

MINUTES OF THE MEETING
INSTITUTIONS AND CULTURAL EDUCATION SUBCOMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

January 22, 1987

The twelveth meeting of the Institutions and Cultural Education Subcommittee was called to order in room 202-A of the state capitol on January 22, 1987 at 8:05 a.m by Chairman Miller.

ROLL CALL: All members were present as were Keith Wolcott, Senior Analyst for the Legislative Fiscal Analyst (LFA); Alice Omang, secretary; George Harris of the Office of Budget and Program Planning (OBPP); Carroll South, Director of the Department of Institutions; and various other representatives.

BUDGET SITUATION: Chairman Miller read a letter from Representative Donaldson, Chairman of the Appropriations Committee. See exhibit 1.

Tape: 10-1-A:020 Chairman Miller continued that two other reductions they discussed was the closure of Galen and the possible sale of Eastmont.

(90) Mr. South distributed exhibit 2, which is information on the objectives, methods and impacts that would occur if the population of the prison was reduced. He clarified that essentially 556 inmates would have to be released during FY 88 to make this work and then during FY 89, an additional 200 inmates would be discharged early and 200 inmates would have to be discharged early each year thereafter, until such time as prison admissions decline and/or judicial sentencing practices reduce the average sentence length. He emphasized that once you embark on this journey, you cannot turn back.

Chairman Miller asked how many discharges there were in FY 86, to which Mr. South responded that there were 190 discharges and 5 deaths.

Senator Bengtson asked about the psychological impact this would have on the law enforcement people, the inmates and the public.

Hank Risley, Warden of the Montana State Prison, replied that the impact on the prison inmate would be positive; the law enforcement community would be opposed and he presumed there would be an outcry from the public.

Mr. South advised that they cannot accurately predict the population under normal situations, but under these circumstances, it would be even more difficult, but he felt the 200 they would have to release every year would be a bare minimum, because parole would perhaps go down as well because they would be losing a large percentage of people who are parole-eligible by discharge because under this scenario for every inmate that comes in, one has to go out.

(358) There were some questions concerning the population and rate of discharge at the prison and Mr. South explained that the average length of stay at the Montana State Prison is 29 months, so that means there are people that stay 5 years to people that stay 10 to 11 months. Under this kind of scenario, essentially someone could be discharged the day the sheriff delivers them to the prison, because they are discharging two years early and there are individuals that are only going to stay there a year anyway, he contended, so the sheriff could deliver the inmate to the gate, he (the inmate) would ask for his gate pay and he would be gone, never seeing the inside of the prison.

There was some discussion and clarification on this issue.

Chairman Miller noted that in 1975, they had approximately 300 prisoners in the state prison, there was no women prison and they had two women who were sent out of state and from 1975 to 1987, the population has increased to approximately 1100 male prisoners and 45 female prisoners in this state. He said that the public has told the legislature and law enforcement that they need to put more people in prison and now they are saying that they are not willing to pay for this anymore.

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Representative Menahan pointed out terrible situations in Great Falls and Boulder lately, ten years ago they were not having that sort of things, they also did not have group homes, and everyone is saying that people are more mentally sick. He contended that there are more people violating the law and if you do not want people in jail, then the laws that put them there should be changed. He exclaimed that he felt that the public does not want criminals on the streets.

Tape: 12-1-B:(010) Chairman Miller advised that there were some other suggestions for savings as follows:
(1) close Swan River for a savings of \$678,388 for FY 88 and \$770,317 for FY 89 for a total of \$1,448,705,
(2) in connection with the women's program, (a) close the pre-release center in Billings for a savings of \$185,909 for FY 88 and \$202,283 for FY 89 and (b) reduce the population at the Women's Corrections from 35 to 32.5, which would save \$6,410 in FY 88 and \$6,626 in FY 89 for a total of \$401,228, (3) close the men's pre-release centers (a) including the non-profit centers in Billings, Great Falls and Butte for a savings of \$1,208,804 for FY 88 and \$1,339,934 for FY 89 and (b) close the Missoula pre-release center, which is state-run for a savings of \$233,151 in FY 88 and \$259,248 in FY 89 for a total of \$3,041,137, (4) reduce the Montana State Prison average daily population (ADP) from 968 in FY 88 and 990 in FY 89 to 744, which will be a savings of \$534,237 in FY 88 and \$633,727 in FY 89 for a total of \$1,167,964, and (5) reduce the ADP expectations for corrections medical for a savings of \$203,121 in FY 88 and \$219,464 in FY 89 for \$422,585 total. He explained that the bottom line of these closures would be \$6,481,619.

There was considerable discussion about costs-per-day-per-inmate and yearly costs.

Mr. South explained that what makes this cheap is to budget for 800 inmates and then take a shoe horn and put 1,000 in, and that is why the 1986 budget at the prison is as low as it is.

Swan River Youth Forest Camp

(095) Gerry Underwood, Assistant Superintendent of Swan River Youth Forest Camp, informed the committee that the inmates at Swan do work for the state foresters and the approximate value over the years has been \$300,000, which involves planting trees, upkeep in the forests, etc.

George Harris went over exhibit 3 with the committee.

(154) Mr. Wolcott gave an overview of the budget as per exhibit 4. He also distributed exhibit 5 and exhibit 6 to the committee, explaining these issues and differences.

There were comments on the effect of vacancy saving and the small turnover of staff.

