

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2014-15 STAFF BUDGET BRIEFING
DEPARTMENT OF CORRECTIONS**

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

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December 23, 2013**

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DEPARTMENT OF CORRECTIONS

Department Overview

The Department of Corrections (DOC)

- Manages, supervises, and controls the correctional facilities that are operated and supported by the State.
- Pays for privately operated prison facilities and monitors contract compliance.
- Operates programs for offenders that provide treatment and services that improve the likelihood of successfully reintegrating into society following release.
- Supervises and counsels inmates in community corrections programs and offenders who have been placed on parole.
- Develops and operates correctional industries within the institutions that have a rehabilitative or therapeutic value for inmates and which also supply products for state institutions and the private sector.
- Operates the Youthful Offender System (YOS), which serves as a middle tier sentencing option (between the juvenile system and the adult system) for violent youthful offenders who would otherwise be sentenced to the adult prison system.

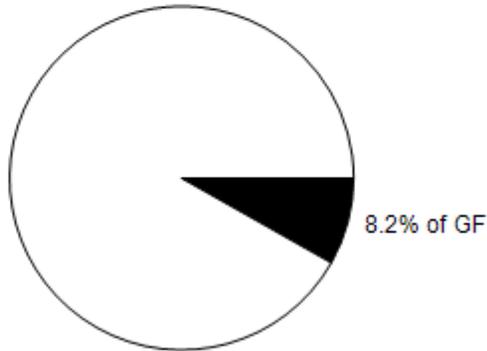
Department Budget: Recent Appropriations

Funding Source	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15 *
General Fund	\$648,950,165	\$654,682,235	\$664,148,559	\$706,333,227
Cash Funds	42,343,166	39,619,027	40,179,999	40,063,613
Reappropriated Funds	44,727,525	45,644,484	45,892,992	45,925,247
Federal Funds	<u>3,197,101</u>	<u>1,014,328</u>	<u>1,010,514</u>	<u>1,223,868</u>
Total Funds	\$739,217,957	\$740,960,074	\$751,232,064	\$793,545,955
Full Time Equiv. Staff	6,220.6	6,077.1	6,019.6	6,094.0

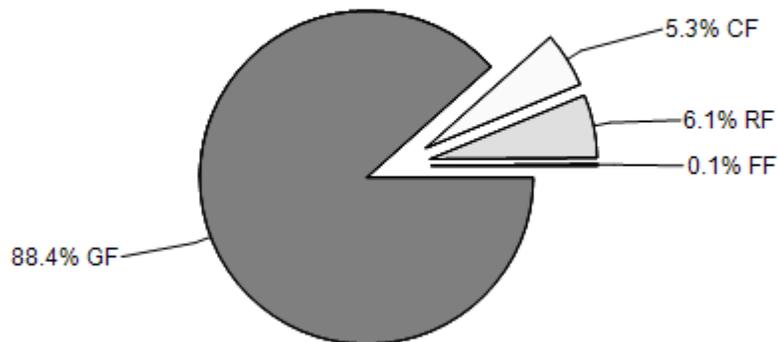
*Of this request, \$198,977 General Fund has already been appropriated in the five year appropriation clauses of bills enacted during prior sessions. The FY 2014-15 appropriations from these bills are found in Sections 17-18-105 to 110, C.R.S., and equal \$28,800 (H.B. 10-1081, Money Laundering Criminal Fraud), \$4,482 (S.B. 10-128, Invasion of Privacy), \$124,063 (H.B. 13-1154, Crimes Against Pregnant Women); \$20,816 (H.B. 13-1318, Marijuana Tax), and \$20,816 (H.B. 13-1325, Inferences for Marijuana and Driving Offenses). Thus the Department's requested General Fund appropriation for the Long Bill is \$706,333,227 - \$198,977 = \$706,134,250.

Department Budget: Graphic Overview

**Department's Share of Statewide
General Fund**

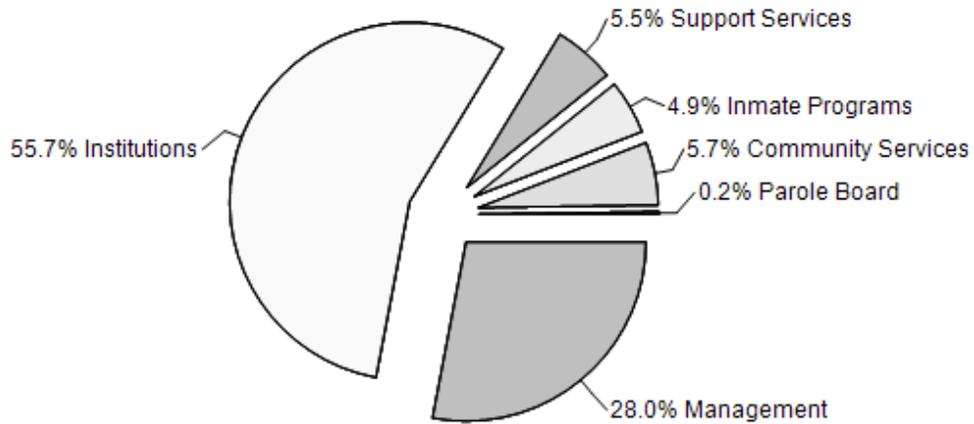


Department Funding Sources

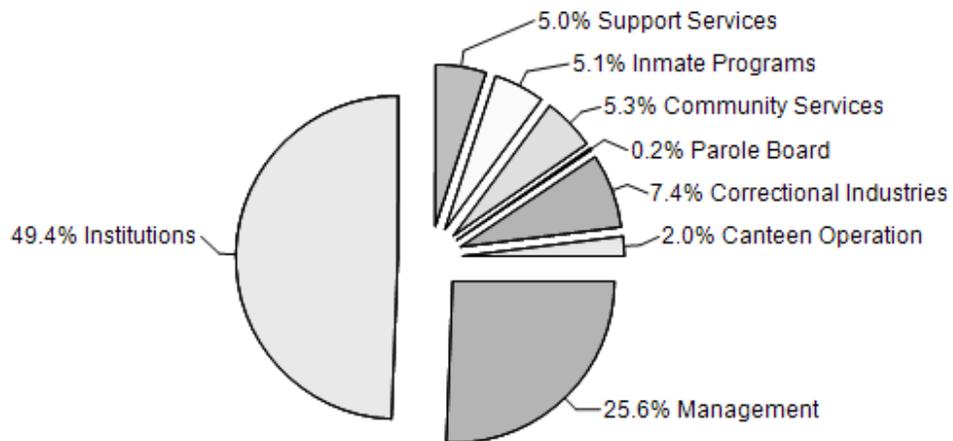


All charts are based on the FY 2013-14 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



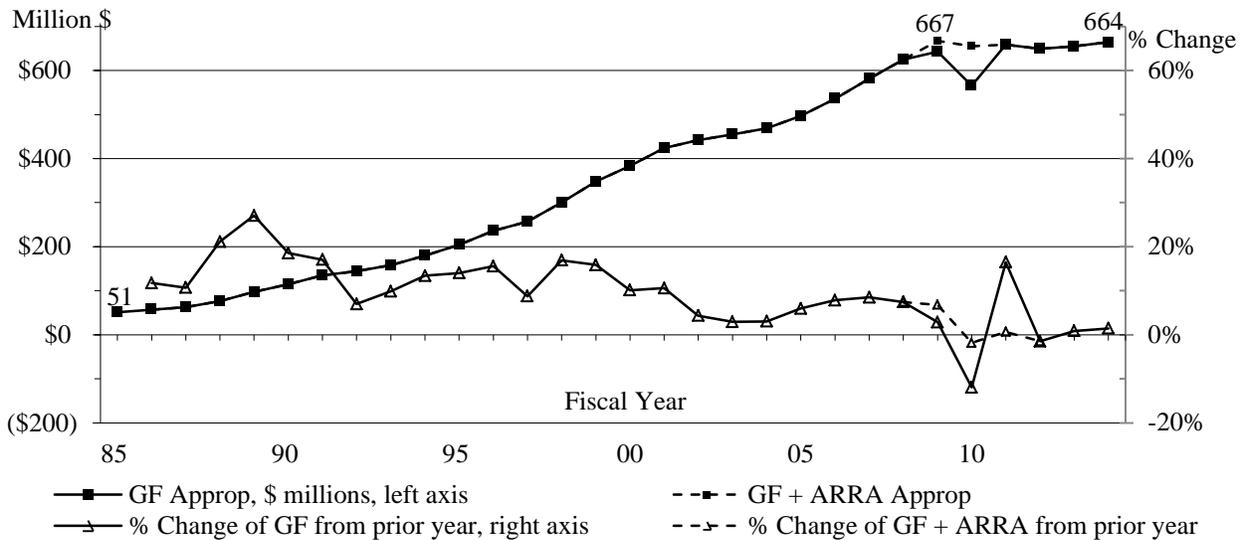
All charts are based on the FY 2013-14 appropriation.

General Factors Driving the Budget

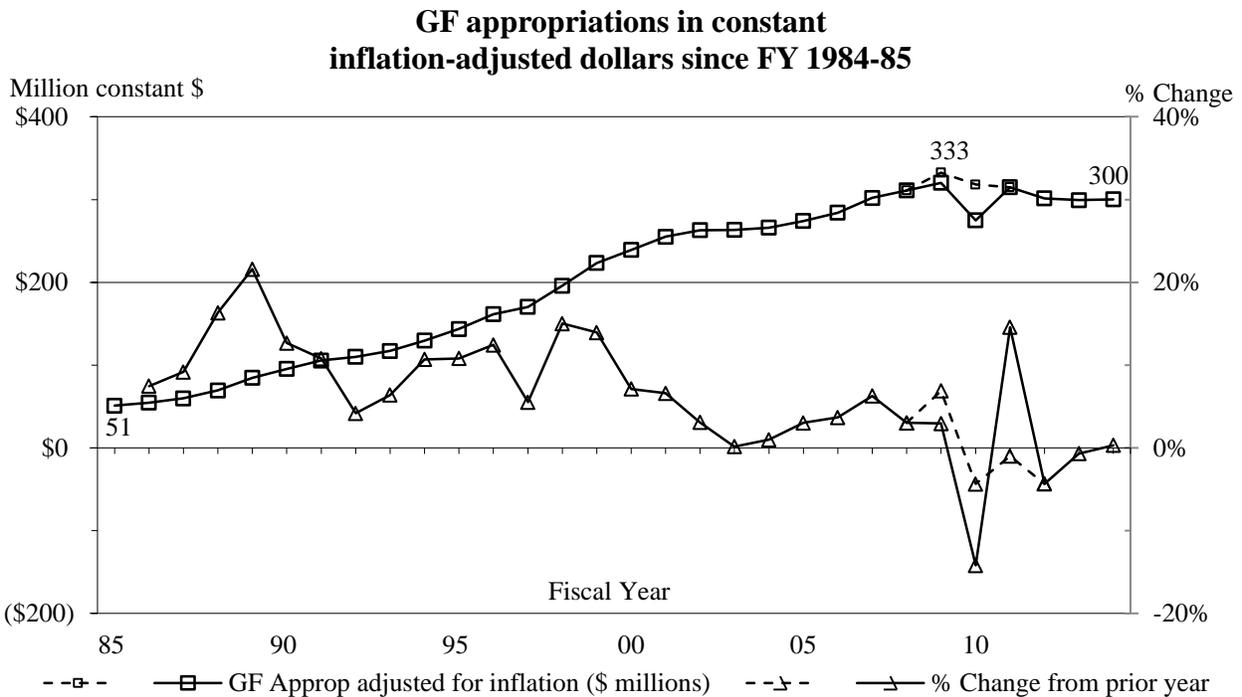
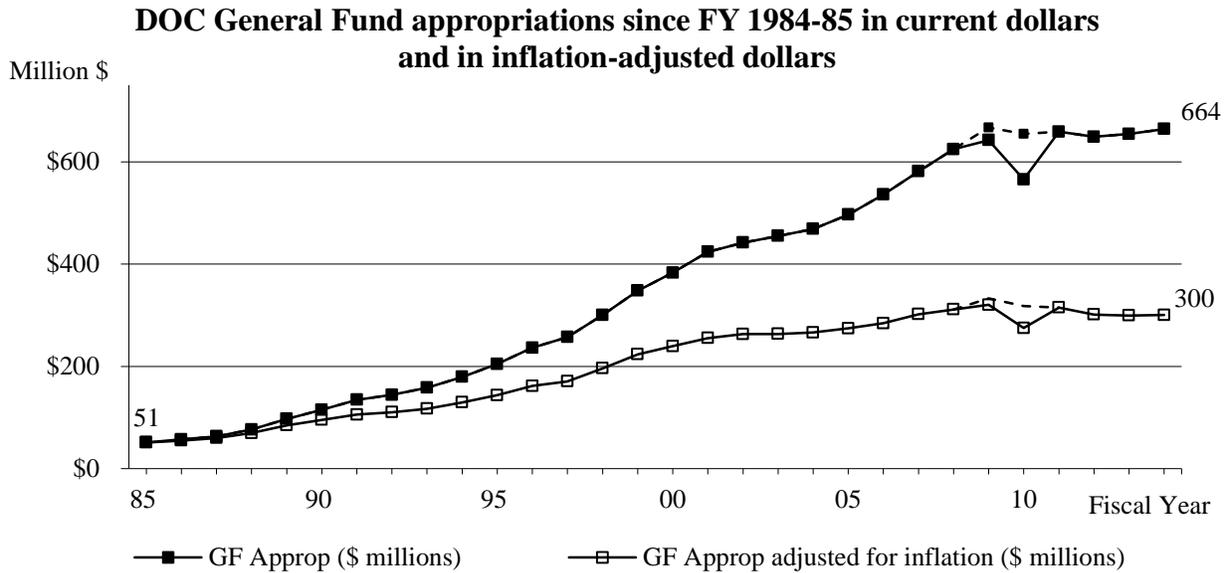
Historical and Comparative Expenditures. The following graph depicts annual General Fund appropriations to the Department since FY 1984-85 and shows the percentage change of these appropriations each year. To enhance year-to-year comparisons, the dotted lines in this chart include FY 2008-09 and FY 2009-10 American Recovery and Reinvestment Act (ARRA) funding that the state used to pay some of its corrections bills. This temporary federal funding, which equaled \$24.6 million in FY 2008-09 and \$89.0 million in FY 2009-10, displaced DOC General Fund appropriations, freeing the money to be used elsewhere in the state budget. Without this ARRA funding, DOC General Fund appropriations would have undoubtedly been higher, though perhaps not quite as high as the dotted line in the graph.

General Fund appropriations to the Department of Corrections (DOC) (including ARRA) grew almost 13 fold from FY 1984-85 until FY 2009-10 when the Department’s inmate population peaked—an average annual growth rate of 10.7 percent. During the same period, Colorado’s population grew at a much slower 1.8 percent annually and corrections expenditures per Colorado resident grew from \$15.89 to \$112.47. The growth-rate graph line (denoted with triangles) shows that appropriation growth rates trended downward from FY 1988-89 to FY 2009-10 and have subsequently been low. Average appropriation growth (including ARRA) has equaled -0.4 percent annually since FY 2009-10.

DOC Annual General Fund Appropriations Since FY 1984-85



The growth of General Fund appropriations to the Department has had a substantial inflation component. The following chart shows General Fund appropriations in "current" dollars (i.e. in the actual dollars appropriated) and in "constant," inflation-adjusted dollars.



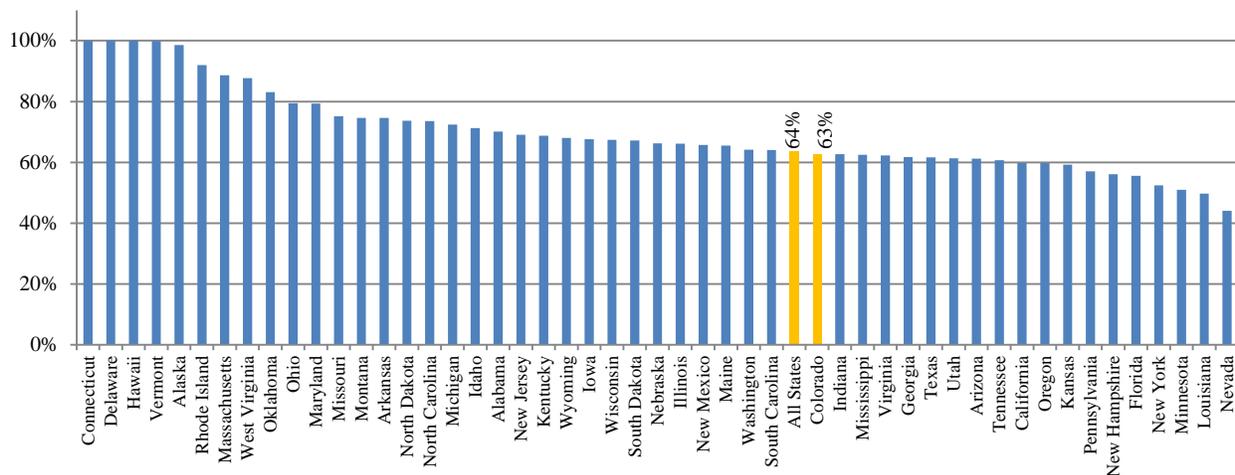
Removing the effects of inflation reveals that growth of constant dollar DOC General Fund (and ARRA) appropriations since the mid 1980's is less than half the growth of current dollar appropriations. It also reveals that the dip in growth that occurred in FY 2002-03 and FY 2003-04 brought appropriation growth nearly to a halt in inflation-adjusted terms and that appropriations have declined \$33 million since the combined GF and ARRA peak in FY 2008-09. Adjusted for inflation, General Fund appropriations for FY 2013-14 are \$2.0 million lower than they were in FY 2006-07.

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As in most states, corrections expenditures in Colorado are divided between the state and local governments. Local governments operate local corrections programs and jails (which hold offenders awaiting court appearances and offenders with misdemeanor sentences of less than one year) while the state operates a prison system that holds offenders with felony sentences of one year or longer.

It is challenging to compare Colorado's state corrections expenditures with those of other states because the distribution of expenditures between each state and its local governments varies substantially. As the following diagram (based on the latest available national data¹) illustrates, the average state pays 63 percent of total corrections expenditures while a few states pay all or nearly all correctional costs.

Percent of State + Local Corrections Expenditures Paid By State FY 09-10

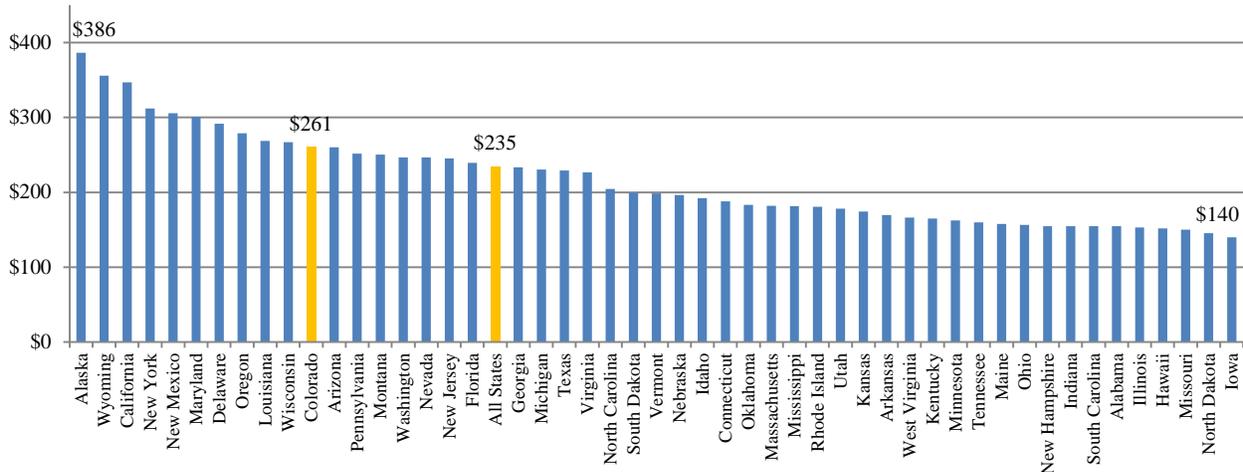


Because of this varying expenditure split, and because some states are much larger than others, the most valid way to compare Colorado's corrections expenditures with those of other states is to look at total per capita corrections expenditures of State and Local governments, as shown below. Note that this chart, like the prior chart, includes both capital and operating expenditures; other parts of this document focus on operating expenditures alone.

¹ Source: U.S. Department of Justice, Bureau of Justice Statistics, *Justice Expenditure and Employment Extracts 2010*.

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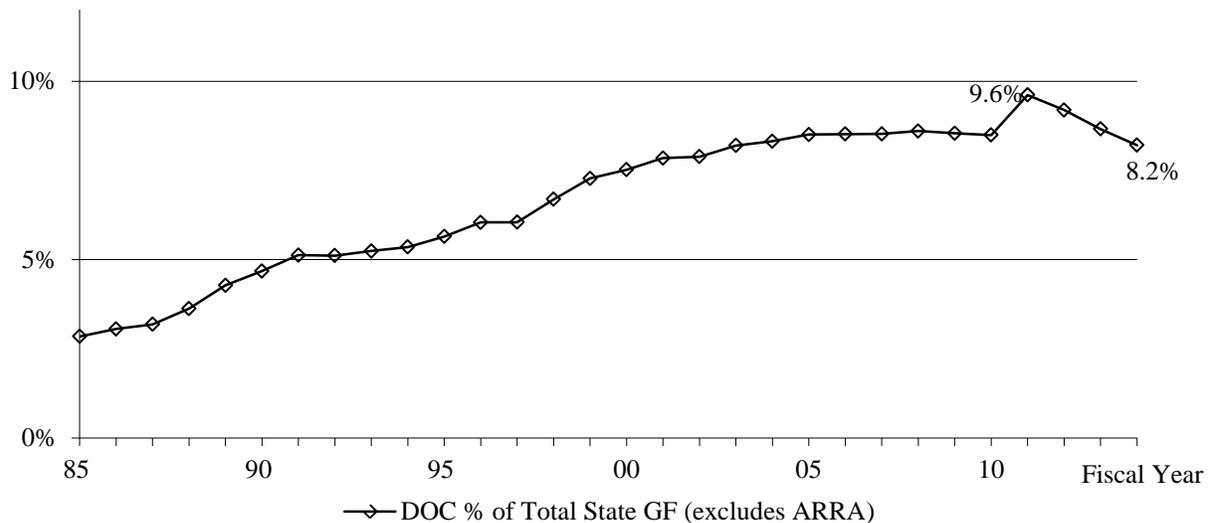
State + Local Corrections Expenditures Per Capita, FY 09-10



As this chart shows, Colorado ranks 11th among the states in per capital spending on corrections by all levels of government; in FY 2009-10 Colorado spent \$261 on corrections per resident, 11 percent more than the national average. Of this \$261 total, \$164 was expended by the State and \$97 by local governments.

As the Department of Corrections has grown, it has consumed a growing portion of the state's General Fund appropriations. The following graph, which excludes ARRA funds, illustrates this growth. In FY 1984-85 General Fund appropriations to the Department accounted for 2.8 percent of the state operating budget. By FY 2010-11 (the year General Fund corrections appropriations surged \$93.1 million to make up for the loss of ARRA funding) this share reached 9.6 percent followed by a steady decline to 8.2 percent in FY 2013-14.

DOC General Fund appropriations as a % of total state General Fund operating appropriations since FY 1984-85



Key drivers of the appropriation

Fundamentally, the cost of a correctional system is determined by

- The number of offenders who must be supervised and maintained, and
- The cost of supervision and maintenance per offender, with costs differing substantially for the various categories of offenders.

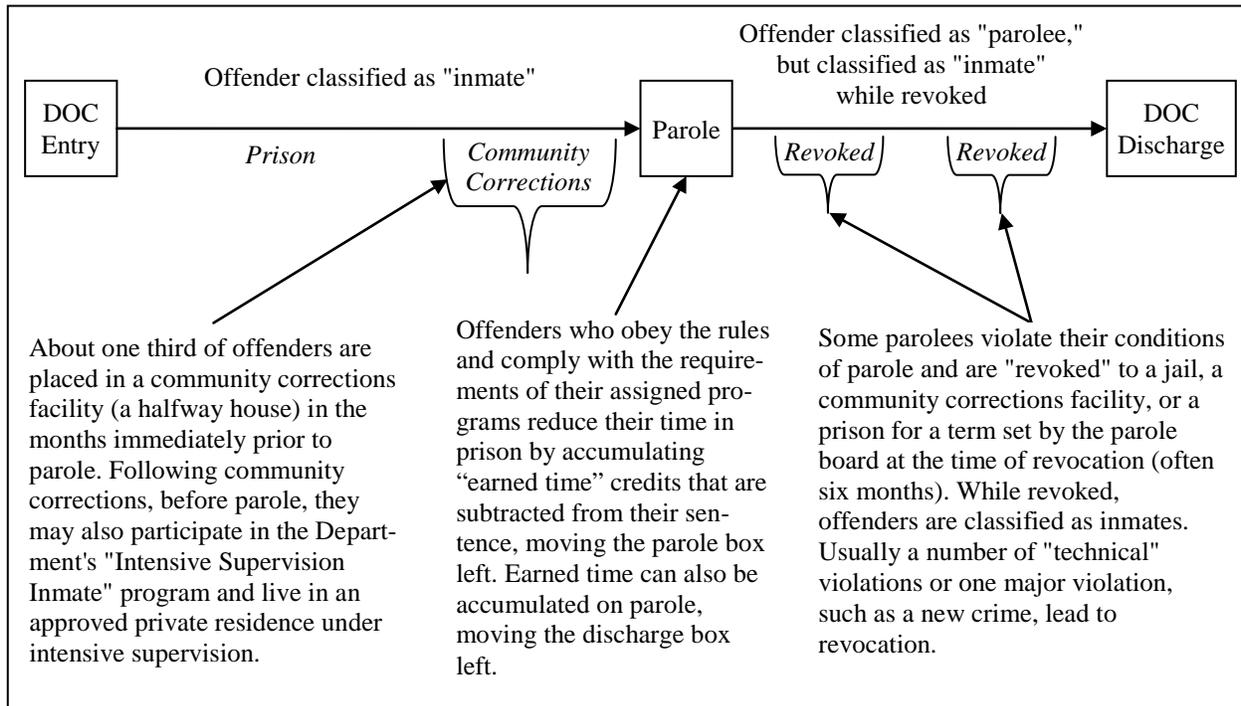
Offender Population

The number of offenders within the correctional system depends upon

- the number of offenders who enter the system, and
- the amount of time offenders remain in the system until they exit.

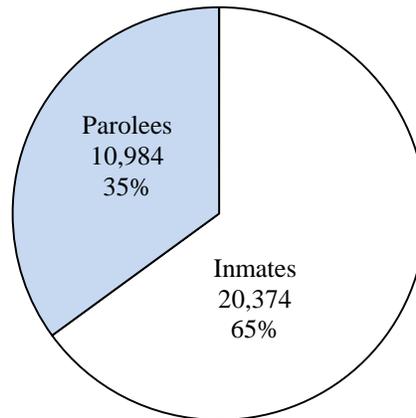
Offenders sent to the Department of Corrections are sentenced to a period of imprisonment and to a period of parole. For example, an offender who committed a Class 4 felony might be sentenced to five years of imprisonment followed by three years of parole. The court has some discretion regarding the length of the prison term (the presumptive range for a Class 4 felony, as prescribed in Section 18-1.3-401, C.R.S., is two to six years) but the parole period is mandatory and depends on the felony classification.

