



Brian Schweitzer
Governor

OFFICE OF THE STATE PUBLIC DEFENDER STATE OF MONTANA

Chief Public Defender
Randi Hood

MEMORANDUM

TO: Brent Doig – Office of Budget and Program Planning

FROM: Harry Freebourn – OPD Administrative Director

CC: Randi Hood – Chief Public Defender
Montana Public Defender Commission

DATE: January 11, 2010

RE: 2011 Biennium Estimated Shortfall - Agency's Mitigation Plan Update

This memorandum provides an update on our budget mitigation efforts for the 2011 biennium. As you are aware, as we prepared for the 2009 legislative session we believed that our part of the Governor's budget would not fully cover all of the expenditures necessary to cover caseload growth. Shortly thereafter we began to look for ways to reorganize and reduce expenditures. Following the 2009 legislative session our agency reviewed, at a high level, our planned expenditures for FY 2010 and FY 2011 and compared our results to our approved appropriation. After this review, we became concerned that estimated expenditures for our current payroll and planned hires to cover increased caseloads, plus our planned operating costs, would not allow us to live within the additional 3% vacancy savings plus the across the board 2% general fund reductions.

During our original meeting with your office in May, 2009 we indicated that we believed that we were at least \$1.2 million short for both FY 2010 and FY 2011. At least \$800,000 of this shortfall came from the additional vacancy requirement plus the 2% reduction. At the end of December, 2009 we believe that our shortfall has been reduced to about \$1 million. However, we have not yet factored into our estimates any shortfall caused by the non-funding of our fiscal note for SB 263 activities. Also, it is too early to determine if SB 263 will generate more funding. Finally, once we closed our FY 2009 books and records we learned that the agency experienced a 7% increase in new cases coming into our system which is on top of the 4% increase that we experienced during FY 2008.

In May we committed to put together a plan that would try to reduce or mitigate our funding shortfall. To date the agency has taken the following actions:

- a. We met with OBPP in May 2008 and January 2010 to discuss our shortfall.
- b. We met with the Judiciary in June to discuss certain mitigation items that if implemented may affect the Judiciary's operations.

- c. We met twice with union leaders in June and July to ask them to provide us with ideas to mitigate our estimated shortfall. They submitted about a dozen ideas that we are currently assessing. They did not advance as an idea a “temporary furlough” as an avenue to create savings. If furloughs were implemented the general belief was that our clients’ legal needs would not be met in a timely manner given the current and projected caseloads. Any furlough of union members must be approved by that membership.
- d. We met with regional managers in June and July to discuss the estimated shortfall and solicit ideas for mitigation. They and their staff submitted many ideas, some of which were duplicated among regions. We continue to assess these ideas to see which ones we can implement that will create current or future cost savings.
- e. We met with the Montana Public Defender Commission at the end of July to brief them on this issue and again in October and December.
- f. We gave all regional and central office managers targeted amounts to cut from operating budgets. The operating budget is set at \$20.9 million which is \$900,000 over our general fund appropriation of \$20 million. Please be aware that this budget has aggressive targets.
- g. We met with ITSD regarding our services and discussed ways to reduce our costs.
- h. We met with the Department of Transportation regarding new DUI courts that were not part of our funding request and asked them to consider funding our activities related to these courts. They subsequently declined to provide funding.

The agency has identified four major ways to mitigate our estimated shortfall:

- a. Increase funding sources:

Some examples are:

- 1. We received a \$62,360 grant from MBCC to fund our records management efforts. However, this amount may span two fiscal years. Also this funding will only offset a decision package that was not approved by OBPP during that last budget process.
- 2. We are exploring ways to bill our legal services for guardianship cases.
- 3. We are monitoring collections related to SB 263 to see if they are increasing from pre SB 263 amounts. To date the amount of increase is not significant. Finally, we needed to hire a person to account for, track, and report on receivable transactions which will deplete our inflows from this source of funding.

- b. Reduce expenditures:

Some examples are:

- 1. We developed a “Major Crimes Unit” – this unit will focus internal staff on the cases that require a lot of resources.
- 2. We reorganized certain central office functions to do more with less and redirected FTE to work current caseloads.
- 3. We delayed the replacement of some computers, servers, copiers, etc. This action will require some significant decision packages for the next biennium to replace this equipment.
- 4. We have explored reducing our training efforts (our Commission may disagree).

c. Increase productivity:

Some examples are:

1. We have asked all FTE do more – this action also reduces the ability to implement a temporary furlough. However, it would ask that cases be moved from contractors to staff attorneys (our Commission may disagree).

d. Reduce services:

1. Our Chief is now a member of the Courts of Limited Jurisdiction Commission and has asked this body to approve that certain lesser crimes not receive jail time as we serve those that face jail time.
2. We continue to explore ways to developed parameters that limit our involvement in certain cases.

It is too early to determine if any of the mitigation ideas will work to reduce our estimated shortfall because they are either (1) not yet implemented as they are still under review to determine if they would effectively reduce costs or (2) have only recently been implemented. Also, please be aware that the shortfall that we provided is only an **estimate**.