and intangible assets to operating expenses to help cover fiscal yearend shortfalls.

Administrative Support Services transferred \$46,000 in federal funds out of grants and operating expenses into both personal services and transfers to cover fiscal yearend shortfalls.

AGENCY HB 2 EXPENDITURES

Expenditure by Program



| Program | FYE Modified Budget | Expenditures | Remaining Budget | Percent Expended |
|------------------------------------|----------------------|--------------------|--------------------|------------------|
| 01 Administrative Support Services | 29,920,478 | 22,693,186 | 7,227,291 | 75.8% |
| 02 Probation & Parole Division | 74,649,944 | 72,396,543 | 2,253,401 | 97.0% |
| 03 Secure Custody Facilities | 78,237,128 | 78,225,174 | 11,954 | 100.0% |
| 04 Mont Correctional Enterprises | 4,030,819 | 3,848,173 | 182,646 | 95.5% |
| 05 Youth Services | 13,653,272 | 13,558,297 | 94,975 | 99.3% |
| 06 Clinical Services Division | 20,288,407 | 20,073,254 | 215,153 | 98.9% |
| 07 Board Of Pardons & Parole | 874,418 | 871,874 | 2,544 | 99.7% |
| Grand Total | \$221,654,466 | 211,666,501 | \$9,987,965 | 95.5% |

This chart shows current FY 2018 expenditures by program and remaining authority for HB 2 budget.

Administrative Support Services

Total expenditures for the Administrative Support Services Program were \$22.7 million or 75.8% of budgeted authority. Personal services were 98.8% expended. Program expenditures below budgeted levels are mainly attributed to the following:

- Operating expenses were 93.3% expended or \$465,500 below HB 2. While certain operating expenses such as network services and insurance increased, the lower expenditures are most likely caused by expenditures in computer hardware and settlement costs which are lower than in previous fiscal years
- Grants were 66.1% expended or \$3.0 million below budget due to the nearly \$9.7 million general fund grant authority that was moved into this program from the Board of Crime Control
- Transfers were 31.7% expended or \$3.7 million below budget because of the nearly \$2.7 million general fund transfer authority that was moved into this program from the Board of Crime Control

Probation and Parole Division

The Probation and Parole Division expended \$72.4 million general fund or 97.0% of the budget. Personal services were above HB 2 by \$681,300 or 4.1%. Operating expenses were 95.0% expended, and debt service was 100.0% expended. While personal service spending was lower when compared to FY 2017, the following outline the higher than anticipated personal service budget of FY 2018:

- Payouts for termination in the amount of nearly \$154,000
- \$136,000 in achieved career ladder positions

- 1% statutory salary increase of just over \$120,000

Secure Custody Facilities

The Secure Custody Facilities Program expended \$78.2 million general fund or 100.0% of HB 2 budgeted authority. Personal services were over expended by \$260,000 or 0.7% as compared to HB 2. Secure Custody Facilities saw an increase of over \$175,000 in career ladder salaries as compared to FY 2017 in addition to almost \$2.6 million in overtime pay, \$590,000 in termination payouts, and nearly \$256,000 associated with the statutory 1% pay increase.

Montana Correctional Enterprises

The Montana Correctional Enterprises Program expended \$3.8 million general fund or 95.5% of budgeted authority. Personal services were 98.7% expended while operating expenses were 94.9% expended through the end of FY 2018.

Youth Services

The Youth Services program has spent \$13.6 million general fund or 99.3% of the budget. While personal services were 97.0% expended through the end of FY 2018, operating expenses were above HB 2 by nearly \$480,000 or 20.7%. Primarily, this is because of an increase in board and room services used for youth residential placement. Benefits and claims were under expended by nearly \$250,000 or 46.2%.