(245) Dan Russell, Administrator of the Corrections Division of the Department of Institutions, indicated that there was federal money, which was specified for staff training and recreation and education, which is just sitting there and they would like the authority to spend that money.

He also advised that they have a Carl Perkins grant from the Office of Public Instruction, which is in the amount of \$4,000 and which is to teach people to become custodians, and they also need spending authority to use that money. He indicated that this is available in 1988, and they do not know what is available in 1989.

There were a few other clarifications and the hearing on this bill was closed.

EXECUTIVE SESSION

Montana State Prison - Ranch and Dairy Program

Ross Swanson, Accounting and Fiscal Manager of the Prison Industries, recommended zero vacancy savings, because they need the positions they have there to be filled at all times.

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Senator Bengtson MOVED that they take zero percent vacancy savings on this budget. The motion PASSED unanimously.

Senator Bengtson moved that they ACCEPT the executive's numbers for personal services on the ranch and dairy, with the totals adjusted to reflect zero percent vacancy savings in both years of the biennium. The motion PASSED unanimously.

Senator Bengtson moved that they ACCEPT the LFA's numbers on the operating expenses. The motion PASSED unanimously.

Senator Bengtson moved that they ACCEPT the governor's recommendation on equipment for \$50,000 each year of the biennium.

Mr. South encouraged the committee to make this more as this is not general fund, they make the money and they want to spend it on equipment to harvest the crops.

Mr. Russell clarified that the ranch manager felt that the minimum they could live with would be \$137,000 in FY 88 and \$148,000 in FY 89.

There was some further comments and Senator Bengtson WITHDREW her motion.

Tape: 12-2-B:007 Senator Bengtson moved that they ACCEPT the LFA's numbers of \$187,500 in FY 88 and \$226,900 in FY 89 for equipment. The motion PASSED unanimously.

Mr. Wolcott advised that the adjusted totals for total funding with the zero vacancy savings would be \$1,228,480 for FY 88 and \$1,277,736 for FY 89.

License Plate Factory:

Senator Bengtson moved that they APPLY zero vacancy savings. The motion CARRIED unanimously.

Senator Bengtson moved that they ACCEPT the LFA's numbers on personal services. The motion CARRIED unanimously.

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(070) Senator Bengtson moved that they ACCEPT the executive's totals on operating expenses and adjust those supplies and materials accordingly.

Mr. Harris clarified that they put in \$354,722 under supplies and materials in each year and then they would have to come in for a supplemental for the centennial license plate revenues.

Mr. Harris further advised that he figures \$411,757 for operating expenses, which is an addition of \$27,185 for supplies and materials and for FY 89, the figure is \$422,678.

He advised that under equipment, he felt that this was very old equipment and anything can happen and it could have a major problem at any time.

Senator Bengtson moved that they ACCEPT the \$411,757 for operating expenses for FY 88 and \$422,678 for FY 89. The motion CARRIED unanimously.

Senator Bengtson moved that they ACCEPT for funding \$484,493 for FY 88 and \$496,117 for FY 89. The motion CARRIED unanimously.

(170) Prison Industries:

Senator Bengtson moved that they ADOPT a zero vacancy savings. The motion CARRIED unanimously.

Senator Bengtson moved that they ACCEPT the executive's numbers for personal services for FY 88 and FY 89. The motion CARRIED unanimously.

Senator Bengtson moved that they ACCEPT the LFA's figures on operating expenses for both years of the biennium. The motion CARRIED unanimously.

Senator Bengtson moved that they ACCEPT the LFA's figures on equipment for FY 88 and FY 89. The motion CARRIED unanimously.

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Senator Bengtson moved that they ACCEPT for the bottom line \$652,186 for FY 88 and \$675,573 for FY 89. The motion PASSED unanimously.

Senator Bengtson moved that they ACCEPT the modification request for a shop supervisor of 1 FTE that is recommended for potential production increases of \$25,079 in FY 88 and \$25,275 in FY 89 and this is according to their ability to pay for such. The motion PASSED unanimously.

(309) Prison Canteen

Senator Bengtson moved that the additional authority numbers be allowed. The motion CARRIED unanimously.

Senator Bengtson moved that the 2 FTEs be paid out of the canteen fund rather than the general fund.

Representative Menahan commented that if they do that, they are going to drive up the costs by 11% and most of them do not have the money anyway and it will cause trouble because of the law of the jungle - the tough one takes it from the weak.

A vote was taken on the motion and it FAILED. See roll call vote.

(380) Prison Industries Training Program:

Senator Bengtson moved that they ALLOW zero vacancy savings. The motion CARRIED unanimously.

Senator Bengtson moved that they ACCEPT the LFA's figures on personal services for both years of the biennium. The motion CARRIED unanimously.

Senator Bengtson moved that they ACCEPT the LFA's numbers on operating expenses for both years of the biennium. The motion CARRIED unanimously.

Senator Bengtson moved that they ACCEPT the LFA's numbers on equipment for both years of the biennium.

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Mr. Russel advised that they have applications for three Carl Perkin's grants - (1) for building materials costs to construct classroom space in the vocational training building for \$8,371, (2) for drafting an electronics program for \$2,000, and (3) for a career counselor, who would work with the individuals from the time they came in for \$25,079. He advised that this would total \$35,450 for FY 88 and in addition in FY 89, they have been led to believe that there will be \$25,275 for the career counselor grant available and for an industrial arts program that has not been identified, there would be \$8,000. He concluded that they are requesting \$33,275 in FY 89 worth of spending authority to apply for and use these grants.

