

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2016-17 STAFF BUDGET BRIEFING
DEPARTMENT OF CORRECTIONS**

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

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December 21, 2015**

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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.

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Department Budget: Recent Appropriations

Funding Source	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17 *
General Fund	\$683,084,333	\$720,902,032	\$780,620,458	\$775,055,108
Cash Funds	40,092,306	40,096,980	39,431,411	39,395,195
Reappropriated Funds	45,892,992	46,402,892	46,665,389	46,713,766
Federal Funds	<u>1,010,514</u>	<u>1,223,868</u>	<u>1,259,937</u>	<u>1,357,641</u>
Total Funds	\$770,080,145	\$808,625,772	\$867,977,195	\$862,521,710
Full Time Equiv. Staff	6,051.6	6,209.2	6,239.8	6,241.9

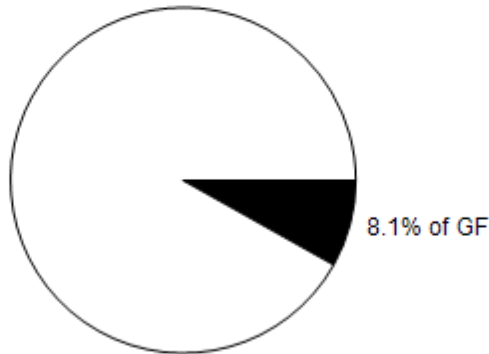
*Requested appropriation. Of this request, \$3,344,870 General Fund has already been appropriated in the five year appropriation clauses of bills enacted during prior sessions. The FY 2016-17 General Fund appropriations from these bills, and their locations in statute, are as follows:

H.B. 13-1154	\$76,665	Crimes Against Pregnant Women	Section 17-18-108, C.R.S.
S.B. 14-049	42,968	Public Transportation and Utility Endangerment	Section 17-18-111, C.R.S.
S.B. 14-092	19,640	Insurance Fraud Crime	Section 17-18-113, C.R.S.
S.B. 14-161	19,640	Update Uniform Election Code	Section 17-18-112, C.R.S.
S.B. 14-176	42,968	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.
S.B. 15-067	219,576	Second Degree Assault Injury to Emergency Responders	Section 17-18-121, C.R.S.
H.B. 15-1043	2,581,944	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	<u>275,849</u>	Increase penalty sexual exploitation of a child	Section 17-18-119, C.R.S.
Total	\$3,344,870	GF	

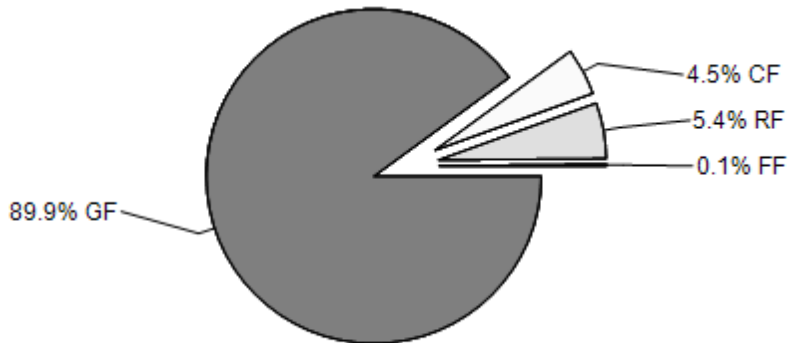
Thus the Department's requested General Fund appropriation for the Long Bill is \$775,055,108 - \$3,344,870 = \$771,710,238.

Department Budget: Graphic Overview

Department's Share of Statewide General Fund

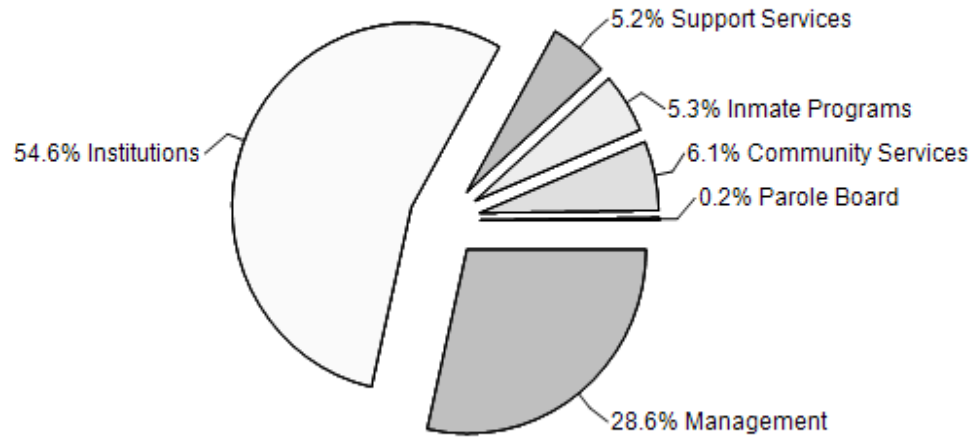


Department Funding Sources

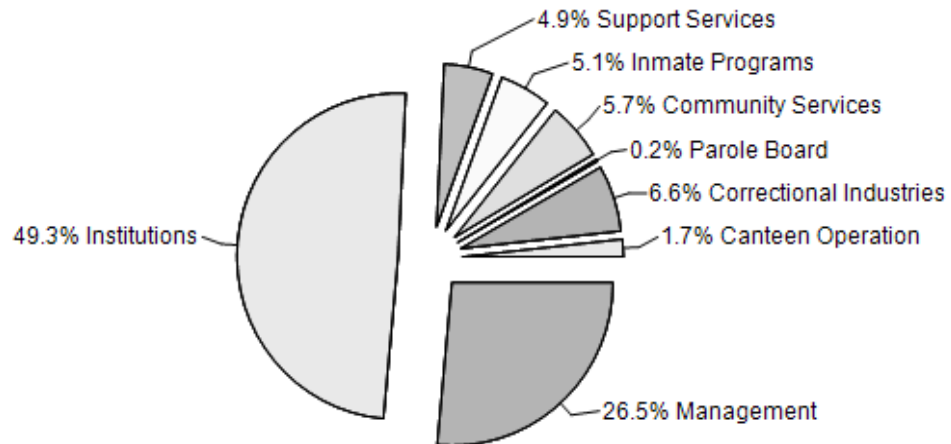


All charts are based on the FY 2015-16 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division

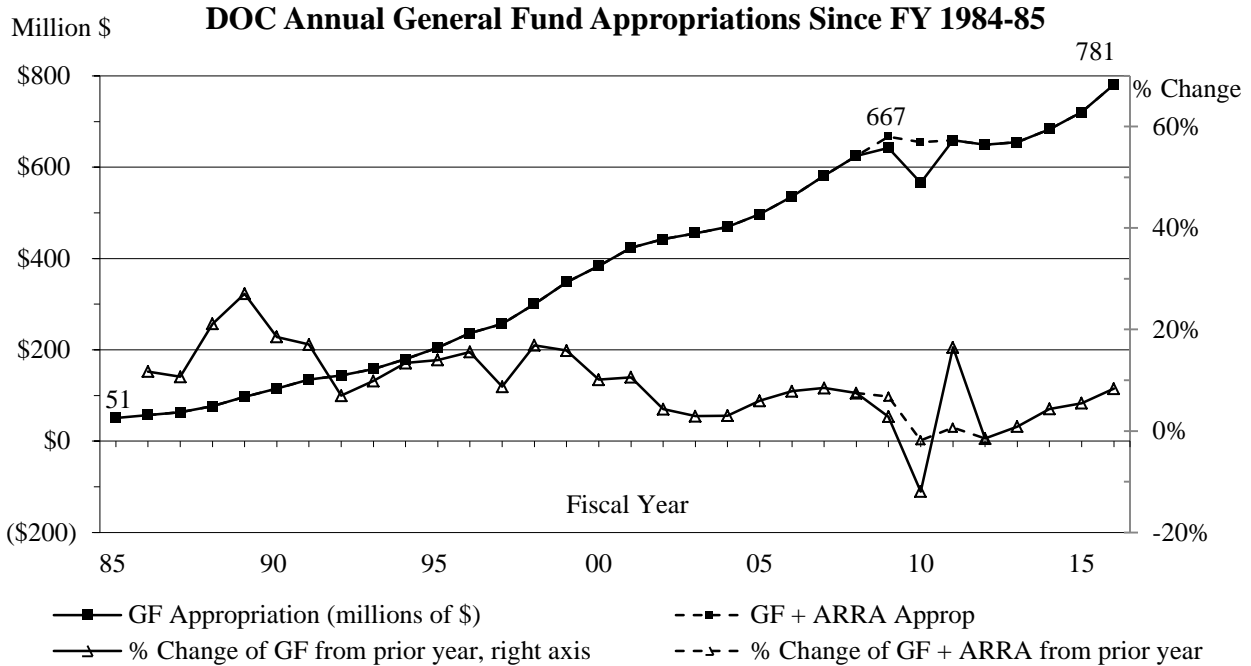


All charts are based on the FY 2014-15 appropriation.

General Factors Driving the Budget

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

General Fund appropriations to the Department of Corrections (DOC, including ARRA) grew almost 13 fold from FY 1984-85 until FY 2009-10 when the Department’s inmate population peaked—an average annual growth rate of 10.7 percent. During the same period, Colorado’s population grew at a much slower 1.8 percent annually and corrections expenditures per Colorado resident grew from \$15.89 to \$112.47. The growth-rate graph line (denoted with triangles) shows that appropriation growth rates trended downward from FY 1988-89 to FY 2009-10 but have trended upward since FY 2013.

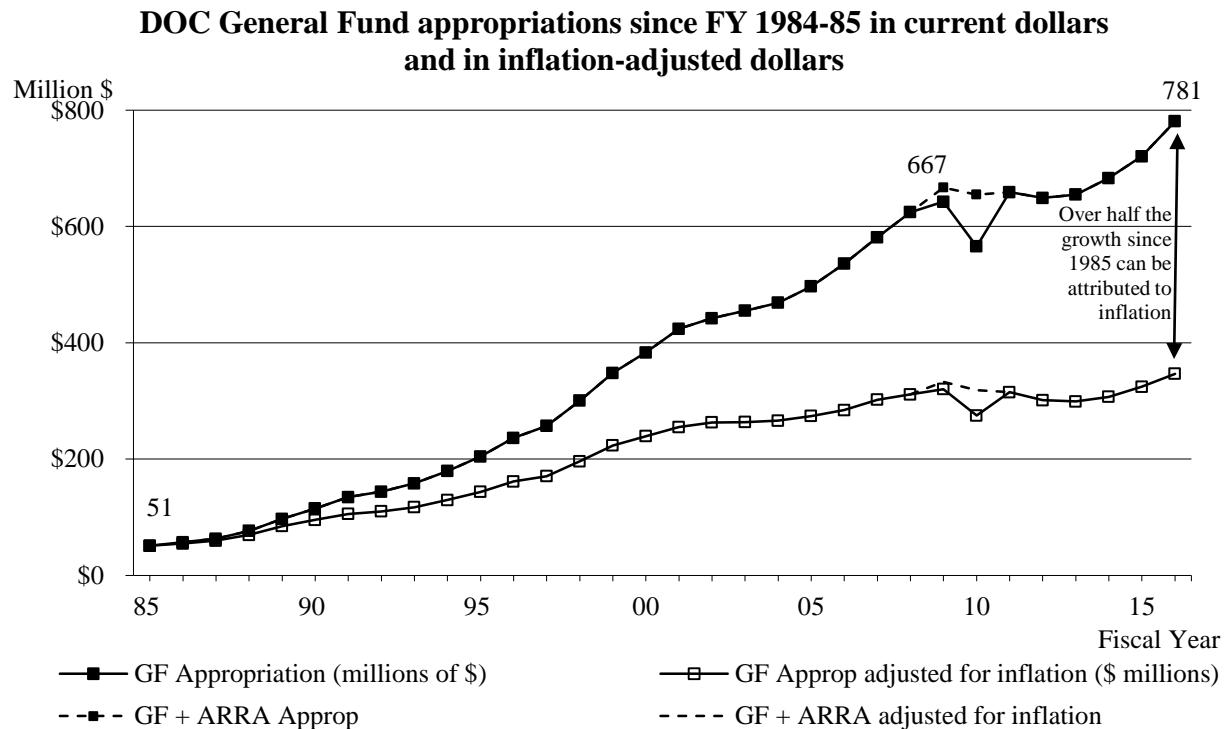


The lease purchase payment effect. The above chart gives a misleading indication of the FY 2015-16 increase of DOC appropriations relative to FY 2014-15. For FY 2015-16, a \$20.3 million General Fund appropriation that was formerly in the capital budget for Capital Lease Purchase Payments on CSP II was moved to the DOC operating budget, causing DOC General

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Fund appropriations to rise \$20.2 million more than they would have otherwise. Without this change, the FY 2015-16 appropriation would have equalled \$760 million.

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.

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

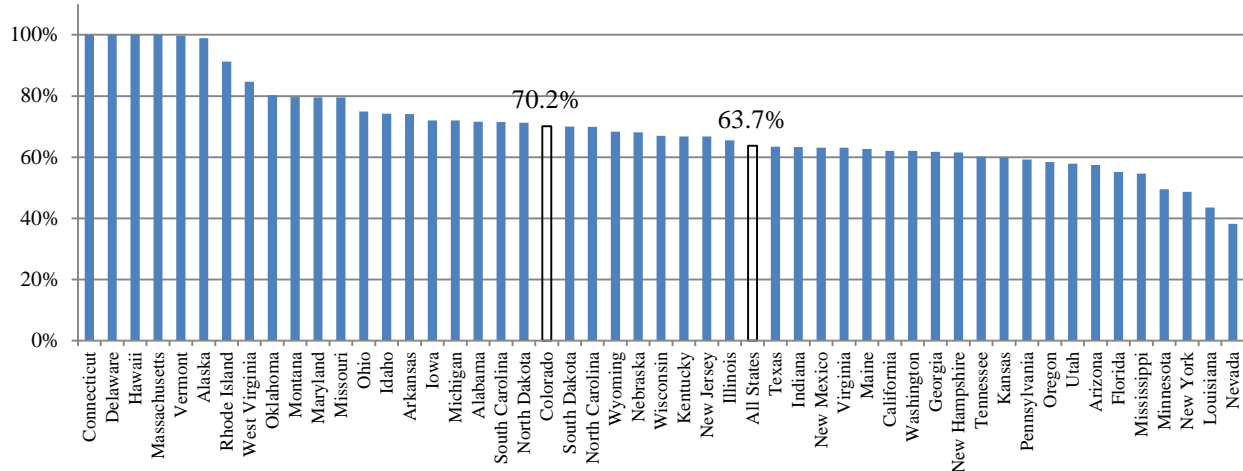
It is challenging to compare Colorado's state corrections expenditures with those of other states because the distribution of expenditures between each state and its local governments varies substantially. As the following diagram (based on the latest available national data¹) illustrates,

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

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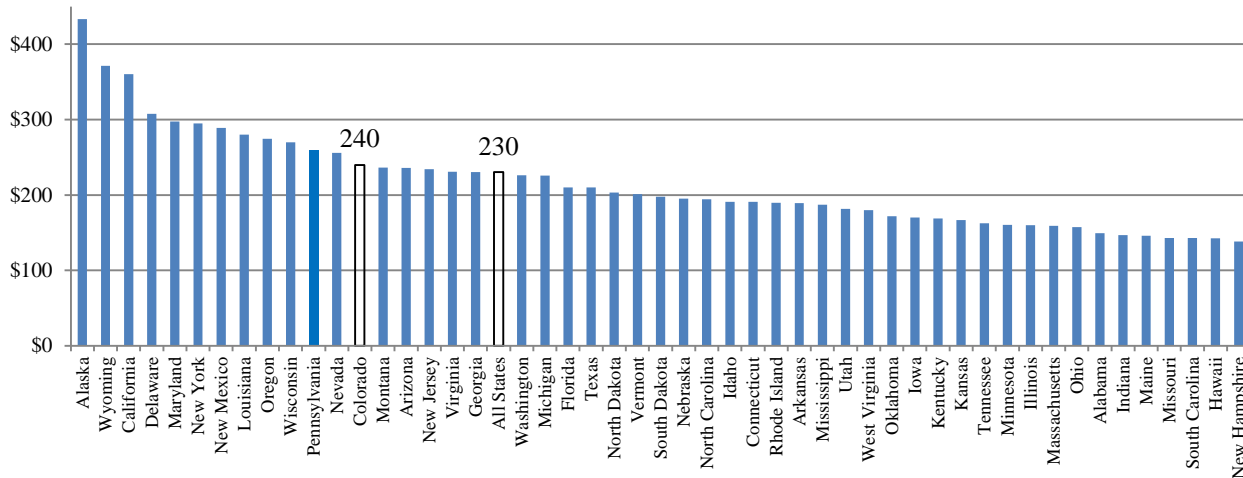
the average state pays 63.7 percent of total corrections expenditures while a few states pay all or nearly all correctional costs.

Percent of State + Local Corrections Expenditures Paid By State 2012



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

State + Local Corrections Expenditures Per Capita, 2012

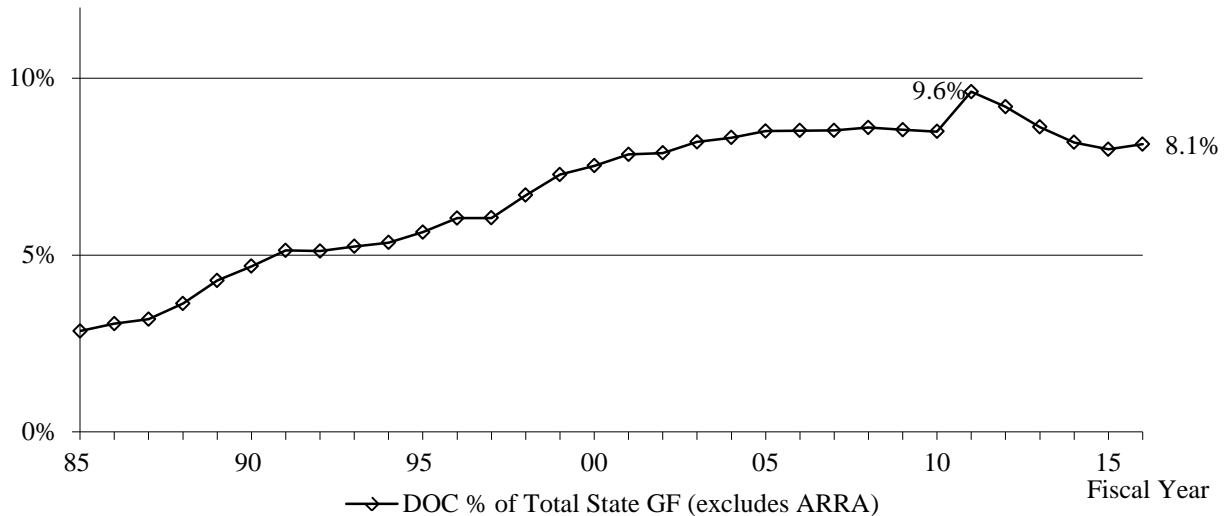


As this chart, which is based on the latest data, shows, Colorado ranks 13th among the states in per capita spending on corrections by all levels of government; in 2012 Colorado spent \$240 on corrections per resident, \$10 more than the national average. Of this \$240 total, \$168 was expended by the State and \$72 by local governments.

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. A steady decline followed until FY 2015-16, when the DOC share of total General Fund spending rose to 8.1 percent. If Capital Lease Purchase Payments had not been moved to the operating budget, the decline would have continued in FY 2015-16, when the percentage would have fallen to 7.9%.

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



Key drivers of the appropriation

Fundamentally, the cost of a correctional system is determined by

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

This analysis will focus first on the number of offenders.

Offender Population

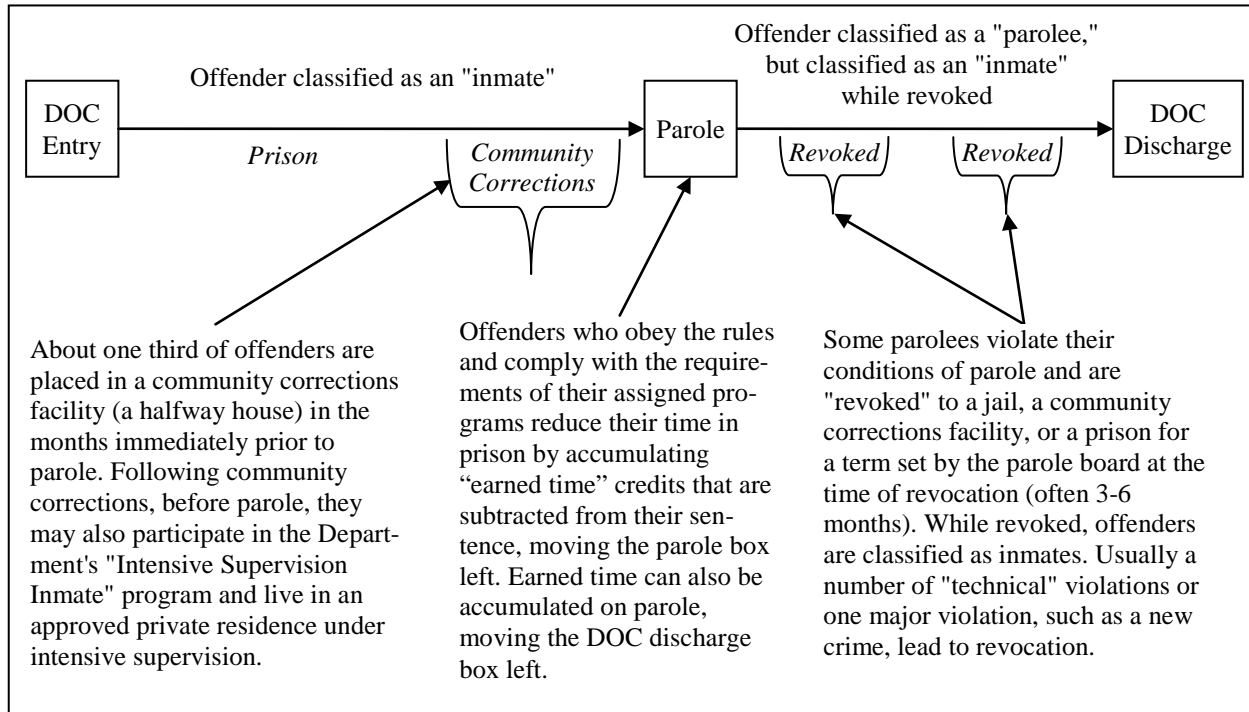
The number of offenders within the correctional system depends upon

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

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

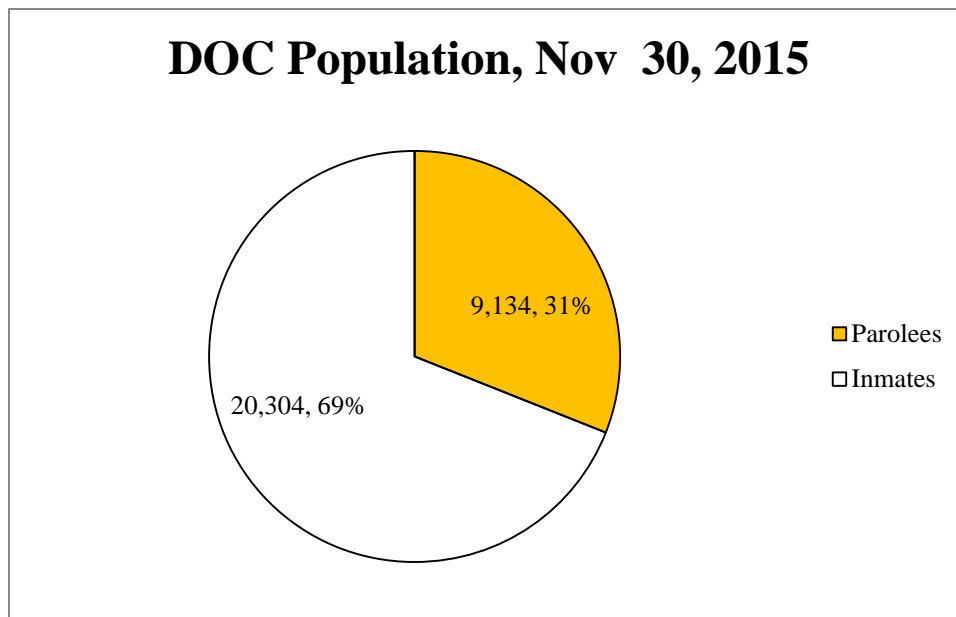
The following diagram shows typical progress through the DOC system:

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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. 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.

