

JOINT BUDGET COMMITTEE



STAFF BUDGET BRIEFING FY 2017-18

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 of Corrections (DOC)

- Manages, supervises, and controls the correctional facilities that are owned and operated by the State.
- Pays for privately operated prison facilities that house state prisoners 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 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 *
General Fund	\$720,902,032	\$763,812,924	\$759,196,124	\$771,356,028
Cash Funds	40,096,980	39,346,724	39,454,112	39,962,631
Reappropriated Funds	46,402,892	46,665,389	46,748,326	51,170,313
Federal Funds	1,223,868	1,259,937	1,357,641	1,770,340
TOTAL FUNDS	\$808,625,772	\$851,084,974	\$846,756,203	\$864,259,312
Full Time Equiv. Staff	6,209.2	6,239.8	6,242.7	6,247.9

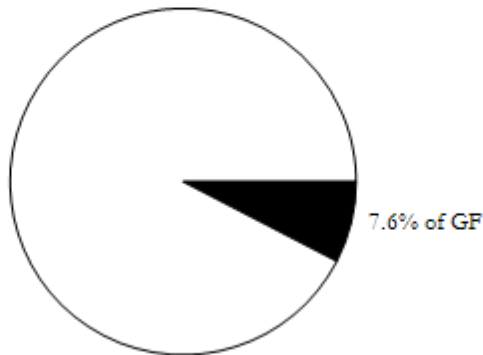
*Requested appropriation. Of this request, \$7,671,044 General Fund has already been appropriated in the five year appropriation clauses of criminal sentencing bills enacted during prior sessions. The FY 2017-18 General Fund appropriations from these bills, and their locations in statute, follow:

H.B. 13-1154	\$76,655	Crimes Against Pregnant Women	Section 17-18-108, C.R.S.
S.B. 14-049	64,452	Public Transportation and Utility Endangerment	Section 17-18-111, C.R.S.
S.B. 14-176	64,452	Criminal Penalties for Chop Shops	Section 17-18-116, C.R.S.
H.B. 14-1037	21,484	Enforcing Laws Against Designer Drugs	Section 17-18-114, C.R.S.
H.B. 14-1214	20,052	Increase penalty for assaults on EMS Providers	Section 17-18-115, C.R.S.
S.B. 15-067	329,363	Second Degree Assault Injury to Emergency Responders	Section 17-18-121, C.R.S.
H.B. 15-1043	6,497,158	Felony Offense for Repeat DUI Offenders	Section 17-18-120, C.R.S.
H.B. 15-1229	22,068	Retaliation Against a Prosecutor	Section 17-18-117, C.R.S.
H.B. 15-1305	22,068	Unlawful Manufacture Marijuana Concentrate	Section 17-18-118, C.R.S.
H.B. 15-1341	487,701	Increase penalty sexual exploitation of a child	Section 17-18-119, C.R.S.
S.B. 16-142	21,864	Miscellaneous Updates to Election Laws	Section 17-18-122, C.R.S.
H.B. 16-1080	<u>43,727</u>	Assault by Strangulation	Section 17-18-123, C.R.S.
Total	7,671,044	GF	

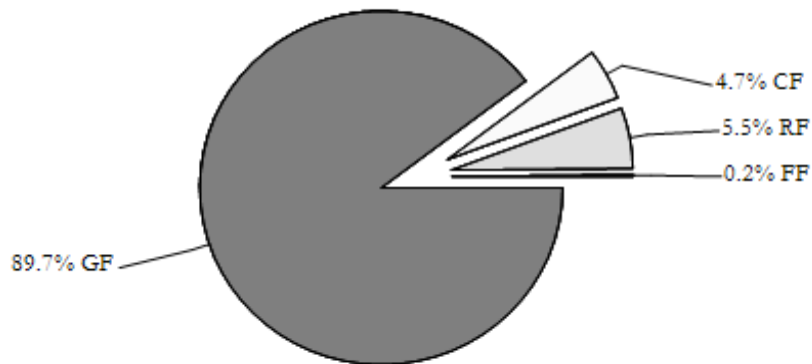
Thus the Department's requested General Fund appropriation for the Long Bill is \$771,356,028 - \$7,671,044 = \$763,684,984.

DEPARTMENT BUDGET: GRAPHIC OVERVIEW

Department's Share of Statewide General Fund

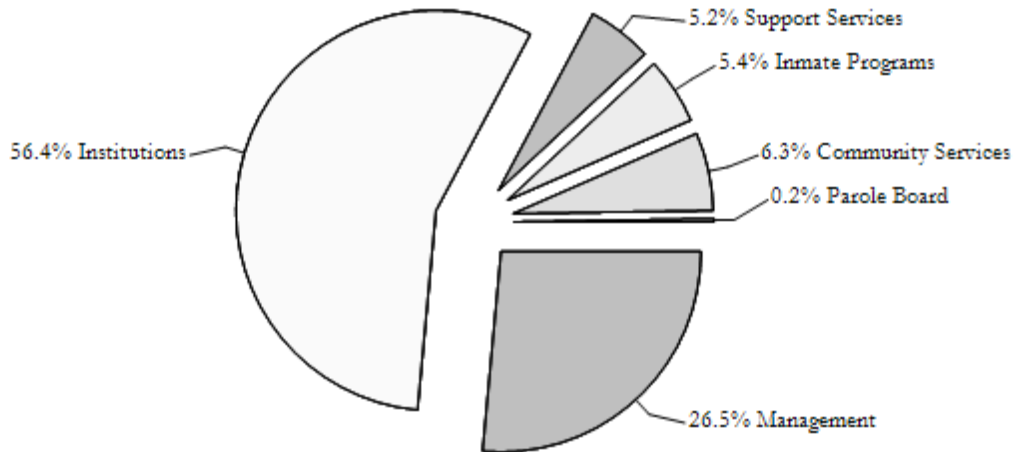


Department Funding Sources

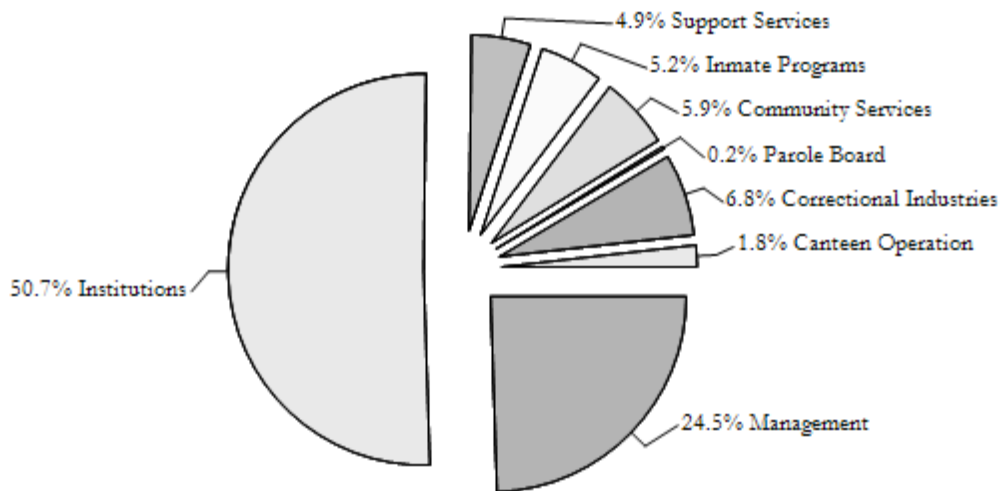


All charts are based on the FY 2016-17 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



charts are based on the FY 2016-17 appropriation.

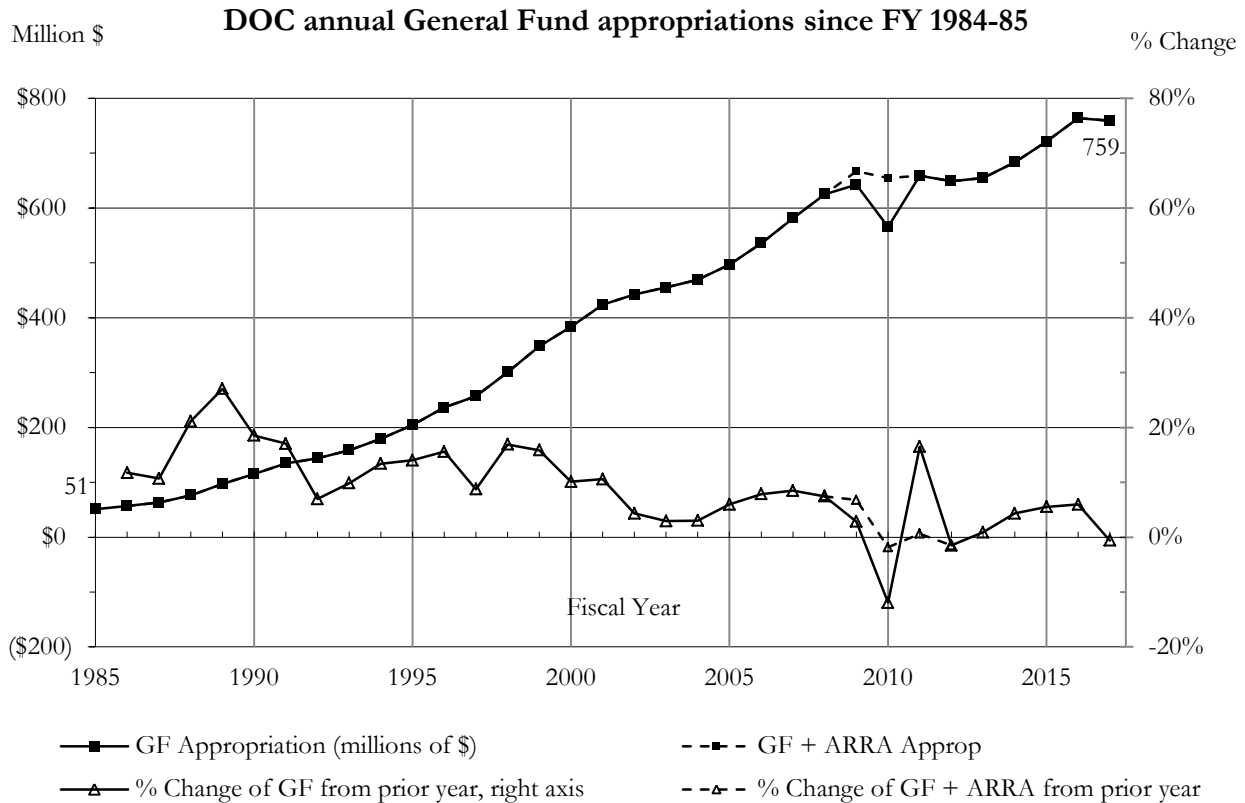
All

GENERAL FACTORS DRIVING THE BUDGET

HISTORICAL AND COMPARATIVE EXPENDITURES

The following graph depicts annual General Fund appropriations to the Department of Corrections (DOC) 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 as high as the dotted line in the graph.

General Fund appropriations to the Department of Corrections (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 General Fund 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 but then trended up, only to drop last year.

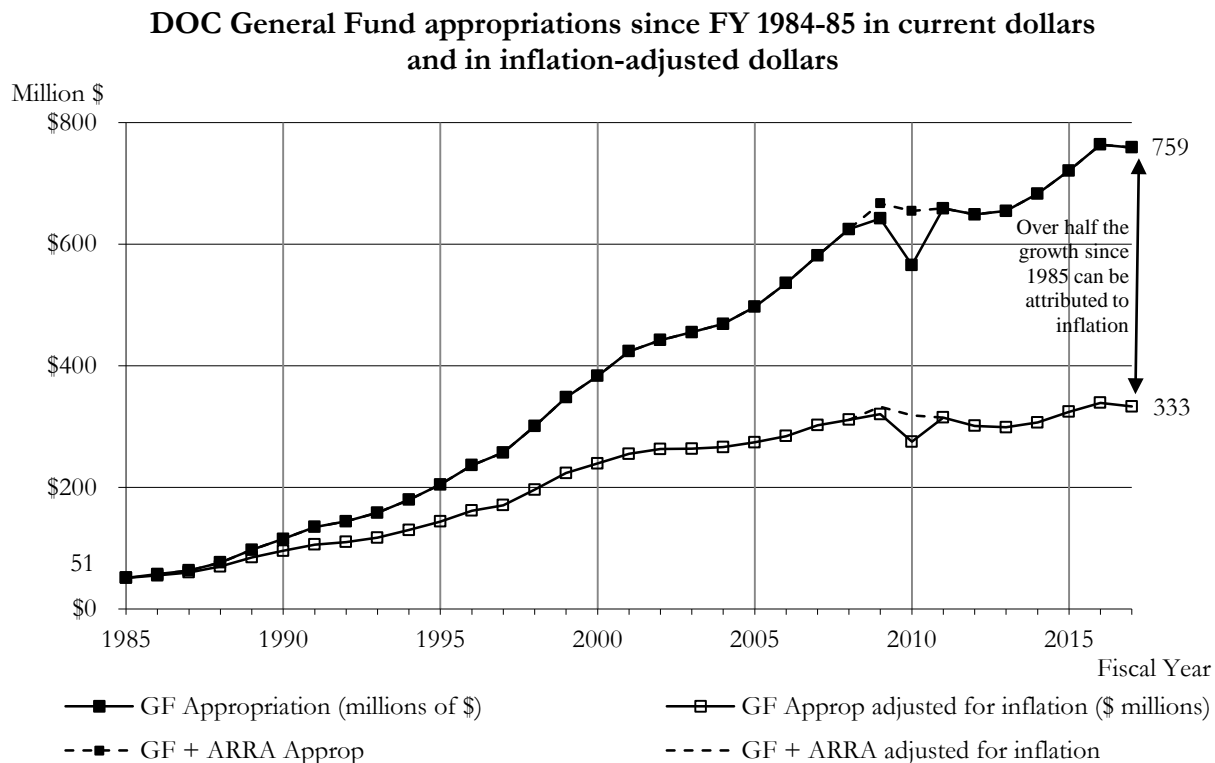


THE LEASE PURCHASE PAYMENT EFFECT

The above chart gives a misleading indication of the FY 2015-16 increase of DOC General Fund appropriations relative to FY 2014-15. For FY 2015-16 and subsequent years, a \$20.3 million General Fund appropriation that was formerly in the capital budget for Capital Lease Purchase Payments on Colorado State Penitentiary II (CSP II) was moved to the DOC operating budget, causing DOC General Fund appropriations to rise by \$20.3 million more that year than they would have otherwise. The FY 2016-17 appropriation includes another \$20.3 million lease purchase payment. The final lease-purchase payment on CSP II will be a \$20.3 million outlay in FY 2018-19.

DOC EXPENDITURES ADJUSTED FOR INFLATION

The growth of General Fund appropriations to the Department includes 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.



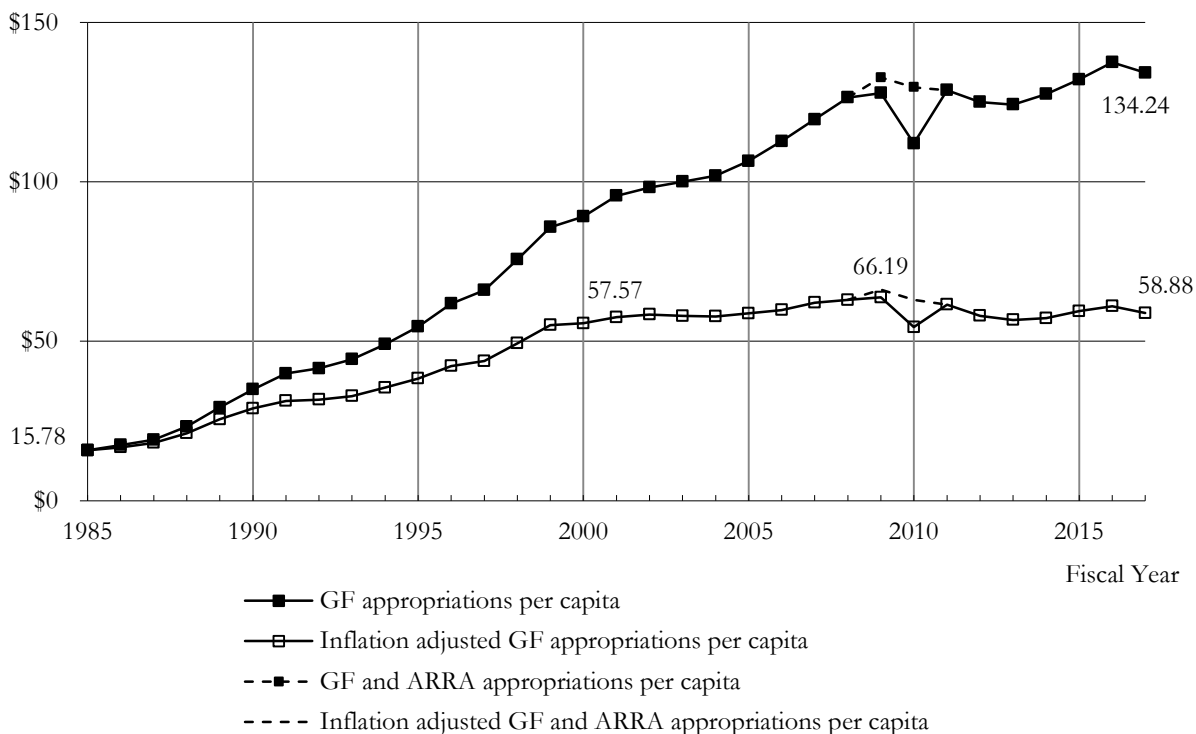
Removing the effects of inflation (the lower line in the above graph) reveals that growth of constant dollar DOC General Fund (and ARRA) appropriations since the mid 1980's is less than half the growth of current dollar appropriations.

DOC EXPENDITURES PER CAPITA

Colorado's population has grown 72 percent since 1985. If criminal justice policies and crime rates had remained unchanged since then, this growth would have been expected to drive a comparable increase in DOC expenditures. The next chart removes the effects of population growth by dividing

by Colorado's population.¹ As the chart shows, General Fund appropriations to DOC adjusted for inflation and for population, have not stayed constant. They grew 349 percent from 1985 to 1999, rising from \$15.78 per capita to \$55.07 per capita, which is an annual growth rate of 9.3 percent. Subsequently these appropriations grew at a slower 1.9 percent annual rate until the peak of \$66.19 per capita in 2009. Since then they have unevenly declined to a projected \$58.88 in FY 2016-17, which is \$1.31 above the 2001 level of \$57.57. If capital lease purchase payments are subtracted from the General Fund appropriation for FY 2016-17, the appropriation per capita adjusted for inflation equals \$57.31, which is lower than the 2001 level.

Per Capita DOC General Fund appropriations since FY 1984-85 in current dollars and in inflation-adjusted dollars



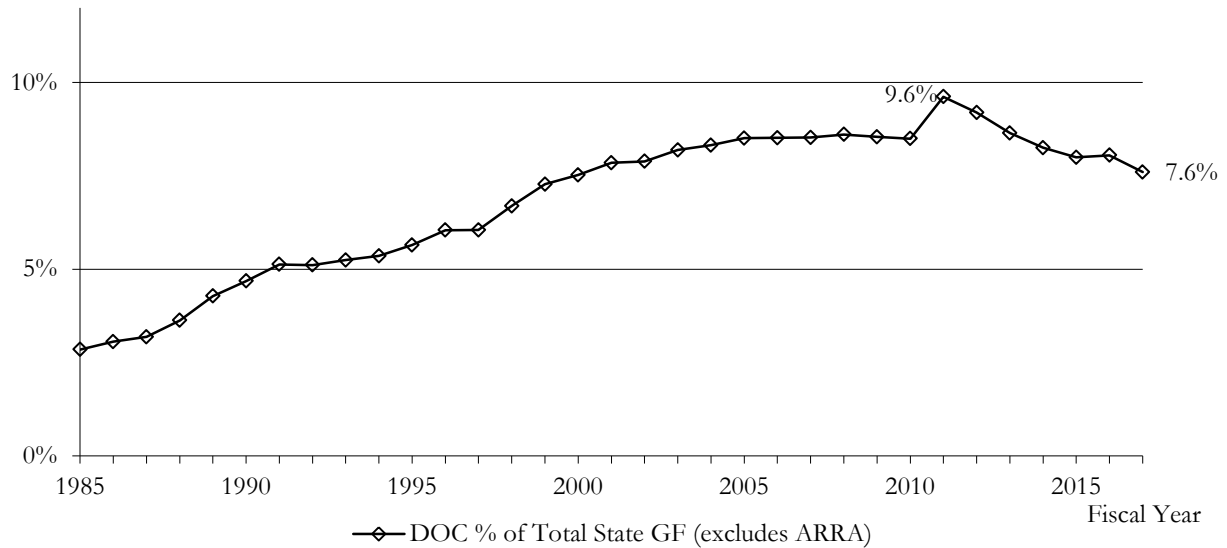
DOC EXPENDITURES RELATIVE TO STATE GENERAL FUND SPENDING

Prior to FY 2010-11, the Department of Corrections consumed what appeared to be an ever 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. In FY 2010-11 (the year General Fund appropriations for corrections surged \$93.1 million to make up for the loss of ARRA funding) this share peaked at 9.6 percent. An unsteady decline followed (unsteady due to the

¹ As much as possible, the population used for per capita calculations in this section is the population of Colorado residents age 10 or over. This is the population that the FBI uses to compute crime rates in its Uniform Crime Reports and staff used it almost everywhere for consistency. Using the state adult population or the entire population would raise or lower the computed rates but trends would be the same.

inclusion of CSP II payments in the DOC budget) and DOC appropriations are now 7.6 percent of the state operating budget.

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



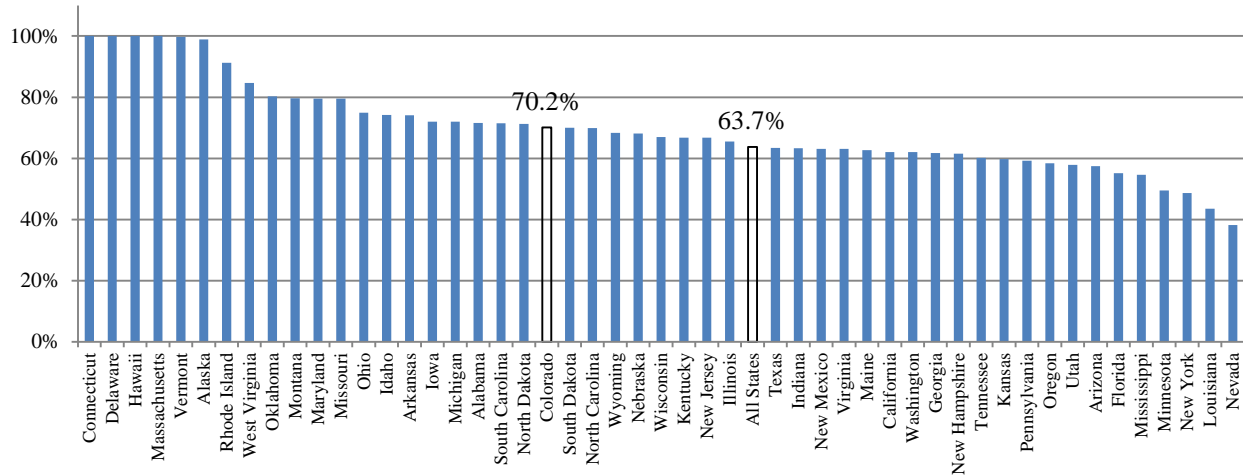
COMPARISON WITH OTHER STATES

How do Colorado's correctional expenditures compare to other states? Comparison is difficult because the division of corrections expenditures between states and their local governments varies. In most states, including Colorado, incarceration expenditures are divided between the state and local governments. The state operates a prison system that holds offenders with felony sentences of one year or longer. Local governments operate jails, which hold inmates awaiting court appearances, inmates awaiting transfers to other jurisdictions, and inmates with misdemeanor sentences of generally less than one year. In some states, however, all or almost all incarceration costs, including jail costs, are paid by the state. Thus one must look at combined prison and jail costs for a valid comparison of state incarceration costs.

The Bureau of Justice Statistics in the U.S. Justice department periodically collects and publishes correctional cost data for states and local governments.² The following chart shows that the average state pays 63.7 percent of total correctional expenditures while a few states pay all or nearly all these costs.

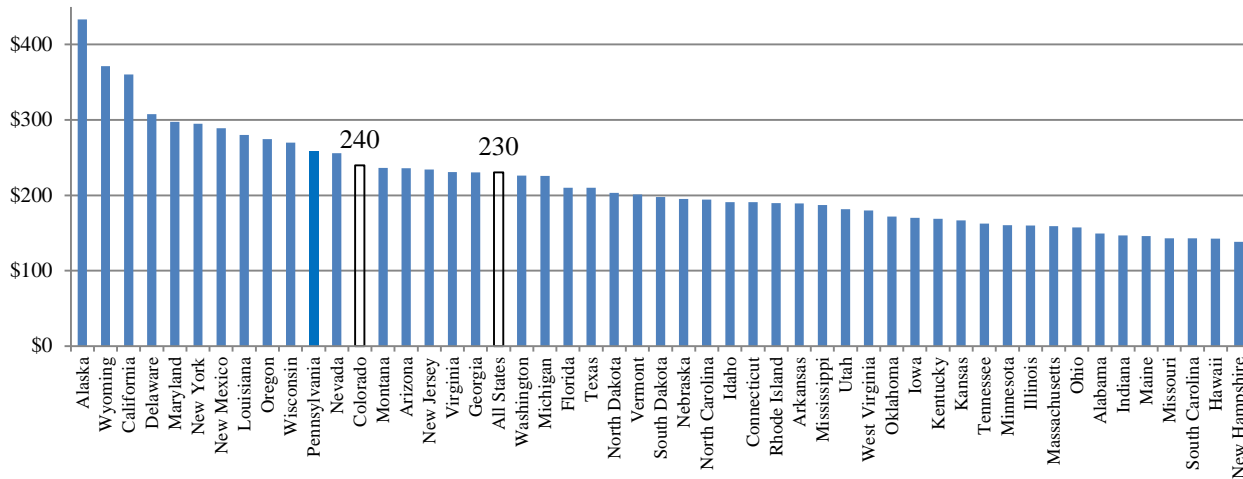
² U.S. Department of Justice, Bureau of Justice Statistics, *Justice Expenditure and Employment Extracts 2012*. This is the latest data available

Percent of State + Local Corrections Expenditures Paid By State 2012



Because of the 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 in the next chart. Note that this chart, like the prior chart, includes both capital and operating expenditures.

State + Local Corrections Expenditures Per Capita, 2012



As this chart shows, Colorado ranks 13th among the states in per capita spending on corrections by all levels of government; in 2012 Colorado spent \$240 on corrections per resident, \$10 more than the national average. Of this \$240 total, \$168 was expended by the State and \$72 by local governments. (Note that the Colorado state cost differs from the 2012 DOC appropriation per capita computed earlier because it includes local jails.)

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.

The first part of the analysis will focus on the number of offenders.

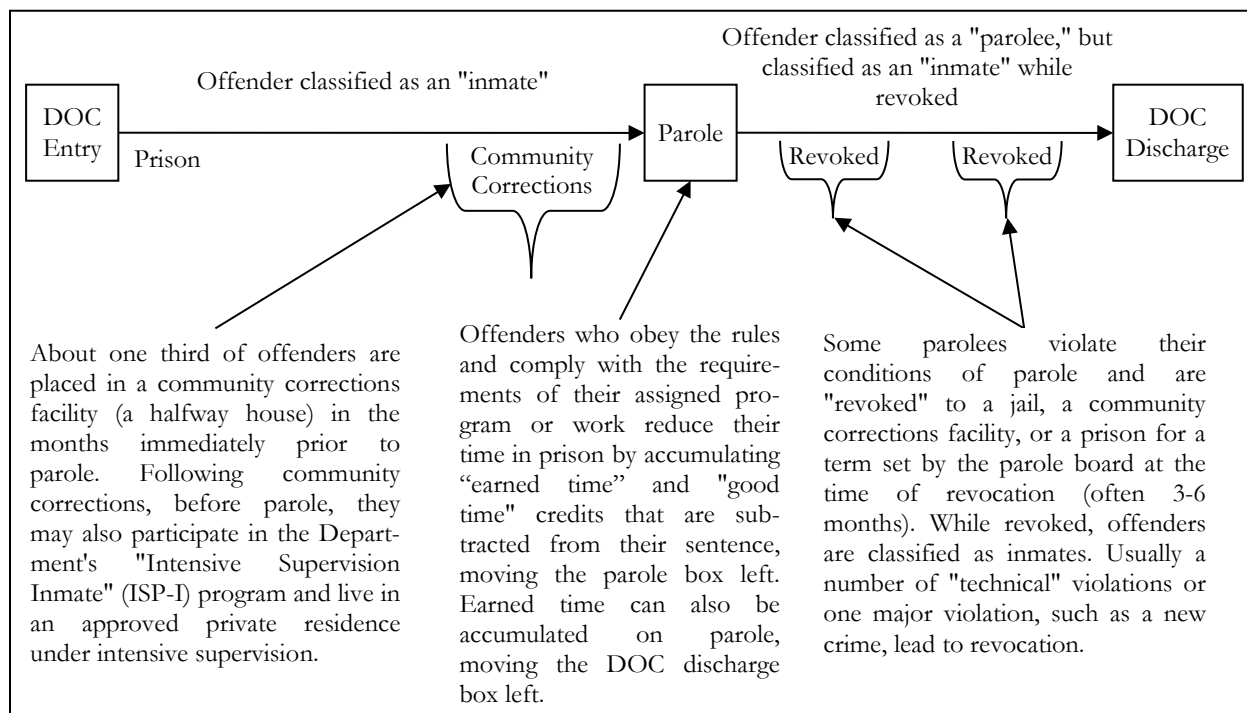
FACTORS DRIVING THE OFFENDER POPULATION

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.

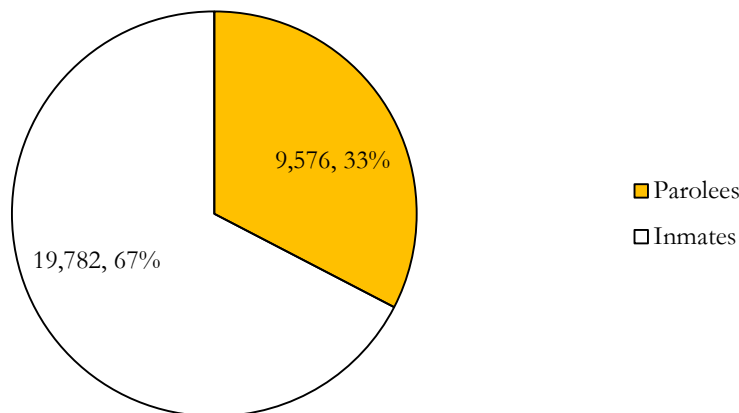
The following diagram shows typical progress through the DOC system:



Offenders on parole sometimes commit new crimes while on parole. In this case, parole will be revoked for the remainder of the offender's parole period and the offender will probably receive a new sentence that is added to his existing sentence. Such situations can be complex as the offender will simultaneously be at two different points on the above diagram.

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.

DOC Population, Nov. 30, 2016



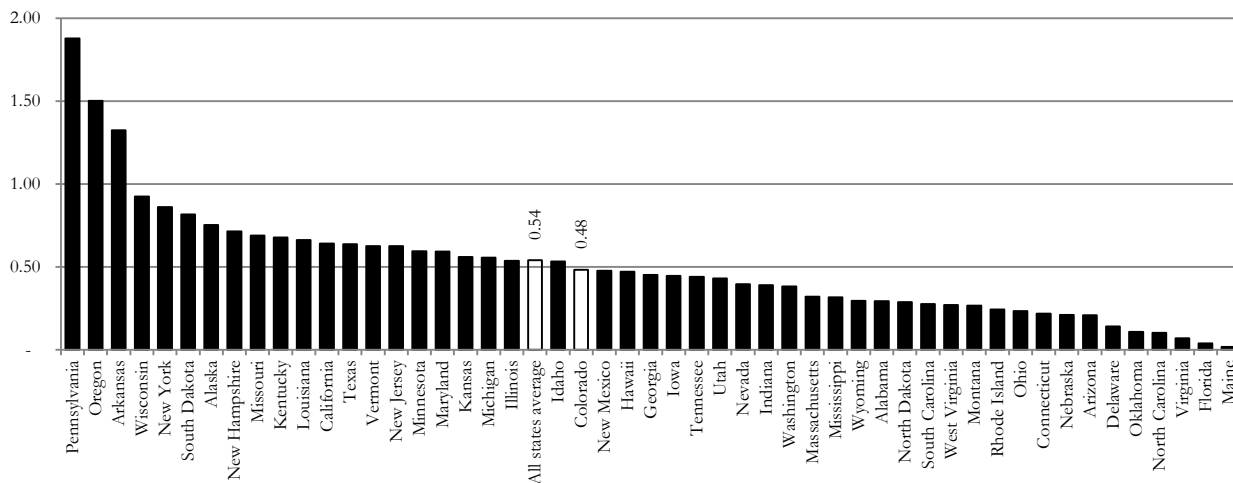
The ratio of parolees to inmates reflects the average time offenders are on parole relative to average time spent as an inmate. The pie chart shows that there are currently 0.48 parolees per inmate ($=9,576/19,785$), which means that the average parolee spends roughly 48 days on parole for every 100 days spent as an inmate, i.e. the average inmate spends about two thirds of his DOC time as an inmate and about one third as a parolee.³

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.⁴ This chart serves as a general guide to the number of days that an offender in each state will be on parole per day as an inmate. Colorado is very close to the average for all states.

³ 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 the general prison population at annual rate g , the ratio of parole to inmate time will be permanently less than the parolee:inmate ratio by approximately $i*g$.

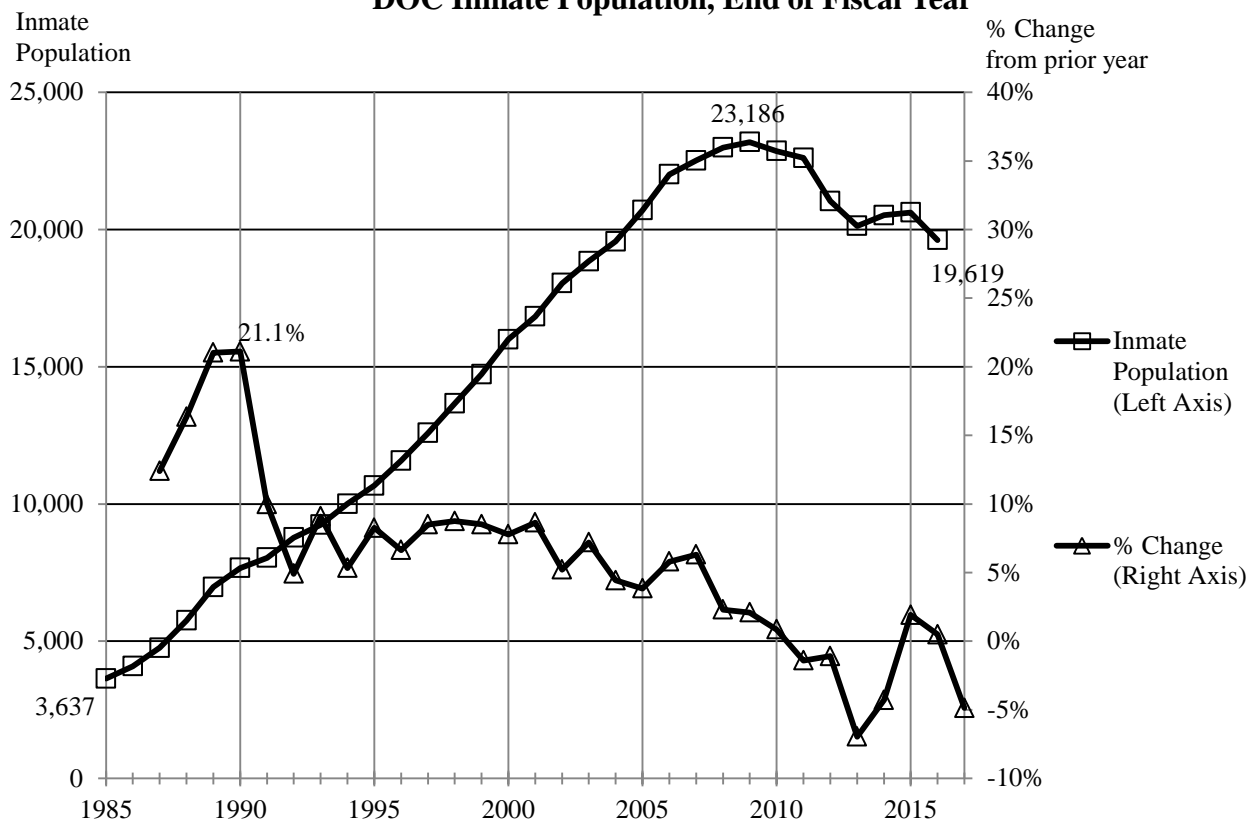
⁴ The data for this chart was drawn from two U.S. Department of Justice, Bureau of Justice Statistics publications: *Prisoners in 2011* and *Probation and Parole in the United States, 2011*.