A vote was taken on the previous motion on equipment and it CARRIED unanimously.

Senator Bengtson moved that in both years of the biennium, they ALLOW the Carl Perkins grant money and give them authority to spend those grants. The motion CARRIED unanimously.

Mr. South explained that they needed language for the audit recommendation that would allow them to keep \$15,000 of the revolving fund at the end of the year and not have to spend it before they spend the general fund. He advised that he had an amendment prepared.

Senator Bengtson moved that the language be approved and also put in the appropriation bill. The motion CARRIED unanimously.

Mr. Wolcott advised that the total adjustments before the \$35,000 modifications will be \$394,594 for FY 88 and \$385,460 for FY 89.

He said that in terms of the funding, that this is the estimate that the agency provided with the budget and probably is the top end of what they think they can produce and he would recommend that they go with the LFA, which is the agency's request for the proprietary

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funds, which is \$221,579 each year, and if they do that, that leaves a balance for the general fund of \$173,015 for FY 88 and \$163,881 for FY 89.

Senator Bengtson moved that recommendation. The motion CARRIED unanimously.

Mr. Wolcott advised that the rest of the funds are federal grants and the previous motion should cover that.

Vacancy Savings Bill: (580)

Chairman Miller distributed copies of the proposed bill as per exhibit 7, and reviewed the bill with the committee.

Tape: 12-2-B:049 Chairman Miller acknowledged that if an agency had a zero per cent vacancy savings, they would not be able to utilize the pool.

Senator Bengtson asked if the pool wasn't tapped, is there a reversion or does that stay in there, to which Mr. Wolcott replied that it would revert and that should be put in the bill.

Mr. Wolcott informed the committee that in almost every instance, they will create more vacancy savings than is applied and if they don't, they will have to go into operating expenses or they over expend their budget.

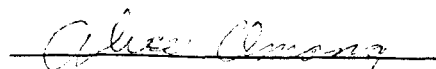
Mr. Wolcott advised that for every 1% change in vacancy savings statewide, as a rough estimate, it can be figured as about \$1½ million total and a portion of that is general fund. He indicated that if the figure was around \$3½ million for 1% change, the general fund would be affected \$1.4 million.

Senator Haffey moved that they ADOPT the proposed bill to be drafted as a committee bill. The motion CARRIED unanimously.

ADJOURNMENT: There being no further business, the meeting adjourned at 10:40 a.m.



REPRESENTATIVE MILLER, Chairman


Alice Omang, Secretary

DAILY ROLL CALL

INSTITUTIONS AND CULTURAL EDUCATION SUB COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date January 22, 1987

[illegible]

ROLL CALL VOTE

INSTITUTIONS AND CULTURAL EDUCATION SUBCOMMITTEE

DATE January 22, 1987

AGENCY Prison Canteen

NUMBER 1

NAME	AYE	NAY	
REP. RON MILLER, CHAIRMAN		X	
SEN. BENGTON, V. CHAIRMAN	X		
SEN. HAFLEY		X	
SEN. TVEIT		X	
REP. MENAHAN		X	
REP. MENKE	X		

TALLY 4 2

Chie O'mang
Secretary

Ronald C. Miller
Chairman

Motion: Senator Bengtson moved that the 2 FTEs be
paid out of the canteen fund rather than the general fund.



The Big Sky Country

MONTANA STATE HOUSE OF REPRESENTATIVES

*Exhibit 1
1/20/87
Rep. Miller*

Rep. Gene Donaldson
3890 Helberg Drive
Helena, Montana 59601

January 20, 1987

Chairman
Appropriations Committee

Rep. Ron Miller, Chairman
Institutions Subcommittee
State Capitol
Helena, MT 59624

Dear Ron:

The budget situation appears that we will have shortfalls for fiscal FY 1988 and FY 1989 of potentially between \$50 and \$200 million dollars. One third of our time has been completed relative to the proposed committee hearing dates, and at this point it doesn't appear that we have any revenue source that we can definitely depend on. As a result, I think it is necessary that we begin considering some program elimination in order to meet our budget deadlines.

On the revenue side, the vote on the January 19th, transfer of the coal monies for fiscal 1987, was so decisive, I think for the most part we can disregard any hope of using coal monies to balance the budget for FY 1988 and FY 1989. The income tax situation at this point remains very clouded in that we do not have adequate information to be able to determine the impact of the federal monies on the state General Fund nor the impact on individual taxpayers. Further complicating the issue is the potential governor's tax reform. The possibility of adding a sur-tax is very questionable.

Clearly at the November elections the voters mandated that we do something relative to property tax. In the mix we are currently addressing, nothing has surfaced at this point that would provide that type of relief.

The last proposal that has been discussed and appears to be gaining some momentum, is the sales tax issue, but also hovering in the background is the possibility that if we were able to get adequate votes to get a sales tax out this session, the people could by initiative, negate that action by 15 percent of the voters.

The bottom line is at this point, even though there are a number of proposals including the transfer of impact monies, use of RIT, and those type of things, right now, we cannot be assured of any additional revenue.

