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Department of Corrections
Office of the Executive Director

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July 16, 2026

Kerri L. Hunter, CPA, CFE
State Auditor
Colorado Office of the State Auditor
1375 Sherman St., 5th Floor
Denver, CO 80261

Dear Auditor Hunter:

In response to your request, we have prepared the attached status report on the implementation status of audit recommendations contained in the *Evaluation of Colorado Department of Corrections Budgeting Practices*. The report provides a brief explanation of the actions taken by the Colorado Department of Corrections (CDOC) to implement each recommendation.

Following the May 2025 audit, CDOC has taken decisive action on the 9 recommendations and 32 sub-recommendations. We have achieved full implementation on items related to medical fees, review of clinical positions, canteen profits, and Correctional Industries budgeting (Recommendations 3, 6, 7, 8, and 9). The Department is strategically transitioning toward data-driven "true cost" budgeting and workforce stabilization, which includes shifting from per-inmate appropriation models to a comprehensive methodology based on operational necessity. Furthermore, CDOC is modernizing personnel models to address critical vacancies and has overhauled internal processes to enhance transparency for legislative communication.

If you have any questions about this status report and the CDOC's efforts to implement the audit recommendations, please contact Mitchell Karstens, Director of Finance and Administration at 719.412.2021 or mitchell.karstens@state.co.us.

Sincerely,

Moses "Andre" Stancil

Executive Director

Colorado Department of Corrections (CDOC)
Audit Status Report

Audit Name:	Evaluation of Colorado Department of Corrections Budgeting Practices
Audit Number:	2455P
Agency:	Department of Corrections
Date of Status Report:	July 16, 2026

Section I: Summary

Rec. Number	Response from Audit Report	Original Implementation Date	Current Implementation Status	Current Implementation Date
1A	Agree	November 2026	No Longer Applicable	November 2025
1B	Agree	November 2026	Implemented	August 2025
1C	Agree	November 2026	Implemented	January 2026
1D	Agree	November 2026	Implemented	January 2026
1E	Agree	November 2026	Implemented	March 2026
1F	Agree	November 2026	Implemented	March 2026
2A	Agree	November 2026	Partially Implemented	November 2026
2B	Agree	November 2026	Partially Implemented	November 2026
3	Agree	June 2026	Implemented	April 2026
4A	Agree	November 2026	Implemented	October 2025
4B	Agree	November 2026	Implemented	January 2026
4C	Agree	November 2026	Implemented	March 2026
4D	Agree	November 2026	Implemented	February 2026
4E	Agree	August 2026	Partially Implemented	August 2026
5A	Agree	January 2028	Implemented	March 2026
5B	Agree	July 2025	Implemented	August 2025
5C	Agree	August 2025	Implemented	August 2025
5D	Agree	November 2025	Implemented	September 2025
6A	Agree	July 2025	Implemented	August 2025
6B	Agree	July 2025	Implemented	August 2025
6C	Agree	September 2025	Implemented	August 2025

Section I: Summary				
Rec. Number	Response from Audit Report	Original Implementation Date	Current Implementation Status	Current Implementation Date
6D	Agree	July 2026	Implemented	August 2025
7A	Agree	January 2026	Implemented	November 2025
7B	Agree	July 2026	Implemented	November 2025
7C	Agree	July 2026	Implemented	November 2025
7D	Agree	January 2026	Implemented	November 2025
8A	Agree	August 2025	Implemented	November 2025
8B	Agree	October 2025	Implemented	November 2025
8C	Agree	October 2025	Implemented	November 2025
9A	Agree	October 2025	Implemented	November 2025
9B	Agree	October 2025	Implemented	November 2025
9C	Agree	October 2025	Implemented	November 2025
9D	Agree	October 2025	Implemented	November 2025
9E	Agree	October 2025	Implemented	November 2025