The following diagram shows typical progress through the DOC system:



Because of the substantially different status and cost of incarceration and parole, DOC population counts are commonly divided into two components: the inmate population and the parole population. The following pie chart shows the number of offenders currently in each category; about two thirds of the offenders are classified inmates.

DOC Population, Oct 31, 2013



The ratio of parolees to inmates reflects the average time offenders are on parole relative to average time spent as an inmate. The pie chart indicates that there are currently 0.54 parolees per inmate ($=10,984/20,374$) and indicates that the average parolee spends roughly 54 days on parole for every 100 days spent as an inmate, i.e. the average inmate spends about 65 percent of his DOC time as an inmate and about 35 percent as a parolee.²

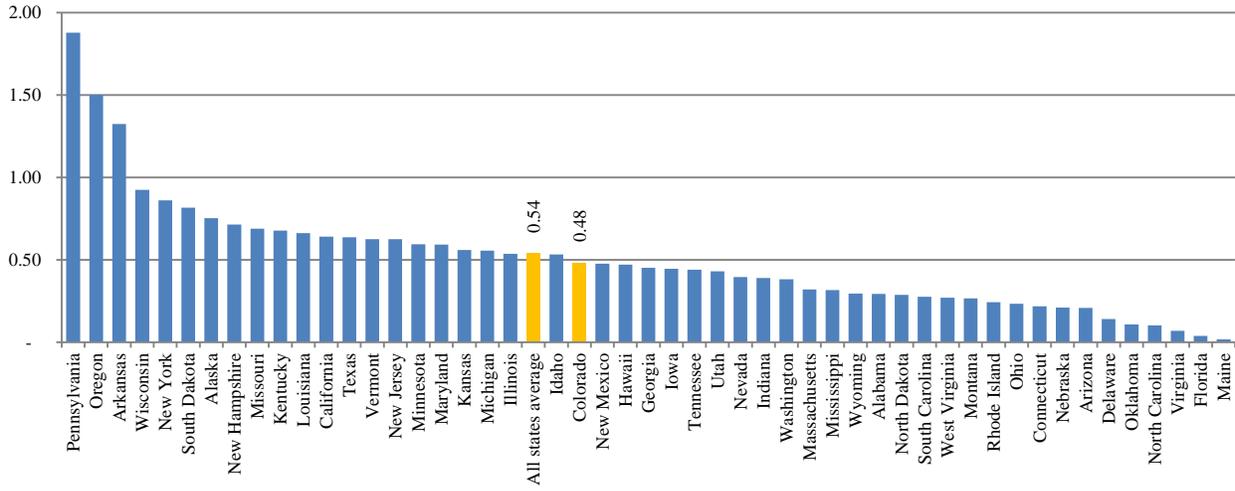
The following chart shows the number of parolees per inmate for almost all states for 2011, the latest year for which nationwide data is available.³ This chart serves as a general guide to the number of days that an offender in each state will spend on parole per day spent as an inmate. Colorado is very close to the average for all states.

² This inexact relationship can be illustrated with an example. Suppose a new criminal penalty places 10 extra offenders in DOC each year; each is an inmate for two years followed by one year of parole. During the first year this law will add 10 inmates and 0 parolees. During year two there will be 20 inmates and 0 parolees. In the third year there will be 20 inmates and 10 parolees, the 10 convicted in the first year having progressed to parole. Thus by year three there will be 0.5 parolees per inmate for this new crime, which equals the ratio of time on parole to time as an inmate. This rule of thumb also works if offenders are paroled early or are revoked while on parole. If the average offender is revoked for half his time on parole, the new crime example will result in 25 offenders in prison and 5 on parole in year 3, for a parolee-inmate ratio of 1:5. These offenders will spend 0.5 years on parole and 2.5 years as inmates, the same ratio. When the prison population is expanding, the number of parolees per inmate will lag the parole time-inmate time ratio. If i represents years as an inmate and p represents years as a parolee, it will take $i+p$ years for the ratio of parolees to inmates to equal the ratio of parole time to inmate time. If the prison population is growing in step with general population at annual rate g , the ratio of parole to inmate time will be permanently less than the parolee:inmate ratio by approximately $i*g$.

³ The data for this chart was drawn from two U.S. Department of Justice, Bureau of Justice Statistics publications: *Prisoners in 2011* and *Probation and Parole in the United States, 2011*.

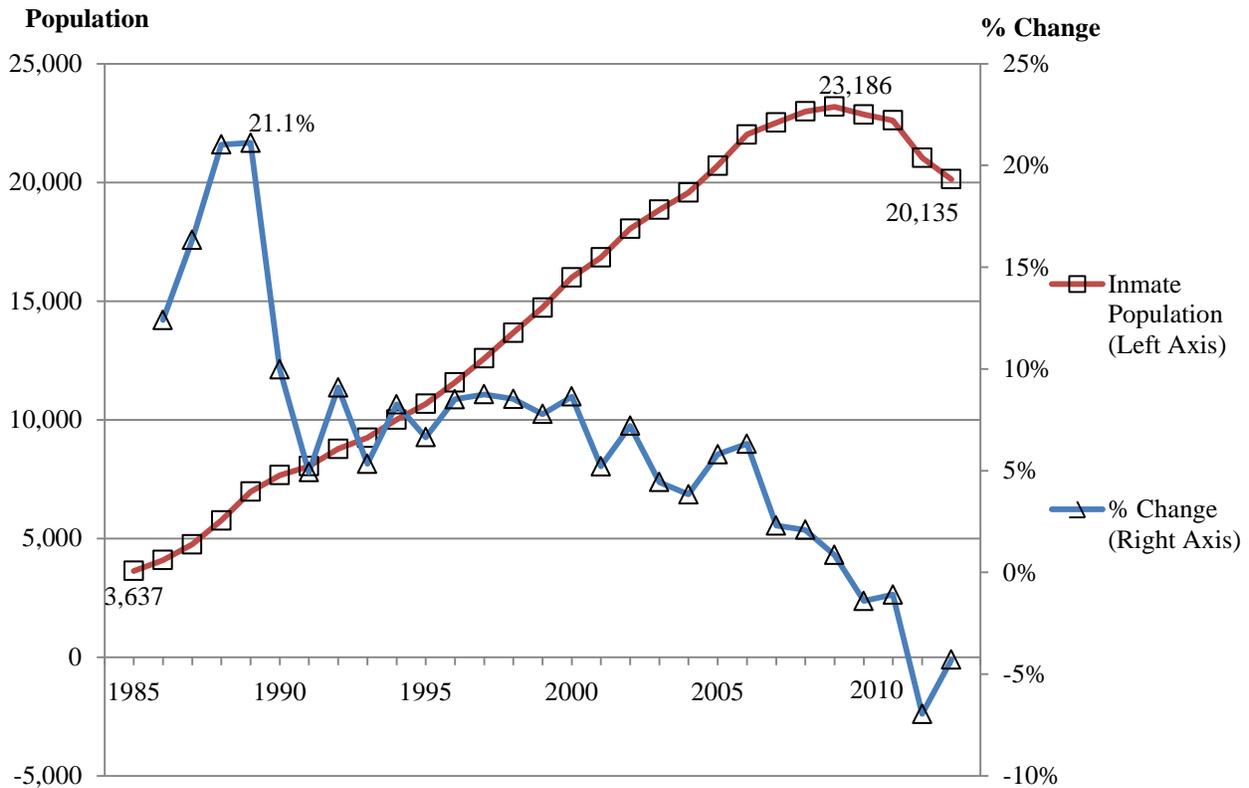
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Parolees per Inmate, Jan. 1, 2011



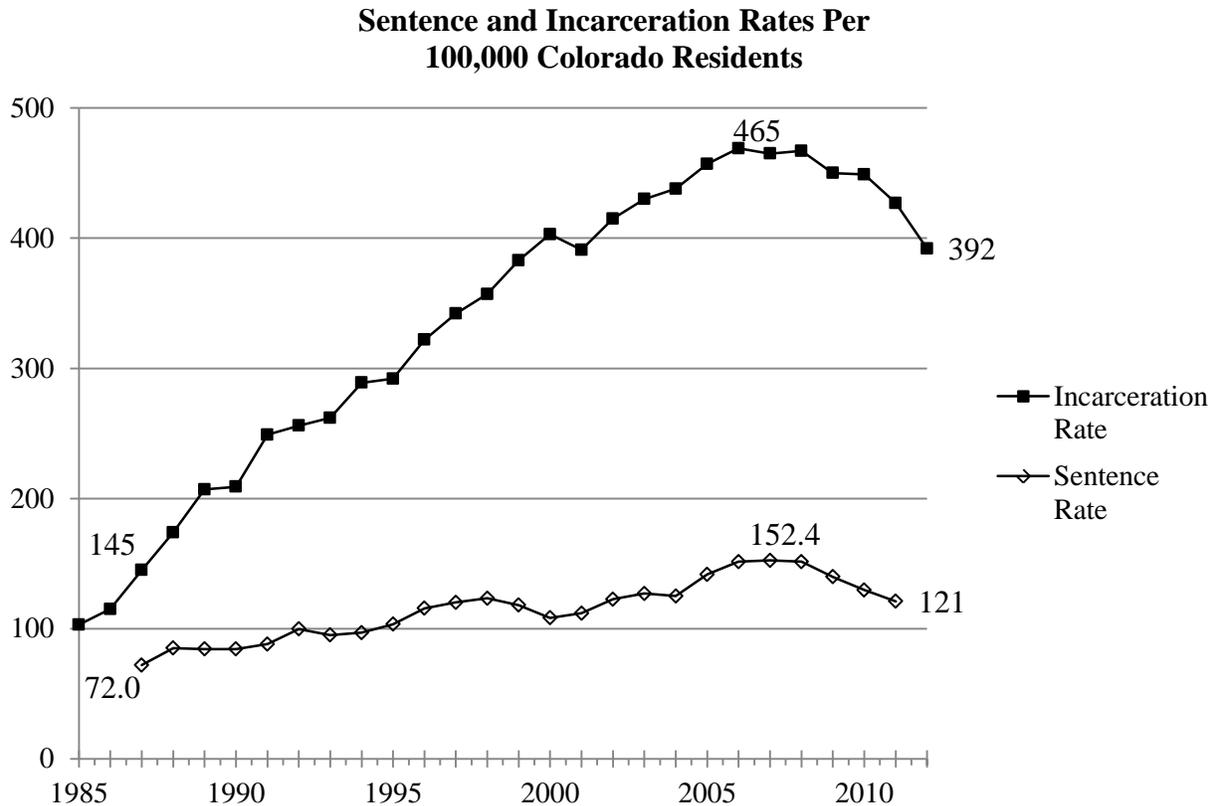
The following diagram shows the inmate population since 1985.

Department of Corrections Inmate Population, End of Fiscal Year



Colorado's general population growth was an important contributor to this prison population growth. All other things equal, a doubling of the general population would be accompanied by a

doubling of the correctional population, but the 637 percent increase in the number of DOC inmates between 1985 and 2009 cannot be explained alone by the 57 percent increase of the general population over this interval. A much more important factor behind the rise was the dramatic increase in Colorado's incarceration rate, the number of Colorado prison inmates per 100,000 Colorado residents, which is illustrated by the following chart, along with the "Sentencing Rate," the number of offenders sentenced to Colorado prisons during a fiscal year, per 100,000 Colorado residents.



This chart highlights the key factors that determine the prison population: the number of people who go to prison (the sentence rate) and, implicitly, the amount of time that they remain there. The sentence rate can change for a number of reasons, including

- changes of the proclivity of Colorado residents to commit crime, which may be linked to changes in the relative size of the "at risk" population (those aged 19 to 39, who are more likely to commit crime) and to the effects of many other factors, such as the effectiveness of the education system, the effectiveness of the criminal justice system in deterring crime, and the ability of the criminal justice system to alter the criminal proclivity of those who previously committed crimes and already have been through the justice system.
- legislative changes that define new crimes punishable with DOC incarceration or alter the definitions of existing crimes punishable with DOC incarceration.
- changes in the rate at which law enforcement arrests those who commit crimes,

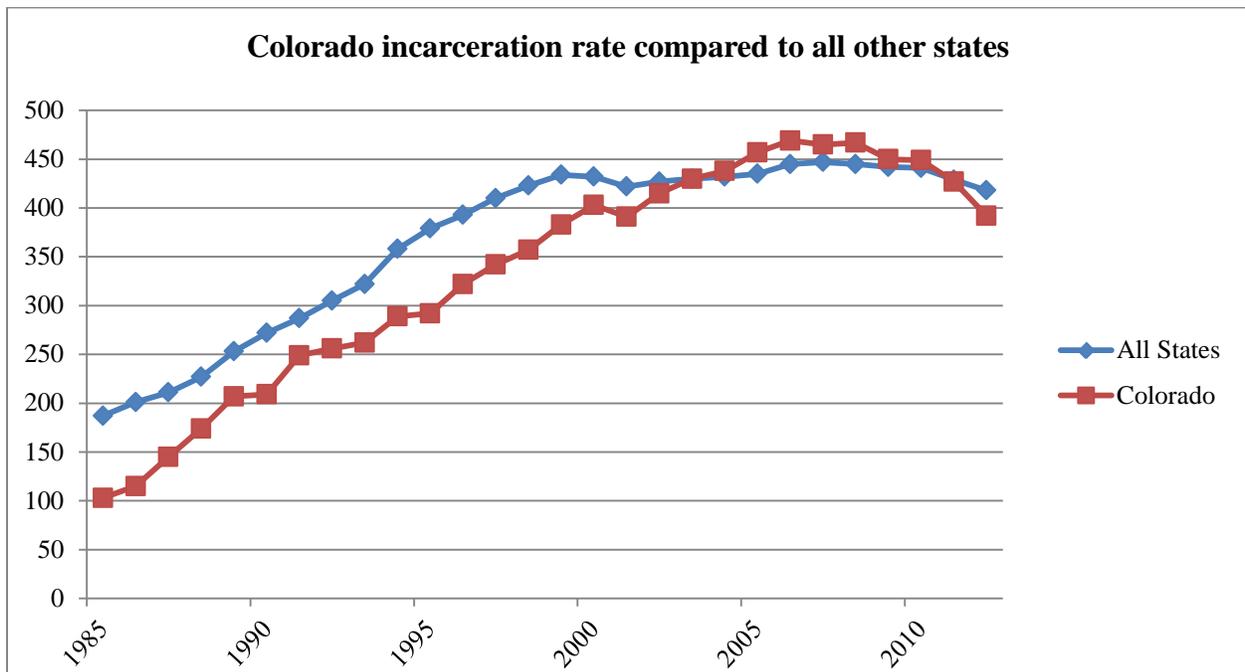
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- changes in the rate at which prosecutors obtain convictions that lead directly to periods of DOC incarceration,
- changes in the rate at which those who are convicted of crimes but receive probation (or another sanction that avoids DOC incarceration) are "revoked" and sent to DOC.

By itself, the 112 percent increase of the sentence rate between 1987 and 2007 would have approximately doubled Colorado's prison population, after a period of adjustment. Since the incarceration rate rose by 248 percent over this same period, the other key factor, the duration of incarceration following a sentence, was also at work. Duration of incarceration depends upon a number of factors, including

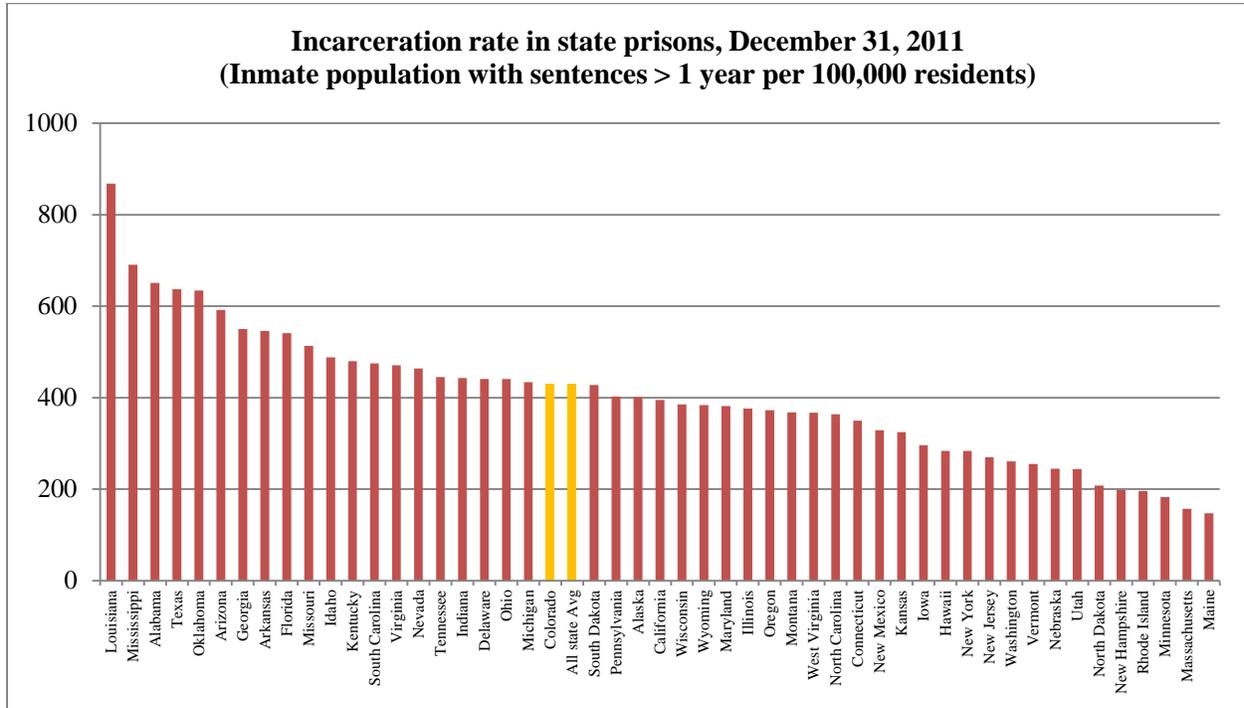
- the presumptive range for sentences as prescribed in law,
- the ability and willingness of offenders to reduce the length of their prison stay with good behavior,
- the willingness of the parole board to release offenders who are past their parole eligibility date but before their mandatory release date, and
- the ability of those paroled to avoid technical violations that result in a return to prison for a portion of their parole.

The following chart shows the change of Colorado's incarceration rate compared to other states. Colorado lagged the national average until 2003 and then remained above the average until 2011.



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The following table shows how Colorado’s incarceration rate compares with a cross-section of other states. As the preceding chart showed, in 2011 Colorado was at the national average.



DOC Offenders in County Jails

A portion of the offenders under the DOC's jurisdiction are housed in county jails. Some of these offenders have recently been sentenced to the DOC and are awaiting transfer from jail (a population commonly referred to as the jail backlog). Pursuant to Section 17-1-112 (1), C.R.S., the DOC is required to reimburse counties for holding these inmates starting 72 hours after they are sentenced. Other offenders were on parole and, following a parole violation, have been placed in jail while awaiting a parole revocation hearing. In addition, the DOC has contracts with several jails around the state and places offenders in these facilities on a longer term basis. The following table highlights the DOC jail population in recent years.

DOC Offenders in County Jails	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Actual	FY 12-13 Actual	FY 13-14 Approp.
Average DOC population in jails	413	569	639	559	560	560
Cost to DOC	\$7,595,058	\$10,474,017	\$11,772,794	\$10,320,054	\$10,348,430	\$10,524,789
Annual percentage change of cost		37.9%	12.4%	(12.3%)	(0.3%)	1.7%
Daily Reimbursement Rate	\$50.44	\$50.44	\$50.44	\$50.44	\$50.44	\$51.45
Annual percentage change of rate		0.0%	0.0%	0.0%	0.0%	2.0%

DOC Offenders in Private Prisons

In the 1990s, the DOC began contracting with out-of-state prisons and in-state private prisons to house Colorado offenders. The DOC continues to house offenders at in-state private prisons, but Colorado offenders have not been housed at out-of-state prisons since FY 2007-08. The following information summarizes recent payments to in-state private prisons.

DOC Offenders in Private Prisons	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Actual	FY 12-13 Actual	FY 13-14 Approp.
Average Daily Population	5,425	5,088	4,451	4,169	3,916	3,508
Annual percentage change		(6.2%)	(12.5%)	(6.3%)	(6.0%)	(10.4%)
Cost	\$104,323,294	\$97,844,779	\$85,599,904	\$80,393,692	\$73,987,133	\$68,802,680
Annual percentage change		(6.2%)	(12.5%)	(6.1%)	(8.0%)	(7.0%)
Daily Reimbursement Rate	\$52.69	\$52.69	\$52.69	\$52.69	\$52.69	\$53.74
Annual percentage change		0.0%	0.0%	0.0%	0.0%	2.0%

Transition and Parole – Costs of Returning Offenders to the Community

The process of returning an offender to the community following prison almost always involves a period of parole, but about a third of the time also involves placement in a community corrections facility (known as a halfway house) and possibly a period of intensely supervised independent living before parole begins. Inmates living in halfway houses or living on their own under intensive supervision are often referred to as "transition" offenders. Once on parole, a significant number of offenders are reincarcerated for violating their parole conditions; if the parole violation does not involve a new crime that leads to a new conviction, will last no longer than six months.

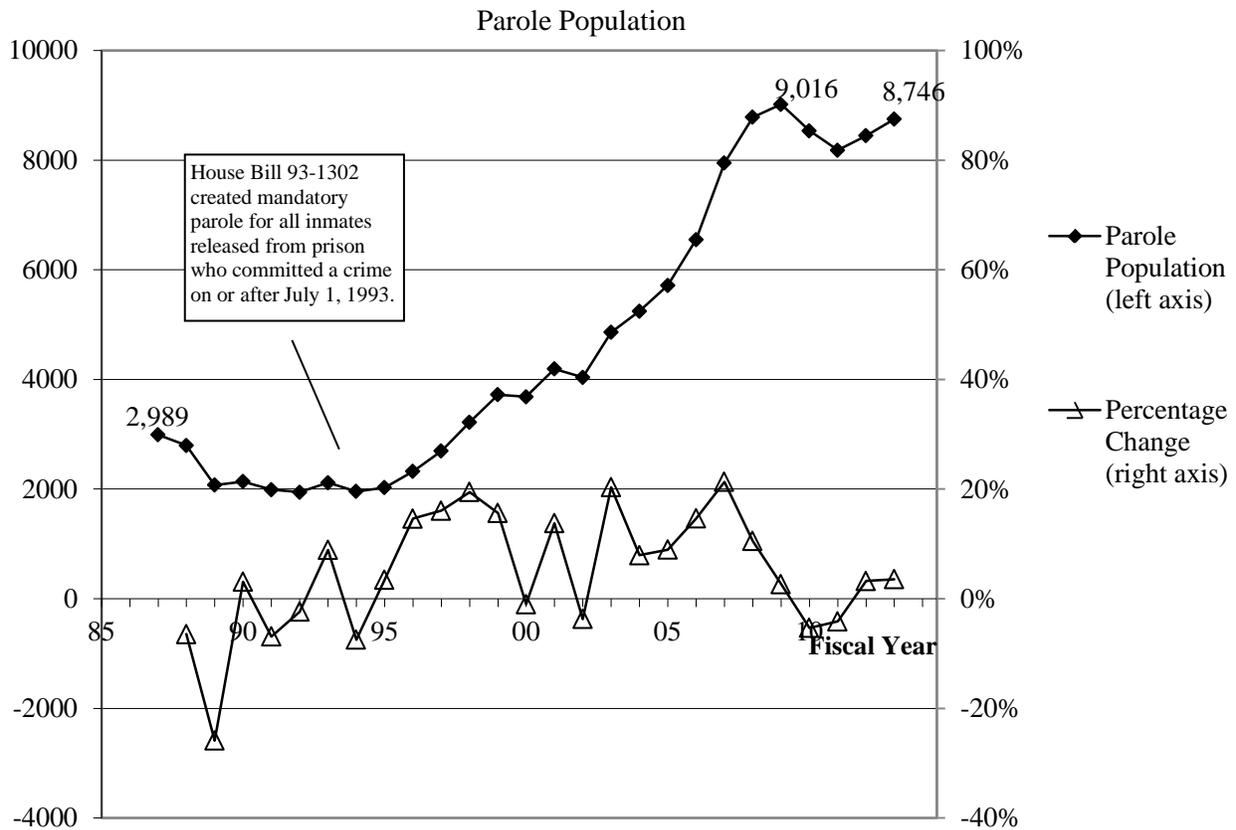
The costs of returning offenders to the community are shared by the DOC and the Division of Criminal Justice (DCJ) at the Department of Public Safety. The DCJ is responsible for payments to halfway houses, which in Colorado are operated by private entities, non-profits, and local governments. The DOC is responsible for the costs of supervising DOC offenders who are in community corrections, living independently prior to parole, or on parole. In addition, the DOC pays many of the costs of jailing offenders when parole is revoked. Non-violent parolees whose parole is temporarily revoked may be reincarcerated in "Community Return-to-Custody" facilities, which are run by community corrections centers.

Costs of supervision are closely tied to the size of the population being supervised. The following table reports the recent fiscal year-end parole population. The key factors driving caseload are the number of releases to parole and the length of stay on parole. A stay on parole may be punctuated by temporary reincarceration for a violation of the offender's conditions of parole.

	FY 07-08 Actual	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Actual	FY 12-13 Actual
Fiscal year-end parole population	8,783	9,016	8,535	8,181	8,445	8,746
Annual percentage change		2.7%	(5.3)%	(4.1)%	2.1%	3.6%

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The following chart shows the parole population over a longer period.



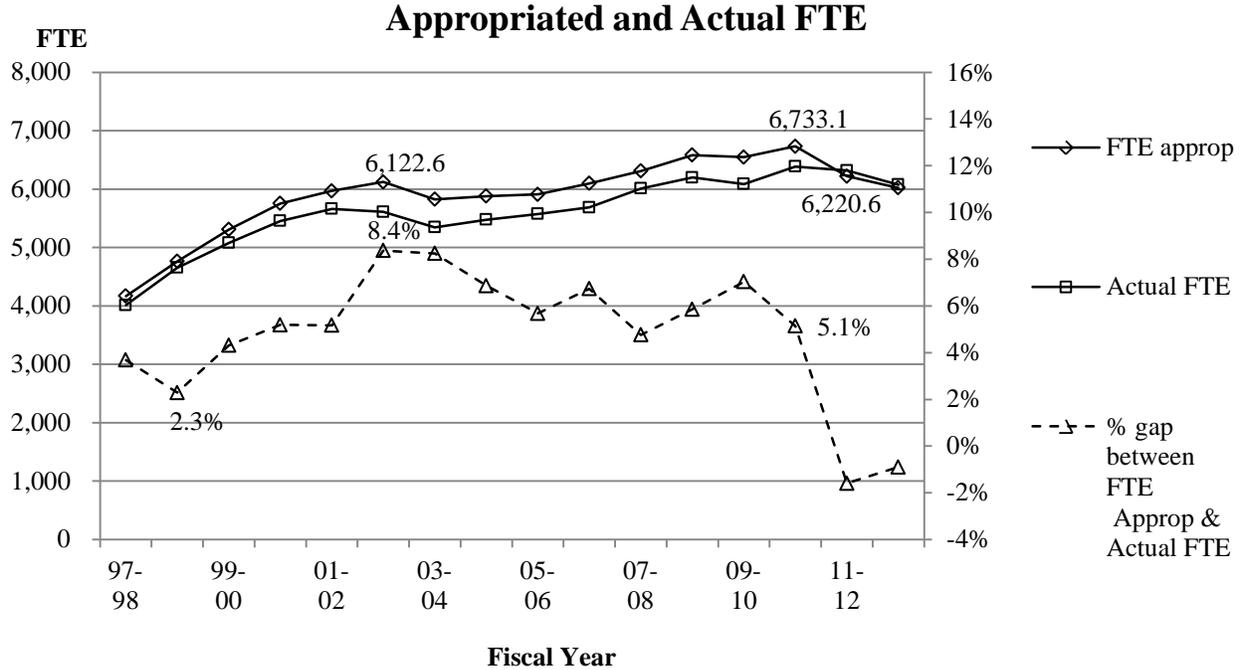
The next table summarizes DOC's recent costs of supervision and recent payments to Community Return-to-Custody facilities.

