

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



SUPPLEMENTAL REQUESTS FOR FY 2015-16

DEPARTMENT OF CORRECTIONS

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

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DEPARTMENT OF CORRECTIONS

Department Overview

The Department is responsible for the following activities:

- Managing, supervising, and controlling the correctional facilities operated and supported by the State;
- Supervising the population of offenders placed in the custody of the Department, including offenders in prisons, offenders on parole, and transition inmates in community corrections programs;
- Planning for the long-range needs of the Department; and
- Developing educational programs, treatment programs, and correctional industries programs that have a rehabilitative or therapeutic value for inmates and supply necessary products for state institutions and other public purposes, as provided by law.

Summary: FY 2015-16 Appropriation and Recommendation

Department of Corrections: Recommended Changes for FY 2015-16						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
15-16 Long Bill	\$868,560,106	\$779,703,369	\$40,931,411	\$46,665,389	\$1,259,937	6,239.8
Appropriations in 5 year sentencing bills passed in prior sessions	249,731	249,731	0	0	0	0.0
H.B. 15-1341 Increase penalties for sexual exploitation of child	11,034	11,034	0	0	0	0.0
S.B. 15-185 Police Data Collection and Community Policing	9,800	9,800	0	0	0	0.0
S.B. 15-195 Spending Earned Time Savings	0	1,500,000	(1,500,000)	0	0	0.0
S.B. 15-123 Reduce Parole Revocations for Technical Violations	<u>(853,476)</u>	<u>(853,476)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Current FY 2015-16 Appropriation	\$867,977,195	\$780,620,458	\$39,431,411	\$46,665,389	\$1,259,937	6,239.8
Recommended Changes						
Current FY 2015-16 Appropriation	\$867,977,195	780,620,458	\$39,431,411	\$46,665,389	\$1,259,937	6,239.8
S1 Medical Caseload	(3,441,917)	(3,441,917)	0	0	0	0.0
S2 External Capacity	(12,858,305)	(12,858,305)	0	0	0	0.0
Staff Initiated: Canteen Revenue from Inmate Phones	0	0	0	0	0	0.0

JBC Staff Supplemental Recommendations: FY 2015-16
Staff Working Document – Does Not Represent Committee Decision

Department of Corrections: Recommended Changes for FY 2015-16						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Staff Initiated: Move Funding for Parole Board Data Analyst	0	0	0	0	0	0.0
NP Vehicle Fleet	(591,999)	(507,312)	(84,687)	0	0	0.0
Recommended FY 2015-16 Appropriation	\$851,084,974	\$763,812,924	\$39,346,724	\$46,665,389	\$1,259,937	6,239.8
Recommended Increase/(Decrease)	(\$16,892,221)	(\$16,807,534)	(\$84,687)	\$0	\$0	0.0
Percentage Change	(1.9%)	(2.2%)	(0.2%)	0.0%	0.0%	0.0%
FY 2015-16 Executive Request	(\$16,892,221)	(\$16,807,534)	(\$84,687)	\$0	\$0	0.0
Request Above/(Below) Recommendation	(\$867,977,195)	(\$780,620,458)	(\$39,431,411)	(\$46,665,389)	(\$1,259,937)	(6,239.8)

Request/Recommendation Descriptions

S1 Medical Caseload: The Department of Corrections (DOC) requests that the FY 2015-16 General Fund appropriations for pharmaceuticals and external medical care for inmates be reduced by \$3,441,917 to reflect the new, lower DCJ estimate of the inmate population and the lower cost per inmate of providing pharmaceuticals. JBC staff recommends that the Committee approve this portion of the request. The Department also requests that the definition of Catastrophic Medical Expenses be changed. JBC staff does not recommend that the Committee approve this portion of the request. Instead JBC staff recommends that the *Catastrophic Medical Expenses* line item be eliminated and combined with the *Purchase of Medical Services from Other Medical Facilities* line item.

S2 External Capacity: The DOC requests General Fund reductions of \$12,858,305 for FY 2015-16 to match private prison and jail bed funding with the new, lower DCJ estimate of the inmate population. JBC staff recommends that the Committee approve this request.

Canteen Revenue from Inmate Phones: This staff-initiated supplemental recommends that the Committee (1) create two new FY 2015-16 General Fund appropriations totaling \$653,555 in the External Capacity section of the DOC Long Bill to pay for inmate education and benefits programs at private prisons and (2) reduce the FY 2015-16 operating expenses appropriation to the DOC for the Education Subprogram by an exactly offsetting amount. The net change in General Fund appropriations will equal \$0.