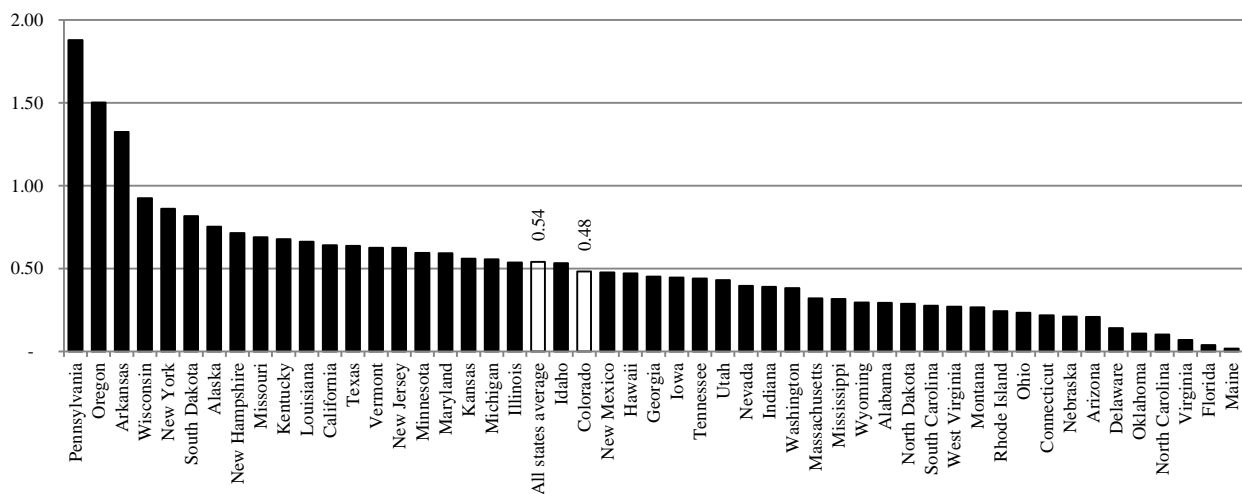


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The ratio of parolees to inmates reflects the average time offenders are on parole relative to average time spent as an inmate. The pie chart shows that there are currently 0.45 parolees per inmate (=9,134/20,304) and indicates that the average parolee spends roughly 45 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.²

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

Parolees per Inmate, Jan. 1, 2011

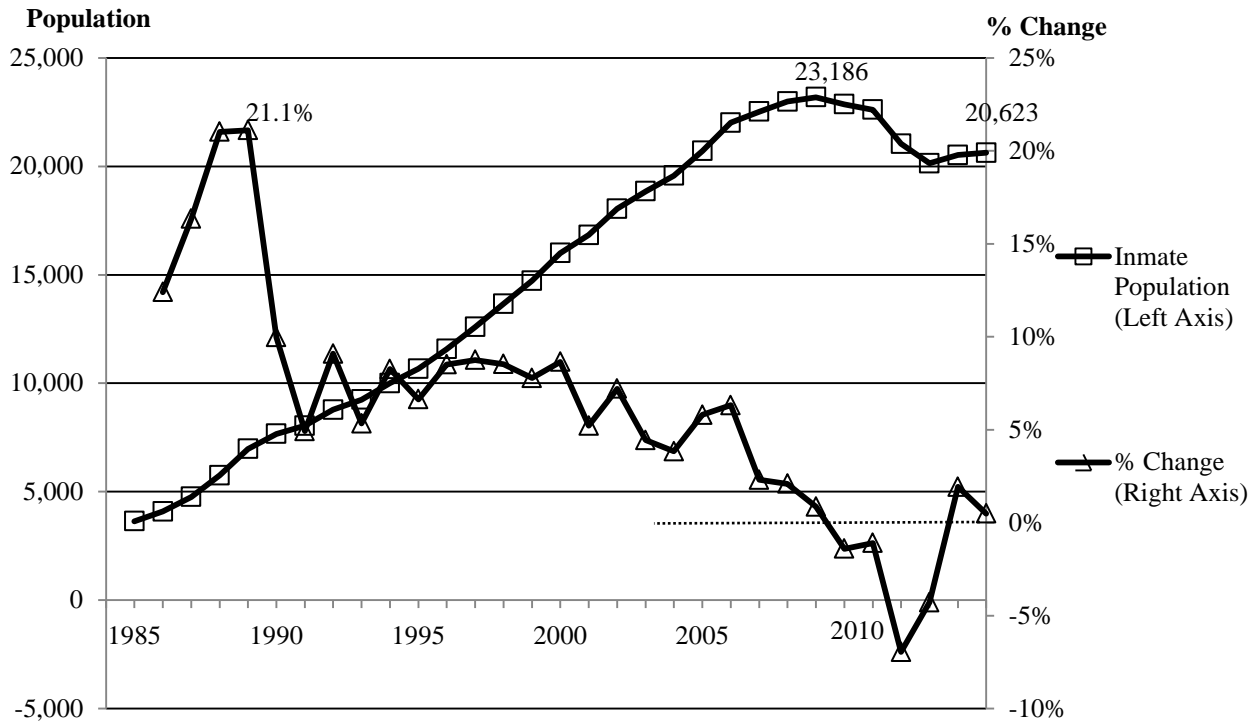


The following diagram shows the inmate population since 1985.

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

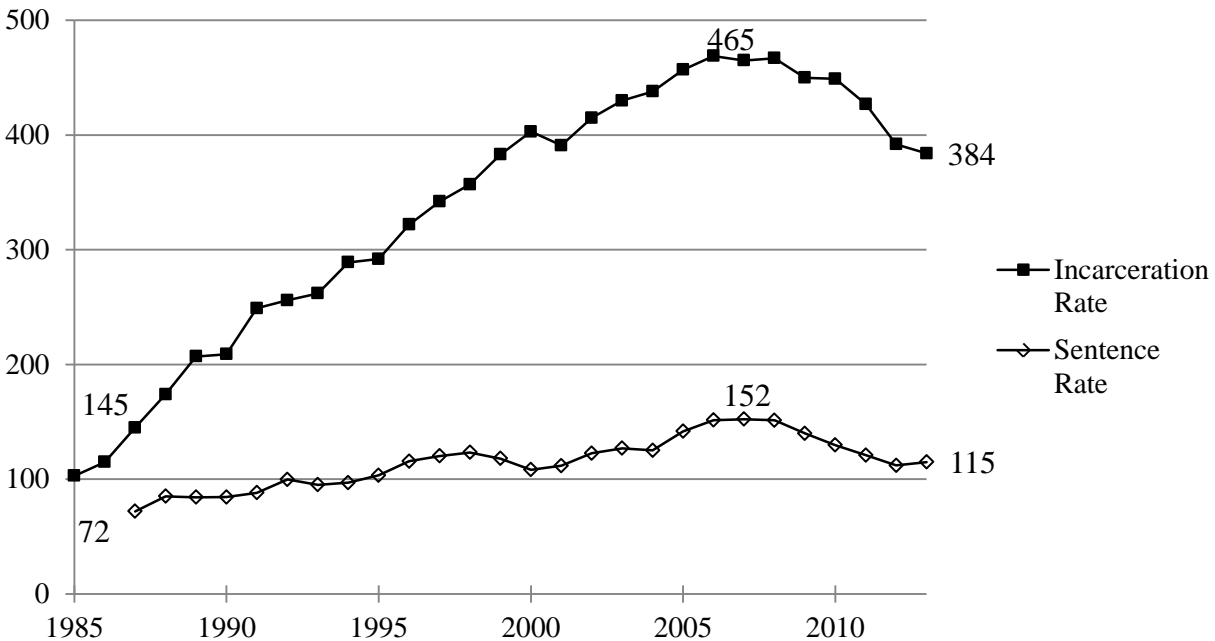
³ The data for this chart was drawn from two U.S. Department of Justice, Bureau of Justice Statistics publications: *Prisoners in 2011* and *Probation and Parole in the United States, 2011*.

Department of Corrections Inmate Population, End of Fiscal Year



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

**Sentence and Incarceration Rates Per
100,000 Colorado Residents**



This chart highlights the key factors that determine the prison population: the number of people who go to prison (the sentence rate) and, implicitly, the amount of time that they remain there.⁴

The sentence rate can change for a number of reasons, including

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

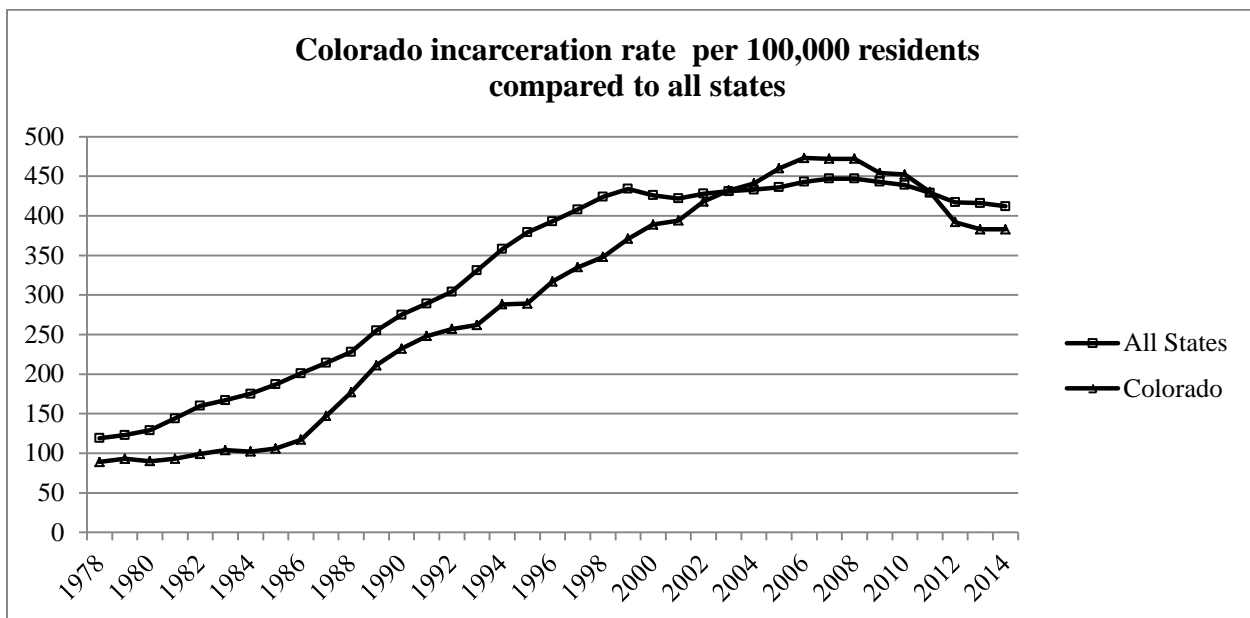
⁴ Source: DOC Annual Statistical Report. The Statistical Report is normally issued a little over one year after the close of the fiscal year, However the FY 2013-14 statistical report is not yet available. The latest available statistical report is for FY 2012-13.

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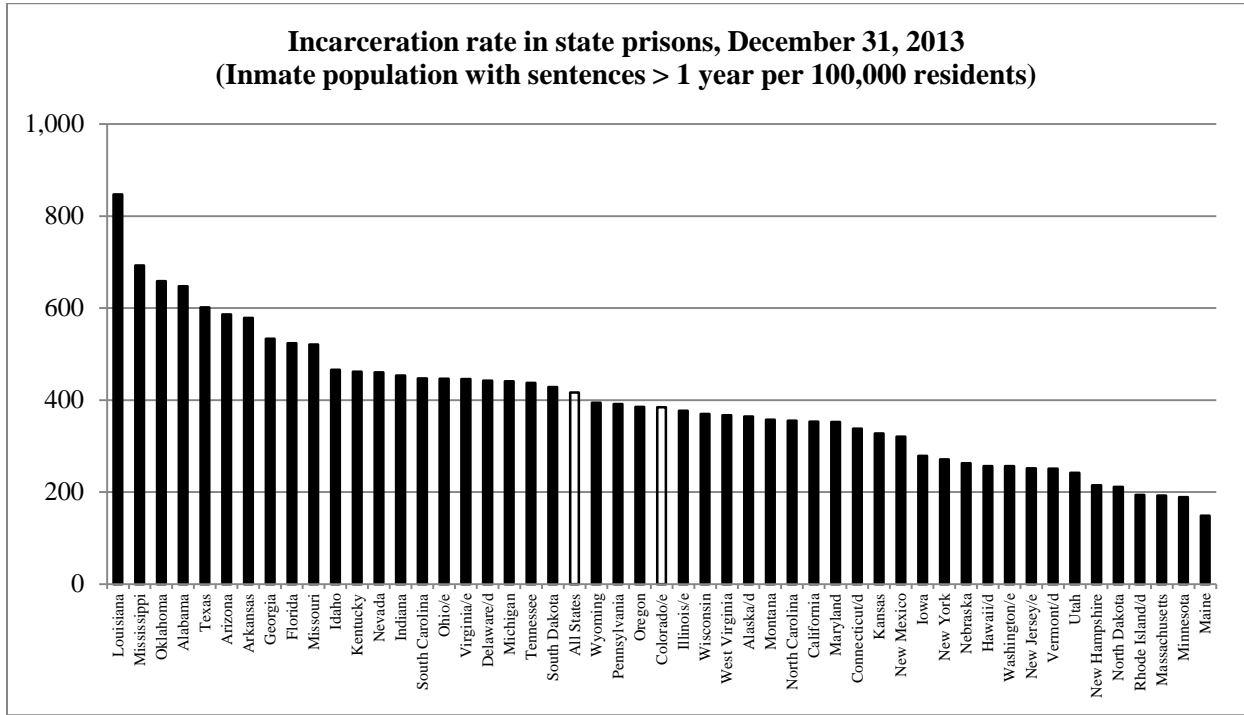
By itself, the 112 percent increase of the sentence rate between 1987 and 2007 would have approximately doubled Colorado's prison population, after a period of adjustment. Since the incarceration rate rose by 248 percent over this same period, the other key factor, the duration of incarceration following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

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

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



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



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 2014-15, appears below.

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COLORADO DEPARTMENT OF CORRECTIONS
Cost Per Offender by Facility
FY 2014-15

	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	144	\$58.05	\$5.09	\$63.14	\$7.33	\$3.84	\$74.31	\$27,123
Delta Correctional Center	435	\$62.34	\$8.82	\$71.16	\$7.33	\$3.84	\$82.33	\$30,050
Rifle Correctional Center	186	\$59.19	\$6.87	\$66.06	\$7.33	\$3.84	\$77.23	\$28,189
Skyline Correctional Center	249	\$51.58	\$4.38	\$55.96	\$7.33	\$3.84	\$67.13	\$24,502
Total Level I	1,014						\$76.52	\$27,931
Level II								
Arrowhead Correctional Center	519	\$54.54	\$27.13	\$81.67	\$7.33	\$3.84	\$92.84	\$33,887
Four Mile Correctional Center	522	\$52.41	\$10.57	\$62.98	\$7.33	\$3.84	\$74.15	\$27,065
Trinidad Correctional Facility	503	\$61.09	\$8.94	\$70.03	\$7.33	\$3.84	\$81.20	\$29,638
Total Level II	1,544						\$82.73	\$30,196
Level III								
Arkansas Valley Correctional Facility	1,023	\$63.24	\$16.71	\$79.95	\$7.33	\$3.84	\$91.12	\$33,259
Buena Vista Correctional Facility	1,193	\$60.24	\$12.56	\$72.80	\$7.33	\$3.84	\$83.97	\$30,649
Colorado Territorial Correctional Facility	910	\$69.82	\$38.25	\$108.07	\$7.33	\$3.84	\$119.24	\$43,523
Fremont Correctional Facility	1,635	\$54.21	\$15.12	\$69.33	\$7.33	\$3.84	\$80.50	\$29,383
La Vista Correctional Facility	529	\$83.65	\$21.45	\$105.10	\$7.33	\$3.84	\$116.27	\$42,439
Total Level III	5,290						\$93.58	\$34,156
Level IV								
Limon Correctional Facility	912	\$70.35	\$13.39	\$83.74	\$7.33	\$3.84	\$94.91	\$34,642
Total Level IV	912						\$94.91	\$34,642
Level V								
Centennial Correctional Facility	288	\$153.88	\$38.85	\$192.73	\$7.33	\$3.84	\$203.90	\$74,424
Colorado State Penitentiary	660	\$114.35	\$17.82	\$132.17	\$7.33	\$3.84	\$143.34	\$52,319
Denver Reception & Diagnostic Center	567	\$97.67	\$75.26	\$172.93	\$7.33	\$3.84	\$184.10	\$67,197
Denver Women's Correctional Facility	969	\$70.07	\$24.91	\$94.98	\$7.33	\$3.84	\$106.15	\$38,745
San Carlos Correctional Facility	232	\$147.79	\$65.05	\$212.84	\$7.33	\$3.84	\$224.01	\$81,764
Sterling Correctional Facility	2,504	\$60.73	\$13.39	\$74.12	\$7.33	\$3.84	\$85.29	\$31,131
Total Level V	5,220						\$119.94	\$43,780
Grand Total Level I-V	13,980						\$101.07	\$36,892
Youthful Offender System								
Youthful Offender System Aftercare	43	\$111.68	\$0.00	\$111.68	\$0.00	\$3.84	\$115.52	\$42,165
Youthful Offender System	188	\$195.73	\$3.90	\$199.63	\$7.33	\$3.84	\$210.80	\$76,942
STU at YOS	21	\$96.06	\$3.17	\$99.23	\$7.33	\$3.84	\$110.40	\$40,296
YOS Jail Backlog	2	\$52.80	\$0.00	\$52.80	\$0.00	\$0.00	\$52.80	\$19,272
Community Services								
Parole	7,877	\$11.31	\$0.66	\$11.97	\$0.00	\$3.84	\$15.81	\$5,771
Fugitive Apprehension	590	\$4.76	\$0.00	\$4.76	\$0.00	\$3.84	\$8.60	\$3,139
Community Supervision	1,766	\$19.27	\$0.00	\$19.27	\$0.00	\$3.84	\$23.11	\$8,435
External Capacity								
Bent County	1,403	\$55.08	\$1.06	\$1.92	\$0.00	\$3.82	\$61.88	\$22,585
Crowley County	1,461	\$55.08	\$1.06	\$1.45	\$0.00	\$3.82	\$61.41	\$22,416
Kit Carson	512	\$55.08	\$1.06	\$1.55	\$0.00	\$3.82	\$61.51	\$22,450
Cheyenne Mountain ReEntry Center	538	\$55.08	\$1.06	\$1.39	\$0.00	\$3.82	\$61.35	\$22,392
County Jails	710	\$52.74	\$0.00	\$0.06	\$0.00	\$3.82	\$56.62	\$20,668
Community Corrections Programs	407	\$49.20	\$0.00	\$0.00	\$0.00	\$3.82	\$53.02	\$19,352

Medical cost per day includes medical and mental health costs that are not facility specific, such as catastrophic expenses, pharmaceuticals, centralized x-ray and dental expenses, capital equipment, centralized personal services, and central service contracts.

Centralized cost per day includes centralized expenses that are not facility specific, such as inspector general, utilities, maintenance, housing & security, food service, laundry, superintendent's, case management, legal access, transportation, facility services, education, communications and information systems.

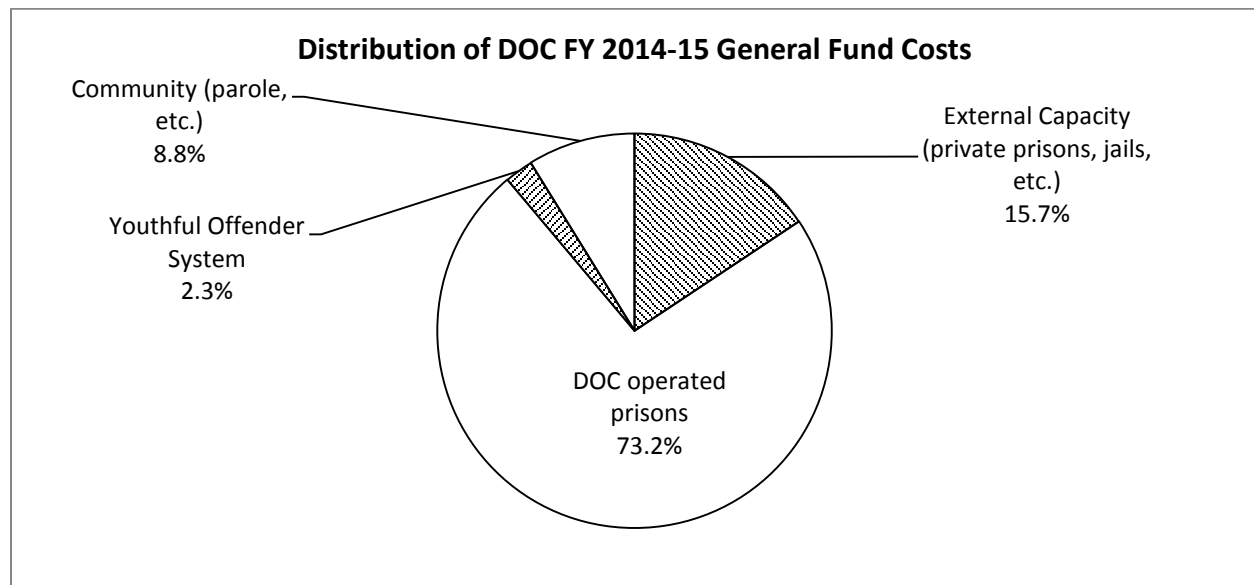
Administrative cost per day includes expenses that would apply to the entire department, such as the executive director's office, business operations (budget, accounts payable, inmate bank, payroll, general accounting), personnel, offender services, and training.

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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, which are essentially halfway houses for parolees whose parole has been temporarily revoked,
- Community Services, including 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 almost 89 percent of total General Fund expenditures. Thus an understanding of these two cost components and their interaction is key to understanding DOC appropriations.

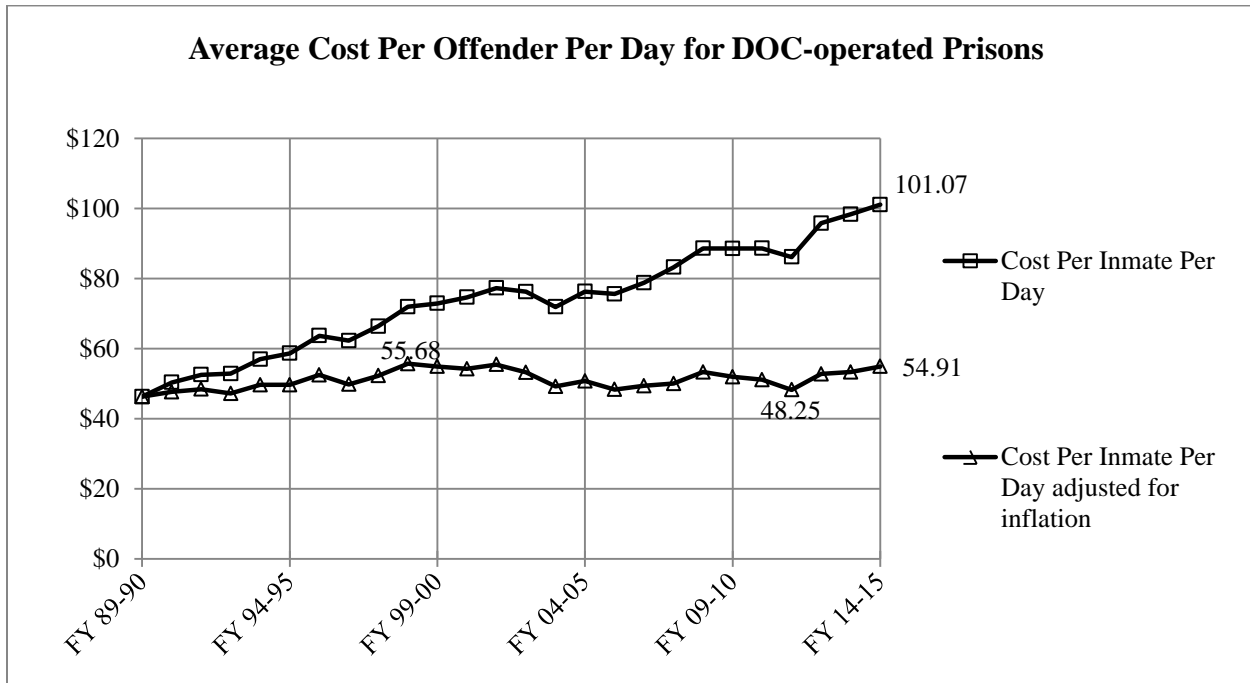


Cost changes at DOC-operated facilities.

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. As subsequent discussion will reveal, cost per offender measurement is an imprecise art and one should attribute limited significance to small changes. Despite this

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limitation, Staff believes that the graph yields useful insights into the changing cost of operating a public-sector prison.

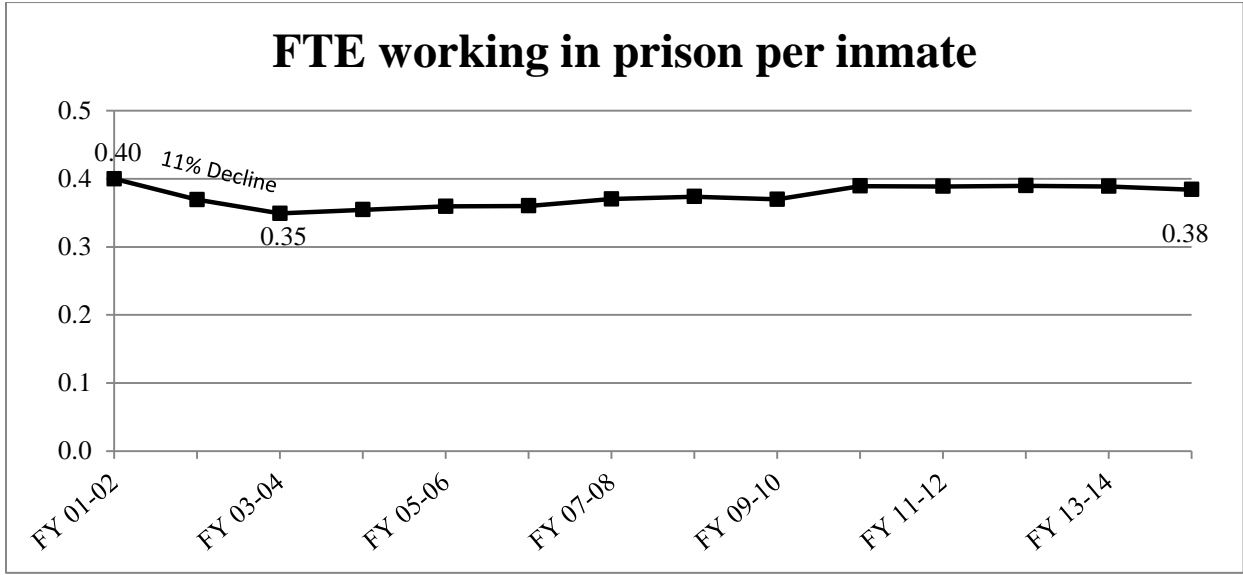


The top line of this chart shows an unsteady rise of the cost per offender for DOC-operated prisons between FY 1989-90 and FY 2013-14 that more than doubled the cost per offender. The lower line of this chart shows the cost per offender after removing the effects of inflation. This lower line shows that inflation adjusted costs rose during the 1990’s but declined following the recession of FY 2001-02. In the last few years costs have nearly regained their FY 2001-02 level.