The only other alternative then is to make substantial cuts in the budget side. In reviewing the last two weeks of subcommittee action, it appears that it would seem unlikely that the type of cuts needed will be achieved under the present method that the subcommittees are pursuing. Therefore, I am suggesting to you, total program eliminations and we will be working one on one to try to establish which of those are viable, politically possible, and in the best interest of the people of the state of Montana. We must be careful that we don't further impact property taxpayers and be careful to not delay issues to a more expensive solution in the future.

I also suggest you communicate with each of the agencies that you have worked with, including the ones that you have completed their budgets, and ask that they make a sincere contribution toward this effort in perhaps providing some suggestions to you that would allow them to eliminate some of their duties and activities and provide some additional cuts.

I have compiled a list of potential cuts for your subcommittee which is attached.

Sincerely,

Rep. Gene Donaldson
Chairman

ATTACHMENTS
GD:drt

INSTITUTIONS AND CULTURAL EDUCATION SUBCOMMITTEE
GENERAL FUND BUDGET REDUCTIONS

	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
<u>Department of Institutions</u>		
1. Reduce mental health center contracts by 5 percent. Direct the department to reduce outpatient units purchased from the regional mental health centers to achieve a 5 percent reduction in general fund. A reduction in outpatient units would be the least likely to reduce services to those patients most in need of services.	\$193,329	\$193,329
<u>Center for the Aged</u>		
1. Sell the Center for the Aged to a private provider of nursing home services. In addition to the annual operating cost savings there would be a one-time revenue to the general fund from the sale of the property, plant, and equipment.	854,660	766,212
<u>Montana Arts Council</u>		
1. Eliminate the Montana Arts Council and transfer the cultural and aesthetics grants administration to the Montana Historical Society.	<u>114,548</u>	<u>94,496</u>
Total Institutions Subcommittee	<u>\$1,162,537</u>	<u>\$1,054,037</u>

1/22/87
Cannell South

OBJECT: Discharge sufficient numbers of inmates on July 1, 1987 to:

1. Permit the closure of four male pre-release centers.
2. Permit the closure of one female pre-release center.
3. Permit the closure of Swan River Forest Camp
4. Reduce Montana State Prison's (MSP) population to 744
5. Reduce the Women's Correctional Center's (WCC) population to 30.
6. Maintain future populations at MSP and WCC at levels of items 4 and 5 above.

METHOD: 1. Discharge on July 1, 1987 all inmates who would, at their current rate of good time accrual, discharge prison before July 1, 1989.

2. Assume:

- (a) That judicial sentencing patterns do not change.
- (b) That Board of Pardon's policies do not change.
- (c) That parole eligibility dates are not affected.
- (d) That the current rate of paroles remains the same.
- (e) That admissions will be 468 and 32 per year at MSP and WCC respectively.
- (f) That after the initial early discharge, when MSP's average daily population (ADP) exceeds 781 for a period of 30 days, additional male inmates are discharged early.
- (g) That after the initial early discharge, when WCC's ADP exceeds 35 for a period of 30 days, additional female inmates will be discharged early.
- (h) That when the conditions of items (f) and (g) are met, sufficient inmates are discharged early to reduce the populations at MSP and WCC to 707 and 30 respectively.

IMPACT: 1. On July 1, 1987, approximately 1,100 male inmates would be housed at Swan, four pre-release centers and MSP; and 47 female inmates would be housed at the pre-release center and WCC.

2. On July 1, 1987, approximately 356 male and 18 female inmates would be discharged.

3. Approximately 200 additional inmates would be discharged early at intervals during FY1988.

4. Approximately 200 inmates would be discharged early at intervals during FY1989 and each year thereafter, until such time as prison admissions decline and/or judicial sentencing practices reduce the average sentence length.

CS:lt

SWAN RIVER YOUTH FOREST CAMP

EXHIBIT 3

1/22/87

George Harris

Agency Summary
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	26.83	25.83	25.83	25.83
Personal Services	666,525.64	645,852	648,927	652,536
Operating Expenses	267,322.48	282,104	298,152	297,816
Equipment	13,228.94	3,650	7,851	1,850
Total Agency Costs	\$947,077.06	\$931,606	\$954,930	\$952,202
General Fund	829,228.24	817,362	837,161	834,171
State Special Revenue Fund	79,010.99	74,794	86,383	86,617
Federal & Other Spec Rev Fund	38,837.83	39,450	31,386	31,414
Total Funding Costs	\$947,077.06	\$931,606	\$954,930	\$952,202
Current Level Services	940,121.23	931,606	951,414	948,686
Modified Level Services	6,955.83	0	3,516	3,516
Total Service Costs	\$947,077.06	\$931,606	\$954,930	\$952,202

Agency Description

The Swan River Forest Camp is responsible for developing and maintaining a rehabilitation-oriented program for youthful offenders (ages 18 through 26) committed to its care and custody. The staff works cooperatively with the Division of Forestry, Department of State Lands. The program for these offenders includes fair and humane treatment in a minimally restrictive setting. The staff provides educational opportunities, psychological services, work programs, training in living skills, and realistic planning for each youth's return to the community. This facility is provided for in section 53-30-202, MCA.

Budget Issues

In FY86 and FY87 the Swan River Forest Camp was budgeted for 26.83 FTE. In FY86 the superintendent resigned and the business manager became the new superintendent. In an effort to meet the unfunded pay plan and other reductions, the business manager position was deleted. This action saves over \$36,000 in salary and benefits for this position each year.

A 4% vacancy savings has been applied to this agency's budget.