Transition and Parole Costs	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Actual	FY 12-13 Actual	FY 13-14 Approp.
Community Corrections Supervision	\$12,823,512	\$13,662,290	\$12,790,930	\$12,315,305	\$12,730,190	\$12,035,717
Annual percentage change		6.5%	(6.4%)	(3.7%)	3.4%	(5.5%)
Parole Supervision	\$20,828,293	\$21,127,826	\$22,219,683	\$23,483,761	\$23,273,651	\$24,154,252
Annual percentage change		1.4%	5.2%	5.7%	(0.9%)	3.8%
Payments to Community Return-to-Custody Facilities	\$3,395,999	\$3,912,275	\$4,035,869	\$4,004,246	\$3,911,624	\$3,600,021
Annual percentage change		15.2%	3.2%	(0.8%)	(2.3%)	(8.0%)

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The Growth of Department of Corrections FTE

The following chart shows the growth of Department of Corrections FTE in recent years. Note that the percentage gap between actual and appropriated FTE peaked during the FY 2001-03 recession and peaked again during the current period of slow economic growth.



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Summary: FY 2012-13 Appropriation & FY 2013-14 Request

Department of Corrections						
	Total Funds	General Fund	Cash Funds	Reappropri- ated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
2013-14 Long Bill	\$752,626,223	\$665,542,718	\$40,179,999	\$45,892,992	\$1,010,514	6,019.2
S.B. 13-210, Corrections Officer Staffing Levels	963,168	963,168	0	0	0	0.0
S.B. 13-250, Drug Sentencing	521,850	521,850	0	0	0	0.0
S.B. 13-200, Medicaid Expansion	(2,471,751)	(2,471,751)	0	0	0	0.4
H.B. 13-1160, Consolidate Theft Statutes	(520,400)	(520,400)	0	0	0	0.0
Other Legislation	56,160	56,160	0	0	0	0.0
Five-year statutory appropriations for FY 2013-14	<u>56,814</u>	<u>56,814</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$751,232,064	\$664,148,559	\$40,179,999	\$45,892,992	\$1,010,514	6,019.6
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$751,232,064	664,148,559	\$40,179,999	\$45,892,992	\$1,010,514	6,019.6
R1 Offender Population Caseload	4,783,486	4,768,504	14,982	0	0	44.2
R2 Medical and Pharmaceutical Costs for Offenders	2,808,553	2,808,553	0	0	0	0.0
R3 Division of Parole Placeholder	10,000,000	10,000,000	0	0	0	0.0
R4 Continue Sex Offender Treatment and Management Program Increase approved in June 2013	1,201,702	1,201,702	0	0	0	13.0
R5 Funding for PREA (Federal Prison Rape Elimination Act) Compliance	252,006	252,006	0	0	0	2.7
R6 Continue Fugitive Unit approved in June 2013	951,314	951,314	0	0	0	10.0
R7 Additional Parole Board Staff	258,857	258,857	0	0	0	3.6
R8 Communicable Disease Prevention	33,215	33,215	0	0	0	0.0
R9 Food Service Inflation	830,871	830,871	0	0	0	0.0
R10 Offender Clothing	220,486	220,486	0	0	0	0.0
R11 Technical Adjustments	(875,523)	24,477	(700,000)	(200,000)	0	0.0
R12 Provider Rate Increase	1,236,372	1,236,372	0	0	0	0.0
NP Secure Colorado - Phase II	863,428	863,428	0	0	0	0.0
NP DTRS (Digital Trunk Radio System) Operations Increase	408,279	408,279	0	0	0	0.0
NP IT Service Management Eco-System	253,643	253,643	0	0	0	0.0
NP Eliminate Redundant Applications	217,304	217,304	0	0	0	0.0
NP Network Resiliency	138,991	138,991	0	0	0	0.0
NP Fleet	120,707	165,782	(45,075)	0	0	0.0
NP IT Technical Development	23,684	23,684	0	0	0	0.0
NP Re-program Payments to OIT	0	0	0	0	0	0.0

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Department of Corrections						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
NP Camp George West Utilities Transfer	0	0	0	0	0	0.0
Annualize HB 12-1223 Earned Time	1,474,355	1,474,355	0	0	0	2.7
Annualize SB 13-210 Corrections Officer Staffing Levels	222,270	222,270	0	0	0	0.0
Annualize SB 13-250 Drug Sentencing Changes	62,619	62,619	0	0	0	0.0
Annualize SB 13-200 Expand Medicaid Eligibility	(2,463,085)	(2,463,085)	0	0	0	0.6
Annualize Prior Decision Items	(713,101)	(710,692)	(2,409)	0	0	(2.4)
Salary Survey, Merit Pay, and change of Shift Differential	10,281,121	9,953,905	327,216	0	0	0.0
Annualize Prior Salary Survey and Merit-based Pay	829,728	822,671	7,057	0	0	0.0
Other Total-compensation adjustments (Health, Life, and Dental; Short Term Disability; AED; SAED)	5,665,737	5,452,967	212,770	0	0	0.0
Payments to Computer Center Adjustment	1,460,520	1,455,398	5,122	0	0	0.0
Workers Compensation Adjustment	1,249,055	1,209,546	39,509	0	0	0.0
Other Common Policy adjustments and Indirect Cost Adjustment	<u>517,297</u>	<u>47,246</u>	<u>24,442</u>	<u>232,255</u>	<u>213,354</u>	<u>0.0</u>
TOTAL	\$793,545,955	\$706,333,227	\$40,063,613	\$45,925,247	\$1,223,868	6,094.0
Increase/(Decrease)	\$42,313,891	\$42,184,668	(\$116,386)	\$32,255	\$213,354	74.4
Percentage Change	5.6%	6.4%	(0.3%)	0.1%	21.1%	1.2%

Issue Descriptions

R1. Offender Population Caseload: The Department requests an increase of \$4,783,486 total funds (all but \$15,000 General Fund) and 44.2 FTE to house an inmate population that is greater than was forecast last session when the FY 2013-14 appropriation was set. The request is based on a DCJ forecast that was issued in July 2013 and predicts that the average daily population of inmates during FY 2014-15 will be 469 higher than the average daily population on which the FY 2013-14 appropriation is based. The Department proposes to address this shortfall by reopening 393 beds that it recently closed in state-run facilities (100 at Trinidad + 100 at Sterling + 117 at Buena Vista at a cost of \$17.96 per offender per day and 76 at Denver Women’s Correctional Facility at a cost of \$46.90 per offender per day) In addition, the Department proposes placing another 76 offenders in private prisons at a daily cost of \$53.74 per offender per day.

R2. Medical and Pharmaceutical Expenditures for Offenders: The Department requests a net General Fund increase of \$2,808,553 for medical and pharmaceutical expenditures for offenders, comprised of an increase of \$3,596,174 in expenditures for external medical services and a decrease of \$787,621 in pharmaceutical expenditures. The Department provides routine medical care within its own facilities; more complex cases are sent, with escort, to providers

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outside DOC facilities. The Department's FY 2013-14 appropriation provides an average of \$1,868 per offender annually for outside medical care. The Department expects that it will spend an average of \$205 more per inmate during FY 2014-15 for outside medical expenses. The Department also projects that the annual per offender cost of pharmaceuticals will decline from the currently funded level of \$811 to \$731 for FY 2014-15, partly due to some highly-utilized anti-psychotic medications becoming available in generic form.

R3. Parole Placeholder. The Department requests that \$10 million in General Fund be reserved to implement significant adjustments in the Division of Parole. All parole operations are currently being analyzed and evaluated in light of an independent study of Colorado's parole process that was commissioned last spring. The study was released on August 30, 2012. The Department will submit specific proposals through the budget amendment process. The \$10 million placeholder represents a 24.8% increase in total funding for the Division of Parole

R4. Sex Offender Treatment and Monitoring. The Department requests \$1,201,702 General Fund and 13.0 FTE to continue funding for its revamped Sex Offender Treatment and Monitoring Program (SOTMP) in FY 2014-15. This request would annualize the FY 2013-14 funding for the revamped SOTMP that was approved in June at a cost of \$956,795 General Fund. Because the June funding was in an interim supplemental that has not yet been approved by the General Assembly, it is not yet part of the Department's base appropriation. Once the interim supplemental is approved by the General Assembly and becomes part of the base, this supplemental will decline to $\$1,201,702 - \$956,795 = \$244,907$. The FY 2015-16 cost is \$1,209,082 General Fund and 13.0 FTE in FY 2015-16.

R5. Prison Rape Elimination Act (PREA) Continuation Funding. The Department requests a General Fund increase of \$252,006 and 2.7 FTE in FY 2014-15 to replace expiring federal PREA funding. The request annualizes to \$273,552 General Fund and 3.0 FTE in FY 2015-16 and beyond. The request replaces expiring federal funds and creates additional compliance activities.

R6. Continued funding for the Fugitive Apprehension Unit. The Department requests funding of \$951,314 General Fund and 10.0 FTE in FY 2014-15 to continue its new Fugitive Unit, which is located in the Parole Subprogram. The Fugitive Unit was established in an interim supplemental approved in June at a cost of \$915,293. Once the interim supplemental is approved by the General Assembly and becomes part of the base, this supplemental will decline to $\$951,314 - \$915,293 = \$36,021$.

R7. Parole Board Staffing. The Department requests \$258,857 General Fund and 3.6 FTE in FY 2014-15 for the Parole Board. The Department seeks to hire a parole board administrator, a data analyst, and two administrative support staff. The Department notes that the parole board's workload has increased substantially in recent years, yet its support staff was reduced by 4.0 FTE during FY 2010-11 and has not increased since that time.

R8. Communicable Disease Prevention. The Department requests \$33,215 General Fund in FY 2014-15 for a Communicable Disease Prevention Program that will screen all new employees for tuberculosis and provide the new employees with hepatitis B vaccines.

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R9. Food Service Inflation. The Department requests an \$830,871 General Fund increase in FY 2014-15 to deal with increases in the cost of raw food. Of this request, \$402,342 is for food costs at DOC facilities and \$428,529 is for DOC's food service contract with the Department of Human Services (DHS) which provides inmate meals at the Department's Pueblo facilities: YOS (the Youthful Offender System), San Carlos and La Vista. Since 2007-08, food costs have risen an average of 6.2% annually. DOC received a 3.5% increase for raw food inflation in FY 2013-14. Payments to DHS have not risen since FY 2006-07.

R10. Food Service Inflation. The Department requests a General Fund increase of \$220,486 in FY 2014-15 to address a 56% average increase in the cost of raw materials for manufacturing offender clothing since 2006. The Department clothes approximately 17,000 offenders within its facilities and provides about 10,000 offenders with "dress-out" clothing when they are released.

R11. Technical Adjustments. The Department requests (1) a \$24,477 General Fund increase in FY 2014-15 for the increased cost of dispatch services, which are provided by the Department of Public Safety, (2) a permanent reduction of \$700,000 cash funds and \$200,000 reappropriated funds in appropriations for educational services to better match the appropriations with projected revenues, (3) that the \$264,000 General Fund leased space appropriation for the Community Re-entry Subprogram's Offender Re-employment Center be moved from the Community Services division to the Leased Space line in the Executive Director's Office subprogram, where all other leased space appropriations are located.

R12. Technical Adjustments. The Department requests a \$1,236,372 General Fund increase to boost the rates it pays to its external providers (jails, private prisons, and community return to custody facilities) by 1.5% for FY 2014-15.

NP. Secure Colorado – Phase II: This request was discussed during the briefing for the Governor's Office of Information Technology.

NP. DTRS (Digital Trunk Radio System) Operations Increase: This request was discussed during the briefing for the Governor's Office of Information Technology.

NP. IT Service Management Eco-System: This request was discussed during the briefing for the Governor's Office of Information Technology.

NP. Eliminate Redundant Applications: This request was discussed during the briefing for the Governor's Office of Information Technology.

NP. Network Resiliency: This request was discussed during the briefing for the Governor's Office of Information Technology.

NP. Fleet Vehicle Lease: This request was discussed during the briefing for the Department of Personnel.

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NP. IT Technical Development: This request was discussed during the briefing for the Governor's Office of Information Technology.

NP. Re-program Payments to OIT: This request, which would consolidate the Department's OIT-related Long Bill appropriations, was discussed during the briefing for the Governor's Office of Information Technology.

NP. Camp George West Utilities Transfer: This request was discussed during the briefing for the Department of Personnel and Administration.

Annualize HB 12-1223 Earned Time: The request includes an appropriation of \$1,474,355 General Fund, which equals the savings generated by HB 12-1223, a JBC bill that gave DOC offenders additional opportunities to accumulate earned time, thus shortening the average offender's stay in DOC facilities. The bill directed that the resulting savings be appropriated to offender education programs within the Department.

Annualize SB 13-210 Corrections Officer Staffing Levels: This bill requires that overtime be paid to corrections officers from hour 8½ when they work 12 or more hours within a 24-hour period. It also effectively requires that the Department stop using a 28 day work period for overtime calculations under the federal Fair Labor Standards Act and adopt a 14 day work period. The bill appropriated \$963,168 to the Department for FY 2013-14 and the Fiscal Note estimated an added cost of \$222,268 for FY 2014-15. The Department's request rounded this to \$222,270.

Annualize SB 13-250 Drug Sentencing Changes: The department requests an extra \$62,619 General Fund for reappropriation to OIT.

Annualize SB 13-200 Expand Medicaid Eligibility: The department requests that its appropriations for external medical services be reduced by \$2,463,085, to reflect the savings that will arise when offenders receiving inpatient treatment qualify for Medicare.

Annualize Prior Decision Items: The Department requests a net General Fund reduction of \$713,101 for annualization of decision items that were approved in prior years, which is comprised of an increase of \$229,842 for Kitchen Security Posts and reductions of \$324,567 for Sterling Correctional Facility Bed Reductions, \$85,232 for Denver Women's Correctional Facility Bed Reductions, \$101,898 for the elimination of Kitchen Security Post Start-up costs, \$52,320 for Administrative Reductions, \$39,570 for the elimination of Parole & Parole ISP Start-up costs, \$12,856 for the elimination of Sex Offender Treatment Start-up costs and \$326,500 that was appropriated to Mothball Fort Lyon Correctional Facility. (Staff expects the Department to submit a supplemental to eliminate the \$326,500 for mothballing from its FY 2013-14 appropriation.)

Salary Survey, Merit Pay, and Shift Differential: The request includes \$10,281,121 total funds to increase take home pay for the Department's employees and pay the associated PERA and Medicare increases. This request was previously addressed in a separate staff briefing for common policies.

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Annualize Prior Salary Survey and Merit-based Pay: Due to (1) the pay day shift, (2) the downward adjustments to some DOC salary ranges that occurred during the FY 2013-14 budget process, and (3) other factors, the Department's FY 2013-14 Salary Survey and Merit-based Pay appropriations were not sufficient to fund the additional FY 2014-15 personal services appropriations required by salary survey and merit pay policies. This "Annualize Prior Salary Survey and Merit-base Pay" adjustment is the additional appropriation needed to fund pay-policy-related personal services adjustments.

Other Total-compensation changes: The request includes \$5,665,737 for non-salary components of the total compensation package. (Health, Life, and Dental; Short Term Disability; supplemental contributions to PERA, the state-employees' pension fund) This request was previously addressed in a separate staff briefing for common policies.

Payments to Computer Center Adjustment: This common policy adjustment was previously addressed in a separate staff briefing for common policies.

Workers Compensation Adjustment: This common policy adjustment was previously addressed in a separate staff briefing for common policies.

Other Common Policy adjustments and Indirect Cost Adjustment. The request includes adjustments to centrally appropriated line items for the following: Payment to Risk Management and Property Funds, Administrative Law Judges, Leased Space, Capital Complex Leased Space, IT Security, Communication Services, Colorado Network, Management and Administration of OIT. The request also adjusts the indirect cost assessment.

Issue: The unanticipated cost of S.B. 13-210 overtime

Senate Bill 13-210 mandated several labor-related changes at the Department of Corrections and designated the Fort Lyons Correctional Facility as a residential community for the homeless. The bill's labor requirements included two overtime provisions that have proved far more costly than anticipated. The fiscal note for the bill indicated that these provisions would cost \$963,168 General Fund in FY 2013-14. Year-to-date overtime costs now suggest that the total cost for FY 2013-14 may be millions higher. It now appears that the bill has led to much more overtime than was originally anticipated. Though the causes of the high costs are still being investigated, Staff recommends that the committee carry a bill to reduce the cost.

SUMMARY:

- The overtime provisions in S.B. 13-210 have proved far more costly than was forecast. The bill appears to have created many unanticipated overtime situations.
- The FY 2013-14 cost of the overtime provisions in the bill were forecast to be less than \$1 million but may be as close to \$8 million.

RECOMMENDATION:

Staff recommends that the committee sponsor a bill to clarify the situations under which S.B. 13-210 overtime is paid and to eliminate some of the unintended overtime consequences of the bill, thus aligning costs more closely with the fiscal note.

DISCUSSION:

Prior to passage of S.B. 13-210, the Department computed overtime for corrections officers using a 28 day (4 week) work period as permitted by the Fair Labor Standards Act (FLSA). Section 7(k) of the FLSA provides that employees engaged in law enforcement may be paid overtime on a "work period" basis, with the work period from 7 to 28 consecutive days in length. For the 28 day period chosen by the Department, overtime was paid when the number of hours worked exceeded 171. As a permissible alternative to cash compensation for overtime, the Department often gave compensatory time off at the rate of one and one-half hours for each hour worked in excess of 171. Under the FLSA, corrections officers could accrue up to 480 hours of compensatory time, but had to be paid overtime in cash beyond that point. In practice, the Department usually paid workers in cash when their "comp" hours were substantially below 480. Senate Bill 13-210 required the Department to switch to work periods that are between 7 and 14 days long. After the bill became effective in early August 2013, the Department switched to 14 day work periods. For 14 day work periods, the bill mandates that "overtime pay for corrections officers must be required" when hours worked by a corrections officer exceed 85.

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The bill also contained an additional overtime provision: “Corrections officers who work twelve or more hours in one twenty-four hour period shall be paid the amount of one and one-half times their regular rate of pay for the time they worked that exceeded eight and one-half hours.”

Since both of these provisions refer to *payment* for the overtime, the Department concludes that the provisions eliminate the Department’s previous discretionary ability to pay cash for overtime or award compensatory time. (Corrections officers do have this choice, but they typically request cash.)

The Legislative Council Staff Fiscal Note for S.B. 13-210 was based in part on data supplied by the DOC. The fiscal note also received substantial analytic input from this JBC staff member. The note estimated that (1) the switch from a 28 day to a 14 work period would cost DOC \$173,333 in FY 2013-14 and (2) the overtime-when-12-hours-are-worked-in-24 (the "12-hour" rule) would cost \$789,835 in FY 2013-14 and \$1,012,103 in FY 2014-15. Thus the FY 2013-14 cost of the bill’s overtime provisions was placed at $\$173,333 + \$789,835 = \$963,168$.

A review of DOC’s written input to the fiscal note analyst shows that DOC essentially stated that the cost of the 14 day provision could not be estimated but that one component of the cost would equal \$173,333. However, this floor because the cost of the 14 day provision as reported in the fiscal note.

DOC did, however, provide an estimate of the cost of the 12-hour provision. This estimate was based on a DOC count of the number of 12 hour or longer shifts that had occurred in the preceding year; the Department assumed that overtime would be paid for the last hours worked in each of those shifts, starting from hour 8.5. This analyst talked with DOC extensively about the estimate because it was a key component of cost that would be included in the appropriation clause of the bill and it needed to be correct. Unfortunately the DOC, the fiscal notes analyst, and this analyst all failed to understand the full implications of the 12-hour provision, leading to a serious under estimate of the cost.

To understand what is now believed to have gone wrong, one must understand the shifts that corrections officers work at DOC facilities. There are three shifts in a 24-hour period, a "day" shift that generally runs from 6 am until 2 pm; a swing shift that runs from 2 pm until 10 pm; and a night shift that runs from 10 pm until 6 am. The night shift is often called the "graveyard" or "graves". Corrections officers are paid a 7 percent shift differential for swing and a 10 percent differential for graves. Shifts are actually about 8.5 hours long because officers must show up 15 minutes before their shift for a group meeting with the shift commander and a one-on-one meeting with the officer they are relieving. These meetings help assure a smooth hand-off between shifts are the genesis of the 8.5 hour threshold in the 12-hour overtime rule.

Most corrections officers work the same shift five days per week, though some float and work varied schedules. When an officer can't work his or her assigned shift, he is said to have "called off." A shift commander would typically respond to a call-off by (1) asking an officer on the previous shift to "hold over" and work an extra 4 hours at the end of his shift and (2) asking an officer on the succeeding shift to "call in" 4 hours early. The result would be two dovetailing twelve hour shifts, each generating approximately four hours of overtime under the 12-hour rule,

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depending on how much overlap is necessary. If the shift commander can't find two officers to work the dovetailed shifts, she may call in someone who is not working that day and ask them to work a full shift. Holding someone over for a sixteen hour shift would be frowned upon due to fatigue and safety concerns.

As an interesting aside, JBC staff has learned that scheduling is a decentralized task that is separately performed at each facility. The Department does not provide the schedulers with software to aid them in their scheduling duties. Some use spreadsheets of their own design; others use paper. This may have been acceptable in an environment in which overtime is governed by the Fair Labor Standards Act alone, but it is surely inadequate in an S.B. 13-210 world. A cost-minimizing decision concerning who to call in when Officer Smith calls off could require a lengthy analysis.

When the cost estimates for the 12-hour overtime rule were being constructed for S.B. 13-210, the whole focus was on 12 hour shifts. The implicit assumption was that they were overwhelmingly the response to call offs and would continue to be. Database queries were difficult because of the unsophisticated software that the Department uses to track time for payroll. Counting the number of 12 hour and longer shifts in a prior year seemed an adequate way to estimate cost.

Unfortunately, it now appears that the 12-hour rule has unexpected consequences. One is a "shift-change" (or "shift-shift," which one must be careful typing or saying). Suppose for example, that a corrections officer normally works swing Sunday through Thursday and then gets two days off. This week, however the officer is asked to work day rather than swing on Monday to cover for someone who called off. The officer works 8.5 hours of swing on Sunday, goes home for slightly less than 8 hours, and returns on Monday slightly before 6 am for 8.5 hours of day shift. The Monday day shift starts 16 hours after Sunday swing started, so the officer will be paid overtime for the *entire* Monday shift, even though no shift went beyond 8.5 hours and the Corrections Officer did not exceed 85 hours in the work period. Alternately consider an officer is who is scheduled for training on Monday and Tuesday. Training runs from 8 am to 5 pm with an hour break for lunch. The first 5 hours of training on Monday will be within 24 hours of the start of Sunday swing and will garner overtime.

Return to the dovetailed 12-hour shifts that a shift commander used to cover for a call off. Suppose that the officer called in 4 hours early works graves. Under the 12-hour rule, he would be paid overtime for the last 4 of his 12 hours. But when this officer starts at 8 pm, he will be within 24 hours of the start of his previous 8-hour graves shift; should he also be paid overtime for his first 4 hours from 8 pm until 10 pm? The relevant paragraph from statute, which was quoted above, reads:

17-1-115.8 (3) (b) Corrections officers who work twelve or more hours in one twenty-four hour period shall be paid the amount of one and one-half times their regular rate of pay for the time they worked that exceeded eight and one-half hours;

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It now appears this unanticipated overtime has vastly increased the cost of S.B. 13-210. The bill became effective on August 7, 2013. Prior to that date, departmental overtime averaged \$213,438 monthly. In the three months following August 7 (the months for which staff has data) overtime has averaged \$959,680. This suggests that the bill may cost an extra \$959,680 - \$213,438 = \$746,242 monthly or $12 * \$746,242 = \$8,954,904$ annually, nearly an order of magnitude larger than forecast. A more refined estimate by the department suggests that costs may be \$7 million higher. Staff regrets not having foreseen the potential for these costs.

Staff recommends that the committee sponsor a bill to clarify the situations under which S.B. 13-210 overtime is paid and to eliminate some of the unintended overtime consequences of the bill, thus aligning costs more closely with the fiscal note.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

Staff believes this is a very important issue but is unable to link it to the Department's goals and objectives.

Issue: The accuracy of past forecasts of DOC inmate and parole populations

Key parts of the Department of Corrections budget are driven by the Department’s inmate and parole populations. Appropriations for such items as private prison placements (called "external capacity" in the Long Bill) depend on forecasts of these populations. This issue shows that past forecasts have often been off by substantial amounts and that there is an upward bias in the forecast. One should expect supplementals when appropriations are based on population projections. One should not be surprised if an unnecessary a prison occasionally gets built.

SUMMARY:

- Key parts of the Department of Corrections budget rely on forecasts of DOC's populations. These forecasts are frequently inaccurate and supplementals should be expected.

RECOMMENDATION:

This is an informational issue with no recommendations.

DISCUSSION:

Key parts of the Department of Corrections budget are driven by the Department’s inmate and parole populations. Each December, Legislative Council Staff (LCS) and the Division of Criminal Justice (DCJ) at the Department of Public Safety separately issue forecasts of these populations. DCJ began forecasting in 1981; LCS began in 1994.

These forecasts predict year-end population for the fiscal year that is halfway complete (i.e. for the fiscal year that will end 6 months after the forecast is issued) and for several subsequent fiscal year-ends. Table 1 describes the uses for each component of the forecast.