Section II: Narrative Detail

Recommendation 1A	
The Department of Corrections (Department) should improve its annual budget process by replacing its current caseload-driven budgeting approach with an approach that produces a more consistent level of funding and minimizes mid-year capacity changes. Specifically, the Department should: A. Establish a new baseline budget that relies on historical expenditures, staffing levels dictated by the most recent staffing plan for each facility, current non-facility staffing levels, and projected increases or decreases in costs and less on population projections and a vacancy rate.	
Current Implementation Status	No Longer Applicable
Current Implementation Date	November 2025
Status Update Narrative	The original response indicated that the Department agreed with this recommendation. However, after careful review of historical expenditures, it became clear that establishing a baseline that relies on historical data would be inaccurate as the Department does not overspend allocations so historical costs reflect spend to allocation not true costs. If the new baseline was established based on historical expenditures, the Department would still not reflect true operational costs. The new model is based on actual true costs of activities. There will need to be a "right-sizing" of budgets based on new methodologies.

Recommendation 1B	
The Department of Corrections (Department) should improve its annual budget process by replacing its current caseload-driven budgeting approach with an approach that produces a more consistent level of funding and minimizes mid-year capacity changes. Specifically, the Department should: B. Establish a consistent bed capacity that can accommodate population fluctuations and some growth within each classification level. The information needed to establish this includes: each facility's design capacity by classification level, beds not available for permanent placement due to maintenance or use for temporary and restrictive housing, historical and projected average daily population by classification level, current staffing levels, and facility staffing plans.	
Current Implementation Status	Implemented
Current Implementation Date	August 2025

Status Update Narrative	The Monthly Population and Capacity report was restructured with feedback from various stakeholder groups and shows all necessary data. This is posted monthly to the Department public website. Information contained within this report will be used to support caseload requests. Also, the Department has developed a vacancy rate for each security level that summarizes to a department-wide vacancy rate. These new rates are based on the ability to accommodate population fluctuations and some growth at each level.

Recommendation 1C	
The Department of Corrections (Department) should improve its annual budget process by replacing its current caseload-driven budgeting approach with an approach that produces a more consistent level of funding and minimizes mid-year capacity changes. Specifically, the Department should: C. Determine from the analysis in Part A whether any facilities or wings of facilities may remain unstaffed and unpopulated for at least one year.	
Current Implementation Status	Implemented
Current Implementation Date	January 2026
Status Update Narrative	Based on the analysis in Part A, the Department has determined that only two specific areas will remain unstaffed and unpopulated for at least one year, as these specific units are currently unlivable or unusable: • **Buena Vista Correctional Facility (BVCF) - 118 beds:** These units are physically unlivable and cannot be safely populated. They require significant construction, extensive maintenance, and structural upgrades before they can be utilized. • **Denver Women's Correctional Facility (DWCF) - 216 beds:** These beds will remain unpopulated because current Division of Criminal Justice (DCJ) projections show no additional need for female beds, and these specific units cannot be repurposed for the male population. **Other than the unusable beds detailed above, the Department has determined that absolutely no other facilities or wings will remain unstaffed and unpopulated for at least one year.** Due to a significant county jail backlog and a system-wide net bed deficit, every other available, livable bed must remain open to maintain safety and meet statutory

	obligations (including providing specialized spaces to maintain classification integrity). To ensure continuous evaluation of space, the Department has proactively developed a data-driven Facility Utilization Model to inform future decisions. This model evaluates the cost-benefit of utilization versus deferred maintenance, includes a framework for staffing reallocation to reduce overtime and burnout, and establishes specific population threshold triggers (e.g., stabilizing below a 4.1% vacancy rate). If operational pressures and the jail backlog are successfully cleared and these triggers are met, the model will prompt a formal re-evaluation of whether additional spaces can be safely unstaffed and depopulated.

Recommendation 1D

The Department of Corrections (Department) should improve its annual budget process by replacing its current caseload-driven budgeting approach with an approach that produces a more consistent level of funding and minimizes mid-year capacity changes. Specifically, the Department should:

D. Using an approach similar to its current practices, determine how many beds should be budgeted in private facilities based on the Department's analysis of historical and projected population by classification level.