Parolees per Inmate, Jan. 1, 2011



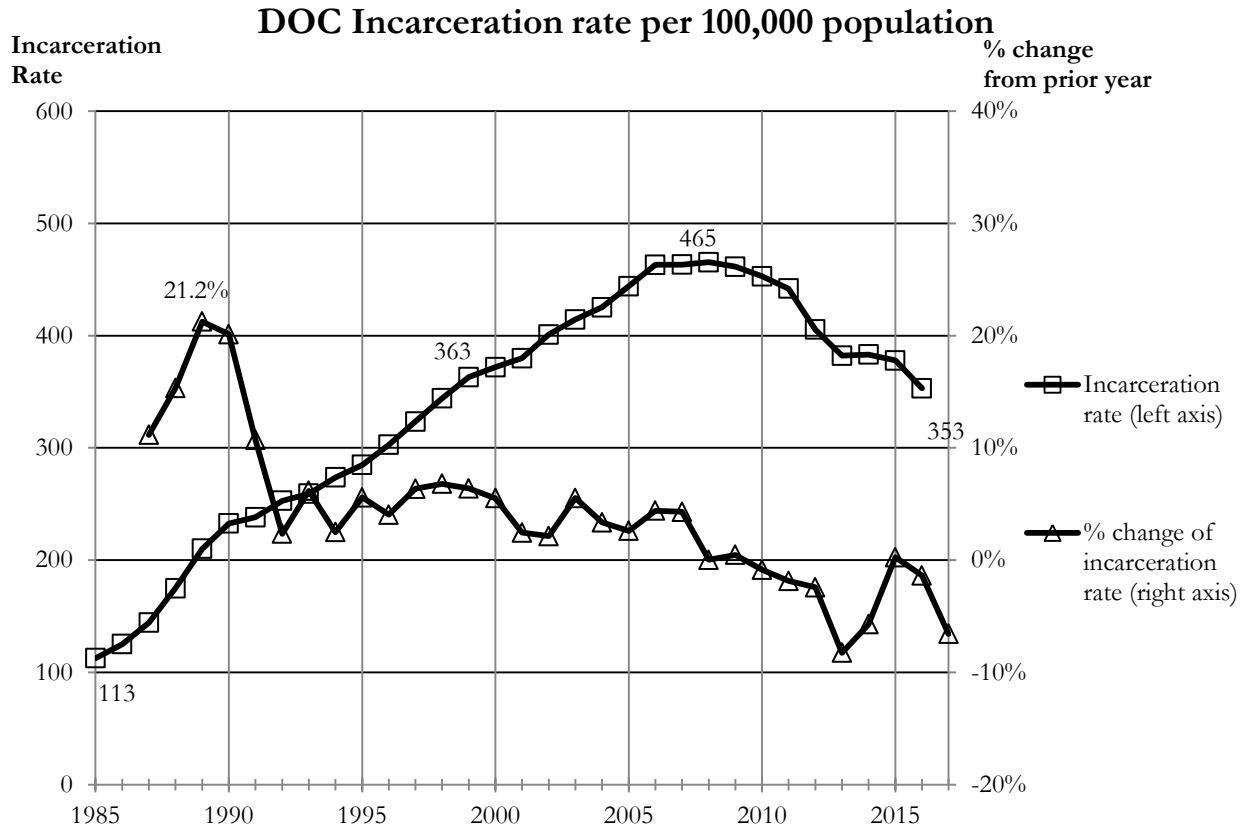
The following diagram shows the inmate population since 1985. The population grew 637 percent between 1985 and 2009, an average annual rate of 8 percent. Since 2009 it has declined unevenly and is now 15 percent below the peak.

DOC Inmate Population, End of Fiscal Year

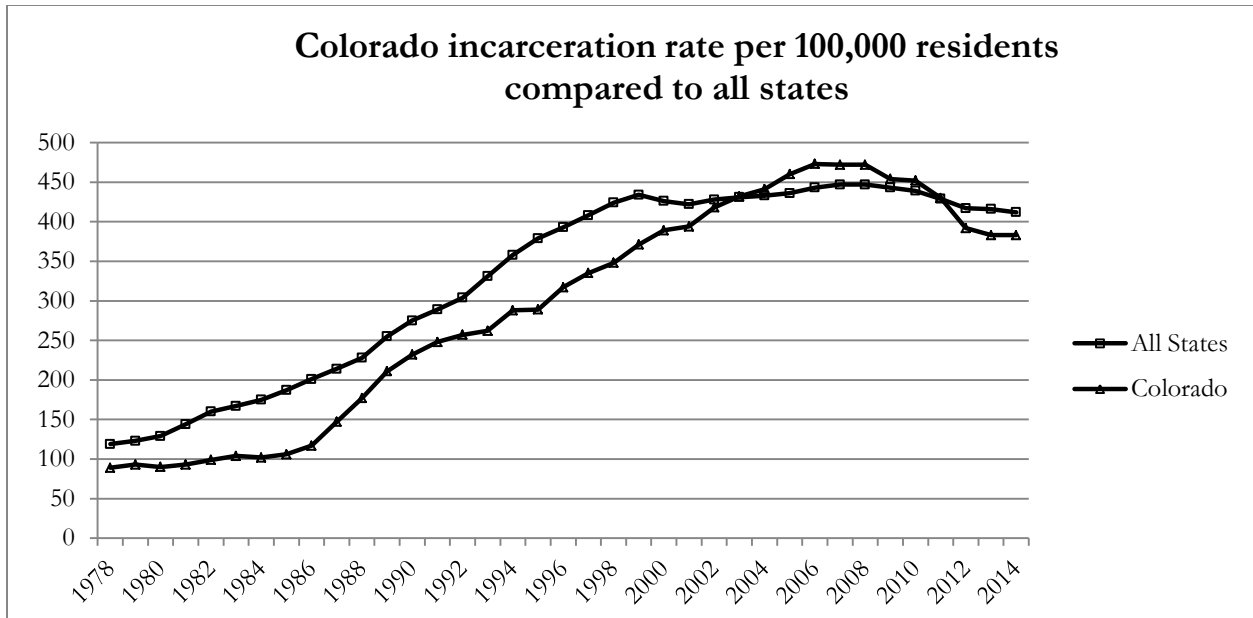


As was the case earlier, one can eliminate the effect of Colorado's population growth on the inmate population by dividing the number of DOC inmates by the Colorado population. The result, known

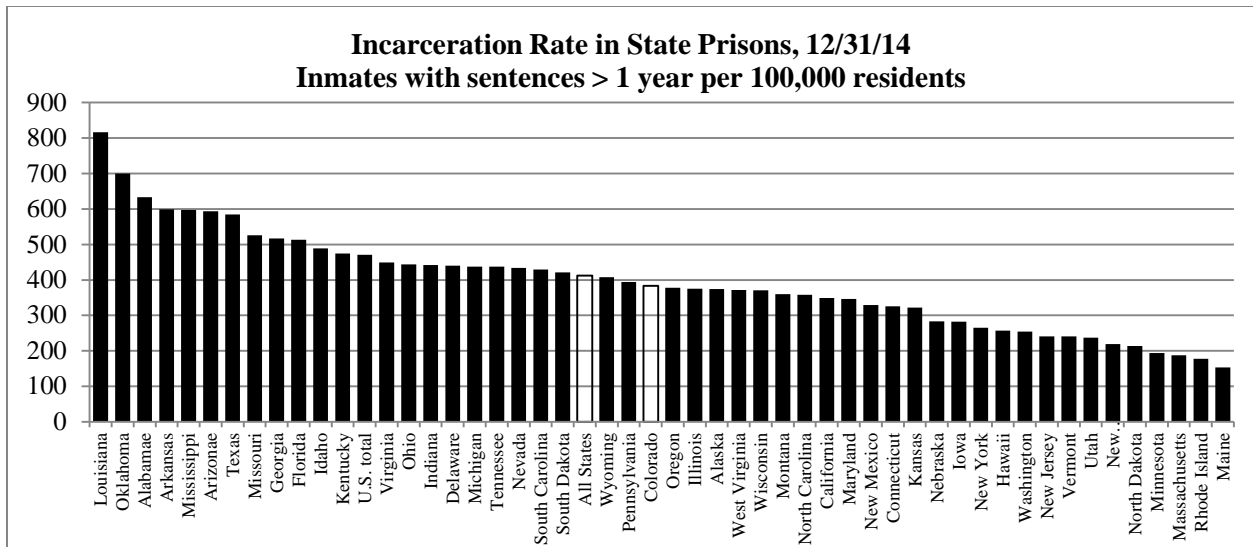
as the incarceration rate, is shown in the following chart. The incarceration rate rose 413 percent between 1985 and its peak in 2008, a 6 percent average annual rate. Since then it has declined 24 percent. That's a significant reduction: after adjusting for population growth, DOC's inmate population is down almost a quarter from its 2008 peak. Relative to state population, the number of inmates in DOC is now below its 1999 level.



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.



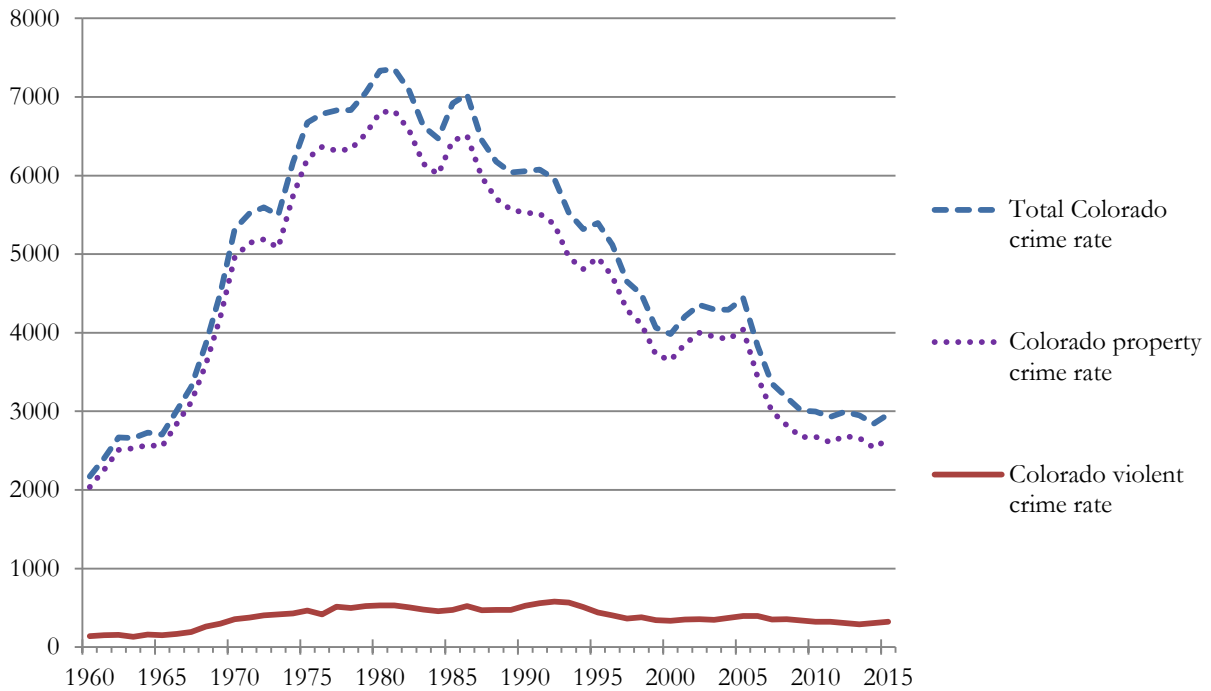
The next chart shows how Colorado’s incarceration rate compares with other states. As the preceding chart showed, in 2013 Colorado was slightly below the national average.



The crime rate is clearly an important factor driving incarceration. One might expect the crime rate and the incarceration rate to move in tandem. Perhaps surprisingly, this is not always the case.

The following chart shows the violent crime rate and the property crime rate from 1970 to 2015. The data comes from the [FBI's Uniform Crime Reports](#).

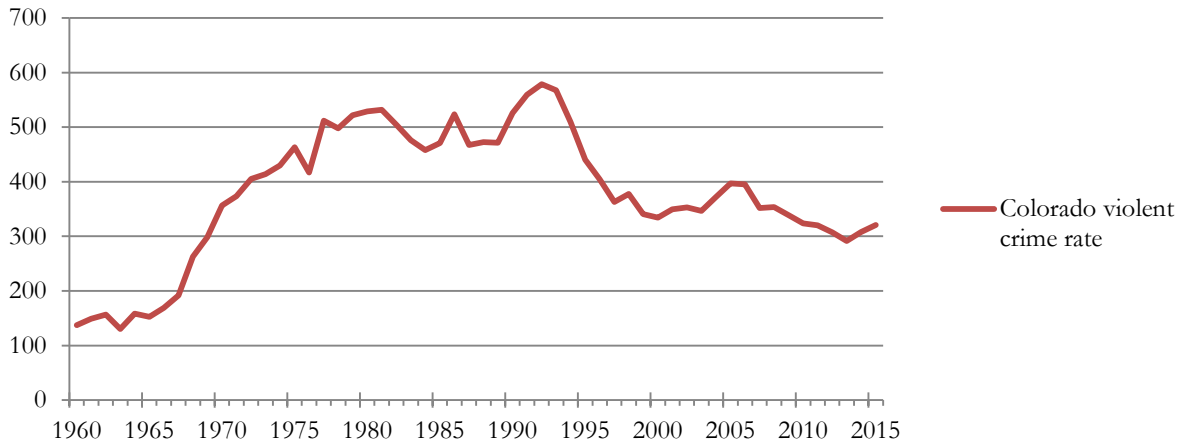
Colorado crime rates per 100,000 population



The chart shows that Colorado's property crime rate increased until 1981 and then began to decline, with the declines interrupted by several smaller upturns, the latest occurring in 2015.

There are fewer violent crimes than property crimes, which makes it hard to see the changes of the violent crime rate in the above chart. The following chart, which displays the violent crime rate in isolation, shows that the violent crime rate declined, again unevenly, from a 1992 peak.

Colorado violent crime rate per 100,000 population

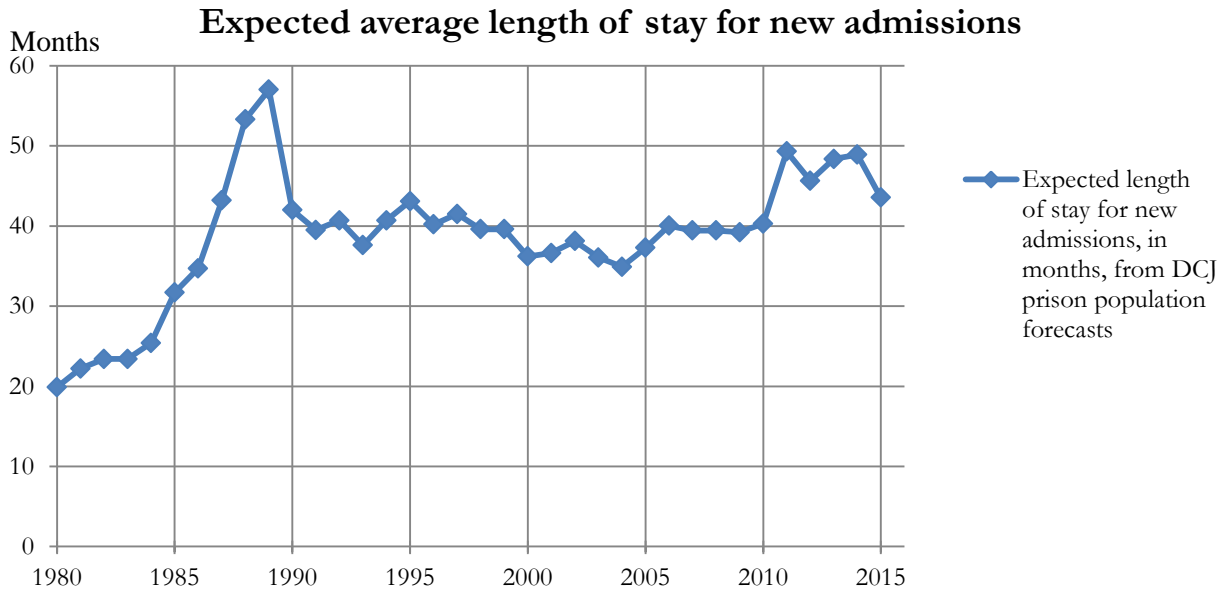


From a budget perspective, the most striking thing about these charts is the long lag between the peak of the violent and property crime rates and the peak of the prison population. The incarceration rate continued rising until 2009, 27 years after the property crime rate peaked and 17 years after the violent crime rate peaked. Why the long lag? Were offenders admitted to DOC in the 1980's and 1990's staying there for a long time and finally being released years later?

The following chart, based on data from DCJ prison population forecasts, provides evidence on the length-of-stay question. It shows that after a spike in the 1980's, average expected length-of-stay in prison was fairly stable and relatively short (about 3.3 years) until 2010. (The spike in the early 1980's was due to legislation that doubled prison terms. It was rolled back a few years later due to its high cost. The jump after 2010 should be discounted; it reflects changed length-of-stay estimates for offenders with minimum and maximum sentences, such as sex offenders, where there is a significant uncertainty concerning how long they will stay in prison.)

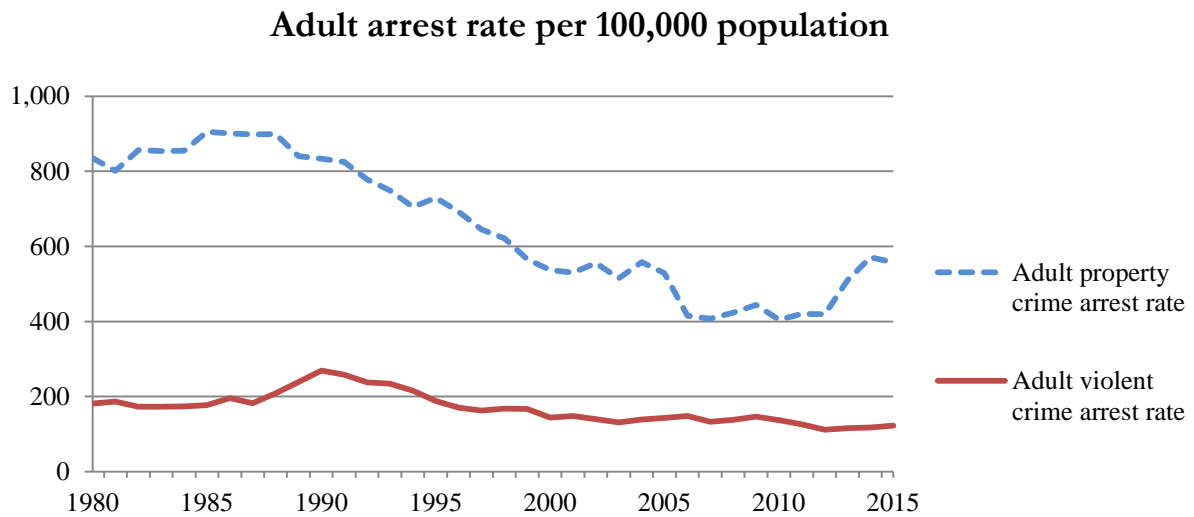
The length-of-stay chart eliminates one potential cause of an increasing incarceration rate: over the period from 1990 to 2010 the average length of prison stays did not grow.

The relatively brief average prison stay also suggests that the connection between the crime rate and prison populations is at best indirect. If increased crime immediately puts more people in prison, a spike in the crime rate would increase prison populations but the increase would begin to dissipate after a few years as offenders are released. The prison population wouldn't peak 17 to 27 years after the crime rate peaked.



Does increased crime put more people in prison? As noted earlier, the number of offenders within in the Department of Corrections depends upon (1) the number of offenders who enter the system, and (2) the amount of time offenders remain in the system until they exit. The best way to examine factor (1) is to look at the arrest rate and the sentence rate, i.e. look at the avenues into prison.

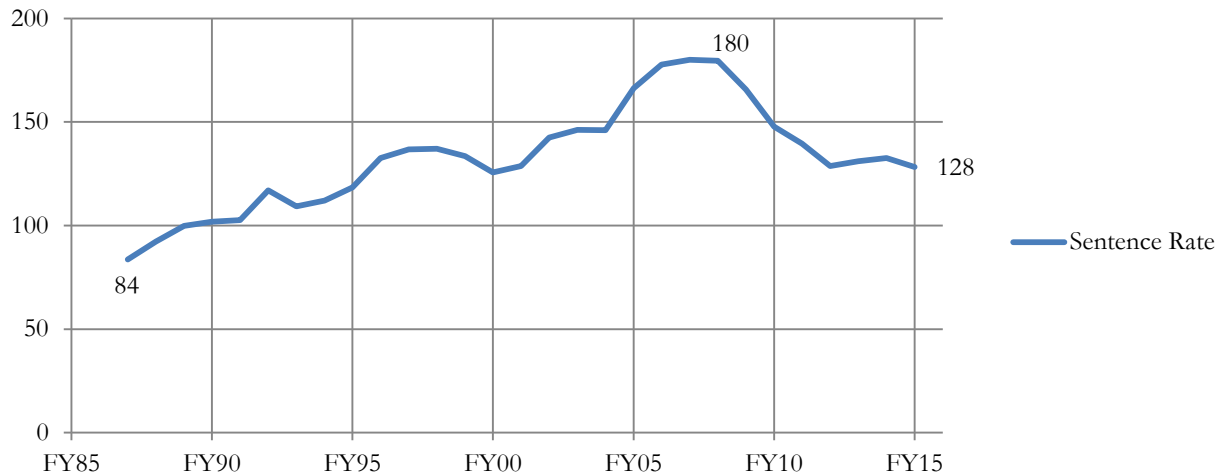
The following Colorado adult arrest data comes from FBI Uniform Crime Reports. It shows a general downward trend starting in the 1980's for property crime arrests and, starting in the 1990's, for violent crime arrests. These trends mimic the trajectory of the property and violent crime rates: they peak at about the same time as the crime rates and follow the same general contour. They make sense: fewer crimes led to fewer arrests.



The puzzle is the next chart, which shows the rate at which defendants were being sentenced to DOC relative to state population. This "sentence rate" rose 115 percent from FY 1986-87 to FY

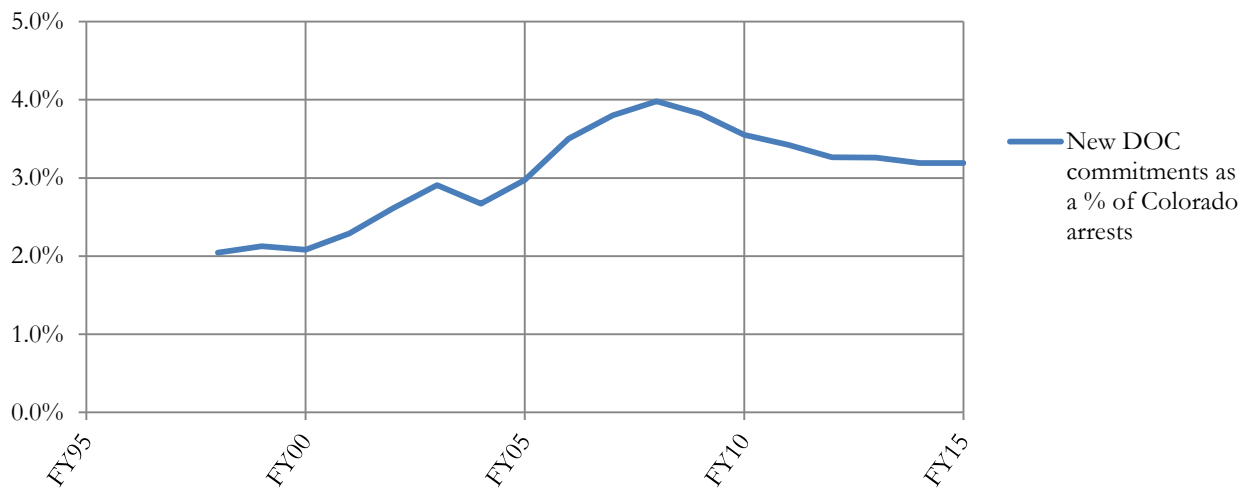
2007-08. It rose even though the number of arrests was declining, meaning that the probability that a given arrestee would be sentenced to DOC went up. (But when he arrived in prison, his stay wasn't likely to be longer than it would have been a few years earlier.)

Rate of new sentences to DOC per 100,000 population



The probability that a given arrestee would be sent to DOC rose almost every year from FY 1999-00 until peaking in FY 2007-08. Subsequently the trend reversed.

Odds that an arrest will lead to a sentence to DOC

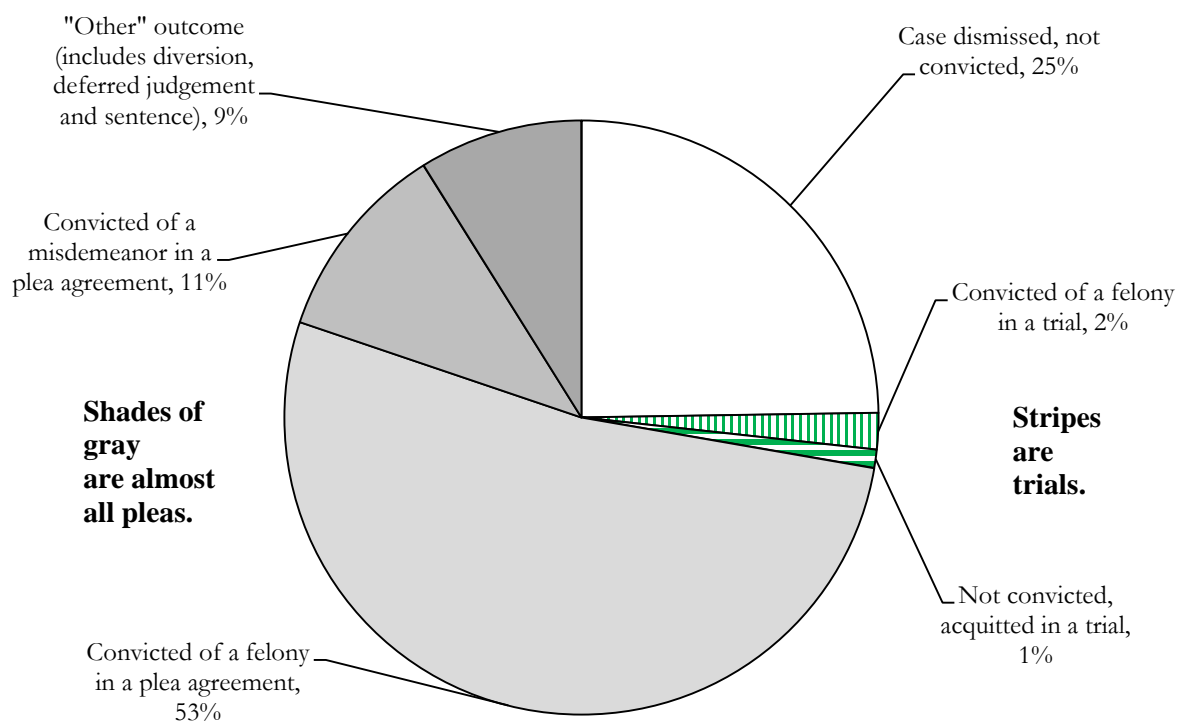


The Division of Criminal Justice (DCJ) noted this pattern in several publications in the late 1990's⁵ and again in the DCJ responses to JBC hearing questions in 2016. In the late 1990's, the DCJ pointed to possible reasons why the rate at which arrestees are sentenced to DOC might rise. Among them were the following:

⁵ For example, "Why Is the Incarceration Rate Rising While the Crime Rate Is Falling?," *Elements of Change* (a Division of Criminal Justice publication), July 1999.

- The criminal justice system experienced an increase in the number of offenders with criminal records. A defendant who commits a very serious crime is likely to go to prison no matter what his criminal record. For defendants who commit less serious crimes, criminal history often determines whether he goes to prison or receives a lesser sanction like community corrections or probation.
- The lessening of discretion within the criminal justice system may lead more offenders to be sentenced to prison. For example, mandatory sentences to prison for certain crimes.
- The number of cases resolved by plea-bargains increased. (As the following chart indicates, only 3% of felons nationwide go to trial.⁶)

Adjudication outcomes for felony defendants in the 75 largest counties in the U.S., 2009



More recently [John Pfaff](#) has argued that District Attorneys were the underappreciated driving force behind increasing sentence and incarceration rates. Using national data, he found that during the period from 1994 to 2008, the probability that a DA would file charges against a given arrestee went from about 1 in 3 to 2 in 3. Many arrestees who would not have had charges filed against them previously, were now being charged with felonies.

⁶ "Felony Defendants in Large Urban Counties, 2009," Published 2013 by the U.S. Bureau of Justice Statistics. (The latest version of this periodic study that is available.)

COSTS OF INCARCERATION AND SUPERVISION

The preceding analysis focused on the number of offenders committed to the Department of Corrections. An equally important determinant of the Department's General Fund expenditure is the cost of incarcerating each offender.

The Department of Corrections facilitates expenditure analysis by publishing "Cost-per offender" reports that show the daily and annual General Fund cost that the Department incurs when it houses offenders. The cost estimates, which are based on actual expenditures during the most recently completed fiscal year, are computed by summing the direct costs of running each DOC facility or program and a pro-rated share of costs that cannot be directly attributed to specific programs or facilities. The latest report, for FY 2015-16, appears below.

COLORADO DEPARTMENT OF CORRECTIONS
Cost Per Offender by Facility
FY 2015-16

	Facility ADP	Direct Facility Cost Per Day	Clinical Services Cost Per Day	Facility Cost Per Day Total	Centralized Cost Per Day	Administrative Cost Per Day	Total Cost Per Day	Annual Cost
State Prison Facilities								
Level I								
Colorado Correctional Center	143	\$57.30	\$5.74	\$63.04	\$7.61	\$3.84	\$74.49	\$27,189
Delta Correctional Center	454	\$62.88	\$9.69	\$72.57	\$7.61	\$3.84	\$84.02	\$30,667
Rifle Correctional Center	186	\$63.53	\$8.32	\$71.85	\$7.61	\$3.84	\$83.30	\$30,405
Skyline Correctional Center	249	\$52.85	\$5.30	\$58.15	\$7.61	\$3.84	\$69.60	\$25,404
Total Level I	1,032						\$79.09	\$28,868
Level II								
Arrowhead Correctional Center	515	\$54.83	\$21.79	\$76.62	\$7.61	\$3.84	\$88.07	\$32,146
Four Mile Correctional Center	523	\$54.70	\$13.07	\$67.77	\$7.61	\$3.84	\$79.22	\$28,915
Trinidad Correctional Facility	499	\$64.29	\$10.07	\$74.36	\$7.61	\$3.84	\$85.81	\$31,321
Total Level II	1,537						\$84.32	\$30,779
Level III								
Arkansas Valley Correctional Facility	984	\$67.92	\$16.57	\$84.49	\$7.61	\$3.84	\$95.94	\$35,018
Buena Vista Correctional Facility	1,221	\$62.57	\$13.84	\$76.41	\$7.61	\$3.84	\$87.86	\$32,069
Colorado Territorial Correctional Facility	919	\$71.72	\$35.76	\$107.48	\$7.61	\$3.84	\$118.93	\$43,409
Fremont Correctional Facility	1,631	\$56.10	\$15.14	\$71.24	\$7.61	\$3.84	\$82.69	\$30,182
La Vista Correctional Facility	548	\$82.33	\$20.41	\$102.74	\$7.61	\$3.84	\$114.19	\$41,679
Total Level III	5,303						\$95.87	\$34,994
Level IV								
Limon Correctional Facility	912	\$75.07	\$13.47	\$88.54	\$7.61	\$3.84	\$99.99	\$36,496
Total Level IV	912						\$99.99	\$36,496
Level V								
Centennial Correctional Facility	267	\$170.82	\$44.33	\$215.15	\$7.61	\$3.84	\$226.60	\$82,709
Colorado State Penitentiary	658	\$115.94	\$17.93	\$133.87	\$7.61	\$3.84	\$145.32	\$53,042
Denver Reception & Diagnostic Center	558	\$100.94	\$68.07	\$169.01	\$7.61	\$3.84	\$180.46	\$65,868
Denver Women's Correctional Facility	956	\$73.06	\$23.48	\$96.54	\$7.61	\$3.84	\$107.99	\$39,416
San Carlos Correctional Facility	205	\$178.61	\$69.89	\$248.50	\$7.61	\$3.84	\$259.95	\$94,882
Sterling Correctional Facility	2,445	\$64.29	\$13.64	\$77.93	\$7.61	\$3.84	\$89.38	\$32,624
Total Level V	5,089						\$124.17	\$45,321
Grand Total Level I-V	13,873						\$104.00	\$37,958
Youthful Offender System								
Youthful Offender System Aftercare	37	\$112.12	\$0.00	\$112.12	\$0.00	\$3.84	\$115.97	\$42,329
Youthful Offender System	187	\$206.88	\$12.67	\$219.55	\$7.61	\$3.84	\$231.00	\$84,315
STU at YOS	21	\$101.15	\$4.49	\$105.64	\$7.61	\$3.84	\$117.09	\$42,738
YOS Jail Backlog	2	\$53.81	\$0.00	\$53.81	\$0.00	\$0.00	\$53.81	\$19,641
Community Services								
Parole	8,052	\$12.16	\$0.75	\$12.91	\$0.00	\$3.84	\$16.75	\$6,114
Fugitive Apprehension	590	\$5.45	\$0.00	\$5.45	\$0.00	\$3.84	\$9.29	\$3,391
Community Supervision	1,659	\$20.18	\$0.00	\$20.18	\$0.00	\$3.84	\$24.02	\$8,767
External Capacity								
Bent County	1,293	\$56.02	\$0.97	\$1.35	\$0.00	\$3.77	\$62.11	\$22,670
Crowley County	1,312	\$56.02	\$0.95	\$1.56	\$0.00	\$3.77	\$62.30	\$22,739
Kit Carson	649	\$56.02	\$1.34	\$1.66	\$0.00	\$3.77	\$62.79	\$22,917
Cheyenne Mountain ReEntry Center	561	\$56.02	\$1.10	\$1.44	\$0.00	\$3.77	\$62.33	\$22,752
County Jails	566	\$53.64	\$0.00	\$0.04	\$0.00	\$3.77	\$57.45	\$20,969
Community Corrections Programs	266	\$50.17	\$0.00	\$0.00	\$0.00	\$3.77	\$53.94	\$19,686

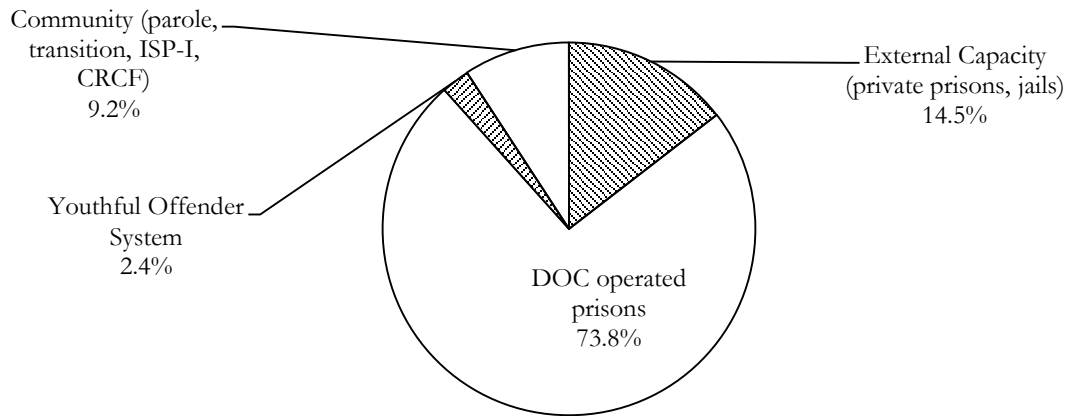
Medical cost per day includes medical and mental health costs that are not facility specific, such as catastrophic expenses, pharmaceuticals, centralized x-ray and Centralized cost per day includes centralized expenses that are not facility specific, such as inspector general, utilities, maintenance, housing & security, food
Administrative cost per day includes expenses that would apply to the entire department, such as the executive director's office, business

If one multiplies the Average Daily Populations (ADP) in these reports by the annual cost per offender for the corresponding facility or program, one can compute the total cost of running the facility or program. It is then possible to group the Department's facility and program costs in a number of different ways. One of the more useful groupings is the following:

- DOC prisons,
- External capacity, which includes private contract prisons, jails that hold DOC offenders, and Community Return to Custody Facilities (CRCF), which are halfway houses for parolees whose parole has been temporarily revoked,
- Community, which includes supervision costs for Parole, Intensive Supervision Parole, the Intensive Supervision Inmate program, and Community Corrections transition offenders, and
- The Youthful Offender System, which houses a portion of the Department's young offenders. These young offenders were 19 or less when they committed their crime; some were juveniles.

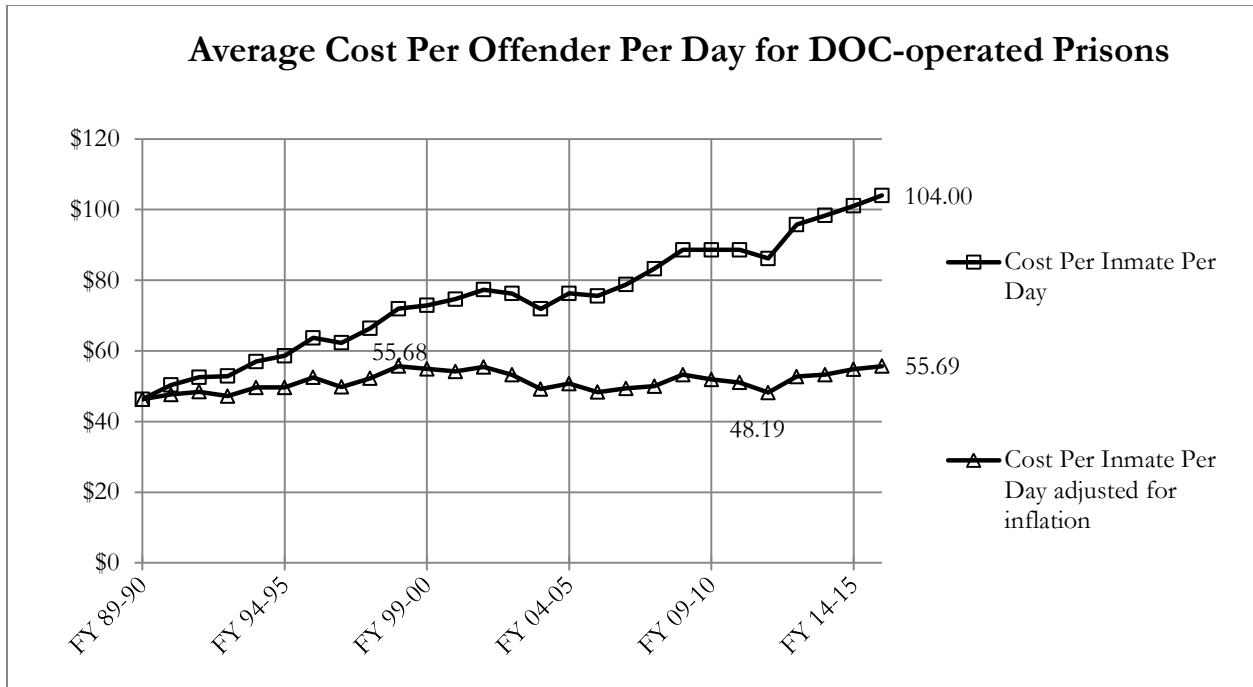
The following pie chart shows the percentage distribution of FY 2013-14 General Fund expenditures among these categories. Note that DOC-operated prisons and external capacity together account for 88 percent of total General Fund expenditures. Thus an understanding of these two cost components and their interaction is key to understanding DOC appropriations.

Distribution of DOC FY 2015-16 General Fund Costs



CHANGING COSTS AT DOC-OPERATED FACILITIES.