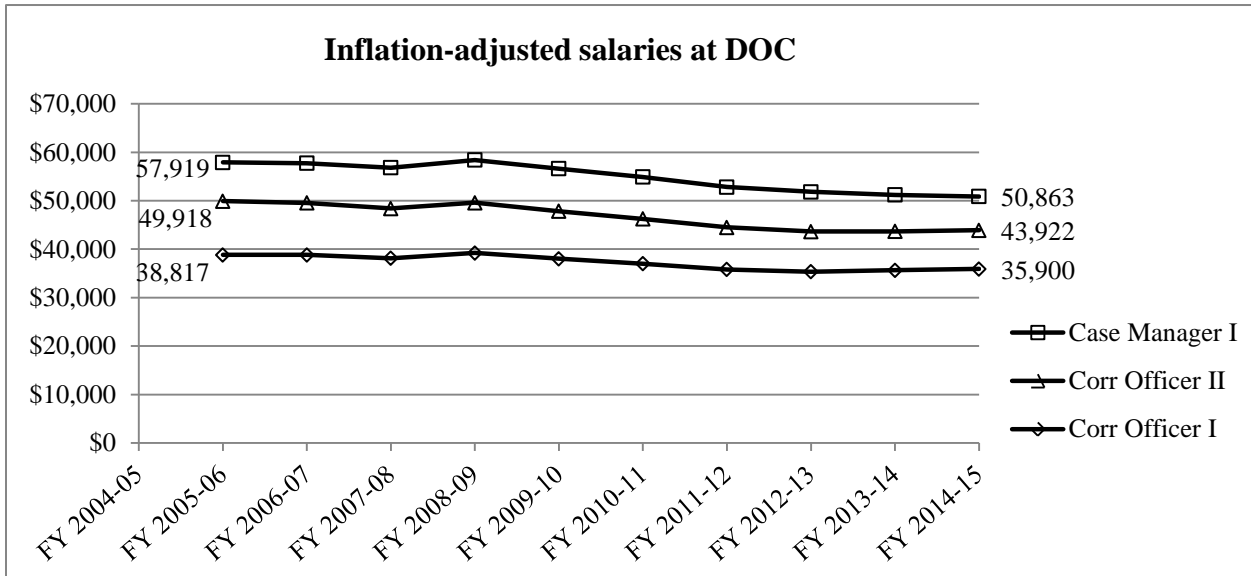
How could inflation-adjusted cost per offender have declined? Reduced staffing is at least part of the answer. Prisons are labor intensive. As the 2013 prison utilization study noted, “Correctional facility cost is primarily a function of staffing requirements. CDOC data indicate that personnel-related 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.

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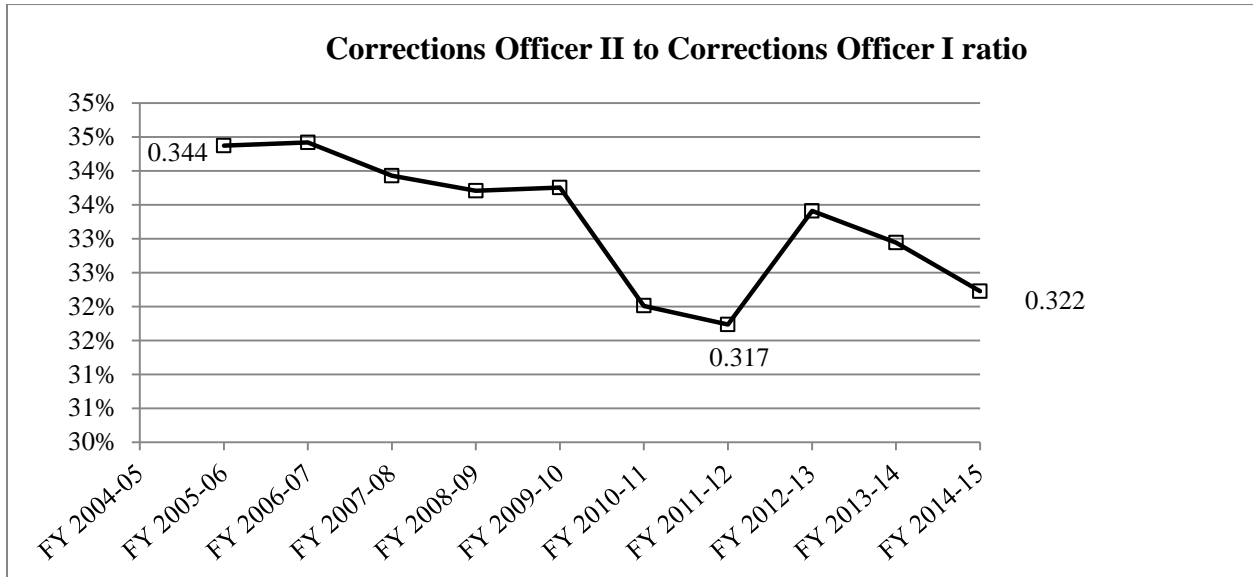


Other factors have also held down DOC labor cost increases. The following chart reports the average inflation-adjusted salaries of Case Managers I and Corrections Officers I and II since FY 2004-05. (Corrections Officers II are commonly called sergeants, they supervise Corrections Officers I). Together, 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.

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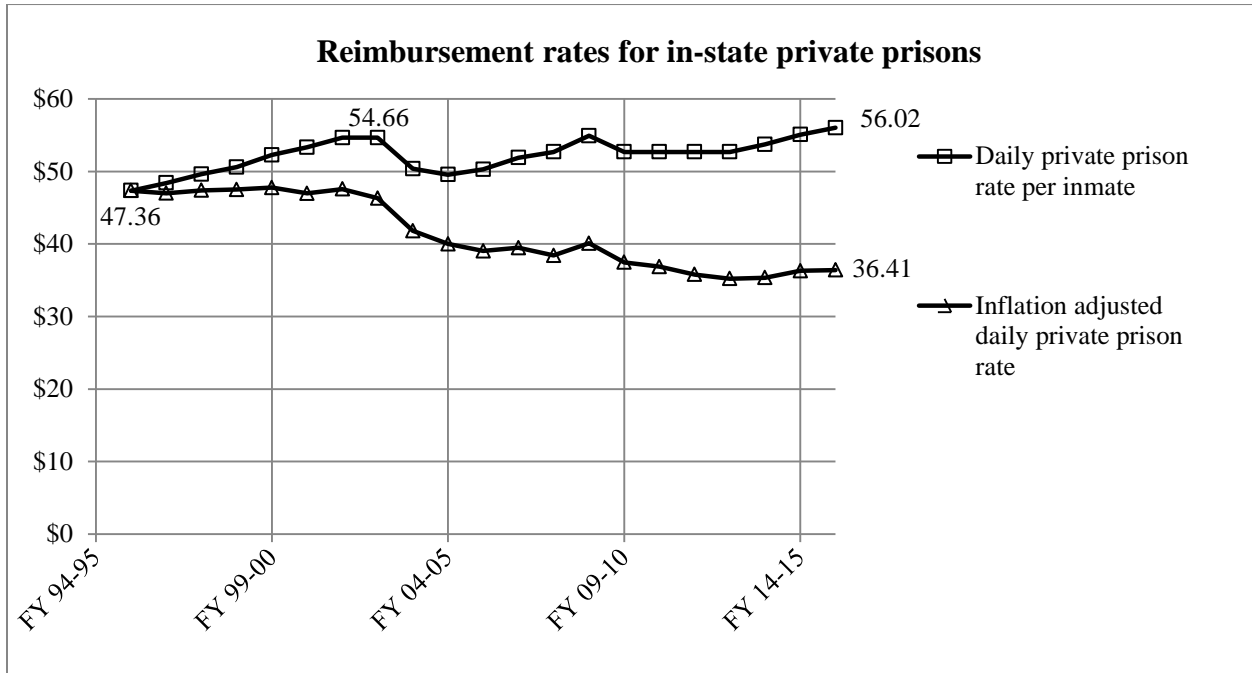
External capacity cost per offender.

External capacity is the second largest component of DOC costs, after the cost of DOC-operated prisons. Almost 16 percent of DOC General Fund expenditures pay for placement of DOC offenders in Colorado's 4 in-state private prisons, with the remainder going to county jails and to 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. It was not until this year, 12 years after the initial dip, that the per diem exceeded its FY 2002-03 level.

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 the last two years. The inflation adjusted per diem is now 24.6 percent below its FY 2001-02 level.

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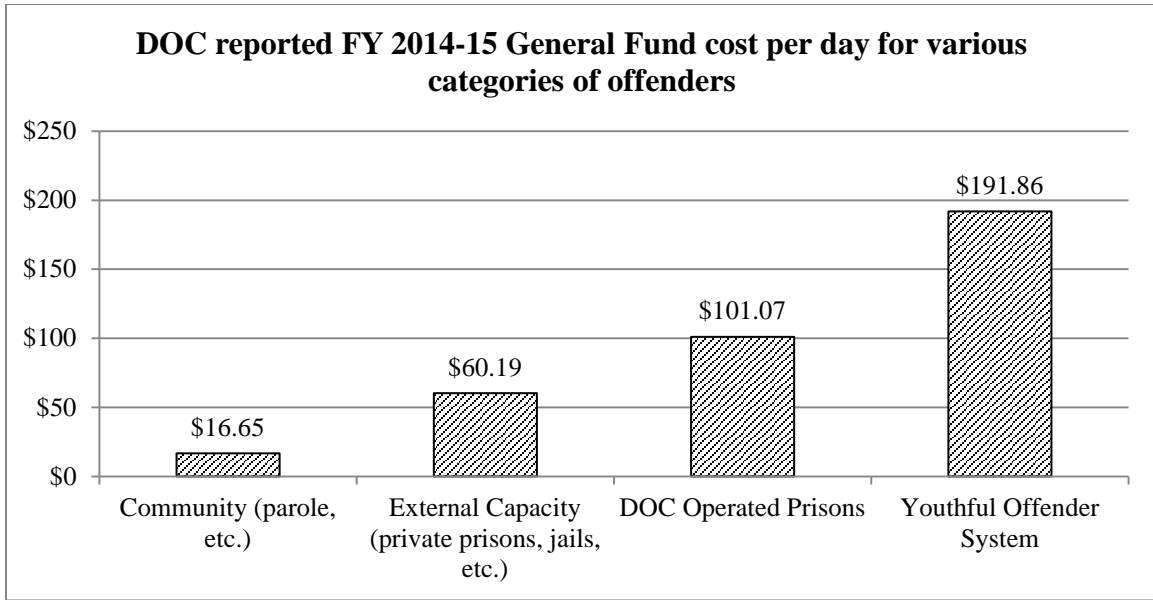


In summary, the inflation adjusted cost-per-offender for DOC prisons has declined slightly since the first years of the last decade, while the inflation adjusted private-prison per diem has declined substantially. The combination has damped appropriation increases.

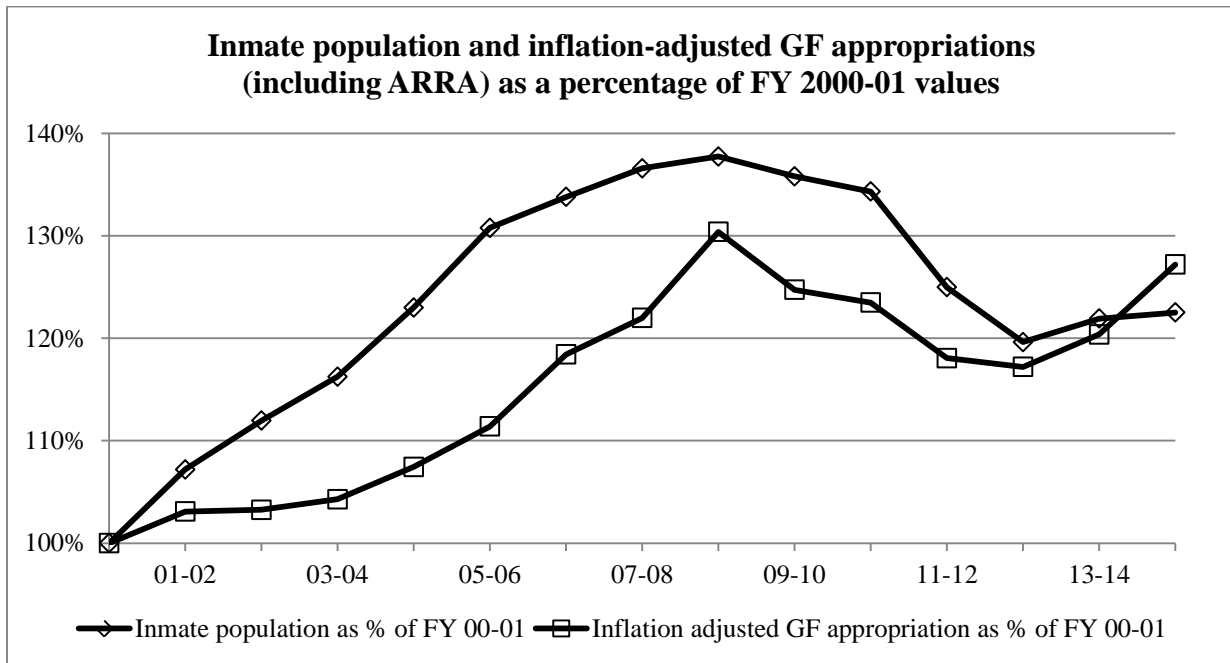
Cost Per Offender Comparisons.

The next chart compares the FY 2013-14 average daily cost for offenders in each of the four DOC categories introduced earlier.⁵

⁵ The Youthful Offender System (YOS) cost per offender is a weighted average of the daily cost of (1) offenders who are in the YOS secure facility and (2) offenders who are on YOS parole. The community cost per offender is a weighted average of the daily costs of (1) supervision of offenders on parole and intensive supervision parole, (3) supervision of offenders in community corrections, and (3) supervision of offenders in the Inmate Intensive Supervision program.



The following chart shows that over the last 14 year, inflation-adjusted General Fund appropriations to the Department have grown 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 almost disappeared in FY 2013-14, which means that over the period from FY 2000-01 to FY 2013-14, inflation-adjusted DOC General Fund costs have risen almost exactly in step with inmate growth.



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Transition and Parole – Costs of Returning Offenders to the Community

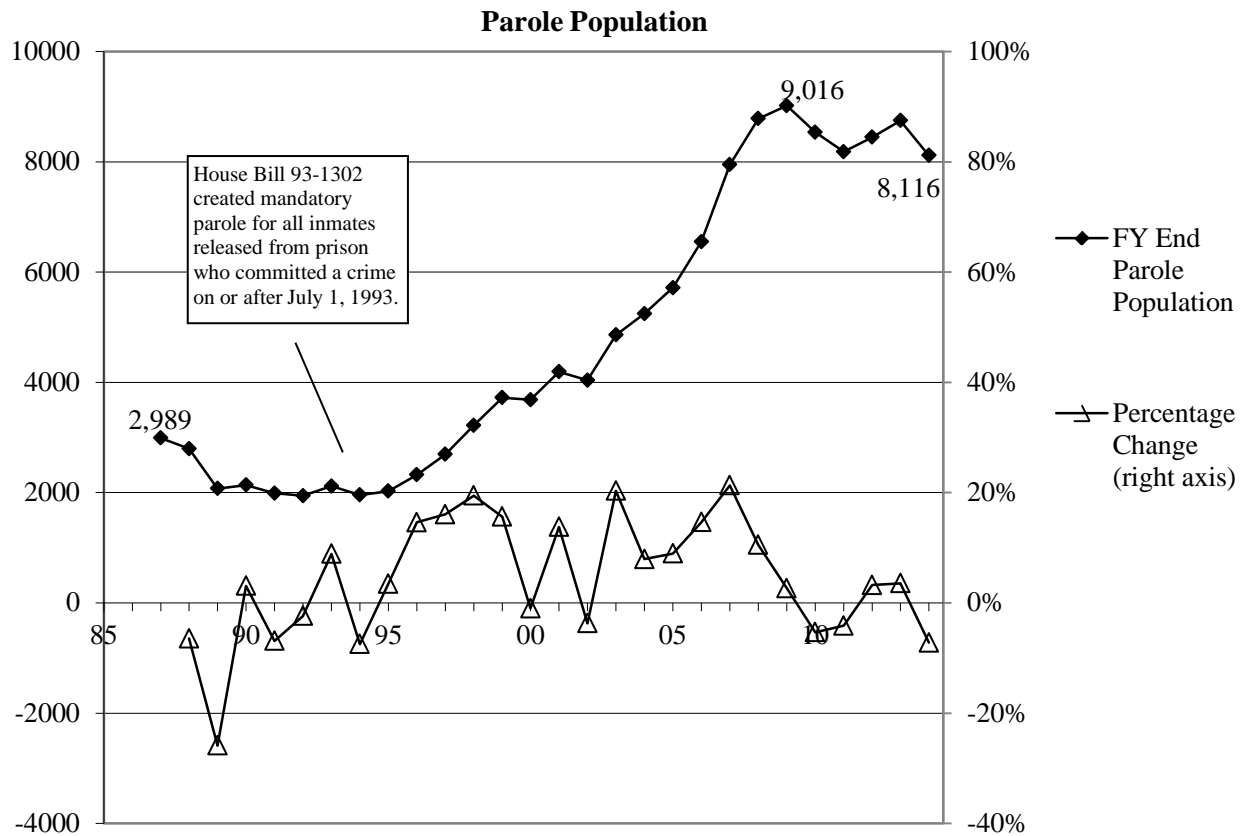
The costs of returning offenders to the community are shared by the DOC and the Division of Criminal Justice (DCJ) at the Department of Public Safety. The DCJ is responsible for payments to halfway houses, which in Colorado are operated by private entities, non-profits, and local governments. The DOC 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.

	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
	Actual	Actual	Actual	Actual	Actual	Actual
Fiscal year-end parole population	9,016	8,535	8,181	8,445	8,746	8,116
Change from prior year	2.7%	(5.3)%	(4.1)%	2.1%	3.6%	(7.2%)

The following chart shows the parole population since the 1980's.

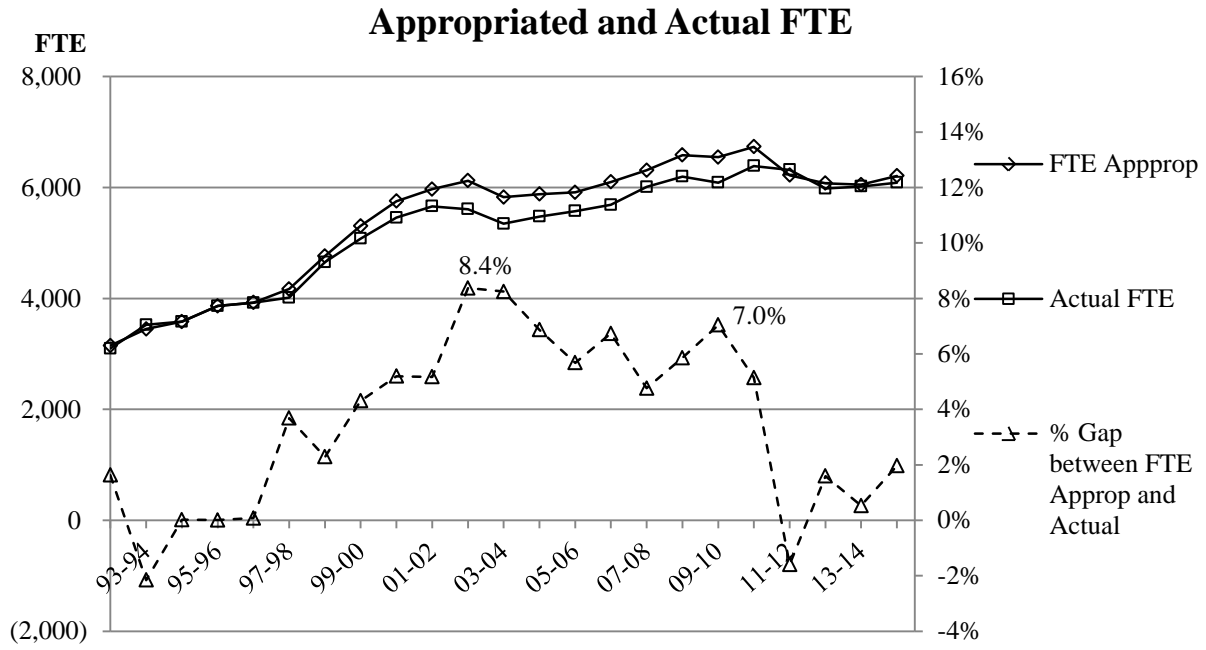
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Department of Corrections FTE

The following chart shows the growth of Department of Corrections FTE. Note that 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 by the JBC eliminated the gap.

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Summary: FY 2015-16 Appropriation & FY 2016-17 Request

Department of Corrections						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
15-16 Long Bill	\$868,560,106	\$779,703,369	\$40,931,411	\$46,665,389	\$1,259,937	6,239.8
Appropriations in 5 year sentencing bills passed in prior sessions	249,731	249,731	0	0	0	0.0
H.B. 15-1341 Increase penalties for sexual exploitation of child	11,034	11,034	0	0	0	0.0
S.B. 15-185 Police Data Collection and Community Policing	9,800	9,800	0	0	0	0.0
S.B. 15-195 Spending Earned Time Savings	0	1,500,000	(1,500,000)	0	0	0.0
S.B. 15-123 Reduce Parole Revocations for Technical Violations	<u>(853,476)</u>	<u>(853,476)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$867,977,195	\$780,620,458	\$39,431,411	\$46,665,389	\$1,259,937	6,239.8
FY 2016-17 Requested Appropriation						
FY 2015-16 Appropriation	\$867,977,195	780,620,458	\$39,431,411	\$46,665,389	\$1,259,937	6,239.8
Annualize prior year budget actions	4,900,130	4,708,003	192,127	0	0	2.1
R3 Medical caseload	378,881	378,881	0	0	0	0.0
R2 Utilities inflation	333,230	315,236	17,994	0	0	0.0
R1 Food service inflation	328,981	328,981	0	0	0	0.0
Non-prioritized requests	305,955	280,033	25,922	0	0	0.0
Indirect cost assessment adjustments	70,506	(70,505)	(17,227)	60,534	97,704	0.0
R4 External capacity caseload	(5,994,665)	(5,994,665)	0	0	0	0.0
Centrally appropriated line item adjustments	(4,495,355)	(4,228,166)	(255,032)	(12,157)	0	0.0
R5 Provider rate decrease	(1,273,348)	(1,273,348)	0	0	0	0.0
Annualize prior legislation	<u>(9,800)</u>	<u>(9,800)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$862,521,710	\$775,055,108	\$39,395,195	\$46,713,766	\$1,357,641	6,241.9
Increase/(Decrease)	(\$5,455,485)	(\$5,565,350)	(\$36,216)	\$48,377	\$97,704	2.1
Percentage Change	(0.6%)	(0.7%)	(0.1%)	0.1%	7.8%	0.0%

Issue Descriptions

Annualize prior year budget actions: The Department requests a net increase of \$4,900,130 General Fund to annualize prior budget actions. Of this total, \$4,959,521 is for annualization of FY 2014-15 salary survey and merit pay, which represented an average increase of \$794.82

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annually for the Department's 6,239.8 FTE. In addition, there is an increase of \$210,748 for fees that Buena Vista Correctional Center pays for waste water disposal, \$20,475 for the second year impact of last year's decision to increase mental-health staffing at San Carlos Correctional Facility and Denver Women's Correctional Facility, and a decrease of \$290,614 for external capacity due to the fact that FY 2015-16 contained a leap day, but FY 2016-17 does not. All external capacity contracts are based on per-offender-per-day rates, so the shorter year reduces external capacity appropriations.

R3 Medical caseload: This Department requests a General Fund increase of \$597,886 for pharmaceuticals for inmates and a General Fund decrease of \$219,004 for external medical care for inmates, for a net General Fund increase of \$378,880. Pursuant to federal court decisions, the Department is required to provide such care to offenders who are incarcerated. Most of the medical care is provided by in-house DOC staff, but more specialized care is delivered by providers in clinics and hospitals outside of DOC walls. This external care is paid through two Long-bill line items: *Purchases of Medical Services from Other Medical Facilities* ("*Purchases*") and *Catastrophic Medical Expenses* ("*Catastrophic*"). Note that the DOC is not required to provide and does not provide such care for parolees or for offenders who are transitioning out of DOC and are currently in community corrections facilities. Despite the name "R3 Medical caseload," this request is also driven by inflation of the cost of external medical care and pharmaceuticals.

In addition to adjustments for caseload and inflation, the Department also requests a change to the way that catastrophic medical expenses are defined. Currently *all* external medical expenditures for an offender are classified as catastrophic if those external expenditures exceed \$50,000. Thus if inmate X has external medical costs of \$49,000 while inmate Y has external medical costs of \$51,000, all of offender Y's external medical expenditures are classified as catastrophic while none of inmate X's expenditures are catastrophic. This rather arbitrary distinction results in high volatility for *Catastrophic* and for *Purchases*; any expenditure, even a small one, that pushes an offender across the \$50,000 threshold increases *Catastrophic* by \$50,000 and reduces *Purchases* by \$50,000.

The Department proposes that catastrophic expenditures be defined on a per claim basis: when any single claim exceeds \$50,000, the entire claim would be classified as catastrophic, but the classification of external medical expenditures for the same offender unrelated to that claim would not be changed. The Department believes that this will reduce the volatility of *Purchases* by concentrating volatility in *Catastrophic*.

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

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R1 Food service inflation: The Department requests a \$328,981 General Fund increase of its FY 2016-17 appropriation for food service. This is comprised of a 2 percent increase of the cost of raw food, and a 2 percent increase of the amount it pays for meals purchased from the Colorado Mental Health Institute-Pueblo (CMHI-P). CMHI-P, which is part of the Department of Human Services, prepares the meals for La Vista and San Carlos Correctional Facilities and for the Youthful Offender System; all are located on the CMHI-P campus.

Non-prioritized requests: This request was discussed during the briefing for the Department of Personnel.

Indirect cost assessment adjustments: The Department requests changes to the way its relatively small indirect cost assessments are computed.

R4 External capacity caseload: The Department requests an increase of \$6,626,765 General Fund to house additional offenders in private prisons and in jails. The Dec 2013 DCJ forecast, which, was the basis for the FY 2014-15 external capacity appropriation, predicted the average daily inmate population (ADP) would equal 20,600 for FY 2014-15. The summer 2014 DCJ forecast predicted that ADP would equal 20,834 for FY 2015-16, an increase of 234 offenders over FY 2014-15. The latest (December 2014) DCJ forecast predicts that ADP will equal 20,600 for FY 2015-16, which equals the 20,600 offenders on which the FY 2014-15 appropriation was based. Thus JBC staff expects most of this request to go away after the submission of a DOC budget amendment in mid January.