\$5,600 has been eliminated from the base operational budgets to meet the reductions of the June special session.

The majority of the operational increases over FY86 actual are directly associated with Swan River's new sewer treat-

ment plant. The sewer treatment facility is scheduled for completion in January, 1987. The system includes approximately one and one half miles of sewage line, a sewage pumping station, settling pond, aeration system, effluent sprinkling lines, pump and sprinkler heads. The repair and maintenance budget increases by \$10,000 each year for the ongoing maintenance of this system.

The increase in contracted services is primarily due to audit fees and insurance and bonds.

The increase in utilities results from the additional cost of operating the sewer treatment plant and inflationary adjustments.

The goods purchased for resale increases to provide adequate state special revenue authority for the operation of the canteen.

Modification Request

Contract Improvement Funds - Authority is recommended for the agency to expend federal contract improvement funds earned prior to FY82 but unexpended. These funds were provided to Swan River through formal contract with the Federal Bureau of Prisons in addition to daily per diem rate of reimbursement. These funds will be used for staff training, resident recreational equipment and supplies. The request is for \$3,516 each year of the 1989 biennium.

(3)

1/22/87
K. Wolcott

SWAN RIVER FOREST CAMP

Budget Item	Actual	Appropriated	- - Current Level - -		% Change
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	1987-89 Biennium
F.T.E.	26.83	26.83	25.83	25.83	1.00
Personal Service	\$666,527	\$645,852	\$650,550	\$654,220	(0.6)
Operating Expense	267,323	289,249	289,411	296,700	5.3
Equipment	13,229	3,650	2,551	1,640	(75.2)
Total Expenditures	\$947,079	\$938,751	\$942,512	\$952,560	0.5
<u>Fund Sources</u>					
General Fund	\$829,230	\$824,507	\$829,149	838,932	0.9
State Special	79,012	74,794	86,293	86,530	12.4
Federal Revenue	38,837	39,450	27,070	27,098	(30.8)
Total Funds	\$947,079	\$938,751	\$942,512	\$952,560	0.5

The Swan River Forest Camp is a minimum security work camp for inmates transferred from the state prison who are between the ages of 18 and 26. The inmates work with the Forestry Division of the Department of State Lands and are involved in several forestry programs such as thinning, seeding, and planting trees as well as campground and recreation area maintenance. The facility has an overall capacity of 54 inmates. The fiscal 1986 average daily population was 51 inmates and is expected to remain at 51 for the 1989 biennium.

After the camp's superintendent retired in fiscal 1986, the department appointed the deputy superintendent/business manager as superintendent, deleting the business manager position in the process. The current level budget reflects the reduction from 26.83 FTE to 25.83 in the 1989 biennium. Personal services decrease 0.6 percent as a result of deleting the business manager position. The decrease would have been greater except for the 10.7 percent increase in employee benefits as a result of the workers' compensation rate increases. Employee benefits increase from 17.3 percent of salaries in fiscal 1986 and 17.9 in fiscal 1987 to 19.5 percent in fiscal 1988 and 20.3 percent of salaries in fiscal 1989.

Operating costs increase 5.3 percent into the 1989 biennium as a result of new operating costs required by the newly constructed sewage treatment plant at the facility. An increase in goods purchased for resale to the inmates also contributes to the operating increase.

The general fund increases less than one percent while state special revenue canteen funds increase 12.4 percent to allow additional authority for increased canteen sales. Federal funds decrease as fewer federal boarder days are projected as well as fewer eligible inmates for school lunch and ECIA Title I funds.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1986 actual expenditures and funding to allocations as anticipated by the 1985 legislature.

Table 1
Comparison of Actual Expenses to Appropriated Expenses

<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
F.T.E	26.83	26.83	0.00
Personal Service	\$ 656,984	\$666,527	\$(9,543)
Operating Expense	282,620	264,766	17,854
Equipment	<u>21,932</u>	<u>8,832</u>	<u>13,100</u>
Total Expenditures	<u>\$961,536</u>	<u>\$940,125</u>	<u>\$21,411</u>
<u>Funding</u>			
General Fund	\$849,728	\$829,230	\$20,498
State Special	74,283	79,012	(4,729)
Federal & Private	<u>37,525</u>	<u>31,883</u>	<u>5,642</u>
Total Funding	<u>\$961,536</u>	<u>\$940,125</u>	<u>\$21,411</u>
Budget Amendments	<u>\$ 8,149</u>	<u>\$ 6,954</u>	<u>\$ 1,195</u>

The camp overexpended authorized personal services by \$9,543 after the Governor's cuts of \$12,673 and budgeted vacancy savings of \$13,181. The major reason for this overexpenditure was the termination pay for the retired superintendent. The camp paid out \$14,616 or 2 percent of total personal services for termination pay.

Operating savings totaled \$17,854 after the Governor's cuts of \$4,206. Savings were realized mainly in supplies and utilities. However, almost all expenditure categories produced some savings with the exception of repairs and maintenance, which was overspent by \$941. The camp did not purchase all the authorized equipment leaving a \$13,100 balance in the equipment budget.

In total the camp saved \$37,839 of general fund when the Governor's cut of \$17,341 is added to the \$20,498 reflected in Table 1. The canteen funds are overexpended as sales to the inmates exceeded the available authority in the canteen accounts, requiring the camp to seek a supplemental appropriation. ECIA title I and school lunch funds were \$5,642 less than authorized as the school's eligible school age population declines.