The DOC has been publishing cost per offender figures for at least 25 years. The top line of the following chart presents the DOC-reported average daily cost of incarcerating an offender in a DOC-operated prison since FY 1989-90. The lower line presents the cost per offender adjusted for inflation. The measurement of cost-per-offender is an imprecise art and one should attribute limited significance to small changes. Despite this, staff believes that the graph yields useful insights into the changing cost of public-sector prisons.

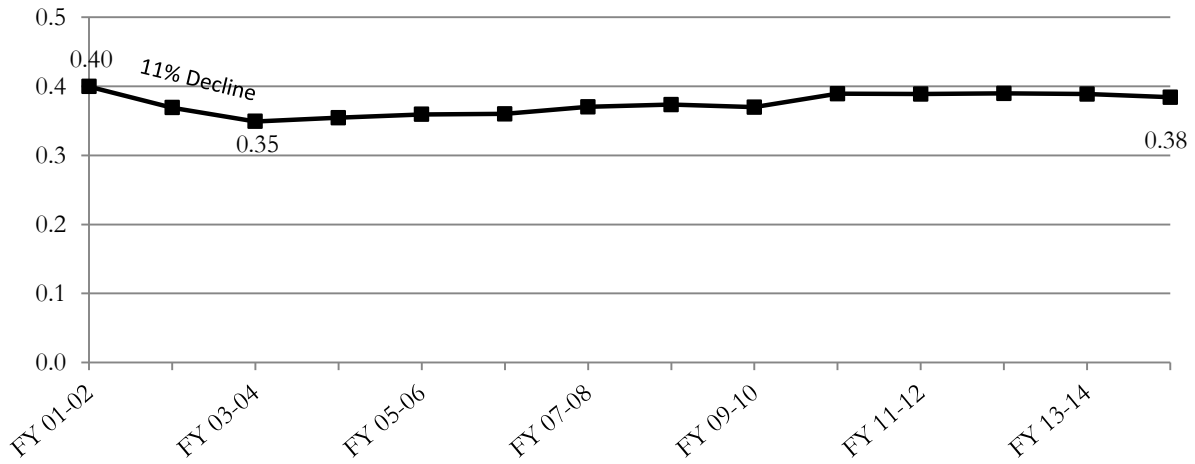


The top line of this chart shows the unsteady rise of the cost-per-offender for DOC-operated prisons between FY 1989-90 and FY 2015-16. Over this period, cost per offender more than doubled. The lower line of this chart shows the cost per offender after removing the effects of inflation. This lower line shows that inflation adjusted costs rose during the 1990's and peaked in FY 1998-99 but declined following the recession of FY 2001-02. Last year costs regained their FY 1998-99 level.

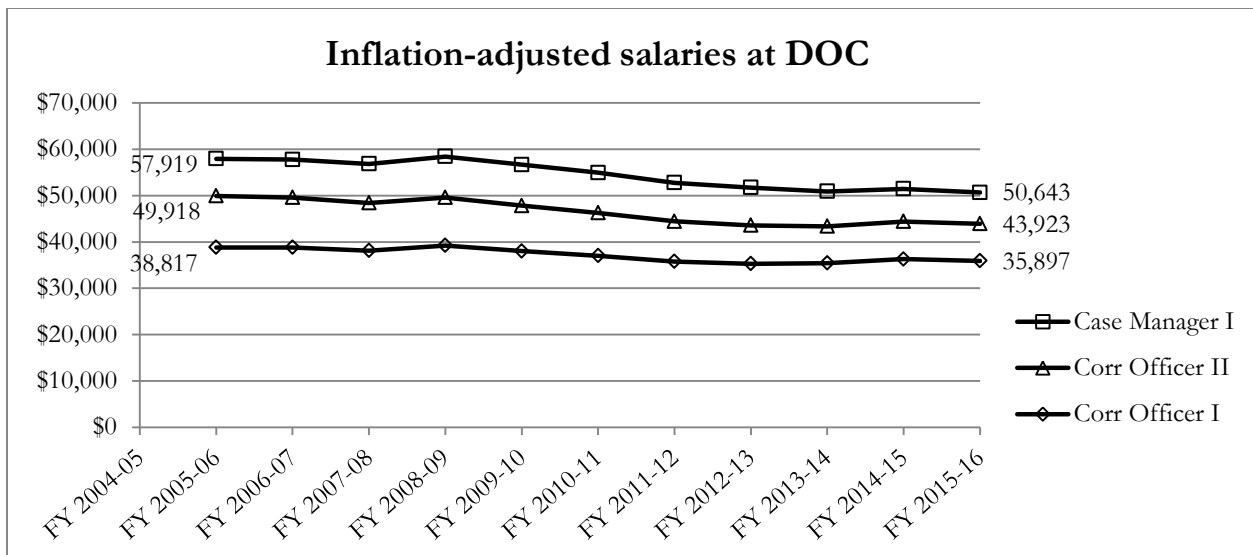
How could inflation-adjusted cost per offender have declined? Reduced staffing is at least part of the answer. Prisons are labor intensive. As the 2013 prison utilization study noted, "Correctional facility cost is primarily a function of staffing requirements. CDOC data indicate that personnel-related costs as a share of total facility spending ranges from a low of 78.9 percent at La Vista to a high of 93.8 percent at the Colorado State Penitentiary. In aggregate, approximately 86.5 percent of state correctional facility budgets go to cover staff costs." (p. 31)

The following chart, based on a JBC-staff-constructed measure of in-prison FTE, shows that staff per FTE in DOC facilities declined 13 percent between FY 2001-02 and FY 2003-04. Subsequently the ratio rose slowly, but it still has not regained its FY 2001-02 level.

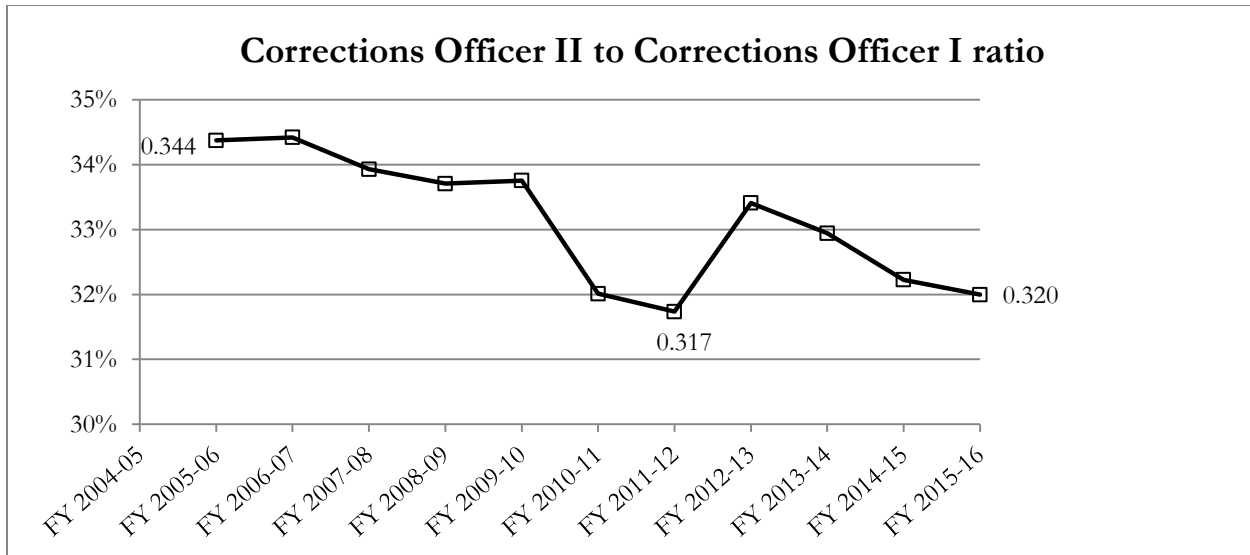
FTE working in prison per inmate



Other factors have also held down DOC labor cost increases. The following chart reports the average inflation-adjusted salaries of Case Managers I and Corrections Officers I and II since FY 2004-05. (Corrections Officers II are commonly called sergeants, they supervise Corrections Officers I). Together, these case managers and corrections officers make up approximately half of DOC's work force. As the chart shows, the average inflation-adjusted salaries of each of these classes of employees has lagged inflation since FY 2004-05, declining an average of 9.8% in inflation-adjusted terms. Salary is, of course, an incomplete measure of total compensation, but the chart is still suggestive of inflation-adjusted labor cost decreases.



The next chart suggests that DOC has also changed the way it staffs prisons so as to use relatively more Corrections Officers I, who are paid less than Corrections Officers II.



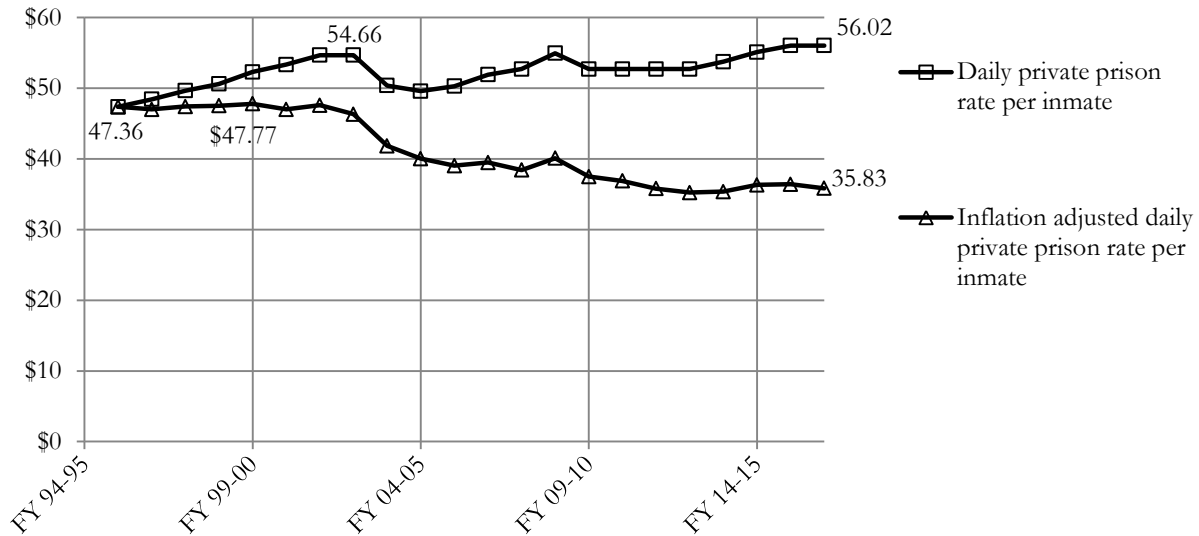
EXTERNAL CAPACITY COST PER OFFENDER.

External capacity is the second largest component of DOC costs, after the cost of DOC-operated prisons. More than 10 percent of DOC General Fund expenditures pay for placement of DOC offenders in Colorado's 3 in-state private prisons, county jails and halfway houses that hold revoked parolees.

The top line of the following chart shows the daily reimbursement rate for in-state private prisons since FY 1995-96. The reimbursement rate for county jails has followed a similar path. As this chart shows, the per diem rose until FY 2002-03. It then dipped and recovered only to dip and recover again. Per diem did not regain its FY 2002-03 level until FY 2014-15.

The lower line in this diagram shows the per diem after removing the effects of inflation. It shows that the inflation-adjusted per diem remained approximately constant through FY 2001-02 and then declined unsteadily, turning up slightly in FY 2014-15. The inflation adjusted per diem is now 25.0 percent below its peak FY 1999-00 level.

Reimbursement rates for in-state private prisons

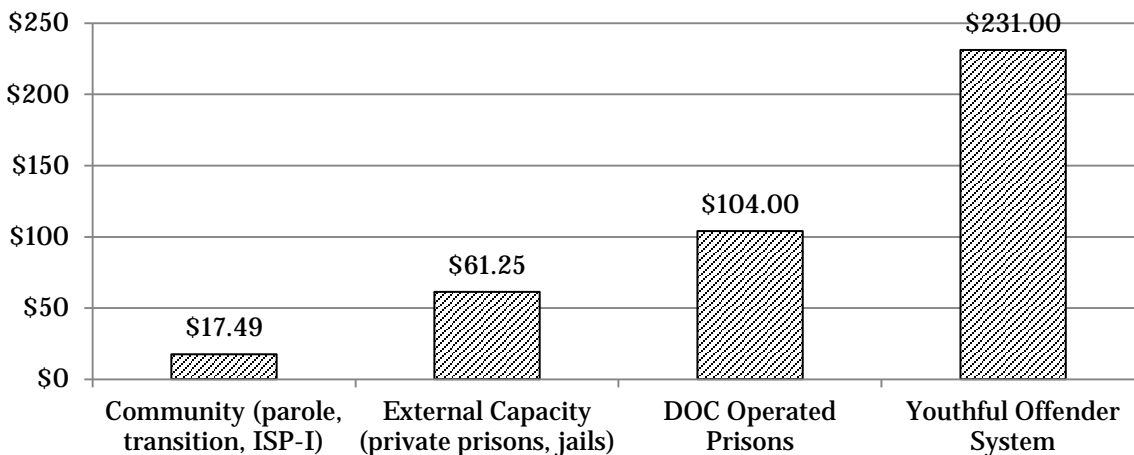


In summary, private prison rates have dampened appropriation increases.

Cost Per Offender Comparisons.

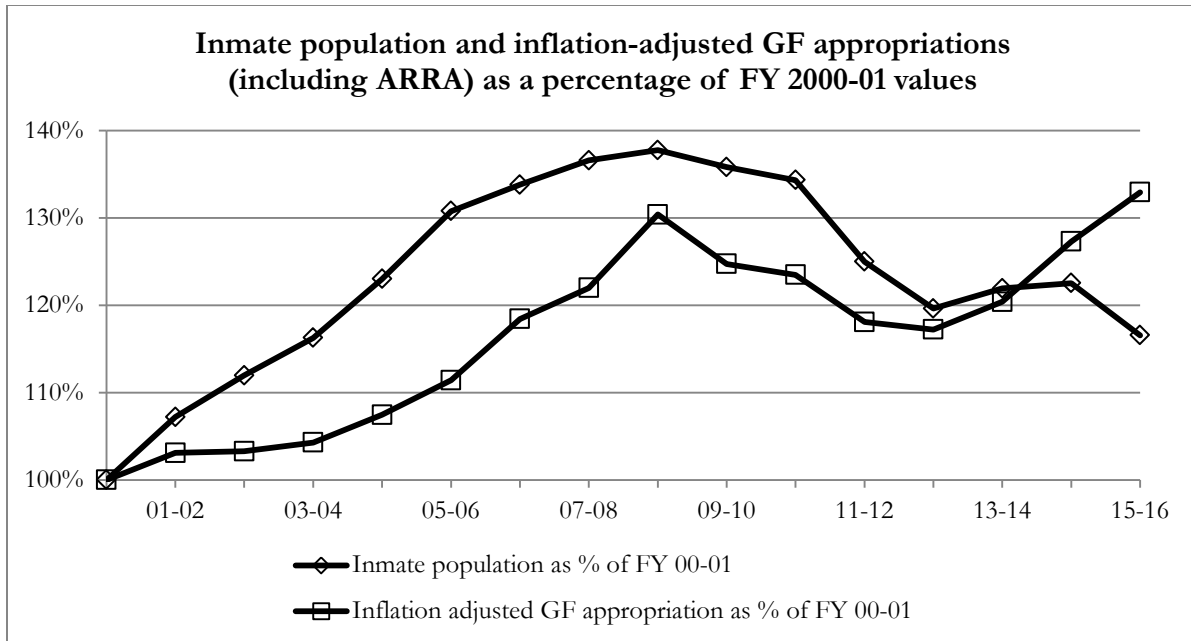
The next chart compares the FY 2015-16 average daily cost for offenders in each of the four DOC categories introduced earlier.

FY 2015-16 General Fund cost per day for various categories of offenders



The following chart shows that between FY 2000-01 and FY 2013-14, inflation-adjusted General Fund appropriations to the Department grew almost exactly as much as the inmate population. The gap between the two lines widened from FY 2000-01 until FY 2005-06, indicating that inmate growth was outpacing General Fund appropriations. The gap then narrowed until it disappeared in FY 2013-14, which means that over this period, inflation-adjusted DOC General Fund

appropriations rose almost exactly in step with inmate growth. It wasn't until FY 2014-15 that General Fund growth pulled ahead of inmate growth.



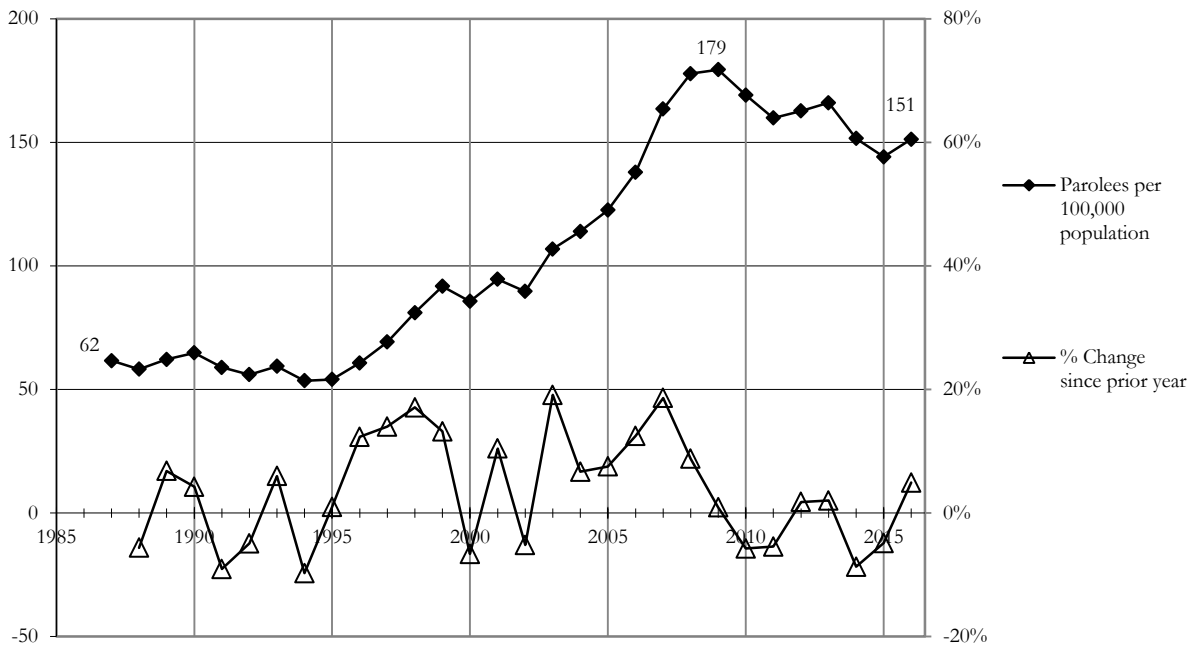
TRANSITION AND PAROLE – COSTS OF RETURNING OFFENDERS TO THE COMMUNITY

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.

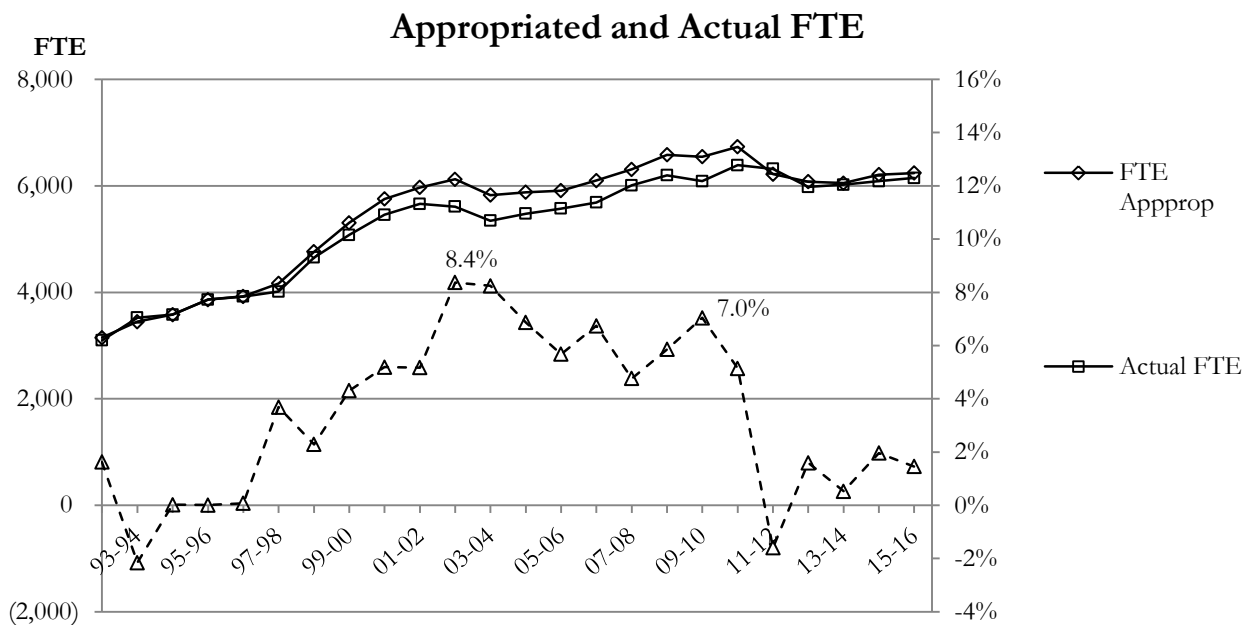
The following chart shows the parole population relative to the Colorado population.

Parolees per 100,000 Colorado population



DEPARTMENT OF CORRECTIONS FTE

The following chart shows the growth of Department of Corrections FTE. The percentage gap between actual and appropriated FTE peaked in FY 2002-03, following a recession, and peaked again in FY 2009-10, following another recession. FTE reductions taken by the JBC in FY 2011-12 eliminated the gap.



SUMMARY: FY 2016-17 APPROPRIATION & FY 2017-18 REQUEST

DEPARTMENT OF CORRECTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION:						
HB 16-1405 (Long Bill)	843,968,585	756,408,506	39,454,112	46,748,326	1,357,641	6,241.9
Appropriations in sentencing bills passed in prior sessions	3,344,860	3,344,860	0	0	0	0.0
S.B. 16-180 DOC program for juvenile offenders	95,504	95,504	0	0	0	0.8
H.B. 16-102 Repeal Certain Mandatory Minimum Sentences	(721,496)	(721,496)	0	0	0	0.0
Other 2016 session legislation	68,750	68,750	0	0	0	0.0
TOTAL	\$846,756,203	\$759,196,124	\$39,454,112	\$46,748,326	\$1,357,641	6,242.7
FY 2017-18 APPROPRIATION:						
FY 2016-17 Appropriation	\$846,756,203	759,196,124	\$39,454,112	\$46,748,326	\$1,357,641	6,242.7
Common Policies	\$14,450,643	14,289,225	161,936	(518)	0	0.0
Salary survey	8,406,176	8,163,314	242,862	0	0	0.0
Health, Life, and Dental	3,808,263	3,709,399	98,864	0	0	0.0
AED and SAED	2,007,912	2,023,885	(15,973)	0	0	0.0
Payments to OIT	829,912	824,931	4,981	0	0	0.0
Other	255,799	398,021	(141,704)	(518)	0	0.0
Workers' compensation	(857,419)	(830,325)	(27,094)	0	0	0.0
Nonprioritized Requests	\$2,758,741	(\$1,478,467)	\$180,488	\$4,056,720	\$0	0.0
NP6 Department of Revenue license plates (approved Sept. 2016)	4,056,720	0	0	4,056,720	0	0.0
NP1 CDOC-CDHS Interagency Agreement True-up	682,085	682,085	0	0	0	0.0
NP3 Secure Colorado and NP4 OIT Deskside Staffing	896,930	891,549	5,381	0	0	0.0
NP2 Annual Vehicle Fleet Request	123,006	(\$52,101)	\$175,107	0	0	0.0
NP5 Kit Carson Mitigation Plan	(3,000,000)	(3,000,000)	0	0	0	0.0
Prioritized Requests	(\$1,809,138)	(1,603,087)	\$10,000	(\$136,051)	(\$80,000)	3.4
R1 Mother Baby Unit	10,000	0	10,000	0	0	0.7
R2 Sterling Correctional Facility Restrictive Housing Staffing	0	0	0	0	0	2.7
R3 Hepatitis C Treatment	0	0	0	0	0	0.0
R4 Maintenance Operating	0	0	0	0	0	0.0
R5 Food Service Equipment	0	0	0	0	0	0.0
R6 Food Inflation	317,184	317,184	0	0	0	0.0
R7 External Capacity	0	0	0	0	0	0.0
R8 Medical Caseload	(1,920,271)	(1,920,271)	0	0	0	0.0
R9 Technical Adjustments	(216,051)	0	0	(136,051)	(80,000)	0.0
Other items						
Annualize prior legislation	62,200	62,200	0	0	0	1.8
Annualize prior year budget actions	792,677	789,543	3,134	0	0	0.0
Indirect cost assessment adjustments	484,273	(484,272)	(25,990)	501,836	492,699	0.0
TOTAL	\$863,495,599	\$770,771,266	\$39,783,680	\$51,170,313	\$1,770,340	6,247.9
INCREASE/(DECREASE)	\$16,739,396	\$11,575,142	\$329,568	\$4,421,987	\$412,699	5.2
Percentage Change	2.0%	1.5%	0.8%	9.5%	30.4%	0.1%

COMMON POLICIES: Common Policies together account for \$14.5 million of the Department's requested increase for FY 2017-18. The Department has over 6,000 FTE, which means that changes to salaries or benefits have a large appropriations impact. The requested common policies for Salary Survey, Health, Life, and Dental, AED (Amortization Equalization Disbursement) and SAED (Supplemental Amortization Equalization Disbursement) together increase appropriations by \$14.2 million.

NON-PRIORITIZED REQUESTS: Non prioritized items together account for \$2.8 million of the Department's requested increase for FY 2017-18.

NP6 DEPARTMENT OF REVENUE LICENSE PLATES (APPROVED SEPT. 2016): In September, the JBC approved an interim supplemental from the Department of Revenue (DOR) requesting an additional \$4,605,219 of FY 2016-17 spending authority (\$209,122 General Fund, \$4,396,097 Cash Funds) to allow it to purchase additional license plates and year tabs from the DOC's Correctional Industries, which has supplied these items to DOR for many years. The interim supplemental also reappropriated this \$4,605,219 for FY 2016-17 to the Department of Corrections to allow it to receive and spend the revenue received from the DOR as it manufactures the plates and tabs. The fact that this is an interim supplemental that is not yet law makes matters more complex. Working off the pre-supplemental FY 2016-17 base appropriation for the purchases of license plates and tabs, the DOR and the DOC have requested an increase of \$4,056,720 for FY 2017-18 to continue the higher production level next year. This is \$548,499 less than the interim supplemental. Assuming the supplemental is law by the time of figure setting, this request will become a reduction of \$548,499 for DOR and DOC relative to the FY 2016-17 appropriations.

NP1 DOC-DHS INTERAGENCY AGREEMENT TRUE-UP: This is a two part request involving DOC and the Department of Human Services (DHS). If approved, the request will increase General Fund appropriations to DOC by \$682,085, which will correct a long standing and growing mismatch between the amount DOC pays the Department of Human Services (DHS) for services it receives on the Colorado Mental Health Institutes-Pueblo (CMHIP) campus and the higher cost DHS incurs in providing those services. The DHS portion of the request involves an additional reappropriation of \$1,167,264 to allow it to spend the extra money received from DOC and correct a long standing accounting error.

Optional addition detail on NP1: The DOC has three correctional facilities on the campus of the Colorado Mental Health Institutes-Pueblo (CMHIP): YOS, La Vista, and San Carlos. Those buildings need utilities, maintenance, grounds upkeep, road maintenance, and other services. When the facilities opened, it proved to be more efficient for DOC to use DHS personnel and DHS supplies and equipment at the Pueblo campus to provide these services than it was for DOC to provide the services to itself. As DOC opened new facilities, DHS added FTE to deliver the extra services that were needed. It also proved preferable to let DHS pay the utility bills for the entire CMHIP campus and have DOC reimburse DHS for its share of those outlays.

Over the years, DOC and DHS entered into a series of interagency agreements under which DOC paid DHS for utilities and service. DOC received a General Fund appropriation that gave it the money to pay DHS for utilities and DHS should have received an equal appropriation of reappropriated funds that allowed it to spend the money received from DOC (at that time reappropriated funds were called “cash funds exempt”). Ten or more years ago, the appropriations to DOC and DHS diverged resulting in a series of reappropriations to DHS that were less than the appropriations to DOC. DOC made payments to DHS that equaled its General Fund appropriation for the utilities and services it purchased, but the reappropriation to DHS was too small to allow DHS to spend the entire amount received. Rather than requesting additional reappropriated funds to allow it to spend the entire amount received in excess of its existing reappropriation, DHS accounted for the excess in a manner that allowed it to spend the entire amount received. This accounting technique, which continued for a number of years, violated state accounting rules. Despite this rules violation, JBC staff believes that the appropriation was used as intended.

DOC is currently paying DHS \$1,876,220 for utilities and services. DHS has a reappropriation that allows it to spend \$1,391,041 of this money but needs an additional reappropriation of \$485,179 to spend the remainder without violating the state’s accounting rules. In addition, over the years the cost DHS incurs in providing utilities and services to DOC has increased by \$682,085, from the \$1,876,220 that DOC is currently paying to \$2,558,305. The Departments did not request extra appropriations to pay for these increases as they grew over the years, instead DHS paid for the shortfall from its own appropriations. This year, DHS has concluded that it must spend its own appropriation on its own needs and not continue to subsidize DOC.

NP3 SECURE COLORADO AND NP4 OIT DESKSIDE STAFFING: This request for \$896,930 total funds is the DOC's share of two statewide IT requests from the Governor's Office of Information Technology that were presented earlier by the JBC's OIT analyst.

NP2 ANNUAL VEHICLE FLEET REQUEST: This request for \$123,006 total funds adjusts the Department's vehicle lease payments to reflect the net change in the cost of leases for vehicles requested for next year and the cost of vehicles that are going off lease.

NP5 KIT CARSON MITIGATION PLAN:

Background. During FY 2015-16 the number of Colorado offenders in private prisons declined by 674. Last spring, CoreCivic Inc., the owner of Kit Carson Correctional Facility ("Kit") in Burlington, announced its intention to close the facility because of the declining number of inmates that DOC was placing there. (CoreCivic was then called Corrections Corporation of America but subsequently changed its name.) In response, the General Assembly included a \$3 million General Fund appropriation in the FY 2016-17 Long Bill that was to be used as an incentive to keep Kit open. Negotiations to keep Kit in business failed and the facility closed during July. The offenders that Kit housed were moved to the three remaining private prisons in the state. In September, the Department of Local Affairs submitted an interim supplemental that was designed to backfill some of the lost

revenue that the city of Burlington and its utility plant experienced when Kit closed. The JBC did not approve the request due to statutory and other concerns.

This non-prioritized request is part of the Department of Local Affairs FY 2017-18 request R5, which would provide \$515,095 General Fund to Burlington and Kit Carson County to offset two-thirds of the FY 2017-18 property tax revenue that the communities will lose due to the closure of Kit. Request R5 also eliminates from the FY 2017-18 Long Bill the \$3.0 million incentive item that is still in the base FY 2016-17 appropriation. Staff expects that a January supplemental will be submitted to eliminate the FY 2016-17 \$3 million incentive.

PRIORITIZED REQUESTS R1 TO R5 “REDIRECT” GENERAL FUND: The first five of the Department’s requests (R1 to R5) share a common theme: each request is financed by reducing General Fund appropriations for personal services to existing programs. For example, the \$328,884 General Fund appropriation for R1 is financed by reducing the existing personal services appropriation for mental health treatment by \$328,884. The \$600,000 General Fund appropriation in R5 for replacement food service equipment is financed by reducing the personal services appropriation for mental health and food service personal services by a combined \$600,000 General Fund. In total R1 to R5 redirect \$4,645,266 of current General Fund appropriations for personal services, as shown in the following table.

Request number	Reduce current General Fund personal services appropriations to these programs by these amounts					Appropriate the savings for	General Fund redirected
	Sex Offender Treatment	Medical Services	Mental Health	Food Service	Parole		
R1	\$0	\$0	\$328,884	\$0	\$0	A new mother-baby unit	\$328,884
R2	216,382	0	0	0	0	Restrictive housing staffing	216,382
R3	0	700,000	1,300,000	0	0	Hepatitis C treatment	2,000,000
R4	750,000	0	0	0	750,000	Maintenance operating	1,500,000
R5	0	0	200,000	400,000	0	Food service equipment replacement	600,000
Total	\$966,382	\$700,000	\$1,828,884	\$400,000	\$750,000	Total	\$4,645,266

In each case, the requested redirection of General Fund is identical in FY 2017-18 and subsequent years.

The personal services reductions in the above table total \$4,645,266, which equal 5.4 percent of the FY 2016-17 appropriations for these line items. All of the requested reductions except the reduction of food service personal services are less than the FY 2015-16 reversions from those line items; on average the requested reductions are slightly less than half of the FY 2015-16 reversions. The requested reduction for food service personal services is \$400,000, but the FY 2015-16 reversion for this line item was only \$268,181.

The five requests that rely on redirected General Fund are as follows:

R1 MOTHER BABY UNIT: The Department proposes to establish a new Mother Baby Unit at La Vista Correctional Facility in Pueblo. The unit will hold mothers and their infants and toddlers as

well as expectant mothers. The children will stay with mom until age 2½, when they will leave the prison to stay with a relative or someone else. The Department plans to open the unit in February 2018 and expects it to host 8 mothers and expectant mothers during the first five months of operation. In FY 2018-19 and subsequent years the Department expects the unit to host 20 mothers and expectant mothers. To finance the unit, for FY 2017-18 the Department requests (1) *redirection* to the new unit of \$328,884 of General Fund that currently supports the Department's Mental Health program, (2) an additional 0.7 FTE for social workers III for the unit, and (3) an increased appropriation of \$10,000 cash funds to allow the Department to spend any gifts, grants, and donations that the unit may receive. Of the \$328,884 of FY 2017-18 General Fund spending, \$238,617 will pay for one time building renovation and start-up costs. In the project's second year (FY 2018-19) and subsequent years, the amount of General Fund redirected to the new unit from the mental health program declines from \$328,884 to \$149,285, FTE rise from 0.7 to 1.7 social workers III, and the cash funds appropriation remains \$10,000.

R2 STERLING CORRECTIONAL FACILITY RESTRICTIVE HOUSING STAFFING: The Department proposes to add 3 teachers to the restrictive housing unit staff at Sterling Correctional Facility, a unit that houses an average of 170 offenders in maximum security restrictive housing (RH Max) where they are confined to their cells 22 or more hours per day. RH Max housing is similar to what was formerly called Administrative Segregation or Ad Seg. Sterling is the only DOC prison where RH Max housing remains. The 3.0 FTE will be hired at the Teacher I level. They will provide GED and ABE (Adult Basic Education) instruction and lead groups of offenders in cognitive-behavioral-therapy programs that are designed to modify behavior. The three teachers are part of a plan to end RH Max housing by offering all RH Max inmates at least 4 hours per day of out-of-cell time. The out-of-cell time will consist of a combination of individual time, small group pro-social time, group educational activities, and group cognitive activities. The educational and cognitive activities will be led by the teachers. To pay for the 3 teachers, who equate to 2.7 FTE in the first year (FY 2017-18), the Department requests redirection of \$216,382 of General Fund appropriations that currently support the Sex Offender Treatment Subprogram. For reference, in 2011 there were 1,500 offenders in what was then called Ad Seg.

R3 HEPATITIS C TREATMENT: There are currently an estimated 2,280 inmates in the Department who are infected with Hepatitis C, a virus transmitted by contact with the blood of an infected person, most commonly through intravenous drug use. Currently the Department treats about 32 of these offenders annually for Hepatitis C using new drugs such as Solvaldi and Harvoni, at a cost of about \$57,000 per treated inmate. The 32 are among the most seriously ill as a consequence of the liver damage caused by Hepatitis C. The Department has had excellent results with the new drugs; 100 percent of the offenders treated to date have undetectable levels of the Hepatitis C virus and are believed cured, though treatment does not confer immunity against reinfection. The Department requests that \$2,000,000 of General Fund appropriations for personal services be redirected to pay for the expansion of its Hepatitis C program -- \$700,000 from the medical services subprogram and \$1,300,000 from the mental health subprogram. This will allow an additional 32 offenders to be treated each year.

R4 MAINTENANCE OPERATING: The Department requests that \$1.5 million of General Fund that is currently appropriated for personal services in the sex offender treatment program and the parole program be instead appropriated for maintenance in FY 2016-17 and subsequent years. Most of the request will be used directly by the DOC but \$99,591 will be paid to the Department of Human Services for maintenance services that it supplies to the DOC's facilities that are located on the DHS

Pueblo campus. In support of this request, the Department states that current funding for maintenance operating does not adequately provide for needed goods, services, upkeep, repair, and preventative maintenance needs for 471 buildings funded by the maintenance appropriation. Aging facilities require substantial maintenance-related expenses for basic upkeep and replacement and/or repair of essential equipment. The Department has 600 deferred maintenance projects totaling over \$310 million, which is an increase of over \$100 million above the maintenance needs the Department estimated a year ago.

R5 FOOD SERVICE EQUIPMENT: The Department requests that \$600,000 of General Fund that is currently appropriated for personal services in the mental health program and the food service program be instead appropriated for replacement or repair of food service equipment in FY 2016-17 and subsequent years. In support of this request, the Department states that it has \$13 million of kitchen equipment and warehouse freezer-cooler equipment. Almost half of this equipment has exceeded its projected life expectancy. With this increase, the Department would increase its annual replacement and repair spending to \$1.35 million, which equals 10.4 percent of the value of its equipment. The food industry standard for annual replacement and repair of equipment is 10% of the value of the equipment.

January supplementals equivalent to R1 to R5 are possible. Staff believes that General Fund redirections similar to those in R1 to R5 are feasible in the current year. Thus it is possible that the Department will submit corresponding supplemental requests in January.

The remaining four requests don't use GF redirection.