Centrally appropriated line item adjustments: Several centrally appropriated line item appropriations need to be changed.

R5 Provider rate decrease: The Department requests a \$1,128,941 General Fund decrease to support a 1 percent provider rate decrease for external providers that operate private prisons, provide clinical treatment, and provide programs for parolees.

Annualize prior legislation: The request includes annualizations of H.B. 14-1355 (Re-Entry Programs for Adult Parolees, \$153,455 increase) and S.B. 14-064 (Use of Isolated Confinement for Mental Illness, \$71,376 reduction).

Issue: Changing Appropriations in Criminal Sentencing Bills and Changes to the Statute Governing Those Bills.

A changed fiscal note assumption about the use of private prison beds has altered projected fiscal note costs and appropriations in criminal sentencing bills, substantially lowering costs by eliminating capital appropriations and reducing future operating costs. This issue finds that many bills now arguably require a six-year cost forecast and six-year appropriation to satisfy Section 2-2-703, C.R.S., which governs criminal sentencing bills. The issue recommends that the Committee carry a bill to fix potential conflicts within Sections 2-2-701 to 703, C.R.S., and clarify several of its provisions.

SUMMARY:

- Fiscal notes now assume that private prisons will absorb all population increases resulting from criminal sentencing bills.
- As a result, fiscal notes and appropriation clauses in bills now show lower costs and often require appropriations in fewer years. In some cases costs are much lower.
- The reduction in the number of years for which criminal sentencing bills make appropriations has resulted in an increased number of bills with less than five years of appropriation. These bills may not satisfy the requirements of Section 2-2-703, C.R.S., and an appropriation that extends beyond five years may sometimes be required.

RECOMMENDATION:

Staff recommends that the Committee sponsor a bill to clarify Sections 2-2-701 to 703, C.R.S.

DISCUSSION:

Part 7 of Article 2 of Title 2 deals with the enactment of laws regarding sentencing of criminal offenders. The three sections in this part were added to statute by S.B. 91-76 and later amended by H.B. 94-1340 and H.B. 94-1126. In summary:

- Section 2-2-701, C.R.S., requires Legislative Council Staff (LCS) review of any bill that affects criminal sentencing and could either increase or decrease net periods of imprisonment in state correctional facilities (subsequently "state imprisonment"). The LCS review must evaluate the impact of the bill for the first five fiscal years following passage, including capital costs and operating costs
- Section 2-2-701, C.R.S., requires bills that increase state imprisonment to pass through the appropriations committees of both houses. The bill may also be referred to other committees.
- Section 2-2-703, C.R.S., requires bills that increase state imprisonment to include appropriations "sufficient to cover any increased capital construction costs and any increased operating costs which are the result of such bill in each of the first five years in which there is

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a fiscal impact as a result of the bill." A bill can be enacted without such appropriations if the bill expressly states that it is an exception to Section 2-2-703, C.R.S.

The full text of these sections is presented in an appendix at the end of this issue.

In combination, for criminal sentencing bills that increase state imprisonment, these sections require (1) a five year LCS estimate of capital and operating costs, (2) appropriations committee approval, and (3) five years of capital and operating appropriations in the bill.

Prior to the 2012 session, the LCS and JBC staff interpretation of Section 2-2-703, C.R.S., resulted in criminal sentencing bills that appropriated five years of capital and operating costs. An example from 2010 follows;

Table 1
Example: H.B. 10-1081, Money Laundering Criminal Fraud

Fiscal Year	Capital Costs		Operating Expense	Total
	Transfer from General Fund to the Capital Construction Fund	Approp. from Capital Construction Fund to the Corrections Expansion Reserve Fund	Appropriation from General Fund to Dept of Corrections	Total Approps and Transfers from General Fund
10-11	\$91,370	\$91,370	\$0	\$91,370
11-12	0	0	28,800	28,800
12-13	0	0	28,800	28,800
13-14	0	0	28,800	28,800
14-15	0	0	28,800	28,800
Total	\$91,370	\$91,370	\$115,200	\$206,570

Explanation:

- The fiscal note concluded that the DOC would receive one new offender every five years and the offender would remain an inmate for at least four years.
- This bill was enacted during the 2010 session and became law in mid-August 2010. (Almost all criminal sentencing bills apply to crimes committed on or after July 1 following enactment, or, if they lack a safety clause, on or after a mid-August date following enactment.) The bill's fiscal note assumed that the first person sentenced to DOC under its provisions would not arrive at DOC until FY 2011-12. Offenders must commit a crime, be arrested, adjudicated, and sentenced before they go to prison, so the one year assumption is justified.⁶ The \$28,800 per year operating expense in the third column is the estimated cost of providing security, clothing, food, health care, etc. after that inmate arrives in prison. Then, as now, the DOC had offenders in both private and public prisons. The \$28,800 was a weighted average of the cost of a bed in a public prison and the cost to DOC of placing an offender in a private prison, with weights equal to the proportion of offenders in public and private prisons.

⁶ The number of new court commitments to the DOC closely correlates with year earlier court filings, which provides further support for a one year lag between a criminal sentencing bill's effective date and the arrival of offenders at DOC. See DCJ's *Correctional Population Forecasts, January 2014*, Figure 6.

- As required by Section 2-2-703, C.R.S., the bill included an appropriation clause that provided funding to build the extra capacity to house the new inmate (in the Capital Costs columns of Table 1). At that time, estimated capital construction costs were about \$150,000 per inmate bed. Since some offenders were being placed in private prisons, the fiscal note computed capital cost as a weighted average of the cost of building a new DOC bed (\$150,000) and the capital cost to DOC of placing an offender in a private prison bed (\$0), with weights equal to the proportion of offenders in public and private prisons. The result, during the 2010 session, was a weighted average capital cost \$91,370.
- Capital construction expenditures required two steps: The bill *transferred* \$91,370 from the General Fund to the Capital Construction Fund and then *appropriated* \$91,370 from the Capital Construction Fund to the Corrections Expansion Reserve Fund. In theory the Corrections Expansion Reserve Fund would hold the money until until DOC next expanded its bed capacity. In practice, moneys in the Corrections Expansion Reserve Fund were often spent for DOC projects that didn't build capacity.

Since 2012 fiscal notes have assumed that private prisons will absorb all population increases resulting from criminal sentencing bills. Prior to 2012, fiscal notes assumed that a portion of the offenders sentenced to prison under a criminal sentencing bill would go to DOC prisons and a portion would go to private prisons. Fiscal notes now assume that when a new criminal sentencing bill results in an extra inmate, the offender will either be directly placed in a private prison, or a series of adjustments will occur that ultimately result in an extra inmate being placed in a private prison. Suppose for example, that a bill creates a new crime and a new inmate arrives at DOC as a consequence. After a DOC evaluation, the new offender is classified as requiring "close" custody, which is too risky for placement in a private prison. (Private prisons can only take offenders who are classified as medium custody or below.) As a result, the new close inmate is placed in a DOC facility and a medium inmate currently in a DOC bed is moved to a private prison. A more extended series of displacements could also occur, ultimately resulting in an extra offender in a private prison bed. The bottom line is that if 100 extra inmates arrive at DOC as the result of a criminal sentencing bill, DOC will absorb them without building extra capacity and the ultimate outcome will be 100 extra inmates in private prisons. This is identical to the assumption that JBC staff makes when a DOC population increase drives a caseload supplemental or a caseload decision item. In such cases JBC staff assumes that the extra population will ultimately increase private prison beds with no need to build more DOC capacity. If some of the new offenders require close custody, or other special treatment, DOC will make the necessary adjustments and will ultimately expand the private prison population.

This fiscal note assumption regarding availability of private prisons and the JBC staff assumption regarding use of private prisons for caseload increases rely on an important fact: Colorado's private prisons now have approximately 3000 empty beds.⁷ Thus for the foreseeable future extra offenders who arrive at DOC will be placed in private prison beds. This could someday change if DOC's population grows substantially, but the growth would probably have to continue for years before the system approached capacity.

⁷ See the response to question 9 in the Department of Corrections Jan. 6, 2015 written hearing responses.

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The changed assumption about private prisons had two important consequences:

- Fiscal notes for criminal sentencing bills no longer include capital costs because there is no need to build extra state prison beds.
- Fiscal notes for criminal sentencing bills no longer use a weighted average of state prison operating costs and private-prison operating costs because all population adjustment ultimately occur in private prisons.⁸

These changes have substantially altered the fiscal impact of some bills, as illustrated by the following DOC-appropriation table for H.B. 15-1043 (Felony Offense for Repeat DUI Offenders), a bill that is expected to ultimately increase the number of inmates by 426.

Table 2
Actual DOC appropriations for H.B. 15-1043, Felony Offense for Repeat DUI Offenders
 (This bill also included a \$1,272,133 General Fund appropriation to the Judicial Branch for FY 2015-16, but the Judicial Branch appropriation is not included in this table)

Fiscal Year	Capital Costs		Operating Expense	Total
	Transfer from General Fund to the Capital Construction Fund	Approp. from Capital Construction Fund to the Corrections Expansion Reserve Fund	Appropriation from General Fund to Dept of Corrections	Total Approps and Transfers from General Fund
15-16	\$0	\$0	\$0	\$0
16-17	0	0	2,581,944	2,581,944
17-18	0	0	6,497,158	6,497,158
18-19	0	0	9,397,689	9,397,689
19-20	0	0	9,397,689	9,397,689
Total	\$0	\$0	\$27,874,480	\$27,874,480

Had the fiscal note for H.B. 15-1043 been written in 2010, using 2010 fiscal note rules, the DOC appropriation would have looked something like this:

⁸ For fiscal note purposes, the operating cost of a new prison bed now equals the amount paid to the private prison plus medical expenses that are paid by DOC.

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Table 3
Hypothetical DOC appropriations for H.B. 15-1043 using 2010 Fiscal Note rules
 (The bill would still include a \$1,272,133 General Fund appropriation to the Judicial Branch for FY 2015-16, which is not included in this table)

Fiscal Year	Capital Costs		Operating Expense	Total
	Transfer from General Fund to the Capital Construction Fund	Approp. from Capital Construction Fund to the Corrections Expansion Reserve Fund	Appropriation from General Fund to Dept of Corrections	Total Approps and Transfers from General Fund
15-16	\$10,690,289	\$10,690,289	\$0	\$10,690,289
16-17	\$16,210,564	\$16,210,564	3,369,600	19,580,164
17-18	\$12,009,367	\$12,009,367	8,479,201	20,488,568
18-19	0	0	12,264,576	12,264,576
19-20	0	0	12,264,576	12,264,576
Total	\$38,910,220	\$38,910,220	\$36,377,953	\$75,288,173

The dramatically higher cost of this bill when pre-2012 fiscal note rules are used is a consequence of the post-2012 assumption that private prisons can absorb all additional offenders, which eliminates capital costs and reduces operating costs.

Most criminal sentencing bills now have no first year impact. The elimination of capital costs coupled with the assumption that no new offenders will reach DOC for 1 year following a criminal sentencing bill's effective date means that most criminal sentencing bills now require no appropriation in the year after passage (H.B. 15-1043 was an exception because of the substantial Judicial Branch appropriation that it needed). Thus if there's a Long Bill Package set aside for special legislation (i.e. for bills other than JBC legislation), most criminal sentencing bills will not use up any of the set aside.

Potential Problems created by DOC appropriations in fewer years. Criminal sentencing bills now require fewer appropriations than they did previously and this has made it more likely that appropriations based on the standard 5 year forecasts contained in fiscal notes will arguably fail to satisfy the requirements of Section 2-2-703, C.R.S. Consider the following DOC-appropriations table for H.B. 15-1229 (Retaliation Against a Prosecutor).

Table 4
Example: DOC Appropriations for H.B. 15-1229 (Retaliation Against a Prosecutor)

Fiscal Year	Capital Costs		Operating Expense	Total
	Transfer from General Fund to the Capital Construction Fund	Approp. from Capital Construction Fund to the Corrections Expansion Reserve Fund	Appropriation from General Fund to Dept of Corrections	Total Approps and Transfers from General Fund
15-16	\$0	\$0	\$0	\$0
16-17	0	0	22,068	22,068
17-18	0	0	22,068	22,068
18-19	0	0	22,068	22,068
19-20	0	0	5,076	5,076
Total	\$0	\$0	\$71,280	\$71,280

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An appropriation clause based on this table would contain four appropriations for FY 2016-17 through FY 2017-18. Four appropriations may fail to satisfy the requirement in Section 2-2-703, C.R.S., that "... no bill may be passed by the general assembly which would result in a net increase in periods of imprisonment in state correctional facilities unless, in such bill, there is an appropriation of moneys which is sufficient to cover any increased capital construction costs and any increased operating costs which are the result of such bill in each of the first *five years in which there is a fiscal impact as a result of the bill.*" Prior to the 2012 changes, this bill would have included a capital construction appropriation for FY 2015-16, which would have resulted in clear compliance with Section 2-2-703, C.R.S. Since capital costs are now gone, an appropriation clause compliant with Section 2-2-703, C.R.S., arguably now requires a fiscal note that projects a sixth year of operating expenses.

Table 5 shows an extreme hypothetical example. Suppose that a criminal sentencing bill is expected to put one offender in DOC every other year and that offender will stay for one year. Table 4 shows the resulting DOC appropriations.

Table 5
Hypothetical Example: DOC Appropriations for a hypothetical criminal sentencing bill that puts one offender in DOC every other year. Each offender stays for one year.

Fiscal Year	Capital Costs		Operating Expense	Total
	Transfer from General Fund to the Capital Construction Fund	Approp. from Capital Construction Fund to the Corrections Expansion Reserve Fund	Appropriation from General Fund to Dept of Corrections	Total Approps and Transfers from General Fund
15-16	\$0	\$0	\$0	\$0
16-17	0	0	22,068	22,068
17-18	0	0	\$0	\$0
18-19	0	0	22,068	22,068
19-20	0	0	\$0	\$0
Total	\$0	\$0	\$44,136	\$44,136

An appropriation clause based on Table 5 would contain only two appropriations, one for FY 2016-17 and one for FY 2018-19, short of the five years arguably required by Section 2-2-703, C.R.S. To satisfy Section 2-2-703, C.R.S., appropriations may also be needed for FY 2020-21, FY 2022-23, and FY 2024-25. In other words, the fiscal note may need to project costs for 10 years. Constructing a fiscal note that projects expenses 5 years into the future is a challenge, an accurate 10 year forecast is probably impossible.

This is not a new problem. Prior to 2012, bills were sometimes enacted that did not contain five years of appropriations which put them arguably out of compliance with Section 2-2-703, C.R.S.

Recommended legislation to fix Section 2-2-703, C.R.S. Staff recommends that the Committee run a bill to fix the potential problems with Sections 2-2-701 to 703, C.R.S. Staff recommends that the revised Section 2-2-703, C.R.S., require criminal sentencing bills to contain appropriations that are projected to occur within five fiscal years of the date when the criminal sentencing provisions are effective. Without such a fix, the fiscal notes for most future criminal

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sentencing bills may need to project operating expenses six years or longer in the future, rather than the current five.

Staff also recommends that the bill to fix Section 2-2-703, C.R.S., clarify which costs must be projected and appropriated when a five year appropriation is required. Section 2-2-703, C.R.S., says that the appropriations in a bill should include appropriations "sufficient to cover any ... increased operating costs which are the result of such bill." Are costs to be covered limited to DOC costs, such as costs of operating a prison or placing an offender in a private prison, or do costs include such things as five years of judicial branch costs, or the costs of transitioning an offender through a halfway house. In other words, does the presence of "a net increase in periods of imprisonment in state correctional facilities" trigger a five year appropriation requirement for *all* costs associated with a bill no matter the department?

Staff recommends that the 5 year rule only apply to costs directly associated with DOC (including capital costs), and that non-DOC costs be handled in the normal way in fiscal notes and in appropriation clauses. If there are judicial branch costs, for example, one year of those costs would be included in the bill's appropriation and no more.

Staff further recommends that five years of parole costs be included in fiscal notes and appropriations. Parole is a significant operating cost of the DOC that has not been included in fiscal notes or appropriations clauses. Bills that create class 5 or 6 felonies are likely to increase the parole population within the five year window of Section 2-2-703, C.R.S. If fiscal notes included parole costs, the result would be a higher but more accurate indication of the total five-year DOC operating cost of the bill. The annual cost of regular parole for one offender during FY 2013-14 was \$4,544 (For comparison, placement in a private prison for a year cost \$22,068 for FY 2013-14). Many class 6 felons spend one year or less in prison and a similar amount of time on parole. Inclusion of parole costs in a class six felony bill like this one would raise the five year cost of the bill by about 20 percent.

Finally, Staff recommends that the bill clarify that contract prisons (either in or out of state) are "state correctional facilities" for purposes of Sections 2-2-701 to 703, C.R.S. The phrase "state correctional facilities" occurs repeatedly in these sections. If it refers only to *state owned and operated* facilities, then recent criminal sentencing bills were not subject to these sections because the bills have increased net periods of imprisonment in *private* facilities. If this is the case, the fiscal notes of recent criminal sentencing bills should not have included a five year cost forecast and appropriations clauses for the bills should not have included five years of appropriations. If fact, since recent current criminal sentencing bills often have no fiscal impact in the first year, a portion should not have included any appropriation.

Staff thanks the Office of Legislative Legal Services for pointing out the potential conflicts in Section 2-2-703, C.R.S., and thanks Legislative Council Staff for comments on this issue.

Appendix 1

Where do the funds in Criminal Sentencing Bills come from and what happens to them?

Operating Expense Appropriations: When a Criminal Sentencing Bill is enacted, nothing is set aside for the future General Fund operating cost appropriations that it contains. If a bill appropriates \$50,000 to the DOC for FY 2016-17 operating costs and another \$25,000 for FY 2017-18, then the Controller will make \$50,000 of FY 2016-17 General Fund revenues available to the DOC in FY 2016-17 and another \$25,000 of FY 2017-18 General Fund revenue available in FY 2017-18. An appropriation for year YYYY is paid from year YYYY General Fund revenues. The General Fund appropriation is not deposited into some account to be withdrawn in the future. It's similar to an appropriation for the next fiscal year in a special bill, which provides spending authority out of next year's revenues but sets nothing aside. A criminal sentencing bill differs only in that it provides spending authority for operating expenses up to five years in the future and that spending authority is placed in statute.

How are operating expenses in criminal sentencing bills handled at figure setting? Continuing the \$50,000 example from the prior paragraph, at figure setting for the FY 2016-17 Long Bill, the corrections analyst would compute the cost of running the DOC for that year. The analyst would then recommend that the Long Bill appropriation to the DOC equal the cost of running the DOC for that year less the \$50,000 that has already been appropriated to DOC. Without this adjustment the DOC would have an extra \$50,000 appropriation to spend in FY 2016-17 as it sees fit.

Capital appropriations. Criminal Sentencing bills no longer include capital appropriations, but it is useful to examine how they formerly worked. These bills would transfer General Fund to the Capital Construction Fund and then appropriate the transferred money from the capital construction fund to the Corrections Expansion Reserve Fund. For example, a 2004 criminal sentencing bill might have specified that \$100,000 was to be transferred from the General Fund to the Capital Construction Fund in FY 2004-05 and \$50,000 was to be transferred in the same manner in FY 2006-07 (transfers need not be in consecutive years). The bill also would also have appropriated the \$100,000 to the Corrections Expansion Reserve Fund in FY 2004-05 and appropriated the \$50,000 to the Corrections Expansion Reserve Fund in FY 2006-07. When FY 2004-05 arrived, the controller would have transferred \$100,000 from the General Fund to the Capital Construction Fund and the \$100,000 would then have been moved into the Corrections Expansion Reserve Fund due to the appropriation. In FY 2006-07 the controller would have transferred another \$50,000 to the Capital Construction Fund and it would have soon been moved into the Corrections Expansion Reserve Fund due to the appropriation. Once the money was in the Corrections Expansion Reserve Fund, it could potentially remain there until the next DOC bed-expansion project, but more typically it was used to pay for the DOC's capital construction or controlled maintenance needs, even needs unrelated to bed capacity.

Appendix 2
Text of Part 7 of Article 2 of Title 2
Enactment of Laws Regarding Sentencing of Criminal Offenders

2-2-701. General assembly - bills regarding the sentencing of criminal offenders - legislative intent.

(1) and (2) Repealed.

(3) On and after July 1, 1994, any bill which is introduced at any session of the general assembly which affects criminal sentencing and which may result in a net increase or a net decrease in periods of imprisonment in state correctional facilities shall be reviewed by the director of research of the legislative council for the purpose of providing information to the general assembly on the long-term fiscal impact which may result from the passage of the bill, including the increased capital construction costs and increased operating costs for the first five fiscal years following passage.

2-2-702. General assembly - bills regarding the sentencing of criminal offenders - required to be assigned to the appropriations committee of the house of introduction. On and after July 1, 1991, any bill which is introduced into either house of the general assembly which affects the sentencing of criminal offenders and which would result in a net increase in periods of imprisonment in state correctional facilities shall, as soon as such net increase is determined, in addition to the assignment or referral of such bill to any other legislative committee or committees, be assigned or referred to the appropriations committees of the house into which such bill is introduced.

2-2-703. General assembly - bills which result in a net increase in periods of imprisonment in state correctional facilities - funding must be provided in the bill. On and after July 1, 1991, no bill may be passed by the general assembly which would result in a net increase in periods of imprisonment in state correctional facilities unless, in such bill, there is an appropriation of moneys which is sufficient to cover any increased capital construction costs and any increased operating costs which are the result of such bill in each of the first five years in which there is a fiscal impact as a result of the bill. Moneys sufficient to cover such increased capital construction costs and increased operating costs for the first five fiscal years in which there is a fiscal impact as a result of the bill shall be estimated by the appropriations committee, and after consideration of such estimate the general assembly shall make a determination as to the amount of moneys sufficient to cover the costs, and such moneys shall be appropriated in the bill in the form of a statutory appropriation from the general fund in the years affected. Any such bill which is passed on or after July 1, 1991, which is silent as to whether it is intended to be an exception to this section, shall not be deemed to be such an exception. Any bill which is enacted which is intended to be an exception to this section shall expressly state such exception in such bill.

Issue: S.B. 15-195, Inmate Phone Rates, and Private Prisons

Last year, the General Assembly enacted S.B. 15-195 (Spending Savings from Earned Time in the Department of Corrections), which required the Department of Corrections to set inmate phone rates so that they cover the department's direct and indirect cost of operating the inmate phone system and generate no profit for the DOC. Phone profits formerly equaled \$1.5 million so the General Assembly backfilled the lost profit with a \$1.5 million General Fund appropriation that derived from savings generated by H.B. 12-1223, an earlier JBC bill. Early in FY 2015-16, the Department reduced inmate phone rates substantially, though not as much as some other states have recently reduced their rates. Recently it was discovered that the appropriations in S.B. 15-195 were incorrect because they did not account for the phone profits that are paid each year to CCA and CEC, two companies that operated private prisons in Colorado. This problem can be remedied in the DOC's January supplemental bill.

SUMMARY:

- S.B. 15-195 (Spending Savings from Earned Time in the Department of Corrections), required the DOC to set inmate phone rates to cover DOC's direct and indirect costs and generate no profit. The bill compensated the Department for the resulting lost revenue with an increased General Fund appropriation that must be used for Education programs.
- Early in FY 2015-16, the Department reduced inmate phone rates substantially, though not nearly as much as a few other states have reduced their phone rates.
- The appropriations in S.B. 15-195 were incorrect because they did not account for the phone profits that are paid each year to CCA and CEC, two companies that operated private prisons in Colorado. This problem can be corrected in a supplemental bill.

RECOMMENDATION:

The Committee may wish to ask the Department whether it has been sufficiently aggressive in reducing inmate phone rates.

DISCUSSION:

Last session the JBC carried S.B. 15-195 (Spending Savings from Earned Time in the Department of Corrections) which limited the amount of earned time savings generated by H.B. 12-1223 (also a JBC bill) that could be appropriated to the DOC. House Bill 12-1223 had already produced more than \$6.5 million of savings for education programs and parole wrap-around services for FY 2015-16 and was likely to generate much more in subsequent years.

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In January 2015, the State Auditor released a wide ranging audit of Correctional Industries. One part of this audit focused on the Colorado Inmate Phone System (CIPS), which allows inmates to place phone calls to their lawyers, friends, and family. The inmate phone system is operated by the DOC Canteen, which is part of Correctional Industries.

To provide phone service, CCI contracts with a private phone service provider. (GTL, <http://www.gtl.net/>, which, like its chief competitor Securus, is owned by a private equity firm.) The contract requires GTL to provide, maintain, and support, all hardware and software necessary for the phone system, including the telephones and equipment. GTL is responsible for call processing, recording, and monitoring. The Canteen Operation sells phone time to inmates, manages each inmate's list of approved phone contacts, assigns pin numbers to inmates, addresses phone-related grievances, and coordinates phone usage within the facilities. The Department's security staff frequently monitor telephone conversations.

By law, the Canteen must price items to cover costs and allow for a reasonable profit. Profits from the Canteen *must* be used to pay for inmate benefits programs, such as education, recreation, religious programs, and entertainment, or to supplement direct inmate needs.

Prior to this year, DOC phone call rates were as shown in the following table.

Colorado Inmate Phone System Rates Prior To FY 2015-16 (which the state auditor concluded violated statute)						
Payment method	In-State			Interstate		
	Connect fee	Per minute charge	Rate & total cost for a 15 minute call	Connect Fee	Per minute charge	Rate & total cost for a 15 minute call
Debit from Inmate Bank Account	\$1.25	10¢	18¢/min. \$2.75 total	\$1.50	10¢	20¢/min. \$3.00 total
Prepaid Collect Charge to Called Party	\$1.25	11¢	19¢/min. \$2.90 total	\$1.50	11¢	21¢/min. \$3.15 total
Collect Charge to Called Party (not Prepaid)	\$1.50	15¢	25¢/min. \$3.75 total	\$1.50	15¢	25¢/min. \$3.75 total

The audit examined these phone rates and concluded that they did not conform with the requirements of Section 17-24-126 (3), C.R.S., which state that “items in the canteen shall be sold to inmates...at prices so that revenues from the sale are sufficient to fund all expenses of the canteen..., including the cost of services of employees of the canteen...and to produce a reasonable profit”. The auditor also concluded that the rates did not conform with the Department's own regulations (AR 850-12), which state that "DOC shall ensure that offenders have access to reasonably priced telephone services” and that phone service “contracts are based on rates and surcharges that are commensurate with those charged to the general public for like services."