Move Funding for Parole Board Data Analyst: This staff-initiated supplemental recommends that the Committee move funding for the Parole Board Data Analyst that was approved during the 2014 session from the Executive Director's Office Subprogram to the Parole Board section of the Long Bill. The FY 2015-16 General Fund appropriation for personal services to the Director's Office Subprogram would be reduced by \$57,732 and 1.0 FTE and the FY 2015-16 General Fund appropriation for personal services to the Parole Board would be increased by an

exactly offsetting amount. Thus there will be no change in overall appropriations to the Department. These changes would continue in subsequent years.

NP Vehicle Fleet: The Department requests and staff recommends that the DOC vehicle lease appropriation be reduced by \$591,999 total funds, including \$507,312 General Fund.

Prioritized Supplemental Requests

SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY #1 S1 MEDICAL CASELOAD

	Request	Recommendation
Total	<u>(\$3,441,917)</u>	<u>(\$3,441,917)</u>
FTE	0.0	0.0
General Fund	(3,441,917)	(3,441,917)

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	YES
JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made.	

Department Request:

Part 1. The Department requests a net FY 2015-16 General Fund decrease of \$3,441,917 for appropriations to its Medical Services Subprogram. This change would

- a. Reduce appropriations for *Purchase of Pharmaceuticals* by \$2,781,253,
- b. Increase appropriations for *Purchase of Medical Services from Other Medical Facilities* by \$1,583,054, and
- c. Reduce *Catastrophic Medical Expenses* by \$2,243,718.

Part 2. The Department requests that the definition of Catastrophic Medical Expenses be changed. It asks that Catastrophic Medical Expenses be defined on a per claim basis rather than on a total expenditure per offender basis. Under this new system any single claim over \$50,000, would be classified as catastrophic, but the classification of other external medical expenditures for the same offender unrelated to that claim would not be changed.

Staff Recommendation:

Part 1. Staff recommends that the Committee approve the requested \$3,441,917 General Fund reduction.

Part 2. Staff recommends that the Committee reject the Department's proposed change to the definition of *Catastrophic Medical Expenses* and instead eliminate the *Catastrophic Medical Expenses* line item and combine it into the *Purchase of Medical Services from Other Medical Facilities* line item.

Staff Analysis:

Background on DOC Medical Expenditures: DOC Administrative Regulation 700-02 states that the Department provides offenders with “access to medical care which is consistent with [the] community standard of care.” The community standard of care is based on such sources as the Milliman Care Guidelines and American Correctional Association accreditation standards. Within this framework, decisions regarding medical, dental and mental health are the sole province of health professionals. As a consequence, budgeting DOC’s external healthcare expenses is not unlike budgeting for Medicaid: (1) establish the rules that determine who qualifies for care, (2) establish rules governing which procedures and medications are covered, (3) the decentralized decisions of medical providers and patients working within this framework then determines the cost.

Medical care provided by the Department of Corrections to inmates can be divided into two categories: internal care and external care. Clinical staff who are employees of the Department and contract staff who work within the Department provide primary care in each state correctional facility as well as some emergency care. External physicians, hospitals, and other health care facilities provide specialty services, outpatient tests and procedures, more extensive emergency services, and inpatient hospital care. When an offender receives external care, he must be accompanied by corrections officers, or by contractors who provide security. The Department contracts with Correctional Health Partners to manage external health care services for inmates.

This supplemental involves pharmaceuticals and external medical care. The three line items involved are:

a. Purchase of Pharmaceuticals: The Department provides pharmaceuticals for offenders incarcerated in DOC-owned facilities. These pharmaceuticals are bought using the Purchase of Pharmaceuticals appropriation. Private prisons and jails, at their own expense, provide pharmaceuticals for the offenders that they hold.

b. Purchase of Medical Services from Other Medical Facilities: When required medical care goes beyond that which can be provided within a DOC facility or within a private prison, the offender is taken to an outside medical provider and the cost of care is paid from the Purchase of Medical Services from Other Medical Facilities appropriation.

c. Catastrophic Medical Expenses: The first \$50,000 of care that an offender in DOC or in a private prison receives from outside medical facilities within a given year is paid from the line item titled *Purchase of Medical Services from Other Medical Facilities*. Once an offender’s medical expenses reach the \$50,000 threshold, all expenses for that offender are transferred from

the *Purchase of Medical Services* line item to the *Catastrophic Medical Expenses* line, including the first \$50,000 of expenditures. If external medical expenses for an offender total \$49,999.50, the expenses are entirely paid from the Purchases of Medical Services from Other Medical Facilities line item. If \$1 more is spent on the same offender's external medical care, the entire expense is switched to the *Catastrophic Medical Expenses* line item. This rule makes spending from the line item very volatile.