Table 1. LCS and DCJ Forecast Components

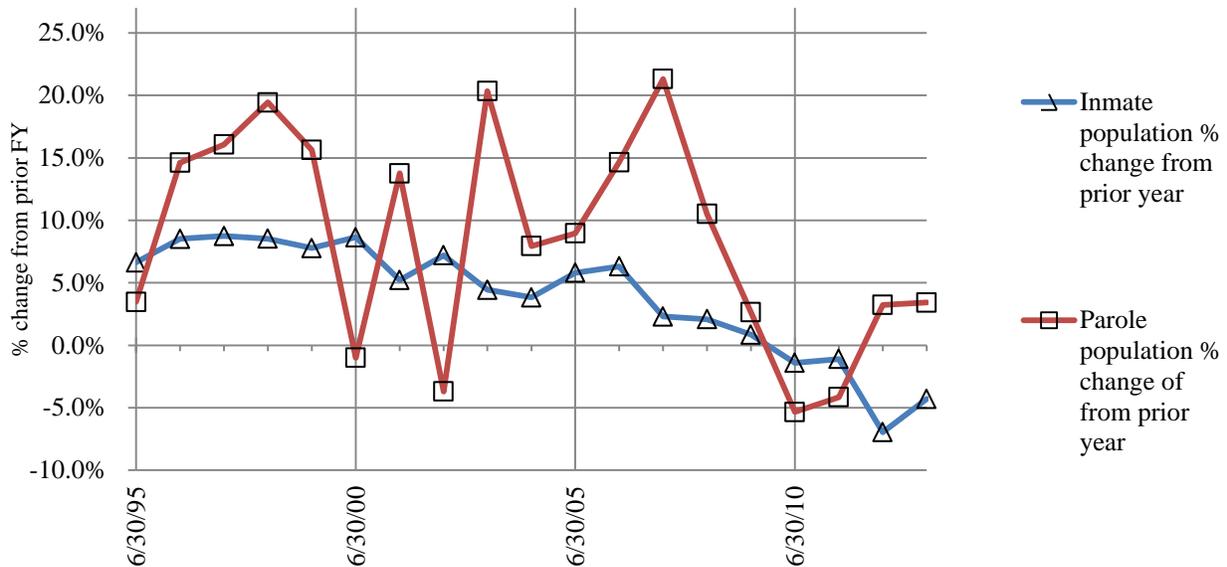
Component	Description	Used for	In the Dec. 2013 forecast
6-months-ahead forecast	Predicts the ending population for the fiscal year that is halfway over. This is, of course, also the beginning population for the fiscal year that starts in 6 months.	<i>Supplementals:</i> compute supplemental adjustments to the appropriation for the fiscal year that is underway. <i>Figure setting:</i> set the appropriation for the next fiscal year	Populations on June 30, 2014
18-months-ahead forecast	Predicts the ending population for the fiscal year that starts 6 months after the forecast is issued.	<i>Figure setting:</i> set the appropriation for the next fiscal year.	Populations on June 30, 2015
30-months-ahead forecast	Predicts the ending population for the fiscal year that starts 18 months after the forecast is issued.	Planning, capacity changes, construction.	Populations on June 30, 2016

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Component	Description	Used for	In the Dec. 2013 forecast
42-, 64-, and 76-months-ahead forecast	Predicts the ending population for subsequent fiscal years. LCS formerly issued these longer forecasts but no longer does. DCJ still issues them.	Planning, capacity changes, construction.	Populations at end of FY 16-17, FY 17-18 and FY 18-19

The parole population is much more volatile than the inmate population. Before looking at the LCS and DCJ forecast track record, its useful to refer to the next chart, which contrasts the year-to-year percentage change of the parole population and the inmate population. Based on this chart alone, it's apparent that the parole population is much more volatile than the inmate population; over the past 18 years, the annual percentage change of the parole population has swung wildly, in a number of years differing from the prior year growth rate by 10 or more percentage points. By contrast, the percentage change of the inmate population has trended in a relatively smooth fashion. The wild swings make parole caseload difficult to predict.

Volatility of the inmate and parole populations.

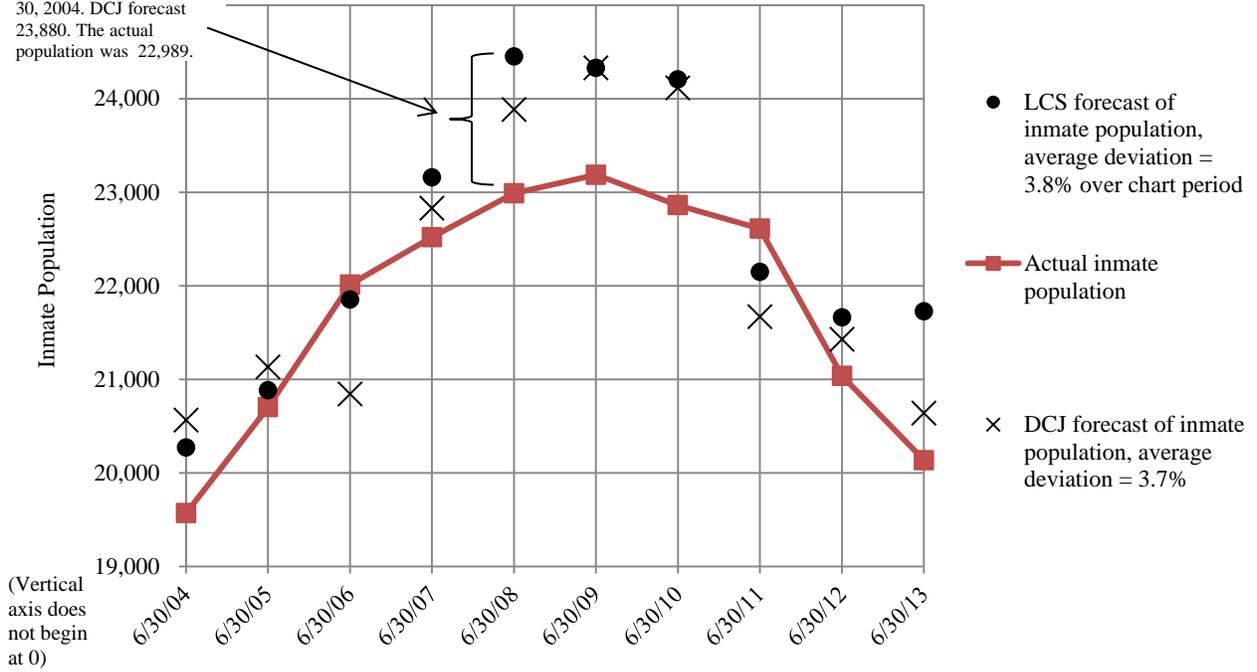


The next four charts show the accuracy for the six-month-ahead and 18-month-ahead forecasts of the inmate population starting with FY 2003-04. The DCJ forecast has been somewhat more accurate in recent years.

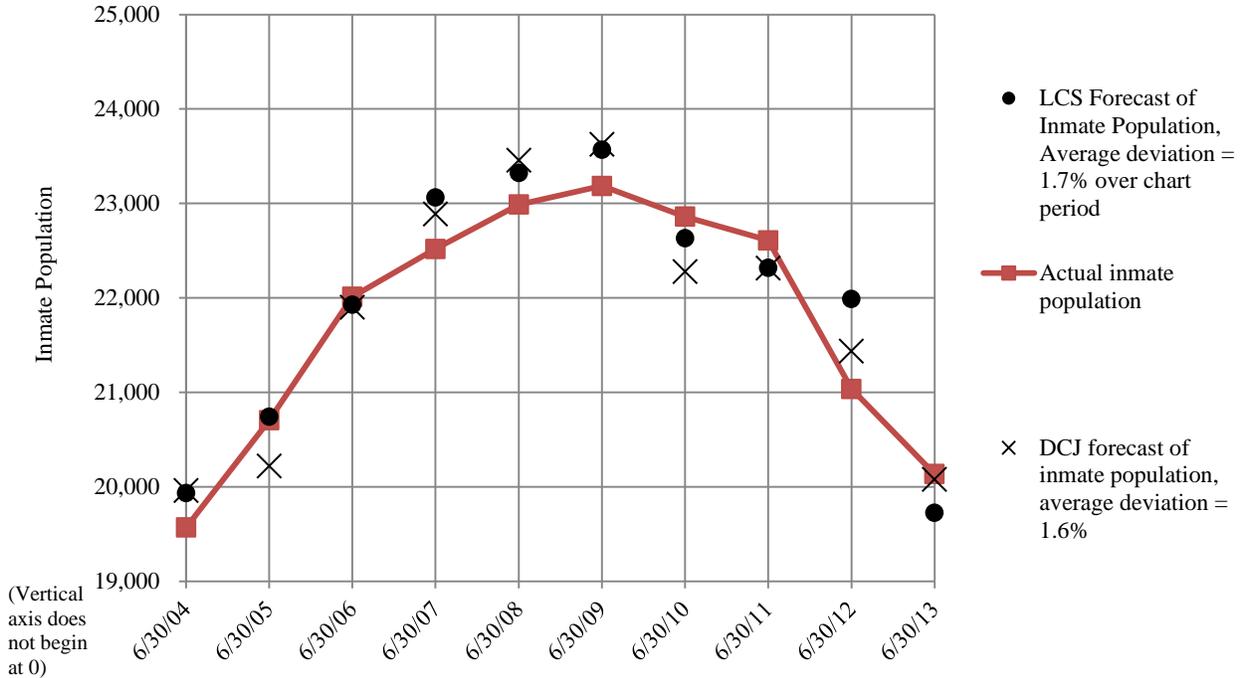
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In Dec. 2006, LCS forecast that the inmate population would equal 24,448 on June 30, 2004. DCJ forecast 23,880. The actual population was 22,989.

Accuracy of the 18-month-ahead inmate population forecasts

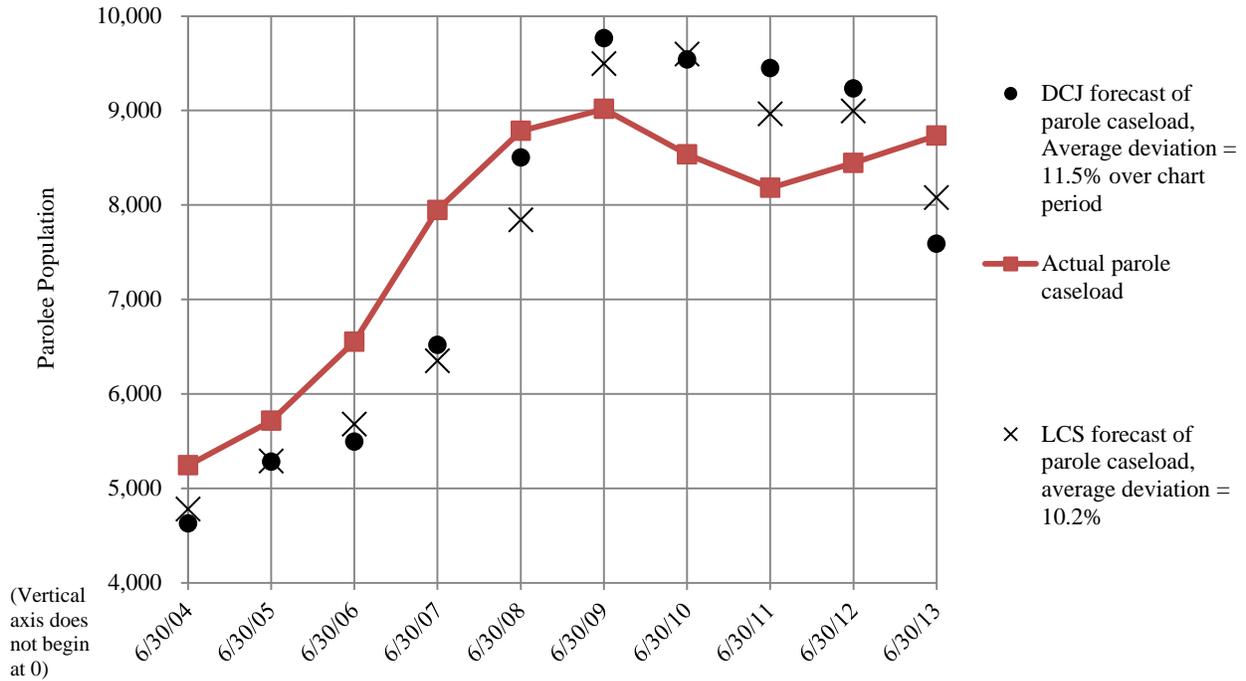


Accuracy of the 6-month-ahead inmate population forecasts

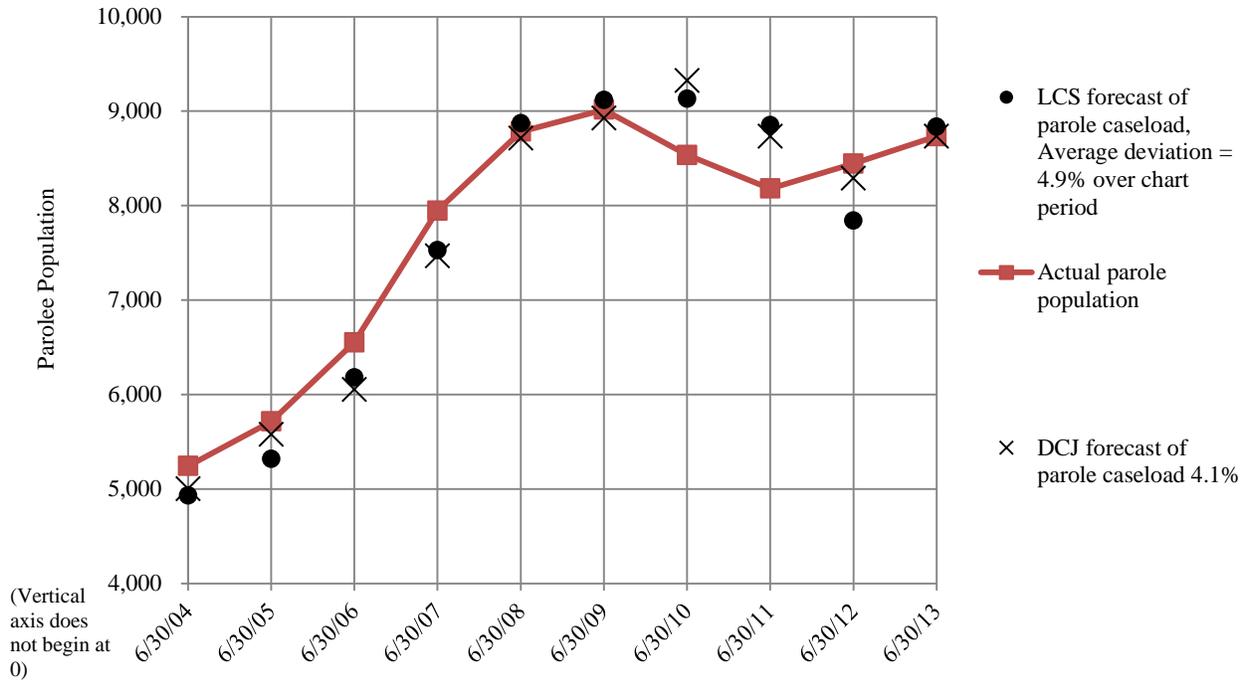


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Accuracy of the 18-month-ahead parole caseload forecasts



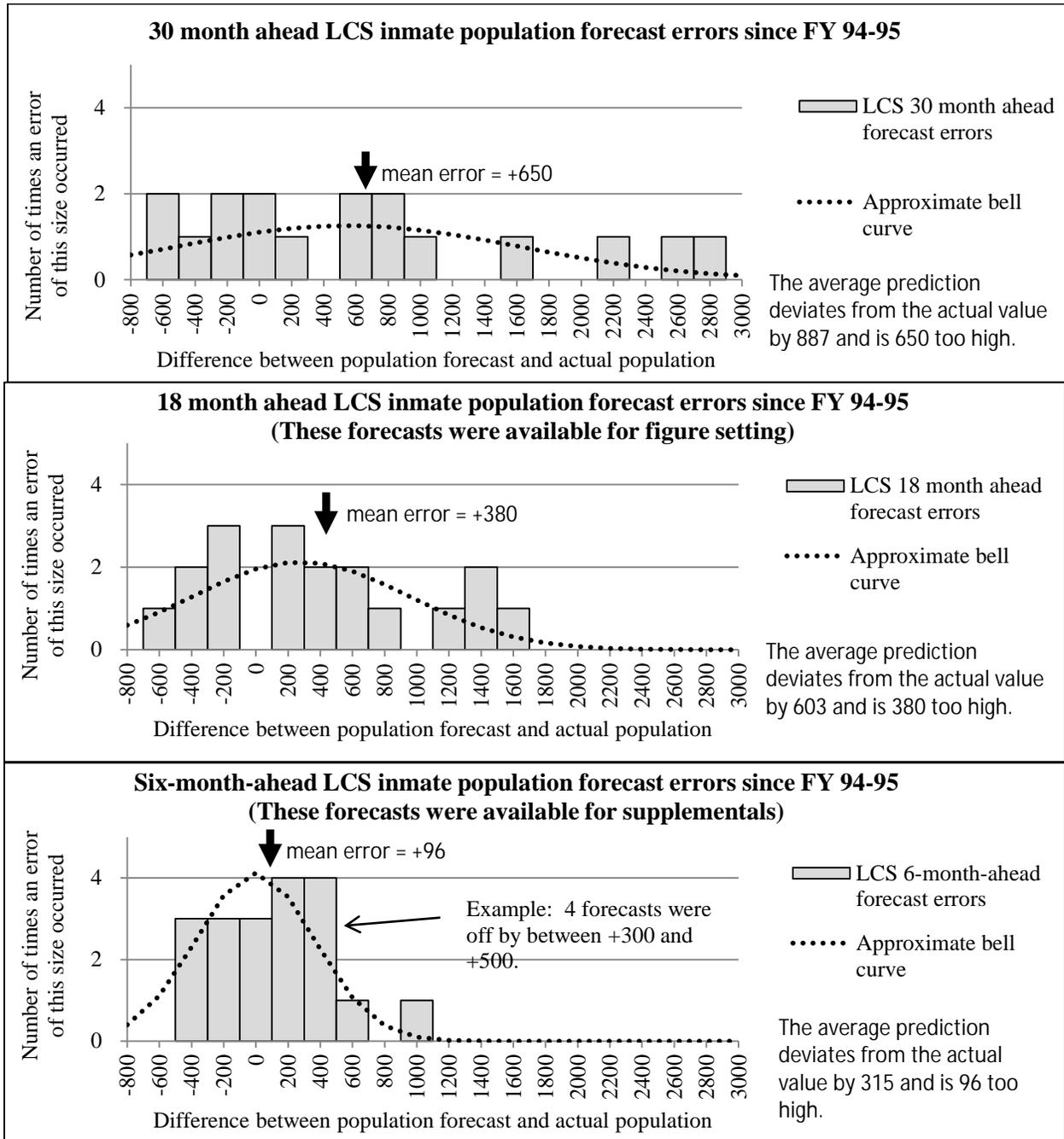
Accuracy of the 6-month-ahead parole caseload forecasts



The histograms below explore the errors associated with all of the LCS forecasts that have been released since FY 1994-95, the year when LCS correctional population forecasting began. Bar

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height in the chart indicates the number of times the forecast was off by the amount shown on the horizontal axis.



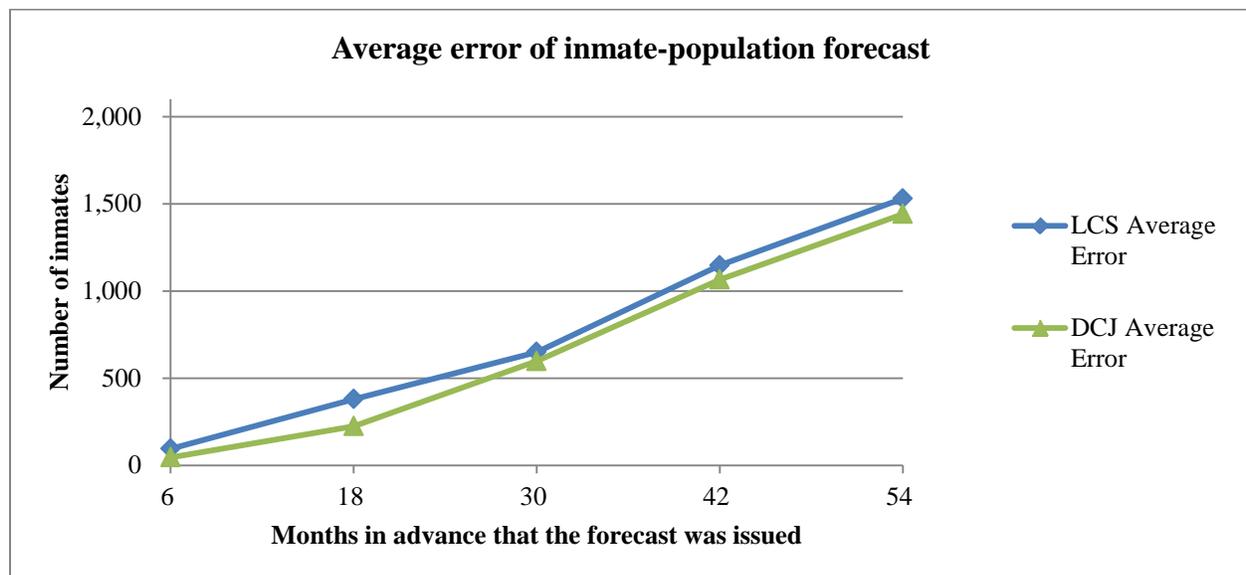
The three panels in the preceding charts show that as the forecast year gets closer, the distribution of forecast errors moves closer to zero and becomes more tightly bunched, indicating that the forecasts are become more accurate. However, for all forecasts positive prediction errors

outnumber negative errors, reflecting a tendency to predict too high a population. This is also characteristic of the DCJ inmate forecasts. Similar observations apply to the parole forecasts, though the histograms for parole forecasts are relatively wider and more spread out.

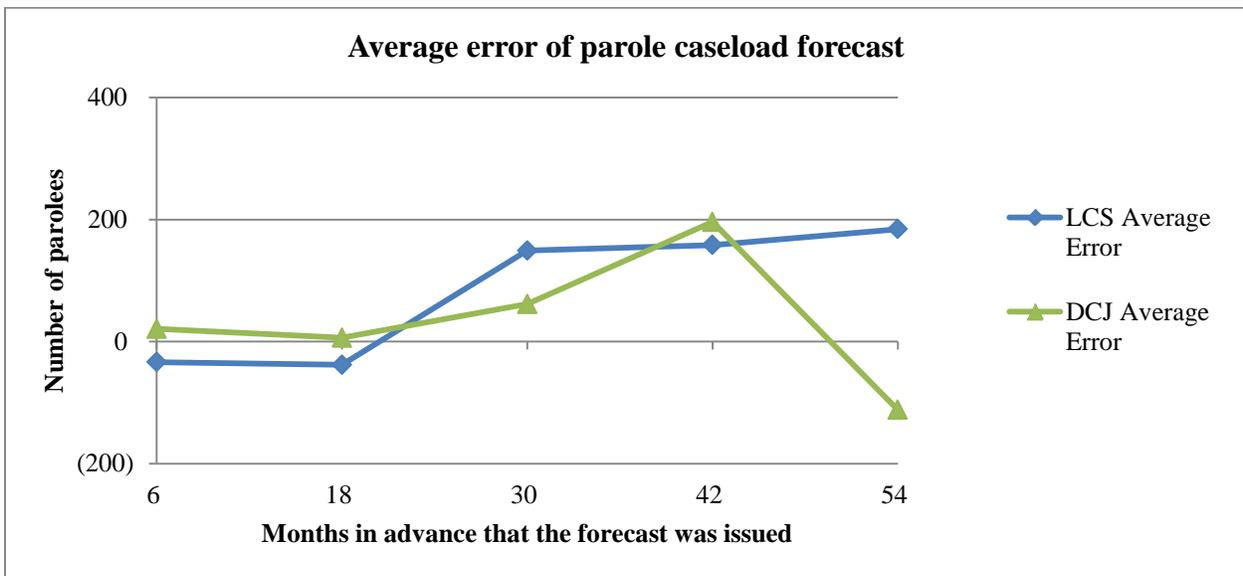
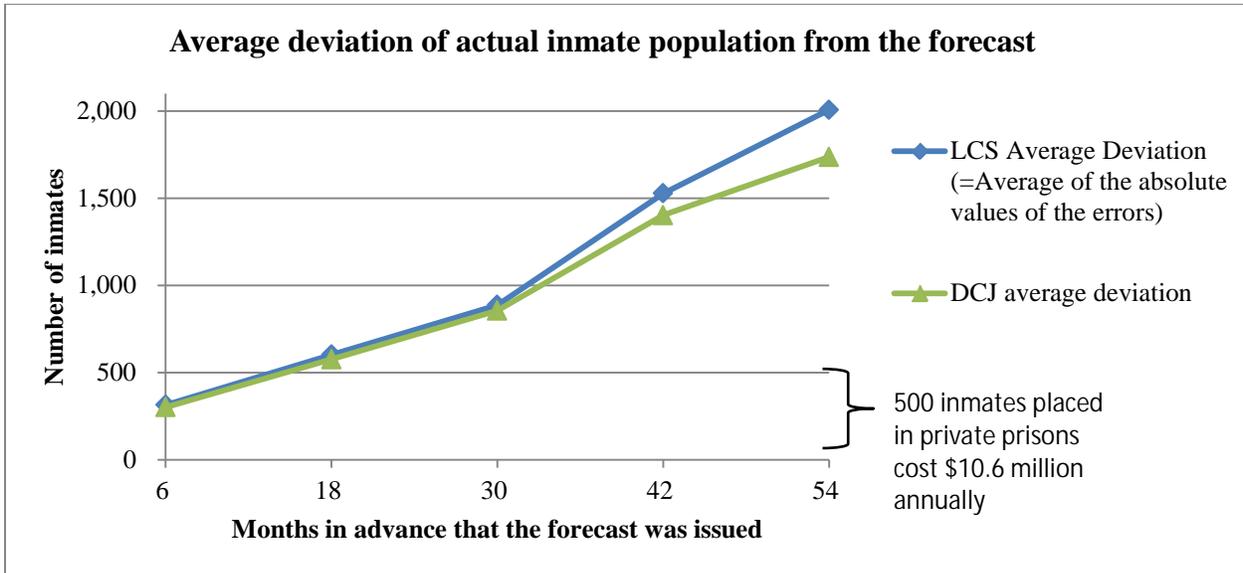
Forecast confidence intervals are wide. Based on the three histograms above it's clear that confidence intervals for predictions are large. For example, forecast errors are now known for 18 LCS 18-month-ahead forecasts that have been issued since 1995; the largest positive error was +1592 while the largest negative error was -613. If F represents the LCS inmate population forecast, then there is a $15/17 = 88$ percent chance that the actual population will be between F-613 and F+1592 (approximately F-3% and F+8%). The width of this interval, 2,205, equals 91 percent the capacity of Sterling Correctional Facility, Colorado's largest state prison. The corresponding confidence interval for the DCJ forecast is 2423 wide and there is an 88 percent chance that the actual population will lie between F-1169 and F+1254.