Current Level Adjustments

Operating costs are increased to allow for the additional costs of operating the new sewage treatment plant at the facility. The plant is built on forest service land,

which the camp will lease for \$1,000 per year. Electricity is increased \$1,150 each year based on the project engineer's estimate of usage. Maintenance costs are included at \$9,900 in fiscal 1988 and \$10,750 in fiscal 1989, also based on costs developed by the project engineer. Merchandise purchased for resale to the inmates is increased \$6,675 to \$58,000 each year. In addition to buying personal items from the canteen, inmates also purchase their clothing through the canteen. Other minor adjustments amount to less than one percent.

Equipment included in current level is for replacing mattresses in fiscal 1988 and dining room chairs, a video recorder, and three calculators in fiscal 1989.

Funding includes general fund, which increases less than one percent, and state special alcohol funds, which fund an alcohol counselor at \$28,293 in fiscal 1988 and \$28,530 in fiscal 1989. State special canteen funds are included at \$58,000 each year of the biennium. ECIA Title I funds increase to \$9,570 in fiscal 1988 and \$9,598 in fiscal 1989, while federal school lunch funds decrease to \$2,000 each year from an appropriated level of \$5,220 in fiscal 1986 and 1987. Federal boarders decreases from \$16,300 in fiscal 1986 to \$15,500 in each year of the 1989 biennium as fewer federal boarder days are projected. This results primarily from lack of space available to federal inmates when Montana's correctional population is above capacity.

MONTANA DEVELOPMENTAL CENTER
COMPARISON OF EXECUTIVE BUDGET AND LFA CURRENT LEVEL

	FTE FY '89	- - - - - Biennium - - - - - General Fund	Total Funds
Executive Budget	430.65	\$23,410,543	\$23,522,590
LFA Current Level	440.15	23,958,819	24,073,115
Executive Over (Under) LFA	<u>-(9.50)</u>	<u>\$-(548,276)</u>	<u>\$--(550,525)</u>

The executive budget has 9.5 less FTE and is \$550,525 under the LFA current level. This difference is due to three issues that follow.

ISSUE 1: FEWER FTE

The executive budget deletes 9.5 FTE that remain in the LFA current level at general fund cost of \$452,119 over the biennium.

ISSUE 2: OPERATING COSTS

The executive budget includes operating expenses that are \$68,658 under the LFA current level. The executive includes the biennial audit cost of \$20,000 while the LFA current level included the audit costs for this institution and all institutions in the central office budget. The executive budget is under the LFA current level in all other expenditure categories. The executive does not replace depleted drug inventories costing \$29,260 over the biennium. Telephone equipment costs are \$26,293 lower in the executive budget. The executive budget has \$4,096 less for out-of-state travel, \$14,033 less for maintenance contracts, and \$9,524 less for staff training.

ISSUE 3: EQUIPMENT

The executive budget includes \$20,000 each year for equipment to be purchased at the management's discretion, compared to \$49,835 in fiscal 1988 and \$19,915 in fiscal 1989 included in the LFA current level to purchase items 1 through 10 on the institution's priority list.

SWAN RIVER FOREST CAMP
COMPARISON OF EXECUTIVE BUDGET AND LFA CURRENT LEVEL

	FTE FY '89	----- Biennium ----- General Fund	----- Total Funds
Executive Budget	25.83	\$1,671,332	\$1,907,132
LFA Current Level	<u>25.83</u>	<u>1,668,081</u>	<u>1,895,072</u>
Executive Over (Under) LFA	<u>0.00</u>	<u>\$ 3,251</u>	<u>\$ 12,060</u>

The executive budget is \$3,251 over the LFA current level general fund and \$12,060 over LFA current level total funding. The differences between the executive budget and LFA current level are discussed in the issues that follow.

ISSUE 1: AUDIT FEES

The executive budget includes \$8,000 in fiscal 1986 for the legislative audit costs. The LFA current level consolidates the institutional audit costs in the Department of Institutions Central Office.

ISSUE 2: CONTRACT IMPROVEMENT FUNDS

The executive budget includes \$7,032 for federal contract improvement funds to provide staff training and resident recreational equipment and supplies that are not included in LFA current level.

AGENCY: SHAN RIVER FOREST CAMP

LEGISLATIVE ACTION

PROGRAM: CARE AND CUSTODY

BUDGET ITEM	FY 1986 Actual	Fiscal 1988		Fiscal 1989		FY 86-88 % Change
		Executive Current Level	Difference	Executive Current Level	Difference	
FTE	26.83	25.83	0.00	25.83	0.00	-0.04
Personal Services	\$666,527	\$648,927	(\$1,623)	\$652,536	(\$1,684)	-0.02
Operating Expenses	\$267,323	\$295,136	\$5,725	\$296,700	(\$1,900)	0.08
Equipment	\$13,229	\$7,351	\$4,800	\$1,640	(\$290)	-0.81
TOTAL EXPENSES	\$947,079	\$951,414	\$8,902	\$948,686	(\$3,874)	-0.00
FUNDING						
General Fund	\$829,230	\$837,161	\$8,012	\$838,932	(\$4,761)	-0.00
State Special Rev	\$79,012	\$86,383	\$90	\$86,530	\$87	0.09
Federal Revenue	\$38,837	\$27,870	\$800	\$27,098	\$800	-0.30
TOTAL FUNDING	\$947,079	\$951,414	\$8,902	\$948,686	(\$3,874)	-0.00

Personal Services

1. The executive is \$1,437 less than the LFA current level due to a downgrade of a food service worker that happened after budget documents were produced. This downgrade was not picked up in the LFA system. The remaining difference is in vacancy savings.