R6 FOOD SERVICE INFLATION: The Department requests a \$317,184 General Fund increase for FY 2017-18 and subsequent years to cover the cost of inflationary food price increases. Of this increase, \$274,534 would be appropriated to the DOC Food Service subprogram to pay for raw food prepared by offenders in DOC facilities and \$42,650 would be appropriated for the purchase of prepared food from the Department of Human Services (DHS) that will be consumed by offenders in the three DOC facilities on the campus of the Colorado Mental Health Institutes-Pueblo (CMHIP): the Youthful Offender System, La Vista, and San Carlos. A corresponding reappropriation to DHS of \$42,650 is thus required. In support of this request the Department points to projected increases in food costs and notes that it will have to restrict spending in other food operating areas if food costs rise without a corresponding increase of appropriations.

R7 EXTERNAL CAPACITY: The Department normally submits an external capacity caseload request in November that increases or decreases its total external capacity appropriation, i.e. increases or decreases the payments the DOC makes to private prisons, jails, and certain community corrections facilities that for holding its offenders. The adjustment is based on the projected inmate population. In this request the Department asks to move \$748,849 from the External Capacity-Community Corrections line item to the External Capacity-Jails line item, thus leaving the total external capacity appropriation is unchanged. The transfer reflects the ending of one of the department's contracts with a community corrections facility and the Department's increased use of jails as an intermediate sanction for parolees who commit technical parole violations. The Department will submit a revised external capacity request in January based on the December prison population forecasts from the Division of Criminal Justice.

R8 MEDICAL CASELOAD: The Department requests a net General Fund decrease of \$1,920,271 in FY 2017-18 in the Medical Services Subprogram appropriations, which represents a 0.5 percent decrease from the FY 2016-17 funding level. The reduction is the net result of two offsetting factors: a projected \$11.55 decrease of the per offender per month cost of external medical services for offenders (i.e. the cost of care for offenders who receive medical treatment outside of prison walls) and a projected \$3.06 increase of the per offender per month cost of pharmaceuticals.

R9 TECHNICAL ADJUSTMENTS: This is a multipart request that would reduce appropriations of Reappropriated Funds by \$136,051 and would reduce appropriations of Federal Funds by \$80,000. The request would also make some other changes to the Long Bill. In brief:

Letternote changes: The FY 2016-17 Long Bill includes six appropriations of reappropriated funds and federal funds that give the Department the authority to spend grants that are no longer being received or have been reduced in size. The Department requests that these appropriations be reduced or eliminated accordingly.

Utilities consolidation: The Department currently reimburses the Department of Human Services (DHS) for the utilities that DHS purchases on DOC's behalf for the three prison facilities on the Colorado Mental Health Institutes-Pueblo (CMHIP) campus. The Department pays DHS through two line items: the Utilities line item in the Utilities subprogram and the Purchase of Services line item in the Maintenance subprogram. The Department requests that all of these utility payments be consolidated in the Purchase of Services line item in the Maintenance Subprogram, which will cause appropriations to the Utilities Subprogram to go down by \$84,325 and appropriations to the Maintenance Subprogram to go up by an exactly offsetting amount.

Long Bill line item name changes: The Department requests that four Long Bill line items be renamed to more accurately reflect the usage of the funds and to more accurately reflect statutory language corresponding to the appropriations.

R? NO PAROLE CASELOAD ADJUSTMENT: This non-request warrants comment. The Department, in a letter submitted with its budget, asks for no caseload adjustment for appropriations to its Community Services Division, the division that supervises parolees, transition offenders in community corrections, and inmates who live in approved private residences under intensive supervision (ISP-I). In years gone by, parole caseload requests were a regular part of DOC budget submissions. However, similar letters asking for no caseload adjustment were submitted for FY 2015-16 and FY 2016-17 and no caseload adjustments were made. If this non-request is "approved," the Community Services Division will not have had a caseload adjustment for 3 years.

DOC-RELATED REQUEST FROM THE DEPARTMENT OF LOCAL AFFAIRS: The DOC is central in a FY 2017-18 request from DOLA. The request (Supportive Housing and Rapid Rehousing) is for \$12,319,900 per year from the Marijuana Tax Cash Fund and 1.0 FTE to support permanent supportive housing and rapid rehousing initiatives (RRH). The RRH portion of the proposal is targeted to individuals with minimal mental illness who are discharged from the Department of Corrections and are at risk of homelessness. RRH services last two years, after which residents transition out. The requested funding would be used both for construction of new units and for housing rental vouchers. Legislation would be required to implement the program. In its Oct 2016

performance evaluation, the Department identifies increasing the percentage of parolees in stable housing environments as one of its [three FY 2016-17 strategic policy initiatives](#).

ISSUE: TURNOVER AND VACANCY SURPLUS IN THE DOC

The Department of Corrections (DOC) has submitted five requests that redirect existing personal services appropriations to other budget areas. The DOC indicates that the funds can be shifted with no loss to the “donor” programs because those programs have built turnover up surplus as retiring workers with high wages are replaced with new workers who are paid less. The transfers would come from the accumulated turnover surplus.

SUMMARY

- Vacancy surplus and turnover surplus occur when a worker leaves and is replaced, perhaps with a delay, by another worker who earns the entry level salary for the position. Vacancy surplus is the difference between the salary the new worker would be paid if he or she worked an entire year and the amount actually paid because the position was not filled immediately. Turnover surplus is the difference between the salary of a departing worker and the starting salary.
- Vacancy surplus depends upon vacancies in the current period. If there are no vacancies in the next period, the vacancy surplus will drop to 0. Turnover surplus persists beyond the period in which the turnover occurred. Turnover surplus accumulates and can grow large.
- A Monte Carlo simulation model shows how turnover surplus and vacancy surplus can arise in the Department of Corrections.
- A closer examination of the donor programs involved in the five requests suggests that transfers from the clinical programs (mental health, medical services, and sex offender treatment) are in substantial part vacancy surplus where the vacancies are long term. The DOC apparently does not expect the vacancies to disappear in the foreseeable future. Transfers from the non-clinical donor programs may contain more turnover surplus but the Department has not submitted enough evidence yet to prove it.

RECOMMENDATION

Staff recommends that the Committee ask the Department about the long term vacancies that are apparently occurring in clinical areas. Why are there long term vacancies? What can be done about them.

DISCUSSION

The Department's five highest priority FY 2017-18 requests ask the Committee to redirect some of the Department's existing personal services appropriations to other uses. Collectively the requests ask for redirection of \$4,645,266 of General Fund appropriations. In each case the Department provides no analysis of the impact on the “donor” subdivision and focuses only on the use to which the redirected General Fund will be put. The Department included the following explanation with each request, which implies that there is no reason to examine the effect on the donor subdivisions

because those subdivisions will not be harmed. To further emphasize this, there are no requested FTE reductions for the donor subdivisions.

The Department experiences 12 to 15 percent staff turnover annually due to retirements and resignations. This turnover results in a pay differential as the replacements are paid at a lesser amount than the more experienced staff that departed. As a result, staff salaries increased at a slower rate than expected and produced a reduced need for personal services appropriations.

The merits of the five spending proposals and the spending reductions involved in each request are important and must be evaluated, but the requests collectively raise an important question: is there something in the budget process for the Department of Corrections that created these surpluses? This issue shows how \$4.6 million of surpluses can arise in a Department.

For illustration, staff constructed a Monte Carlo simulation model, which is described more fully in the appendix to his issue. The model captures essential features of the State's budgeting and compensation system. It shows how personal services appropriations, personal services expenditures, and salaries can evolve over time. It also shows how surpluses are created.

The model is comprised on 100 positions of a single job classification. These positions could represent any job classification that is shared by a large number of individuals in a department. There are several examples in the Department of Corrections, most prominently Corrections Officers of various ranks. There are approximately 2,200 Corrections Officers I (CO I) and approximately 720 Corrections Officers II (CO II). The latter are often called sergeants. Other large job classes include correctional trade supervisors, case managers, parole officers, mid-level health care providers, teachers, and nurses.

The individuals who fill the 100 positions in these simulations are paid a starting salary of \$40,000, which is about \$400 less than the starting salary of a CO I at the Department of Corrections.⁷ These employees receive 2 percent pay increases that occur once per year, but in some years there are no raises. If there is a raise, it's the same percentage for everyone; it is not tied to performance or anything else. Each pay increase adds permanently to salary; the next raise adds to prior increases. When pay increases occur, the Department is allocated enough extra money to pay for the increases and that extra remains part of the base appropriation for the subdivision that employs the workers.

An average of 12 percent of workers leave their jobs each year and are replaced by workers who are paid at the starting salary rate. Positions remain vacant for a random period that averages 3 weeks and are then filled by a replacement worker.

Almost all of the model specifications can be varied, including starting pay, the size and average frequency of raises, the annual turnover percentage, and the average vacancy period before an empty position is filled. Some values can also be set to zero to examine, for example, cases where there are no vacancies or no raises.

⁷ For FY 2016-17 the minimum annual salary of a Corrections Officer I is \$40,488. The class range maximum is \$60,156. The class range midpoint is \$50,316.

The model is a Monte Carlo simulation, which might also be called a random simulation. If raises occur 50 percent of the time, then a given simulation will generate a series of annual raises that on average occur about half the time. In a given simulation there might be 3 raises in a row, followed by a year without a raise, a year with a raise, and then 2 without. If vacancies on average last 3 weeks, then the first open position might be vacant for 9 days, the second for 32 days, and the third for 19 days. The average vacancy over the course of the simulation will be about 21 days.

Turnover and the vacancies associated with turnover are a central focus of this model. When a worker leaves a position, two important things can occur: (1) if the departing worker received raises before leaving, the replacement worker will be paid at a lower annual pay rate of \$40,000 per year, resulting in what will be called "turnover surplus", which equals the amount by which the departing worker's salary exceeds the entry salary. (2) If the position remained open for a while before the replacement was hired, the replacement will be paid less than the starting salary during the first year of employment. For example, if the position remains open for 4 weeks, the replacement worker will be paid $\$40,000 * 48/52$ during the year, where 52 is the number of weeks in the year. The result is "vacancy surplus", which equals the starting salary for workers in this job class less the actual amount paid to replacement workers who don't work a full first year.

In summary, both vacancy surplus and turnover surplus occur when a worker leaves and is replaced, perhaps with a delay, by another worker who earns the entry level salary for the position. Vacancy surplus is the difference between the salary the new worker would be paid if he or she worked an entire year and the amount actually paid because the position was not filled immediately. Turnover surplus is the difference between the salary of a departing worker and the starting salary.

There is a fundamental difference between vacancy surplus and turnover surplus. Vacancy surplus depends upon vacancies in the current period. If there are no vacancies in the next period, the vacancy surplus will drop to 0. Turnover surplus persists beyond the period in which the turnover occurred. Turnover surplus accumulates and can grow large.

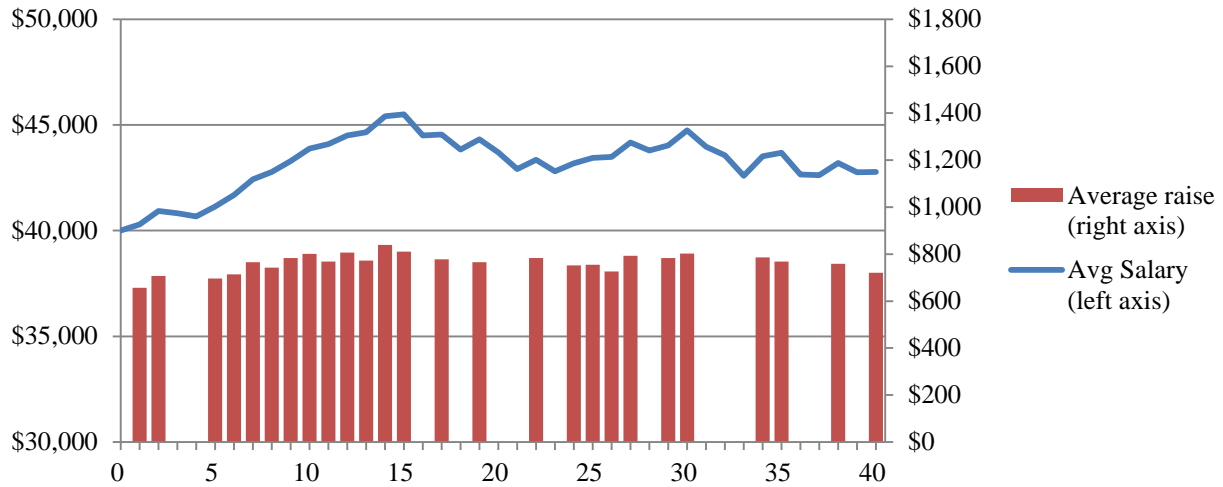
SIMULATION 1

The first simulation is based on the values in the next table. Twelve percent is the approximate turnover percentage at the DOC.

Percent of years with raises	50%
Raise percentage when there is a raise	2%
Percent of workers who leave each year	12%
Average time a position remains vacant	3 weeks

The following chart presents a single 40 year simulation based on these values. The vertical bars indicate the average amount of the raise each year. If there is no bar, there is no raise. As specified for this simulation, raises occur about half the time and when they do occur, they equal 2 percent. When there are several raises in a row, average salaries rise. When there are successive years without raises, turnover depresses average salaries as those who leave are replaced with new workers who earn the starting salary.

Raises and average salary



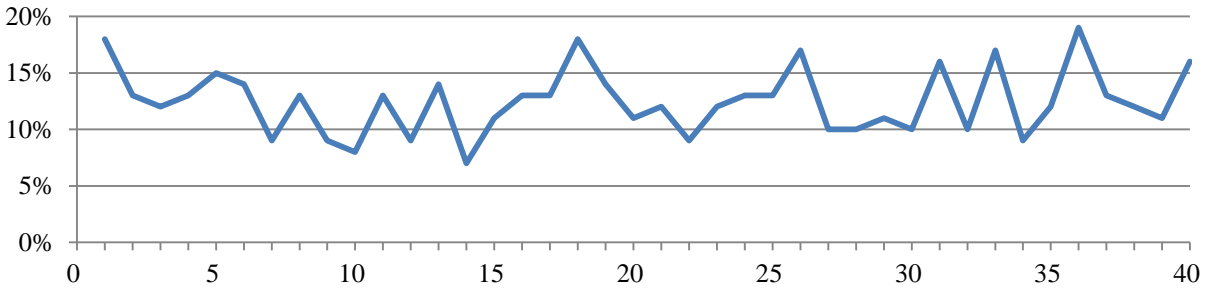
All the workers in these simulations began with the same starting salary, but by year 40 salaries have diverged, as shown in the following histogram. The highest paid worker in year 40 of this simulation began working in year 7 and never left. Workers earning less than \$40,000 in the histogram are new in year 40 and have not worked a full year.

Distribution of salaries in year 40



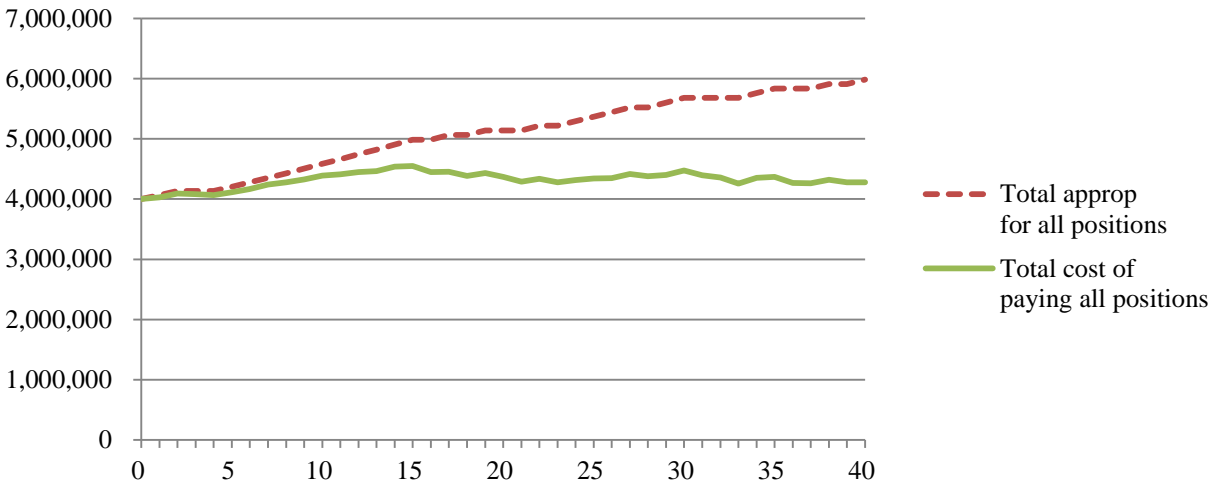
The percentage of workers who depart each year varies but averages 12 percent, reflecting the Monte Carlo nature of the model.

Departures



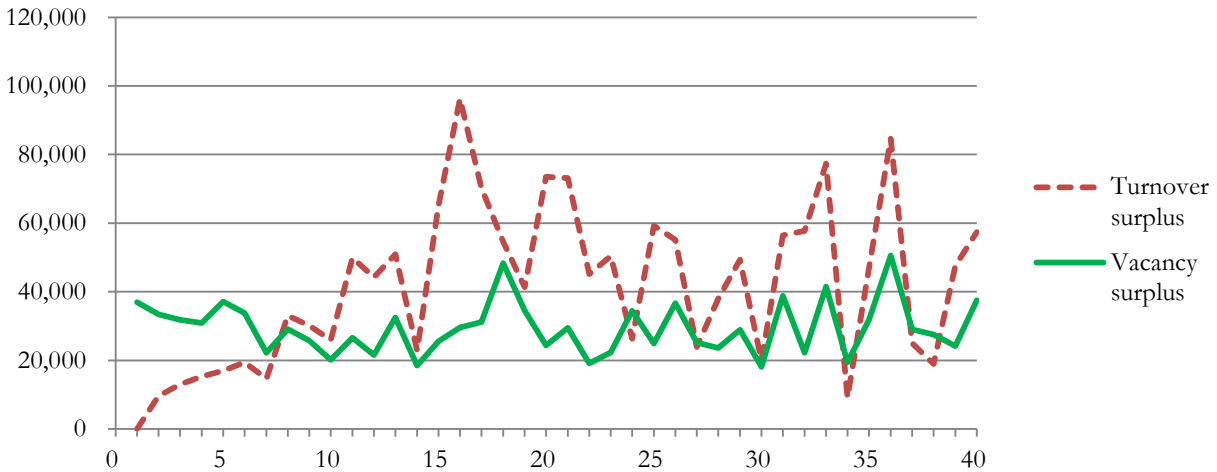
Most important characteristic to note about this simulation is the ever widening gap between the personal services appropriation to this unit and the personal services expenditure.

Personal services appropriation and expense



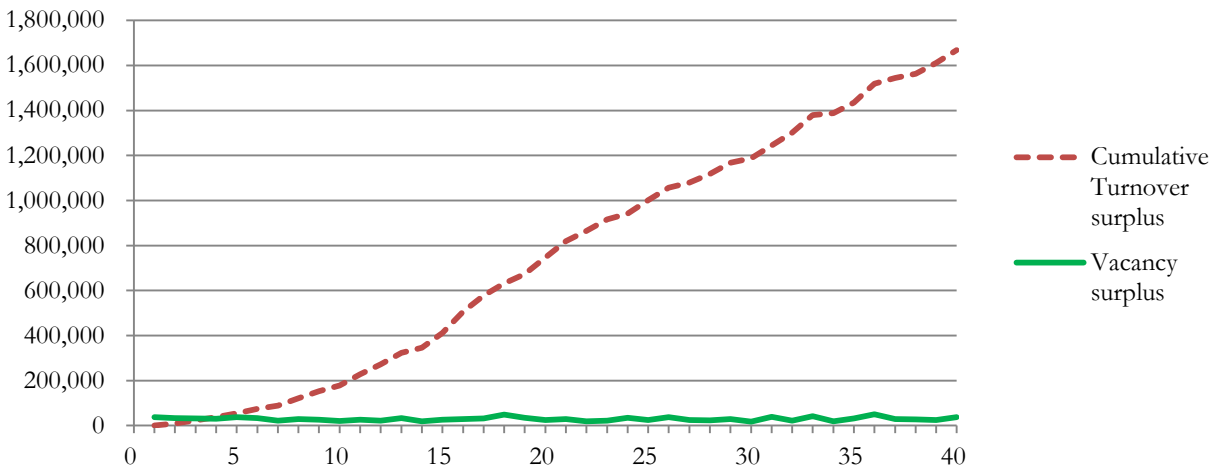
The gap reflects both vacancy surplus and turnover surplus. Assuming the unit can't figure out a way to spend the surplus, it will revert to the fund from which the appropriations came. The following diagram shows the amount of surplus of each type that is produced each year in this simulation.

Vacancy and turnover surplus generated each year



The two surpluses in the previous diagram appear similar in magnitude. However, there is a key difference between them: vacancy surplus is a one-year-at-a-time event while turnover surplus accumulates. When a new worker is hired and paid less than the starting salary in his first year due to a vacancy, it creates surplus. But the new worker's second year wage will equal or exceed the starting wage, eliminating the vacancy surplus. If however, the worker who departed was earning more than the starting salary, the turnover surplus will be part of the base appropriation of the unit and will carry forward. The following diagram shows the difference.

Vacancy and cumulative turnover surplus



WHAT CAN BE DONE WITH THE TURNOVER SURPLUS?

This simulation suggests that there might be millions of dollars of excess appropriations in agency budgets that revert each year. In reality, long before year 40 someone will notice the reversions of personal services appropriations and figure out something to do about it.

Here are some things that can be done with turnover surplus:

Transfer appropriations to other parts of this department or to another department. The department that contains this unit could ask the JBC to move some of the surplus from personal services in this unit to another unit within the Department. This is what DOC says it is doing in requests R1 to R5.

Note that General Fund surplus is easier to move than cash fund surplus. Cash funds can only be used for the purposes designated in the statute that establishes the cash fund. A transfer elsewhere only works if the recipient unit's functions conform to the purposes of the cash fund. General Fund is far more flexible. In an agency like the DOC, which receives almost 90 percent of its appropriations from the General Fund, there are fewer barriers to transferring appropriations.

Reduce appropriations. This is much like the "transfer appropriations" option because reduced appropriations will probably be offset by increases elsewhere.

Add managers. All the positions in this simulated unit of a department are identical. Someone may conclude that a boss is needed. To create a boss, give one of the workers in the unit additional duties and responsibilities and then ask the Department of Personnel and Administration to reclassify the position into a job class with a higher pay range. If all workers are corrections officers I, this person could be classified as a corrections officer II (a sergeant) with an entry salary of about \$44,000 annually. Pay the higher salary out of turnover surplus. As that surplus continues to grow, the unit could add corrections officers III, IV, and V (lieutenants, captains, and majors) with each grade paid \$4,000 to \$5,000 more than the previous grade. "Chiefs," as in Chief Information Officer or Chief Financial Officer, are currently popular. Perhaps one of these workers could be given enough duties to be classified as the Chief Corrections Officer.

It's important to realize that JBC staff is only describing the potential for grade inflation. Staff is not asserting that this has happened within the corrections officer ranks of the DOC and staff in fact presented evidence in a previous section of this document showing that the ratio of sergeants to corrections officers I is lower now than it was in the past. In addition, in para military organizations like this, with well-defined job categories, it is very easy to detect rank inflation. Most departments lack such clearly defined job ranks, which makes "classification creep" harder to detect when it occurs.

Additional raises for workers. Another possibility would be to allow the division to use the turnover surplus to give raises in excess of the 2% raises that irregularly occur in this simulation. This has been recommended by other JBC analysts in the past.

Hire a contractor. Maybe the division needs an outside study of some aspect of prison operations.

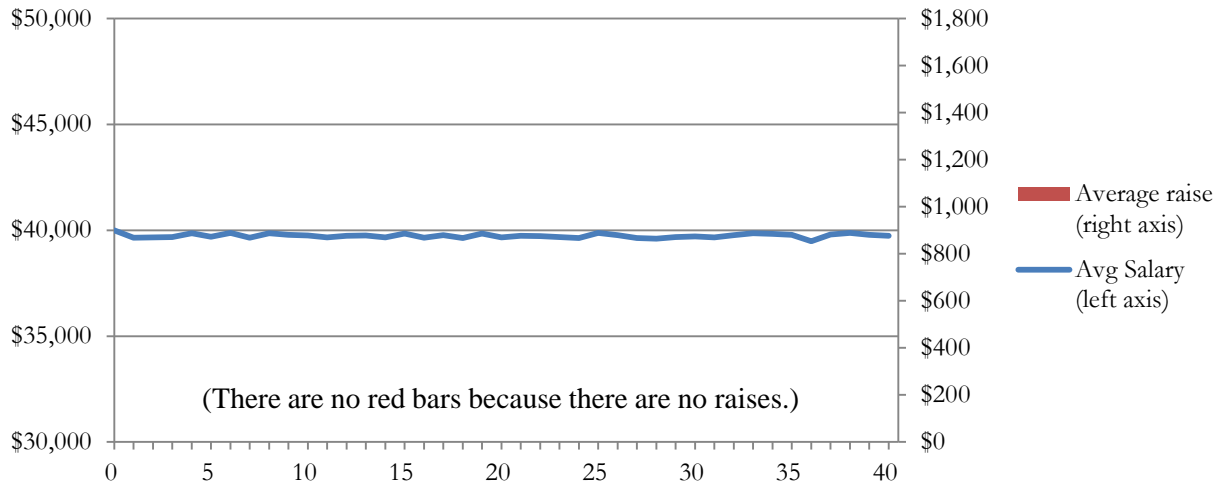
Transfer the turnover surplus to a cash fund for later use. This is essentially what the State Employees Retirement Fund (the SERF) does. The SERF was created in H.B. 12-1321 to transfer unexpended General Fund appropriations for personal services and operating expenses at the end of each year into a cash fund for the purpose of funding merit pay, though it has not yet been used for that purpose.

A final note: due to state rules, the excess can't be spent on operating expenses.

SIMULATION 2

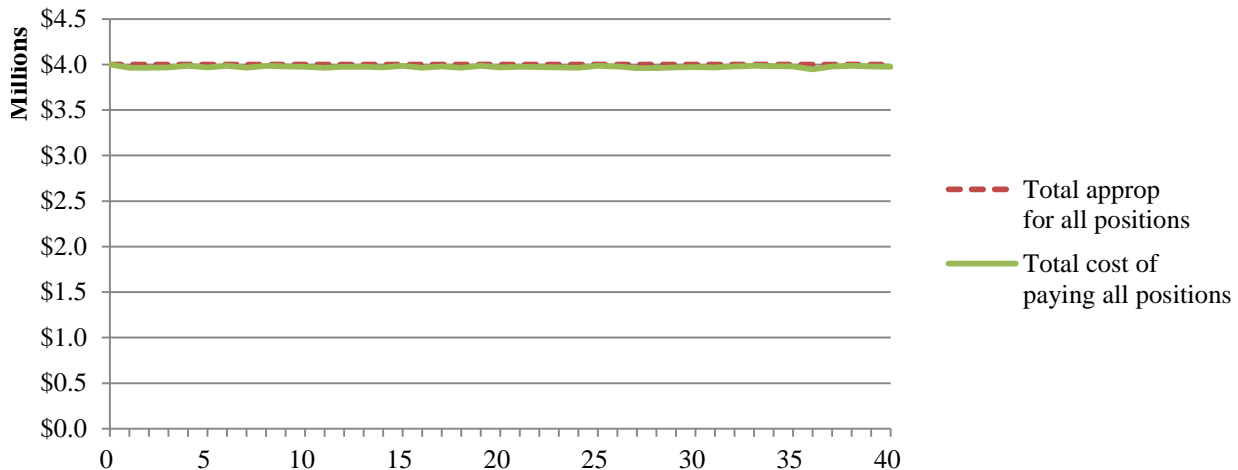
A further simulation will emphasize the difference between vacancy and turnover surplus. The settings for simulation two are identical to the settings for the first, however raises have been eliminated, meaning that there will only be vacancy surplus. As the following diagram shows, vacancies keep the average salary slightly below \$40,000. Because no one who leaves has a salary above the starting salary, there is no turnover surplus, only vacancy surplus, which does not grow.

Raises and average salary



As the following diagram shows, the appropriation to the unit does not grow and the total cost remains slightly below \$4,000,000, reflecting the vacancy surplus.

Personal services appropriation and expense

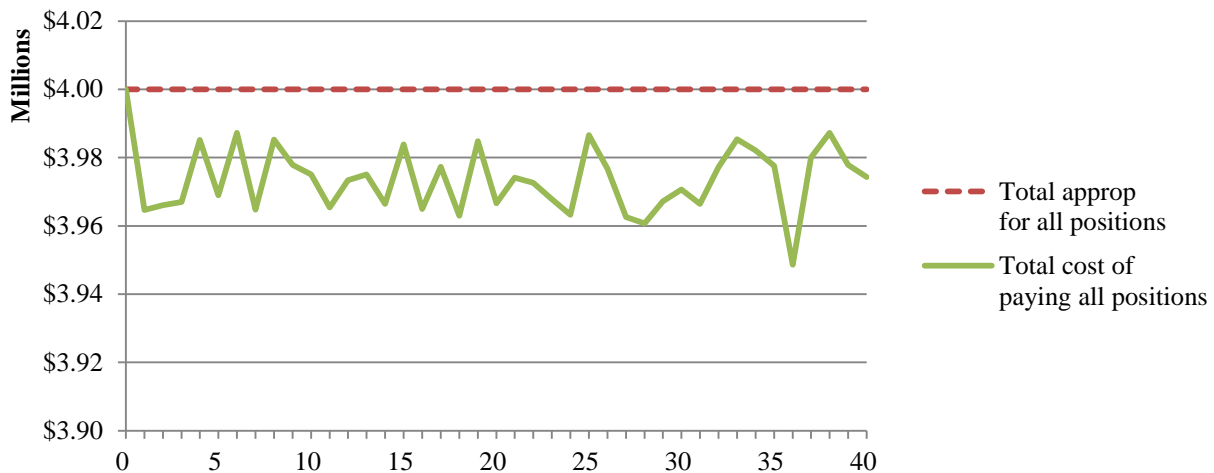


USING VACANCY SURPLUS. LONG TERM VACANCY SURPLUS.

Could the personal services appropriation to the unit be reduced to take advantage of vacancy surplus? Could the unit rely on continuing vacancy surplus to fund a small project? The next diagram zooms in on the preceding diagram by changing the origin of the left axis. The zoomed diagram shows that there are vacancies in all years but sometimes the vacancy surplus is small. If the

unit’s personal services appropriations were repeatedly reduced in an effort to “take” vacancy surplus, the unit would initially find itself unable to pay all its salaries in a few years. As the reductions continued, the unit would find it progressively more difficult to make payroll. The unit could respond by deliberately increasing vacancy surplus. It could hold vacant positions open for longer periods when they randomly occur or not fill a few vacant positions long term, possibly creating permanent “vacancies.” If the unit was properly staffed when established, i.e. if it was provided exactly enough positions to perform its assigned duties, these reductions would gradually reduce the amount of work the unit could perform. Depending on the work performed by the unit, this may or may not be deemed acceptable.

Personal services appropriation and expense



TURNOVER SURPLUS AND DOC REQUESTS R1 TO R5

The Department of Corrections is asking the JBC to move the following General Fund appropriations for personal services elsewhere in the Department.

Request number	Reduce current General Fund personal services appropriations by these amounts					Appropriate the savings to	General Fund redirected
	Sex Offender Treatment	Medical Services	Mental Health	Food Service	Parole		
R1	\$0	\$0	\$328,884	\$0	\$0	A new mother-baby unit	\$328,884
R2	216,382	0	0	0	0	Restrictive housing staffing	216,382
R3	0	700,000	1,300,000	0	0	Hepatitis C treatment	2,000,000
R4	750,000	0	0	0	750,000	Maintenance operating	1,500,000
R5	0	0	200,000	400,000	0	Food service equipment replacement	600,000
Total	\$966,382	\$700,000	\$1,828,884	\$400,000	\$750,000	Total	\$4,645,266

As noted earlier, the Department explains these reductions as follows:

"The Department experiences 12 to 15 percent staff turnover annually due to retirements and resignations. This turnover results in a pay differential as the

replacements are paid at a lesser amount than the more experienced staff that departed. As a result, staff salaries increased at a slower rate than expected and produced a reduced need for personal services appropriations."

The Department proposes no FTE reductions for the donor subdivisions that will have their personal services appropriations reduced and provides no analysis of the effect on the donors. Based on explanations provided informally by the DOC, JBC staff believes that the reductions in clinical areas (i.e. in Sex Offender Treatment, Medical Services, and Mental Health Services) will be taken from a combination of turnover surplus and long-term vacancy surplus. JBC staff understands that some of the employees who left the DOC recently began working there in the 1990's and were on the payroll when raises were much more generous than they are today. These employees moved up within the salary range for their job classes, something that has been hard to do since 2002 when raises became less generous and less frequent. When such workers leave and are replaced by new workers at the bottom of the salary range, the turnover surplus can be significant. This also illustrates an important point: raises are needed to produce turnover surplus, but the surplus might not appear for years.

In addition to turnover surplus, the Department also appears to believe that it is experiencing long-term vacancy surplus in clinical areas. These are not vacancies that the Department is creating deliberately; instead they are open positions that the Department is unable to keep filled. JBC Staff has been told by community corrections providers that it is now difficult to fill clinical positions and difficult to hold on to the new clinical workers after they are hired.⁸ The Department of Corrections is probably experiencing the same problem. The DOC's troubles may be exacerbated by the salaries that it is able to pay, the fact that the jobs it offers are often in isolated areas, and the possible reluctance of some therapists to work in prisons. The DOC appears to have taken a realistic look at its ability to hire clinical staff and has concluded that some of these positions are likely to be vacant long term.

DOC staff is now conducting a review that will demonstrate to JBC staff that that the donor units can safely absorb the proposed personal services reductions. JBC staff expects to have the review before recommendations need to be made.

The proposals to reduce personal services appropriations to food service and parole also need to be examined.

FOOD SERVICE

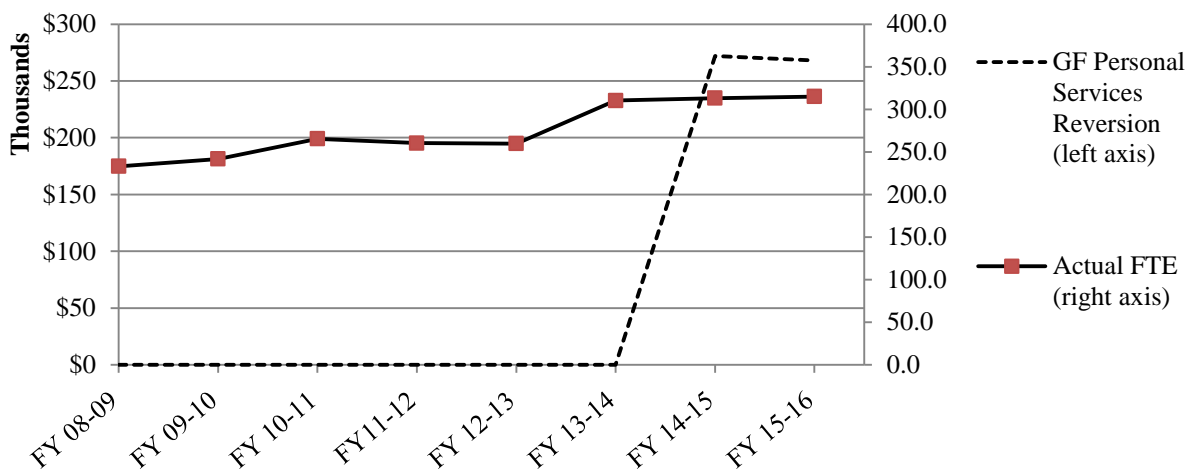
The Department proposes to redirect \$400,000 of General Fund appropriations away from the food service program. The following chart shows General Fund reversions and actual FTE for Food Service. Note that FTE jumped in FY 13-14 following the 2012 murder of a corrections officer by an inmate in the kitchen of Arkansas Valley Correctional Facility. Another officer was seriously injured in the incident. This was the second murder of a corrections officer in a DOC kitchen; another officer was murdered by an inmate in the kitchen at Limon Correctional Facility in 2002. After the 2012 murder, the Department commissioned a study of kitchen security by outside experts. The experts found that food service supervisors are responsible for high-volume food

⁸ A rural community corrections program director recently wrote in an e-mail that the lack of quality treatment providers in rural areas is his MOST pressing need.

service operations. Each supervisor is also charged with overseeing 10-15 offender workers in the kitchen. Given the primary focus on food preparation, additional security positions were needed to help observe offender workers while food-service staff focus on the production of meals. The experts concluded that one additional corrections officer should be placed in the kitchen of every DOC facility to watch the offenders and not do anything else. The Department requested the extra FTE, which the JBC approved. The additional corrections officers began work in FY 13-14. JBC staff wants to make sure that personal services reductions do not force staffing reductions that adversely affect security.

As the chart shows, kitchen service reversions were effectively zero until FY 14-15 and then suddenly jumped to about \$270,000. The jump could be due in part to voluntary departures but it was definitely augmented by a substantial increase of Pots allocations to kitchen personal services. Whatever the source of the large reversion, it is surprising that the proposed redirection would take \$400,000 from food service, which is \$130,000 more than the \$270,000 excess appropriation in FY 15-16.

Food Service Program

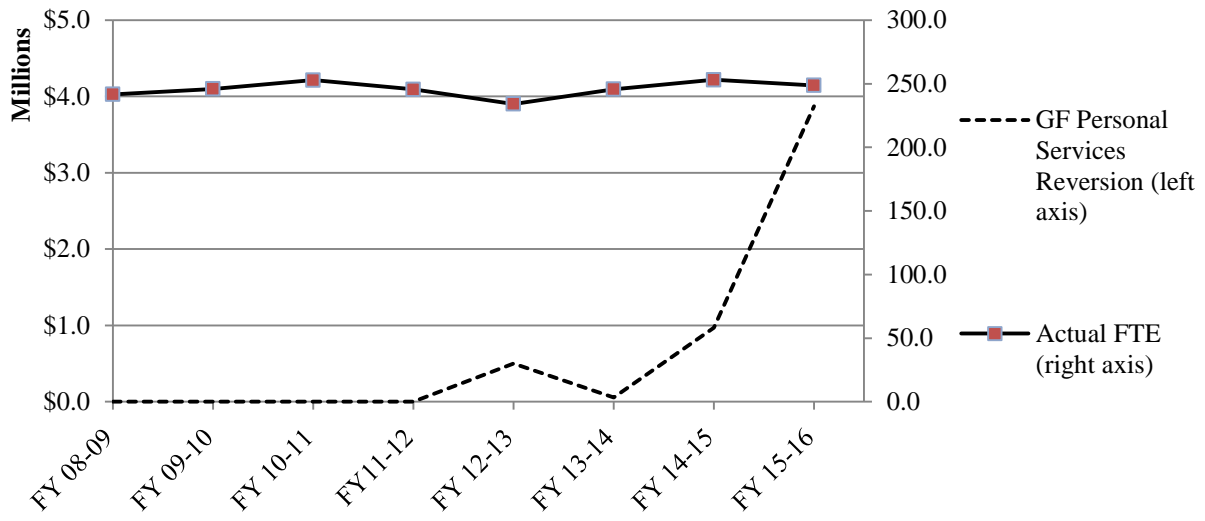


PAROLE

The following chart shows General Fund reversions and actual FTE for the Parole Program. Note that there are fewer FTE in parole than there are in food service, but the proposed General Fund redirections take \$350,000 more from parole than from food service. Parole reversions were effectively zero until they spiked in FY 12-13 to half a million dollars, but the big increases occurred in FY 14-15 and FY 15-16 and were closing in on \$4 million. The jump could be due in part to voluntary departures and turnover surplus but, as with food service, reversions were augmented by a substantial increase of Pots allocations to the program. Staff again questions whether there is sufficient turnover surplus within this division to support the entire redirection.