The following table summarizes the populations that qualify for each appropriation.

Population	Used to compute appropriations for	Includes offenders in DOC facilities (including YOS*)	Includes offenders in private prisons	Includes offenders in community corrections, jails, on parole, ISP-I*
Pharmaceutical population	<i>Purchase of Pharmaceuticals</i>	Yes	No	No
Outside medical and catastrophic care populations	<i>Purchase of Medical Services from Other Medical Facilities</i> (external care < \$50,000) – and – <i>Catastrophic Medical Expenses</i> (external care > \$50,000)	Yes	Yes	No

*YOS is the Youthful Offender System. ISP-I is Intensive Supervision-Inmate status.

Estimate annual costs by multiplying the eligible population by the cost per offender times 12. To establish appropriations for the three line items under consideration, one must estimate the number of offenders who will qualify for care and then multiply by the corresponding cost per offender. Costs are typically stated on the following per offender per month (POPM) basis:

- a. Cost of pharmaceuticals per offender per month (pharmaceutical POPM)
- b. Cost of medical services purchased from other medical facilities per month (outside medical POPM)
- c. Cost of catastrophic medical expenses per offender per month (catastrophic care POPM)

For example, if the average pharmaceutical population was projected to equal 10,000, and the pharmaceutical POPM equaled \$50 per month, the projected cost of pharmaceuticals for the year would equal

$$10,000 \text{ ADP} * \$50 \text{ per month} * 12 \text{ months} = \$6,000,000.$$

Background on Medicaid: Senate Bill 13-200 expanded Medicaid eligibility in Colorado. Almost all inmates now qualify for Medicaid because they are childless adults who earn less than 133 percent of the Federal Poverty Level. The basic Medicaid rules for inmate care are:

- a. Medicaid will not pay for internal medical care, i.e. for medical care delivered within a prison.
- b. Medicaid will pay for *inpatient* external medical care for Medicaid-eligible inmates but not for outpatient external care. If the offender is in a medical facility for 24 hours or more, it is considered inpatient care.

Offenders in community corrections facilities are deemed by CMS to be incarcerated and are subject to the same rules. Parolees are not incarcerated, so they can qualify for Medicaid without the inpatient exclusion.

Department Request Part 1. Reduce appropriations for Pharmaceuticals and External Medical Care by \$3,441,917 General Fund.

The current (FY 2015-16) Long Bill appropriations for pharmaceuticals and external medical expenses are based on the December 2014 DCJ prison population forecast. Both the December 2015 DCJ and LCS forecasts predict that the prison population will be lower than the population on which the current Long Bill is based. The December 2015 LCS forecast predicts a lower population than does the December DCJ forecast.

For this supplemental the Department requests and staff recommends that the Committee adopt the December 2015 DCJ population forecast. The December 2015 DCJ population forecast results in an appropriation that is \$78,500 General Fund higher than the LCS forecast. Staff recommends the DCJ forecast because it is less likely to require additional interim appropriations to make up for shortfalls next June.

a. Pharmaceutical expenses are expected to decline. Based on the December 2015 DCJ forecast, DOC is expected to have an average of 222 fewer offenders receiving pharmaceuticals during FY 2015-16 than are currently budgeted in the Long Bill. In addition, DOC's pharmaceutical costs per offender have declined. The current Long Bill appropriation for pharmaceuticals assumes that per offender per month (POPM) pharmaceutical expenditures will equal \$104.17. Based on year-to-date expenditures, the DOC now forecasts that POPM pharmaceutical expenditures will equal only \$89.52 per month. The Department attributes this to lower utilization of more expensive specialty drugs, as well as changes to the DOC formulary to reduce pill burden. For example, a medication that would provide immediate release may have to be administered multiple times a day, whereas an extended release version of the same medication can be administered once per day. The POPM decrease is remarkable in view of a recently released analysis by [Travaris](#) showing that [prescription drug prices climbed 10.43 percent in 2015](#). According to Travaris' [2015 OneRx NDISM Annual Report](#), branded drug prices increased 14.77% while specialty drugs rose 9.21% and generics rose 2.93%.