The CCI audit occurred against a backdrop of inmate-phone rate activity by the Federal Communications Commission (FCC), which has been focusing on excessive inmate phone call

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costs for several years. The most recent FCC rulings, issued in October 2015, place caps on inmate phone rates that in most cases are much lower than states had previously been charging. The October 2015 FCC action will, in early 2016, cap most intra and inter-state rates at 11 cents per minute or \$1.65 per 15 minute call. Collect calls will subsequently be phased down to 11 cents per minute. The FCC rules will also cap some add-on fees, such as fees for paying by phone, through a web site, by paper, or through a live agent. Other fees, such as connect fees are completely barred. Based on prior history, it is likely that these rules will be challenged in federal court and placed on hold during the judicial review.

After the CCI audit was released, the JBC decided to amend S.B. 15-195. It added a provision to the bill that required the Department to set inmate phone rates so that the Department's resulting phone revenue would equal the direct and indirect cost of operating the phone system and generated no profit for the DOC. This meant that the Department would lose about \$1.53 million of profits from the Canteen operation that would have supported education programs. The following table details the computation of the this profit for FY 2013-14.

Inmate phone Revenue received from GTL	\$2,623,729
- Phone system expenses of DOC	(680,579)
- <u>Indirect costs of DOC</u>	<u>(410,608)</u>
FY 2013-14 profit of the Canteen Operation from inmate phone system	\$1,532,542

The JBC then amended S.B. 15-195 to reduce FY 2015-16 appropriations of Canteen phone profits to inmate benefit programs by \$1.5 million and increase appropriations of General Fund revenue to the same inmate benefit programs by \$1.5 million, meaning that funding for the inmate benefit programs was unchanged. At the same time, the cap in S.B. 15-195 on appropriations of earned time savings was increased from \$5.0 million to \$6.5 million. As a result, education programs at the DOC received an unchanged total appropriation for FY 2015-16 – or so we thought.

Since S.B. 15-195 became effective, there have been several developments.

1. In early FY 2015-16, the DOC reduced inmate calling rates to [12¢ per minute with no connect charges](#). This equates to \$1.80 for a 15 minute call, which is a substantial reduction compared to prior rates. However, the 12¢ rate is a cent higher than the rate that the FCC approved in October 2015 (a rate that that won't go into effect until 2016 and is likely to be placed on hold by a court).
2. Several other states reduced their inmate phone rates, probably in anticipation of FCC action. Each of the following states has established inmate calling rates substantially lower than Colorado's.
 - a. In December 2014, Pennsylvania lowered its inmate phone rate to 6¢ per minute, which means that a 15 minute call costs 90¢.
 - b. In April 2015, Ohio reduced its inmate phone rates to 5¢ per minute, which means that a 15 minute call costs 75¢.

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- c. In August 2015, New Jersey reduced its inmate phone rates to 4.4¢ per minute, which means that a 15 minute call costs 66¢
- d. There are at least two other states with low phone rates, but staff cannot determine when those rates went into effect. New Mexico charges a flat 65¢ per domestic inmate call, with a time limit of 20 minutes per call. New York charges 4.8¢ per minute for inmate calls, which means that a 15 minute call costs 72¢.

During the DOC hearing, the committee may wish to ask DOC whether inmate phone rates could be reduced more aggressively.

The final development concerns private prisons and the inmate phone system. Recently, JBC staff learned that the Canteen Operation provides inmate calling services to each of Colorado's four private prisons using GTL as the private phone contractor. These prisons are Bent County Correctional Facility, Crowley County Correctional Facility, and Kit Carson Correctional Center, which are each operated by Corrections Corporation of America (CCA), and Cheyenne Mountain Reentry Center, which is operated by Community Education Centers (CEC). DOC and GTL provide the same services at the private prisons that are provided at DOC facilities. GTL provides, maintains, and supports all phone hardware and software while DOC sells phone time to inmates, manages approved inmate phone contacts, addresses grievances, and monitors telephone conversations. JBC Staff, Audit Committee Staff, and DOC budget office staff were all unaware that GTL and DOC provided phone services to private prisons until it was pointed out by CCA earlier this fall.

Prior to the elimination of inmate phone system profits by S.B. 15-195, phone profits were divided among CCA, CEC, and DOC using a formula that relied on inmate calling information provided by GTL. This formula, which is contained in current contracts with CCA and CEC, annually provided about \$550,000 to CCA and \$120,000 to CEC or about \$670,000 in total. These payments to the private prisons are not in the Long Bill, probably because the DOC has continuous spending authority for the Canteen Operation and requires no General Assembly approval or appropriation for those expenditures. (All Canteen appropriations in the Long Bill are informational.)

This allocation of profit is generous to the private prisons. The \$670,000 paid to CCA and to CEC equaled 44 percent of the profits earned by the inmate phone system, though CCA and CEC together hold only 23 percent of the inmates who are incarcerated in prison. The DOC does not know why the private prisons received such a generous share of the inmate phone profits. The current allocation formula has been in contracts with private prisons for at least 15 years and those at DOC who would have known the origin of the formula have moved on.

However, a disproportionate allocation of inmate phone profits to private prisons was probably not a cause for concern. Inmate phone profits derive from the Canteen operation and must, pursuant to statute, be spent on education and other inmate benefit programs. Any revenue that CCA and CEC received from phone profits must be spent in this fashion. To assure this, the Department of Corrections annually audited CCA and CEC, examining expenditures from the phone profits that CCA and CEC received.

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When the General Assembly enacted S.B. 15-195, it intended to eliminate inmate phone profits and backfill the revenue loss to DOC with General Fund. Unintentionally, S.B. 15-195 reduced phone profits of private prisons by \$670,000 and then provided \$670,000 of replacement funding to DOC rather than to the private prisons. Without some sort of fix, the result will be a reduction of spending on education and other inmate benefit at the private prisons.

Fortunately, this problem can be fixed through supplemental adjustments to the Long Bill with no need for a special bill. Though no committee vote is required at this time, JBC Staff believes it is important to describe the proposed fix in some detail so DOC, CCA, and CEC can begin preparing for the adjustments and not close down programs that they might otherwise think have permanently lost funding.

JBC staff will recommend during January supplementals that a new FY 2015-16 General Fund appropriations for inmate education and benefit programs be created to compensate CCA and CEC for the revenue lost due to S.B. 15-195, retroactive to the beginning of FY 2015-16. Staff will also recommend that General Fund appropriations for DOC education programs be reduced by an equal amount. Thus net General Fund appropriations in the Long Bill will not change. S.B. 15-195 overcompensated DOC and took resources from CCA and CEC, resources that would have been spent on things like inmate education. The supplemental bill will set things right. JBC staff believes this can best be accomplished by a separate appropriation for inmate education and benefits programs at private prisons in the External Capacity section of the Long Bill. Staff believes it would be unwise to roll this funding into a provider rate increase, i.e. an increase in the per diem rate paid to private prisons to house inmates. By keeping the payment separate it can be tracked more easily.

Given this funding framework, JBC staff recommends that the DOC continue the existing phone-profit audit program to assure that CCA and CEC spend their share of backfilled General Fund on inmate education and benefit programs. The Committee may wish to ask the DOC for assurances that these audits will continue.

Despite these complications, Staff believes that the timing of S.B. 15-195 was fortuitous. Recent FCC action probably would have forced lower inmate phone rates at some point during the next few years. The resulting lost revenue would have left the General Assembly with a difficult choice: backfill the loss to education programs with General Fund or allow them to be cut. S.B. 15-195 used General Fund savings from H.B. 12-1223 to backfill the lost revenue. It probably would have been more difficult to backfill with General Fund this year or in the next few years.

Issue: Where have informative DOC budgets gone?

DOC budget requests formerly contained extended narrative explanations of DOC subprograms as well as performance metrics. These explanations were virtually eliminated following 2008 and have not been restored. The only significant narratives that remain in the budget are those for Decision Items. The lack of subprogram narratives makes it more difficult to keep figure setting documents current and to keep abreast of developments that may effect subprograms.

SUMMARY:

- Prior to 2008 DOC budget requests contained extended narrative explanations of DOC subprograms.
- The narratives were virtually eliminated after 2008.
- The lack of subprogram narratives makes it more difficult to keep figure setting documents current and to keep abreast of developments that may effect subprograms.

RECOMMENDATION:

The Committee may wish to ask the Department whether brief but informative subprogram narratives could be added to Department budget requests.

DISCUSSION:

The value of narrative explanations. Figure setting documents prepared by JBC Staff for the Committee are an excellent example of the value of narrative explanations. They briefly explain DOC subprograms found in the Long Bill and provide the Committee with background information on the items that are being voted upon.

Here, from the FY 2015-16 figure setting document for the DOC, is the JBC staff explanation of the DOC food services appropriations found in the Long Bill:

(2) INSTITUTIONS

(D) FOOD SERVICE SUBPROGRAM

The Department's centrally managed food service operation is responsible for planning and preparing approximately 15.7 million meals annually. This is accomplished through food service operations at most of the facilities, though a couple of food preparation operations service more than one facility. For example, the Fremont Correctional Facility's food service operation services Fremont and Centennial Correctional Facility. Meals for San Carlos Correctional Facility and the Youthful Offender System are

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purchased via an interagency purchase agreement from the Colorado Mental Health Institute at Pueblo. The food service subprogram employs approximately 1,600 inmates in its kitchen and food service operations. Overall, the Department states that its average cost per offender per day for meals served is \$3.15 (this includes raw food and operating costs but excludes labor and utilities costs). Incorporated into this cost are the more expensive special meals, such as:

- Basic Meal Rate: \$1.05 per meal
- Therapeutic Diets: increases basic meal rate by 20%
- Religious Diets: increases basic meal rate by 10%
- Kosher Diets: increase basic meal rate by 48%
- Work Crew Meals: increases basic meal rate by 25%
- Segregation: increases basic meal rate by 10%
- Meals provided when a facility or part of a utility is locked down: increases basic meal rate by 17%

Examples of subprogram narratives from old DOC budgets. Budget requests from the DOC formerly included extended written descriptions of DOC subprograms. Here are two pages from the 17-page explanation of the food service subprogram that was part of the Department's November 2000 budget request. Fifteen more pages of narrative have not been reproduced. In addition to the written narrative there were 6 pages of numbers, detailing requests and expenditures.

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Excerpt 1 from the November 2000 budget request:

Program Crosswalk

Summary Section

Program Title: (2) Institutions (D) Food Service

Line Items:

- (2) INSTITUTIONS
- (D) Food Service Subprogram
 - Personal Services
 - Operating Expenses
 - Purchase of Services

Change Request(s): DI # 3, 4, 16

Federal/State Statutory and Other Authority: 17-1-103 CRS - Duties of executive director; Colorado Retail Food Establishment Rules and Regulations, Colorado Department of Public Health and Environment.

Targeted Base Review:

The FY 2001-02 Targeted Base Review is Phase II of the staffing Template. This review will incorporate Correctional Industries, Education, and Clinical Services which includes Medical, Mental Health, Drug and Alcohol, Community Reintegration and the Sex Offender Treatment Program, contract staff in addition to accounting for Education and Clinical Services FTE at every facility.

Program Description: The DOC Food Service program supports facility operations by providing offenders with nutritious, palatable meals prepared in a safe, secure and controlled environment within budgetary parameters. In addition to regular diets, modified diets are provided for medical and religious reasons and additional calories are provided to inmates in the Boot Camp and Youthful Offender System programs. Nutritious meals are essential to maintain health and help control medical costs.

Food Service is a significant employer of inmate workers and provides meaningful training and work experience for offenders. An adequate Food Service program is a significant contributor to the effective management of the inmate population.

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Excerpt 2 from the November 2000 budget request:

Services Provided

Food Service is critical to physical well-being, morale, and the effective management of prison populations. Furthermore, Food Service is one of the largest employers of offenders in the Department of Corrections. The Food Service program affects every offender in every facility three times a day occupying about four hours of their time.

Systems exist to ensure meals meet minimum nutritional requirements, and are properly prepared and served in safe, secure and sanitary kitchens. Policy and procedures are developed to ensure the security of the institution and minimize risk of any harm to offenders and staff employed in correctional facilities. The DOC Food Service Program is committed to providing meals to offenders at the lowest possible cost.

DOC Food Service staff supervise and train offenders in all aspects of food service operations to include acquisition, pre-preparation, production, inventory control, service and sanitation. In addition, Food Service staff are responsible for maintaining security in kitchen facilities to include tool and knife control, chemical safety, and prevention of theft or sabotage of food, supplies and expensive equipment.

In addition to the general diet, the DOC Food Service program provides therapeutic and religious diets, and special meals for offenders with varying caloric or nutritional needs such as work crews, Colorado Corrections Alternative Program (Boot Camp) offenders and youthful offenders. Program costs include personal services, raw food, operating supplies and equipment replacement and maintenance.

Functions and Activities

Central Office Administration - The Central Office consists of five staff: Food Service Administrator, two Registered Dietitians, an Accounting and Special Projects Coordinator, and an Administrative Assistant. This office exists to guide the operation of Food Service programs in all correctional facilities and recommend appropriate programmatic changes and courses of action to ensure compliance with all applicable laws and regulations. This includes the design of facilities and the development of policies and procedures, accounting systems, training programs, effective systems of communication and systems for determining overall effectiveness of program delivery.

- The Food Service Administrator is responsible for overall policy development, new kitchen construction design, layout and equipment identification, overall quality assurance through auditing, religious diets, and capital equipment replacement for all kitchens.
- The DOC Registered Dietitians are responsible for the formulation and implementation of the Master, therapeutic, and religious diet menus; diet

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The subprogram narratives provided basic information about each subprogram. In the case of food service this included the number of meals provided, the number of offenders employed, cost per meal served, information on the preparation of special meals for religious and health needs, such as kosher meals for Jewish offenders and halal meals for Muslim offenders (which are

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required by the courts). A narrative for a subprogram would also contain performance metrics and objectives for future years.

Narratives can highlight emerging trends and give JBC staff and the Committee advanced warning of future problems. Several food service narratives prior to 2008 contained information about the scheduled replacement of food service equipment as it ages, replacement that was sharply curtailed during the 2003 recession and not restored after the economy recovered. For example, food service narratives of FY 2005-06 and FY 2006-07 reported, "We are replacing equipment at a rate of less than five percent per year. This is inadequate and could eventually lead to significant problems. At the same time, Controlled Maintenance funds are not available. These two issues along with some aging facilities will mean that significant funding will be needed once the economy improves to address physical plant and equipment deficiencies." These words proved prophetic. The Department began requesting increased appropriations for equipment replacement several years ago and is now addressing a backlog of replacement needs.

The kitchen is a high risk area. Attracting the right offenders to kitchen jobs is important. In 2003, during the recession, inmate pay was reduced fifty percent and not subsequently restored. After the pay reduction, the 2005 narrative stated, "The drastic cut in inmate pay is a major concern at this time. We are experiencing significant increases in theft and facility and equipment damage. It is harder to keep the better inmate employees working in Food Service. The nature of the work is difficult and we are no longer able to pay the more skilled workers a higher daily wage."

Following the murder by an offender of a Corrections Officer at Arkansas Valley Correctional Facility during meal preparation in 2012, the DOC requested and received additional FTE for kitchen security for FY 2013-14 and subsequent years. A seemingly unrelated budget change occurred the next year in the FY 2014-15 Long Bill, when the JBC raised inmate pay for the first time since it was cut in FY 2003-04. That pay increase allowed the Department to create a 6 cent per day pay differential for offenders working in kitchens. In 2014, staff learned during a tour of Arkansas Valley, that the extra pay was having an impact on the quality of offenders who were working in food service. Some offenders wanted the extra six cents per day and the larger pool of applicants allowed the Department to select lower risk offenders for work.

Prior to 2008 there were several warnings in the narrative that, "The DOC is experiencing a very serious challenge finding qualified staff to fill positions. This challenge is compounded by the location of many of the facilities in areas devoid of staff meeting minimal job qualifications. The result is a high vacancy and turnover rate and some increase in day to day challenges." That may still be a problem, but there/s no food service narrative to read to check it out.

JBC staff believes that each of the above examples is something that a well-informed JBC staff member should know about and during figure setting should mention to the Committee. JBC Staff shouldn't be exclusively reactive, waiting for the arrival decision items. Staff should know about emerging problems and opportunities before they reach the decision item stage.

Starting about 2008, subprogram narratives rapidly disappeared from DOC budget submissions. Over the past few years, budget requests have become huge books of numbers with line item titles and little narrative beyond that for decision items. Here are the food service line item explanations from the FY 2016-17 budget request:

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Line Item Descriptions FY 2016-17 Budget Request Department of Corrections
<p>(D) FOOD SERVICE SUBPROGRAM This subprogram was included in the first year ZBB in FY 1996-97 and approved in HB 96-1366. This subprogram includes the Department’s centrally managed food service operation that is responsible for planning, preparation, and serving meals for the offenders.</p> <p>PERSONAL SERVICES DOC submitted a first year ZBB in FY 1996-97, which captured the major function and cost centers involved in operating the state’s secure prison facilities and community programs that serve offenders or offenders paroled from offender status. This line item was included in this first year ZBB and approved in HB 96-1366. This line item includes all personal service costs for food service staff (management, dietician, food support, correctional officers, and administrative support) within this subprogram.</p> <p>OPERATING EXPENSES DOC submitted a first year ZBB in FY 1996-97, which captured the major function and cost centers involved in operating the state’s secure prison facilities and community programs that serve offenders or offenders paroled from offender status. This line item was included in this first year ZBB and approved in HB 96-1366. This line item includes various operating components from other Long Bill line items consolidated to reflect those expenses associated with the positions listed above.</p> <p>PURCHASE OF SERVICES DOC submitted a first year ZBB in FY 1996-97, which captured the major function and cost centers involved in operating the state’s secure prison facilities and community programs that serve offenders or offenders paroled from offender status. This line item was included in this first year ZBB and approved in HB 96-1366. This line item reflects the costs associated with food services provided by Colorado Mental Health Institute at Pueblo (CMHIP).</p>

These explanations, with their extensive reference to a FY 1996-97 ZBB (zero based budget) are out of date, but even if they were not, they are not nearly as informative pre 2008 narratives.

In many ways, post 2008 budget requests from the DOC have become numbers-only requests (with the exception of Decision Items) that contain little narrative, and a few reports. The figure setting equivalent would be for JBC staff to prepare numbers pages for figure setting, a narrative for the decision items, and nothing more.

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A member of the General Assembly or the public who looked at a pre-2008 budget request from the DOC would have been able to figure out quite a bit about the Department's food service subprograms and how the Department spends its money. A member of the public who looked at the November 2016-17 would have a much more difficult time figuring things out. There are probably as many budget numbers in the FY 2016-17 budget as there were in the FY 2001-02 budget, but without the accompanying descriptions, the numbers convey little information to a reader unless that reader has a great deal of independent information about the subprograms and line items.

So how do subprogram descriptions in figure setting documents now get updated? Updates prior to 2008 could draw upon the subprogram narratives. Updates after 2008 have to rely on other sources. For example, a decision item relating to food service may contain some information that could be used for an update (for example, the latest cost of an offender meal). A prison tour might yield some information. An administrative regulation from the Department might help, but staff does not find them particularly useful. Alternately, a JBC analyst could send an existing description to the Department and ask for it to be updated. This analyst has done so. There's always a concern that the update won't mention emerging issues. The internet is sometimes a useful resource, but a recent internet search by JBC staff yielded little of value concerning DOC food services. Other documents are also available that were not available in the past, such as annual performance plans and reports. Sometimes these documents contain information describing subprograms at a figure setting level, but this is not often the case. In fact, it is now challenging to keep figure setting explanations up to date for the JBC. It's also a challenge to be sure that you, as the JBC analyst for your department, know of recent relevant developments for the subprograms.

Staff is not asking for a return to the extensive explanations contained in pre 2008 budgets, but there must be some happy medium with shorter narratives that convey the most important information.

Staff choose the Food Service Subprogram arbitrarily. The same observations could be made for almost all subprograms at the Department of Corrections, such as the maintenance subprogram, the medical services subprogram, and the mental health subprogram.

Staff is also aware that this issue, with its exclusive focus on the DOC is surely unfair to the DOC. Over the years, a number of changes to DOC budget documents have happened at the direction of the OSPB. In addition, there are probably other departments about which similar issues could be written. An example is the Department of Public Safety, which is one of this analyst's assignments. Current budget requests from the Department of Public Safety are comparable to current DOC budgets. However, JBC staff lacks pre 2008 budget requests for the Department of Public Safety, making it impossible to write an issue like this one.

Issue: December 2015 Offender Population Projections

The Department of Corrections' inmate prison population has declined in 10 of the last 12 months. The December forecasts released by Legislative Council Staff (LCS) and by the Division of Criminal Justice (DCJ) both project that this population will continue to decline but will subsequently rise. DCJ predicts that the upturn will occur in January 2017. LCS predicts a rise in July 2017. LCS projects a larger decrease before the upturn than does DCJ. The difference between the forecasts is substantially larger than it has been in either of the past two years. The parole forecasts differ substantially. DCJ predicts that the population will grow for 18 months and then decline. LCS predicts steady decline.

SUMMARY:

- Both the LCS and the DCJ forecasts project that the DOC inmate population will decline until 2017 and then rise.
- The parole forecasts differ substantially. DCJ predicts that the population will grow for 18 months and then decline. LCS predicts steady decline.

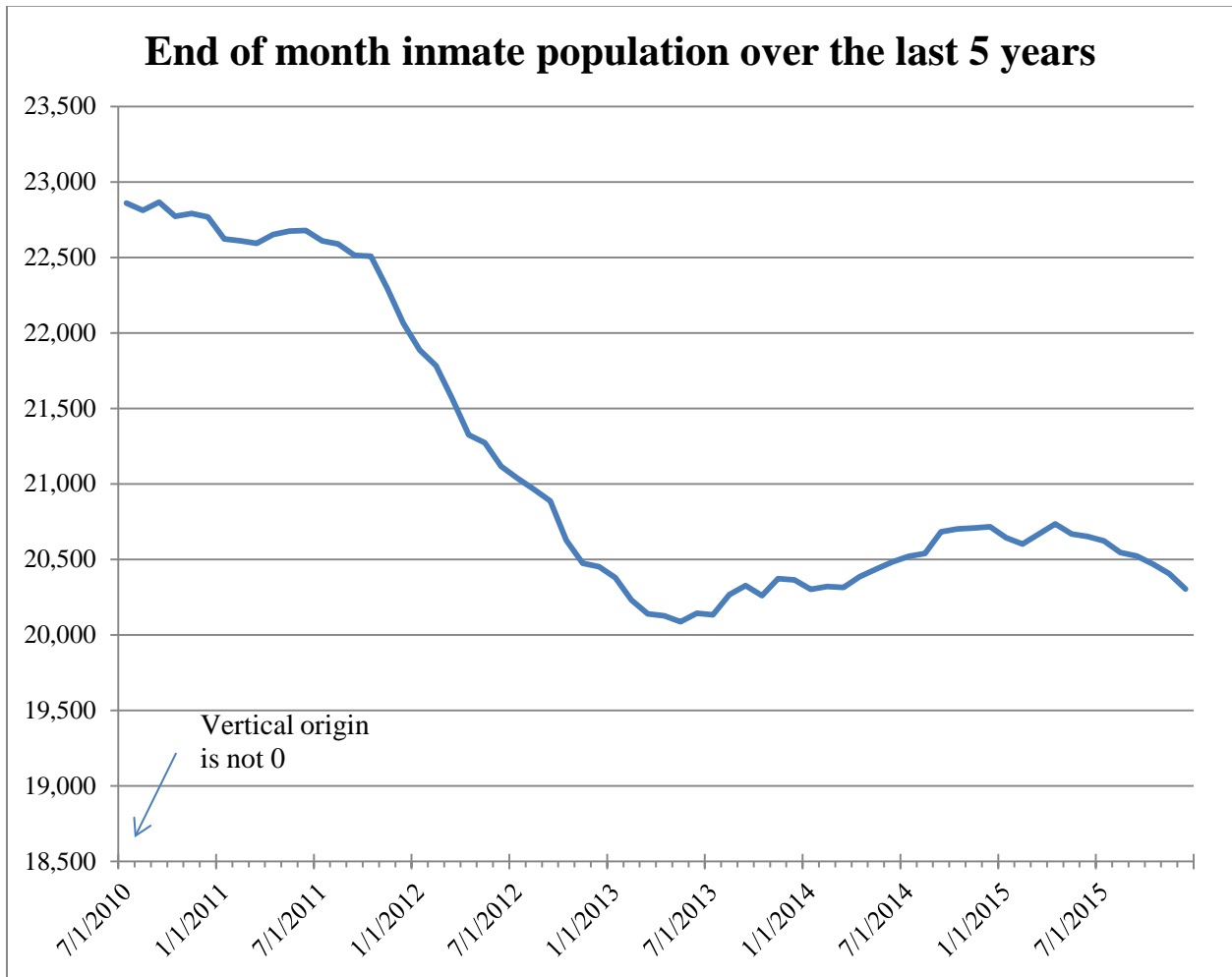
RECOMMENDATION:

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

DISCUSSION:

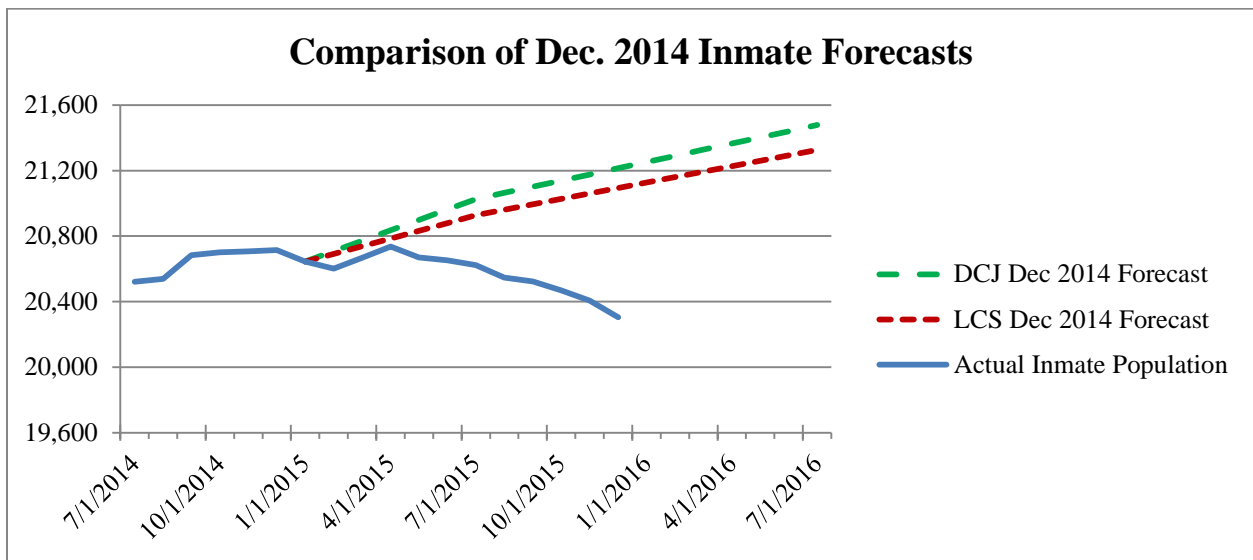
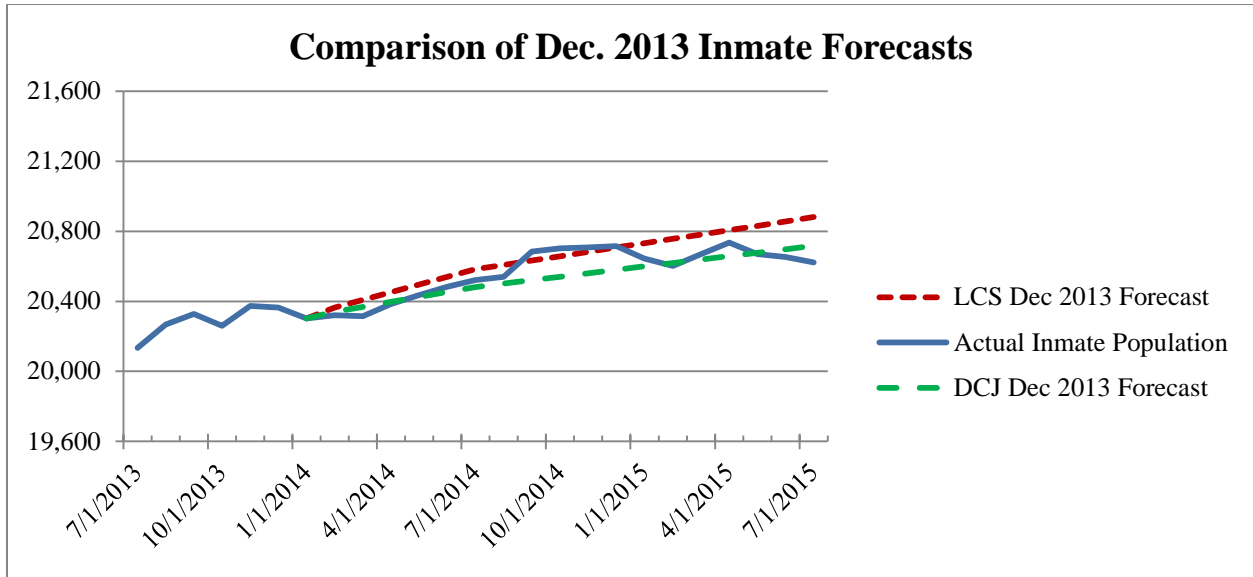
Legislative Council Staff and the Division of Criminal Justice are responsible for developing population projections for the adult inmate population and the adult parole population. LCS issues a 30-month forecast in December of each year. DCJ issues 5-year forecasts twice per year, once in the summer and once in the winter. The DCJ summer forecast, which are more of an update of the prior forecast than a full-blown forecast, serve as the basis for the Department of Corrections November request. The DCJ winter forecast (i.e. this DCJ forecast) will serve as the basis for revised DOC requests that (pursuant to statute) must arrive by January 15.

The following diagram, based on monthly inmate population data, shows what has happened to the inmate population over the past 5 years. After a period of rapid decline from October 2011 to May 2013, the population began a period of somewhat uncertain increase, with the predominant monthly increases often offset by decreases. April 2015 saw the beginning of a pattern of fairly consistent decline.

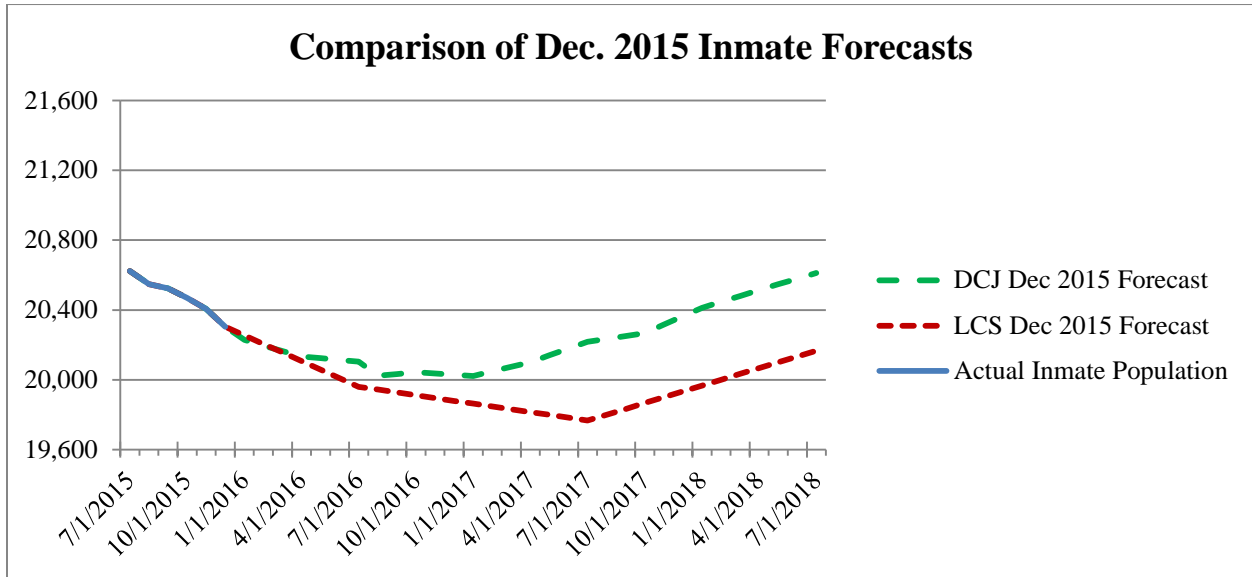


The declines from October 2011 to May 2013 were associated with dramatically different forecasts from LCS and DCJ. After the inmate population began rising, the forecasts converged, as illustrated by the following two examples.

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Now that the inmate population is again declining, the difference between the forecasts has widened. (The widening may reflect the fact that both forecasters expect the inmate population to resume growth at some point, but turning points are famously difficult to predict.)

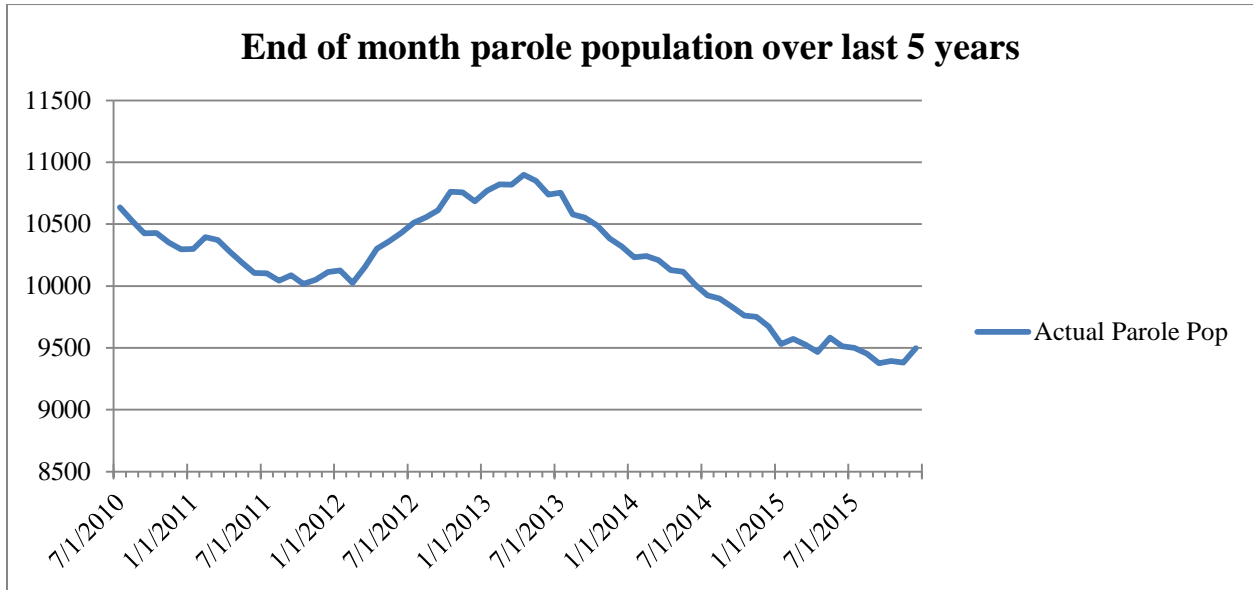


The key forecast points in these diagrams are the forecasts 7 and 19 months after the December forecast is issued. For the December 2015 forecast, these points are July 1, 2016 and July 1, 2017. For the December 2014 forecast, these points are July 1, 2015 and July 1, 2016. In summary, the forecasts are issued in December and the following March are used to compute the appropriation for the next year's Long Bill.

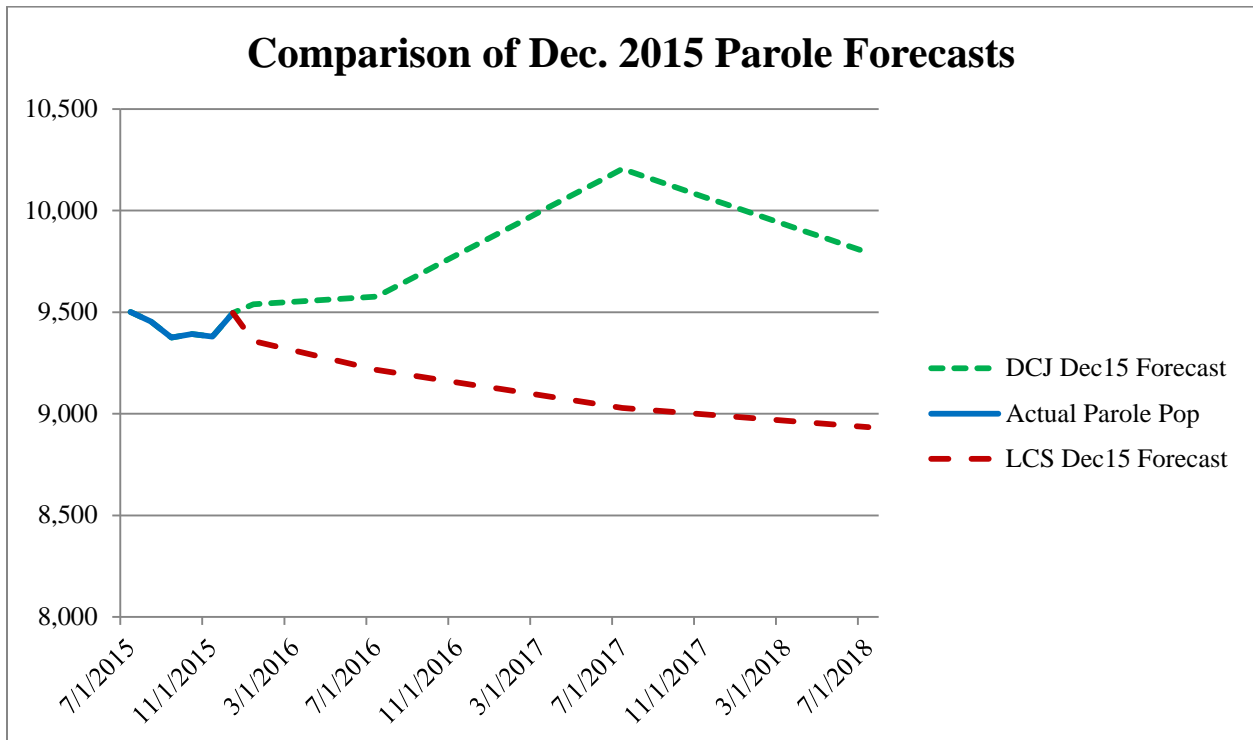
For budgeting purposes, it's the vertical distance between the forecast lines that matter. Vertical distance measures the difference between the inmate predictions of each forecast. For the December 2015 forecast, the average difference (i.e. vertical distance) between the two forecast lines is 217 inmates. For the two prior forecasts, the average difference between the forecast lines was 129. Thus the average difference between the forecasts this year is about 70 percent larger than last year. In dollar terms, a difference of 217 inmates equates to \$4.4 million using the standard JBC assumption that offenders first fill DOC beds with the overflow going to private prisons.

Parole. The following chart shows the parole population over the last five years.

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As the next chart shows, the December parole forecasts differ substantially, with an average difference for FY 2016-17 equal to 768 parolees.



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Appendix A: Number Pages

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 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>1,600,251</u>	<u>1,921,409</u>	<u>2,022,081</u>	<u>2,049,515</u>
FTE	20.3	27.3	27.8	27.8
General Fund	1,375,225	1,676,363	1,778,276	1,805,710
Reappropriated Funds	225,026	134,601	243,805	243,805
Federal Funds	0	110,445	0	0
 Restorative Justice Program with Victim-Offender Dialogues in Department Facilities	 <u>0</u>	 <u>75,000</u>	 <u>75,000</u>	 <u>75,000</u>
FTE	0.0	0.0	1.2	1.2
General Fund	0	75,000	75,000	75,000
 Health, Life, and Dental	 <u>44,623,647</u>	 <u>43,068,249</u>	 <u>51,579,140</u>	 <u>50,481,587</u>
General Fund	43,108,254	41,632,194	50,015,018	48,999,350
Cash Funds	1,515,393	1,436,055	1,564,122	1,482,237
 Short-term Disability	 <u>606,866</u>	 <u>723,516</u>	 <u>733,991</u>	 <u>617,301</u>
General Fund	587,122	699,867	711,870	598,986
Cash Funds	19,744	23,649	22,121	18,315

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
S.B. 04-257 Amortization Equalization Disbursement	<u>11,374,795</u>	<u>13,463,331</u>	<u>15,015,963</u>	<u>15,955,728</u>	
General Fund	11,000,858	13,030,812	14,570,654	15,491,590	
Cash Funds	373,937	432,519	445,309	464,138	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>10,228,268</u>	<u>12,623,005</u>	<u>14,498,673</u>	<u>15,789,522</u>	
General Fund	9,890,686	12,217,519	14,068,545	15,330,219	
Cash Funds	337,582	405,486	430,128	459,303	
Salary Survey	<u>6,467,735</u>	<u>8,687,747</u>	<u>2,016,911</u>	<u>583,577</u>	
General Fund	6,234,775	8,397,125	1,906,474	580,443	
Cash Funds	232,960	290,622	110,437	3,134	
Merit Pay	<u>4,550,598</u>	<u>3,401,363</u>	<u>3,485,908</u>	<u>0</u>	
General Fund	4,402,970	3,287,652	3,384,324	0	
Cash Funds	147,628	113,711	101,584	0	
Shift Differential	<u>7,073,831</u>	<u>7,390,750</u>	<u>7,687,883</u>	<u>7,940,718</u>	
General Fund	7,046,447	7,352,834	7,648,987	7,906,423	
Cash Funds	27,384	37,916	38,896	34,295	
Workers' Compensation	<u>8,481,245</u>	<u>9,484,276</u>	<u>8,583,237</u>	<u>8,362,788</u>	
General Fund	8,212,977	9,184,573	8,312,007	8,098,524	
Cash Funds	268,268	299,703	271,230	264,264	
Operating Expenses	<u>305,968</u>	<u>349,905</u>	<u>357,759</u>	<u>357,759</u>	
General Fund	210,943	267,757	267,759	267,759	
Reappropriated Funds	10,025	5,000	5,000	5,000	
Federal Funds	85,000	77,148	85,000	85,000	

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Legal Services	<u>1,291,486</u>	<u>1,959,874</u>	<u>1,958,479</u>	<u>1,980,997</u>	
General Fund	1,244,124	1,893,437	1,894,727	1,916,480	
Cash Funds	47,362	66,437	63,752	64,517	
Payment to Risk Management and Property Funds	<u>3,672,653</u>	<u>3,905,311</u>	<u>4,203,591</u>	<u>4,459,168</u>	
General Fund	3,525,748	3,751,442	4,037,970	4,283,477	
Cash Funds	146,905	153,869	165,621	175,691	
Leased Space	<u>3,586,478</u>	<u>3,971,427</u>	<u>4,128,638</u>	<u>4,496,531</u>	
General Fund	3,369,967	3,732,348	3,882,449	4,240,494	
Cash Funds	216,511	239,079	246,189	256,037	
Capitol Complex Leased Space	<u>171,071</u>	<u>55,636</u>	<u>56,300</u>	<u>56,535</u>	
General Fund	133,025	39,744	40,218	40,386	
Cash Funds	38,046	15,892	16,082	16,149	
Planning and Analysis Contracts	<u>82,410</u>	<u>82,407</u>	<u>82,410</u>	<u>82,410</u>	
General Fund	82,410	82,407	82,410	82,410	
Payments to District Attorneys	<u>837,725</u>	<u>518,362</u>	<u>681,102</u>	<u>681,102</u>	
General Fund	837,725	518,362	681,102	681,102	
Start-up Costs	<u>0</u>	<u>4,703</u>	<u>0</u>	<u>0</u>	
General Fund	0	4,703	0	0	

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
SUBTOTAL - (A) Executive Director's Office,					
Subprogram	104,955,027	111,686,271	117,167,066	113,970,238	(2.7%)
<i>FTE</i>	<u>20.3</u>	<u>27.3</u>	<u>29.0</u>	<u>29.0</u>	<u>0.0%</u>
General Fund	101,263,256	107,844,139	113,357,790	110,398,353	(2.6%)
Cash Funds	3,371,720	3,514,938	3,475,471	3,238,080	(6.8%)
Reappropriated Funds	235,051	139,601	248,805	248,805	0.0%
Federal Funds	85,000	187,593	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>1,065,094</u>	<u>1,117,081</u>	<u>1,155,402</u>	<u>1,169,978</u>	
<i>FTE</i>	14.4	14.8	15.7	15.7	
General Fund	1,065,094	1,117,081	1,155,402	1,169,978	
Operating Expenses	<u>213,015</u>	<u>204,622</u>	<u>213,443</u>	<u>213,443</u>	
General Fund	183,973	183,975	183,976	183,976	
Cash Funds	29,042	20,647	29,467	29,467	

SUBTOTAL -	1,278,109	1,321,703	1,368,845	1,383,421	1.1%
<i>FTE</i>	<u>14.4</u>	<u>14.8</u>	<u>15.7</u>	<u>15.7</u>	<u>0.0%</u>
General Fund	1,249,067	1,301,056	1,339,378	1,353,954	1.1%
Cash Funds	29,042	20,647	29,467	29,467	0.0%

(2) Payments to House State Prisoners

Payments to local jails	<u>15,141,029</u>	<u>13,676,168</u>	<u>14,683,980</u>	<u>12,735,344</u> *	
General Fund	15,141,029	13,676,168	14,683,980	12,735,344	

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Payments to in-state private prisons	<u>63,058,880</u>	<u>66,661,309</u>	<u>73,514,127</u>	<u>69,209,497</u>	*
General Fund	60,700,173	66,661,284	71,155,420	66,850,790	
Cash Funds	2,358,707	25	2,358,707	2,358,707	
Payments to pre-release parole revocation facilities	<u>9,707,110</u>	<u>10,393,993</u>	<u>13,962,531</u>	<u>12,946,798</u>	*
General Fund	9,707,110	10,393,993	13,962,531	12,946,798	
Community Corrections Programs	<u>3,857,736</u>	<u>3,744,387</u>	<u>4,212,064</u>	<u>4,158,549</u>	*
General Fund	3,857,736	3,744,387	4,212,064	4,158,549	
SUBTOTAL -	91,764,755	94,475,857	106,372,702	99,050,188	(6.9%)
<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	89,406,048	94,475,832	104,013,995	96,691,481	(7.0%)
Cash Funds	2,358,707	25	2,358,707	2,358,707	0.0%
SUBTOTAL - (B) External Capacity Subprogram	93,042,864	95,797,560	107,741,547	100,433,609	(6.8%)
<i>FTE</i>	<u>14.4</u>	<u>14.8</u>	<u>15.7</u>	<u>15.7</u>	<u>0.0%</u>
General Fund	90,655,115	95,776,888	105,353,373	98,045,435	(6.9%)
Cash Funds	2,387,749	20,672	2,388,174	2,388,174	0.0%

(C) Inspector General Subprogram

Primary Function: Investigate crimes within the prison system.

Personal Services	<u>3,563,738</u>	<u>3,800,203</u>	<u>4,060,241</u>	<u>4,110,124</u>
FTE	44.5	45.5	48.2	48.2
General Fund	3,563,738	3,800,203	3,954,008	4,003,891
Cash Funds	0	0	106,233	106,233

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Operating Expenses	<u>295,624</u>	<u>365,557</u>	<u>428,723</u>	<u>428,723</u>	
General Fund	266,582	344,910	345,536	345,536	
Cash Funds	29,042	20,647	83,187	83,187	
Inspector General Grants	<u>184,640</u>	<u>195,729 0.0</u>	<u>235,649 1.0</u>	<u>235,649 1.0</u>	
Reappropriated Funds	4,177	0	27,737	27,737	
Federal Funds	180,463	195,729	207,912	207,912	
SUBTOTAL - (C) Inspector General Subprogram	4,044,002	4,361,489	4,724,613	4,774,496	1.1%
<i>FTE</i>	<u>44.5</u>	<u>45.5</u>	<u>49.2</u>	<u>49.2</u>	<u>(0.0%)</u>
General Fund	3,830,320	4,145,113	4,299,544	4,349,427	1.2%
Cash Funds	29,042	20,647	189,420	189,420	0.0%
Reappropriated Funds	4,177	0	27,737	27,737	0.0%
Federal Funds	180,463	195,729	207,912	207,912	0.0%
TOTAL - (1) Management	202,041,893	211,845,320	229,633,226	219,178,343	(4.6%)
<i>FTE</i>	<u>79.2</u>	<u>87.6</u>	<u>93.9</u>	<u>93.9</u>	<u>(0.0%)</u>
General Fund	195,748,691	207,766,140	223,010,707	212,793,215	(4.6%)
Cash Funds	5,788,511	3,556,257	6,053,065	5,815,674	(3.9%)
Reappropriated Funds	239,228	139,601	276,542	276,542	0.0%
Federal Funds	265,463	383,322	292,912	292,912	0.0%

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
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(2) INSTITUTIONS

Primary Function: Fund all costs directly attributable to the operation of state-owned and operated prisons. These costs include utilities, maintenance, housing and security, food service, medical services, laundry, 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>300,791</u>	<u>286,811</u>	<u>314,289</u>	<u>318,254</u>	
FTE	2.8	2.2	2.6	2.6	
General Fund	300,791	286,811	314,289	318,254	
Utilities	<u>19,819,349</u>	<u>21,166,541</u>	<u>21,392,466</u>	<u>21,936,444</u>	*
General Fund	18,768,515	20,019,002	20,244,927	20,770,911	
Cash Funds	1,050,834	1,147,539	1,147,539	1,165,533	

SUBTOTAL - (A) Utilities Subprogram	20,120,140	21,453,352	21,706,755	22,254,698	2.5%
FTE	<u>2.8</u>	<u>2.2</u>	<u>2.6</u>	<u>2.6</u>	0.0%
General Fund	19,069,306	20,305,813	20,559,216	21,089,165	2.6%
Cash Funds	1,050,834	1,147,539	1,147,539	1,165,533	1.6%

(B) Maintenance Subprogram

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

Personal Services	<u>16,482,767</u>	<u>17,394,990</u>	<u>18,049,837</u>	<u>18,302,550</u>	
FTE	289.1	284.2	276.8	276.8	
General Fund	16,482,767	17,394,990	18,049,837	18,302,550	
Operating Expenses	<u>4,978,431</u>	<u>5,014,112</u>	<u>5,714,113</u>	<u>5,714,113</u>	
General Fund	4,978,431	5,014,112	5,714,113	5,714,113	

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Purchase of Services	<u>1,457,252</u>	<u>1,463,583</u>	<u>1,545,553</u>	<u>1,545,553</u>	
General Fund	1,457,252	1,463,583	1,545,553	1,545,553	
SUBTOTAL - (B) Maintenance Subprogram	22,918,450	23,872,685	25,309,503	25,562,216	1.0%
<i>FTE</i>	<u>289.1</u>	<u>284.2</u>	<u>276.8</u>	<u>276.8</u>	<u>0.0%</u>
General Fund	22,918,450	23,872,685	25,309,503	25,562,216	1.0%

(C) Housing and Security Subprogram

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

Personal Services	<u>155,638,264</u>	<u>162,865,057</u>	<u>168,366,491</u>	<u>170,532,675</u>	
FTE	2,945.0	2,955.8	2,973.4	2,974.4	
General Fund	155,635,317	162,862,110	168,363,544	170,529,728	
Cash Funds	2,947	2,947	2,947	2,947	
Operating Expenses	<u>1,773,860</u>	<u>1,802,934</u>	<u>1,808,941</u>	<u>1,808,941</u>	
General Fund	1,773,860	1,802,934	1,808,941	1,808,941	
SUBTOTAL - (C) Housing and Security Subprogram	157,412,124	164,667,991	170,175,432	172,341,616	1.3%
<i>FTE</i>	<u>2,945.0</u>	<u>2,955.8</u>	<u>2,973.4</u>	<u>2,974.4</u>	<u>0.0%</u>
General Fund	157,409,177	164,665,044	170,172,485	172,338,669	1.3%
Cash Funds	2,947	2,947	2,947	2,947	0.0%

(D) Food Service Subprogram

Primary Function: Provide three meals daily to all inmates.