JBC staff expects DOC's review of the proposed transfers to help answer these questions.

Parole Program



How much General Fund turnover and vacancy surplus is in the DOC’s appropriations? The DOC’s transfers to the State Employees retirement fund (the SERF) provide a general indication. However, the SERF is an imperfect guide for several reasons:

- SERF contributions include reversions of General Fund operating expenses (which may not be much of a problem since DOC operating expense reversions are small).
- The DOC is already using some of its turnover and vacancy surplus. Transfers to the SERF are the leftovers.
- Unused Pots appropriations go into the SERF. Staff does not believe there is a significant systematic bias in the Pots appropriations, but, as examples in the appendix to this issue show, incorrect appropriations are inevitable. Because of the DOC’s large size, they can lead to million dollar reversions, especially involving Health, Life, and Dental .

With these caveats in mind, here are the DOC’s transfers to the SERF since the SERF was created.

DOC Transfers of General Fund Reversions to the SERF				
FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
\$2,515	\$13,338	\$321,575	\$8,140,416	\$13,711,486

FINAL NOTE

Why did staff use the term “surplus” rather the more frequently used “savings” (as in “vacancy savings”)? The bold title several paragraphs above provides the answer. It’s more understandable to ask about the “surplus” in an appropriation than it is to ask about the “savings”.

APPENDIX FOR ISSUE 1 PART I, THE MONTE CARLO SIMULATION MODEL

Staff does not intend to go through this appendix during briefing unless questions arise. The main points in the body of the issue can be understood without reading this appendix.

This appendix explains the staff-constructed Monte Carlo simulation model used in this issue in more detail. The model reflects essential features of the State's compensation system. It shows the way that personal services appropriations, actual personal services spending, average salaries, vacancy surplus, and turnover surplus evolve over time for a group of individuals in a single job classification within a department or a division of a department.

The key elements of the model:

- An entry level salary, which equals the minimum salary for the job classification. This is the salary at which everyone begins employment. For these simulations the starting salary is \$40,000 annually, which is a few hundred dollars below the actual minimum salary for a Corrections Officer I. In year 1 of all simulations, every worker earns \$40,000.
- The percentage raise that everyone in the job classification receives in years when there are raises. The raises are base building; if you get an \$800 raise one year, it carries into the next year and is included in calculating your increase the next time there is a raise. These raises occur in random years and the frequency of raise years can be specified.
- The turnover percentage, i.e. the average percentage of workers that leave in a given year. Workers might be quitting, fired, retiring, moving to another job classification within the same organization, dead, etc. The turnover percentage can be varied but for a given simulation the percentage is uniform for all workers in all years of employment. In reality turnover is often higher in the first years after a new employee begins a job.
- The random length of time that a given position remains vacant after a turnover. The average vacancy length can be adjusted. The vacancy period reflects the fact that new employees seldom step into a job the day after the old employee departs. It may take a while to find a suitable replacement, or the job might be held open for a few weeks in a deliberate effort to generate vacancy savings.

Other model specifics:

- When an employee departs, he departs at the end of the year and the replacement for that position is hired in the next year. This assumption places all of the departing worker's salary in the old year and all of the vacancy that occurs before the new worker is hired in the new year, rather than dividing the vacancy over two successive years. It also places the replacement worker's initial salary entirely in the new year. The assumption captures the essence of a separation, a vacancy, and a replacement while making it easy to see what is happening in a given simulation and simplifying the modeling process.
- In years when there are raises, the division's appropriation for raises is exactly enough to pay for the raises that are awarded. In reality, the appropriation for raises would be set months before the start of the fiscal year, before it is known exactly who will remain and who will depart. In Colorado, the amount allocated for raises is based on a snapshot of all of a department's

employees that is usually taken about 11 months in advance of the start of the fiscal year. The appropriation for raises to the unit is part of a single sum appropriated to the entire Department; the Department decides, after the start of the next year, how to allocate that appropriation among divisions. This model assumes that the snapshot yields the exact amount that is needed for raises. The model would become much more complex if a randomly incorrect appropriation for raises was introduced. Staff does not believe that this complexity would fundamentally change the results of the model.

- Raises are built into the base appropriation the year after they occur.
- There are no benefits other than raises.
- There are no salary ceilings. Based on Colorado corrections officer salary ranges, a reasonable ceiling for a job with a \$40,000 starting salary is \$60,000. Staff discovered that few workers reached this salary in the simulations when irregular raises averaged 2 percent and turnover equaled 12 percent. Staff does not believe that the results would change significantly if a salary ceiling was added.
- Monte Carlo simulations of this model are not unlike those that underlie Results First forecasts of the benefits and costs of existing and proposed programs.

For illustration, the following table presents a simulation involving 9 positions in a new division of a department. In other simulations the number of positions equals 100.

A Legislative Council Staff fiscal note has estimated that exactly 9.0 FTE are needed to perform the tasks assigned to this new division. As is the case with real fiscal notes, the Leg Council Staff did not include an estimate of the inevitable vacancies that will occur when workers randomly depart and are replaced. All workers start with an initial salary of \$40,000 at the start of year 1, a simplification that makes it easy to see what is happening in the following simulation table but could easily be changed. All receive identical 2 percent raises in years when there are raises and raises occur randomly in half the years. On average, 12 percent of workers depart at the end of each year and it randomly takes from 1 to 7 weeks to hire a replacement. A replacement worker is initially paid a salary that annualizes to \$40,000 per year and qualifies for a raise based on the full year \$40,000 salary at the beginning of the next year (if there is a raise).

Fiscal Year	1	2	3	4	5	6	7	8	9	10
Raise percent		2.0%	2.0%	0.0%	0.0%	0.0%	2.0%	2.0%	2.0%	0.0%
Position A	\$40,000	\$40,800	\$37,692	\$40,000	\$40,000	\$40,000	\$35,760	\$40,800	\$41,616	\$41,616
Position B	40,000	40,800	41,616	41,616	41,616	41,616	39,231	40,800	41,616	41,616
Position C	40,000	40,800	41,616	37,692	40,000	35,623	40,800	41,616	42,448	42,448
Position D	40,000	40,800	41,616	41,616	41,616	41,616	36,271	40,800	41,616	41,616
Position E	40,000	38,462	40,800	40,800	38,652	40,000	40,800	41,616	42,448	42,448
Position F	40,000	36,154	40,800	40,800	40,800	40,800	41,616	42,448	43,297	43,297
Position G	40,000	36,154	39,231	40,000	40,000	40,000	40,800	37,692	40,800	38,112
Position H	40,000	40,800	41,616	41,616	36,088	40,000	40,800	41,616	42,448	42,448
Position I	40,000	40,800	34,615	40,000	40,000	40,000	40,800	41,616	39,231	37,750
a. Base personal services approp. to division	\$360,000	\$360,000	\$364,800	\$369,664	\$369,664	\$369,664	\$369,664	\$374,480	\$380,976	\$387,570
b. Approp for raises	0	4,800	4,864	0	0	0	4,816	6,496	6,594	0
c = a+ b = total approp to division	360,000	364,800	369,664	369,664	369,664	369,664	374,480	380,976	387,570	387,570

Fiscal Year	1	2	3	4	5	6	7	8	9	10
d. Total division salaries	360,000	355,570	359,602	364,140	358,772	359,655	356,878	369,004	375,520	371,351
e. Vacancy surplus	0	9,230	8,462	2,308	5,260	4,377	8,738	2,308	769	4,138
f. Turnover surplus produced this year	0	0	1,600	1,616	2,416	0	3,232	800	1,616	800

In this simulation, new workers who replaced a worker who departed at the end of the previous year are shown in pink. The cell to the left of a pink cell is occupied by a worker who is going to leave that year.

Year 1. Every worker is paid \$40,000 and all stay for the entire first year. The division's base personal services appropriation is \$360,000.

Year 2. The division's base personal services appropriation for year 2 is \$360,000, which equals the base appropriation for year 1 (there were no raises in year 1). The 6 workers who remain in year 2 receive a 2% raise at the start of the year and earn \$40,800. The \$4,800 appropriation for raises exactly covers the salary increases. The three workers who departed left at the end of year 1 and are replaced in January and February of year 2. The replacements earn salary at the \$40,000 *annual rate* applicable to new hires, but they are paid at this rate for less than a full year. Position E remains open for 2 weeks so the replacement worker earns 50 weeks of salary ($\$40,000 * 50/52 = \$38,462$). Positions F and G remain open for 5 weeks and the replacement workers earn \$36,154 ($= \$40,000 * 47/52$).

Year 2 Vacancy Surplus. Even though the 3 replacement workers who arrived in year 2 will each be paid less than \$40,000 in year 2, the \$40,000 salaries for their 3 positions are in the division's base personal services appropriation. Thus funding already in the appropriation base to pay these 3 workers exceeds the amount needed for actual salaries ($\$38,462 + \$36,154 + \$36,154$) by \$9,230. A "vacancy surplus" arises from the vacancies because the division's base appropriation is sufficient to pay the salaries for these three positions with \$9,230 left over. The surplus can be spent for other personal-services related purposes, such as hiring a temporary employee to deal with the backlog created by the vacant positions.

Year 3. The base personal services appropriation for year 3 equals \$364,800, which is the sum of the \$360,000 base from year 2 and the \$4,800 of salary increases that were awarded in year 2.

In year 3, workers receive another 2 percent raise, which increases the salary of those who have been present since year 1 to \$41,616 and increases the salary for positions E and F to \$40,800, the raise having been based on a full \$40,000 salary, not the part-year salary they actually earned during their shortened first year on the job. The employees in positions A, G and I departed at the end of year 2 so the replacements, who arrive after a vacancy, earn less than \$40,000.

Year 3 Vacancy Surplus. The three workers who departed at the end of year 2 (positions A, G and I) were replaced in year 3 by workers who were together paid \$111,538, which is \$8,462 less than the \$120,000 combined entry-level salaries for the positions. That \$8,462 excess is the vacancy surplus for year 3.

Year 3 Turnover Surplus. Two of the 3 workers (positions A and I) who departed at the end of year 2 were paid a salary of \$40,800, which is \$800 above the \$40,000 entry-level salary of their replacements. This produces \$1,600 of "turnover surplus" that is not paid to the replacement workers.

The sum of the vacancy surplus and the turnover surplus ($\$8,462 + \$1,600 = \$10,062$) is the amount by which the year 3 appropriation of \$369,664 to this division exceeds the \$359,602 of salaries paid to workers in the division. ($\$369,664 - 359,602 = \$10,062$)

Year 4. The base personal services appropriation for year 3 equals \$369,664, which is the sum of the \$364,800 base from year 2 and the \$4,864 of salary increases that were awarded in year 3. There are no raises in year 4. The one worker who departed at the end of year 3 (position C) is replaced after a 3 week vacancy, leading to a \$2,308 ($= \$40,000 * 3/52$) vacancy surplus. The worker who departed position C was paid \$41,616, which is \$1,616 higher than the entry salary, which means that the turnover surplus created by the departure equals \$1,616.

The remainder of the table works in a similar fashion.

In summary, both vacancy surplus and turnover surplus occur when a worker leaves and is replaced by another worker who earns the entry level salary for the position. Vacancy surplus is the difference between the salary the new worker would be paid if he or she worked an entire year and the lesser amount actually paid because the position was not filled immediately. Turnover surplus is the difference between the salary of a departing worker and the full year salary of the replacement worker.

However, there is a fundamental difference between vacancy surplus and turnover surplus. Vacancy surplus depends upon unfilled positions in the current period. Turnover surplus gets built into the subdivision's appropriation and persists after the turnover occurred.

ISSUE 1 APPENDIX, PART II TURNOVER SURPLUS AND POTS

Suppose a unit somewhere in a department, a division or subdivision perhaps, has turnover surplus. Personal services appropriations to the unit exceed the amount needed to pay salaries and raises. A portion of the appropriation to the unit is reverting. Can the Department put that money to use elsewhere within the agency? The answer is a guarded yes. Within limits the Department may be able to use its central appropriations of personal services related items to slowly move turnover surplus to other personal services lines, especially when the central appropriations are from the General Fund.

The simulations in this issue generally ignore employee benefits because turnover and vacancy surplus arise without them. Benefits and the related budgeting process must be considered to understand the way that departments can potentially transfer turnover or vacancy surplus from one of a Department's units to another. Central appropriations of personal services related items are often called Pots, which is sometimes written POTS as if it is an acronym. It is not.

The most important personal-services-related central appropriations are the following:

- Salary Survey: an appropriation for salary increases that are tied to an employee's job classification. The raises in the preceding simulations resemble salary survey.
- Merit Pay: an appropriation for salary increases that are tied to performance.
- Shift Differential: an appropriation to pay added amounts to employees who regularly work shifts that are significantly different from the normal 8 a.m. to 5 p.m. work day.
- Group Health, Life, and Dental Insurance: an appropriation covers the State's contribution for employees' health, dental and life insurance coverages.
- Short-term Disability Insurance: an appropriation that pays for disability insurance for state employees.
- S.B. 04-257 Amortization Equalization Disbursement (AED) and S.B. 06-235 Supplemental Amortization Equalization Disbursement (SAED): appropriations that are a percentage of salary and are paid to the Public Employees' Retirement Association's (PERA) to reduce its unfunded pension liability.

Setting the Long Bill appropriations for pots. Pots appropriations for the Long Bill are determined months before the start of a fiscal year. AED, SAED, and disability are estimated as a percentage of base salaries at the time of the estimate. If there's an across the board salary survey increase, it is estimated in the same fashion. The Health, Life, Dental estimate is based on actual employee elections at the time of the estimate. The shift differential estimate equals the amount that was paid during the prior year. Invariably, the estimates will be inaccurate, but how inaccurate are they?

Here's the summary of key pots appropriations to the Department of Corrections for FY 2014-15 and FY 2015-16, along with actual expenditures. The table omits salary survey and merit pay because of difficulties involved in measuring actual expenditures.

FY 2014-15 Actual Expenditures		
	FY 2014-15	FY 2015-16
Health, Life, and Dental Appropriation	\$43,068,249	51,579,140
Health, Life, and Dental Actual Expenditure	46,210,105	50,726,140
Health, Life, and Dental under (over)	(3,141,856)	853,000
Health, Life, and Dental % under (over)	-7.3%	1.7%
Disability Appropriation	723,516	733,991
Disability Actual Expenditure	705,765	633,570
Disability under (over)	17,751	100,421
Disability % under (over)	2.5%	13.7%
AED Appropriation	13,463,331	15,015,963
AED Actual Expenditure	12,998,756	14,546,352
AED under (over)	464,575	469,611
AED % under (over)	3.451%	3.127%
SAED Appropriation	12,623,005	14,498,673
SAED Actual Expenditure	12,211,985	14,018,843
SAED under (over)	411,020	479,830
SAED % under (over)	3.256%	3.309%

FY 2014-15 Actual Expenditures		
	FY 2014-15	FY 2015-16
Shift Differential Appropriation	7,390,750	7,687,883
Shift Differential Actual Expenditure	7,789,508	7,274,273
Shift Differential under (over)	(398,758)	413,610
Shift Differential % under (over)	-5.4%	5.4%
Combined Appropriation	77,268,851	89,515,650
Combined Actual Expenditure	79,916,119	87,199,178
Combined under (over)	(2,647,268)	2,316,472
Combined % under (over)	-3.4%	2.6%

In years in which the pots appropriations in the preceding table are less than actual expenditures, the Department must make up the difference by paying the shortfall from its personal services appropriations or from operating expense appropriations. In years in which these appropriations exceed actual expenditures, the Department will have unused funding that could revert. Note that the appropriation for Health, Life, and Dental produced the biggest appropriation errors, which is typically be the case and occurs because it is hard to forecast employee insurance elections. After examining pots data in this table as well as pots data for DOC for earlier years, Staff does not believe that there is a significant systematic bias in the way these appropriations are set, though the deviation between appropriation and actual expenditure can clearly be substantial and there is always room for improved estimation.

Allocation of pots within a General Fund department. To keep things simple, the following presentation assumes that the department under examination is supported exclusively by the General Fund. The Department of Corrections, which receives almost 90% of its funding from the General Fund, is close to this example department.

The Long Bill appropriates the department's General Fund pots to the executive director's office. Once received, the department's central budget staff combine these appropriations together and allocate the combination among the department's divisions and subdivisions. The recipient units of the Department can use the funds for any personal services related purpose, including the payment of salaries, AED, SAED, shift differential, disability insurance, the hiring of temporary workers, the hiring of contractors, and other items. Personal services appropriations can't generally be used to pay operating expenses. There is no requirement that the central budget staff allocate Pots in accord with each recipient unit's projected expenditures for AED, SAED, shift differential, disability insurance, etc.

Departments are given this flexibility to avoid the numerous supplementals that would result if excess appropriations for SAED (or AED, or disability...) in one place could not be used to compensate for an unexpected shortage of shift differential (or something else) in another place.

A simple example illustrates: In the Long Bill, a Department is appropriated \$20 for Salary Survey, \$30 for Health, Life, Dental, and \$10 for AED. The Department's budget staff combine the three appropriations and allocate the \$60 combination among the Department's units. If a subdivision receives \$5 as its allocation, it can spend the money however it wants as long as it spends it for personal services related items like salaries, AED, SAED, disability, shift differential, etc.

Using pots to slowly move turnover surplus. Suppose a new unit is established in this General Fund department. Initially the unit's personal services appropriation exactly matches the amount needed to pay salaries.⁹ In the unit's early years, it needs its pots allocation from the central budget staff to pay for AED, SAED, etc., and to pay for raises. As turnover surplus accumulates the unit's personal services appropriation increases more than its salary needs and the division becomes increasingly able to pay for its AED, SAED, etc. from its personal services appropriation. Knowing this, the department's budget office starts allocating less of the department's Pots appropriation to this unit. Suppose the budget staff can then allocate more to other units of the department. The other units can use their increased allocations to pay for their own benefits, which might be unexpectedly high, or they can use the allocation for other approved uses, like temporary help or the increased salary of a new manager whose position was created by reclassifying a lower level position. If the recipient unit uses any of its allocation from the central budget office to pay salaries of permanent workers, next year the higher salary will become part of the recipient unit's base appropriation for personal services. Part of the turnover surplus of the donor unit has effectively been transferred to the recipient unit where it's used to pay for these items. The donor unit's base personal services salary might grow by \$1000 less as a consequence and the recipient unit's base personal services salary might grow by \$1000 more.

Pots can only be used to distribute incremental funding among a department's units. Pots allocation won't move a unit's base appropriations. If turnover surplus has built up in a unit, one must use an approach like the one the DOC requests in this year's budget: ask the JBC to move appropriations from one subdivision to another.

⁹ To keep things simple, this example omits Medicare and PERA, which are also paid from the personal services appropriation.

ISSUE: INMATE AND PAROLE POPULATION FORECASTS

The Department of Corrections' inmate prison population fell by almost 100 per month from April 2015 to April 2016 and then began increasing by about 30 per month. The December forecasts released by Legislative Council Staff (LCS) and by the Division of Criminal Justice (DCJ) both project that the inmate population will continue rising next year, but more slowly. DCJ predicts that the growth rate will tick upward slightly in the spring of 2018. The parole forecasts differ substantially. DCJ sees a steady, moderate increase where LCS sees gradual decline and then sharper decline in FY 2017-18..

SUMMARY

- Both the Division of Criminal Justice and Legislative Council Staff project that the prison population will rise by about 10 offenders per month through the remainder of FY 2016-17. The growth rate is predicted to be slightly higher in FY 2017-18.
- These forecasts are used to set the appropriations for external capacity during supplementals and figure setting.
- Projected external capacity expenditures under each of the inmate forecasts differ little.

RECOMMENDATION

The JBC will choose a forecast for supplementals and figure setting and staff will compute the resulting external capacity appropriations.

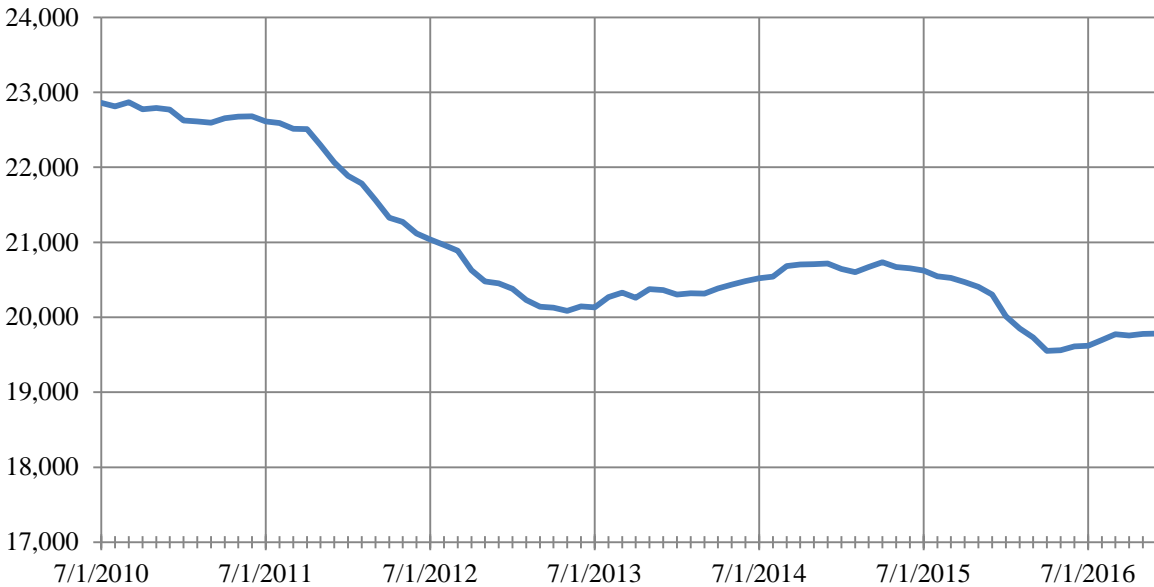
DISCUSSION

Legislative Council Staff (LCS) and Division of Criminal Justice Staff (DCJ) are responsible for developing population projections for the adult inmate population and the adult parole population. LCS issues a 30-month forecast in December of each year. DCJ issues 5-year forecasts twice per year, once in the summer and once in the winter. The DCJ summer forecast is an update of the prior winter forecast, not a full-blown new forecast; it serves as the basis for the Department of Corrections' November budget request. The DCJ winter forecast (i.e. this DCJ forecast) serves as the basis for DOC requests that (pursuant to statute) must arrive by January 15.

INMATE FORECASTS

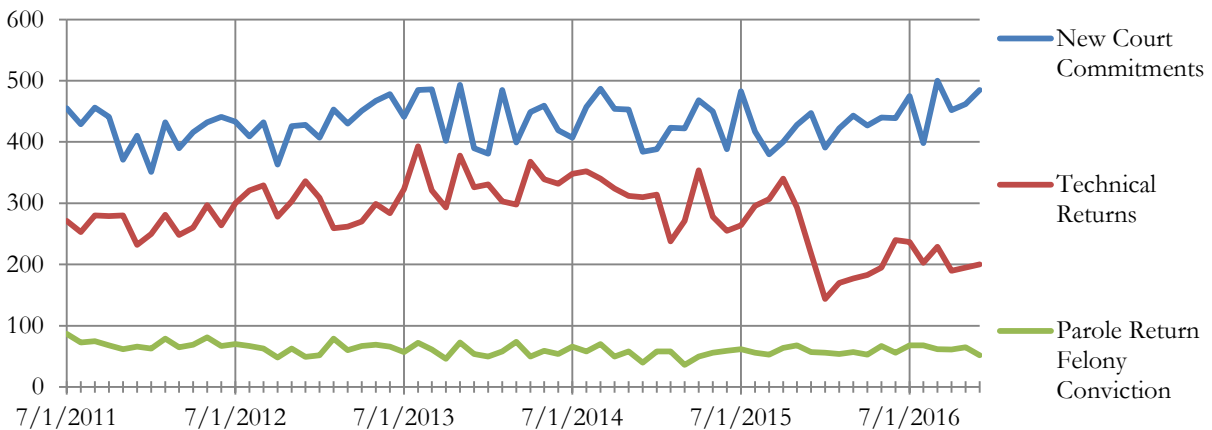
The following diagram, based on monthly inmate population data, shows what has happened to the inmate population over the past 6 years. After a period of rapid decline from October 2011 to May 2013, the population began a period of uneven increase, with the predominant monthly increases periodically offset by decreases. April 2015 saw the beginning of a pattern of consistent decline which turned around last May when the population began rising slowly.

End of month inmate population since July 2010



The inmate population downturn that began in the middle of FY 2014-15 was in part due to reduced returns to prison for technical parolee violations, as shown by the middle “Technical Returns” line in the following chart. The dip is a reflection of one of the DOC’s major policy initiatives. According to [the Department’s performance report](#), the DOC is trying to reduce returns for technical parole violations to 2.0% by the end of the current fiscal year by using intermediate sanctions rather than revocation to address non-compliant parolee behavior when it can be done safely. These sanctions include short stays in local jails. The program began in mid-2015 and initially cut technical returns to prison by more than 50 percent. Returns to prison subsequently rose, but are still substantially below prior levels. Note that parole returns for a new crime have not increased over this period so it appears that the new technical returns policy has not put public safety at risk.

Monthly DOC Inmate Admissions

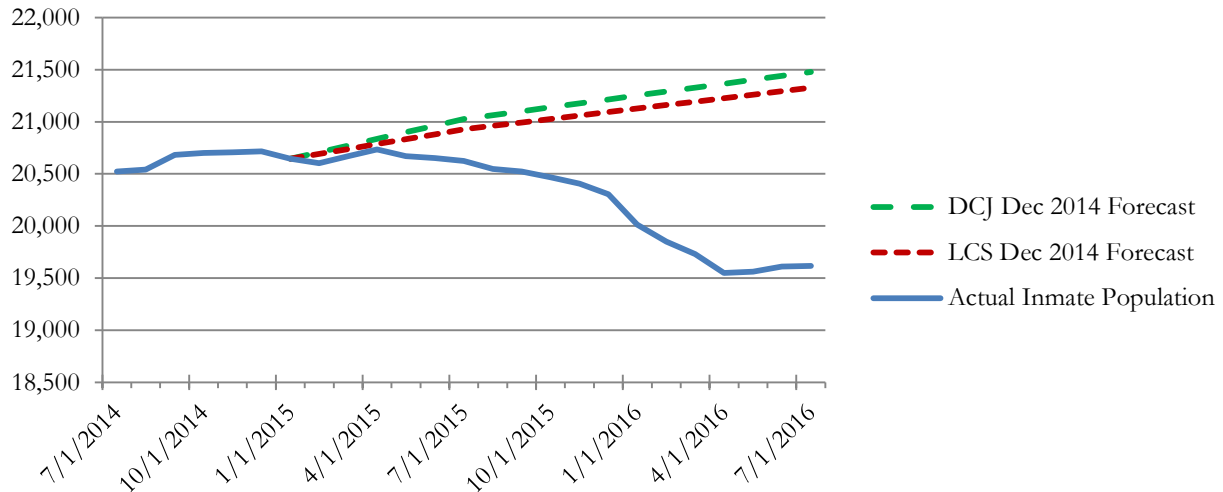


This policy change also shows why it can be very frustrating to be a forecaster. This policy change could not have been foreseen and it had a substantial impact on both the inmate and parole populations.

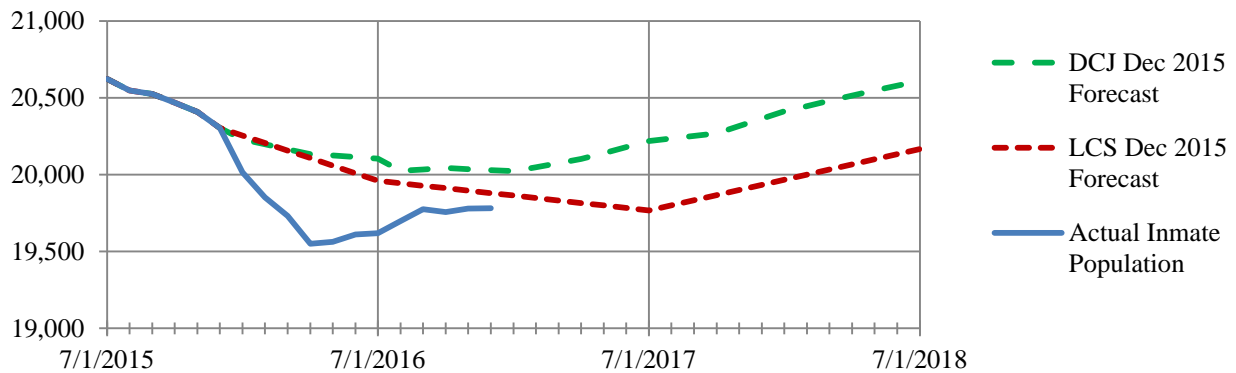
PRIOR YEAR FORECASTS.

Recent forecasts have been relatively close to one another over the relevant 19 month forecast period. LCS has been slightly more accurate. Here are the inmate forecasts from 2014 and 2015.

Comparison of Dec. 2014 Inmate Forecasts

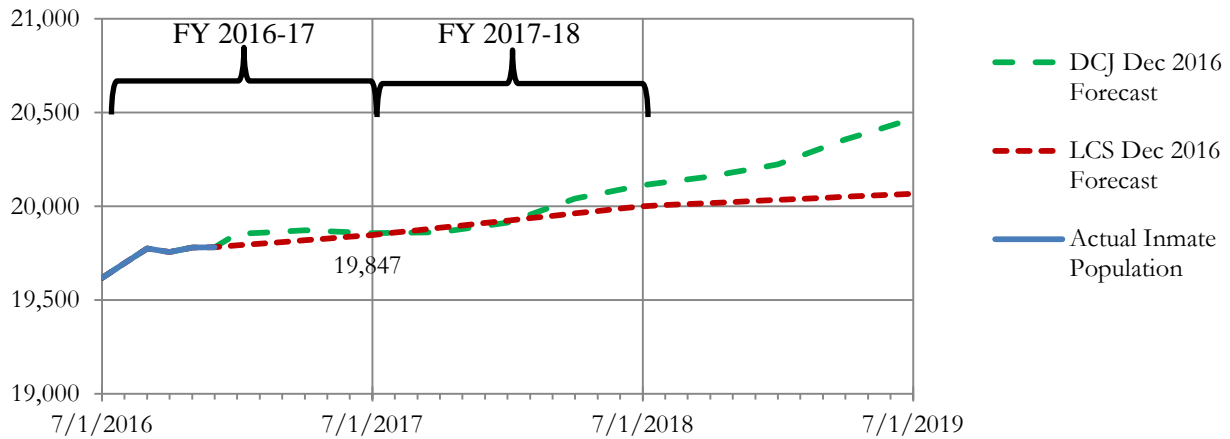


Comparison of December 2015 Inmate Forecasts



The December 2016 forecasts, which are shown below, are even closer to each other.

Comparison of December 2016 Inmate Forecasts



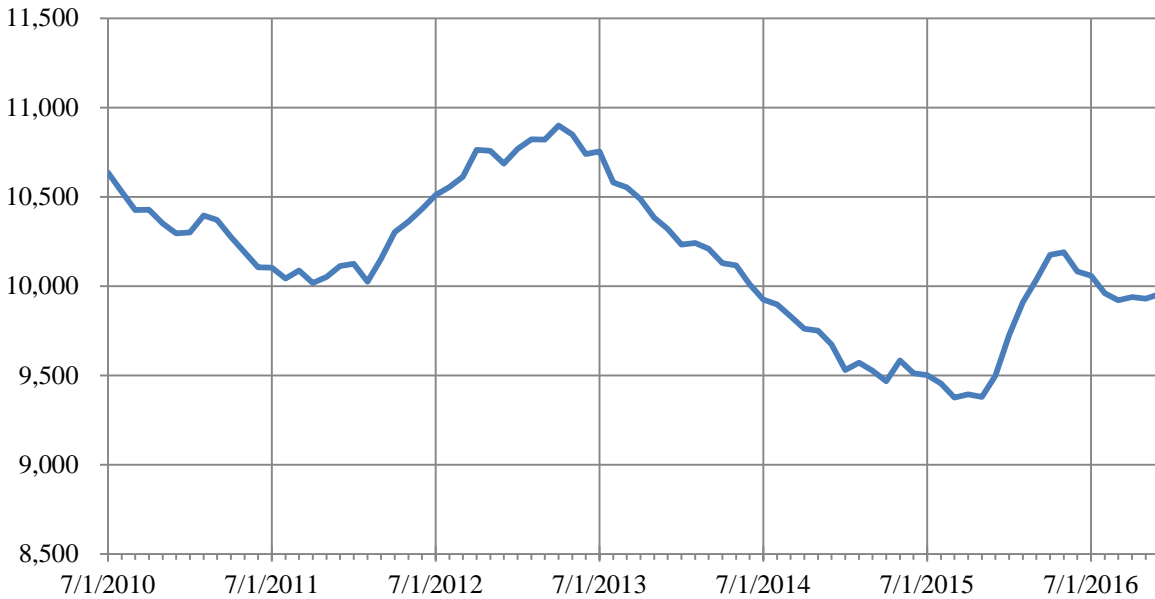
The key forecast points in these diagrams are the forecasts 7 and 19 months after the December forecast is issued. For this, the December 2016 forecast, these points are July 1, 2017 and July 1, 2018, which correspond to the beginning of a fiscal year. The forecasts are used the following January and the following March to compute appropriation adjustments for supplementals and the appropriation for the next year's Long Bill. Twenty years ago, when the state was building prisons, the longer range forecasts were also important because they were used to decide whether additional prisons needed to be built.

For budgeting purposes, it's the vertical distance between the forecast lines that matter. Vertical distance measures the difference between the inmate predictions of each forecast. For the December 2016 forecast, the average difference (i.e. vertical distance) between the two forecast lines is 43 inmates over the remainder of the current fiscal year with DCJ's the higher forecast. In dollar terms, an average difference of 43 inmates equates to about \$400,000 in private prison costs using the standard JBC assumption that offenders first fill DOC beds with the overflow going to private prisons. For FY 2017-18, DCJ predicts that DOC will have 29 more offenders than LCS predicts. The appropriation difference for FY 2017-18 is about \$600,000.

PAROLE FORECASTS

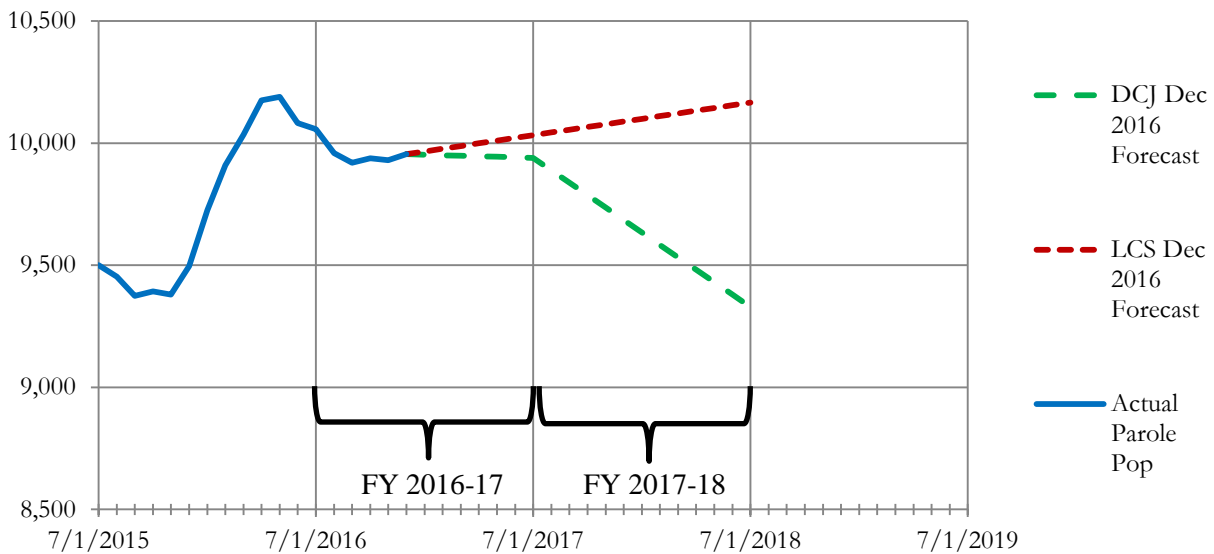
The following chart shows the parole population over the last six years.

End of month parole population since July 2010



As the next chart shows, the December parole forecasts are similar in FY 2016-17 but differ substantially in FY 2017-18. The average difference for FY 2016-17 equals 47 parolees; the average difference for FY 2017-18 is 466 parolees. For the third year in a row, the DOC has requested no change to its parole appropriation. Since the beginning of FY 2015-16, the Department has supervised a parole population that varied between 9,400 and 10,200 offenders with its current appropriation. If the actual parole population stays in this range or below, as the forecasts indicate, the Department should be able to handle the caseload with its existing appropriation.

Comparison of Dec. 2016 Parole Forecasts



ISSUE: SEX OFFENDER TREATMENT

The Department of Corrections' Sex Offender Treatment and Monitoring Program is experiencing difficulties. The Department has been unable to hire and retain the full number of FTE indicated in the Long Bill and two of the Department's budget requests would redirect personal services appropriations away from the Program. This may be an acknowledgement by the Department that the program will not be fully staffed for the foreseeable future.