The combined effect of these two changes is an expected General Fund expenditure for FY 2015-16 that is \$2,781,253 lower than the current Long Bill appropriation.

b. Purchase of Medical Services from Other Medical Facilities expenses are expected to increase. The increase is the net result of two opposing factors. Based on the December 2015 DCJ forecast, the population qualifying for these services is expected to be 770 lower than the forecast that served as the basis of the FY 2015-16 Long Bill. Opposing this trend, the per offender per month cost of these services is expected to be \$11.60 higher than was anticipated when the FY 2015-16 Long Bill was approved. On net, FY 2015-16 expenditures are expected to be \$1,583,054 General Fund higher than the current Long Bill appropriation.

c. Purchase of Medical Services from Other Medical Facilities expenses are expected to decline. Based on the December 2015 DCJ forecast, the population qualifying for these services is expected to be 770 lower than the forecast that served as the basis of the FY 2015-16 Long Bill. Reinforcing this trend, the per offender per month cost of these services is expected to be \$9.67 lower than was anticipated when the FY 2015-16 Long Bill was approved. On net, FY 2015-16 expenditures are expected to be \$2,243,718 General Fund lower than the current Long Bill appropriation.

Department Request Part 2. A new definition for Catastrophic Medical Expenses.

In addition to adjustments for caseload and inflation, the Department also requests a change to the way that catastrophic medical expenses are defined. As described above, currently all external medical expenditures for an offender are classified as non-catastrophic until they reach \$50,000 and then *all* external medical expenditures for that offender are classified as catastrophic.

The Department proposes that catastrophic expenditures be defined on a per claim basis rather than a total expenditure per offender basis: when any single claim exceeds \$50,000, the entire claim would be classified as catastrophic, but the classification of external medical expenditures for the same offender unrelated to that claim would not be changed. The Department believes that this will reduce the volatility of *Purchase of Medical Services from Other Medical Facilities* ("*Purchase* ") by concentrating volatility in *Catastrophic Medical Expenses* ("*Catastrophic*").

The Department also believes that more accurate external medical expenditure forecasts will result from the change, which would mean smaller supplementals for external medical expenses. Currently the Department forecasts external expenditures on an aggregate level, i.e. it forecasts the sum of *Catastrophic* and *Purchases*. Then it splits the forecast total into these two components. With the new definition, it will forecast *Purchases* and *Catastrophic* separately. The Department states that the *Purchases* component will be more stable and easier to forecast while the unpredictability will be concentrated in the *Catastrophic* appropriation.

Staff recommends that the *Catastrophic Medical Expenses* line item be abolished and that *Catastrophic Medical Expenses* be combined with *Purchase of Medical Services from Other Medical Facilities*.

Analysis of Staff recommendation: Medicaid eligibility for inmates began in January 2014 and, as the following table shows, has substantially reduced *Catastrophic Medical Expenses*. This is not surprising since inpatient external care is a key driver of catastrophic expenses.

Table 1, Recent and Requested External Medical Expenses

	FY 10-11 actual	FY 11-12 actual	FY 12-13 actual	FY 13-14 actual	FY 14-15 actual	FY 15-16 request*	FY 16-17 request
Purchase of Medical Services from Other Medical Facilities	\$20,435,719	\$20,378,663	\$21,191,056	\$21,296,973	\$19,778,739	\$24,641,728	\$24,531,250
Catastrophic Medical Expenses	11,992,258	9,594,144	14,142,740	9,245,898	5,899,277	1,437,188	1,424,280

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*The "FY 15-16 Request" equals the Department's FY 15-16 Long Bill appropriation plus this supplemental request. Both the FY 15-16 Request and the FY 16-17 Request are computed using the new definition of catastrophic medical expenses requested by the Department.

According to the Department's January 2016 response to Hearing question 10, the *Catastrophic Medical Expenses* line was added to the Long Bill in the 2005 session to deal with wide fluctuation in medical expenses that were being caused by lengthy hospital stays. Since the cost of many inmate hospital stays is now covered by Medicaid, there is now substantially less reason for this line item. As Table 1 indicates, Medicaid has made *Catastrophic Medical Expenses* into a much smaller appropriation, one that does not need to be tracked separately. For these reasons, staff recommends that the *Catastrophic Medical Expenses* line item be eliminated

The Department will not object to this recommendation. In its response to Hearing question 10, the Department wrote, "If the Committee prefers to house all offender medical expenses in one budget line, the Department can easily accommodate that request."

SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY #2
EXTERNAL CAPACITY CASELOAD

	Request	Recommendation
Total	<u>(\$12,858,305)</u>	<u>(\$12,858,305)</u>
FTE	0.0	0.0
General Fund	(12,858,305)	(12,858,305)

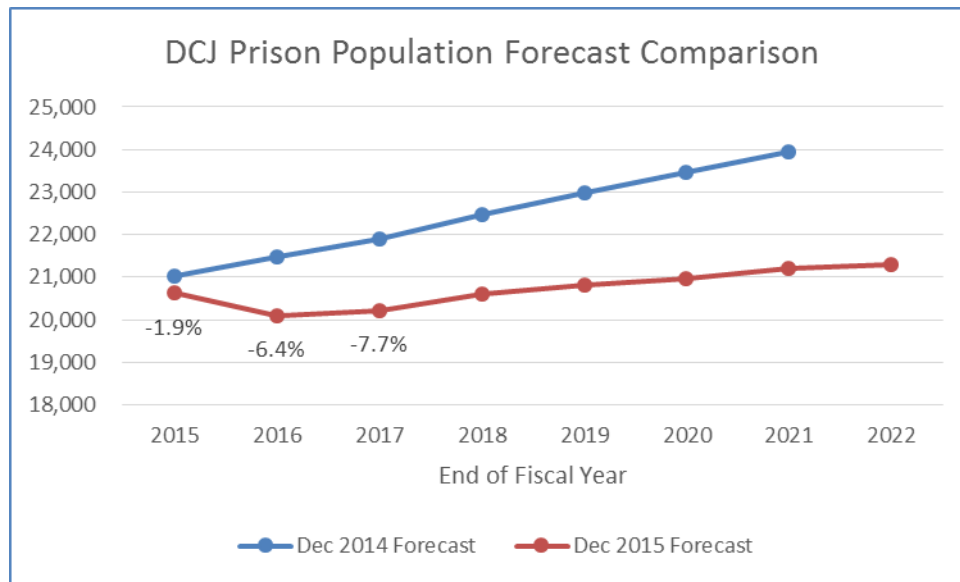
Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	YES
JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made.	

Department Request: The Department requests that FY 2015-16 General Fund appropriations for external capacity be reduced by \$12,858,305, distributed as follows:

	Request
Total	<u>(\$12,858,305)</u>
Payments to local jails	(2,944,836)
Payments to in-state private prisons	(7,729,752)
Payments to pre-release parole revocation facilities	(1,927,312)
Community Corrections Programs	(256,405)

Staff Recommendation: Staff recommends that the Committee approve this request.

Staff Analysis: The current (FY 2015-16) Long Bill appropriations for external capacity are based on the December 2014 DCJ prison population forecast. Both the December 2015 DCJ and LCS forecasts predict that the prison population will be lower than the December 2014 DCJ forecast predicted. The December 2015 LCS forecast predicts a lower population than does the December DCJ 2015 forecast.



For this supplemental the Department requests and staff recommends that the Committee adopt the December 2015 DCJ population forecast.

In addition to relying on the DCJ forecast, the Department bases its request on its own bed capacity and on information concerning offender placements in jails and Community Return to Custody Facilities. As is often the case, the Department's bed capacity has changed some since the FY 2015-16 Long Bill was approved. The most significant change is the elimination of the use of jail beds as temporary housing for female offenders by relocating the male offenders assigned to the 64-bed, mobility impaired housing unit that was formerly within the La Vista Correctional Facility in Pueblo to other male facility beds that are appropriate for the population. In addition, the recent closure of the Phoenix Center in Adams County, a Community Return to Custody Facility (CRCF), resulted in a net CRCF bed reduction of 14 beds.

The Department follows a simple rule for filling beds: it fills its own beds first and places remaining offenders in external capacity beds. Application of this rule results in a \$12,858,305 General Fund reduction in Long Bill appropriations for FY 2015-16.

The lower-cost but more risky LCS alternative forecast. The December 2015 Legislative Council Staff inmate population forecast predicts that there will be an average of 80 fewer inmates during FY 2015-16 than the December 2015 DCJ forecast. If the Committee adopts this forecast, the General Fund appropriation for external capacity will be \$1,636,780 lower. Staff recommends the DCJ forecast because it is less likely to require additional interim appropriations next June to make up for shortfalls.