Personal Services	<u>17,023,013</u>	<u>17,573,273</u>	<u>18,164,797</u>	<u>18,368,960</u>	
FTE	310.3	313.2	317.8	317.8	
General Fund	17,023,013	17,573,273	18,164,797	18,368,960	

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Operating Expenses	<u>15,514,191</u>	<u>16,102,018</u>	<u>16,727,019</u>	<u>17,010,023</u>	*
General Fund	15,514,191	16,102,018	16,647,019	16,930,023	
Federal Funds	0	0	80,000	80,000	
Purchase of Services	<u>1,227,586</u>	<u>1,704,331</u>	<u>1,746,939</u>	<u>1,792,916</u>	*
General Fund	1,227,586	1,704,331	1,746,939	1,792,916	
SUBTOTAL - (D) Food Service Subprogram	33,764,790	35,379,622	36,638,755	37,171,899	1.5%
FTE	<u>310.3</u>	<u>313.2</u>	<u>317.8</u>	<u>317.8</u>	<u>0.0%</u>
General Fund	33,764,790	35,379,622	36,558,755	37,091,899	1.5%
Federal Funds	0	0	80,000	80,000	0.0%

(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>29,907,666</u>	<u>30,120,199</u>	<u>32,143,287</u>	<u>32,475,792</u>	*
FTE	373.5	373.4	387.5	387.5	
General Fund	29,763,741	29,971,333	31,904,904	32,237,409	
Cash Funds	143,925	148,866	238,383	238,383	
Operating Expenses	<u>2,565,078</u>	<u>2,578,679</u>	<u>2,579,052</u>	<u>2,579,052</u>	
General Fund	2,565,078	2,578,679	2,579,052	2,579,052	
Purchase of Pharmaceuticals	<u>11,416,864</u>	<u>14,255,586</u>	<u>18,080,579</u>	<u>18,678,465</u>	*
General Fund	11,416,864	14,255,586	18,080,579	18,678,465	
Purchase of Medical Services from Other Medical Facilities	<u>21,296,973</u>	<u>19,778,739</u>	<u>23,058,674</u>	<u>23,751,547</u>	*
General Fund	21,296,973	19,778,739	23,058,674	23,751,547	

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Catastrophic Medical Expenses	<u>9,245,898</u>	<u>5,899,277</u>	<u>3,680,906</u>	<u>2,769,028</u>	*
General Fund	9,245,898	5,899,277	3,680,906	2,769,028	
Service Contracts	<u>1,892,851</u>	<u>2,448,451</u>	<u>2,490,075</u>	<u>2,465,174</u>	*
General Fund	1,892,851	2,448,451	2,490,075	2,465,174	
Indirect Cost Assessment	<u>2,932</u>	<u>0</u>	<u>2,795</u>	<u>1,835</u>	
Cash Funds	2,932	0	2,795	1,835	
SUBTOTAL - (E) Medical Services Subprogram	76,328,262	75,080,931	82,035,368	82,720,893	0.8%
<i>FTE</i>	<u>373.5</u>	<u>373.4</u>	<u>387.5</u>	<u>387.5</u>	<u>0.0%</u>
General Fund	76,181,405	74,932,065	81,794,190	82,480,675	0.8%
Cash Funds	146,857	148,866	241,178	240,218	(0.4%)

(F) Laundry Subprogram

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

Personal Services	<u>2,238,192</u>	<u>1,999,807</u>	<u>2,384,643</u>	<u>2,414,728</u>	
FTE	35.9	33.7	37.4	37.4	
General Fund	2,238,192	1,999,807	2,384,643	2,414,728	
Operating Expenses	<u>2,086,917</u>	<u>2,197,540</u>	<u>2,197,545</u>	<u>2,197,545</u>	
General Fund	2,086,917	2,197,540	2,197,545	2,197,545	
SUBTOTAL - (F) Laundry Subprogram	4,325,109	4,197,347	4,582,188	4,612,273	0.7%
<i>FTE</i>	<u>35.9</u>	<u>33.7</u>	<u>37.4</u>	<u>37.4</u>	<u>0.0%</u>
General Fund	4,325,109	4,197,347	4,582,188	4,612,273	0.7%

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(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>9,867,789</u>	<u>10,188,282</u>	<u>10,598,456</u>	<u>10,752,163</u>	
FTE	160.1	164.0	155.9	155.9	
General Fund	9,867,789	10,188,282	10,598,456	10,752,163	
Operating Expenses	<u>3,268,232</u>	<u>3,305,692</u>	<u>5,181,501</u>	<u>5,181,501</u>	
General Fund	3,268,232	3,305,692	5,181,501	5,181,501	
Dress-Out	<u>675,433</u>	<u>711,861</u>	<u>735,433</u>	<u>735,433</u>	
General Fund	675,433	711,861	735,433	735,433	
Start-up Costs	<u>231,213</u>	<u>159,385</u>	<u>38,830</u>	<u>0</u>	
General Fund	231,213	159,385	38,830	0	

SUBTOTAL - (G) Superintendents Subprogram	14,042,667	14,365,220	16,554,220	16,669,097	0.7%
FTE	<u>160.1</u>	<u>164.0</u>	<u>155.9</u>	<u>155.9</u>	0.0%
General Fund	14,042,667	14,365,220	16,554,220	16,669,097	0.7%

(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>9,941,969</u>	<u>10,078,871</u>	<u>10,592,490</u>	<u>10,716,122</u>	
FTE	163.5	163.0	160.7	160.7	
General Fund	9,941,969	10,078,871	10,592,490	10,716,122	

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Operating Expenses	<u>604,703</u>	<u>599,495</u>	<u>604,705</u>	<u>604,705</u>	
General Fund	604,703	599,495	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>624,589</u>	<u>622,050</u>	<u>681,031</u>	<u>681,031</u>	
General Fund	624,589	622,050	681,031	681,031	
SUBTOTAL - (H) Youthful Offender System					
Subprogram	11,200,081	11,329,236	11,907,046	12,030,678	1.0%
<i>FTE</i>	<u>163.5</u>	<u>163.0</u>	<u>160.7</u>	<u>160.7</u>	0.0%
General Fund	11,200,081	11,329,236	11,907,046	12,030,678	1.0%

(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>14,871,925</u>	<u>16,762,735</u>	<u>17,676,980</u>	<u>17,879,989</u>
FTE	213.4	243.2	247.3	247.3
General Fund	14,871,925	16,762,735	17,676,980	17,879,989
Operating Expenses	<u>155,515</u>	<u>170,380</u>	<u>172,581</u>	<u>172,581</u>
General Fund	155,515	170,380	172,581	172,581
Offender ID Program	<u>0</u>	<u>257,227</u>	<u>341,135</u>	<u>341,135</u>
General Fund	0	257,227	341,135	341,135
Start-up Costs	<u>0</u>	<u>147,203</u>	<u>0</u>	<u>0</u>
General Fund	0	147,203	0	0

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SUBTOTAL - (I) Case Management Subprogram	15,027,440	17,337,545	18,190,696	18,393,705	1.1%
<i>FTE</i>	<u>213.4</u>	<u>243.2</u>	<u>247.3</u>	<u>247.3</u>	<u>(0.0%)</u>
General Fund	15,027,440	17,337,545	18,190,696	18,393,705	1.1%

(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>8,293,266</u>	<u>9,872,350</u>	<u>12,370,450</u>	<u>12,595,167</u>	*
<i>FTE</i>	107.1	111.2	151.0	152.1	
General Fund	8,293,266	9,872,350	12,370,450	12,595,167	
Operating Expenses	<u>258,343</u>	<u>264,548</u>	<u>280,266</u>	<u>280,266</u>	
General Fund	258,343	264,548	280,266	280,266	
Medical Contract Services	<u>2,800,547</u>	<u>3,792,225</u>	<u>4,034,958</u>	<u>3,994,608</u>	*
General Fund	2,800,547	3,792,225	4,034,958	3,994,608	
Mental Health Grants	<u>114,422</u>	<u>0</u>	<u>64,799</u>	<u>64,799</u>	
Reappropriated Funds	114,422	0	64,799	64,799	
Start-up Costs	<u>0</u>	<u>57,036</u>	<u>61,139</u>	<u>0</u>	
General Fund	0	57,036	61,139	0	
SUBTOTAL - (J) Mental Health Subprogram	11,466,578	13,986,159	16,811,612	16,934,840	0.7%
<i>FTE</i>	<u>107.1</u>	<u>111.2</u>	<u>151.0</u>	<u>152.1</u>	<u>0.7%</u>
General Fund	11,352,156	13,986,159	16,746,813	16,870,041	0.7%
Reappropriated Funds	114,422	0	64,799	64,799	0.0%

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(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>1,468,495</u>	<u>1,647,884</u>	<u>1,947,885</u>	<u>1,947,885</u>	
General Fund	1,468,495	1,647,884	1,947,885	1,947,885	
SUBTOTAL - (K) Inmate Pay Subprogram	1,468,495	1,647,884	1,947,885	1,947,885	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	1,468,495	1,647,884	1,947,885	1,947,885	0.0%

(L) Legal Access Subprogram

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

Personal Services	<u>1,321,782</u>	<u>1,215,041</u>	<u>1,408,269</u>	<u>1,426,036</u>	
FTE	23.5	23.2	21.5	21.5	
General Fund	1,321,782	1,215,041	1,408,269	1,426,036	
Operating Expenses	<u>299,598</u>	<u>285,119</u>	<u>299,602</u>	<u>299,602</u>	
General Fund	299,598	285,119	299,602	299,602	
Contract Services	<u>70,905</u>	<u>70,000</u>	<u>70,905</u>	<u>70,905</u>	
General Fund	70,905	70,000	70,905	70,905	
SUBTOTAL - (L) Legal Access Subprogram	1,692,285	1,570,160	1,778,776	1,796,543	1.0%
<i>FTE</i>	<u>23.5</u>	<u>23.2</u>	<u>21.5</u>	<u>21.5</u>	<u>0.0%</u>
General Fund	1,692,285	1,570,160	1,778,776	1,796,543	1.0%

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(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>0</u>	<u>20,254,768</u>	<u>20,258,268</u>	
General Fund	0	0	20,254,768	20,258,268	
SUBTOTAL - (M) Capital Lease Purchase Payments	0	0	20,254,768	20,258,268	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	0	0	20,254,768	20,258,268	0.0%
TOTAL - (2) Institutions	369,766,421	384,888,132	427,893,004	432,694,611	1.1%
<i>FTE</i>	<u>4,624.2</u>	<u>4,667.1</u>	<u>4,731.9</u>	<u>4,734.0</u>	<u>0.0%</u>
General Fund	368,451,361	383,588,780	426,356,541	431,141,114	1.1%
Cash Funds	1,200,638	1,299,352	1,391,664	1,408,698	1.2%
Reappropriated Funds	114,422	0	64,799	64,799	0.0%
Federal Funds	0	0	80,000	80,000	0.0%

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(3) SUPPORT SERVICES

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

(A) Business Operations Subprogram

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

Personal Services	<u>5,914,629</u>	<u>5,716,363</u>	<u>6,227,011</u>	<u>6,306,714</u>
FTE	100.4	101.6	99.8	99.8
General Fund	5,416,011	5,206,850	5,421,498	5,429,390
Cash Funds	36,835	38,991	38,991	40,297
Reappropriated Funds	461,783	470,522	766,522	837,027
Operating Expenses	<u>234,199</u>	<u>234,200</u>	<u>234,201</u>	<u>234,201</u>
General Fund	234,199	234,200	234,201	234,201

SUBTOTAL - (A) Business Operations Subprogram	6,148,828	5,950,563	6,461,212	6,540,915	1.2%
FTE	<u>100.4</u>	<u>101.6</u>	<u>99.8</u>	<u>99.8</u>	(0.0%)
General Fund	5,650,210	5,441,050	5,655,699	5,663,591	0.1%
Cash Funds	36,835	38,991	38,991	40,297	3.3%
Reappropriated Funds	461,783	470,522	766,522	837,027	9.2%

(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>1,193,822</u>	<u>1,199,009</u>	<u>1,303,223</u>	<u>1,319,664</u>
FTE	20.2	18.8	18.7	18.7
General Fund	1,193,822	1,199,009	1,303,223	1,319,664

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Operating Expenses	<u>86,927</u>	<u>86,931</u>	<u>86,931</u>	<u>86,931</u>	
General Fund	86,927	86,931	86,931	86,931	
SUBTOTAL - (B) Personnel Subprogram	1,280,749	1,285,940	1,390,154	1,406,595	1.2%
<i>FTE</i>	<u>20.2</u>	<u>18.8</u>	<u>18.7</u>	<u>18.7</u>	<u>0.0%</u>
General Fund	1,280,749	1,285,940	1,390,154	1,406,595	1.2%

(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>2,956,775</u>	<u>2,929,768</u>	<u>3,103,484</u>	<u>3,142,637</u>	
FTE	48.0	47.3	44.1	44.1	
General Fund	2,956,775	2,929,768	3,103,484	3,142,637	
Operating Expenses	<u>62,041</u>	<u>62,036</u>	<u>62,044</u>	<u>62,044</u>	
General Fund	62,041	62,036	62,044	62,044	
SUBTOTAL - (C) Offender Services Subprogram	3,018,816	2,991,804	3,165,528	3,204,681	1.2%
<i>FTE</i>	<u>48.0</u>	<u>47.3</u>	<u>44.1</u>	<u>44.1</u>	<u>0.0%</u>
General Fund	3,018,816	2,991,804	3,165,528	3,204,681	1.2%

(D) Communications Subprogram

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

Operating Expenses	<u>1,557,038</u>	<u>1,613,115</u>	<u>1,624,365</u>	<u>1,624,365</u>	
General Fund	1,557,038	1,613,115	1,624,365	1,624,365	
Dispatch Services	<u>174,422</u>	<u>172,571</u>	<u>224,477</u>	<u>224,477</u>	
General Fund	174,422	172,571	224,477	224,477	

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Multiuse Network Payments	<u>4,015,587</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	3,894,388	0	0	0	
Cash Funds	121,199	0	0	0	
Communication Services Payments	<u>2,016,459</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	2,016,459	0	0	0	
SUBTOTAL - (D) Communications Subprogram	7,763,506	1,785,686	1,848,842	1,848,842	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	7,642,307	1,785,686	1,848,842	1,848,842	0.0%
Cash Funds	121,199	0	0	0	0.0%

(E) Transportation Subprogram

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

Personal Services	<u>1,912,571</u>	<u>1,969,113</u>	<u>2,062,715</u>	<u>2,088,737</u>	
FTE	36.6	35.5	35.9	35.9	
General Fund	1,912,571	1,969,113	2,062,715	2,088,737	
Operating Expenses	<u>284,794</u>	<u>284,794</u>	<u>433,538</u>	<u>433,538</u>	
General Fund	284,794	284,794	433,538	433,538	
Vehicle Lease Payments	<u>2,728,185</u>	<u>2,652,998</u>	<u>3,263,106</u>	<u>3,363,849</u> *	
General Fund	2,488,746	2,383,377	2,763,118	2,839,170	
Cash Funds	239,439	269,621	499,988	524,679	
SUBTOTAL - (E) Transportation Subprogram	4,925,550	4,906,905	5,759,359	5,886,124	2.2%
<i>FTE</i>	<u>36.6</u>	<u>35.5</u>	<u>35.9</u>	<u>35.9</u>	<u>0.0%</u>
General Fund	4,686,111	4,637,284	5,259,371	5,361,445	1.9%
Cash Funds	239,439	269,621	499,988	524,679	4.9%

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
(F) Training Subprogram					
Primary Function: Provide basic, extended, in-service, and advanced training to DOC employees.					
Personal Services	<u>1,855,681</u>	<u>2,049,680</u>	<u>2,467,693</u>	<u>2,498,825</u>	
FTE	26.5	28.9	33.0	33.0	
General Fund	1,855,681	2,049,680	2,467,693	2,498,825	
Operating Expenses	<u>277,759</u>	<u>286,356</u>	<u>286,981</u>	<u>286,981</u>	
General Fund	277,759	286,356	286,981	286,981	
Start-up Costs	<u>0</u>	<u>37,623</u>	<u>0</u>	<u>0</u>	
General Fund	0	37,623	0	0	
SUBTOTAL - (F) Training Subprogram	2,133,440	2,373,659	2,754,674	2,785,806	1.1%
FTE	<u>26.5</u>	<u>28.9</u>	<u>33.0</u>	<u>33.0</u>	<u>0.0%</u>
General Fund	2,133,440	2,373,659	2,754,674	2,785,806	1.1%

(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>1,618,999</u>	<u>1,639,121</u>	<u>1,644,122</u>	<u>1,644,122</u>	
General Fund	1,618,999	1,639,121	1,644,122	1,644,122	
Payments to OIT	<u>0</u>	<u>18,643,647</u>	<u>17,719,596</u>	<u>16,838,721</u>	*
General Fund	0	18,528,629	17,613,316	16,737,667	
Cash Funds	0	115,018	106,280	101,054	

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
CORE Operations	<u>544,510</u>	<u>723,058</u>	<u>611,121</u>	<u>412,815</u>	
General Fund	480,395	637,959	539,192	364,227	
Cash Funds	30,736	40,775	34,467	23,283	
Reappropriated Funds	33,379	44,324	37,462	25,305	
Purchase of Services from Computer Center	<u>8,261,721</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	8,261,721	0	0	0	
Management and Administration of OIT	<u>288,515</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	288,515	0	0	0	
Information Technology Security	<u>148,946</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	147,748	0	0	0	
Cash Funds	1,198	0	0	0	
SUBTOTAL - (G) Information Systems Subprogram	10,862,691	21,005,826	19,974,839	18,895,658	(5.4%)
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	10,797,378	20,805,709	19,796,630	18,746,016	(5.3%)
Cash Funds	31,934	155,793	140,747	124,337	(11.7%)
Reappropriated Funds	33,379	44,324	37,462	25,305	(32.5%)

(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>909,125</u>	<u>917,856</u>	<u>964,126</u>	<u>976,289</u>
FTE	9.0	9.7	9.7	9.7
General Fund	909,125	917,856	964,126	976,289

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Operating Expenses	<u>83,096</u>	<u>83,096</u>	<u>83,096</u>	<u>83,096</u>	
General Fund	83,096	83,096	83,096	83,096	
SUBTOTAL - (H) Facility Services Subprogram	992,221	1,000,952	1,047,222	1,059,385	1.2%
<i>FTE</i>	<u>9.0</u>	<u>9.7</u>	<u>9.7</u>	<u>9.7</u>	<u>0.0%</u>
General Fund	992,221	1,000,952	1,047,222	1,059,385	1.2%
TOTAL - (3) Support Services	37,125,801	41,301,335	42,401,830	41,628,006	(1.8%)
<i>FTE</i>	<u>240.7</u>	<u>241.8</u>	<u>241.2</u>	<u>241.2</u>	<u>(0.0%)</u>
General Fund	36,201,232	40,322,084	40,918,120	40,076,361	(2.1%)
Cash Funds	429,407	464,405	679,726	689,313	1.4%
Reappropriated Funds	495,162	514,846	803,984	862,332	7.3%

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
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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>5,286,166</u>	<u>5,318,763</u>	<u>5,597,050</u>	<u>5,667,661</u>	
FTE	86.1	88.5	88.7	88.7	
General Fund	5,286,166	5,318,763	5,597,050	5,667,661	
Operating Expenses	<u>85,485</u>	<u>88,009</u>	<u>88,017</u>	<u>88,017</u>	
General Fund	85,485	88,009	88,017	88,017	

SUBTOTAL - (A) Labor Subprogram	5,371,651	5,406,772	5,685,067	5,755,678	1.2%
FTE	<u>86.1</u>	<u>88.5</u>	<u>88.7</u>	<u>88.7</u>	<u>0.0%</u>
General Fund	5,371,651	5,406,772	5,685,067	5,755,678	1.2%

(B) Education Subprogram

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

Personal Services	<u>11,231,809</u>	<u>11,883,709</u>	<u>12,474,355</u>	<u>12,671,728</u>	
FTE	193.8	193.6	189.1	189.1	
General Fund	10,317,548	10,915,915	12,474,355	12,671,728	
Cash Funds	914,261	967,794	0	0	

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Operating Expenses	<u>1,034,512</u>	<u>1,969,753</u>	<u>5,172,718</u>	<u>5,172,718</u>	
General Fund	193,895	1,093,900	3,468,301	3,468,301	
Cash Funds	697,350	744,688	1,293,402	1,293,402	
Reappropriated Funds	143,267	131,165	411,015	411,015	
Contract Services	<u>73,276</u>	<u>173,275</u>	<u>237,128</u>	<u>237,128</u>	
General Fund	73,276	173,275	237,128	237,128	
Education Grants	<u>132,809</u>	<u>52,333</u>	<u>113,894</u>	<u>113,894</u>	
FTE	0.0	0.0	2.0	2.0	
Cash Funds	0	0	10,000	10,000	
Reappropriated Funds	119,362	0	76,244	76,244	
Federal Funds	13,447	52,333	27,650	27,650	
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>381</u>	<u>377</u>	
Federal Funds	0	0	381	377	
SUBTOTAL - (B) Education Subprogram	12,472,406	14,079,070	17,998,476	18,195,845	1.1%
<i>FTE</i>	<u>193.8</u>	<u>193.6</u>	<u>191.1</u>	<u>191.1</u>	<u>0.0%</u>
General Fund	10,584,719	12,183,090	16,179,784	16,377,157	1.2%
Cash Funds	1,611,611	1,712,482	1,303,402	1,303,402	0.0%
Reappropriated Funds	262,629	131,165	487,259	487,259	0.0%
Federal Funds	13,447	52,333	28,031	28,027	(0.0%)

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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>6,394,752</u>	<u>6,576,211</u>	<u>6,813,173</u>	<u>6,899,127</u>	
FTE	121.0	118.5	116.7	116.7	
General Fund	6,394,752	6,576,211	6,813,173	6,899,127	
Operating Expenses	<u>67,780</u>	<u>71,224</u>	<u>71,232</u>	<u>71,232</u>	
Cash Funds	67,780	71,224	71,232	71,232	

SUBTOTAL - (C) Recreation Subprogram	6,462,532	6,647,435	6,884,405	6,970,359	1.2%
FTE	<u>121.0</u>	<u>118.5</u>	<u>116.7</u>	<u>116.7</u>	<u>0.0%</u>
General Fund	6,394,752	6,576,211	6,813,173	6,899,127	1.3%
Cash Funds	67,780	71,224	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>4,958,245</u>	<u>4,341,764</u>	<u>5,240,141</u>	<u>5,301,250</u>	
FTE	75.4	81.5	85.4	85.4	
General Fund	4,958,245	4,341,764	5,240,141	5,301,250	
Operating Expenses	<u>110,932</u>	<u>101,972</u>	<u>110,932</u>	<u>110,932</u>	
General Fund	110,932	101,972	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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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Contract Services	<u>2,287,607</u>	<u>2,288,452</u>	<u>2,425,799</u>	<u>2,405,041</u> *	
General Fund	2,037,607	1,938,452	2,075,799	2,055,041	
Reappropriated Funds	250,000	350,000	350,000	350,000	
Treatment Grants	<u>240,345</u>	<u>272,967</u>	<u>126,682</u>	<u>126,682</u>	
Reappropriated Funds	240,345	0	126,682	126,682	
Federal Funds	0	272,967	0	0	
SUBTOTAL - (D) Drug and Alcohol Treatment					
Subprogram	8,592,256	8,000,282	8,898,681	8,939,032	0.5%
<i>FTE</i>	<u>75.4</u>	<u>81.5</u>	<u>85.4</u>	<u>85.4</u>	<u>0.0%</u>
General Fund	7,106,784	6,382,188	7,426,872	7,467,223	0.5%
Reappropriated Funds	1,485,472	1,345,127	1,471,809	1,471,809	0.0%
Federal Funds	0	272,967	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>3,311,957</u>	<u>2,956,369</u>	<u>4,012,324</u>	<u>4,057,564</u>
FTE	40.5	42.2	55.8	55.8
General Fund	3,284,318	2,927,558	3,982,283	4,027,523
Cash Funds	27,639	28,811	30,041	30,041
Operating Expenses	<u>91,193</u>	<u>83,027 0.0</u>	<u>92,276 0.0</u>	<u>92,276 0.0</u>
General Fund	90,693	82,527	91,776	91,776
Cash Funds	500	500	500	500
Polygraph Testing	<u>194,750</u>	<u>242,500</u>	<u>242,500</u>	<u>242,500</u>
General Fund	194,750	242,500	242,500	242,500

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Sex Offender Treatment Grants	<u>226,625</u>	<u>160,388</u>	<u>65,597</u>	<u>65,597</u>	
Federal Funds	226,625	160,388	65,597	65,597	
Start-up Costs	<u>77,570</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	77,570	0	0	0	
SUBTOTAL - (E) Sex Offender Treatment Subprogram	3,902,095	3,442,284	4,412,697	4,457,937	1.0%
<i>FTE</i>	<u>40.5</u>	<u>42.2</u>	<u>55.8</u>	<u>55.8</u>	<u>0.0%</u>
General Fund	3,647,331	3,252,585	4,316,559	4,361,799	1.0%
Cash Funds	28,139	29,311	30,541	30,541	0.0%
Federal Funds	226,625	160,388	65,597	65,597	0.0%

(F) Volunteers Subprogram

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

Personal Services	<u>533,657</u>	<u>575,039</u>	<u>618,417</u>	<u>626,219</u>	
FTE	7.8	7.4	8.0	8.0	
General Fund	0	0	618,417	626,219	
Cash Funds	533,657	575,039	0	0	
Operating Expenses	<u>17,909</u>	<u>17,906</u>	<u>17,912</u>	<u>17,912</u>	
General Fund	0	0	17,912	17,912	
Cash Funds	17,909	17,906	0	0	
SUBTOTAL - (F) Volunteers Subprogram	551,566	592,945	636,329	644,131	1.2%
<i>FTE</i>	<u>7.8</u>	<u>7.4</u>	<u>8.0</u>	<u>8.0</u>	<u>0.0%</u>
General Fund	0	0	636,329	644,131	1.2%
Cash Funds	551,566	592,945	0	0	0.0%

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
TOTAL - (4) Inmate Programs	37,352,506	38,168,788	44,515,655	44,962,982	1.0%
<i>FTE</i>	<u>524.6</u>	<u>531.7</u>	<u>545.7</u>	<u>545.7</u>	<u>0.0%</u>
General Fund	33,105,237	33,800,846	41,057,784	41,505,115	1.1%
Cash Funds	2,259,096	2,405,962	1,405,175	1,405,175	0.0%
Reappropriated Funds	1,748,101	1,476,292	1,959,068	1,959,068	0.0%
Federal Funds	240,072	485,688	93,628	93,624	0.0%

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
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(5) COMMUNITY SERVICES

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

(A) Parole Subprogram

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

Personal Services	<u>10,766,888</u>	<u>17,152,006</u>	<u>18,754,082</u>	<u>18,990,679</u>	
FTE	165.9	253.1	293.2	293.2	
General Fund	10,766,888	17,152,006	18,754,082	18,990,679	
Operating Expenses	<u>1,353,746</u>	<u>2,150,688</u>	<u>2,612,240</u>	<u>2,612,240</u>	
General Fund	1,353,746	2,150,688	2,612,240	2,612,240	
Contract Services	<u>3,393,555</u>	<u>6,877,449</u>	<u>7,626,078</u>	<u>7,571,188</u>	*
General Fund	1,622,407	4,740,349	5,488,978	5,434,088	
Reappropriated Funds	1,771,148	2,137,100	2,137,100	2,137,100	
Wrap-Around Services Program	<u>1,178,285</u>	<u>1,539,243</u>	<u>1,834,291</u>	<u>1,815,948</u>	*
General Fund	1,178,285	1,539,243	1,834,291	1,815,948	
Grants to Community-based Organizations for Parolee Support	<u>0</u>	<u>483,286</u>	<u>1,710,000</u>	<u>1,710,000</u>	
General Fund	0	483,286	1,710,000	1,710,000	
Non-residential Services	<u>0</u>	<u>1,203,437</u>	<u>1,215,818</u>	<u>1,215,818</u>	
General Fund	0	1,203,437	1,215,818	1,215,818	
Home Detention	<u>0</u>	<u>69,383</u>	<u>69,383</u>	<u>69,383</u>	
General Fund	0	69,383	69,383	69,383	

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Start-up Costs	<u>350,621</u>	<u>387,954</u>	<u>0</u>	<u>0</u>	
General Fund	350,621	387,954	0	0	
Administrative Law Judge Services	<u>2,782</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	2,782	0	0	0	
SUBTOTAL - (A) Parole Subprogram	17,045,877	29,863,446	33,821,892	33,985,256	0.5%
<i>FTE</i>	<u>165.9</u>	<u>253.1</u>	<u>293.2</u>	<u>293.2</u>	<u>0.0%</u>
General Fund	15,274,729	27,726,346	31,684,792	31,848,156	0.5%
Reappropriated Funds	1,771,148	2,137,100	2,137,100	2,137,100	0.0%

(Formerly B) Parole Intensive Supervision Subprogram

Primary Function: Manage high-risk offenders who are placed on parole by the Parole Board. This program has been consolidated into the Parole Subprogram.