SUMMARY

- The Department of Corrections substantially restructured its Sex Offender Treatment and Monitoring Program following the release of a study of the program by independent experts in early 2013.
- In FY 2012-13 and 2013-14, the General Assembly increased appropriations to the program so that it could expand the restructured program and treat more sex offenders. The Department has not been able to hire and retain enough staff to expand the program. The number of offenders in treatment has declined.
- Despite the additional resources for the treatment program, the number of sex offenders with lifetime sentences who are in the DOC continues to grow.
- At the beginning of 2016, approximately 1,980 sex offenders were awaiting treatment (up from 1,527 in 2012). This vastly exceeds the program's treatment capacity.
- A recent report by the state auditor found several program deficiencies.

RECOMMENDATION

Staff recommends that the JBC ask the Department questions similar to those listed at the end of this issue, including whether a phase I program could be placed at CMRC. Staff also recommends that the Committee talk about sex offenders with the Parole Board.

DISCUSSION

BACKGROUND ON SEX OFFENDERS AND TREATMENT.

There are two categories of sex offenders in the DOC: those who have determinate sentences, such as a sentence of 6 years or a sentence of 8 years, and those who have indeterminate sentences with a lower bound of a fixed number of years and an upper bound of life in prison, as in "2 years to life" or "6 years to life". Offenders sentenced under the *Lifetime Supervision of Sex Offenders Act*, which begins at Section 18-1.3-1001, C.R.S., receive indeterminate sentences. Sex offenders sentenced under alternative parts of statute receive determinate sentences. Offenders with determinate sentences have a mandatory release date when they must be released from prison and placed on parole. They will be released on or before this date whether or not they have gone through a treatment program in prison. There is no mandatory release date for those with indeterminate sentences. A sex offender with an indeterminate sentence is eligible to go before the parole board

when he reaches the lower bound of his sentence (reduced by earned time) but the board is never *required* to grant parole.¹⁰

The lifetime sentencing provisions were added to statute in 1998. Since FY 2000-01, the percentage of lifetime offenders in DOC has risen from 1 percent to 8.9 percent of the inmate population, which corresponds to 2,414 offenders. The lifetime population has grown every year and continues to grow. Lifetime offenders are 99 percent male with a median age of 47 years. The population of sex offenders with determinate sentences has remained close to 18 percent since 2005. In FY 2015-16, lifetime and determinate sex offenders constituted 26.7 percent of the DOC population. According to the DOC, sex offenders are typically easier to manage in prison than are non sex offenders. Perhaps for this reason, approximately a third of lifetime sex offenders have been placed in private prisons. For much more information on lifetime sex offenders, see the [2016 Lifetime Supervision of Sex Offenders Annual Report](#).

The DOC has had its Sex Offender Treatment and Monitoring Program (SOTMP) since the 1990s. Beginning in 2011, the DOC submitted several requests to expand the program. The program's lack of capacity was delaying offender entry into treatment, sometimes for extended periods. Since successful completion of treatment was, practically speaking, a prerequisite for parole, this seriously delayed the release of sex offenders with indeterminate sentences. Knowing of this problem, the DOC gave high priority to sex offenders with indeterminate sentences. As a result, offenders with determinate sentences were often paroled without having received treatment.

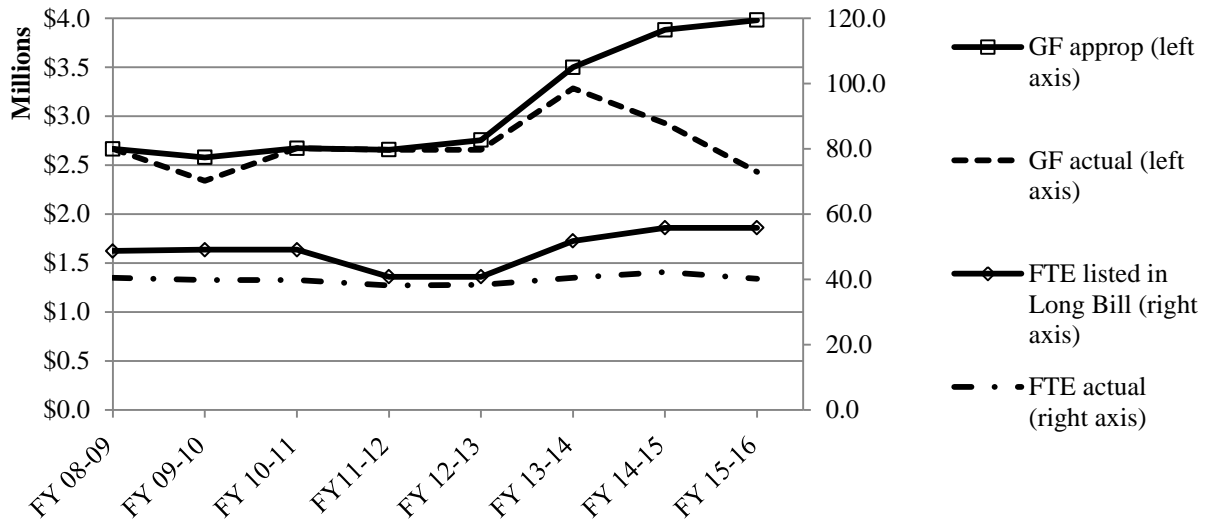
CHANGES TO THE DOC'S SEX OFFENDER TREATMENT PROGRAM

Concerned over inadequacies in the Department's SOTMP program, the JBC declined to approve these requests. Instead, during figure setting in 2012, the Committee approved a \$100,000 General Fund appropriation that allowed the Department to engage outside consultants to evaluate its SOTMP and recommend ways that it could be improved. The resulting report recommended wholesale change. In place of the prior one-size-fits-all treatment program, the report recommended that treatment be customized, with each offender being first assessed for risk and other characteristics so that treatment could be tailored to the offender's need, with low risk offenders receiving less treatment than high risk offenders. With approval from the authors of the study, the Department restructured its preexisting two-phase treatment program. Lower risk offenders now would only go through Phase I while higher risk offenders would go through both Phase I and Phase II.

As the following diagram shows, the Sex Offender Program received additional FTE and General Fund in FY 2013-14 and FY 2014-15 for implementation. (Note that the reduction of the FTE appropriation in FY 2011-12 was part of a JBC initiative to align Department of Corrections FTE in the Long Bill with actual FTE; no resources were taken from the program.)

¹⁰ Surprisingly, the Department has found that risk to reoffend is lower among those who have indeterminate sentences than it is among those with determinate sentences. About 29 percent of sex offenders with determinate sentences are rated as higher risk while only 17 percent of the lifetime offenders are rated as higher risk.

Sex offender program personal services appropriations and FTE



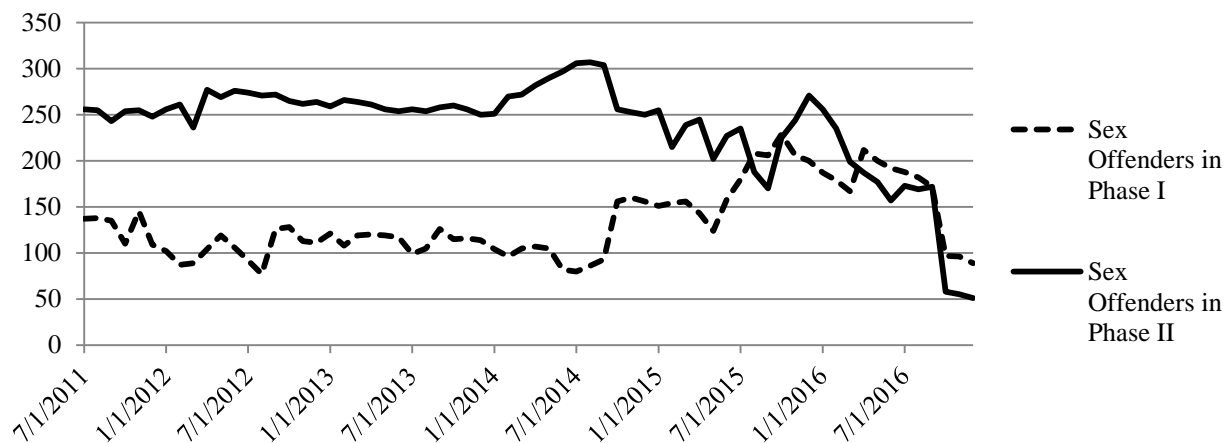
Program restructuring did not go smoothly. The program had a hard time hiring treatment FTE and was unable to increase staffing by the additional 15 FTE for which it received funding. Substantial staff turnover occurred and by FY 2015-16, due to turnover, the salary of the average therapist had declined. During FY 2013-14 through FY 2015-16, the program was an average of 25 percent below the FTE level designated in the Long Bill. In FY 2015-16, the reversion from the program's \$3,982,283 Personal Services appropriation equaled \$1,549,524. The Department attributes its hiring problems to the nature of the job and to the fact that therapists often must work in areas that are far from major population centers. Salaries may be a contributing factor.

The Sex Offender Treatment and Monitoring Program is one of the programs that the Department has targeted for General Fund redirection. For FY 2017-18, the Department proposes to reduce the appropriation to the Sex Offender Program by \$966,382 in order to appropriate \$216,382 for additional teachers in the Restrictive Housing Max unit at Sterling Correctional Facility and \$750,000 for increased department-wide maintenance. JBC staff lacks the detailed salary information needed to compute turnover surplus, but suspects that it is considerably below \$966 thousand. Staff believes that a transfer of this magnitude would mostly come from permanent vacancy surplus. The Department's request to move the surplus elsewhere may be a realistic assessment of the remote likelihood of fully staffing the program, given the difficulties that it experiences retaining treatment staff. The Department may be thinking, "Since the dollars can't be spent here, use them for maintenance and programming elsewhere."

PROGRAM CAPACITY CONCERNS

As the following chart shows, program enrollment has recently plummeted:

Sex Offender Program Enrollment



The restructured Sex Offender Program was supposed to treat more offenders than the program that it replaced. So far this has not been the case. In 2012, there were 92 new sex offender enrollments in the old sex offender program. In 2015, there were only 68 new sex offender enrollments in the restructured program.¹¹ Offenders are eligible to participate in the Sex Offender Program after they have indicated a willingness to undergo treatment and are within 4 years of parole eligibility. At the beginning of 2016, approximately 1,980 sex offenders (both lifetime and determinant) were awaiting treatment (up from 1,527 in 2012.). This vastly exceeds the program's treatment capacity and is fewer than the 123 lifetime sex offenders who entered the DOC during FY 2016, not to mention the determinant sex offenders who entered the DOC that year. Since it is difficult for a lifetime sex offender to get paroled without successfully completing treatment, the lack of sex offender treatment capacity is clearly an obstacle to parole. It's an expensive obstacle for the state too; the least expensive DOC placement for an offender is in a private prison, which costs \$56.02 per day or \$20,447 per year. If the parole of 100 sex offenders is on average delayed for a year by a treatment backlog and they are placed in private prisons, the cost is \$20.4 million.

THE RECENT AUDIT

On Dec 6, 2016, the State Auditor issued a [report on the DOC's Behavioral Health Programs](#), which included an examination of the Sex Offender Treatment and Monitoring Program. The audit pointed to a number of deficiencies in the SOTMP, including

- A significant number of missing sex-offender risk assessments.
- The inability to fill FTE positions.
- Failure at times to prioritize for treatment offenders with a high risk to offend or a lifetime supervision sentence. There was also a failure to establish clear guidelines for prioritization. The audit notes that the department may need policy guidance concerning prioritization

¹¹ This is the number of sex offenders who enrolled for the first time in the sex offender program during the calendar year. (Office of the State Auditor, *Department of Corrections Behavioral Health Programs*, 2016, Exhibit 4.1.)

RECOMMENDATIONS

Staff recommends that the Committee talk with the Department about the difficulties that the Sex Offender Treatment and Monitoring program is experiencing. What caused the recent drop in treatment program enrollment? What can be done to hire and retain qualified program staff?

How big a staff would be needed to provide every cooperative determinate and lifetime offender with enough therapy to complete the SOTMP program before his parole eligibility date?

The Committee may also want to ask the Department questions about the vacancies that it is experiencing in other clinical areas. How are vacancies affecting the delivery of programming? What can be done to reduce vacancies?

The DOC's Sex Offender Program operates in accordance with the treatment standards established by the Sex Offender Management Board (SOMB) at the Department of Public Safety. Do SOMB rules cause difficulties for the DOC's sex offender treatment program?

Could more treatment be provided at Cheyenne Mountain Reentry Center? The DOC currently places sex offenders who have completed treatment Phase I (and possibly Phase II) in the Cheyenne Mountain Reentry Center (CMRC) in Colorado Springs where they receive maintenance sex offender therapy. Could Phase I treatment be offered at CMRC for lower risk offenders? CMRC is in a metropolitan area with a bigger pool of treatment providers. Would it be easier to hire therapists there? Could contract therapists be hired (therapists who don't work full time and want to maintain a private practice)? Could a quality program be operated there? Could DOC employees provide the treatment themselves or supervise the program closely? Could a program at CMRC be structured in a way that DOC believes would produce satisfactory results? Would statutory change be necessary?

Staff also recommends that the Committee talk with the parole board to get its perspectives on this issue. How serious an obstacle to parole is lack of successful completion of sex offender treatment for a lifetime offender? For a determinant sex offender?

ISSUE: PRIVATE PRISON EFFECTIVENESS

The General Assembly does not have enough information to decide how Colorado's private prisons compare to their public counterparts, despite twenty years of experience with private facilities. Nor does it have enough information to decide if Colorado's private prisons have gotten better or worse over time. This issue discusses what we do know, and suggests that the Department of Corrections can help reduce the information deficit with more complete reports from its private prison monitoring unit. The issue concludes with an analysis that suggests that the per diem for private prisons should be substantially higher.

SUMMARY

- The U.S. Bureau of Prisons is planning to phase out its use of private prisons, based on a comparative analysis of private and public prisons. .
- Colorado began using private prisons in the 1990's. Use peaked in FY 2008-09. Compared to other states, Colorado is a relatively heavy user of private prisons.
- State contracts with private prisons are very detailed and the potential to assure staffing levels.
- Statute requires the Department to submit an annual effectiveness report to the General Assembly. The reports have included one high quality study and a relatively small amount of other information. More information is needed.
- The per diem rate that the state pays private prisons has seriously lagged behind inflation and should be raised.

RECOMMENDATION

Staff recommends that the Committee talk with the Department about additional measures that could be included in the annual private prison effectiveness report. Is the Department reluctant to divulge comparative information on effectiveness?

DISCUSSION

In August 2016, U.S. Deputy Attorney General Sally Yates announced that the U.S. Bureau of Prisons would stop or greatly curtail its use of private prisons:

Private prisons served an important role during a difficult period, but time has shown that they compare poorly to our own Federal Bureau of Prisons facilities. They simply do not provide the same level of correctional services, programs, and resources; they do not save substantially on costs; and as noted in a recent report by the Department's Office of Inspector General, they do not maintain the same level of safety and security.... For all these reasons...I am directing that, as each contract reaches the end of its term, the Bureau should either decline to renew that contract or substantially reduce its scope.

The Deputy Attorney General's announcement came the week after the U.S. Department of Justice's Inspector General released a [report](#) that criticized private prisons that hold federal prisoners. The report states:

We found that in a majority of the categories we examined, contract prisons incurred more safety and security incidents per capita than comparable Bureau of Prisons [BOP] institutions. We analyzed data from the 14 contract prisons that were operational during the period of our review and from a select group of 14 BOP institutions with comparable inmate populations to evaluate how the contract prisons performed relative to the selected BOP institutions. Our analysis included data from FYs 2011 through 2014 in eight key categories: (1) contraband, (2) reports of incidents, (3) lockdowns, (4) inmate discipline, (5) telephone monitoring, (6) selected grievances, (7) urinalysis drug testing, and (8) sexual misconduct. With the exception of fewer incidents of positive drug tests and sexual misconduct, the contract prisons had more incidents per capita than the BOP institutions in all of the other categories of data we examined. For example, the contract prisons confiscated eight times as many contraband cell phones annually on average as the BOP institutions. Contract prisons also had higher rates of assaults, both by inmates on other inmates and by inmates on staff.

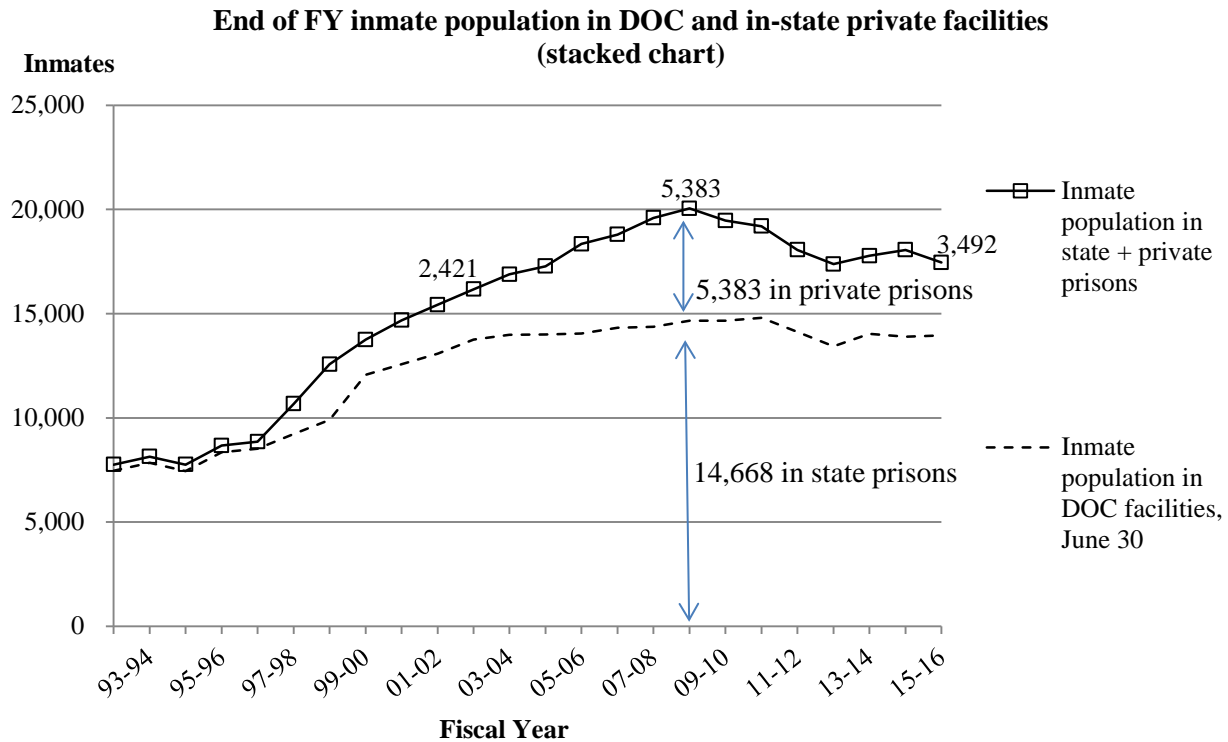
In this issue, staff will argue that the General Assembly does not have enough information to decide how Colorado's private prisons compare to their public counterparts, despite twenty years of experience with private facilities. Nor does it have enough information to decide if Colorado's private prisons have gotten better or worse over time. This issue will discuss what we do know, and suggest that the Department of Corrections can help reduce the information deficiency with more complete reports from its private prison unit. The issue concludes with an analysis that suggests that the per diem for private prisons should be substantially higher.

Background on Colorado private prisons

As Colorado's inmate population began to exceed the Department of Corrections' capacity in the mid 1980's, the DOC left increasing numbers of sentenced offenders in local jails until they could be accommodated in DOC facilities. The DOC also began sending offenders to prisons in other states and building prisons. Between 1979 and 1999, the DOC added at least 12 facilities, but could not keep up with the population growth. Bent County Correctional Facility, Colorado's first private prison, opened in 1993 as a 335 bed minimum-security facility. It was subsequently upgraded to its current capacity of 1,388 medium-security beds. Over the succeeding years more private prisons opened including Crowley County Correctional Facility and Cheyenne Mountain Reentry Center (CMRC). Other private prisons opened and later closed, including facilities in Huerfano County, Brush, Hudson, and Kit Carson County. The Kit Carson County facility closed this summer and the Hudson facility was never used by the DOC. In addition to Colorado DOC offenders, some of these prisons also held offenders from other states, the last of whom left Colorado earlier this year.

In contrast to the rapid pace of facility construction during the 1980's and 1990's, since 2000 the state has only opened three state-owned prisons: Trinidad Correctional Facility, the now closed Fort Lyon Correctional Facility, and the now closed Colorado State Penitentiary II (CSP II, officially called Centennial South).

The following stacked chart shows the number of inmates Colorado placed in public and private prisons each year from FY 1992-93 to FY 2015-16. (The vertical distance between the two lines is the number of inmates in private prison.) The population of offenders in private prisons peaked at 5,383 in FY 2008-09 and subsequently shrunk to the current 3,492.

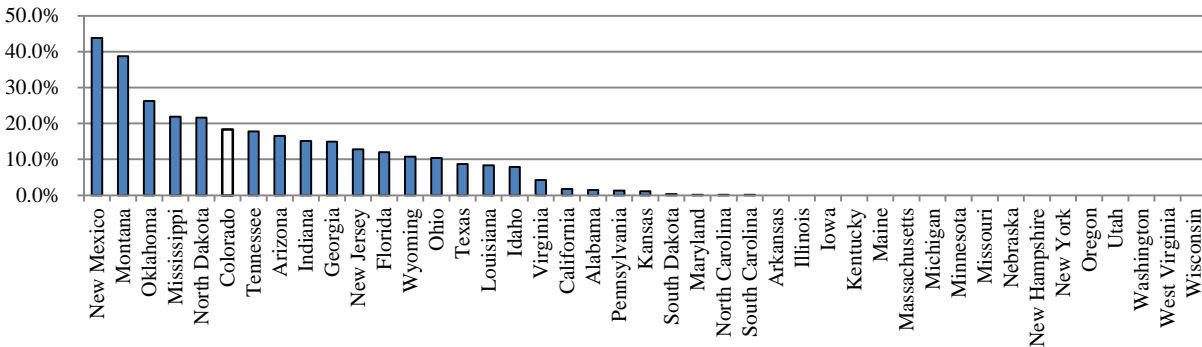


If Colorado had decided in 2002 that it didn't want to put any more inmates in private prison, then Colorado would have faced two choices: build another state prison or send a large number of Colorado inmates out of state. If it had built a state prison, then it probably would have closed that prison or closed another state prison sometime after 2009 as the inmate population declined. This closure would have been in addition to the 2012 closure of Fort Lyon Correctional Facility. Because Colorado decided to let the private sector build its prisons, it was a private prison (Kit Carson) that closed.

As Colorado's prison population grew, it also became, in percentage terms, one of the larger users of private prisons among the states.¹²

¹² Source: "Prisoners in 2014," Bureau of Justice Statistics. This is the latest data available. Note that a private-prison bed guarantee was in effect during FY 2013-14, which may have moved Colorado several places to the left in this chart.

Percentage of inmates held in private prisons, 2014



These charts just report private prison use and growth, they don't say anything about the problems that occurred as private prisons expanded. The worst incident occurred in July 2004 when a [riot broke out](#) at Crowley Correctional Facility. The DOC [report](#) after the riot noted many causes, including short staffing on the evening of the riot, employees who had been on the job for only two days, and facility management that either could not or would not deal with the situation at its inception.

DOC reports to the General Assembly on private prisons

Provisions governing the relationship of the Department of Corrections and private prisons were added to statute in 1995, a couple years after Bent County Correctional Facility began to house Colorado offenders. The new statutory provisions included a requirement that the Department report annually to the General Assembly on the effectiveness of private prisons.¹³ As amended by H.B. 00-1133, this requirement now reads:

17-1-201 (2), C.R.S. No later than December 1 of each fiscal year, beginning with the 1996-97 fiscal year, the executive director shall submit a report to the speaker of the house of representatives and the president of the senate concerning the status of contracts in effect, and, with respect to completed prisons, the effectiveness of each private contract prison governed by a contract with the department.

Statute also requires private prisons to become accredited by the American Correctional Association,

17-1-105.1 (3) (a), C.R.S., A private prison shall not contract to house any inmate, except on a temporary basis, unless within two years of the date that it accepts its first inmate it holds a current accreditation by the American correctional association.

The Private Prisons Monitoring Unit (PPMU) was created in FY 1999-00 to ensure that private prisons adhere to DOC policies, to American Correctional Association standards, and to contract requirements. The Monitoring Unit staff consists of facility monitors and program specialists. The facility monitors spend almost all of their work days in their assigned facility. The program

¹³ H.B. 00-1133 also struck the following requirement, "Each report after the report for the fiscal year 1999-2000 shall include a comparison of recidivism rates for inmates of private correctional facilities to the recidivism rates for inmates of comparable facilities managed by the department of corrections." Of course this does not (and did not) preclude the DOC from reporting on recidivism.

specialists rotate among facilities, visiting them regularly to observe their medical, mental health, and food services.

The contracts that the Private Prisons Monitoring Unit oversees are long and detailed. Some have been [posted on the internet](#). These contracts are process rather than outcome oriented. Among many other provisions, they specify staffing requirements in detail and require the contractor to pay stated dollar amounts ("liquidated damages") for failure to staff to the plan. For example, "Contractor's failure to provide educational services as required in Exhibit J may result in liquidated damages assessed at \$170.00 per day per class session for programs not held/offered." The contractor must also pay \$143 for failure to staff any one of the many mandatory Corrections Officer posts in the facility.¹⁴ There are also penalties for failure to fill a position with a person who has the required qualifications and training for that position.

Colorado's private prisons regularly pay liquidated damages for staffing shortfalls; the four prisons that were open during FY 2015-16 together paid \$613,357 in damages (up from \$403,401 the prior year), which equals between one half and one percent of the amount they received as payments from the DOC.

Liquidated damages provide private prisons with a powerful incentive to staff as specified in the contract. CoreCivic, which was formerly called Corrections Corporation of America or CCA, owns Bent and Crowley. It reports that the entry-level annual salary for a corrections officer at its facilities in 2016 is \$29,350, which works out to \$85 per day after adjusting for days of sick leave, vacation, and holidays. So it's much cheaper to staff a post with a qualified corrections officer and pay him or her \$85 per day than it is to pay \$143 per day for liquidated damages. Eight hours of monitoring 5 days per week by the DOC contract monitor makes it likely that DOC will learn of staffing shortfalls.

How good are Colorado's private prisons?

The first thing to observe about the quality of Colorado's private prisons is the effects of the contract staffing requirements in combination with the liquidated damages. Labor is the largest single cost involved in running a prison so it's one of the places a contractor may look to reduce costs. Assuming that DOC has placed a reasonable staffing plan in the contract and DOC enforces the staffing plan by imposing liquidated damages when they occur, the contract will assure that an adequate number of staff are in place nearly all the time. Assuring the quality of that staff and making sure that they are adequately trained is more difficult, but there are training requirements in the contract that, if regularly enforced, reduce the quality problem. The downside of a rigid staffing plan is lack of flexibility for the contractor, which makes it difficult to introduce innovations that may reduce cost without undermining safety.

Staff notes that liquidated damages appear to be having a positive effect on salaries. CoreCivic, the owner of Bent and Crowley, reports that the starting salary of its corrections officers is \$29,350, which is substantially above the 2016 Colorado minimum wage of \$8.31 per hour or \$17,285 if one works 40 hours per week for 52 weeks. The comparable salary for a new corrections officer at the Department of Corrections is \$40,488. CoreCivic says that it must pay wages like this to attract

¹⁴ These contract examples are drawn from the 138-page-long 2015 contract with Bent County Correctional Facility.

enough workers to fulfil its contract obligations and avoid liquidated damages. It also says that it loses workers to the Department of Corrections because of the higher salaries there.

The next thing to observe about contract-prisons is the statutory requirement that they seek and maintain American Correctional Association accreditation. ACA accreditation means a prison meets widely recognized standards that public prisons are often proud to report they too achieved.¹⁵

But what about the statutory requirement that the Department report annually on the *effectiveness* of each private contract prison, a report that the Private Prison Monitoring Unit has been submitting to the General Assembly since December 2000?

This issue began by quoting from a U.S. Department of Justice report which stated that private sector prisons under contract with the U.S. Bureau of Prisons (BOP) generally underperformed Bureau of Prison operated prisons. "With the exception of fewer incidents of positive drug tests and sexual misconduct, the contract prisons had more incidents per capita than the BOP institutions in all of the other categories of data we examined." Could the Private Prison Monitoring Unit evaluate private-prison effectiveness in this manner?

The problem with such an analysis is the non-comparability of the private-prison population and the population of offenders housed in DOC facilities. Some of the principle criteria for placement in a private prison are as follows:

- The inmate must be medium custody or below. No one is allowed who is in close custody or RH Max (formerly Ad Seg).¹⁶
- Low to moderate needs levels¹⁷
 - Medical needs levels 1 – 4
 - Mental health needs levels 1 – 3
 - Developmental disability needs levels 1 – 3.
- Some disabilities as defined in the Americans with Disabilities Act, such as diabetes, are allowed, but not mobility, vision, or hearing issues.
- No offenders serving sentences of life without parole.
- No females, because there are no private prisons that hold females.

So if one were to directly compare the population in DOC run prisons with the population in private prisons, the resulting comparisons could be biased due to DOC's more difficult population.

Pre-2012 reports.

Prior to 2012 the effectiveness reports that were prepared for the General Assembly included a very limited amount of information to help readers assess effectiveness. After a narrative summary of

¹⁵ The New York State Department of Corrections discovered that American Correctional Association accreditation does not guarantee that a prison is well run. After two inmates escaped from Department's ACA accredited, maximum-security Clinton Correctional Facility in upstate New York, the New York [Inspector General concluded](#) that internal and external audits failed to identify fundamental security lapses. A number of employees were terminated.

¹⁶ The medium custody requirement derives from Section 17-1-194.9, C.R.S. Section 17-1-206.5 adds extra requirements for Cheyenne Mountain Reentry Center.

¹⁷Most of the DOC's rating scales run from 1 to 5 with 3 denoting moderate need and 5 denoting severe need.

recent private prison developments and a summary of basic facts about private prisons, the reports typically included some statistics on prison jobs and programming. Work opportunities and programming are widely believed to be connected to a prison's effectiveness, but the statistics in the reports weren't presented in an informative manner. They provided no information on programming relative to inmate needs, no sense of how the amount of programming in the private prisons has evolved over time, and no sense of how the amount of programming in private prisons compares with programming at DOC.

The 2012 report.

Beginning in December 2012, the effectiveness reports dropped the information on work and focused on programming. The 2012 report included the first meaningful comparative information about programming. It pointed out, for example, the relative shortage of substance abuse programming at Cheyenne Mountain Reentry Center compared to DOC prisons. It also stated that, "In general, CCA [now CoreCivic] has a roughly comparable number of education programs, treatment programs, and employment opportunities as the state." The report made no effort to evaluate the quality of the treatment programs.

The innovative 2013 report.

The effectiveness report submitted in December 2013 was a major step forward. It contained a study that compared recidivism rates for offenders who spent most of their sentence in private prisons with recidivism rates for inmates who spent most of their sentence in DOC prisons. To control for the differences in the average characteristics of the populations, the study analyzed matched groups of inmates. For each offender in the private prison group, the study found a matching offender in the DOC group. i.e. found a similar offender based on a variety of characteristics such as needs levels, offense degree, Code of Penal Discipline violations, age, etc. Offenders who were ineligible to be housed in private prisons due to their custody level, gender, needs levels (medical, mental health, and developmental disability), life without parole sentence, or disability were excluded.

The 2013 study found no statistically significant differences in the recidivism rates of offenders who spent most of their sentence in CoreCivic facilities (Bent, Crowley, and Kit Carson) and those who were primarily in state facilities.

The 2013 study did find statistically significant differences between the recidivism rates of offenders who spent some of their sentence in CMRC and those who did not. CMRC is a pre-release and parole revocation facility. Some of the offenders in CMRC were sent there from other prisons to prepare for release. Others were already out on parole and, after technical violations, were sent to CMRC for revocation. Revocation periods generally range from 1 to 6 months. The study found that stays of one month in CMRC increased recidivism. Stays of 3 months in CMRC also increased recidivism, but were less likely to do so. Stays of 6 months did not increase recidivism. So, strangely, the study suggests that short stays at CMRC are detrimental. Perhaps the facility's "Positive Peer Community" culture is detrimental in small doses.

The 2014, 2015, and 2016 reports.

The 2014, 2015, and 2016 effectiveness reports lack the recidivism analysis of the 2013 report and are in many ways are updates of the 2012 report that continue to focus on programming. JBC staff asked DOC to update of the reported percentage of eligible offenders who have work and/or programming assignments and learned that, as of this month, between 70 and 75 percent of

offenders in private prisons have such assignments. The comparable percentage for DOC facilities is 86 percent. JBC staff did not expect the recidivism analysis in the 2013 report to be repeated in any of these years, but hopes it will be updated occasionally.

Better effectiveness reports

Should Colorado follow the lead of the U.S. Bureau of Prisons and start phasing out private prisons? Assuming the decision is to be based on empirical criteria such as those U.S. Deputy Attorney General Yates listed, staff believes that we don't yet know enough to decide, despite 20 plus years of experience. Meaningful comparative information has only started to come out in the last four years and it's incomplete. We know that private prisons in the state are monitored nearly continuously by the Department of Corrections, that they have staffing plans that are probably adequate, that programming and work opportunities in private prisons are worse than in public prisons, but not that much worse. Finally, we know that that recidivism rates may be higher at CMRC than at DOC, but CoreCivic's recidivism rate probably isn't higher. We also have very little time series data, so we don't know whether things are getting better or worse.

Staff urges the Private Prison Monitoring Unit to correct this information deficit by expanding the amount of information in its private prison reports. There is no other entity in the state that has access to the same amount of relevant information. The Unit's internal reports probably contain a number of measures that can be reported publically. The Unit should give users context for the numbers reported by including comparable numbers for DOC whenever possible. Report the information consistently over time so a time series on these measures will start to accumulate.

Here are some of the things that could be included in the report:

- Staff turnover.
- Average length of service in the facility and in current job.
- Average annual hours of staff training, by job category.
- For employees who provide programming: summary statistics on education, qualifications, and certifications.
- Average class or group size. Average time spent in class.
- Percent of time food service standards are met.
- Percent of time fire and occupational safety standards are met.
- Average wait time for medical or dental appointment.
- Rate of self-harm among inmates.
- Substance use test results.
- Rate at which offenders file grievances

If there's a comparability problem when reporting data for private prisons and the DOC, the Unit should try the approach used in the 2013 private prison effectiveness report: exclude offenders in DOC prisons who were ineligible to be housed in private prisons. In addition, the unit should consider creating an Internet dashboard for the data, that might be ideal. The release of comparative information could have a beneficial incentive effect on private prisons, and on the Department of Corrections if turns out private prisons outperform the DOC in some areas.

How much should private prisons be paid?

For several years this analyst has believed that the per diem that private prisons receive from the state is too low. How can they produce quality results when inflation has seriously eroded the purchasing power of the per diem they receive from the state? These providers have saved the state lots of money over the years with per diem rates that are much lower than DOC bed costs. In all likelihood private prison providers have also reduced the State's capital expenditures by building prisons themselves and saving the state the cost of doing so.

The average expected stay in DOC is less than four years. At least 95 percent of the DOC's inmates will return to the community after their sentences are complete. A disturbingly large number will subsequently return to the DOC.¹⁸ Almost half of DOC's inmates have moderate to high vocational needs; almost three quarters have moderate to high substance abuse needs, more than a third have moderate to high mental health needs.¹⁹ Appropriately designed, properly delivered, in-prison programs covering substance abuse, adult basic education, GED, vocational programs, and other areas can help offenders succeed so they don't come back again.

In 1999, the JBC asked the Department why costs for private prisons, as reflected in the per diem the state then paid, was less than the average cost of housing an inmate in the DOC, as computed in the Department's own cost-per-day reports. In response, the Department pointed to several reasons:

- Private prisons must pay the in-prison medical costs of their inmates, however they do not take inmates with severe medical problems. If an inmate develops an expensive medical problem, the private prison will request that the Department transfer the inmate to a state facility.
- Private prisons receive the less troublesome DOC inmates. If an inmate proves unexpectedly difficult, the private prison will ask DOC to transfer the inmate to a state facility. The lower proportion of difficult inmates allows private prisons to hire fewer staff. In essence, privates operate level I or level II facilities with costs lower than the average for all DOC facilities.
- Private prisons don't offer the same level of vocational and correctional industry programming, which allows them to operate with fewer staff.

For these reasons, the Department believed, the Colorado inmates held in private prisons were comparable to minimum or minimum restrictive inmates and could be managed at similar cost. At that time the per diem for privates was \$2.36 per day less than the cost per day for a level I DOC facility.²⁰

During FY 2015-16, the cost per day for a level I facility was \$79.09. The \$2.36 difference that existed in 1999, adjusted for inflation, would today be \$3.37 (\$2.36 multiplied by the 43% increase of

¹⁸ DOC defines recidivism as a return to prison or inmate status in Colorado within three years of release, for either new criminal activity or a technical violation. The latest recidivism figures in the DOC [Statistical Report](#) show that 46 percent will return to DOC within 3 years; 11.9 percent will be back because of a new crime. The Excel appendix to the Statistical Report reports recidivism over 4 and 5 year periods. The 5 year recidivism rate is 54 percent with 18 percent back for a new crime.

¹⁹ For information on needs, see "Inmate Population Profile" in the "Statistics" section of the DOC's [Reports and Statistics](#) web page.

²⁰ This information comes from the FY 1999-00 briefing document for the Department of Corrections.

the consumer price index). Thus the per diem for a private prison today should be about \$3.37 less than the \$79.09 per day cost today of a level I DOC bed. The implied per diem equals \$75.72.

One can also estimate a suitable per diem rate for private prisons by simply looking at the effect of inflation since 1999. In FY 1999-00, the per diem was \$52.28. Increasing this by the 43 percent increase of the consumer price index since that time yields a per diem of \$74.70 (= \$52.28 * 1.43).

The FY 2017-18 per diem for a private bed is only \$56.02. A strong case can be made to increase it substantially.