Non-prioritized Supplemental Requests

JBC STAFF-INITIATED SUPPLEMENTAL #1 MOVE FUNDING FOR PAROLE BOARD DATA ANALYST

	Request	Recommendation
Total	<u>\$0</u>	<u>\$0</u>
FTE	0.0	0.0
General Fund	0	0
Cash Funds	0	0

Does JBC staff believe the recommendation meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	YES
JBC staff believes that this recommendation is the result of data that was not available when the original appropriation was made.	

Department Request: The Department did not request this supplemental.

Staff Recommendation: Staff recommends that the Committee move funding for the Parole Board Data Analyst that was approved during the 2014 session from the Executive Director's Office Subprogram to the Parole Board section of the Long Bill. The FY 2015-16 General Fund appropriation for personal services to the Director's Office Subprogram would be reduced by \$57,732 and 1.0 FTE and the FY 2015-16 General Fund appropriation for personal services to the Parole Board would be increased by \$57,732 and 1.0 FTE. Thus there will be no change in overall appropriations to the Department. These changes would continue in subsequent years.

Staff Analysis: During the 2014 session, the DOC requested and received funding to hire a dedicated data analyst to support the parole board. The Department stated that, "This position would have the sole mission of providing data to the Board to improve its decision making processes and reduce recidivism rates." The Department stated that it had "insufficient staff to fully incorporate data analysis into the Parole Board's decision making process or to refine evidence-based practices for successful offender reintegration," and that "The lack of dedicated

resources to collect and analyze necessary data impedes the Board's ability for full implementation of best practices."

The approved funding for the parole board data analyst was placed in the Executive Director's Office Subprogram, which is where funding for most of the Department's data analysis work is located. As expected the analyst was physically located in the Department's Colorado Springs headquarters, where other statistical analysts work.

JBC staff recently learned that the Department of Corrections has suggested that it will use the parole data analyst to do general DOC statistical work and may already be doing so, contrary to the intent of the appropriation and the request. As a consequence, JBC staff recommends that the Long Bill appropriation for the data analyst be moved from the Executive Director's Office Subprogram to the Parole Board section of the Long Bill. This will make it very clear that the Parole Board Data Analyst was approved to do parole board work and improve parole board decision making, not to serve as one more general data analyst for the Department. There is no expectation that the analyst will be physically relocated from the Department's Colorado Springs headquarters.

**JBC STAFF-INITIATED SUPPLEMENTAL #2
CANTEEN REVENUE FROM INMATE PHONES**

	Request	Recommendation
Total	<u>\$0</u>	<u>\$0</u>
FTE	0.0	0.0
General Fund	0	0
Cash Funds	0	0

Does JBC staff believe the recommendation meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	YES
JBC staff believes that this recommendation is the result of data that was not available when the original appropriation was made.	

Department Request: The Department did not request this supplemental.

Staff Recommendation: Staff recommends that the Committee (1) create two new FY 2015-16 General Fund appropriations totaling \$653,555 in the External Capacity section of the Department of Corrections (DOC) Long Bill to pay for inmate education and benefits programs at private prisons and (2) reduce the FY 2015-16 operating expenses appropriation to the DOC for the Education Subprogram by an exactly offsetting amount. The net change in General Fund appropriations will equal \$0.

Staff Analysis: As discussed in detail during the briefing for the Department of Corrections, when the General Assembly enacted S.B. 15-195 (Spending Savings from Earned Time in the Department of Corrections), one of the goals was to eliminate the profits generated by the inmate phone system and backfill the revenue loss to DOC with General Fund. Unintentionally, S.B. 15-195 reduced phone profits of private prisons and the pre-release facility in Colorado Springs (Cheyenne Mountain Reentry Center, CMRC) by \$653,555 and then provided \$653,555 of replacement General Fund to DOC rather than to the private prisons. Private prisons and the pre-release facility had been spending this money on education and inmate benefit programs, so private prison inmates are the ones most affected by the mistake. (During briefing, Staff stated that the reduction equaled \$670,000; \$653,555 is the corrected figure.)

To correct this oversight, JBC staff recommends that two new FY 2015-16 General Fund appropriations for inmate education and benefit programs be created to compensate private prison providers and the pre-release facility provider for the revenue lost due to S.B. 15-195, retroactive to the beginning of FY 2015-16. Staff recommends that the two new appropriations be located in the External Capacity section of the DOC Long Bill. Using FY 2014-15 actual values as a guide, the first new line item would appropriate \$534,079 for "Education and Inmate Benefit Programs at In-state Private Prisons" and the second would appropriate \$119,476 for "Education and Inmate Benefit Programs at Pre-Release Parole Revocation Facilities". Staff also recommends that General Fund operating appropriations for DOC education programs be reduced by an equal amount.