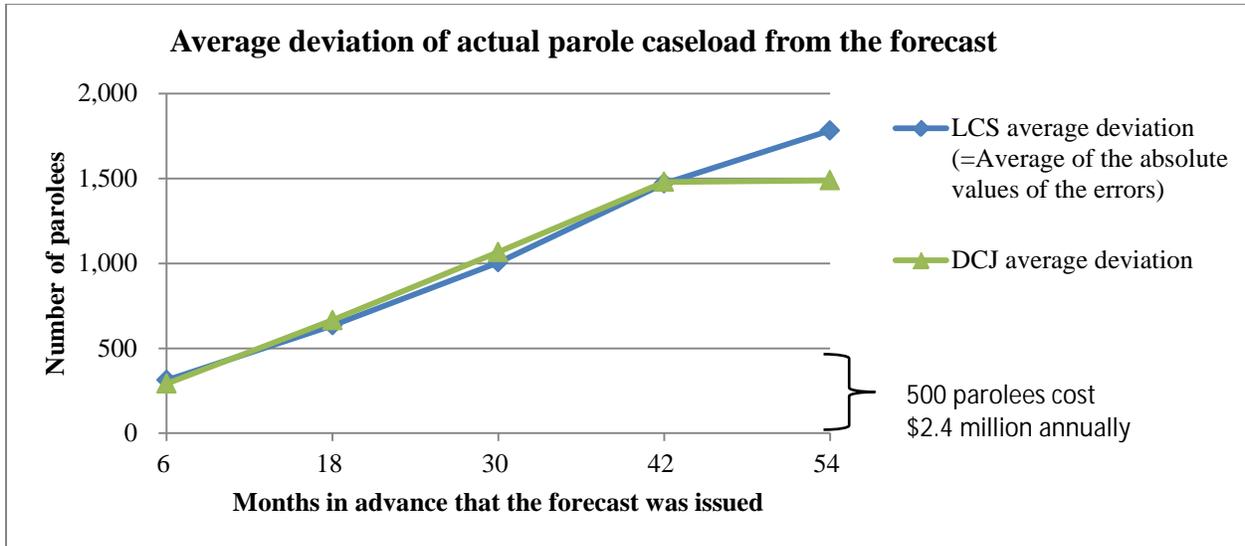
Confidence intervals for the parole forecasts are substantially larger in percentage terms. If F represents the LCS parole caseload forecast, then there is an 88 percent chance that the actual population will be between F-1429 and F+1268 (approximately F-16% and F+15%). The width of this interval, 2697, is almost a third of the current parole caseload. The corresponding confidence interval for the DCJ parole forecast is 3023 wide and there's an 88 percent chance that the actual population will lie between F-1598 and F+1425.

Comparative accuracy of DCJ and LCS forecasts The following diagrams summarize the comparative accuracy of the LCS and DCJ forecasts.



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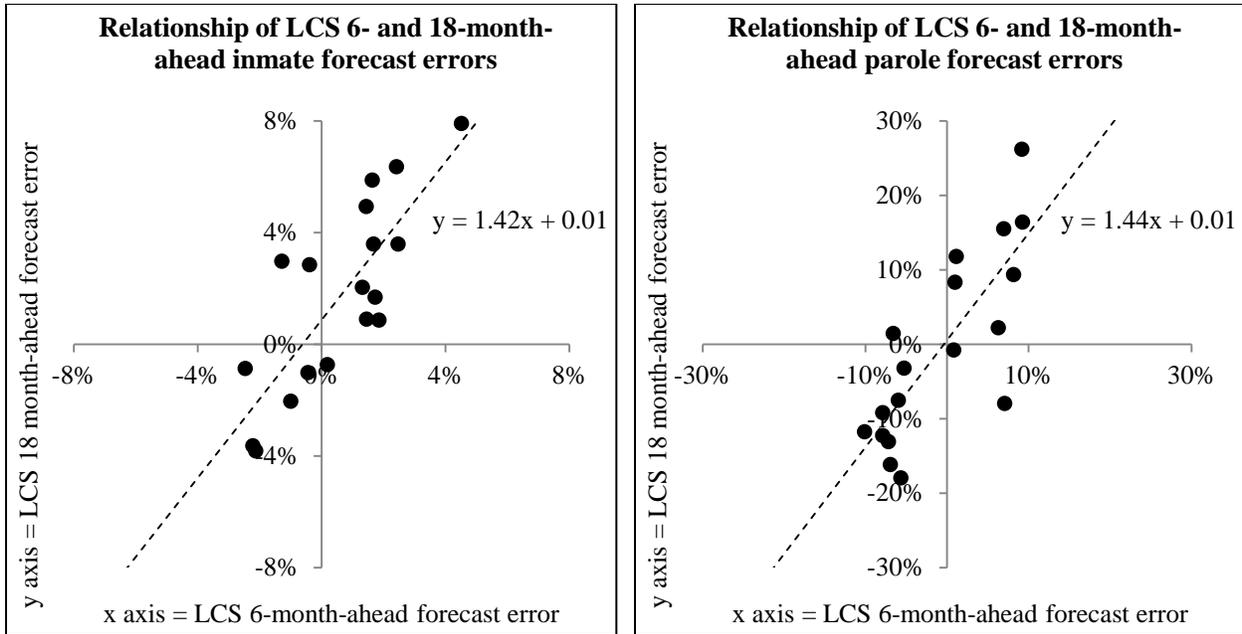




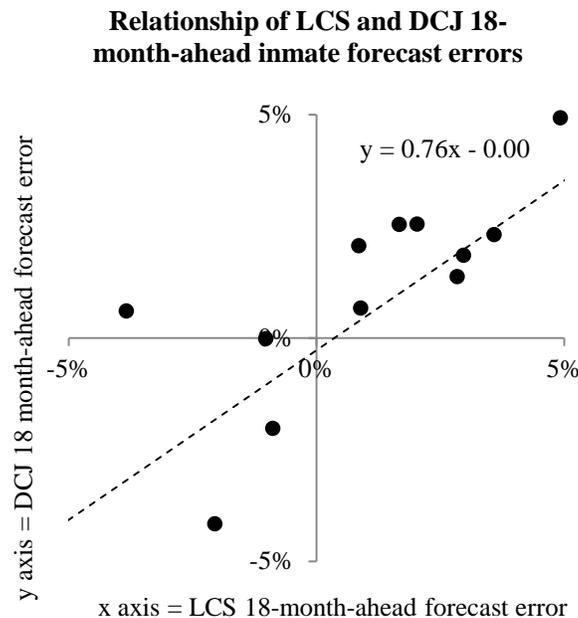
Forecast errors are correlated. None of the preceding diagrams reflect the substantial correlation that exists between the errors associated with each component of a given December forecast, i.e. the marked tendency of the 18-month-ahead forecast error to be positive if the 6-month-ahead forecast error is positive. For past LCS inmate and parole forecasts, 83 percent of the time the 6-month-ahead forecast error and the 18-month-ahead forecast error have the same sign. For past DCJ inmate forecasts, 78 percent of the time the 6-month-ahead forecast error and the 18-month-ahead forecast error have the same sign. The corresponding DCJ parole percentage is 69 percent. As will be discussed later, correlation is important because Long Bill appropriations depend upon both the 6-month-ahead forecast and the 18-month-ahead forecast. If forecast errors were independent, they would randomly cancel each other some portion of the time. This correlation means that they usually reinforce one another.

The following charts illustrate the high degree of correlation.

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The following diagram shows that the LCS and DCJ forecast errors are correlated with one another. If one forecast is off, the other is probably off in the same direction.



Translating population-forecast errors into private-prison appropriation errors. Turning forecasting errors into "appropriation errors" (i.e. the difference between the amount appropriated in the Long Bill and the appropriation that turns out to be required once the actual populations are known) is somewhat complex because the related Long Bill appropriations for a

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given fiscal year rely on two forecasts: the population forecast at the start of that fiscal year and the population forecast at the end of that fiscal year. To understand why, consider the DOC's appropriation for private prisons.

Colorado's inmate population exceeds the capacity of state prisons. DOC fills its own beds first and places offenders that it is unable to accommodate in private prisons. When the inmate population surges, DOC places the extras in private prisons. When the inmate population dips, DOC removes offenders from private prisons. These private prisons maintain the excess capacity that is necessary to absorb the fluctuating population of inmates, thus relieving the state of the burden of maintaining excess capacity itself. If the state housed all inmates itself, it would have to maintain a substantial amount of excess system capacity to accommodate population surges.

The state pays private prisons \$53.74 per day to house each offender, thus if DOC places 4000 inmates in private prisons for one day, the cost will equal

$$\$53.74 * 4000 = \$214,960.$$

If DOC places an average of 4000 offenders in private prisons each day for a year, the cost will be

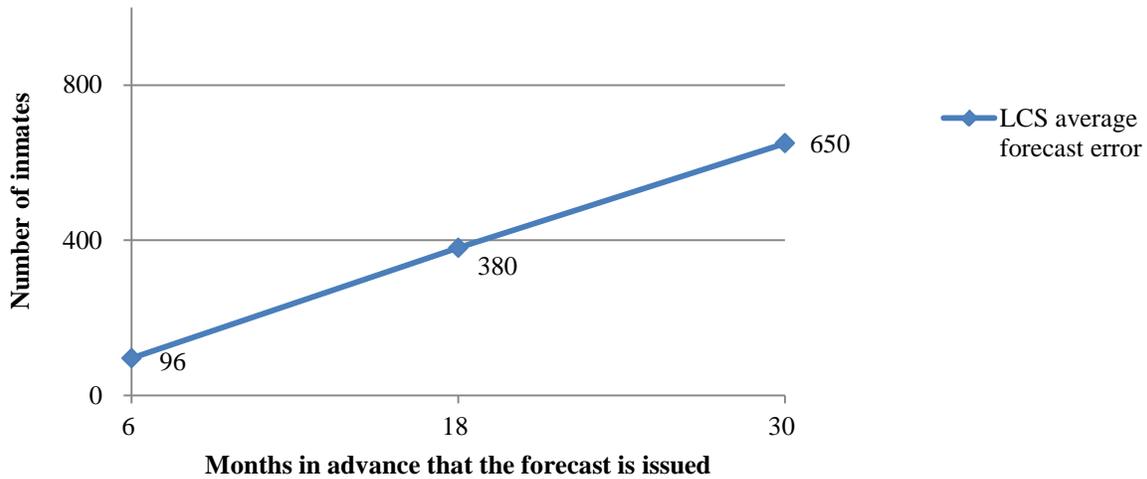
$$365 * \$53.74 * 4000 = \$78,460,400.$$

Thus it's not the end-of-fiscal-year inmate population that matters for private-prison appropriations, it's the average daily population over a fiscal year, commonly referred to as the ADP. The projected payment to private prisons during the course of a year equals

$$365 * \$53.74 * (\text{Forecast of average daily population placed in private prisons})$$

To estimate the average daily population inmate population for a given fiscal year at the time of figure setting, staff averages the forecast of the beginning population (the 6-month-ahead forecast) and the ending population (the 18 month ahead forecast). Both of these forecast will, of course, be off the mark. The following diagram shows that the LCS 6-month-out forecast is, on average, 96 inmates too high while the 18-month-out forecast is, on average, 380 offenders too high.

Average error of inmate-population forecast



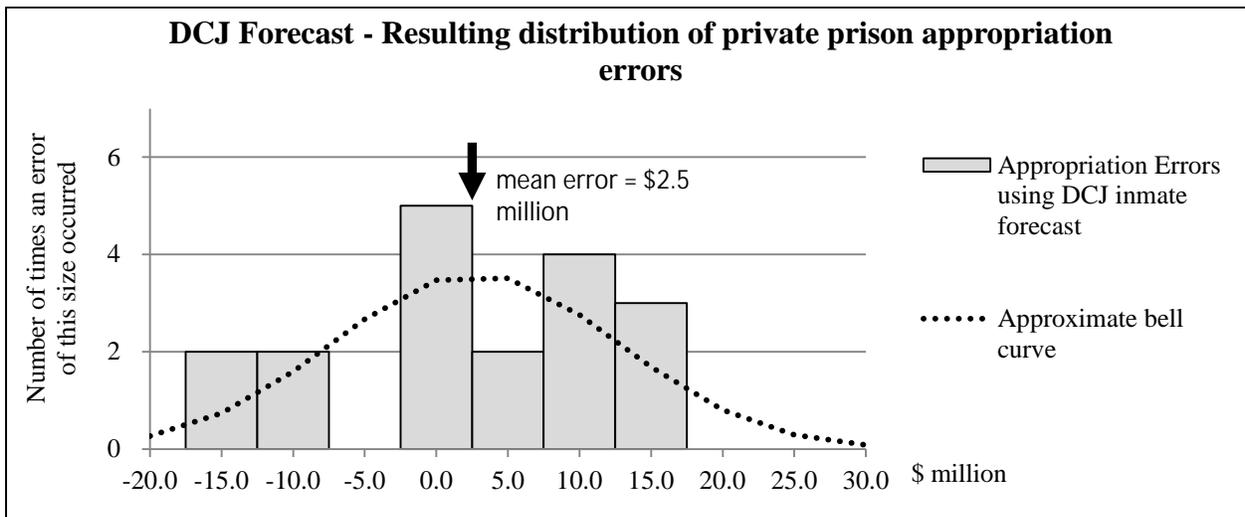
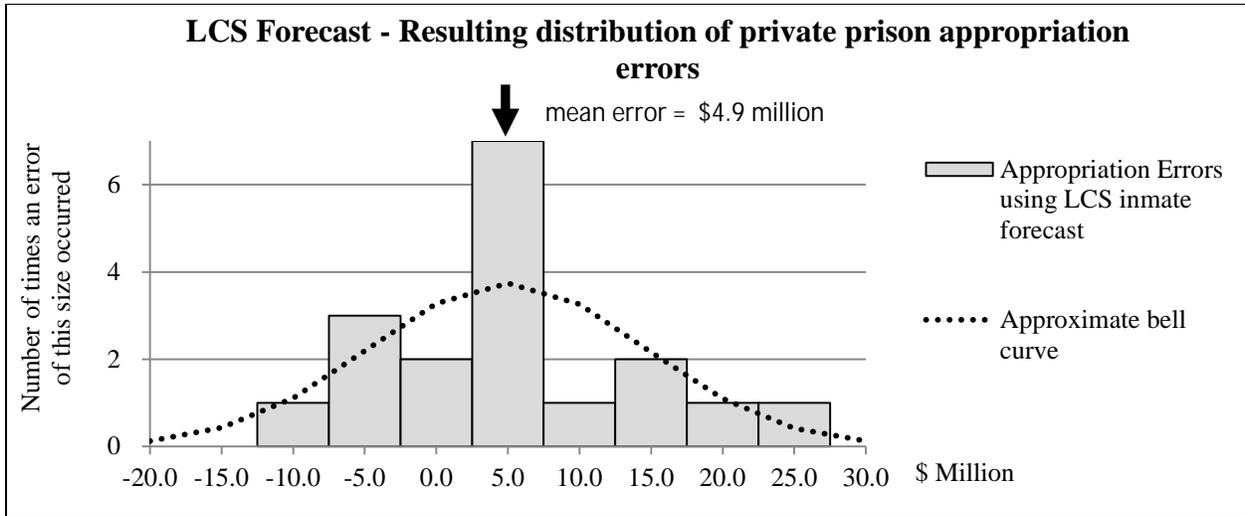
Thus at the time of figure setting the LCS forecast of the average daily population for a given fiscal year will, on average, be $(96+380)/2 = 238$ offenders too high. Since inmates in excess of DOC capacity are placed in private prisons, the appropriation for private prisons will, on average, be too high by

$$365 * \$53.74 * 238 = \$4,668,394.$$

Similar reasoning reveals that the DCJ forecast of the average daily population will, on average, be 136 offenders too high and the appropriation for private prisons will, on average, be too high by $365 * \$53.74 * 136 = \$2,667,653$.

Based on this analysis, it appears that the DCJ forecast may be superior because it produces an appropriation with a lower average error; however, this estimate ignores an important consideration: the correlation of 6- and 18-month-ahead forecast errors and the resulting tendency of both forecasts to be simultaneously either too high or too low.

To address the shortcomings of these estimates, staff constructed a simple simulation to determine the distribution of Long Bill appropriation errors that would result if a figure setting appropriation was set using first the LCS forecast and then the DCJ forecast. The simulation assumed that future forecast errors would mimic those observed in the past and thus took account of the past average value of forecast errors, the past distribution of forecast errors, and the past correlation of 6- and 18-month-ahead forecast errors.



Both the LCS and the DCJ forecasts produce appropriations that are too high on average, with a lower average for the DCJ forecast but a fairly similar distribution. Note in particular the large size of many of the appropriation errors; each of the large errors would result in a large offsetting supplemental adjustment the following January.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

The Department's value statements state that "We strive to deliver correctional services with optimal efficiency." Accurate forecasts help Department plan.

Issue: December 2013 Offender Population Projections

Legislative Council Staff (LCS) and the Division of Criminal Justice (DCJ) December 2013 forecasts both project that the DOC inmate population will increase through FY 2014-15. LCS projects a larger increase than does DCJ. Both forecasts predict that the parole population will initially decrease, but LCS predicts a larger decrease that will reverse.

SUMMARY:

- Both the LCS and the DCJ forecasts project that the DOC inmate population will increase through FY 2014-15. The LCS forecast is somewhat higher.
- Both parole forecasts predict initial decreases, but the LCS forecast projects a subsequent rebound.

RECOMMENDATION:

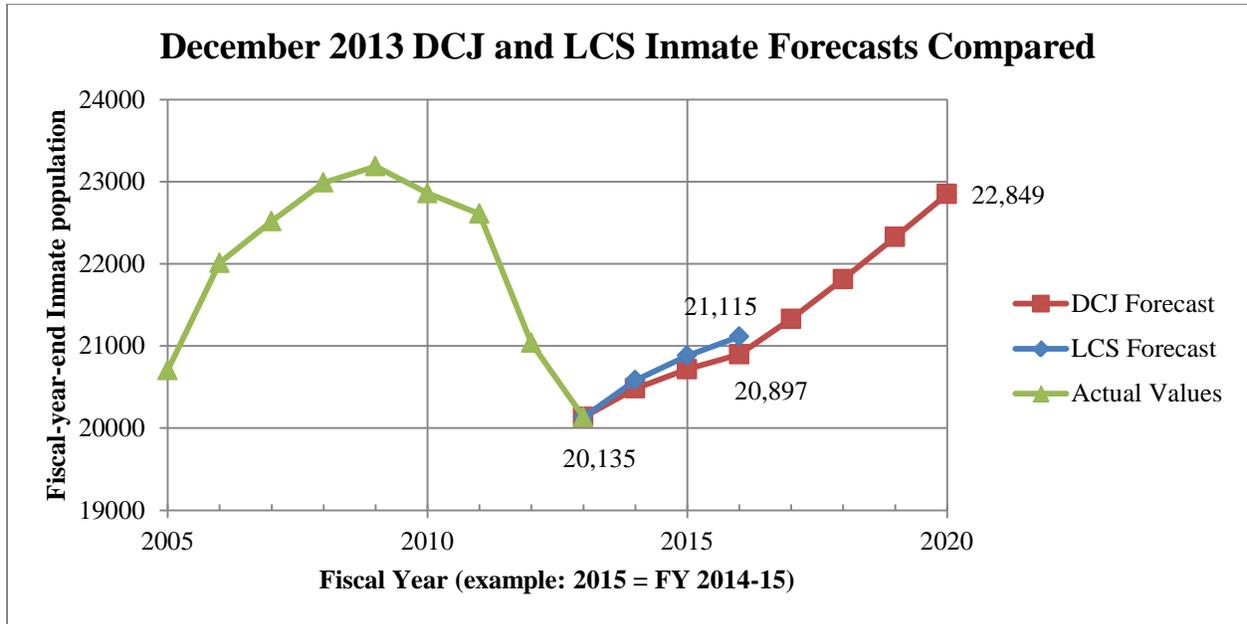
Staff recommends that the Committee wait until supplementals and figure setting to determine which projections to use to fund the required level of prison beds. Waiting will allow more time to compare the forecast to actual monthly data determine which forecast looks more reasonable. This recommendation is consistent with the approach taken by the JBC in prior years.

DISCUSSION:

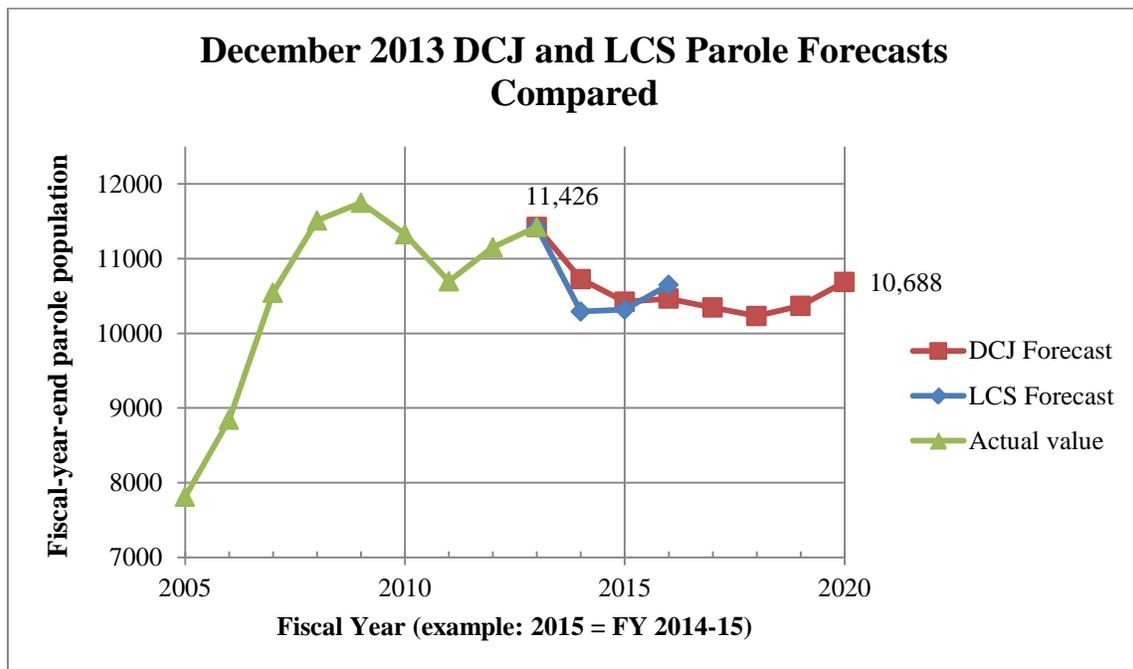
Legislative Council Staff and the Division of Criminal Justice are responsible for developing population projections for the adult inmate population and the adult parole population.

The following diagram summarizes the inmate population forecasts from LCS and DCJ. The two lines in this diagram coincide for the actual fiscal years prior to 2014. They begin diverging in 2014, the first forecast year. The top line is the LCS forecast, which ends in 2016. The bottom line is the DCJ forecast, which extends until 2020.

The vertical distance between the two lines is the difference between the two forecasts. In June 2014, the vertical distance between the two lines is 101, meaning that the LCS predicts DOC will have 101 more inmates than does DCJ. By June of 2015, this vertical distance widens to 164. Averaging the vertical differences between the two forecasts reveals that the LCS predicts an average of 132 more offenders in FY 2014-15 than does DCJ. If 80 percent of the extra offenders in the FY 2014-15 LCS forecast were housed in private prisons at the current rate of \$53.74 per day, it would cost the state an extra \$2.6 million as compared with the DCJ forecast. The cost gap between the two forecasts widens to \$3.7 million in FY 2015-16. However, the difference between the two forecast is much smaller than it was last year when the gap was approximately 4 times larger.



The following diagram compares the DCJ parole population forecast with the LCS forecast. Both forecasts predict that the parole population will initially dip, but the LCS forecast predicts a rebound while the DCJ forecast predicts that the population will decline more gently, level, and then decline some more.



**RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S
STRATEGIC PLAN:**

The Department's value statements state that "We strive to deliver correctional services with optimal efficiency." Accurate forecasts help Department plan.

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Appendix A: Number Pages

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
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DEPARTMENT OF CORRECTIONS
Rick Raemisch, Executive Director

(1) MANAGEMENT

Primary Functions: Central management, appropriations for private prisons, and the Inspector General's Office.

(A) Executive Director's Office, Subprogram

Primary Function: Provide oversight and develop policies for the entire Department.