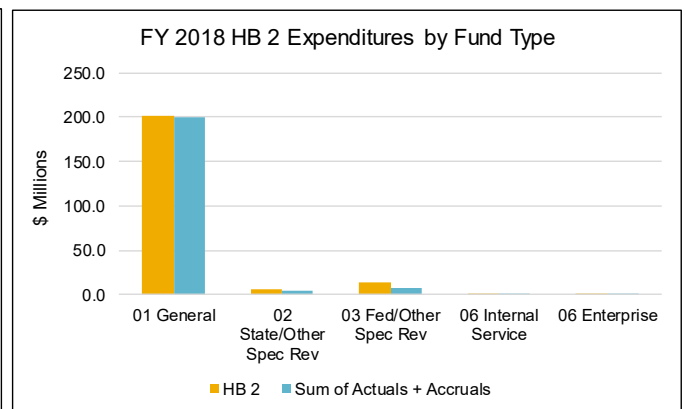
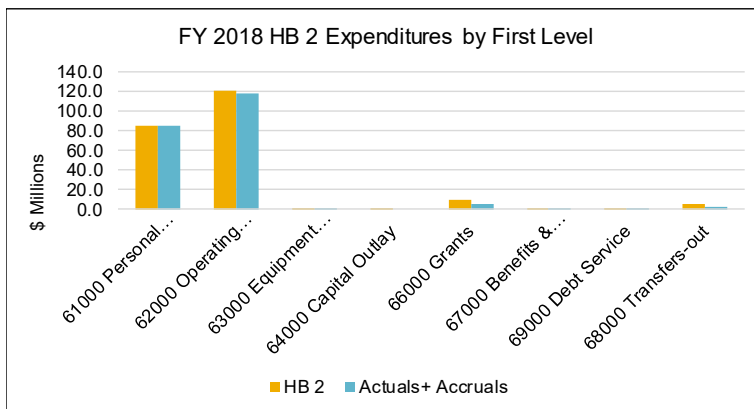
Clinical Services Division

Expenditures in the amount of \$20.1 million or 98.9% of budgeted authority was spent by the Clinical Services Division. Personal services were 96.5% expended, and operating expenses were 100.7% expended through the end of FY 2018. Operating expenses saw increases in medical services and drug costs compared to FY 2017.

Board of Pardons and Parole

The Board of Pardons and Parole has expended \$872,000 or 99.7% of HB 2 budget. Personal services were 99.8% expended, and operating expenses were 99.5% expended.

Expenditure By First Level Account and Fund Type



| First Level | FYE Modified HB 2 | Expended | Percent Expended |
|-------------------------------------|----------------------|----------------------|------------------|
| 61000 Personal Services | 85,247,359 | 85,449,854 | 100.2% |
| 62000 Operating Expenses | 120,869,144 | 117,662,887 | 97.3% |
| 63000 Equipment & Intangible Assets | 118,573 | 56,267 | 47.5% |
| 64000 Capital Outlay | 20,773 | - | 0.0% |
| 66000 Grants | 8,847,437 | 5,850,104 | 66.1% |
| 67000 Benefits & Claims | 540,598 | 291,075 | 53.8% |
| 68000 Transfers-out | 5,570,173 | 1,905,298 | 34.2% |
| 69000 Debt Service | 440,409 | 451,016 | 102.4% |
| Grand Total | \$221,654,466 | \$211,666,501 | 95.5% |

| Fund Type | FYE Modified HB 2 | Expended | Percent Expended |
|-------------------------|----------------------|----------------------|------------------|
| 01 General | 201,890,529 | 199,185,899 | 98.7% |
| 02 State/Other Spec Rev | 5,390,387 | 4,716,029 | 87.5% |
| 03 Fed/Other Spec Rev | 14,266,321 | 7,657,344 | 53.7% |
| 06 Enterprise Service | 79,977 | 79,977 | 100.0% |
| 06 Internal Service | 27,252 | 27,252 | 100.0% |
| Grand Total | \$221,654,466 | \$211,666,501 | 95.5% |

The above charts show HB 2 modified budget compared to expenditures by first level and fund type.

The department expended \$211.7 million or 95.5% of FY 2018 HB 2 budget including transferring \$4.9 million general fund from FY 2019 to FY 2018. Accounts where spending was significantly lower than expected are grants, benefits & claims, and transfers. The low spending in these accounts was primarily due to the movement of authority from the Board of Crime Control into the Department of Corrections as directed in SB 95. Additional details are outlined in the previous section.