Staff believes it would be unwise to roll this funding into a provider rate increase, i.e. an increase in the per diem rate paid to private prisons to house inmates. By keeping the payment separate it can be more easily tracked and audited to make sure the money is being spent on Education and Inmate Benefit Programs.

**NON-PRIORITIZED SUPPLEMENTAL
VEHICLE FLEET**

	Request	Recommendation
Total	<u>\$(591,999)</u>	<u>\$(591,999)</u>
FTE	0.0	0.0
General Fund	(507,312)	(507,312)
Cash Funds	(84,687)	(84,687)

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	YES
JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made, specifically the dates on which replacement vehicles would arrive.	

Department Request: The Department requests that its vehicle lease appropriation be reduced by \$591,999 total funds, including \$507,312 General Fund.

Staff Recommendation: Staff recommends that the Committee approve this request.

Staff Analysis: This request was submitted as part of the statewide common policy supplemental request. Normally requests such as this are considered in combination with fleet vehicle requests from other agencies and are presented by the common policy analyst. Because the Department of Correction's vehicle fleet request is large, JBC staff concluded that it should be presented separately to the Committee.

The FY 2015-16 Long Bill includes funding to replace 122 leased vehicles. Most of these vehicles were replaced because they had high mileage or were unusually expensive to maintain. The Department does not begin paying for leased vehicles until they are delivered. Replacement vehicles are being delivered more slowly than anticipated; as a consequence vehicle lease payments are expected to be \$591,999 lower than the amount appropriated in the Long Bill. A delivery delay does not change the total amount paid over the life of a lease, so this reduction will be offset by higher expenditures in future years when these vehicles go off lease later than they would have if delivered earlier.

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Appendix A: Number Pages

	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2015-16 Requested Change	FY 2015-16 Rec'd Change	FY 2015-16 Total w/Rec'd Change
DEPARTMENT OF CORRECTIONS					
Rick Raemisch, Executive Director					
S-01 Medical Caseload					
(2) INSTITUTIONS					
(E) Medical Services Subprogram					
Purchase of Pharmaceuticals	<u>14,255,586</u>	<u>18,080,579</u>	<u>(2,781,253)</u>	<u>(2,781,253)</u>	<u>15,299,326</u>
General Fund	14,255,586	18,080,579	(2,781,253)	(2,781,253)	15,299,326
Purchase of Medical Services from Other Medical Facilities	<u>19,778,739</u>	<u>23,058,674</u>	<u>1,583,054</u>	<u>3,020,242</u>	<u>26,078,916</u>
General Fund	19,778,739	23,058,674	1,583,054	3,020,242	26,078,916
Catastrophic Medical Expenses	<u>5,899,277</u>	<u>3,680,906</u>	<u>(2,243,718)</u>	<u>(3,680,906)</u>	<u>0</u>
General Fund	5,899,277	3,680,906	(2,243,718)	(3,680,906)	0
Total for S-01 Medical Caseload	39,933,602	44,820,159	(3,441,917)	(3,441,917)	41,378,242
<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	39,933,602	44,820,159	(3,441,917)	(3,441,917)	41,378,242

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	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2015-16 Requested Change	FY 2015-16 Rec'd Change	FY 2015-16 Total w/Rec'd Change
S-02 External Capacity					
(1) MANAGEMENT					
(B) External Capacity Subprogram					
(2) Payments to House State Prisoners					
Payments to local jails	<u>13,676,168</u>	<u>14,683,980</u>	<u>(2,944,836)</u>	<u>(2,944,836)</u>	<u>11,739,144</u>
General Fund	13,676,168	14,683,980	(2,944,836)	(2,944,836)	11,739,144
Payments to in-state private prisons	<u>66,661,309</u>	<u>73,514,127</u>	<u>(7,729,752)</u>	<u>(7,729,752)</u>	<u>65,784,375</u>
General Fund	66,661,284	71,155,420	(7,729,752)	(7,729,752)	63,425,668
Cash Funds	25	2,358,707	0	0	2,358,707
Payments to pre-release parole revocation facilities	<u>10,393,993</u>	<u>13,962,531</u>	<u>(1,927,312)</u>	<u>(1,927,312)</u>	<u>12,035,219</u>
General Fund	10,393,993	13,962,531	(1,927,312)	(1,927,312)	12,035,219
Community Corrections Programs	<u>3,744,387</u>	<u>4,212,064</u>	<u>(256,405)</u>	<u>(256,405)</u>	<u>3,955,659</u>
General Fund	3,744,387	4,212,064	(256,405)	(256,405)	3,955,659
Total for S-02 External Capacity	<u>94,475,857</u>	<u>106,372,702</u>	<u>(12,858,305)</u>	<u>(12,858,305)</u>	<u>93,514,397</u>
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	94,475,832	104,013,995	(12,858,305)	(12,858,305)	91,155,690
Cash Funds	25	2,358,707	0	0	2,358,707