Personal Services	<u>1,500,048</u>	<u>1,567,459</u>	<u>1,564,241</u>	<u>1,736,965</u> *
FTE	21.6	21.1	22.0	23.5
General Fund	1,261,792	1,342,377	1,320,436	1,493,160
Reappropriated Funds	238,256	225,082	243,805	243,805
Federal Funds	0	0	0	0
 Health, Life, and Dental	 <u>37,225,531</u>	 <u>41,942,053</u>	 <u>44,530,806</u>	 <u>46,653,036</u> *
General Fund	36,218,963	40,785,401	43,015,413	45,049,038
Cash Funds	1,006,568	1,156,652	1,515,393	1,603,998
 Short-term Disability	 <u>559,947</u>	 <u>531,095</u>	 <u>605,263</u>	 <u>709,336</u> *
General Fund	546,018	516,204	585,519	685,826
Cash Funds	13,929	14,891	19,744	23,510
 S.B. 04-257 Amortization Equalization Disbursement	 <u>8,812,956</u>	 <u>9,647,726</u>	 <u>11,342,186</u>	 <u>13,226,638</u> *
General Fund	8,582,431	9,371,299	10,968,249	12,797,261
Cash Funds	230,525	276,427	373,937	429,377

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>7,034,231</u>	<u>8,230,842</u>	<u>10,198,829</u>	<u>12,399,967</u>	*
General Fund	6,849,702	7,999,538	9,861,247	11,997,426	
Cash Funds	184,529	231,304	337,582	402,541	
Salary Survey	<u>0</u>	<u>0</u>	<u>6,467,735</u>	<u>4,877,956</u>	
General Fund	0	0	6,234,775	4,730,346	
Cash Funds	0	0	232,960	147,610	
Merit Pay	<u>0</u>	<u>0</u>	<u>4,550,598</u>	<u>5,086,246</u>	
General Fund	0	0	4,402,970	4,917,172	
Cash Funds	0	0	147,628	169,074	
Shift Differential	<u>4,574,071</u>	<u>6,067,413</u>	<u>7,073,831</u>	<u>7,390,750</u>	
General Fund	4,567,627	6,054,413	7,046,447	7,352,834	
Cash Funds	6,444	13,000	27,384	37,916	
Workers' Compensation	<u>6,165,344</u>	<u>7,767,033</u>	<u>8,481,245</u>	<u>9,730,300</u>	
General Fund	5,970,392	7,521,595	8,212,977	9,422,523	
Cash Funds	194,952	245,438	268,268	307,777	
Operating Expenses	<u>259,034</u>	<u>281,238</u>	<u>286,158</u>	<u>316,120</u>	*
General Fund	179,446	191,455	196,158	226,120	
Reappropriated Funds	10,588	7,383	5,000	5,000	
Federal Funds	69,000	82,400	85,000	85,000	
Legal Services	<u>1,053,371</u>	<u>1,190,771</u>	<u>1,475,089</u>	<u>1,475,089</u>	
General Fund	1,053,371	1,150,591	1,427,727	1,427,727	
Cash Funds	0	40,180	47,362	47,362	

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Payment to Risk Management and Property Funds	<u>2,823,339</u>	<u>3,893,770</u>	<u>3,727,652</u>	<u>3,857,626</u>	
General Fund	2,710,406	3,738,020	3,580,747	3,705,599	
Cash Funds	112,933	155,750	146,905	152,027	
Leased Space	<u>3,410,708</u>	<u>3,316,781</u>	<u>3,549,546</u>	<u>4,014,877</u> *	
General Fund	3,200,503	3,106,576	3,333,035	3,775,798	
Cash Funds	210,205	210,205	216,511	239,079	
Capitol Complex Leased Space	<u>126,730</u>	<u>142,014</u>	<u>171,071</u>	<u>65,308</u> *	
General Fund	98,626	111,132	133,025	46,653	
Cash Funds	28,104	30,882	38,046	18,655	
Planning and Analysis Contracts	<u>82,410</u>	<u>82,410</u>	<u>82,410</u>	<u>82,410</u>	
General Fund	82,410	82,410	82,410	82,410	
Payments to District Attorneys	<u>262,375</u>	<u>366,880</u>	<u>366,880</u>	<u>366,880</u>	
General Fund	262,375	366,880	366,880	366,880	
External Study of Sex Offender Treatment and Management Program	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	
General Fund	0	100,000	0	0	
Start-up Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,703</u> *	
General Fund	0	0	0	4,703	
Legislation Appropriated at the Department/Division Level	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
SUBTOTAL - (A) Executive Director's Office,					
Subprogram	73,890,095	85,127,485	104,473,540	111,994,207	7.2%
<i>FTE</i>	<u>21.6</u>	<u>21.1</u>	<u>22.0</u>	<u>23.5</u>	<u>6.8%</u>
General Fund	71,584,062	82,437,891	100,768,015	108,081,476	7.3%
Cash Funds	1,988,189	2,374,729	3,371,720	3,578,926	6.1%
Reappropriated Funds	248,844	232,465	248,805	248,805	0.0%
Federal Funds	69,000	82,400	85,000	85,000	0.0%

(B) External Capacity Subprogram

Primary Function: Oversee and fund private prisons

(1) Private Prison Monitoring Unit

Personal Services	<u>1,031,077</u>	<u>1,065,094</u>	<u>1,065,095</u>	<u>1,120,884</u>	
<i>FTE</i>	16.0	14.7	15.7	15.7	
General Fund	1,031,077	1,065,094	1,065,095	1,120,884	
Operating Expenses	<u>202,222</u>	<u>213,415</u>	<u>213,443</u>	<u>213,443</u>	
General Fund	172,169	183,948	183,976	183,976	
Cash Funds	30,053	29,467	29,467	29,467	

SUBTOTAL -	1,233,299	1,278,509	1,278,538	1,334,327	4.4%
<i>FTE</i>	<u>16.0</u>	<u>14.7</u>	<u>15.7</u>	<u>15.7</u>	<u>0.0%</u>
General Fund	1,203,246	1,249,042	1,249,071	1,304,860	4.5%
Cash Funds	30,053	29,467	29,467	29,467	0.0%

(2) Payments to House State Prisoners

Payments to local jails	<u>10,320,054</u>	<u>10,348,430</u>	<u>10,524,798</u>	<u>10,682,670</u> *	
General Fund	10,320,054	10,348,430	10,524,798	10,682,670	

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Payments to in-state private prisons	<u>67,939,645</u>	<u>63,305,816</u>	<u>58,241,813</u>	<u>60,390,422</u>	*
General Fund	64,578,304	61,750,976	55,883,106	58,031,715	
Cash Funds	3,361,341	1,554,840	2,358,707	2,358,707	
Payments to pre-release parole revocation facilities	<u>11,654,047</u>	<u>10,681,317</u>	<u>10,040,467</u>	<u>10,406,840</u>	*
General Fund	11,654,047	10,681,317	10,040,467	10,406,840	
Community Corrections Programs	<u>4,004,246</u>	<u>3,911,624</u>	<u>3,617,755</u>	<u>3,672,021</u>	*
General Fund	4,004,246	3,911,624	3,617,755	3,672,021	
SUBTOTAL -	93,917,992	88,247,187	82,424,833	85,151,953	3.3%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	90,556,651	86,692,347	80,066,126	82,793,246	3.4%
Cash Funds	3,361,341	1,554,840	2,358,707	2,358,707	0.0%
SUBTOTAL - (B) External Capacity Subprogram	95,151,291	89,525,696	83,703,371	86,486,280	3.3%
<i>FTE</i>	<u>16.0</u>	<u>14.7</u>	<u>15.7</u>	<u>15.7</u>	<u>0.0%</u>
General Fund	91,759,897	87,941,389	81,315,197	84,098,106	3.4%
Cash Funds	3,391,394	1,584,307	2,388,174	2,388,174	0.0%

(C) Inspector General Subprogram

Primary Function: Investigate crimes within the prison system.

Personal Services	<u>3,562,464</u>	<u>3,629,976</u>	<u>3,664,096</u>	<u>3,930,210</u>	*
FTE	45.8	47.2	45.2	47.9	
General Fund	3,482,543	3,535,148	3,563,739	3,823,977	
Cash Funds	79,921	94,828	100,357	106,233	

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Operating Expenses	<u>338,512</u>	<u>347,415</u>	<u>349,219</u>	<u>425,382</u> *	
General Fund	255,325	264,228	266,032	342,195	
Cash Funds	83,187	83,187	83,187	83,187	
Inspector General Grants	<u>125,605</u>	<u>147,120</u>	<u>235,649 1.0</u>	<u>235,649 1.0</u>	
Reappropriated Funds	86,968	11,986	27,737	27,737	
Federal Funds	38,637	135,134	207,912	207,912	
SUBTOTAL - (C) Inspector General Subprogram	4,026,581	4,124,511	4,248,964	4,591,241	8.1%
<i>FTE</i>	<u>45.8</u>	<u>47.2</u>	<u>46.2</u>	<u>48.9</u>	<u>5.8%</u>
General Fund	3,737,868	3,799,376	3,829,771	4,166,172	8.8%
Cash Funds	163,108	178,015	183,544	189,420	3.2%
Reappropriated Funds	86,968	11,986	27,737	27,737	0.0%
Federal Funds	38,637	135,134	207,912	207,912	0.0%
TOTAL - (1) Management	173,067,967	178,777,692	192,425,875	203,071,728	5.5%
<i>FTE</i>	<u>83.4</u>	<u>83.0</u>	<u>83.9</u>	<u>88.1</u>	<u>5.0%</u>
General Fund	167,081,827	174,178,656	185,912,983	196,345,754	5.6%
Cash Funds	5,542,691	4,137,051	5,943,438	6,156,520	3.6%
Reappropriated Funds	335,812	244,451	276,542	276,542	0.0%
Federal Funds	107,637	217,534	292,912	292,912	0.0%

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
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(2) INSTITUTIONS

Primary Function: Fund all costs directly attributable to the operation of state-owned and operated prisons. These costs include utilities, maintenance, housing and security, food service, medical services, laundry, superintendents, the Youth Offender System, case management, mental health, inmate pay, and legal access.

(A) Utilities Subprogram

Primary Function: Provide heat, power, water, and sanitation at all facilities.

Energy Management Program	<u>296,098</u>	<u>300,791</u>	<u>300,792</u>	<u>304,899</u>	
FTE	2.7	2.0	2.6	2.6	
General Fund	296,098	300,791	300,792	304,899	
Utilities	<u>20,460,942</u>	<u>20,351,057</u>	<u>19,633,638</u>	<u>19,727,754</u>	*
General Fund	19,475,759	19,300,223	18,582,804	18,658,219	
Cash Funds	985,183	1,050,834	1,050,834	1,069,535	

SUBTOTAL - (A) Utilities Subprogram	20,757,040	20,651,848	19,934,430	20,032,653	0.5%
FTE	<u>2.7</u>	<u>2.0</u>	<u>2.6</u>	<u>2.6</u>	<u>0.0%</u>
General Fund	19,771,857	19,601,014	18,883,596	18,963,118	0.4%
Cash Funds	985,183	1,050,834	1,050,834	1,069,535	1.8%

(B) Maintenance Subprogram

Primary Function: Includes grounds maintenance, and maintenance of facilities, which includes the boiler house, janitorial, and life safety.

Personal Services	<u>18,297,191</u>	<u>17,791,227</u>	<u>16,434,463</u>	<u>17,377,438</u>	*
FTE	305.2	295.7	273.0	275.6	
General Fund	18,297,191	17,791,227	16,434,463	17,377,438	
Operating Expenses	<u>6,193,777</u>	<u>5,378,867</u>	<u>5,192,880</u>	<u>4,987,715</u>	*
General Fund	6,193,777	5,378,867	5,192,880	4,987,715	

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Purchase of Services	<u>1,111,424</u>	<u>1,466,960</u>	<u>1,467,820</u>	<u>1,467,820</u>	
General Fund	1,111,424	1,466,960	1,467,820	1,467,820	
Maintenance Grants	<u>78,066</u>	<u>30,595</u>	<u>0</u>	<u>0</u>	
Cash Funds	78,066	30,595	0	0	
SUBTOTAL - (B) Maintenance Subprogram	25,680,458	24,667,649	23,095,163	23,832,973	3.2%
<i>FTE</i>	<u>305.2</u>	<u>295.7</u>	<u>273.0</u>	<u>275.6</u>	<u>1.0%</u>
General Fund	25,602,392	24,637,054	23,095,163	23,832,973	3.2%
Cash Funds	78,066	30,595	0	0	0.0%

(C) Housing and Security Subprogram

Primary Function: Responsible for ongoing inmate supervision, including the implementation and management of security operations.

Personal Services	<u>155,825,747</u>	<u>158,241,081</u>	<u>155,187,777</u>	<u>161,761,740</u> *	
FTE	3,049.0	2,968.1	2,910.8	2,937.6	
General Fund	155,822,800	158,238,134	155,184,830	161,758,793	
Cash Funds	2,947	2,947	2,947	2,947	
Operating Expenses	<u>1,919,481</u>	<u>1,788,898</u>	<u>1,755,119</u>	<u>1,792,866</u> *	
General Fund	1,919,481	1,788,898	1,755,119	1,792,866	
SUBTOTAL - (C) Housing and Security Subprogram	157,745,228	160,029,979	156,942,896	163,554,606	4.2%
<i>FTE</i>	<u>3,049.0</u>	<u>2,968.1</u>	<u>2,910.8</u>	<u>2,937.6</u>	<u>0.9%</u>
General Fund	157,742,281	160,027,032	156,939,949	163,551,659	4.2%
Cash Funds	2,947	2,947	2,947	2,947	0.0%

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(D) Food Service Subprogram

Primary Function: Provide three meals daily to all inmates.

Personal Services	<u>14,879,281</u>	<u>14,792,935</u>	<u>17,010,938</u>	<u>17,841,215</u>	*
FTE	260.4	259.8	311.9	317.7	
General Fund	14,879,281	14,792,935	17,010,938	17,841,215	
Operating Expenses	<u>16,166,349</u>	<u>15,117,290</u>	<u>15,408,822</u>	<u>16,155,320</u>	*
General Fund	15,904,534	15,117,290	15,328,822	16,075,320	
Federal Funds	261,815	0	80,000	80,000	
Purchase of Services	<u>841,775</u>	<u>1,190,886</u>	<u>1,228,011</u>	<u>1,656,540</u>	*
General Fund	841,775	1,190,886	1,228,011	1,656,540	

SUBTOTAL - (D) Food Service Subprogram	31,887,405	31,101,111	33,647,771	35,653,075	6.0%
FTE	<u>260.4</u>	<u>259.8</u>	<u>311.9</u>	<u>317.7</u>	<u>1.9%</u>
General Fund	31,625,590	31,101,111	33,567,771	35,573,075	6.0%
Federal Funds	261,815	0	80,000	80,000	0.0%

(E) Medical Services Subprogram

Primary Function: Provide acute and long-term health care services to all inmates, using both state employees and contracted health care providers.

Personal Services	<u>27,589,383</u>	<u>30,312,665</u>	<u>29,952,281</u>	<u>30,905,871</u>	*
FTE	370.6	371.1	385.5	387.3	
General Fund	27,433,760	30,173,445	29,727,084	30,667,488	
Cash Funds	155,623	139,220	225,197	238,383	
Operating Expenses	<u>2,673,259</u>	<u>2,573,620</u>	<u>2,556,475</u>	<u>2,575,143</u>	*
General Fund	2,673,259	2,573,620	2,556,475	2,575,143	

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Purchase of Pharmaceuticals	<u>11,173,485</u>	<u>9,855,160</u>	<u>10,787,338</u>	<u>9,999,717</u>	*
General Fund	11,173,485	9,855,160	10,787,338	9,999,717	
Purchase of Medical Services from Other Medical Facilities	<u>20,378,663</u>	<u>21,191,056</u>	<u>19,289,411</u>	<u>18,687,425</u>	*
General Fund	20,378,663	21,191,056	19,289,411	18,687,425	
Catastrophic Medical Expenses	<u>9,594,144</u>	<u>14,142,740</u>	<u>10,736,356</u>	<u>12,434,516</u>	*
General Fund	9,594,144	14,142,740	10,736,356	12,434,516	
Service Contracts	<u>2,452,396</u>	<u>2,389,886</u>	<u>2,389,886</u>	<u>2,389,886</u>	
General Fund	2,452,396	2,389,886	2,389,886	2,389,886	
Indirect Cost Recoveries	<u>0</u>	<u>0</u>	<u>2,932</u>	<u>2,322</u>	*
Cash Funds	0	0	2,932	2,322	
SUBTOTAL - (E) Medical Services Subprogram	73,861,330	80,465,127	75,714,679	76,994,880	1.7%
FTE	<u>370.6</u>	<u>371.1</u>	<u>385.5</u>	<u>387.3</u>	<u>0.5%</u>
General Fund	73,705,707	80,325,907	75,486,550	76,754,175	1.7%
Cash Funds	155,623	139,220	228,129	240,705	5.5%

(F) Laundry Subprogram

Primary Function: Issue and maintains all clothing, bedding, jackets, and footwear for inmates.

Personal Services	<u>2,175,147</u>	<u>2,238,193</u>	<u>2,238,193</u>	<u>2,313,400</u>	
FTE	37.1	36.5	37.4	37.4	
General Fund	2,175,147	2,238,193	2,238,193	2,313,400	
Operating Expenses	<u>2,143,921</u>	<u>2,090,544</u>	<u>2,073,282</u>	<u>2,230,620</u>	*
General Fund	2,143,921	2,090,544	2,073,282	2,230,620	

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SUBTOTAL - (F) Laundry Subprogram	4,319,068	4,328,737	4,311,475	4,544,020	5.4%
<i>FTE</i>	<u>37.1</u>	<u>36.5</u>	<u>37.4</u>	<u>37.4</u>	<u>0.0%</u>
General Fund	4,319,068	4,328,737	4,311,475	4,544,020	5.4%

(G) Superintendents Subprogram

Primary Function: Develop facility policy, procedures, and practices that conform with applicable laws, consent decrees, court orders, legislative mandates, and executive orders.

Personal Services	<u>9,669,570</u>	<u>9,922,279</u>	<u>9,867,790</u>	<u>10,199,361</u>	
<i>FTE</i>	<u>160.7</u>	<u>165.6</u>	<u>155.9</u>	<u>155.9</u>	
General Fund	9,669,570	9,922,279	9,867,790	10,199,361	
Operating Expenses	<u>3,484,005</u>	<u>3,288,628</u>	<u>3,244,261</u>	<u>3,293,119</u> *	
General Fund	3,484,005	3,288,628	3,244,261	3,293,119	
Dress-Out	<u>675,401</u>	<u>675,432</u>	<u>675,433</u>	<u>764,841</u> *	
General Fund	675,401	675,432	675,433	764,841	
Start-up Costs	<u>0</u>	<u>32,480</u>	<u>110,743</u>	<u>87,495</u> *	
General Fund	0	32,480	110,743	87,495	
SUBTOTAL - (G) Superintendents Subprogram	13,828,976	13,918,819	13,898,227	14,344,816	3.2%
<i>FTE</i>	<u>160.7</u>	<u>165.6</u>	<u>155.9</u>	<u>155.9</u>	<u>0.0%</u>
General Fund	13,828,976	13,918,819	13,898,227	14,344,816	3.2%

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Formerly (H) Boot Camp Subprogram

Primary Function: Operate a 90-day minimum security military discipline training program with 100 beds.

Personal Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	

SUBTOTAL - Formerly (H) Boot Camp Subprogram	0	0	0	0	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%

(H) Youthful Offender System Subprogram

Primary Function: Target offenders aged 14 to 18 years at the time of offense who have committed violent class 2 to 6 felonies. All sentences are determinate of 2-7 years.

Personal Services	<u>9,730,405</u>	<u>9,941,970</u>	<u>9,941,970</u>	<u>10,276,034</u>	
FTE	164.0	160.5	160.7	160.7	
General Fund	9,730,405	9,941,970	9,941,970	10,276,034	
Operating Expenses	<u>469,025</u>	<u>604,703</u>	<u>604,705</u>	<u>604,705</u>	
General Fund	469,025	604,703	604,705	604,705	
Contract Services	<u>28,800</u>	<u>28,800</u>	<u>28,820</u>	<u>28,820</u>	
General Fund	28,800	28,800	28,820	28,820	
Purchase of Services	<u>620,381</u>	<u>624,589</u>	<u>624,589</u>	<u>624,589</u>	
General Fund	620,381	624,589	624,589	624,589	

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SUBTOTAL - (H) Youthful Offender System					
Subprogram	10,848,611	11,200,062	11,200,084	11,534,148	3.0%
<i>FTE</i>	<u>164.0</u>	<u>160.5</u>	<u>160.7</u>	<u>160.7</u>	<u>0.0%</u>
General Fund	10,848,611	11,200,062	11,200,084	11,534,148	3.0%

(I) Case Management Subprogram

Primary Function: Responsible for case analysis, classification reviews, performance assessment, earned time evaluations, sentence computation, and parole preparations.

Personal Services	<u>15,161,791</u>	<u>15,040,020</u>	<u>14,801,090</u>	<u>15,453,755</u> *
FTE	225.1	209.9	211.8	214.6
General Fund	15,161,791	15,040,020	14,801,090	15,453,755
Operating Expenses	<u>158,802</u>	<u>157,630</u>	<u>154,724</u>	<u>156,731</u> *
General Fund	158,802	157,630	154,724	156,731

SUBTOTAL - (I) Case Management Subprogram	15,320,593	15,197,650	14,955,814	15,610,486	4.4%
<i>FTE</i>	<u>225.1</u>	<u>209.9</u>	<u>211.8</u>	<u>214.6</u>	<u>1.3%</u>
General Fund	15,320,593	15,197,650	14,955,814	15,610,486	4.4%

(J) Mental Health Subprogram

Primary Function: Provide a full range of professional psychiatric, psychological, social work and other mental health services to inmates.

Personal Services	<u>9,008,819</u>	<u>9,408,313</u>	<u>10,202,289</u>	<u>10,487,970</u> *
FTE	111.0	109.6	126.2	127.0
General Fund	9,008,819	9,408,313	10,202,289	10,487,970
Operating Expenses	<u>268,507</u>	<u>258,675</u>	<u>257,853</u>	<u>259,020</u> *
General Fund	268,507	258,675	257,853	259,020

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Medical Contract Services	<u>616,894</u>	<u>1,034,762</u>	<u>3,883,548</u>	<u>3,883,548</u>	
General Fund	616,894	1,034,762	3,883,548	3,883,548	
Mental Health Grants	<u>0</u>	<u>0</u>	<u>64,799</u>	<u>64,799</u>	
Reappropriated Funds	0	0	64,799	64,799	
SUBTOTAL - (J) Mental Health Subprogram	9,894,220	10,701,750	14,408,489	14,695,337	2.0%
<i>FTE</i>	<u>111.0</u>	<u>109.6</u>	<u>126.2</u>	<u>127.0</u>	<u>0.6%</u>
General Fund	9,894,220	10,701,750	14,343,690	14,630,538	2.0%
Reappropriated Funds	0	0	64,799	64,799	0.0%

(K) Inmate Pay Subprogram

Primary Function: Provide pay between \$0.23 and \$0.60 per day to inmates for labor positions such as janitorial services, facility maintenance, food services, laundry, grounds keeping, etc.

Inmate Pay	<u>1,533,490</u>	<u>1,464,182</u>	<u>1,449,154</u>	<u>1,487,016</u> *	
General Fund	1,533,490	1,464,182	1,449,154	1,487,016	
SUBTOTAL - (K) Inmate Pay Subprogram	1,533,490	1,464,182	1,449,154	1,487,016	2.6%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	1,533,490	1,464,182	1,449,154	1,487,016	2.6%

Formerly (L) San Carlos Subprogram

Primary Function: Operate a 250-bed specialized facility designed to provide mental health treatment services to high needs mentally ill inmates.

Personal Services	<u>12,231,845</u>	<u>0</u>	<u>0</u>	<u>0</u>	
<i>FTE</i>	185.2	0.0	0.0	0.0	
General Fund	12,231,845	0	0	0	

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Operating Expenses	<u>199,091</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	199,091	0	0	0	
Service Contracts	<u>725,309</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	725,309	0	0	0	
SUBTOTAL - Formerly (L) San Carlos Subprogram	13,156,245	0	0	0	0.0%
<i>FTE</i>	<u>185.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	13,156,245	0	0	0	0.0%

(L) Legal Access Subprogram

Primary Function: Provide inmates with resources to research and file claims with the courts.

Personal Services	<u>1,237,411</u>	<u>1,321,783</u>	<u>1,321,783</u>	<u>1,366,196</u>	
FTE	22.6	23.8	21.5	21.5	
General Fund	1,237,411	1,321,783	1,321,783	1,366,196	
Operating Expenses	<u>284,621</u>	<u>299,581</u>	<u>299,602</u>	<u>299,602</u>	
General Fund	284,621	299,581	299,602	299,602	
Contract Services	<u>70,905</u>	<u>60,800</u>	<u>70,905</u>	<u>70,905</u>	
General Fund	70,905	60,800	70,905	70,905	
SUBTOTAL - (L) Legal Access Subprogram	1,592,937	1,682,164	1,692,290	1,736,703	2.6%
<i>FTE</i>	<u>22.6</u>	<u>23.8</u>	<u>21.5</u>	<u>21.5</u>	<u>0.0%</u>
General Fund	1,592,937	1,682,164	1,692,290	1,736,703	2.6%

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TOTAL - (2) Institutions	380,425,601	375,409,078	371,250,472	384,020,713	3.4%
<i>FTE</i>	<u>4,893.6</u>	<u>4,602.6</u>	<u>4,597.3</u>	<u>4,637.9</u>	<u>0.9%</u>
General Fund	378,941,967	374,185,482	369,823,763	382,562,727	3.4%
Cash Funds	1,221,819	1,223,596	1,281,910	1,313,187	2.4%
Reappropriated Funds	0	0	64,799	64,799	0.0%
Federal Funds	261,815	0	80,000	80,000	0.0%

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(3) SUPPORT SERVICES

Primary Functions: Contains the costs associated with the Department's support programs, including business operations, personnel, offender services, transportation, training, information services, and facility services.

(A) Business Operations Subprogram

Primary Function: Provide all fiscal management and budgeting services for the Department.

Personal Services	<u>5,905,186</u>	<u>5,991,530</u>	<u>5,919,769</u>	<u>6,096,661</u> *
FTE	104.7	99.1	100.0	99.8
General Fund	5,472,761	5,577,540	5,416,012	5,369,265
Cash Funds	432,425	413,990	36,835	38,991
Reappropriated Funds	0	0	466,922	688,405
Operating Expenses	<u>223,629</u>	<u>234,189</u>	<u>234,201</u>	<u>234,201</u>
General Fund	223,629	234,189	234,201	234,201

SUBTOTAL - (A) Business Operations Subprogram	6,128,815	6,225,719	6,153,970	6,330,862	2.9%
FTE	<u>104.7</u>	<u>99.1</u>	<u>100.0</u>	<u>99.8</u>	(0.2%)
General Fund	5,696,390	5,811,729	5,650,213	5,603,466	(0.8%)
Cash Funds	432,425	413,990	36,835	38,991	5.9%
Reappropriated Funds	0	0	466,922	688,405	47.4%

(B) Personnel Subprogram

Primary Function: Provide services, including recruitment, examination, position classification, personnel records, affirmative action, appeals, grievance, benefits administration, etc.

Personal Services	<u>1,220,013</u>	<u>1,241,633</u>	<u>1,193,823</u>	<u>1,254,587</u>
FTE	20.9	21.2	18.8	18.7
General Fund	1,220,013	1,241,633	1,193,823	1,254,587

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Operating Expenses	<u>82,258</u>	<u>86,930</u>	<u>86,931</u>	<u>86,931</u>	
General Fund	82,258	86,930	86,931	86,931	
SUBTOTAL - (B) Personnel Subprogram	1,302,271	1,328,563	1,280,754	1,341,518	4.7%
<i>FTE</i>	<u>20.9</u>	<u>21.2</u>	<u>18.8</u>	<u>18.7</u>	(0.5%)
General Fund	1,302,271	1,328,563	1,280,754	1,341,518	4.7%

(C) Offender Services Subprogram

Primary Function: Provide offender population management, offender classification, offender case management, sentence computation, release operations, jail backlog monitoring, etc.

Personal Services	<u>2,839,943</u>	<u>3,049,442</u>	<u>2,956,777</u>	<u>3,010,766</u>	
FTE	45.5	46.6	44.3	44.1	
General Fund	2,839,943	3,049,442	2,956,777	3,010,766	
Operating Expenses	<u>55,331</u>	<u>71,429</u>	<u>62,044</u>	<u>62,044</u>	
General Fund	55,331	71,429	62,044	62,044	
SUBTOTAL - (C) Offender Services Subprogram	2,895,274	3,120,871	3,018,821	3,072,810	1.8%
<i>FTE</i>	<u>45.5</u>	<u>46.6</u>	<u>44.3</u>	<u>44.1</u>	(0.5%)
General Fund	2,895,274	3,120,871	3,018,821	3,072,810	1.8%

(D) Communications Subprogram

Primary Function: Manage staff voice communication, radio systems and equipment, cellular telephones, pagers, and video conferences.

Operating Expenses	<u>1,477,045</u>	<u>1,514,683</u>	<u>1,547,100</u>	<u>1,564,245</u> *	
General Fund	1,477,045	1,514,683	1,547,100	1,564,245	

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Multiuse Network Payments	<u>2,303,077</u>	<u>3,063,333</u>	<u>4,015,587</u>	0	*
General Fund	2,233,566	2,970,876	3,894,388	0	
Cash Funds	69,511	92,457	121,199	0	
Dispatch Services	<u>190,218</u>	<u>200,000</u>	<u>200,000</u>	<u>224,477</u>	*
General Fund	190,218	200,000	200,000	224,477	
Communication Services Payments	<u>1,736,517</u>	<u>1,773,504</u>	<u>2,016,459</u>	0	*
General Fund	1,736,517	1,773,504	2,016,459	0	
SUBTOTAL - (D) Communications Subprogram	5,706,857	6,551,520	7,779,146	1,788,722	(77.0%)
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	5,637,346	6,459,063	7,657,947	1,788,722	(76.6%)
Cash Funds	69,511	92,457	121,199	0	(100.0%)

(E) Transportation Subprogram

Primary Function: Manage the Department's vehicle fleet as well as the Central Transportation Unit.