JBC Staff Budget Briefing: FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Number Pages

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 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>1,921,409</u>	<u>1,820,825</u>	<u>1,991,783</u>	<u>1,991,783</u>	
FTE	27.3	29.0	26.8	26.8	
General Fund	1,676,363	1,586,735	1,747,978	1,747,978	
Reappropriated Funds	134,601	134,601	243,805	243,805	
Federal Funds	110,445	99,489	0	0	
Restorative Justice Program with Victim-Offender					
Dialogues in Department Facilities	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	
FTE	0.0	0.0	1.2	1.2	
General Fund	75,000	75,000	75,000	75,000	
Health, Life, and Dental					
General Fund	<u>43,068,249</u>	<u>51,579,140</u>	<u>50,481,587</u>	<u>54,320,237</u>	*
Cash Funds	41,632,194	50,015,018	48,999,350	52,739,136	
Cash Funds	1,436,055	1,564,122	1,482,237	1,581,101	
Short-term Disability					
General Fund	<u>723,516</u>	<u>733,991</u>	<u>617,301</u>	<u>627,818</u>	*
Cash Funds	699,867	711,870	598,986	610,644	
Cash Funds	23,649	22,121	18,315	17,174	

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
S.B. 04-257 Amortization Equalization Disbursement	<u>13,463,331</u>	<u>15,015,963</u>	<u>15,955,728</u>	<u>16,885,813</u>	*
General Fund	13,030,812	14,570,654	15,491,590	16,432,079	
Cash Funds	432,519	445,309	464,138	453,734	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>12,623,005</u>	<u>14,498,673</u>	<u>15,789,522</u>	<u>16,885,813</u>	*
General Fund	12,217,519	14,068,545	15,330,219	16,432,079	
Cash Funds	405,486	430,128	459,303	453,734	
Salary Survey	<u>8,687,747</u>	<u>2,016,911</u>	<u>583,577</u>	<u>8,989,753</u>	
General Fund	8,397,125	1,906,474	580,443	8,743,757	
Cash Funds	290,622	110,437	3,134	245,996	
Shift Differential	<u>7,390,750</u>	<u>7,687,883</u>	<u>7,940,718</u>	<u>8,125,195</u>	
General Fund	7,352,834	7,648,987	7,906,423	8,085,286	
Cash Funds	37,916	38,896	34,295	39,909	
Workers' Compensation	<u>9,484,276</u>	<u>8,583,237</u>	<u>7,886,908</u>	<u>7,029,489</u>	
General Fund	9,184,573	8,312,007	7,637,682	6,807,357	
Cash Funds	299,703	271,230	249,226	222,132	
Operating Expenses	<u>349,905</u>	<u>326,684</u>	<u>357,759</u>	<u>357,759</u>	
General Fund	267,757	267,753	267,759	267,759	
Reappropriated Funds	5,000	5,000	5,000	5,000	
Federal Funds	77,148	53,931	85,000	85,000	
Legal Services	<u>1,959,874</u>	<u>1,752,463</u>	<u>1,898,269</u>	<u>1,971,503</u>	
General Fund	1,893,437	1,748,419	1,834,490	1,905,234	
Cash Funds	66,437	4,044	63,779	66,269	

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Payment to Risk Management and Property Funds	<u>3,905,311</u>	<u>4,203,591</u>	<u>4,241,910</u>	<u>4,663,721</u>	
General Fund	3,751,442	4,037,970	4,074,779	4,479,971	
Cash Funds	153,869	165,621	167,131	183,750	
Leased Space	<u>3,971,427</u>	<u>4,116,123</u>	<u>4,496,531</u>	<u>4,841,708</u>	*
General Fund	3,732,348	3,882,449	4,240,494	4,572,941	
Cash Funds	239,079	233,674	256,037	268,767	
Capitol Complex Leased Space	<u>55,636</u>	<u>56,300</u>	<u>58,367</u>	<u>63,308</u>	
General Fund	39,744	40,218	41,695	45,224	
Cash Funds	15,892	16,082	16,672	18,084	
Planning and Analysis Contracts	<u>82,407</u>	<u>82,410</u>	<u>82,410</u>	<u>132,410</u>	*
General Fund	82,407	82,410	82,410	132,410	
Payments to District Attorneys	<u>518,362</u>	<u>427,726</u>	<u>681,102</u>	<u>681,102</u>	
General Fund	518,362	427,726	681,102	681,102	
Payments to Coroners	<u>0</u>	<u>0</u>	<u>32,175</u>	<u>32,175</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	32,175	32,175	
Merit Pay	<u>3,401,363</u>	<u>3,485,908</u>	<u>0</u>	<u>0</u>	
General Fund	3,287,652	3,384,324	0	0	
Cash Funds	113,711	101,584	0	0	
Start-up Costs	<u>4,703</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	4,703	0	0	0	

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
SUBTOTAL - (A) Executive Director's Office,					
Subprogram	111,686,271	116,462,828	113,170,647	127,674,587	12.8%
<i>FTE</i>	<u>27.3</u>	<u>29.0</u>	<u>28.0</u>	<u>28.0</u>	<u>(0.0%)</u>
General Fund	107,844,139	112,766,559	109,622,575	123,790,132	12.9%
Cash Funds	3,514,938	3,403,248	3,214,267	3,550,650	10.5%
Reappropriated Funds	139,601	139,601	248,805	248,805	0.0%
Federal Funds	187,593	153,420	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>1,117,081</u>	<u>1,075,564</u>	<u>1,169,978</u>	<u>1,169,978</u>	
<i>FTE</i>	14.8	14.1	15.7	15.7	
General Fund	1,117,081	1,075,564	1,169,978	1,169,978	
Operating Expenses	<u>204,622</u>	<u>196,291</u>	<u>213,443</u>	<u>213,443</u>	
General Fund	183,975	183,974	183,976	183,976	
Cash Funds	20,647	12,317	29,467	29,467	

SUBTOTAL -	1,321,703	1,271,855	1,383,421	1,383,421	0.0%
<i>FTE</i>	<u>14.8</u>	<u>14.1</u>	<u>15.7</u>	<u>15.7</u>	<u>0.0%</u>
General Fund	1,301,056	1,259,538	1,353,954	1,353,954	0.0%
Cash Funds	20,647	12,317	29,467	29,467	0.0%

(2) Payments to House State Prisoners

Payments to local jails	<u>13,676,168</u>	<u>11,120,578</u>	<u>11,708,003</u>	<u>12,456,852</u> *	
General Fund	13,676,168	11,120,578	11,708,003	12,456,852	

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Payments to in-state private prisons	<u>66,661,309</u>	<u>65,036,792</u>	<u>58,180,616</u>	<u>58,180,616</u>	
General Fund	66,661,284	65,036,746	55,821,909	55,821,909	
Cash Funds	25	46	2,358,707	2,358,707	
Payments to pre-release parole revocation facilities	<u>10,393,993</u>	<u>11,150,004</u>	<u>10,496,025</u>	<u>10,496,025</u>	
General Fund	10,393,993	11,150,004	10,496,025	10,496,025	
Community Corrections Programs	<u>3,744,387</u>	<u>3,045,400</u>	<u>3,945,153</u>	<u>3,196,304</u>	*
General Fund	3,744,387	3,045,400	3,945,153	3,196,304	
External Capacity Sustainability	<u>0</u>	<u>0</u>	<u>3,000,000</u>	<u>0</u>	*
General Fund	0	0	3,000,000	0	
Inmate Education and Benefit Programs at In-state Private Prisons	<u>0</u>	<u>534,079</u>	<u>534,079</u>	<u>534,079</u>	
General Fund	0	534,079	534,079	534,079	
Inmate Education and Benefit Programs at Pre-release Parole Revocation Facilities	<u>0</u>	<u>119,476</u>	<u>119,476</u>	<u>119,476</u>	
General Fund	0	119,476	119,476	119,476	
SUBTOTAL -	94,475,857	91,006,329	87,983,352	84,983,352	(3.4%)
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	94,475,832	91,006,283	85,624,645	82,624,645	(3.5%)
Cash Funds	25	46	2,358,707	2,358,707	0.0%
SUBTOTAL - (B) External Capacity Subprogram	95,797,560	92,278,184	89,366,773	86,366,773	(3.4%)
<i>FTE</i>	<u>14.8</u>	<u>14.1</u>	<u>15.7</u>	<u>15.7</u>	0.0%
General Fund	95,776,888	92,265,821	86,978,599	83,978,599	(3.4%)
Cash Funds	20,672	12,363	2,388,174	2,388,174	0.0%

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
(C) Inspector General Subprogram					
Primary Function: Investigate crimes within the prison system.					
Personal Services	<u>3,800,203</u>	<u>3,860,552</u>	<u>4,110,124</u>	<u>4,110,124</u>	
FTE	45.5	47.2	48.2	48.2	
General Fund	3,800,203	3,860,552	4,003,891	4,003,891	
Cash Funds	0	0	106,233	106,233	
Operating Expenses	<u>365,557</u>	<u>357,847</u>	<u>453,448</u>	<u>428,884</u>	*
General Fund	344,910	345,530	370,261	345,697	
Cash Funds	20,647	12,317	83,187	83,187	
Inspector General Grants	<u>195,729</u>	<u>207,222</u>	<u>235,649</u>	<u>207,912</u>	*
FTE	0.0	0.0	1.0	1.0	
Reappropriated Funds	0	0	27,737	0	
Federal Funds	195,729	207,222	207,912	207,912	
SUBTOTAL - (C) Inspector General Subprogram	4,361,489	4,425,621	4,799,221	4,746,920	(1.1%)
FTE	45.5	47.2	49.2	49.2	0.0%
General Fund	4,145,113	4,206,082	4,374,152	4,349,588	(0.6%)
Cash Funds	20,647	12,317	189,420	189,420	0.0%
Reappropriated Funds	0	0	27,737	0	(100.0%)
Federal Funds	195,729	207,222	207,912	207,912	0.0%
TOTAL - (1) Management	211,845,320	213,166,633	207,336,641	218,788,280	5.5%
FTE	87.6	90.3	92.9	92.9	(0.0%)
General Fund	207,766,140	209,238,462	200,975,326	212,118,319	5.5%
Cash Funds	3,556,257	3,427,928	5,791,861	6,128,244	5.8%
Reappropriated Funds	139,601	139,601	276,542	248,805	(10.0%)
Federal Funds	383,322	360,642	292,912	292,912	0.0%

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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, the Youth Offender System, case management, mental health, inmate pay, legal resources for inmates, and capital lease purchase payments.

(A) Utilities Subprogram

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

Personal Services	<u>286,811</u>	<u>242,719</u>	<u>318,254</u>	<u>318,254</u>	
FTE	2.2	2.7	2.6	2.6	
General Fund	286,811	242,719	318,254	318,254	
Utilities	<u>21,166,541</u>	<u>21,012,799</u>	<u>21,936,444</u>	<u>22,062,941</u>	*
General Fund	20,019,002	19,865,260	20,770,911	20,897,408	
Cash Funds	1,147,539	1,147,539	1,165,533	1,165,533	

SUBTOTAL - (A) Utilities Subprogram	21,453,352	21,255,518	22,254,698	22,381,195	0.6%
FTE	<u>2.2</u>	<u>2.7</u>	<u>2.6</u>	<u>2.6</u>	0.0%
General Fund	20,305,813	20,107,979	21,089,165	21,215,662	0.6%
Cash Funds	1,147,539	1,147,539	1,165,533	1,165,533	0.0%

(B) Maintenance Subprogram

Primary Functions Provide grounds and facilities maintenance, including the boiler house, janitorial services, and life safety.

Personal Services	<u>17,394,990</u>	<u>17,983,087</u>	<u>18,302,550</u>	<u>18,310,794</u>	
FTE	284.2	286.2	276.8	276.8	
General Fund	17,394,990	17,983,087	18,302,550	18,310,794	
Operating Expenses	<u>5,014,112</u>	<u>5,714,042</u>	<u>5,714,113</u>	<u>7,114,522</u>	*
General Fund	5,014,112	5,714,042	5,714,113	7,114,522	

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Purchase of Services	<u>1,463,583</u>	<u>1,545,553</u>	<u>1,545,553</u>	<u>2,059,181</u> *	
General Fund	1,463,583	1,545,553	1,545,553	2,059,181	
Start-up Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>185,086</u> *	
General Fund	0	0	0	185,086	
SUBTOTAL - (B) Maintenance Subprogram	23,872,685	25,242,682	25,562,216	27,669,583	8.2%
FTE	<u>284.2</u>	<u>286.2</u>	<u>276.8</u>	<u>276.8</u>	0.0%
General Fund	23,872,685	25,242,682	25,562,216	27,669,583	8.2%

(C) Housing and Security Subprogram

Primary Function: Provide inmate supervision, including the implementation and management of security operations.

Personal Services	<u>162,865,057</u>	<u>168,351,679</u>	<u>170,532,665</u>	<u>170,947,454</u>	
FTE	2,955.8	2,996.9	2,974.4	2,974.4	
General Fund	162,862,110	168,351,679	170,529,718	170,944,507	
Cash Funds	2,947	0	2,947	2,947	
Operating Expenses	<u>1,802,934</u>	<u>1,808,935</u>	<u>1,808,941</u>	<u>1,808,941</u>	
General Fund	1,802,934	1,808,935	1,808,941	1,808,941	
SUBTOTAL - (C) Housing and Security Subprogram	164,667,991	170,160,614	172,341,606	172,756,395	0.2%
FTE	<u>2,955.8</u>	<u>2,996.9</u>	<u>2,974.4</u>	<u>2,974.4</u>	0.0%
General Fund	164,665,044	170,160,614	172,338,659	172,753,448	0.2%
Cash Funds	2,947	0	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>17,573,273</u>	<u>17,896,616</u>	<u>18,368,960</u>	<u>17,995,900</u>	*
FTE	313.2	315.1	317.8	317.8	
General Fund	17,573,273	17,896,616	18,368,960	17,995,900	
Operating Expenses	<u>16,102,018</u>	<u>16,646,929</u>	<u>17,010,023</u>	<u>17,804,557</u>	*
General Fund	16,102,018	16,646,929	16,930,023	17,804,557	
Federal Funds	0	0	80,000	0	
Purchase of Services	<u>1,704,331</u>	<u>1,719,343</u>	<u>1,792,916</u>	<u>1,798,436</u>	*
General Fund	1,704,331	1,719,343	1,792,916	1,798,436	

SUBTOTAL - (D) Food Service Subprogram	35,379,622	36,262,888	37,171,899	37,598,893	1.1%
FTE	<u>313.2</u>	<u>315.1</u>	<u>317.8</u>	<u>317.8</u>	0.0%
General Fund	35,379,622	36,262,888	37,091,899	37,598,893	1.4%
Federal Funds	0	0	80,000	0	(100.0%)

(E) Medical Services Subprogram

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

Personal Services	<u>30,120,199</u>	<u>31,116,755</u>	<u>32,510,792</u>	<u>31,852,234</u>	*
FTE	373.4	370.0	387.5	387.5	
General Fund	29,971,333	30,962,247	32,272,409	31,613,851	
Cash Funds	148,866	154,508	238,383	238,383	
Operating Expenses	<u>2,578,679</u>	<u>2,578,679</u>	<u>2,579,052</u>	<u>2,579,052</u>	
General Fund	2,578,679	2,578,679	2,579,052	2,579,052	

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Purchase of Pharmaceuticals	<u>14,255,586</u>	<u>14,681,545</u>	<u>15,832,887</u>	<u>18,354,060</u>	*
General Fund	14,255,586	14,681,545	15,832,887	18,354,060	
Purchase of Medical Services from Other Medical Facilities	<u>19,778,739</u>	<u>22,140,857</u>	<u>25,574,780</u>	<u>23,133,336</u>	*
General Fund	19,778,739	22,140,857	25,574,780	23,133,336	
Service Contracts	<u>2,448,451</u>	<u>2,417,890</u>	<u>2,490,075</u>	<u>2,490,075</u>	
General Fund	2,448,451	2,417,890	2,490,075	2,490,075	
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>1,835</u>	<u>730</u>	
Cash Funds	0	0	1,835	730	
Catastrophic Medical Expenses	<u>5,899,277</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	5,899,277	0	0	0	
SUBTOTAL - (E) Medical Services Subprogram	75,080,931	72,935,726	78,989,421	78,409,487	(0.7%)
FTE	<u>373.4</u>	<u>370.0</u>	<u>387.5</u>	<u>387.5</u>	0.0%
General Fund	74,932,065	72,781,218	78,749,203	78,170,374	(0.7%)
Cash Funds	148,866	154,508	240,218	239,113	(0.5%)

(F) Laundry Subprogram

Primary Function: Issue, clean, and maintain all inmate clothing, bedding, coats, and footwear.

Personal Services	<u>1,999,807</u>	<u>2,128,016</u>	<u>2,414,728</u>	<u>2,414,728</u>
FTE	33.7	35.3	37.4	37.4
General Fund	1,999,807	2,128,016	2,414,728	2,414,728
Operating Expenses	<u>2,197,540</u>	<u>2,197,539</u>	<u>2,197,545</u>	<u>2,197,545</u>
General Fund	2,197,540	2,197,539	2,197,545	2,197,545

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SUBTOTAL - (F) Laundry Subprogram	4,197,347	4,325,555	4,612,273	4,612,273	0.0%
<i>FTE</i>	<u>33.7</u>	<u>35.3</u>	<u>37.4</u>	<u>37.4</u>	<u>0.0%</u>
General Fund	4,197,347	4,325,555	4,612,273	4,612,273	0.0%

(G) Superintendents Subprogram

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

Personal Services	<u>10,188,282</u>	<u>10,521,900</u>	<u>10,796,234</u>	<u>10,928,749</u> *	
<i>FTE</i>	164.0	160.5	156.7	157.6	
General Fund	10,188,282	10,521,900	10,796,234	10,928,749	
Operating Expenses	<u>3,305,692</u>	<u>5,181,501</u>	<u>5,186,951</u>	<u>5,208,684</u> *	
General Fund	3,305,692	5,181,501	5,186,951	5,208,684	
Dress-Out	<u>711,861</u>	<u>735,432</u>	<u>735,433</u>	<u>735,433</u>	
General Fund	711,861	735,432	735,433	735,433	
Superintendents Grants	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000</u> *	
Cash Funds	0	0	0	10,000	
Start-up Costs	<u>159,385</u>	<u>38,830</u>	<u>45,328</u>	<u>61,331</u> *	
General Fund	159,385	38,830	45,328	61,331	
SUBTOTAL - (G) Superintendents Subprogram	14,365,220	16,477,663	16,763,946	16,944,197	1.1%
<i>FTE</i>	<u>164.0</u>	<u>160.5</u>	<u>156.7</u>	<u>157.6</u>	<u>0.6%</u>
General Fund	14,365,220	16,477,663	16,763,946	16,934,197	1.0%
Cash Funds	0	0	0	10,000	0.0%

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(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 between 2 and 7 years.

Personal Services	<u>10,078,871</u>	<u>10,399,799</u>	<u>10,716,122</u>	<u>10,716,122</u>	
FTE	163.0	164.1	160.7	160.7	
General Fund	10,078,871	10,399,799	10,716,122	10,716,122	
Operating Expenses	<u>599,495</u>	<u>604,705</u>	<u>604,705</u>	<u>604,705</u>	
General Fund	599,495	604,705	604,705	604,705	
Contract Services	<u>28,820</u>	<u>28,820</u>	<u>28,820</u>	<u>28,820</u>	
General Fund	28,820	28,820	28,820	28,820	
Purchase of Services	<u>622,050</u>	<u>681,031</u>	<u>681,031</u>	<u>1,029,249</u> *	
General Fund	622,050	681,031	681,031	1,029,249	

SUBTOTAL - (H) Youthful Offender System					
Subprogram	11,329,236	11,714,355	12,030,678	12,378,896	2.9%
FTE	163.0	164.1	160.7	160.7	0.0%
General Fund	11,329,236	11,714,355	12,030,678	12,378,896	2.9%

(I) Case Management Subprogram

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

Personal Services	<u>16,762,735</u>	<u>17,519,409</u>	<u>17,879,989</u>	<u>17,894,785</u>	
FTE	243.2	247.8	247.3	247.3	
General Fund	16,762,735	17,519,409	17,879,989	17,894,785	
Operating Expenses	<u>170,380</u>	<u>172,581</u>	<u>172,581</u>	<u>172,581</u>	
General Fund	170,380	172,581	172,581	172,581	

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Offender ID Program	<u>257,227</u>	<u>314,601</u>	<u>341,135</u>	<u>341,135</u>	
General Fund	257,227	314,601	341,135	341,135	
Start-up Costs	<u>147,203</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	147,203	0	0	0	
SUBTOTAL - (I) Case Management Subprogram	17,337,545	18,006,591	18,393,705	18,408,501	0.1%
FTE	<u>243.2</u>	<u>247.8</u>	<u>247.3</u>	<u>247.3</u>	0.0%
General Fund	17,337,545	18,006,591	18,393,705	18,408,501	0.1%

(J) Mental Health Subprogram

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

Personal Services	<u>9,872,350</u>	<u>9,228,812</u>	<u>12,601,517</u>	<u>10,830,375</u> *
FTE	111.2	121.8	152.1	152.9
General Fund	9,872,350	9,228,812	12,601,517	10,830,375
Operating Expenses	<u>264,548</u>	<u>280,266</u>	<u>280,266</u>	<u>280,716</u>
General Fund	264,548	280,266	280,266	280,716
Medical Contract Services	<u>3,792,225</u>	<u>4,005,437</u>	<u>4,034,958</u>	<u>4,034,958</u>
General Fund	3,792,225	4,005,437	4,034,958	4,034,958
Mental Health Grants	<u>0</u>	<u>0</u>	<u>64,799</u>	<u>0</u> *
Reappropriated Funds	0	0	64,799	0
Start-up Costs	<u>57,036</u>	<u>61,139</u>	<u>0</u>	<u>4,703</u>
General Fund	57,036	61,139	0	4,703

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SUBTOTAL - (J) Mental Health Subprogram	13,986,159	13,575,654	16,981,540	15,150,752	(10.8%)
<i>FTE</i>	<u>111.2</u>	<u>121.8</u>	<u>152.1</u>	<u>152.9</u>	<u>0.5%</u>
General Fund	13,986,159	13,575,654	16,916,741	15,150,752	(10.4%)
Reappropriated Funds	0	0	64,799	0	(100.0%)

(K) Inmate Pay Subprogram

Primary Function: Provide pay between \$0.37 and \$0.82 per day to inmates for performing their assigned duties. This includes labor assignments (such as janitorial services, facility maintenance, food services, laundry, or grounds keeping), education assignments (such as adult basic education or GED), and vocational education assignments. Health care aides are paid at higher rates. Offenders in Correctional Industries are paid from a separate appropriation.

Inmate Pay	<u>1,647,884</u>	<u>1,947,885</u>	<u>2,247,885</u>	<u>2,248,581</u> *	
General Fund	1,647,884	1,947,885	2,247,885	2,248,581	
SUBTOTAL - (K) Inmate Pay Subprogram	1,647,884	1,947,885	2,247,885	2,248,581	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	1,647,884	1,947,885	2,247,885	2,248,581	0.0%

(L) Legal Access Subprogram

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

Personal Services	<u>1,215,041</u>	<u>1,378,570</u>	<u>1,426,036</u>	<u>1,426,036</u>	
<i>FTE</i>	23.2	21.4	21.5	21.5	
General Fund	1,215,041	1,378,570	1,426,036	1,426,036	
Operating Expenses	<u>285,119</u>	<u>299,597</u>	<u>299,602</u>	<u>299,602</u>	
General Fund	285,119	299,597	299,602	299,602	
Contract Services	<u>70,000</u>	<u>70,905</u>	<u>70,905</u>	<u>70,905</u>	
General Fund	70,000	70,905	70,905	70,905	

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SUBTOTAL - (L) Legal Access Subprogram	1,570,160	1,749,072	1,796,543	1,796,543	0.0%
<i>FTE</i>	<u>23.2</u>	<u>21.4</u>	<u>21.5</u>	<u>21.5</u>	<u>0.0%</u>
General Fund	1,570,160	1,749,072	1,796,543	1,796,543	0.0%

(M) Capital Lease Purchase Payments

Primary Function: Fund the payments that must be made on the Certificates of Participation for Centennial South Correctional Facility (formerly called CSP II).

Lease Purchase of Colorado State Penitentiary II	<u>0</u>	<u>20,254,768</u>	<u>20,258,268</u>	<u>20,256,546</u>	
General Fund	0	20,254,768	20,258,268	20,256,546	

SUBTOTAL - (M) Capital Lease Purchase Payments	0	20,254,768	20,258,268	20,256,546	NaN
<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	20,254,768	20,258,268	20,256,546	0.0%

TOTAL - (2) Institutions	384,888,132	413,908,971	429,404,678	430,611,842	0.3%
<i>FTE</i>	<u>4,667.1</u>	<u>4,721.8</u>	<u>4,734.8</u>	<u>4,736.5</u>	<u>0.0%</u>
General Fund	383,588,780	412,606,924	427,851,181	429,194,249	0.3%
Cash Funds	1,299,352	1,302,047	1,408,698	1,417,593	0.6%
Reappropriated Funds	0	0	64,799	0	(100.0%)
Federal Funds	0	0	80,000	0	(100.0%)

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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 fiscal management and budgeting services for the Department.

Personal Services	<u>5,716,363</u>	<u>6,043,719</u>	<u>6,306,714</u>	<u>6,306,714</u>	
FTE	101.6	102.4	99.8	99.8	
General Fund	5,206,850	5,238,206	5,429,390	4,945,118	
Cash Funds	38,991	38,991	40,297	40,297	
Reappropriated Funds	470,522	766,522	837,027	1,321,299	
Operating Expenses	<u>234,200</u>	<u>234,199</u>	<u>234,201</u>	<u>234,201</u>	
General Fund	234,200	234,199	234,201	234,201	

SUBTOTAL - (A) Business Operations Subprogram	5,950,563	6,277,918	6,540,915	6,540,915	0.0%
FTE	<u>101.6</u>	<u>102.4</u>	<u>99.8</u>	<u>99.8</u>	<u>(0.0%)</u>
General Fund	5,441,050	5,472,405	5,663,591	5,179,319	(8.6%)
Cash Funds	38,991	38,991	40,297	40,297	0.0%
Reappropriated Funds	470,522	766,522	837,027	1,321,299	57.9%

(B) Personnel Subprogram

Primary Function: Provides human resources services, including recruitment, examination, position classification, personnel records, affirmative action, appeals, grievance, and benefits administration.

Personal Services	<u>1,199,009</u>	<u>1,255,169</u>	<u>1,319,664</u>	<u>1,319,664</u>	
FTE	18.8	18.3	18.7	18.7	
General Fund	1,199,009	1,255,169	1,319,664	1,319,664	

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Operating Expenses	<u>86,931</u>	<u>86,925</u>	<u>86,931</u>	<u>86,931</u>	
General Fund	86,931	86,925	86,931	86,931	
SUBTOTAL - (B) Personnel Subprogram	1,285,940	1,342,094	1,406,595	1,406,595	0.0%
<i>FTE</i>	<u>18.8</u>	<u>18.3</u>	<u>18.7</u>	<u>18.7</u>	0.0%
General Fund	1,285,940	1,342,094	1,406,595	1,406,595	0.0%

(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>2,929,768</u>	<u>3,074,995</u>	<u>3,142,637</u>	<u>3,142,637</u>	
FTE	47.3	48.3	44.1	44.1	
General Fund	2,929,768	3,074,995	3,142,637	3,142,637	
Operating Expenses	<u>62,036</u>	<u>62,044</u>	<u>62,044</u>	<u>62,044</u>	
General Fund	62,036	62,044	62,044	62,044	
SUBTOTAL - (C) Offender Services Subprogram	2,991,804	3,137,039	3,204,681	3,204,681	0.0%
<i>FTE</i>	<u>47.3</u>	<u>48.3</u>	<u>44.1</u>	<u>44.1</u>	0.0%
General Fund	2,991,804	3,137,039	3,204,681	3,204,681	0.0%

(D) Communications Subprogram

Primary Function: Manage communication systems, including radio, cellular telephones, pagers, and video conferences.

Operating Expenses	<u>1,613,115</u>	<u>1,624,365</u>	<u>1,624,770</u>	<u>1,627,155</u> *	
General Fund	1,613,115	1,624,365	1,624,770	1,627,155	
Dispatch Services	<u>172,571</u>	<u>177,544</u>	<u>224,477</u>	<u>224,477</u>	
General Fund	172,571	177,544	224,477	224,477	

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SUBTOTAL - (D) Communications Subprogram	1,785,686	1,801,909	1,849,247	1,851,632	0.1%
<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	1,785,686	1,801,909	1,849,247	1,851,632	0.1%

(E) Transportation Subprogram

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

Personal Services	<u>1,969,113</u>	<u>2,052,663</u>	<u>2,088,737</u>	<u>2,088,737</u>	
<i>FTE</i>	35.5	35.6	35.9	35.9	
General Fund	1,969,113	2,052,663	2,088,737	2,088,737	
Operating Expenses	<u>284,794</u>	<u>433,536</u>	<u>433,538</u>	<u>434,763</u>	*
General Fund	284,794	433,536	433,538	434,763	
Vehicle Lease Payments	<u>2,652,998</u>	<u>2,636,792</u>	<u>3,325,686</u>	<u>3,448,692</u>	*
General Fund	2,383,377	2,255,806	2,755,650	2,703,549	
Cash Funds	269,621	380,986	570,036	745,143	
SUBTOTAL - (E) Transportation Subprogram	4,906,905	5,122,991	5,847,961	5,972,192	2.1%
<i>FTE</i>	<u>35.5</u>	<u>35.6</u>	<u>35.9</u>	<u>35.9</u>	<u>0.0%</u>
General Fund	4,637,284	4,742,005	5,277,925	5,227,049	(1.0%)
Cash Funds	269,621	380,986	570,036	745,143	30.7%

(F) Training Subprogram

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

Personal Services	<u>2,049,680</u>	<u>2,333,210</u>	<u>2,498,825</u>	<u>2,498,825</u>	
<i>FTE</i>	28.9	32.8	33.0	33.0	
General Fund	2,049,680	2,333,210	2,498,825	2,498,825	

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Operating Expenses	<u>286,356</u>	<u>286,978</u>	<u>287,006</u>	<u>287,142</u> *	
General Fund	286,356	286,978	287,006	287,142	
Start-up Costs	<u>37,623</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	37,623	0	0	0	
SUBTOTAL - (F) Training Subprogram	2,373,659	2,620,188	2,785,831	2,785,967	NaN
<i>FTE</i>	<u>28.9</u>	<u>32.8</u>	<u>33.0</u>	<u>33.0</u>	0.0%
General Fund	2,373,659	2,620,188	2,785,831	2,785,967	0.0%

(G) Information Systems Subprogram

Primary Function: Develop and maintain of automated information systems within the DOC. The services are provided by OIT.

Operating Expenses	<u>1,639,121</u>	<u>1,644,122</u>	<u>1,644,322</u>	<u>1,645,402</u> *	
General Fund	1,639,121	1,644,122	1,644,322	1,645,402	
Payments to OIT	<u>18,643,647</u>	<u>17,719,596</u>	<u>16,631,013</u>	<u>18,357,855</u> *	
General Fund	18,528,629	17,613,316	16,531,206	18,247,686	
Cash Funds	115,018	106,280	99,807	110,169	
CORE Operations	<u>723,058</u>	<u>611,121</u>	<u>404,620</u>	<u>396,192</u>	
General Fund	637,959	539,192	356,852	349,419	
Cash Funds	40,775	34,467	22,903	22,426	
Reappropriated Funds	44,324	37,462	24,865	24,347	
SUBTOTAL - (G) Information Systems Subprogram	21,005,826	19,974,839	18,679,955	20,399,449	9.2%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	20,805,709	19,796,630	18,532,380	20,242,507	9.2%
Cash Funds	155,793	140,747	122,710	132,595	8.1%
Reappropriated Funds	44,324	37,462	24,865	24,347	(2.1%)

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(H) Facility Services Subprogram

Primary Function: Contractor/design team selection, design review, contract administration, and fiscal management of the DOC's capital construction and controlled maintenance projects.

Personal Services	<u>917,856</u>	<u>922,799</u>	<u>976,289</u>	<u>976,289</u>	
FTE	9.7	10.0	9.7	9.7	
General Fund	917,856	922,799	976,289	976,289	
Operating Expenses	<u>83,096</u>	<u>83,092</u>	<u>83,096</u>	<u>83,096</u>	
General Fund	83,096	83,092	83,096	83,096	
SUBTOTAL - (H) Facility Services Subprogram	1,000,952	1,005,891	1,059,385	1,059,385	0.0%
FTE	<u>9.7</u>	<u>10.0</u>	<u>9.7</u>	<u>9.7</u>	0.0%
General Fund	1,000,952	1,005,891	1,059,385	1,059,385	0.0%
TOTAL - (3) Support Services	41,301,335	41,282,869	41,374,570	43,220,816	4.5%
FTE	<u>241.8</u>	<u>247.4</u>	<u>241.2</u>	<u>241.2</u>	(0.0%)
General Fund	40,322,084	39,918,161	39,779,635	40,957,135	3.0%
Cash Funds	464,405	560,724	733,043	918,035	25.2%
Reappropriated Funds	514,846	803,984	861,892	1,345,646	56.1%

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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: The education portion of this subprogram provides academic and other basic education for offenders, including GEDs. The vocational portion of this subprogram provides vocational and technical programs that are designed to equip inmates with job skills.

Personal Services	<u>5,318,763</u>	<u>6,480,171</u>	<u>5,667,661</u>	<u>5,667,661</u>	
FTE	88.5	85.6	88.7	88.7	
General Fund	5,318,763	6,480,171	5,667,661	5,667,661	
Operating Expenses	<u>88,009</u>	<u>88,011</u>	<u>88,017</u>	<u>88,017</u>	
General Fund	88,009	88,011	88,017	88,017	
SUBTOTAL - (A) Labor Subprogram	5,406,772	6,568,182	5,755,678	5,755,678	0.0%
FTE	<u>88.5</u>	<u>85.6</u>	<u>88.7</u>	<u>88.7</u>	0.0%
General Fund	5,406,772	6,568,182	5,755,678	5,755,678	0.0%

(B) Education Subprogram

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

Personal Services	<u>11,883,709</u>	<u>12,368,274</u>	<u>12,671,728</u>	<u>12,875,716</u> *
FTE	193.6	195.6	189.1	192.6
General Fund	10,915,915	12,368,274	12,671,728	12,875,716
Cash Funds	967,794	0	0	0

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Operating Expenses	<u>1,969,753</u>	<u>3,854,800</u>	<u>4,519,163</u>	<u>4,520,963</u>	*
General Fund	1,093,900	2,814,746	2,814,746	2,816,546	
Cash Funds	744,688	996,947	1,293,402	1,293,402	
Reappropriated Funds	131,165	43,107	411,015	411,015	
Contract Services	<u>173,275</u>	<u>237,128</u>	<u>237,128</u>	<u>237,128</u>	
General Fund	173,275	237,128	237,128	237,128	
Education Grants	<u>52,333</u>	<u>62,192</u>	<u>113,894</u>	<u>80,060</u>	*
FTE	0.0	0.0	2.0	2.0	
Cash Funds	0	0	10,000	10,000	
Reappropriated Funds	0	0	76,244	42,410	
Federal Funds	52,333	62,192	27,650	27,650	
Start-up Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,812</u>	*
General Fund	0	0	0	18,812	
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>377</u>	<u>311</u>	
Federal Funds	0	0	377	311	
SUBTOTAL - (B) Education Subprogram	14,079,070	16,522,394	17,542,290	17,732,990	1.1%
FTE	<u>193.6</u>	<u>195.6</u>	<u>191.1</u>	<u>194.6</u>	1.8%
General Fund	12,183,090	15,420,148	15,723,602	15,948,202	1.4%
Cash Funds	1,712,482	996,947	1,303,402	1,303,402	0.0%
Reappropriated Funds	131,165	43,107	487,259	453,425	(6.9%)
Federal Funds	52,333	62,192	28,027	27,961	(0.2%)

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(C) Recreation Subprogram

Primary Function: Develop, implement, and supervise recreational programs including leisure time activities and outdoor exercise.

Personal Services	<u>6,576,211</u>	<u>6,619,731</u>	<u>6,899,127</u>	<u>6,899,127</u>	
FTE	118.5	124.2	116.7	116.7	
General Fund	6,576,211	6,619,731	6,899,127	6,899,127	
Operating Expenses	<u>71,224</u>	<u>71,116</u>	<u>71,232</u>	<u>71,232</u>	
Cash Funds	71,224	71,116	71,232	71,232	

SUBTOTAL - (C) Recreation Subprogram	6,647,435	6,690,847	6,970,359	6,970,359	0.0%
FTE	<u>118.5</u>	<u>124.2</u>	<u>116.7</u>	<u>116.7</u>	<u>0.0%</u>
General Fund	6,576,211	6,619,731	6,899,127	6,899,127	0.0%
Cash Funds	71,224	71,116	71,232	71,232	0.0%

(D) Drug and Alcohol Treatment Subprogram

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

Personal Services	<u>4,341,764</u>	<u>4,691,872</u>	<u>5,301,250</u>	<u>5,301,250</u>	
FTE	81.5	83.6	85.4	85.4	
General Fund	4,341,764	4,691,872	5,301,250	5,301,250	
Operating Expenses	<u>101,972</u>	<u>110,932</u>	<u>110,932</u>	<u>110,932</u>	
General Fund	101,972	110,932	110,932	110,932	
Services for Substance Abuse and Co-occurring Disorders	<u>995,127</u>	<u>995,127</u>	<u>995,127</u>	<u>995,127</u>	
Reappropriated Funds	995,127	995,127	995,127	995,127	

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Contract Services	<u>2,288,452</u>	<u>2,420,458</u>	<u>2,425,799</u>	<u>2,425,799</u>	
General Fund	1,938,452	2,070,458	2,075,799	2,075,799	
Reappropriated Funds	350,000	350,000	350,000	350,000	
Treatment Grants	<u>272,967</u>	<u>134,661</u>	<u>126,682</u>	<u>126,682</u>	
Reappropriated Funds	0	0	126,682	126,682	
Federal Funds	272,967	134,661	0	0	
SUBTOTAL - (D) Drug and Alcohol Treatment					
Subprogram	8,000,282	8,353,050	8,959,790	8,959,790	0.0%
FTE	<u>81.5</u>	<u>83.6</u>	<u>85.4</u>	<u>85.4</u>	<u>0.0%</u>
General Fund	6,382,188	6,873,262	7,487,981	7,487,981	0.0%
Reappropriated Funds	1,345,127	1,345,127	1,471,809	1,471,809	0.0%
Federal Funds	272,967	134,661	0	0	0.0%

(E) Sex Offender Treatment Subprogram

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

Personal Services	<u>2,956,369</u>	<u>2,461,570</u>	<u>4,057,564</u>	<u>3,091,182</u> *
FTE	42.2	40.2	55.8	55.8
General Fund	2,927,558	2,432,759	4,027,523	3,061,141
Cash Funds	28,811	28,811	30,041	30,041
Operating Expenses	<u>83,027 0.0</u>	<u>92,276 0.0</u>	<u>92,276 0.0</u>	<u>92,276 0.0</u>
General Fund	82,527	91,776	91,776	91,776
Cash Funds	500	500	500	500
Polygraph Testing	<u>242,500</u>	<u>242,500</u>	<u>242,500</u>	<u>242,500</u>
General Fund	242,500	242,500	242,500	242,500

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Sex Offender Treatment Grants	<u>160,388</u>	<u>111,872</u>	<u>65,597</u>	<u>65,597</u>	
Federal Funds	160,388	111,872	65,597	65,597	
SUBTOTAL - (E) Sex Offender Treatment					
Subprogram	3,442,284	2,908,218	4,457,937	3,491,555	(21.7%)
<i>FTE</i>	<u>42.2</u>	<u>40.2</u>	<u>55.8</u>	<u>55.8</u>	0.0%
General Fund	3,252,585	2,767,035	4,361,799	3,395,417	(22.2%)
Cash Funds	29,311	29,311	30,541	30,541	0.0%
Federal Funds	160,388	111,872	65,597	65,597	0.0%

(F) Volunteers Subprogram

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

Personal Services	<u>575,039</u>	<u>497,967</u>	<u>626,219</u>	<u>626,219</u>	
FTE	7.4	7.0	8.0	8.0	
General Fund	0	497,967	626,219	626,219	
Cash Funds	575,039	0	0	0	
Operating Expenses	<u>17,906</u>	<u>17,908</u>	<u>17,912</u>	<u>17,912</u>	
General Fund	0	17,908	17,912	17,912	
Cash Funds	17,906	0	0	0	
SUBTOTAL - (F) Volunteers Subprogram					
<i>FTE</i>	<u>7.4</u>	<u>7.0</u>	<u>8.0</u>	<u>8.0</u>	0.0%
General Fund	0	515,875	644,131	644,131	0.0%
Cash Funds	592,945	0	0	0	0.0%

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TOTAL - (4) Inmate Programs	38,168,788	41,558,566	44,330,185	43,554,503	(1.7%)
<i>FTE</i>	<u>531.7</u>	<u>536.2</u>	<u>545.7</u>	<u>549.2</u>	<u>0.6%</u>
General Fund	33,800,846	38,764,233	40,872,318	40,130,536	(1.8%)
Cash Funds	2,405,962	1,097,374	1,405,175	1,405,175	0.0%
Reappropriated Funds	1,476,292	1,388,234	1,959,068	1,925,234	(1.7%)
Federal Funds	485,688	308,725	93,624	93,558	(0.1%)

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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, including high-risk offenders who are on intensive supervision parole.