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	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2015-16 Requested Change	FY 2015-16 Rec'd Change	FY 2015-16 Total w/Rec'd Change
Staff Initiated - Move Parole Board Analyst Funding					
(1) MANAGEMENT					
(A) Executive Director's Office, Subprogram					
Personal Services	<u>1,921,409</u>	<u>2,022,081</u>	<u>0</u>	<u>(57,732)</u>	<u>1,964,349</u>
FTE	27.3	27.8	0.0	(1.0)	26.8
General Fund	1,676,363	1,778,276	0	(57,732)	1,720,544
Reappropriated Funds	134,601	243,805	0	0	243,805
Federal Funds	110,445	0	0	0	0
(6) PAROLE BOARD					
Personal Services	<u>1,170,102</u>	<u>1,441,951</u>	<u>0</u>	<u>57,732</u>	<u>1,499,683</u>
FTE	15.0	16.5	0.0	1.0	17.5
General Fund	1,170,102	1,441,951	0	57,732	1,499,683
Total for Staff Initiated - Move Parole Board					
Analyst Funding	3,091,511	3,464,032	0	0	3,464,032
FTE	<u>42.3</u>	<u>44.3</u>	<u>0.0</u>	<u>0.0</u>	<u>44.3</u>
General Fund	2,846,465	3,220,227	0	0	3,220,227
Reappropriated Funds	134,601	243,805	0	0	243,805
Federal Funds	110,445	0	0	0	0

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	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2015-16 Requested Change	FY 2015-16 Rec'd Change	FY 2015-16 Total w/Rec'd Change
Staff Initiated - Canteen Phone Revenue					
(1) MANAGEMENT					
(B) External Capacity Subprogram					
(2) Payments to House State Prisoners					
Education and Inmate Benefit Programs at In-state					
Private Prisons	<u>0</u>	<u>0</u>	<u>0</u>	<u>534,079</u>	<u>534,079</u>
General Fund	0	0	0	534,079	534,079
Education and Inmate Benefit Programs at Pre- release Parole Revocation Facilities					
General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>119,476</u>	<u>119,476</u>
(4) INMATE PROGRAMS					
(B) Education Subprogram					
Operating Expenses	<u>1,969,753</u>	<u>5,172,718</u>	<u>0</u>	<u>(653,555)</u>	<u>4,519,163</u>
General Fund	1,093,900	3,468,301	0	(653,555)	2,814,746
Cash Funds	744,688	1,293,402	0	0	1,293,402
Reappropriated Funds	131,165	411,015	0	0	411,015
Total for Staff Initiated - Canteen Phone Revenue	1,969,753	5,172,718	0	0	5,172,718
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	1,093,900	3,468,301	0	0	3,468,301
Cash Funds	744,688	1,293,402	0	0	1,293,402
Reappropriated Funds	131,165	411,015	0	0	411,015

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	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2015-16 Requested Change	FY 2015-16 Rec'd Change	FY 2015-16 Total w/Rec'd Change
Totals Excluding Pending Items					
CORRECTIONS					
TOTALS for ALL Departmental line items	782,605,750	867,977,195	(16,300,222)	(16,300,222)	851,676,973
<i>FTE</i>	<u>6,087.3</u>	<u>6,239.8</u>	<u>0.0</u>	<u>0.0</u>	<u>6,239.8</u>
General Fund	709,581,866	780,620,458	(16,300,222)	(16,300,222)	764,320,236
Cash Funds	34,502,664	39,431,411	0	0	39,431,411
Reappropriated Funds	35,342,097	46,665,389	0	0	46,665,389
Federal Funds	3,179,123	1,259,937	0	0	1,259,937