Personal Services	<u>1,889,647</u>	<u>1,912,571</u>	<u>1,912,572</u>	<u>1,976,837</u>
FTE	36.6	36.2	35.9	35.9
General Fund	1,889,647	1,912,571	1,912,572	1,976,837
Operating Expenses	<u>269,887</u>	<u>284,774</u>	<u>284,794</u>	<u>284,794</u>
General Fund	269,887	284,774	284,794	284,794
Vehicle Lease Payments	<u>2,525,878</u>	<u>2,541,922</u>	<u>3,098,328</u>	<u>3,284,079</u>
General Fund	2,289,725	2,339,716	2,688,301	2,919,127
Cash Funds	236,153	202,206	410,027	364,952

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
SUBTOTAL - (E) Transportation Subprogram	4,685,412	4,739,267	5,295,694	5,545,710	4.7%
<i>FTE</i>	<u>36.6</u>	<u>36.2</u>	<u>35.9</u>	<u>35.9</u>	<u>0.0%</u>
General Fund	4,449,259	4,537,061	4,885,667	5,180,758	6.0%
Cash Funds	236,153	202,206	410,027	364,952	(11.0%)

(F) Training Subprogram

Primary Function: Provide basic, extended, in-service and advanced training to DOC employees.

Personal Services	<u>1,869,327</u>	<u>1,855,681</u>	<u>1,855,682</u>	<u>1,918,036</u>	
<i>FTE</i>	25.9	26.1	25.0	25.0	
General Fund	1,869,327	1,855,681	1,855,682	1,918,036	
Operating Expenses	<u>267,049</u>	<u>273,469</u>	<u>276,376</u>	<u>279,165</u> *	
General Fund	267,049	273,469	276,376	279,165	
SUBTOTAL - (F) Training Subprogram	2,136,376	2,129,150	2,132,058	2,197,201	3.1%
<i>FTE</i>	<u>25.9</u>	<u>26.1</u>	<u>25.0</u>	<u>25.0</u>	<u>0.0%</u>
General Fund	2,136,376	2,129,150	2,132,058	2,197,201	3.1%

(G) Information Systems Subprogram

Primary Function: Responsible for the development and maintenance of automated information systems within the DOC.

Operating Expenses	<u>1,537,962</u>	<u>1,700,815</u>	<u>1,614,582</u>	<u>1,622,202</u> *	
General Fund	1,537,962	1,700,815	1,614,582	1,622,202	
Purchase of Services from Computer Center	<u>5,516,687</u>	<u>5,675,022</u>	<u>8,568,854</u>	<u>0</u> *	
General Fund	5,516,687	5,675,022	8,568,854	0	
Management and Administration of OIT	<u>439,320</u>	<u>437,228</u>	<u>288,515</u>	<u>0</u> *	
General Fund	439,320	437,228	288,515	0	

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COFRS Modernization	<u>0</u>	<u>544,510</u>	<u>544,510</u>	<u>544,510</u>	
General Fund	0	480,395	480,395	480,395	
Cash Funds	0	30,736	30,736	30,736	
Reappropriated Funds	0	33,379	33,379	33,379	
Federal Funds	0	0	0	0	
Information Technology Security	<u>0</u>	<u>0</u>	<u>148,946</u>	<u>0</u>	*
General Fund	0	0	147,748	0	
Cash Funds	0	0	1,198	0	
Payments to OIT	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,515,017</u>	*
General Fund	0	0	0	18,387,413	
Cash Funds	0	0	0	127,604	
SUBTOTAL - (G) Information Systems Subprogram	7,493,969	8,357,575	11,165,407	20,681,729	85.2%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	7,493,969	8,293,460	11,100,094	20,490,010	84.6%
Cash Funds	0	30,736	31,934	158,340	395.8%
Reappropriated Funds	0	33,379	33,379	33,379	0.0%
Federal Funds	0	0	0	0	0.0%

(H) Facility Services Subprogram

Primary Function: Duties include contractor/design team selection, design review, contract administration, and fiscal management of the DOC's capital construction projects.

Personal Services	<u>942,135</u>	<u>956,935</u>	<u>909,126</u>	<u>935,322</u>
FTE	11.3	9.9	9.8	9.7
General Fund	942,135	956,935	909,126	935,322

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Operating Expenses	<u>78,939</u>	<u>83,095</u>	<u>83,096</u>	<u>83,096</u>	
General Fund	78,939	83,095	83,096	83,096	
SUBTOTAL - (H) Facility Services Subprogram	1,021,074	1,040,030	992,222	1,018,418	2.6%
<i>FTE</i>	<u>11.3</u>	<u>9.9</u>	<u>9.8</u>	<u>9.7</u>	<u>(1.0%)</u>
General Fund	1,021,074	1,040,030	992,222	1,018,418	2.6%
TOTAL - (3) Support Services	31,370,048	33,492,695	37,818,072	41,976,970	11.0%
<i>FTE</i>	<u>244.9</u>	<u>239.1</u>	<u>233.8</u>	<u>233.2</u>	<u>(0.3%)</u>
General Fund	30,631,959	32,719,927	36,717,776	40,692,903	10.8%
Cash Funds	738,089	739,389	599,995	562,283	(6.3%)
Reappropriated Funds	0	33,379	500,301	721,784	44.3%
Federal Funds	0	0	0	0	0.0%

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(4) INMATE PROGRAMS

Primary Function: Includes the Department's educational, vocational, recreational, and labor programs for offenders, as well as Sex Offender Treatment and Drug and Alcohol Treatment.

(A) Labor Subprogram

Primary Function: Supervise inmate work assignments involving physical labor to assist the DOC and outside agencies with reclamation, landscaping, construction, etc.

Personal Services	<u>5,280,223</u>	<u>5,286,166</u>	<u>5,286,167</u>	<u>5,463,790</u>	
FTE	89.4	81.8	88.7	88.7	
General Fund	5,280,223	5,286,166	5,286,167	5,463,790	
Operating Expenses	<u>90,295</u>	<u>84,722</u>	<u>83,628</u>	<u>86,579</u> *	
General Fund	90,295	84,722	83,628	86,579	

SUBTOTAL - (A) Labor Subprogram	5,370,518	5,370,888	5,369,795	5,550,369	3.4%
FTE	<u>89.4</u>	<u>81.8</u>	<u>88.7</u>	<u>88.7</u>	<u>0.0%</u>
General Fund	5,370,518	5,370,888	5,369,795	5,550,369	3.4%

(B) Education Subprogram

Primary Function: Assist inmates in improving basic skills such as English, reading, writing, spelling, and math.

Personal Services	<u>11,664,098</u>	<u>11,367,356</u>	<u>11,172,192</u>	<u>11,829,711</u> *	
FTE	203.2	190.3	182.9	187.5	
General Fund	10,749,837	10,453,095	10,257,931	10,861,917	
Cash Funds	914,261	914,261	914,261	967,794	

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Operating Expenses	<u>930,367</u>	<u>937,769</u>	<u>2,630,526</u>	<u>2,640,397</u> *	
General Fund	0	193,898	193,900	1,093,900	
Cash Funds	763,357	649,486	1,825,611	1,135,482	
Reappropriated Funds	167,010	94,385	611,015	411,015	
Contract Services	<u>73,165</u>	<u>73,276</u>	<u>73,276</u>	<u>173,276</u>	
General Fund	73,165	73,276	73,276	173,276	
Education Grants	<u>939,102</u>	<u>410,068</u>	<u>113,894</u>	<u>113,894</u>	
FTE	0.0	0.0	2.0	2.0	
Cash Funds	100	0	10,000	10,000	
Reappropriated Funds	207,983	162,680	76,244	76,244	
Federal Funds	731,019	247,388	27,650	27,650	
Indirect Cost Recoveries	<u>0</u>	<u>0</u>	<u>115</u>	<u>313</u> *	
Federal Funds	0	0	115	313	
SUBTOTAL - (B) Education Subprogram	13,606,732	12,788,469	13,990,003	14,757,591	5.5%
<i>FTE</i>	<u>203.2</u>	<u>190.3</u>	<u>184.9</u>	<u>189.5</u>	<u>2.5%</u>
General Fund	10,823,002	10,720,269	10,525,107	12,129,093	15.2%
Cash Funds	1,677,718	1,563,747	2,749,872	2,113,276	(23.2%)
Reappropriated Funds	374,993	257,065	687,259	487,259	(29.1%)
Federal Funds	731,019	247,388	27,765	27,963	0.7%

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(C) Recreation Subprogram

Primary Function: Provide standardized, staff supervised recreational programs to inmates.

Personal Services	<u>6,127,995</u>	<u>6,394,753</u>	<u>6,394,753</u>	<u>6,609,626</u>	
FTE	118.9	116.5	116.7	116.7	
General Fund	6,127,995	6,394,753	6,394,753	6,609,626	
Operating Expenses	<u>74,031</u>	<u>66,842</u>	<u>67,697</u>	<u>70,399</u> *	
Cash Funds	74,031	66,842	67,697	70,399	

SUBTOTAL - (C) Recreation Subprogram	6,202,026	6,461,595	6,462,450	6,680,025	3.4%
FTE	<u>118.9</u>	<u>116.5</u>	<u>116.7</u>	<u>116.7</u>	<u>0.0%</u>
General Fund	6,127,995	6,394,753	6,394,753	6,609,626	3.4%
Cash Funds	74,031	66,842	67,697	70,399	4.0%

(D) Drug and Alcohol Treatment Subprogram

Primary Function: Provide drug and alcohol treatment services to inmates.

Personal Services	<u>3,911,131</u>	<u>4,535,060</u>	<u>4,986,150</u>	<u>5,073,692</u>	
FTE	64.4	74.2	85.4	85.4	
General Fund	3,911,131	4,535,060	4,986,150	5,073,692	
Operating Expenses	<u>117,316</u>	<u>110,932</u>	<u>110,932</u>	<u>110,932</u>	
General Fund	117,316	110,932	110,932	110,932	
Services for Substance Abuse and Co-occurring Disorders	<u>845,858</u>	<u>895,613</u>	<u>995,127</u>	<u>995,127</u>	
Cash Funds	845,858	0	0	0	
Reappropriated Funds	0	895,613	995,127	995,127	

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Contract Services	<u>2,253,457</u>	<u>2,197,132</u>	<u>2,287,607</u>	<u>2,287,607</u>	
General Fund	2,040,957	1,972,132	2,037,607	2,037,607	
Cash Funds	212,500	0	0	0	
Reappropriated Funds	0	225,000	250,000	250,000	
Treatment Grants	<u>177,732</u>	<u>271,322</u>	<u>126,682</u>	<u>126,682</u>	
Reappropriated Funds	177,732	271,322	126,682	126,682	
SUBTOTAL - (D) Drug and Alcohol Treatment					
Subprogram	7,305,494	8,010,059	8,506,498	8,594,040	1.0%
<i>FTE</i>	<u>64.4</u>	<u>74.2</u>	<u>85.4</u>	<u>85.4</u>	<u>0.0%</u>
General Fund	6,069,404	6,618,124	7,134,689	7,222,231	1.2%
Cash Funds	1,058,358	0	0	0	0.0%
Reappropriated Funds	177,732	1,391,935	1,371,809	1,371,809	0.0%

(E) Sex Offender Treatment Subprogram

Primary Function: Provide treatment to sex offenders who are motivated to eliminate such behavior.

Personal Services	<u>2,680,993</u>	<u>2,680,726</u>	<u>2,899,553</u>	<u>3,912,754</u> *
FTE	38.1	38.3	42.8	55.8
General Fund	2,657,459	2,657,191	2,871,174	3,882,713
Cash Funds	23,534	23,535	28,379	30,041
Operating Expenses	<u>84,776</u>	<u>84,776</u>	<u>85,776</u> 0.0	<u>92,276</u> 0.0 *
General Fund	84,276	84,276	85,276	91,776
Cash Funds	500	500	500	500
Polygraph Testing	<u>99,569</u>	<u>99,569</u>	<u>99,569</u>	<u>242,500</u> *
General Fund	99,569	99,569	99,569	242,500

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Sex Offender Treatment Grants	0	<u>227,546</u>	<u>65,597</u>	<u>65,597</u>	
Federal Funds	0	227,546	65,597	65,597	
Start-up Costs	0	0	<u>12,856</u>	0	
General Fund	0	0	12,856	0	

SUBTOTAL - (E) Sex Offender Treatment					
Subprogram	2,865,338	3,092,617	3,163,351	4,313,127	36.3%
<i>FTE</i>	<u>38.1</u>	<u>38.3</u>	<u>42.8</u>	<u>55.8</u>	<u>30.4%</u>
General Fund	2,841,304	2,841,036	3,068,875	4,216,989	37.4%
Cash Funds	24,034	24,035	28,879	30,541	5.8%
Federal Funds	0	227,546	65,597	65,597	0.0%

(F) Volunteers Subprogram

Primary Function: Manage volunteer programs including volunteer chaplain services to inmates.

Personal Services	<u>547,280</u>	<u>553,304</u>	<u>555,345</u>	<u>587,863</u>	
FTE	7.9	8.0	8.0	8.0	
General Fund	0	0	0	0	
Cash Funds	547,280	553,304	555,345	587,863	
Operating Expenses	<u>17,742</u>	<u>17,910</u>	<u>17,912</u>	<u>17,912</u>	
Cash Funds	17,742	17,910	17,912	17,912	
SUBTOTAL - (F) Volunteers Subprogram	565,022	571,214	573,257	605,775	5.7%
<i>FTE</i>	<u>7.9</u>	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	565,022	571,214	573,257	605,775	5.7%

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
TOTAL - (4) Inmate Programs	35,915,130	36,294,842	38,065,354	40,500,927	6.4%
<i>FTE</i>	<u>521.9</u>	<u>509.1</u>	<u>526.5</u>	<u>544.1</u>	<u>3.3%</u>
General Fund	31,232,223	31,945,070	32,493,219	35,728,308	10.0%
Cash Funds	3,399,163	2,225,838	3,419,705	2,819,991	(17.5%)
Reappropriated Funds	552,725	1,649,000	2,059,068	1,859,068	(9.7%)
Federal Funds	731,019	474,934	93,362	93,560	0.2%

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(5) COMMUNITY SERVICES

Primary Function: Monitors and supervises offenders who are on parole, in community corrections facilities prior to parole, living in private residences under intensive supervision prior to parole, and in Youthful Offender System aftercare.

(A) Parole Subprogram

Primary Function: Supervise offenders who have been placed on parole by the Parole Board.

Personal Services	<u>10,100,005</u>	<u>9,479,324</u>	<u>10,441,782</u>	<u>11,464,537</u>	*
FTE	159.2	154.7	167.6	177.5	
General Fund	10,100,005	9,479,324	10,441,782	11,464,537	
Operating Expenses	<u>1,114,582</u>	<u>1,058,735</u>	<u>1,123,795</u>	<u>11,195,115</u>	*
General Fund	1,114,582	1,058,735	1,123,795	11,195,115	
Administrative Law Judge Services	<u>4,449</u>	<u>4,604</u>	<u>2,782</u>	<u>0</u>	
General Fund	4,449	4,604	2,782	0	
Contract Services	<u>3,204,429</u>	<u>3,430,386</u>	<u>3,564,892</u>	<u>3,564,892</u>	
General Fund	1,658,382	1,676,299	1,782,792	1,782,792	
Reappropriated Funds	1,546,047	1,754,087	1,782,100	1,782,100	
Wrap-Around Services Program	<u>1,199,728</u>	<u>1,170,109</u>	<u>1,207,225</u>	<u>1,523,336</u>	
General Fund	1,199,728	1,170,109	1,207,225	1,523,336	
Start-up Costs	<u>0</u>	<u>25,652</u>	<u>19,911</u>	<u>0</u>	
General Fund	0	25,652	19,911	0	
SUBTOTAL - (A) Parole Subprogram	15,623,193	15,168,810	16,360,387	27,747,880	69.6%
FTE	<u>159.2</u>	<u>154.7</u>	<u>167.6</u>	<u>177.5</u>	<u>5.9%</u>
General Fund	14,077,146	13,414,723	14,578,287	25,965,780	78.1%
Reappropriated Funds	1,546,047	1,754,087	1,782,100	1,782,100	0.0%

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(B) Parole Intensive Supervision Subprogram

Primary Function: Manage high-risk offenders who are placed on parole by the Parole Board.

Personal Services	<u>4,647,197</u>	<u>4,376,685</u>	<u>4,876,340</u>	<u>5,043,274</u>	
FTE	86.4	79.4	85.6	85.6	
General Fund	4,647,197	4,376,685	4,876,340	5,043,274	
Operating Expenses	<u>466,729</u>	<u>451,493</u>	<u>485,197</u>	<u>485,197</u>	
General Fund	466,729	451,493	485,197	485,197	
Contract Services	<u>1,520,680</u>	<u>1,486,317</u>	<u>1,624,538</u>	<u>1,624,538</u>	
General Fund	1,520,680	1,486,317	1,624,538	1,624,538	
Non-residential Services	<u>1,156,580</u>	<u>1,034,266</u>	<u>1,215,818</u>	<u>1,215,818</u>	
General Fund	1,156,580	1,034,266	1,215,818	1,215,818	
Home Detention	<u>69,382</u>	<u>67,195</u>	<u>69,383</u>	<u>69,383</u>	
General Fund	69,382	67,195	69,383	69,383	
Start-up Costs	<u>0</u>	<u>15,391</u>	<u>10,814</u>	<u>0</u>	
General Fund	0	15,391	10,814	0	

SUBTOTAL - (B) Parole Intensive Supervision					
Subprogram	7,860,568	7,431,347	8,282,090	8,438,210	1.9%
FTE	<u>86.4</u>	<u>79.4</u>	<u>85.6</u>	<u>85.6</u>	<u>0.0%</u>
General Fund	7,860,568	7,431,347	8,282,090	8,438,210	1.9%

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(C) Community Intensive Supervision Subprogram

Primary Function: Monitor and supervises offenders in who are in non-residential, transition community corrections programs.

Personal Services	<u>3,146,344</u>	<u>3,190,868</u>	<u>3,002,440</u>	<u>3,103,326</u>	
FTE	43.4	48.0	43.5	43.5	
General Fund	3,146,344	3,190,868	3,002,440	3,103,326	
Operating Expenses	<u>515,110</u>	<u>517,791</u>	<u>502,071</u>	<u>502,071</u>	
General Fund	515,110	517,791	502,071	502,071	
Contract Services	<u>3,103,365</u>	<u>3,030,457</u>	<u>2,856,512</u>	<u>2,856,512</u>	
General Fund	3,103,365	3,030,457	2,856,512	2,856,512	

SUBTOTAL - (C) Community Intensive Supervision					
Subprogram	6,764,819	6,739,116	6,361,023	6,461,909	1.6%
FTE	<u>43.4</u>	<u>48.0</u>	<u>43.5</u>	<u>43.5</u>	<u>(0.0%)</u>
General Fund	6,764,819	6,739,116	6,361,023	6,461,909	1.6%

(D) Community Supervision Subprogram

(1) Community Supervision

Personal Services	<u>2,770,846</u>	<u>2,804,380</u>	<u>2,676,439</u>	<u>2,814,933</u>	
FTE	43.2	38.3	40.3	40.3	
General Fund	2,770,846	2,804,380	2,676,439	2,814,933	
Operating Expenses	<u>138,363</u>	<u>139,268</u>	<u>130,579</u>	<u>130,579</u>	
General Fund	138,363	139,268	130,579	130,579	

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Community Mental Health Services	<u>449,185</u>	<u>613,657</u>	<u>614,013</u>	<u>614,013</u>	
General Fund	449,185	433,657	614,013	614,013	
Reappropriated Funds	0	180,000	0	0	
Psychotropic Medication	<u>131,760</u>	<u>131,400</u>	<u>131,400</u>	<u>131,400</u>	
General Fund	131,760	131,400	131,400	131,400	
Contract Services for High Risk Offenders	<u>243,000</u>	<u>224,376</u>	<u>221,200</u>	<u>221,200</u>	
General Fund	243,000	224,376	221,200	221,200	
Contract Services for Fugitive Returns	<u>67,133</u>	<u>74,524</u>	<u>74,524</u>	<u>74,524</u>	
General Fund	42,049	42,049	42,049	42,049	
Reappropriated Funds	25,084	32,475	32,475	32,475	
SUBTOTAL -	3,800,287	3,987,605	3,848,155	3,986,649	3.6%
FTE	<u>43.2</u>	<u>38.3</u>	<u>40.3</u>	<u>40.3</u>	<u>0.0%</u>
General Fund	3,775,203	3,775,130	3,815,680	3,954,174	3.6%
Reappropriated Funds	25,084	212,475	32,475	32,475	0.0%

(2) Youthful Offender System Aftercare

Personal Services	<u>624,162</u>	<u>415,332</u>	<u>636,789</u>	<u>644,187</u>	
FTE	6.3	5.7	8.0	8.0	
General Fund	624,162	415,332	636,789	644,187	
Operating Expenses	<u>140,362</u>	<u>141,066</u>	<u>141,067</u>	<u>141,067</u>	
General Fund	140,362	141,066	141,067	141,067	
Contract Services	<u>985,675</u>	<u>785,665</u>	<u>1,062,396</u>	<u>1,062,396</u>	
General Fund	985,675	785,665	1,062,396	1,062,396	

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
SUBTOTAL -	1,750,199	1,342,063	1,840,252	1,847,650	0.4%
<i>FTE</i>	<u>6.3</u>	<u>5.7</u>	<u>8.0</u>	<u>8.0</u>	<u>0.0%</u>
General Fund	1,750,199	1,342,063	1,840,252	1,847,650	0.4%
SUBTOTAL - (D) Community Supervision					
Subprogram	5,550,486	5,329,668	5,688,407	5,834,299	2.6%
<i>FTE</i>	<u>49.5</u>	<u>44.0</u>	<u>48.3</u>	<u>48.3</u>	<u>0.0%</u>
General Fund	5,525,402	5,117,193	5,655,932	5,801,824	2.6%
Reappropriated Funds	25,084	212,475	32,475	32,475	0.0%

(E) Community Re-entry Subprogram

Primary Function: Provide emergency assistance to inmates who require temporary shelter, work clothes, bus tokens, small work tools, or other short-term emergency assistance upon release from custody.

Personal Services	<u>1,950,503</u>	<u>1,974,663</u>	<u>1,974,663</u>	<u>2,056,015</u>
<i>FTE</i>	33.1	35.2	35.6	35.6
General Fund	1,950,503	1,974,663	1,974,663	2,056,015
Operating Expenses	<u>122,585</u>	<u>123,194</u>	<u>123,202</u>	<u>123,202</u>
General Fund	122,585	123,194	123,202	123,202
Offender Emergency Assistance	<u>96,569</u>	<u>96,768</u>	<u>96,768</u>	<u>96,768</u>
General Fund	96,569	96,768	96,768	96,768
Contract Services	<u>178,875</u>	<u>185,465</u>	<u>190,000</u>	<u>190,000</u>
General Fund	178,875	185,465	190,000	190,000

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Offender Re-employment Center	<u>363,999</u>	<u>363,999</u>	<u>374,000</u>	<u>110,000</u> *	
General Fund	363,999	363,999	364,000	100,000	
Cash Funds	0	0	10,000	10,000	
Community Reintegration Grants	<u>72,072</u>	<u>17,150</u>	<u>48,779</u>	<u>48,779</u>	
FTE	0.0	0.0	1.0	1.0	
Reappropriated Funds	72,072	17,150	9,681	9,681	
Federal Funds	0	0	39,098	39,098	
SUBTOTAL - (E) Community Re-entry Subprogram	2,784,603	2,761,239	2,807,412	2,624,764	(6.5%)
<i>FTE</i>	<u>33.1</u>	<u>35.2</u>	<u>36.6</u>	<u>36.6</u>	<u>0.0%</u>
General Fund	2,712,531	2,744,089	2,748,633	2,565,985	(6.6%)
Cash Funds	0	0	10,000	10,000	0.0%
Reappropriated Funds	72,072	17,150	9,681	9,681	0.0%
Federal Funds	0	0	39,098	39,098	0.0%
TOTAL - (5) Community Services	38,583,669	37,430,180	39,499,319	51,107,062	29.4%
<i>FTE</i>	<u>371.6</u>	<u>361.3</u>	<u>381.6</u>	<u>391.5</u>	<u>2.6%</u>
General Fund	36,940,466	35,446,468	37,625,965	49,233,708	30.9%
Cash Funds	0	0	10,000	10,000	0.0%
Reappropriated Funds	1,643,203	1,983,712	1,824,256	1,824,256	0.0%
Federal Funds	0	0	39,098	39,098	0.0%

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(6) PAROLE BOARD

Primary Function: Conduct all parole hearings and parole revocation hearings statewide.

Personal Services	<u>1,046,840</u>	<u>1,159,885</u>	<u>1,197,526</u>	<u>1,376,891</u>	*
FTE	12.8	12.4	13.5	16.2	
General Fund	1,046,840	1,159,885	1,197,526	1,376,891	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Operating Expenses	<u>99,543</u>	<u>104,886</u>	<u>104,890</u>	<u>106,390</u>	*
General Fund	99,543	104,886	104,890	106,390	
Contract Services	<u>259,175</u>	<u>228,746</u>	<u>272,437</u>	<u>272,437</u>	
General Fund	259,175	228,746	272,437	272,437	
Start-up Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,109</u>	*
General Fund	0	0	0	14,109	

TOTAL - (6) Parole Board	1,405,558	1,493,517	1,574,853	1,769,827	12.4%
FTE	<u>12.8</u>	<u>12.4</u>	<u>13.5</u>	<u>16.2</u>	<u>20.0%</u>
General Fund	1,405,558	1,493,517	1,574,853	1,769,827	12.4%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

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(7) CORRECTIONAL INDUSTRIES

Primary Function: Employ inmates in profit-oriented industries, usually within DOC facilities.

Personal Services	<u>9,785,031</u>	<u>8,849,984</u>	<u>10,160,810</u>	<u>10,335,878</u>	
FTE	155.0	144.3	155.0	155.0	
General Fund	0	0	0	0	
Cash Funds	2,833,469	2,458,974	2,989,807	3,164,875	
Reappropriated Funds	6,951,562	6,391,010	7,171,003	7,171,003	
Operating Expenses	<u>5,353,581</u>	<u>5,103,400</u>	<u>5,928,190</u>	<u>5,928,190</u>	
Cash Funds	1,659,610	1,582,054	1,817,327	1,817,327	
Reappropriated Funds	3,693,971	3,521,346	4,110,863	4,110,863	
Raw Materials	<u>27,880,517</u>	<u>25,246,628</u>	<u>35,823,826</u>	<u>35,823,826</u>	
Cash Funds	6,274,909	7,879,184	8,441,080	8,441,080	
Reappropriated Funds	21,605,608	17,367,444	27,382,746	27,382,746	
Inmate Pay	<u>1,640,726</u>	<u>1,632,374</u>	<u>1,649,702</u>	<u>1,649,702</u>	
Cash Funds	459,477	457,065	468,453	468,453	
Reappropriated Funds	1,181,249	1,175,309	1,181,249	1,181,249	
Capital Outlay	<u>913,099</u>	<u>369,620</u>	<u>1,406,200</u>	<u>1,406,200</u>	
Cash Funds	190,515	55,443	337,094	337,094	
Reappropriated Funds	722,584	314,177	1,069,106	1,069,106	
Correctional Industries Grants	<u>0</u>	<u>1,632,442</u>	<u>503,050</u>	<u>503,050</u>	
Federal Funds	0	1,632,442	503,050	503,050	

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Indirect Cost Assessment	<u>347,328</u>	<u>335,362</u>	<u>383,378</u>	<u>608,920</u> *	
Cash Funds	63,794	51,828	128,227	129,841	
Reappropriated Funds	283,534	283,534	253,059	263,831	
Federal Funds	0	0	2,092	215,248	
TOTAL - (7) Correctional Industries	45,920,282	43,169,810	55,855,156	56,255,766	0.7%
<i>FTE</i>	<u>155.0</u>	<u>144.3</u>	<u>155.0</u>	<u>155.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	11,481,774	12,484,548	14,181,988	14,358,670	1.2%
Reappropriated Funds	34,438,508	29,052,820	41,168,026	41,178,798	0.0%
Federal Funds	0	1,632,442	505,142	718,298	42.2%

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(8) CANTEEN OPERATION

Primary Function: Provide various items for sale to DOC inmates at all DOC facilities.