Personal Services	<u>17,152,006</u>	<u>14,881,685</u>	<u>18,990,679</u>	<u>18,240,679</u> *
FTE	253.1	248.7	293.2	293.2
General Fund	17,152,006	14,881,685	18,990,679	18,240,679
Operating Expenses	<u>2,150,688</u>	<u>2,612,239</u>	<u>2,612,240</u>	<u>2,612,240</u>
General Fund	2,150,688	2,612,239	2,612,240	2,612,240
Contract Services	<u>6,877,449</u>	<u>7,625,895</u>	<u>7,637,953</u>	<u>7,626,078</u>
General Fund	4,740,349	5,488,978	5,500,853	5,488,978
Reappropriated Funds	2,137,100	2,136,917	2,137,100	2,137,100
Wrap-Around Services Program	<u>1,539,243</u>	<u>1,834,290</u>	<u>1,834,291</u>	<u>1,834,291</u>
General Fund	1,539,243	1,834,290	1,834,291	1,834,291
Grants to Community-based Organizations for Parolee Support	<u>483,286</u>	<u>1,708,910</u>	<u>1,710,000</u>	<u>1,710,000</u>
General Fund	483,286	1,708,910	1,710,000	1,710,000
Non-residential Services	<u>1,203,437</u>	<u>1,215,818</u>	<u>1,215,818</u>	<u>1,215,818</u>
General Fund	1,203,437	1,215,818	1,215,818	1,215,818
Home Detention	<u>69,383</u>	<u>69,383</u>	<u>69,383</u>	<u>69,383</u>
General Fund	69,383	69,383	69,383	69,383

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Start-up Costs	<u>387,954</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	387,954	0	0	0	
SUBTOTAL - (A) Parole Subprogram	29,863,446	29,948,220	34,070,364	33,308,489	(2.2%)
<i>FTE</i>	<u>253.1</u>	<u>248.7</u>	<u>293.2</u>	<u>293.2</u>	0.0%
General Fund	27,726,346	27,811,303	31,933,264	31,171,389	(2.4%)
Reappropriated Funds	2,137,100	2,136,917	2,137,100	2,137,100	0.0%

(B) Community Supervision Subprogram

et been paroled; these offenders are now living in the community under the Intensive-supervision Inmate program.

(1) Community Supervision

Personal Services	<u>5,912,446</u>	<u>5,789,583</u>	<u>6,177,477</u>	<u>6,177,477</u>
FTE	86.5	81.4	83.8	83.8
General Fund	5,912,446	5,789,583	6,177,477	6,177,477
Operating Expenses	<u>621,880</u>	<u>632,648</u>	<u>632,650</u>	<u>632,650</u>
General Fund	621,880	632,648	632,650	632,650
Community Mental Health Services	<u>629,363</u>	<u>640,062</u>	<u>640,062</u>	<u>640,062</u>
General Fund	629,363	640,062	640,062	640,062
Psychotropic Medication	<u>59,482</u>	<u>131,400</u>	<u>131,400</u>	<u>131,400</u>
General Fund	59,482	131,400	131,400	131,400
Contract Services	<u>2,811,799</u>	<u>2,901,864</u>	<u>2,912,001</u>	<u>2,912,001</u>
General Fund	2,811,799	2,901,864	2,912,001	2,912,001
Contract Services for High Risk Offenders	<u>221,200</u>	<u>221,200</u>	<u>221,200</u>	<u>221,200</u>
General Fund	221,200	221,200	221,200	221,200

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Contract Services for Fugitive Returns	<u>66,263</u>	<u>72,880</u>	<u>74,524</u>	<u>74,524</u>	
General Fund	42,049	42,049	42,049	42,049	
Reappropriated Funds	24,214	30,831	32,475	32,475	
SUBTOTAL -	10,322,433	10,389,637	10,789,314	10,789,314	0.0%
<i>FTE</i>	<u>86.5</u>	<u>81.4</u>	<u>83.8</u>	<u>83.8</u>	0.0%
General Fund	10,298,219	10,358,806	10,756,839	10,756,839	0.0%
Reappropriated Funds	24,214	30,831	32,475	32,475	0.0%
(2) Youthful Offender System Aftercare					
Personal Services	<u>603,513</u>	<u>508,414</u>	<u>672,402</u>	<u>672,402</u>	
<i>FTE</i>	6.9	7.0	8.0	8.0	
General Fund	603,513	508,414	672,402	672,402	
Operating Expenses	<u>108,427</u>	<u>141,067</u>	<u>141,067</u>	<u>141,067</u>	
General Fund	108,427	141,067	141,067	141,067	
Contract Services	<u>881,277</u>	<u>1,062,396</u>	<u>1,062,396</u>	<u>1,062,396</u>	
General Fund	881,277	1,062,396	1,062,396	1,062,396	
SUBTOTAL -	1,593,217	1,711,877	1,875,865	1,875,865	0.0%
<i>FTE</i>	<u>6.9</u>	<u>7.0</u>	<u>8.0</u>	<u>8.0</u>	0.0%
General Fund	1,593,217	1,711,877	1,875,865	1,875,865	0.0%
SUBTOTAL - (B) Community Supervision					
Subprogram	11,915,650	12,101,514	12,665,179	12,665,179	0.0%
<i>FTE</i>	<u>93.4</u>	<u>88.4</u>	<u>91.8</u>	<u>91.8</u>	0.0%
General Fund	11,891,436	12,070,683	12,632,704	12,632,704	0.0%
Reappropriated Funds	24,214	30,831	32,475	32,475	0.0%

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(C) Community Re-entry Subprogram

Primary Function: This subprogram's prerelease component screens inmates to identify factors that will increase the probability of success following release. The post-release component provides assistance and support to offenders following release, including access to community services and assistance in securing employment.

Personal Services	<u>2,148,127</u>	<u>1,814,204</u>	<u>2,458,024</u>	<u>2,458,024</u>	
FTE	33.7	36.7	41.6	41.6	
General Fund	2,148,127	1,814,204	2,458,024	2,458,024	
Operating Expenses	<u>132,079</u>	<u>146,200</u>	<u>146,202</u>	<u>146,202</u>	
General Fund	132,079	146,200	146,202	146,202	
Offender Emergency Assistance	<u>73,834</u>	<u>96,768</u>	<u>96,768</u>	<u>96,768</u>	
General Fund	73,834	96,768	96,768	96,768	
Contract Services	<u>124,330</u>	<u>189,999</u>	<u>190,000</u>	<u>190,000</u>	
General Fund	124,330	189,999	190,000	190,000	
Offender Re-employment Center	<u>364,000</u>	<u>364,000</u>	<u>374,000</u>	<u>374,000</u>	
General Fund	364,000	364,000	364,000	364,000	
Cash Funds	0	0	10,000	10,000	
Community Reintegration Grants	<u>225,641</u>	<u>512,137</u>	<u>48,779</u>	<u>39,098</u>	*
FTE	0.0	0.0	1.0	1.0	
Reappropriated Funds	0	0	9,681	0	
Federal Funds	225,641	512,137	39,098	39,098	
Start-up Costs	<u>131,166</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	131,166	0	0	0	

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SUBTOTAL - (C) Community Re-entry Subprogram	3,199,177	3,123,308	3,313,773	3,304,092	(0.3%)
<i>FTE</i>	<u>33.7</u>	<u>36.7</u>	<u>42.6</u>	<u>42.6</u>	0.0%
General Fund	2,973,536	2,611,171	3,254,994	3,254,994	0.0%
Cash Funds	0	0	10,000	10,000	0.0%
Reappropriated Funds	0	0	9,681	0	(100.0%)
Federal Funds	225,641	512,137	39,098	39,098	0.0%
TOTAL - (5) Community Services	44,978,273	45,173,042	50,049,316	49,277,760	(1.5%)
<i>FTE</i>	<u>380.2</u>	<u>373.8</u>	<u>427.6</u>	<u>427.6</u>	0.0%
General Fund	42,591,318	42,493,157	47,820,962	47,059,087	(1.6%)
Cash Funds	0	0	10,000	10,000	0.0%
Reappropriated Funds	2,161,314	2,167,748	2,179,256	2,169,575	(0.4%)
Federal Funds	225,641	512,137	39,098	39,098	0.0%

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(6) PAROLE BOARD					
Primary Function: Conduct all parole application and parole revocation hearings.					
Personal Services	<u>1,170,102</u>	<u>1,292,894</u>	<u>1,517,875</u>	<u>1,517,875</u>	
FTE	15.0	17.3	17.5	17.5	
General Fund	1,170,102	1,292,894	1,517,875	1,517,875	
Operating Expenses	<u>85,609</u>	<u>85,609</u>	<u>106,390</u>	<u>106,390</u>	
General Fund	85,609	85,609	106,390	106,390	
Contract Services	<u>242,880</u>	<u>233,141</u>	<u>272,437</u>	<u>272,437</u>	
General Fund	242,880	233,141	272,437	272,437	
Start-up Costs	<u>14,107</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	14,107	0	0	0	
TOTAL - (6) Parole Board	1,512,698	1,611,644	1,896,702	1,896,702	0.0%
FTE	<u>15.0</u>	<u>17.3</u>	<u>17.5</u>	<u>17.5</u>	0.0%
General Fund	1,512,698	1,611,644	1,896,702	1,896,702	0.0%

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(7) CORRECTIONAL INDUSTRIES

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

Personal Services	<u>9,268,162</u>	<u>9,615,711</u>	<u>10,646,546</u>	<u>10,649,298</u>	
FTE	136.1	135.6	155.0	155.0	
Cash Funds	2,109,192	3,350,744	3,475,543	3,478,295	
Reappropriated Funds	7,158,970	6,264,967	7,171,003	7,171,003	
Operating Expenses	<u>5,338,112</u>	<u>5,875,636</u>	<u>5,928,190</u>	<u>6,689,926</u>	*
Cash Funds	1,816,783	1,816,591	1,817,327	1,817,327	
Reappropriated Funds	3,521,329	4,059,045	4,110,863	4,872,599	
Raw Materials	<u>25,146,785</u>	<u>28,052,347</u>	<u>35,823,826</u>	<u>38,878,810</u>	*
Cash Funds	6,507,400	8,326,464	8,441,080	8,441,080	
Reappropriated Funds	18,639,385	19,725,883	27,382,746	30,437,730	
Inmate Pay	<u>1,673,102</u>	<u>2,161,033</u>	<u>2,258,992</u>	<u>2,498,992</u>	*
Cash Funds	480,153	823,367	861,343	861,343	
Reappropriated Funds	1,192,949	1,337,666	1,397,649	1,637,649	
Capital Outlay	<u>273,580</u>	<u>524,676</u>	<u>1,406,200</u>	<u>1,406,200</u>	
Cash Funds	0	23,884	337,094	337,094	
Reappropriated Funds	273,580	500,792	1,069,106	1,069,106	
Correctional Industries Grants	<u>2,084,472</u>	<u>2,509,851</u>	<u>503,050</u>	<u>503,050</u>	
Federal Funds	2,084,472	2,509,851	503,050	503,050	

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Indirect Cost Assessment	<u>393,672</u>	<u>426,356</u>	<u>755,946</u>	<u>1,250,611</u>	
Cash Funds	129,841	140,983	131,587	115,923	
Reappropriated Funds	263,831	285,373	275,402	292,966	
Federal Funds	0	0	348,957	841,722	
TOTAL - (7) Correctional Industries	44,177,885	49,165,610	57,322,750	61,876,887	7.9%
<i>FTE</i>	<u>136.1</u>	<u>135.6</u>	<u>155.0</u>	<u>155.0</u>	0.0%
Cash Funds	11,043,369	14,482,033	15,063,974	15,051,062	(0.1%)
Reappropriated Funds	31,050,044	32,173,726	41,406,769	45,481,053	9.8%
Federal Funds	2,084,472	2,509,851	852,007	1,344,772	57.8%

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(8) CANTEEN OPERATION

Primary Function: Sell snacks, personal care products, TV's, phone time, and other items to DOC inmates at all DOC facilities.

Personal Services	<u>1,801,397</u>	<u>1,771,932</u>	<u>2,036,878</u>	<u>2,037,260</u>	
FTE	27.8	26.4	28.0	28.0	
Cash Funds	1,801,397	1,771,932	2,036,878	2,037,260	
Operating Expenses	<u>13,811,686</u>	<u>14,776,210</u>	<u>12,851,987</u>	<u>12,851,987</u>	
Cash Funds	13,811,686	14,776,210	12,851,987	12,851,987	
Inmate Pay	<u>43,386</u>	<u>49,626</u>	<u>73,626</u>	<u>73,626</u>	
Cash Funds	43,386	49,626	73,626	73,626	
Indirect Cost Assessment	<u>76,850</u>	<u>85,741</u>	<u>78,870</u>	<u>69,649</u>	
Cash Funds	76,850	85,741	78,870	69,649	
TOTAL - (8) Canteen Operation	15,733,319	16,683,509	15,041,361	15,032,522	(0.1%)
FTE	<u>27.8</u>	<u>26.4</u>	<u>28.0</u>	<u>28.0</u>	0.0%
Cash Funds	15,733,319	16,683,509	15,041,361	15,032,522	(0.1%)
TOTAL - Department of Corrections	782,605,750	822,550,844	846,756,203	864,259,312	2.1%
FTE	<u>6,087.3</u>	<u>6,148.8</u>	<u>6,242.7</u>	<u>6,247.9</u>	0.1%
General Fund	709,581,866	744,632,581	759,196,124	771,356,028	1.6%
Cash Funds	34,502,664	37,553,615	39,454,112	39,962,631	1.3%
Reappropriated Funds	35,342,097	36,673,293	46,748,326	51,170,313	9.5%
Federal Funds	3,179,123	3,691,355	1,357,641	1,770,340	30.4%

APPENDIX B

RECENT LEGISLATION AFFECTING DEPARTMENT BUDGET

2015 SESSION BILLS

S.B. 15-067 (SECOND DEGREE ASSAULT INJURY TO EMERGENCY RESPONDERS): Raises classification from assault in the third degree to assault in the second degree for certain criminal actions. Includes a 5-year statutory General Fund appropriation to the Department that provides \$219,576 for FY 2016-17, \$329,363 for FY 2017-18, \$417,635 for FY 2018-19, and \$505,907 for FY 2019-20.

S.B. 15-124 (REDUCE PAROLE REVOCATIONS FOR TECHNICAL VIOLATIONS): Narrows the scope of behavior that warrants arresting a parolee for a technical violation. Requires the use of intermediate sanctions to address noncompliance by a parolee in a manner consistent with the severity of the behavior and the risk level of the parolee, including referrals to treatment and support services. Reduces net FY 2015-16 General Fund appropriations to the Department by \$853,476, comprised of a decrease of \$1,563,476 for private prisons and an increase of \$710,000 for grants to community-based organizations that support parolees. For more information, see the corresponding bill description in the "Recent Legislation" section of the Department of Public Safety.

S.B. 15-185 (POLICE DATA COLLECTION AND COMMUNITY POLICING): Requires the Department of Public Safety to compile and report parole hearing data, arrest data, and other related information to the General Assembly and the Colorado Commission on Criminal and Juvenile Justice. Includes a FY 2015-16 General Fund appropriation of \$9,800 to the Department of Corrections for one-time programming costs and a reappropriation of this sum to the Office of Information Technology. For more information, see the corresponding bill description in the "Recent Legislation" section of the Department of Public Safety.

S.B. 15-195 (SPENDING SAVINGS FROM EARNED TIME IN THE DEPARTMENT OF CORRECTIONS): Limits the amount of earned time savings that may be appropriated to the Department for inmate education and parole wrap-around services to \$6.5 million per year. Requires the Department to set phone rates so that the Department's resulting phone revenue will equal the direct and indirect cost of operating the phone system. Increases the Department's FY 2015-16 General Fund appropriation by \$1.5 million and reduces the FY 2015-16 cash funds appropriation from Canteen sales revenue by \$1.5 million.

S.B. 15-234 (LONG BILL): General appropriations act for FY 2015-16.

H.B. 15-1043 (FELONY OFFENSE FOR REPEAT DUI OFFENDERS): Increases the penalty for Driving Under the Influence (DUI) and related offenses from a misdemeanor to a class 4 felony after three or more convictions. Includes a 5-year statutory General Fund appropriation to the Department that provides \$2,581,944 for FY 2016-17, \$6,497,158 for FY 2017-18, \$9,397,689 for FY 2018-19, and \$9,397,689 for FY 2019-20. For more information, see the corresponding bill description in the "Recent Legislation" section of the Judicial Department.

H.B. 15-1229 (RETALIATION AGAINST A PROSECUTOR): Creates a new class 4 felony offense for the crime of retaliation against a prosecutor. Includes a 5-year statutory General Fund appropriation to the Department that provides \$22,068 for FY 2016-17, \$22,068 for FY 2017-18, \$22,068 for FY 2018-19, and \$5,076 for FY 2019-20.

H.B. 15-1269 (TRANSFER PERSONS TO AND FROM CORRECTIONAL FACILITY): Clarifies that mentally ill inmates may only be transferred from the Department of Corrections (DOC) to the Department Human Services (DHS) when such a transfer is done in accordance with a policy that provides for due process and in situations where the inmate cannot be safely confined in a DOC facility. Repeals the authority of the DHS to transfer non-offenders to the DOC. The DHS may only transfer a person receiving care at the Colorado Mental Health Institute at Pueblo or Fort Logan to a DOC facility if that person is serving a sentence to the DOC. The DHS is also authorized to return a person to the DOC if the inmate cannot be safely confined in the DHS facility. For more information, see the corresponding bill description in the "Recent Legislation" section of the Department of Human Services.

H.B. 15-1303 (SENTENCING FOR CERTAIN SECOND DEGREE ASSAULTS): Removes mandatory sentencing as a crime of violence for second degree assault committed against a person who the defendant knew or reasonably should have known was a peace officer, firefighter, or emergency medical service provider. Such a crime is no longer automatically a crime of violence. The bill is expected to reduce costs for the Department by an indeterminate amount.

H.B. 15-1305 (UNLAWFUL MANUFACTURE MARIJUANA CONCENTRATE): Makes it a class 2 drug felony for an unlicensed person to manufacture or permit manufacture of marijuana concentrate using a hazardous substance. Includes a 5-year statutory General Fund appropriation to the Department that provides \$22,068 for FY 2016-17, \$22,068 for FY 2017-18, and \$11,034 for FY 2018-19.

H.B. 15-1341 (INCREASE PENALTY SEXUAL EXPLOITATION OF CHILD): Increases the penalty for certain cases of sexual exploitation of a child by possession of sexually exploitative material from a class 6 felony to a class 5 felony and modifies terms concerning electronic media that constitute sexually exploitative material. Includes a 5-year statutory General Fund appropriation to the Department that provides \$11,034 for FY 15-16, \$275,849 for FY 2016-17, \$487,701 for FY 2017-18, \$487,701 for FY 2018-19, and \$487,701 for FY 2019-20.

2016 SESSION BILLS

S.B. 16-034 (TAMPERING WITH A DECEASED HUMAN BODY): Creates the crime of tampering with a deceased human body, a class 3 felony, which occurs when a person acting without legal right or authority, believing that an official proceeding is pending or in progress, willfully destroys, mutilates, conceals, removes, or alters a human body with the intent of hindering the official proceeding.

S.B. 16-051 (JUDGE'S DISCRETION REGARDING CONSECUTIVE SENTENCES): Eliminates the requirement that a person convicted of 2 or more separate crimes of violence arising out of the same incident be sentenced consecutively rather than concurrently. Potentially reduces Department expenditures starting in FY 2021-22 by an indeterminate amount.

S.B. 16-095 (5 YEAR DOC APPROPRIATIONS FOR CRIMES FIXES): Clarifies how many years of appropriations must be included in the fiscal note for a criminal sentencing bill and in the related bill. Specifies that only Department of Corrections expenditures are to be included and identifies the expenditures to include, which include parole costs. Clarifies that the statute applies when offenders are placed in private prisons.

S.B. 16-102 (REPEAL CERTAIN MANDATORY MINIMUM PRISON SENTENCES): Removes the mandatory term of incarceration that must accompany convictions of certain types of second degree assault or violations of bail bond conditions. Appropriates \$65,788 General Fund to the Judicial Department for FY 2016-17 based on the assumption that the Judicial Department will require 0.9 additional FTE. Reduces the FY 2016-17 General Fund appropriation to the Department of Corrections for private prison placements by \$721,496.

S.B. 16-142 (MISCELLANEOUS UPDATES TO ELECTIONS LAWS): Makes various changes and updates to election statutes, including creation of a class 6 felony for knowingly accessing the statewide voter registration system without authorization. Includes a 5-year statutory General Fund appropriation to the Department that provides \$21,864 for FY 2017-18 and \$546 for FY 2018-19. For more information, see the corresponding bill description in the "Recent Legislation" section of the Department of State.

S.B. 16-180 (DOC PROGRAM FOR JUVENILE OFFENDERS): Requires the Department to create a specialized program for offenders in the custody of the Department who committed a felony as a juvenile but were sentenced as an adult under adult laws. Requires the program to include best and promising practices in independent living skills development and reentry services for long-term offenders. Establishes eligibility criteria for program acceptance. Allows offenders who did not commit first degree murder to apply for the program after serving 20 years of their sentence. Allows first degree murderers to apply after 30 years. Requires offenders to participate for at least three years in order to complete the program. If the program has been successfully completed, an offender who did not commit first degree murder and has served at least 25 years of his or her sentence is presumed to have met the factual burden of presenting extraordinary mitigating circumstances and his release to early parole is presumed compatible with the safety and welfare of society unless rebutted by relevant evidence. The same presumption applies after 30 years for offenders who committed first degree murder. Makes offenders who complete the program eligible to apply for early parole. Directs the parole application to the parole board and the governor. Requires the parole board to make a recommendation to the governor and the governor to make the final parole decision. Appropriates \$95,504 General Fund to the Department for FY 2016-17.

S.B. 16-181 (SENTENCING JUVENILES CONVICTED OF CLASS 1 FELONIES): Establishes a procedure for resentencing persons who committed a class 1 felony while a juvenile and upon whom a court imposed a mandatory life sentence without the possibility of parole. If the related felony is first-degree murder committed in the course of any of several described offenses, then the district court may sentence the person to 30 to 50 years in prison, less any earned time granted, if the court finds extraordinary mitigating circumstances. Alternatively, the court may sentence the person to a term of life imprisonment with the possibility of parole after serving 40 years, less any earned time granted. If the related felony is not first-degree murder committed in the course of any of several described offenses, then the district court shall sentence the person to a term of life imprisonment with the possibility of parole after serving 40 years, less any earned time granted.

Prohibits the awarding of good time to a resentenced offender but allows the retroactive award of earned time as if the person had been eligible for earned time from the beginning of his or her incarceration. The state board of parole may conduct parole hearings for resentenced offenders beginning in June 2017. Potentially reduces Department expenditures starting in FY 2017-18 by an indeterminate amount.

H.B. 16-1080 (ASSAULT BY STRANGULATION): Classifies strangulation with the intent to cause serious bodily injury as first degree assault, and strangulation with intent to cause bodily injury as second degree assault. Designates second degree assault by strangulation as an extraordinary risk crime, thus increasing the maximum presumptive sentence range. Includes a 5-year statutory General Fund appropriation to the Department that provides \$43,727 for FY 2017-18, \$87,454 for FY 2018-19, \$131,181 for FY 2019-20, and \$170,900 for FY 2020-21.

H.B. 16-1117 (RECORD CUSTODIAL INTERROGATIONS): Requires law enforcement officials who are investigating a class 1 or 2 felony or a felony sexual assault to make an audio-video recording of custodial interrogations occurring in a detention facility. Appropriates \$24,700 General Fund to the Department for FY 2016-17.

H.B. 16-1190 (EXCLUDE DETENTION FACILITIES FROM DEADLY FORCE LAW): Establishes that that prison cells and other places of habitation in detention facilities are not dwellings for purposes of Colorado's "Make my day" law, thus depriving inmates in those facilities of immunity from prosecution and civil liability when they use force, including deadly force, against another inmate who (1) has unlawfully entered the inmate-occupant's place of habitation, (2) the inmate-occupant reasonably believes is committing or intends to commit a crime against a person or property, in addition to the uninvited entry, and (3) the inmate-occupant reasonably believes might use physical force against the occupant, no matter how slight. The bill may result in increased sentences to the Department, but the amount and timing of the resulting costs was not estimated in the Legislative Council Staff Fiscal Note.

H.B. 16-1238 (SUPPLEMENTAL APPROPRIATION): Supplemental appropriation to the Department of Corrections to modify FY 2015-16 appropriations included in the FY 2015-16 Long Bill (S.B. 15-234).

H.B. 16-1260 (EXTEND STATUTE OF LIMITATIONS SEXUAL ASSAULT): Extends the criminal statute of limitations for felony sexual assault to 20 years. Potentially increases Department expenditures starting in FY 2026-27 by an indeterminate amount.

H.B. 16-1362 (LICENSE PLATE AUCTION TRANSFER DISABILITY BENEFIT): Transfers the functions of the License Plate Auction Group, currently housed in the Governor's Office, to the Disability-Benefit Support Contract Committee, housed in the Department of Personnel, and renames the new entity the Colorado Disability Funding Committee. Allows the committee to contract with an entity to sell and auction license registration numbers, for which it will also determine a reasonable commission. Directs that profits be used to aid people with disabilities in accessing disability benefits. Appropriates \$42,283 cash funds and 0.5 FTE from the Disability Support Fund to the Department of Personnel. Directs that any money used to implement additional license plate options be transferred to the Division of Correctional Industries in the Department of Corrections. For more information, see the corresponding bill description in the "Recent Legislation" section of the Department of Personnel.

H.B. 16-1405 (LONG BILL): General appropriations act for FY 2016-17.

H.B. 16-1406 (COUNTY CORONERS REIMBURSEMENT BY DOC): Requires the Department to reimburse a county for reasonable and necessary costs related to investigations or autopsies for persons who were in the custody of the DOC at the time of their death. For FY 2016-17 appropriates \$32,175 General Fund to the Department.

H.B. 16-1411 (FORT LYON RESIDENTIAL COMMUNITY STUDY): Authorizes the State Auditor to contract for a study of the Fort Lyon Supportive Residential Community to evaluate the program's costs, benefits, and outcomes. This program serves approximately 250 chronically homeless individuals at a historic facility in Bent County. The contractor for the study is to be selected with the concurrence of the Division of Housing in the Department of Local Affairs, and a Fort Lyon Study Advisory Committee, appointed by the Director of the Division of Housing, will assist the auditor and Division in evaluating proposals and the contractor's progress on the study. A preliminary findings report is due to the State Auditor by August 1, 2017 and a final report is due by August 1, 2018. After review by the Legislative Audit Committee, both reports will be disseminated to various legislative committees and executive branch agencies. For FY 2016-17, appropriates \$200,000 General Fund to the Legislative Department for the Office of the State Auditor to contract for the study and \$11,875 General Fund to the Department of Corrections for contract services related to compiling data for the study. Unspent amounts may be rolled forward for expenditure in FY 2017-18. The total cost of the study from FY 2016-17 until its completion in FY 2018-19 is not expected to exceed \$450,000 General Fund.

APPENDIX C FOOTNOTES AND INFORMATION REQUESTS

UPDATE ON LONG BILL FOOTNOTES

- 2 Department of Corrections, Management, External Capacity Subprogram, Payments to House State Prisoners** -- The Department of Corrections is authorized to 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: The Department states that it intends to comply with this footnote during FY 2016-17. During FY 2015-16, the Department complied with a prior version of this footnote, transferring less than three percent of the external capacity appropriation among line items as shown in the following table:

Line Item	FY 2015-16 GF Transfers	
	Into this line	Out of this line
Payments to Local Jails	\$0	(\$618,566)
Payments to In-State Private Prisons	2,414,040	0
Payments to Pre-Release Parole Revocation Facilities	0	(885,215)
Community Corrections Programs	0	(910,259)
Total amount transferred in and out	2,414,040	(2,414,040)
Total Payments to House State Prisoners appropriation	\$94,167,952	
Transfers as a percentage of the total appropriation	2.6%	

- 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 to house state inmates be used exclusively for the purpose of per diem payments. It is further 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 because 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 states that it is not its policy to withhold funds from the per diem payments to cover major medical expenses incurred by state inmates assigned to private facilities.

- 4 Department of Corrections, Institutions, Housing and Security Subprogram, Personal Services** -- The amount appropriated in this line item does not include the \$3,344,870 of FY 2016-17 General Fund appropriations for the Department of Corrections set forth in sections 17-18-108, 17-18-111, 17-18-112, 17-18-113, 17-18-114, 17-18-116, 17-18-117, 17-18-118, 17-18-119, 17-18-120, and 17-18-121, C.R.S. In calculating the amount

appropriated in this line item, it is assumed that these statutory appropriations will be used for the same line item.

COMMENT: The Department states that it intends to comply with this footnote during FY 2016-17. During FY 2015-16, the Department complied with a prior version of this footnote, using the appropriations in the following five-year criminal sentencing bills to pay for personal services in the housing and security subprogram.

Summary of 5-year Appropriations for FY 2015-16			
Statutory Citation	Bill	Title	GF Appropriation
17-18-108 (1) (b)	H.B. 13-1154	Crimes Against Pregnant Women	121,773
17-18-109 (1) (b)	H.B. 13-1318	Marijuana Tax	14,987
17-18-110 (1) (b)	H.B. 13-1325	Inferences for Marijuana and Driving Offenses	5,551
17-18-114 (1) (a)	H.B. 14-1037	Enforcing Laws Against Designer Drugs	21,484
17-18-111 (1) (a)	S.B. 14-049	Public Transportation and Utility Endangerment	21,484
17-18-113 (1) (a)	S.B. 14-092	Insurance Fraud Crime	21,484
17-18-112 (1) (a)	S.B. 14-161	Update Uniform Election Code	21,484
17-18-116 (1) (a)	S.B. 14-176	Criminal Penalties for Chop Shops	21,484
Total			249,731

Background: The five year appropriations in criminal sentencing bills provide the Department with future spending authority that is not tethered to specific line items. During figure setting, the FY 2015-16 appropriation for housing and security personal services was set \$249,731 below the amount needed to properly fund the line item. This footnote plus the underfunding forced the Department to spend the FY 2015-16 appropriations in criminal sentencing bills on housing and security personal services. Without this adjustment the Department would be over funded.

UPDATE ON REQUESTS FOR INFORMATION

- 4 Department of **Corrections**; Department of **Human Services**; **Judicial** Department; Department of **Public Safety**; and Department of **Transportation** -- 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 Alcohol and Drug Driving Safety Program Fund, the Law Enforcement Assistance Fund, the Offender Identification Fund, the Persistent Drunk Driver Cash Fund, and the Sex Offender Surcharge Fund, among other programs.

COMMENT: This request is designed to ensure coordination of use of a single cash fund shared by several departments. Of the funds listed, the Department of Corrections shares the Sex Offender Surcharge Fund with other agencies.

The Sex Offender Surcharge Fund, which is created in Section 18-21-103 (3), C.R.S., consists of 95 percent of sex offender surcharge revenues. These surcharges range from \$150 to \$3,000 for adult conviction. Surcharges for youth adjudications are half as large. Revenues of the fund in FY 2015-16 equaled \$566,408, a jump of almost \$67,000 from the prior fiscal year. The fund is managed by the Judicial Department, which retains 5 percent of revenues for its management duties and reports on the fund in its annual budget submission. Moneys in the fund are appropriated to the Judicial Department's Probation Services, the Department of Corrections' Sex Offender Treatment Subprogram, the Department of Public Safety's Division of Criminal Justice, and the Department of Human Services' Division of Youth Corrections. The Fund can be used to pay for the direct and indirect costs associated with the evaluation, identification, treatment, and continued monitoring of sex offenders. Pursuant to Section 16-11.7-103 (4) (c), C.R.S., the Sex Offender Management Board (SOMB) is required to develop a plan for the allocation of moneys deposited in the Fund, and to submit the plan annually to the General Assembly.

The Sex Offender Management Board has proposed the following allocation for state agencies in FY 2017-18:

- \$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 (30.6 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; and
- \$30,041 (up from \$29,311 last year) (5.6 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.

These allocations total \$533,911. The allocations are identical to those proposed by the Sex Offender Management Board last year and are little changed since FY 2009-10.

The fund manager (the Judicial Branch) restricts distributions when revenues do not support appropriations. When a shortfall looks likely, the amount received by each department is proportionately reduced. Revenues, expenditures, and balances of the Sex Offender Surcharge Funds are reported by the Judicial Department in its annual budget request.

Fund revenue is reported in the Judicial Branch budget request. With the exception of FY 2008-09, each year since FY 2006-07 the ending balance in the fund has grown, relative to the prior year. In many years, this growth has been the result of the Judicial Branch's distribution restriction practices. Thus, even though the proposed allocations from the fund by the Sex Offender Management Board total \$533,911 and exceed the likely revenue of the Fund, the restriction practices of the Judicial Branch make it very unlikely that the fund will

overspend in FY 2017-18 if the Sex Offender Management Board's proposed allocation is approved and placed in the Long Bill.

The General Assembly is not required to accept the plan proposed by the Sex Offender Management Board, but has always done so.

- 6 Department of **Corrections**, Management; and Department of **Human Services**, Services for people with Disabilities, Regional Centers -- The Departments are requested to provide by November 1, 2016, the assessments the Department of Corrections uses to identify individuals with intellectual and developmental disabilities, including who administers the assessment, what specific assessments are used, and in what setting the assessment is administered. The Departments are also requested to include how many individuals in the corrections system received services from the Regional Centers prior to entering the corrections system.

COMMENT: The Department reports that the intellectual and developmental disability need level is determined at the Denver Reception and Diagnostic Center (DRDC) by diagnostic programmers based on the findings from psychometric testing, records review, and interview information. The intellectual and developmental disability need level (DD code) is a five-point scale. The Culture Fair Group IQ score and the reading level score obtained on the Test of Adult Basic Education (TABE) are the primary determinants of the need level.

Offenders who receive a group tested IQ of 80 or below as indicated by the Culture Fair and a TABE reading level of 5.9 or below, and/or have significant deficits in adaptive functioning related to intellectual functioning, and/or have a history of receiving developmental disability services, are determined to have a DD3-T code.

Diagnostic programmers can determine the DD code of offenders at the level of 1, 2, or 3-T only. Monthly reports by facility of offenders who have DD codes of 3-5 are distributed to mental health supervisors. The mental health supervisors are to follow-up with these offenders and revise the DD code to 1 or 2 if appropriate. If the offender meets the qualifications for intellectual and developmental disability, the mental health supervisor will complete a referral for the positive development program.

Department of Human Services: According to the Department of Health Care Policy and Finance there were two offenders in the corrections system as of April 30, 2016 (of a total 30,484 individuals in prisons or on parole, including Youthful Offenders) that had received services from the Regional Centers prior to entering the corrections system. Data was pulled for the time period of July 1, 2010 through September 30, 2016.

- 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, 2017, detailing progress related to the mental health unit at the Centennial Correctional Facility.

COMMENT: The Department states that it will comply with this request for information and will provide the requested report to the House and Senate Judiciary Committees by January 31, 2017.

APPENDIX D

DEPARTMENT ANNUAL PERFORMANCE REPORT

Pursuant to Section 2-7-205 (1) (a) (I), C.R.S., the Office of State Planning and Budgeting is required to publish an Annual Performance Report for the Department of Corrections by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation. For consideration by the Joint Budget Committee in prioritizing the Department's budget request, the FY 2016-17 report dated October 2016 can be found at the following link:

<https://drive.google.com/file/d/0B8ztLiGduUWbeklndGZieXRKQTQ/view>

Pursuant to Section 2-7-204 (3) (a) (I), C.R.S., the Department of Corrections is required to develop a performance plan and submit that plan to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year. For consideration by the Joint Budget Committee in prioritizing the Department's budget request, the FY 2016-17 plan, dated June 2016, can be found at the following link:

<https://drive.google.com/file/d/0B8ztLiGduUWbeUxNWkt0cnhneU0/view>