Operating Expense

1. The executive reduced operating expense \$5,598 for base adjustments not made in the LFA current level.
2. The LFA reduced \$2,449 of expenditures in the base for a vocational education grant that does not continue in the 1989 biennium. The executive left \$1,987 of these expenditures in the base.

Equipment

1. The executive includes a heavy duty washer costing \$4,800 in fiscal 1988 that is not included in the LFA current level. The executive includes \$290 less equipment in fiscal 1989 than the LFA current level.

Exhibit 6
1/22/86
H. W. Kott
Swan River

REPORT EBSR106
DATE : 01/07/87
TIME : 15/24/40

OFFICE OF BUDGET & PROGRAM PLANNING
EXECUTIVE BUDGET SYSTEM
AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

PAGE 377

AGENCY : 6410 SWAN RIVER YOUTH FOREST CAMP
PROGRAM : 12 CARE & CUSTODY
CONTROL : 00000

AE/OE	DESCRIPTION	OBPP FY 88	LIA FY 88	DIFF FY 88	SUB-CMT FY 88	OBPP FY 89	LIA FY 89	DIFF FY 89	SUB-CMT FY 89
0000	FULL TIME EQUIVALENT (FTE)	25.83	25.83			25.83	25.83		
1100	SALARIES	535,519	536,528	-1,009		534,948	535,953	-1,005	
1400	EMPLOYEE BENEFITS	104,567	104,038	529		108,897	108,282	615	
1500	HEALTH INSURANCE	35,880	35,880			35,880	35,880		
1600	VACANCY SAVINGS	-27,039	-26,611	-428		-27,189	-26,701	-488	
1800			715	-715			806	-806	
	TOTAL SECOND LEVEL	648,927	650,550	-1,623		652,536	654,220	-1,684	
2022	SUPPLIES & MATERIALS-INFLATION	4,556	4,343	213		7,700	7,707	-7	
2023	COMMUNICATIONS-INFLATION	232	241	-9		373	392	-19	
2026	UTILITIES-INFLATION	3,091	3,091			6,015	6,015		
2100	CONTRACTED SERVICES	24,530	17,137	7,393		17,135	17,137	-2	
2200	SUPPLIES & MATERIALS	84,731	86,196	-1,465		84,731	86,196	-1,465	
2300	COMMUNICATIONS	7,189	7,680	-491		7,189	7,680	-491	
2400	TRAVEL	1,243	1,503	-260		1,243	1,503	-260	
2500	RENT	1,000	1,000			1,000	1,000		
2600	UTILITIES	36,354	36,362	-8		36,354	36,362	-8	
2700	REPAIR & MAINTENANCE	21,301	20,863	438		22,151	21,713	438	
2800	OTHER EXPENSES	52,909	52,995	-86		52,909	52,995	-86	
2900	GOODS PURCHASED FOR RESALE	58,000	58,000			58,000	58,000		
	TOTAL SECOND LEVEL	295,136	289,411	5,725		294,800	296,700	-1,900	
3100	EQUIPMENT	7,351	2,551	4,800		1,350	1,640	-290	
	TOTAL PROGRAM	951,414	942,512	8,902		948,686	952,560	-3,874	
01100	GENERAL FUND	837,161	829,149	8,012		834,171	838,932	-4,761	

REPORT EBSR106
DATE : 01/07/87
TIME : 15/24/40

OFFICE OF BUDGET & PROGRAM PLANNING
EXECUTIVE BUDGET SYSTEM
AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

PAGE 378

AGENCY : 6410 SWAN RIVER YOUTH FOREST CAMP
PROGRAM : 12 CARE & CUSTODY
CONTROL : 00000

AE/OE	DESCRIPTION	OBPP FY 88	LFA FY 88	DIFF FY 88	SUB-CMT FY 88	OBPP FY 89	LFA FY 89	DIFF FY 89	SUB-CMT FY 89
02034	ALCOHOLISM TREATMENT-REHAB	28,383	28,293	90	---	28,617	28,530	87	---
02918	SRYFC-CANTEEN	29,000	29,000	---	---	29,000	29,000	---	---
02919	SRYFC-CLOTHING ACCOUNT	29,000	29,000	---	---	29,000	29,000	---	---
03106	SWAN RIVER YOUTH CAMP	9,570	9,570	---	---	9,598	9,598	---	---
03107	SRYFC-SCHOOL FOODS	2,000	2,000	---	---	2,000	2,000	---	---
03114	SRYFC-BOARDER REIMBURSEMENT	16,300	15,500	800	---	16,300	15,500	800	---
	TOTAL PROGRAM	951,414	942,512	8,902	---	948,686	952,560	-3,874	---

EXHIBIT 1
1/22/87
Vacancy Savings
Rep. Miller

BY REQUEST OF THE APPROPRIATIONS COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE LEGISLATURE TO DETERMINE FOR CERTAIN AGENCIES' BUDGETS AN APPROPRIATE VACANCY SAVINGS RATE; REQUIRING AN AGENCY'S BUDGET TO BE ADJUSTED ACCORDING TO THIS RATE; CREATING VACANCY SAVINGS POOLS; PERMITTING CERTAIN AGENCIES TO APPLY FOR FUNDS FROM THE POOLS; APPROPRIATING FUNDS TO THE POOLS; AND PROVIDING EFFECTIVE DATES."