Personal Services	<u>4,876,339</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	79.8	0.0	0.0	0.0
General Fund	4,876,339	0	0	0
Operating Expenses	<u>485,193</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	485,193	0	0	0
Contract Services	<u>1,583,431</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	1,583,431	0	0	0
Non-residential Services	<u>1,112,400</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	1,112,400	0	0	0
Home Detention	<u>69,383</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	69,383	0	0	0

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Start-up Costs	<u>10,814</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	10,814	0	0	0	
SUBTOTAL - (Formerly B) Parole Intensive					
Supervision Subprogram	8,137,560	0	0	0	0.0%
<i>FTE</i>	<u>79.8</u>	<u>0.0</u>	<u>NaN</u>	<u>0.0</u>	<u>(100.0%)</u>
General Fund	8,137,560	0	0	0	0.0%

(Formerly C) Community Intensive Supervision Subprogram

Primary Function: Monitor and supervise offenders who have finished their community corrections program but have not yet been paroled. These offenders are now living in the community on Intensive-supervision Inmate status. This subprogram has been consolidated into the Parole Subprogram.

Personal Services	<u>3,002,440</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	46.6	0.0	0.0	0.0	
General Fund	3,002,440	0	0	0	
Operating Expenses	<u>502,068</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	502,068	0	0	0	
Contract Services	<u>2,818,099</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	2,818,099	0	0	0	
SUBTOTAL - (Formerly C) Community Intensive					
Supervision Subprogram	6,322,607	0	0	0	0.0%
<i>FTE</i>	<u>46.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	6,322,607	0	0	0	0.0%

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(B) Community Supervision Subprogram

Primary Function: Supervise DOC offenders who are in community corrections programs and youthful offenders who are in aftercare.

(1) Community Supervision

Personal Services	<u>2,676,438</u>	<u>5,912,446</u>	<u>6,100,515</u>	<u>6,177,477</u>	
FTE	39.5	86.5	83.8	83.8	
General Fund	2,676,438	5,912,446	6,100,515	6,177,477	
Operating Expenses	<u>130,576</u>	<u>621,880</u>	<u>632,650</u>	<u>632,650</u>	
General Fund	130,576	621,880	632,650	632,650	
Community Mental Health Services	<u>614,013</u>	<u>629,363</u>	<u>640,062</u>	<u>633,661</u>	*
General Fund	614,013	629,363	640,062	633,661	
Psychotropic Medication	<u>131,400</u>	<u>59,482</u>	<u>131,400</u>	<u>131,400</u>	
General Fund	131,400	59,482	131,400	131,400	
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	
Contract Services for Fugitive Returns	<u>72,361</u>	<u>66,263</u>	<u>74,524</u>	<u>74,524</u>	
General Fund	42,049	42,049	42,049	42,049	
Reappropriated Funds	30,312	24,214	32,475	32,475	
Contract Services	0	<u>2,811,799</u>	<u>2,912,001</u>	<u>2,882,881</u>	*
General Fund	0	2,811,799	2,912,001	2,882,881	

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SUBTOTAL -	3,845,988	10,322,433	10,712,352	10,753,793	0.4%
<i>FTE</i>	<u>39.5</u>	<u>86.5</u>	<u>83.8</u>	<u>83.8</u>	<u>0.0%</u>
General Fund	3,815,676	10,298,219	10,679,877	10,721,318	0.4%
Reappropriated Funds	30,312	24,214	32,475	32,475	0.0%
(2) Youthful Offender System Aftercare					
Personal Services	<u>605,436</u>	<u>603,513</u>	<u>664,025</u>	<u>672,402</u>	
<i>FTE</i>	<u>6.0</u>	<u>6.9</u>	<u>8.0</u>	<u>8.0</u>	
General Fund	605,436	603,513	664,025	672,402	
Operating Expenses	<u>60,766</u>	<u>108,427</u>	<u>141,067</u>	<u>141,067</u>	
General Fund	60,766	108,427	141,067	141,067	
Contract Services	<u>798,545</u>	<u>881,277</u>	<u>1,062,396</u>	<u>1,062,396</u>	
General Fund	798,545	881,277	1,062,396	1,062,396	
SUBTOTAL -	1,464,747	1,593,217	1,867,488	1,875,865	0.4%
<i>FTE</i>	<u>6.0</u>	<u>6.9</u>	<u>8.0</u>	<u>8.0</u>	<u>0.0%</u>
General Fund	1,464,747	1,593,217	1,867,488	1,875,865	0.4%
SUBTOTAL - (B) Community Supervision					
Subprogram	5,310,735	11,915,650	12,579,840	12,629,658	0.4%
<i>FTE</i>	<u>45.5</u>	<u>93.4</u>	<u>91.8</u>	<u>91.8</u>	<u>0.0%</u>
General Fund	5,280,423	11,891,436	12,547,365	12,597,183	0.4%
Reappropriated Funds	30,312	24,214	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>1,974,662</u>	<u>2,148,127</u>	<u>2,427,401</u>	<u>2,458,024</u>	
FTE	35.3	33.7	41.6	41.6	
General Fund	1,974,662	2,148,127	2,427,401	2,458,024	
Operating Expenses	<u>123,199</u>	<u>132,079</u>	<u>146,202</u>	<u>146,202</u>	
General Fund	123,199	132,079	146,202	146,202	
Offender Emergency Assistance	<u>96,746</u>	<u>73,834</u>	<u>96,768</u>	<u>96,768</u>	
General Fund	96,746	73,834	96,768	96,768	
Contract Services	<u>138,071</u>	<u>124,330</u>	<u>190,000</u>	<u>190,000</u>	
General Fund	138,071	124,330	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>15,115</u>	<u>225,641</u>	<u>48,779</u>	<u>48,779</u>	
FTE	0.0	0.0	1.0	1.0	
Reappropriated Funds	0	0	9,681	9,681	
Federal Funds	15,115	225,641	39,098	39,098	
Start-up Costs	<u>0</u>	<u>131,166</u>	<u>0</u>	<u>0</u>	
General Fund	0	131,166	0	0	

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SUBTOTAL - (C) Community Re-entry Subprogram	2,711,793	3,199,177	3,283,150	3,313,773	0.9%
<i>FTE</i>	<u>35.3</u>	<u>33.7</u>	<u>42.6</u>	<u>42.6</u>	<u>0.0%</u>
General Fund	2,696,678	2,973,536	3,224,371	3,254,994	0.9%
Cash Funds	0	0	10,000	10,000	0.0%
Reappropriated Funds	0	0	9,681	9,681	0.0%
Federal Funds	15,115	225,641	39,098	39,098	0.0%
TOTAL - (5) Community Services	39,528,572	44,978,273	49,684,882	49,928,687	0.5%
<i>FTE</i>	<u>373.1</u>	<u>380.2</u>	<u>427.6</u>	<u>427.6</u>	<u>0.0%</u>
General Fund	37,711,997	42,591,318	47,456,528	47,700,333	0.5%
Cash Funds	0	0	10,000	10,000	0.0%
Reappropriated Funds	1,801,460	2,161,314	2,179,256	2,179,256	0.0%
Federal Funds	15,115	225,641	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>1,197,525</u>	<u>1,170,102</u>	<u>1,441,951</u>	<u>1,460,143</u>	
FTE	14.0	15.0	16.5	16.5	
General Fund	1,197,525	1,170,102	1,441,951	1,460,143	
Operating Expenses	<u>103,350</u>	<u>85,609</u>	<u>106,390</u>	<u>106,390</u>	
General Fund	103,350	85,609	106,390	106,390	
Contract Services	<u>248,086</u>	<u>242,880</u>	<u>272,437</u>	<u>272,437</u>	
General Fund	248,086	242,880	272,437	272,437	
Start-up Costs	<u>0</u>	<u>14,107</u>	<u>0</u>	<u>0</u>	
General Fund	0	14,107	0	0	
TOTAL - (6) Parole Board	1,548,961	1,512,698	1,820,778	1,838,970	1.0%
FTE	<u>14.0</u>	<u>15.0</u>	<u>16.5</u>	<u>16.5</u>	<u>0.0%</u>
General Fund	1,548,961	1,512,698	1,820,778	1,838,970	1.0%

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(7) CORRECTIONAL INDUSTRIES

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

Personal Services	<u>9,061,961</u>	<u>9,268,162</u>	<u>10,521,747</u>	<u>10,646,546</u>	
FTE	137.1	136.1	155.0	155.0	
Cash Funds	2,573,550	2,109,192	3,350,744	3,475,543	
Reappropriated Funds	6,488,411	7,158,970	7,171,003	7,171,003	
Operating Expenses	<u>5,347,709</u>	<u>5,338,112</u>	<u>5,928,190</u>	<u>5,928,190</u>	
Cash Funds	1,657,790	1,816,783	1,817,327	1,817,327	
Reappropriated Funds	3,689,919	3,521,329	4,110,863	4,110,863	
Raw Materials	<u>23,699,666</u>	<u>25,146,785</u>	<u>35,823,826</u>	<u>35,823,826</u>	
Cash Funds	8,343,747	6,507,400	8,441,080	8,441,080	
Reappropriated Funds	15,355,919	18,639,385	27,382,746	27,382,746	
Inmate Pay	<u>1,649,702</u>	<u>1,673,102</u>	<u>2,208,992</u>	<u>2,208,992</u>	
Cash Funds	468,453	480,153	846,343	846,343	
Reappropriated Funds	1,181,249	1,192,949	1,362,649	1,362,649	
Capital Outlay	<u>331,773</u>	<u>273,580</u>	<u>1,406,200</u>	<u>1,406,200</u>	
Cash Funds	49,766	0	337,094	337,094	
Reappropriated Funds	282,007	273,580	1,069,106	1,069,106	
Correctional Industries Grants	<u>1,879,059</u>	<u>2,084,472</u>	<u>503,050</u>	<u>503,050</u>	
Federal Funds	1,879,059	2,084,472	503,050	503,050	

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Indirect Cost Assessment	<u>381,286</u>	<u>393,672</u>	<u>677,605</u>	<u>755,946</u>	
Cash Funds	128,227	129,841	140,983	131,587	
Reappropriated Funds	253,059	263,831	285,373	275,402	
Federal Funds	0	0	251,249	348,957	
TOTAL - (7) Correctional Industries	42,351,156	44,177,885	57,069,610	57,272,750	0.4%
<i>FTE</i>	<u>137.1</u>	<u>136.1</u>	<u>155.0</u>	<u>155.0</u>	<u>0.0%</u>
Cash Funds	13,221,533	11,043,369	14,933,571	15,048,974	0.8%
Reappropriated Funds	27,250,564	31,050,044	41,381,740	41,371,769	(0.0%)
Federal Funds	1,879,059	2,084,472	754,299	852,007	13.0%

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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>1,694,607</u>	<u>1,801,397</u>	<u>1,970,856</u>	<u>2,036,878</u>	
FTE	26.9	27.8	28.0	28.0	
Cash Funds	1,694,607	1,801,397	1,970,856	2,036,878	
Operating Expenses	<u>12,850,255</u>	<u>13,811,686</u>	<u>12,851,987</u>	<u>12,851,987</u>	
Cash Funds	12,850,255	13,811,686	12,851,987	12,851,987	
Inmate Pay	<u>39,325</u>	<u>43,386</u>	<u>49,626</u>	<u>49,626</u>	
Cash Funds	39,325	43,386	49,626	49,626	
Indirect Cost Assessment	<u>80,497</u>	<u>76,850</u>	<u>85,741</u>	<u>78,870</u>	
Cash Funds	80,497	76,850	85,741	78,870	
TOTAL - (8) Canteen Operation	14,664,684	15,733,319	14,958,210	15,017,361	0.4%
FTE	<u>26.9</u>	<u>27.8</u>	<u>28.0</u>	<u>28.0</u>	<u>0.0%</u>
Cash Funds	14,664,684	15,733,319	14,958,210	15,017,361	0.4%
TOTAL - Department of Corrections	744,379,994	782,605,750	867,977,195	862,521,710	(0.6%)
FTE	<u>6,019.8</u>	<u>6,087.3</u>	<u>6,239.8</u>	<u>6,241.9</u>	<u>0.0%</u>
General Fund	672,767,479	709,581,866	780,620,458	775,055,108	(0.7%)
Cash Funds	37,563,869	34,502,664	39,431,411	39,395,195	(0.1%)
Reappropriated Funds	31,648,937	35,342,097	46,665,389	46,713,766	0.1%
Federal Funds	2,399,709	3,179,123	1,259,937	1,357,641	7.8%

Appendix B: Recent Legislation Affecting Department Budget

2014 Session Bills

S.B. 14-049 (Public Transportation and Utility Endangerment): Makes the intent to steal or remove materials from a public transportation facility, including freight and passenger trains, a class three felony. Includes a 5-year statutory General Fund appropriation to the Department of Corrections that provides \$21,484 for FY 2015-16, \$42,968 for FY 2016-17, \$64,452 for FY 2017-18, and \$85,935 for FY 2018-19.

S.B. 14-059 (Statute of Limitations for Crimes Related to Sex Crimes): Eliminates the statute of limitations for crimes that accompany a sex offense. Under prior law, sex offenses were not subject to the statute of limitations but accompanying crimes were often subject to the statute of limitations. Thus this bill may lead to added charges against someone who is charged with a sex offense years after the crime took place. The result could be greater time served in prison, but it is impossible to estimate the expenditure increase.

S.B. 14-064 (Use of Isolated Confinement for Offenders with Mental Illness): Prohibits the Department of Corrections from placing a person with serious mental illness in long-term isolated confinement administrative segregation) unless exigent circumstances are present. Appropriates \$1,565,025 General Fund and 24.0 FTE to the Department for FY 2014-15.

S.B. 14-092 (Insurance Fraud Crime): Creates the crime of insurance fraud and identifies fraudulent actions for persons applying for issuance or renewal of insurance policies, insurance claimants, agents, and brokers. Includes a 5-year statutory General Fund appropriation to the Department that provides \$21,484 for FY 2015-16 and \$19,640 for FY 2016-17.

S.B. 14-161(Update Uniform Election Code): Updates the state election code and changes several election-related criminal offenses. Includes a 5-year statutory General Fund appropriation to the Department that provides \$21,484 for FY 2015-16 and \$19,640 for FY 2016-17. For more information, see the corresponding bill description in the "Recent Legislation" section of the Department of State.

S.B. 14-163 (Clean up S.B. 13-250 Drug Sentencing): Clarifies and harmonizes statutes for drug offenses enacted under Senate Bill 13-250 (Drug Sentencing Changes).

S.B. 14-176 (Criminal Penalties for Chop Shops): Creates the crime of ownership or operation of an automobile "chop shop" and makes the offense a class 4 felony. Includes a 5-year statutory General Fund appropriation to the Department that provides \$21,484 for FY 2015-16, \$42,968 for FY 2016-17, \$64,452 for FY 2017-18, and \$82,534 for FY 2018-19.

S.B. 14-213 (Statute of Limitations for Vehicular Homicide): Increases the statute of limitations for certain cases of vehicular homicide. For criminal defendants who also leave the

scene of the accident, the statute of limitations for both crimes is increased from five years to ten years. General Fund expenditures by the Department of Corrections are projected to increase by \$21,484 annually beginning in FY 2020-21.

H.B. 14-1037 (Enforcing Laws Against Designer Drugs): Prohibits the distribution, dispensing, manufacturing, display, offer, or sales of any product that contains synthetic cannabinoids. Establishes civil penalties for violation of the law and funds increased field testing of illicit substances, which is expected to increase prosecution of drug crimes. Includes a 5-year statutory General Fund appropriation to the Department that provides \$21,484 each year for FY 2015-16, FY 2016-17, FY 2017-18, and FY 2018-19.

H.B. 14-1214 (Increase Penalties for Assault on Emergency Medical Service Providers): Adds emergency medical services personnel to the list of victims that trigger enhanced sentencing for the crimes of first degree murder, first degree assault, and second degree assault when the victim was engaged in his or her official duties and the offender should have reasonably known the person was an emergency medical services provider. Includes a 5-year statutory General Fund appropriation to the Department that provides \$20,052 for FY 2017-18 and \$59,295 for FY 2018-19.

H.B. 14-1260 (Penalties for Sex Offense Against a Child Under 12): Requires an indeterminate sentence for a class 2, class 3, or class 4 felony sex offense when the act includes sexual intrusion or sexual penetration against a child under the age of 12 when the offender was an adult and at least ten years older than the child. Department expenditures are likely to rise beginning in FY 2019-20.

H.B. 14-1266 (Value Based Crime Threshold Level Changes): Makes adjustments to the crimes of criminal mischief, fraud by check, defrauding a secured creditor or debtor, unauthorized use of a financial transaction device, computer crime, and aggravated motor vehicle theft. Adjusts the penalties for these crimes based on the value of the goods or property stolen, reclassifies some current felonies as misdemeanors and some current misdemeanors as lower level offenses, including petty offenses. The bill is expected to decrease the Department' General Fund expenditures by a total of \$7,252,911 over the four fiscal years beginning in FY 2015-16.

H.B. 14-1309 (Repurpose DOC Day Surgery Center): Allows the Department to use the day surgery center building at the Denver Reception and Diagnostic Center as an auxiliary medical facility, to amend or modify the related lease purchase agreement, and to make lease purchase payments from any moneys appropriated to the Department.

H.B. 14-1336 (FY 2014-15 Long Appropriations Bill): General appropriations act for FY 2014-15.

H.B. 14-1355 (Reentry Programs for Adult Parolees): Directs the Department to develop and implement initiatives to decrease recidivism, enhance public safety, and increase each offender's chances of achieving success upon his or her release. These initiatives include:

- Programs to help incarcerated offenders prepare for release to the community;

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- Efforts to assist each offender's transition from a correctional facility into the community; and
- Operational enhancements, including equipment, training, and programs to supervise offenders in the community.

For FY 2014-15, appropriates \$7,953,877 General Fund and 71.9 FTE to the Department.

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. 15-144 (Supplemental Bill): Supplemental appropriation to the Department of Corrections to modify FY 2014-15 appropriations included in the FY 2014-15 Long Bill (S.B. 14-1336).

S.B. 15-182 (Department of Corrections Transfer Offenders into and out of Youthful Offender System): Allows the Director of the Department of Corrections (DOC) or his designee to transfer DOC offenders ages 24 or younger between the Youthful Offender System and DOC adult prisons.

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

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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 (FY 2015-16 Long Appropriations 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

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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.

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

Long Bill Footnotes

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

Comment: As shown in the following table, the Department complied with the FY 2013-14 versions of this footnote, transferring less than two percent of the external capacity appropriation among line items:

Line Item	FY 2014-15 GF Transfers	
	Into this line	Out of this line
Payments to Local Jails	\$797,851	\$0
Payments to In-State Private Prisons	1,111,347	0
Payments to Pre-Release Parole Revocation Facilities	0	(1,523,245)
Community Corrections Programs	0	(385,953)
Total amount transferred in and out	1,909,198	(1,909,198)
Total Payments to House State Prisoners appropriation	\$94,953,836	
Transfers as a percentage of the total appropriation	2.01%	

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

Comment: The Department has not, and states that it will not 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, Medical Services Subprogram, Purchases of Medical Services from Other Medical Facilities; Catastrophic Medical Expenses --** The Department of Corrections is authorized to transfer up to 20.0 percent of the total appropriation for Purchases of Medical Services from Other Medical Facilities between these line items.

Comment: For FY 2014-15, the Department transferred \$2,352,439 from the *Purchase of Medical Services from Other Medical Facilities* line item to the *Catastrophic Medical Expenses* line item, which equaled 10.6 percent of the *Purchase of Medical Services from Other Medical Facilities* appropriation.

Requests for Information

Requests Affecting Multiple Departments

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

The Sex Offender Surcharge Fund. This 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 recent years have averaged about \$495,000. 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 2016-17:

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- \$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.
- \$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 and, with the exception of a \$730 increase for the Department of Corrections, are identical to the allocations proposed by the Sex Offender Management Board 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.

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 2016-17 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.

The Correctional Treatment Cash Fund. The Judicial Branch reports on the Correctional Treatment Cash Fund in its annual budget request to the JBC. In summary, the Correctional Treatment Board, which is created in Section 18-19-1035, C.R.S., has proposed the following allocation for the Correctional Treatment Cash Fund for FY 2016-17:

- \$3,457,227 to the Department of Corrections;
- \$6,621,156 to the Department of Human Services;
- \$6,359,335 to the Judicial Department; and
- \$5,299,574 to the Department of Public Safety, Division of Criminal Justice.

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The allocation to the Department of Corrections is unchanged from FY 2015-16.

6. All Departments -- All Departments that own or have administrative custody of or administrative responsibility for State-owned buildings or structures are requested to provide by October 1, 2015, to the Joint Budget Committee an inventory list of all such department buildings or other department structures that are 50 years or older; each building's or structure's general condition and use status; and the estimated cost to address controlled maintenance needs or to provide for demolition.

Comment: The Department submitted the required report. The Department reports that it has 125 buildings that are over 50 years old with total area of 1.2 million square feet. The oldest structures are several towers at Territorial Correctional Facility that date from the 1880's. The Department reports that controlled maintenance needs exceed existing controlled maintenance appropriations by \$3.9 million.

Requests Affecting the Department of Corrections

- 1 Department of Corrections, Institutions, Mental Health Subprogram --** The Department is requested to submit a report to the House Judiciary Committee and the Senate Judiciary Committee by January 31, 2016, detailing the progress related to the mental health unit at Centennial Correctional Facility.

Comment: The Department plans to comply with this request and will provide the requested report by January 31, 2016.

- 2 Department of Corrections, Community Services, Community Supervision Subprogram, Community Supervision, Psychotropic Medication -- --** The Department is requested to submit a report to the Joint Budget Committee on or before February 1, 2016, summarizing the outcomes of offenders who were provided psychotropic medication from this line item. The report is requested to include the number of mentally ill offenders who receive medication from this line item, the regression rate of the offenders, and the number of offenders who commit new crimes.

Comment: The Department plans to comply with this request for information and will provide the requested report to the Joint Budget Committee by February 1, 2016.

Appendix E: SMART Act Annual Performance Report

Pursuant to Section 2-7-205 (1) (b), C.R.S., the Department of Public Safety is required to publish an Annual Performance Report 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 Q1 FY2016 report dated October 2015 can be found at

https://drive.google.com/a/state.co.us/file/d/0B_om-XLNWzsXcTE3NHAWSHB3ZGc/view?pli=1

Pursuant to Section 2-7-204 (3) (a) (I), C.R.S., the Department of Public Safety is required to develop a performance plan and submit that plan to the Joint Budget Committee and the 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 2015-16 plan can be found at <https://drive.google.com/file/d/0B2j3Ma3zkVCcQXhMYI9tbzQySkk/view?pli=1>