Personal Services	<u>1,731,989</u>	<u>1,767,856</u>	<u>1,770,093</u>	<u>1,873,739</u>	
FTE	36.5	28.4	28.0	28.0	
General Fund	0	0	0	0	
Cash Funds	1,731,989	1,767,856	1,770,093	1,873,739	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Operating Expenses	<u>12,402,885</u>	<u>12,195,206</u>	<u>12,851,987</u>	<u>12,851,987</u>	
Cash Funds	12,402,885	12,195,206	12,851,987	12,851,987	
Inmate Pay	<u>40,386</u>	<u>40,386</u>	<u>40,386</u>	<u>40,386</u>	
Cash Funds	40,386	40,386	40,386	40,386	
Indirect Cost Assessment	<u>48,262</u>	<u>49,451</u>	<u>80,497</u>	<u>76,850</u> *	
Cash Funds	48,262	49,451	80,497	76,850	

TOTAL - (8) Canteen Operation	14,223,522	14,052,899	14,742,963	14,842,962	0.7%
FTE	<u>36.5</u>	<u>28.4</u>	<u>28.0</u>	<u>28.0</u>	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	14,223,522	14,052,899	14,742,963	14,842,962	0.7%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
TOTAL - Department of Corrections	720,911,777	720,120,713	751,232,064	793,545,955	5.6%
<i>FTE</i>	<u>6,319.7</u>	<u>5,980.2</u>	<u>6,019.6</u>	<u>6,094.0</u>	<u>1.2%</u>
General Fund	646,234,000	649,969,120	664,148,559	706,333,227	6.4%
Cash Funds	36,607,058	34,863,321	40,179,999	40,063,613	(0.3%)
Reappropriated Funds	36,970,248	32,963,362	45,892,992	45,925,247	0.1%
Federal Funds	1,100,471	2,324,910	1,010,514	1,223,868	21.1%

NOTE: An asterisk (*) indicates that the FY 2014-15 request for a line item is affected by one or more decision items.

Appendix B: **Recent Legislation Affecting Department Budget**

2012 Session Bills

H.B. 12-1084: Increases from a class 5 felony to a class 4 felony the penalty for a vehicle driver who leaves the scene of an accident resulting in serious bodily injury. Has a five-year fiscal impact of \$1,743,070, but includes a provision making an exception to the statutory five-year appropriation requirement and therefore does not make any appropriations.

H.B. 12-1181: Supplemental appropriation to modify FY 2011-12 appropriations to the Department.

H.B. 12-1223: Allows offenders in the DOC to receive additional earned time while in prison, while on parole, and while temporarily reincarcerated for a parole violation, thus reducing the average time that offenders are in prison and on parole while providing increased incentives for offenders to behave appropriately. Appropriates the resulting FY 2012-13 General Fund savings of \$193,900 to offender education programs within the Department.

H.B. 12-1246: Reverses the annual pay date shift for state employees who are paid on a biweekly basis. Appropriates \$136,460 General Fund to the DOC for FY 2012-13. For additional information see the corresponding bill description in the "Recent Legislation" section of the Department of Personnel.

H.B. 12-1271: Raises to 16 the minimum age at which juveniles charged with certain serious crimes may be prosecuted in adult court, a process known as "direct filing", while limiting the offenses for which direct filing is available to class 1 and 2 felonies, violent sex offenses, crimes of violence committed by prior felony offenders, and certain sex offenses committed by prior felony offenders. Reduces expenditures for the Department's Youthful Offender System by a projected \$1,856,160 over four years, beginning in FY 2013-14. For more information see the corresponding bill description in the "Recent Legislation" section of the Department of Human Services.

H.B. 12-1310: Addresses criminal justice matters in several areas including drug offenses and treatment, sentencing, court proceedings, sex offenses, probation, and parole. Contains the following provisions relevant to the DOC:

- Removes the term "cathinone" (also known as bath salts) from the statutory list of schedule 1 controlled substances and creates a detailed list of cathinones elsewhere in statute. Reduces penalties for cathinone possession to a misdemeanor. Creates a new class 3 felony for the distribution or production of cathinones, which has a five-year fiscal impact of \$82,826, but includes a provision making an exception to the statutory five-year appropriation requirement and therefore does not make any appropriations for the criminal penalties. Creates a new civil penalty for deceptive trade practices for distribution or production of cathinones.

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- Establishes a ten-year mandatory period of parole under the supervision of the DOC for juvenile offenders who are adjudicated delinquent and sentenced for first degree murder. Includes a one-time FY 2012-13 General Fund appropriation of \$11,840 to DOC for computer programming changes and an equal reappropriation to the Governor's Office of Information Technology.
- Consolidates funding for substance-abuse treatment for adult and juvenile offenders, replacing multiple appropriations with a set of similar appropriations involving the Correctional Treatment Cash Fund, which is created by the bill. Implements a consistent appropriation format that initially appropriates all General Fund and cash funds made available by S.B. 03-318 and H.B. 10-1352 for treatment to a single department (Judicial). Transfers funds not used in the Judicial Department to other state agencies as reappropriated funds. Increases appropriations of reappropriated funds to the DOC by \$1,245,127 while reducing appropriations of cash funds by the same amount. For more information see the corresponding bill description in the "Recent Legislation" section of the Judicial Department.

H.B. 12-1335: General appropriations act for FY 2012-13.

H.B. 12-1336: Directs the Office of State Planning and Budgeting (OSPB) to contract for a systemwide analysis of the DOC by July 1, 2012. Encourages the OSPB to convene an advisory group to assist the OSPB and the Joint Budget Committee (JBC) in developing options based on the study. Directs the OSPB, the JBC, and any advisory group convened to identify, evaluate, and prioritize state and private contract prison-bed utilization options for five fiscal years beginning with FY 2013-14. Appropriates \$350,000 General Fund to the Office of the Governor for FY 2012-13.

H.B. 12-1337: Closes the south campus of the Centennial correctional facility for state housing of inmates while allowing non-state entities to house inmates on the south campus. Allows the south campus to be maintained to provide support and services to the rest of the facility. The corresponding FY 2012-13 funding reductions for the DOC, comprised of \$4,533,632 General Fund, \$2,275 cash funds, and 71.2 FTE, are reflected in the Long Bill (H.B. 12-1335).

2013 Session Bills

S.B. 13-007: Changes the repeal date for the Colorado Commission on Criminal and Juvenile Justice from July 1, 2013 to July 1, 2018. Requires the Office of Legislative Legal Services to provide a staff member to attend meetings of the Commission upon request. Makes the following FY 2013-14 General Fund appropriations: \$255,433 to the Department of Public Safety, \$56,100 to the Department of Corrections, and \$6,061 to the Legislative Department.

S.B. 13-086: Supplemental appropriation to the Department of Corrections to adjust FY 2012-13 appropriations.

S.B. 13-200: Enables childless adults or adults without dependent children to qualify for Medicaid if their income is below 133% of the Federal Poverty Level. As a consequence, many Department of Correction's offenders will qualify for Medicaid when they receive inpatient medical care at facilities outside of the Department. The bill appropriates \$28,249 General Fund

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and 0.4 FTE to the executive director's office for administration and reduces General Fund appropriations for external medical expenses by \$2,500,000.

S.B. 13-210: Requires the Department of Corrections to annually report to the General Assembly on corrections officer staffing levels. Requires work periods for correctional officers to be from 7 to 14 days in length and requires the Department to pay overtime when officers work more than 85 hours during a 14 day work period or when they work more than a proportionately smaller threshold if the work period is less than 14 days. Requires the Department to pay time and a half to corrections officers who work 12 or more hours in one 24 hour period for time worked in excess of 8.5 hours. Requires the DOC to

- Develop criteria for when a corrections officer can work a double shift,
- Provide pay stubs with detailed information,
- Establish rules that increase staffing flexibility, including but not limited to employee shift substitution, voluntary overtime lists, roving, and pool staff coverage.

Designates a portion of the former Fort Lyon Correctional Facility as a transitional residential community for the homeless. For FY 2013-14, appropriates \$963,168 General Fund to the Department of Corrections and \$2,788,851 General Fund to the Department of Local Affairs. For more information, see the corresponding bill description in the "Recent Legislation" section of the Department of Local Affairs.

S.B. 13-230: General appropriations act for FY 2013-14.

S.B. 13-250: Creates a new felony and misdemeanor drug sentencing structure, assigning each drug crime a new penalty based on new felony and misdemeanor drug sentencing categories. Directs the General Assembly to appropriate at least \$3.5 million in FY 2014-15 to the Correctional Treatment Cash Fund. Requires the Division of Criminal Justice in the Department of Public Safety to collect data on drug cases and issue a report by December 31, 2016. For FY 2013-14, appropriates \$521,850 General Fund to the Department of Corrections and reappropriates this amount to the Office of Information Technology. For more information, see the corresponding bill description in the "Recent Legislation" section of the Judicial Department.

H.B. 13-1154: Creates several new offenses against pregnant women, including unlawful termination of a pregnancy, aggravated vehicular unlawful termination of a pregnancy, and careless driving resulting in unlawful termination of a pregnancy. Includes a 5-year statutory General Fund appropriation to the Department of Corrections that provides \$124,063 for FY 2014-15, \$121,773 for FY 2015-16, and \$76,655 for FY 2016-17 and FY 2017-18.

H.B. 13-1160: Amends the penalties for criminal theft and amends criminal theft to include the existing statutory offenses of theft of rental property and theft by receiving. Repeals the existing statutory offenses of theft of rental property, theft by receiving, fuel piracy, and newspaper theft. These changes, on net, decrease the number of offenders and the duration of their stays in the

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Department of Corrections. Decreases the FY 2013-14 General Fund appropriation for payments to in-state private prisons by \$520,400. For more information, see the corresponding bill description in the "Recent Legislation" section of the Judicial Department.

H.B. 13-1318: Conditional on voter approval, creates an excise and sales taxes to be levied on retail marijuana and imposes criminal penalties on licensed sellers that fail to remit the taxes or on unlicensed sellers who sell or transfer marijuana. Includes a 5-year statutory General Fund appropriation to the Department of Corrections that provides \$20,816 for FY 2014-15 and \$14,987 for FY 2015-16. Voters approved this measure in November 2013.

H.B. 13-1325: States that in any DUI prosecution, and in any prosecution for vehicular homicide or vehicular assault, if at the time of driving (or within a reasonable time thereafter) the driver's blood contains five nanograms or more of delta 9-tetrahydrocannabinol per milliliter in whole blood such fact gives rise to a permissible inference that the defendant was under the influence of one or more drugs. Removes instances of the term "habitual user" from the traffic code. Appropriates \$12,000 General Fund to the Office of the State Public Defender for FY 2013-14. Makes statutory General Fund appropriations to the Department of Corrections of \$20,816 for FY 2014-15 and \$5,551 for FY 2015-16.

Appendix C: Update on Long Bill Footnotes & Requests for Information

Long Bill Footnotes

- 2 Department of Corrections, Management, External Capacity Subprogram, Payments to House State Prisoners --** The Department of Corrections may transfer up to 5.0 percent of the total appropriation for external capacity subprogram between line items in the external capacity subprogram for purposes of reimbursing local jails, private prison providers, and community corrections providers.

Comment: As shown in the following table, the Department complied with this footnote during FY 2012-13, transferring less than one percent of the external capacity appropriation among line items:

Line Item	FY 2012-13 GF Transfers	
	In	Out
Payments to Local Jails	\$30,000	\$0
Payments to In-State Private Prisons	413,962	0
Payments to Pre-Release Parole Revocation Facilities	0	808,767
Community Corrections Programs	36,4805	0
Total amount transferred in and out	808,767	808,767
Total Payments to House State Prisoners appropriation	\$89,184,349	
Transfers as a percentage of the total appropriation	0.91%	

- 3 Department of Corrections, Management, External Capacity Subprogram, Payments to House State Prisoners --** It is the intent of the General Assembly that the appropriations made for payments to private facilities housing state inmates be used exclusively for the purpose of per diem payments. It is the intent of the General Assembly that the department not withhold funds from the per diem payments to cover major medical expenses incurred by state inmates assigned to private facilities. It is the intent of the General Assembly that appropriations made in the medical services subprogram are sufficient to cover major medical expenses incurred by state inmates held in both state and private facilities.

Comment: The Department did not withhold funds from the per diem payments to cover major medical expenses incurred by state inmates assigned to private facilities.

Requests for Information

Requests Affecting Multiple Departments

- 1. Department of Corrections, Management, Executive Director's Office Subprogram; Department of Human Services, Behavioral Health Services, Alcohol and Drug Abuse Division; and Division of Youth Corrections; Judicial Department, Probation and Related Services; and Department of Public Safety, Division of Criminal Justice; and**

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Colorado Bureau of Investigation – State agencies involved in multi-agency programs requiring separate appropriations to each agency are requested to designate one lead agency to be responsible for submitting a comprehensive annual budget request for such programs to the Joint Budget Committee, including prior year, request year, and three year forecasts for revenues into the fund and expenditures from the fund by agency. The requests should be sustainable for the length of the forecast based on anticipated revenues. Each agency is still requested to submit its portion of such request with its own budget document. This applies to requests for appropriation from: the Offender Identification Fund, the Sex Offender Surcharge Fund, the Persistent Drunk Driver Cash Fund, and the Alcohol and Drug Driving Safety Program Fund, among other programs.

Comment: This footnote is designed to ensure that Departments coordinate requests that draw on the same cash fund. Of the funds listed, the Division of Criminal Justice shares two with other state agencies: the Sex Offender Surcharge Fund, and the Correctional Treatment Cash Fund.

The Sex Offender Surcharge Fund. The Sex Offender Management Board has endorsed the following allocation for state agencies in FY 2014-15:

- \$29,311 (5.5 percent) to the Department of Corrections to be used to manage sex offender data collection, including entry of psychological and risk assessment test results and demographics for use in treatment planning and research;
- \$302,029 (56.6 percent) to the Judicial Department for direct services, beginning with the funding of sex offender evaluations, assessments and polygraphs required by statute during the pre-sentence investigation;
- \$163,591 (30.7 percent) to the Division of Criminal Justice in the Department of Public Safety for administration and implementation of the Sex Offender Treatment and Management Standards. \$3,500 of these funds will be used to provide cross-system training. These dollars may be matched by grants as available.
- \$38,250 (7.2 percent) to the Department of Human Services to be used for training and technical assistance to county departments, the Division of Youth Corrections, and the Division of Child Welfare.

If a shortfall occurs, the amount received by each department is proportionately reduced. The General Assembly is not required to accept the plan endorsed by the Sex Offender Management Board, but it has always done so.

The Correctional Treatment Cash Fund. House Bill 12-1310 consolidated the major state funding sources for substance abuse treatment into the Correctional Treatment Cash Fund and consolidated oversight into a single Correctional Treatment Board, which has proposed the following allocations for FY 2014-14:

- \$3,357,227 to the Department of Corrections;
- \$4,850,156 to the Department of Human Services; and
- \$6,460,125 to the Judicial Department;

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- \$5,101,766 to the Department of Public Safety, Division of Criminal Justice.

Requests Affecting the Department of Corrections

- 1 Department of Corrections, Institutions, Mental Health Subprogram** -- It is requested that the Department of Corrections submit a report to the House Judiciary Committee and the Senate Judiciary Committee by January 31, 2014, detailing the progress related to the mental health unit at Colorado State Penitentiary.

Comment: The Department plans to comply with this request and will provide the requested report by January 31, 2014.

- 2 Department of Corrections, Community Services, Community Supervision Subprogram, Community Supervision, Psychotropic Medication** -- The Department is requested to submit a report to the Joint Budget Committee on or before February 1, 2014, summarizing the outcomes of offenders who were provided psychotropic medication from this line item. The report is requested to include the number of mentally ill offenders who receive medication from this line item, the regression rate of the offenders, and the number of offenders who commit new crimes. The report is requested to compare these outcomes with the population of mentally ill offenders in community corrections programs in FY 2005-06.

Comment: The Department plans to comply with this request for information and will provide the requested report to the Joint Budget Committee by February 1, 2014.

Appendix D: Indirect Cost Assessment Methodology

Description of Indirect Cost Assessment Methodology

The Department of Corrections allocates *departmental* overhead in proportion to its *FTE* appropriations but allocates *statewide* overhead in proportion to the *dollar* appropriations to the programs that pay statewide indirect cost assessments.

Allocation of Departmental Indirect Costs

Departmental indirect cost assessments are based on three components: a departmental “*Indirect Cost Pool*”, a departmental “*Indirect Cost Base*”, and a departmental “*Indirect Cost Rate*”. The Indirect Cost Rate is computed by dividing the Indirect Cost Pool by the Indirect Cost Base. Table 1 shows the components of the Indirect Cost Pool. These components are the base appropriations that the Department has requested for FY 2014-15 for expenditures that benefit the entire department.

Some departments recover overhead costs with a lag, but the Department of Corrections does not; it sets departmental cost recovery rates and assessments at levels that will recover base overhead costs in the year that the corresponding outlays occur.

Table 1

Administrative overhead item	Requested appropriation
1. Executive Director's Office--Personal Services	\$1,678,486
2. Executive Director's Office--Operating Expenses	282,405
3. Business Operations--Personal Services	6,096,661
4. Business Operations--Operating Expenses	234,201
5. Personnel--Personal Services	1,254,587
6. Personnel--Operating Expenses	86,931
7. Training--Personal Services	1,918,036
8. Training-- Operating Expenses	276,435
9. Facility Services--Personal Services	935,322
10. Facility Services--Operating Expenses	83,096
11. Total overhead to be recovered (= Indirect Cost Pool)	\$12,846,160

The total overhead cost in row 11 of Table 1 is allocated among the Department’s personal services line items in proportion to the Department's base FTE request for the line items. For FY 2014-15, the requested FTE appropriation for the entire department, i.e. the Indirect Cost Base, equals 6,017.8,⁴ which leads to a requested *Indirect Cost Rate* (or assessment per FTE) of

⁴ For the FY 2014-15 indirect-cost request, the department used 6,017.8 as the base FTE appropriation, rather than the actual base FTE appropriation of 6,020.5 because it had not yet estimated the added educational FTE associated with the appropriation of the savings generated by H.B. 12-1223. The extra education FTE raised the Department’s base FTE count from 6,017.8 to 6,020.5.

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$$\text{Indirect Cost Rate} = \frac{\$12,846,160 \text{ (the Pool)}}{6,017.8 \text{ (the Base)}} = \$2,134.69 \text{ per FTE}$$

Multiplying this rate by the FTE request for the Correctional Industries Division and the Canteen Division, which are the only two divisions in the Department with a significant number of FTE who are supported with cash and reappropriated funds, leads to the indirect cost assessment requests in Table 2:

Table 2

Program	FTE Request	Assessment for Departmental Indirect Costs = FTE * \$2,134.69
Correctional Industries	155.0	\$332,052
Canteen	28.0	58,597
Total Departmental Indirect Cost Recoveries		\$390,649

The departmental indirect cost assessment for the Correctional Industries division must then be allocated between the division's two fund sources: cash funds and reappropriated funds. The \$332,052 assessment is allocated in proportion to the requested dollar appropriations of cash and reappropriated funds for Correctional Industries personal services. There is no need to allocate the Canteen's departmental assessment because all appropriations to the Canteen Division are from cash funds. The resulting assessments appear in the Long Bill in the Correctional Industries Division and the Canteen Division, where they are labeled "Indirect Cost Assessment".

Allocation of Statewide Indirect Costs

The Department allocates *statewide* overhead in proportion to the *dollar* appropriations to the programs that pay statewide indirect cost assessments. The Department sets recovery rates and assessments at levels that recover appropriated statewide indirect costs in the year that the outlays occur.

For FY 2014-15, the Department's statewide indirect cost assessment, as requested by the Department of Personnel and Administration (DPA), equals \$88,211 and is comprised of \$51,404 cash funds, \$30,791 reappropriated funds, and \$6,016 federal funds. The DPA bases these by-fund-type assessments on studies that it conducts. The Department of Corrections must collect this much from its fund sources of each type, e.g. it must collect \$30,791 from its sources of reappropriated funds.

Separate assessment rates are computed for appropriations from cash funds, reappropriated funds, and federal funds. These assessment rates are multiplied by the corresponding dollar appropriations.

Table 3 shows the components of the indirect cost base for the Department's statewide assessment for FY 2014-15:

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Table 3

Program Line Item	Indirect Cost Base = Requested Appropriations		
	CF	RF	FF
1. Medical Services--Personal Services	\$225,197	\$0	\$0
2. Education Grants	0	0	\$27,650
3. Correctional Industries--Personal Services	2,989,807	7,171,003	
4. Correctional Industries Federal Grants	0	0	\$503,050
5. Canteen--Personal Services	1,770,093	0	0
6. Total by fund source	\$4,985,097	\$7,171,003	\$530,700
7. Amount to recover from this fund source	51,404	30,791	6,016
8. Assessment rate = $\frac{7. \text{Amount to recover from this fund source}}{6. \text{Total for this fund source}}$	0.01031	0.00429	0.01134

Multiplying each element in rows 1 to 5 of Table 3 by the assessment rate in the corresponding column of row 8 of the same table yields the statewide indirect cost assessments shown in Table 4.

Table 4

Program	Assessments for Statewide Indirect Costs		
	CF	RF	FF
1. Medical Services	\$2,322	\$0	\$0
2. Education Grants	0	0	313
3. Correctional Industries (personal services component)	30,829	30,791	0
4. Correctional Industries (federal grants component)	0	0	5,703
5. Canteen	18,253	0	0
Amount to recover from this fund source	\$51,504	\$30,791	\$6,016

FY 2013-14 Indirect Cost Assessment Request

The Department's total indirect cost assessment request for FY 2014-15 is shown in Table 5 for each division or subdivision that pays indirect assessments. It equals the sum of the departmental and statewide assessments computed in Tables 2 and 4.

Table 5

Program	Combined Departmental and Statewide Indirect cost Assessment			
	CF	RF	FF	Total
1. Medical Services	\$2,322	\$0	\$0	\$2,322
2. Education Grants	0	0	313	313
3. Correctional Industries (personal services component)	128,535	265,137	5,703	399,375
4. Canteen	76,850	0	0	76,849
Total	\$207,707	\$265,137	\$6,016	\$478,860

Use of Revenue Collected from Indirect Cost Assessments

The Department uses the revenue collected by the assessments to offset the use of General Fund in the Business Services Subprogram's Personal Services line item. There the offset appears as reappropriated funds, reflecting the fact that these moneys are being appropriated for a second

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time after having already been appropriated on the indirect cost assessment lines in the divisions where the assessments were collected.

Appendix E: Change Requests' Relationship to Performance Measures

This appendix will show how the Department of Corrections indicates each change request ranks in relation to the Department's top priorities and what performance measures the Department is using to measure success of the request.

Table 2

Change Requests' Relationship to Performance Measures			
R	Change Request Description	Goals / Objectives	Performance Measures
<i>Prioritized Requests</i>			
R1	Offender Population Caseload	Safely and efficiently house offenders.	<ul style="list-style-type: none"> • Number of prison beds occupied by offenders. • Average daily population of offenders housed in state and private facilities.
R2	Medical and Pharmaceutical Costs for Offenders	Provide adequate health care to offenders.	<ul style="list-style-type: none"> • Medical expenditures per offender. • Pharmaceutical expenditures per offender.
R3	Division of Parole Placeholder	Update parole program to incorporate recent study results and improve outcomes for offenders.	<ul style="list-style-type: none"> • Number of National Institute of Corrections (NIC) study recommendations implemented.
R4	Continue Sex Offender Treatment and Management Program Increase	Implement recommendations of independent evaluators and increase program capacity.	<ul style="list-style-type: none"> • Number of offenders who successfully complete sex offender treatment. • Number of offenders on waitlist to complete sex offender treatment. • Savings resulting from offenders released for compliance with sex offender treatment.
R5	Funding for PREA (Federal Prison Rape Elimination Act) Compliance	Continue compliance with PREA to meet offender needs, conduct facility audits, and ensure continuity of Federal funding.	<ul style="list-style-type: none"> • Number of PREA training sessions delivered to staff, volunteers, and offenders. • Number of responses to PREA inquiries and grievances. • Completion of required annual report to U.S. Department of Justice.
R6	Continue Fugitive Unit approved in June 2013	Provide dedicated team of parole officers for apprehension of absconders and fugitives.	<ul style="list-style-type: none"> • Reduction in the percentage of total parole population that is on fugitive or absconder status. • Number of fugitive apprehensions.
R7	Additional Parole Board Staff	Increase number of parole board support staff to provide detailed data analysis and promote successful offender reintegration.	<ul style="list-style-type: none"> • Reduction in number of cases per support staff member.
R8	Communicable Disease Prevention	Provide staff screenings for tuberculosis (TB) and vaccinations for hepatitis B.	<ul style="list-style-type: none"> • Number of staff who receive TB screenings and hepatitis B vaccines.

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Change Requests' Relationship to Performance Measures			
R	Change Request Description	Goals / Objectives	Performance Measures
R9	Food Service Inflation	Ensure sufficient funding to keep up with raw food costs.	<ul style="list-style-type: none"> · Number of meals provided to offenders.
R10	Offender Clothing	Ensure sufficient funding to keep up with inflation related to raw materials used in manufacturing offender clothing.	<ul style="list-style-type: none"> · Number of offenders within the correctional facilities for whom the Department must provide clothing. · Number of offenders releasing from prison for whom the Department must provide clothing. · Cost of clothing raw materials.
R11	Technical Adjustments	Adjust appropriations to accurately reflect expenses.	N/A
R12	Provider Rate Increase	Provide adequate funding, adjusted for inflation, to pay for the costs of housing offenders externally.	<ul style="list-style-type: none"> · Average daily population of offenders managed in external facilities.
<i>Non-prioritized Requests</i>			
NP	Secure Colorado - Phase II	N/A	N/A
NP	DTRS (Digital Trunk Radio System) Operations Increase	N/A	N/A
NP	IT Service Management Eco-System	N/A	N/A
NP	Eliminate Redundant Applications	N/A	N/A
NP	Network Resiliency	N/A	N/A
NP	Fleet	N/A	N/A
NP	IT Technical Development	N/A	N/A
NP	Re-program Payments to OIT	N/A	N/A
NP	Camp George West Utilities Transfer	N/A	N/A