Section 1. Definition of vacancy savings. For the purposes of [this act], vacancy savings means the difference between the full cost and the actual cost of all authorized positions at the grade and step calculated in an agency's appropriation for each fiscal year. The aggregate amount of vacancy savings consists of the funds saved as a result of having a position vacant at any time during the fiscal year and of filling a vacant position with a person whose pay is less than the salary of the employee who was terminated minus the funds paid upon termination for unused annual leave under 2-18-617 and sick leave under 2-18-618.

Section 2. Determination of vacancy savings rate. (1) Except as provided in subsection (3), during a legislative session the legislature shall determine for each agency's proposed budget under review an appropriate vacancy savings rate, ranging from 0% to 4%, to be applied to the proposed budget. This determination must be based on the size of the workforce and

the comparable essentiality of the type of work performed by the workforce subject to the vacancy savings rate.

(2) The legislature shall adjust the agency's proposed budget for personal services according to the vacancy savings rate determined under subsection (1).

(3) The Montana university system, postsecondary vocational-technical centers, and community colleges are exempt from application of vacancy savings under this section.

NOT ON PPP (Payroll Position)
FUNDED BY FORMULA - in subcommittee they don't even talk F.T.F.

Section 3. Establishment of vacancy savings pools -- application for funds from the pools -- supplemental appropriation. (1) There is a vacancy savings pool administered by the governor or his designee for executive and judicial branch agencies and a vacancy savings pool administered by the legislative finance committee for legislative branch agencies.

(2) An agency may apply to the appropriate pool administrator for funds to cover personal services costs exceeding the amount appropriated to the agency for personal services if the agency:

(a) had a vacancy savings rate applied to its appropriation as provided in subsection (1);

(b) maintains current and accurate personal service records on the state payroll, personnel, and position system;

(c) during the fiscal year for which the application for funds is made, did not transfer funds or authority from personal services to another expenditure category thus reducing its

leg. and, LFA, Leg. Council Consumer Council

ability to meet its vacancy savings rate determined under [section 1]; and

(d) did not use funds appropriated for personal services for upgrades or step increases that were not appropriated for by the legislature.

(3) If an applying agency satisfactorily demonstrates to the pool administrator the need for additional funds, the administrator may transfer funds to the agency to be used for personal services.

(4) If the pool administrator disapproves the agency's application based on insufficient pool funds, the agency may request a supplemental appropriation for personal services.

Section 4. Appropriations. (1) There is appropriated ^{217,624}~~\$187,700~~ from the general fund, \$ 160,720 from the state special revenue fund, \$ 74,906 from federal funds, and \$ 36,750 from proprietary funds for each year of the biennium ending June 30, 1989, to the governor's office for the vacancy savings pool provided for in [section 1].

TOTAL
500,000

(2) There is appropriated ^{7,570}~~\$7,300~~ from the general fund and ^{2,430}~~\$2,700~~ from the state special revenue fund for each year of the biennium ending June 30, 1989, to the legislative ^{Finance committee}~~fiscal analyst~~ for the vacancy savings pool provided for in [section 1].

Section 5. Effective dates. (1) Sections 1, 2, and 5 are effective on passage and approval.

(2) Sections 3 and 4 are effective July 1, 1987.

- END -

SUMMARY OF GENERAL FUND SAVINGS

Prepared By	Initials	Date
Approved By		

	FY 88	FY 89	Biennial Total
1) Close SWAN RIVER	678,388	770,317	1,448,705
2) WOMENS PROGRAM			
A) CLOSE PRE RELEASE CENTER	185,909	202,283	
B) REDUCE WCC's ADP From 35 to 32.5 Release to 30 (5 in women's prison)	6,410	6,626	
			401,228
3) Close MENS PRE RELEASE			
A) Private Non Profit Centers (3)	1,208,804	1,339,934	
B) MISSOURIA PRE RELEASE	233,151	259,248	
			3041,137
4) REDUCE MSP ADP From 968 in FY88 & 990 in FY89 TO 744			
	534,237	633,727	1,167,964
5) REDUCE ADP Expectations in Corrections MEDICAL			
	203,121	219,464	422,585
Discharge - nothing left (no parole gone)			
Parole - supervised what parole board set probably till discharge date)			
Probation - in stead of a jail sentence	3,250,020	3,431,599	6,481,619
Going to two years now?			
374 on July 1 all walk out doors.			
188 thru Fiscal 88 to maintain	744		
200 in Fiscal 89		744	
1. How many would normalizing ed in next biennium?			
2. Statistically a percentage which will offend again. (No more guarantee that they won't offend again) (Pre release most likely to succeed - no assault etc)			
3			

3,041,137. ÷

2. =

1,520,568.5 *

1,520,568.5 ÷

105. =

14,481,604,7619 *

for Release

12,000,000. ÷

907. =

13,230,429,0229 *

Prison 11,661

700,000. ÷

50. =

14,000. *

SWAN

INSTITUTIONS

~~XXXXXX~~. Dept. of Institutions

DATE January 22, 1987

~~SPONSOR~~ S.S. - Prison

Hearing - Swan River

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.