Current Implementation Status	Implemented
Current Implementation Date	January 2026
Status Update Narrative	The number of beds available in private facilities has been added to the Department proposed vacancy rate. Under current population projections, all beds in currently contracted private facilities are needed. With the needed Capital Construction, Capital Renewal, and Controlled Maintenance (CC/CR/CM) projects for all state facilities, the Department foresees the need to utilize all beds in private facilities.

Recommendation 1E

The Department of Corrections (Department) should improve its annual budget process by replacing its current caseload-driven budgeting approach with an approach that produces a more consistent level of funding and minimizes mid-year capacity changes. Specifically, the Department should:

E. Calculate personnel and operating expenses based on staffing plans and historical expenditures. Each year, the Department should work with the Governor's Office of State Planning and Budgeting to adjust this calculation based on expected personnel vacancies, use of staffing contracts, and other anticipated changes in costs.

Current Implementation Status	Implemented
Current Implementation Date	March 2026
Status Update Narrative	The Department has proposed new categories in the FTE Calculation Worksheet for separate job classifications to show job-specific costs to accurately reflect necessary costs. The Department has also examined specific operational costs for caseload and has built these items into the new proposed caseload methodology. Also, the end-of-year offender population, rather than the average, has been implemented into the caseload methodology. The Office of State Planning and Budget members were included in the audit group for this recommendation and the Department has reviewed all changes with the Office of State Planning and Budget and has incorporated feedback into methodology where pertinent.

Recommendation 1F

The Department of Corrections (Department) should improve its annual budget process by replacing its current caseload-driven budgeting approach with an approach that produces a more consistent level of funding and minimizes mid-year capacity changes. Specifically, the Department should:

F. Make caseload requests that reflect the marginal increase of variable costs, such as food, laundry, and inmate intake.

Current Implementation Status	Implemented
Current Implementation Date	March 2026
Status Update Narrative	The new operational costs model reflects those costs directly impacted by caseload and clearly identifies how budget needs are requested.

Recommendation 2A

The Department of Corrections (Department) should improve the transparency of its personnel-related budget requests by preparing requests that reflect its actual anticipated personnel costs and potential savings related to vacancies. This should include:

A. Developing a budget model(s) to estimate its actual personnel costs across all correctional facilities that includes:

- The actual number of correctional, clinical, behavioral health, and program staff needed as it completes updated staffing plans and post-specific shift relief factors with the National Institute of Corrections in 2025.

- Estimated costs based on applying an updated shift relief factor that takes into account expected vacancies, and employee time off due to leave and training. The shift relief factor should be applied to all posts requiring continuous coverage, including those that may have been previously funded under the old shift relief factor.
- Estimated shift differential costs that reflect compensation/policy changes, such as across-the-board salary increases for state employees.
- Estimates of overtime and actual contract staff costs related to ongoing staff vacancies among both correctional officers and clinical and behavioral health staff. Based on recent recruitment and retention trends for these positions, the Department should project its need for contract staff while preparing its budget request.

Current Implementation Status	Partially Implemented
Current Implementation Date	November 2026
Status Update Narrative	The Department is actively developing a highly accurate, comprehensive budget model, in partnership with the National Institute of Corrections (NIC), to precisely estimate personnel costs across all facilities and ensure long-term workforce stabilization, with post-specific staffing plans slated for completion by March 2026. This initiative introduces a modernized Shift Relief Factor that meticulously accounts for 24/7 coverage requirements, factoring in employee time off for leave, training, and anticipated vacancies to ensure exceptional fiscal transparency and operational readiness. To guarantee the models reflect current economic realities, the Department has instituted a formalized annual process to integrate estimated shift differential costs with state salary adjustments and the Department of Personnel and Administration agreements. The Department is also evaluating the strategic transition of chronically vacant clinical and behavioral health roles into reliable contract services, recalculating contract labor costs based on real-time recruitment and retention trends to present a stabilized, highly predictable, and fully justified workforce funding request for the Fiscal Year 2028 cycle.

Recommendation 2B
The Department of Corrections (Department) should improve the transparency of its personnel-related budget requests by preparing requests that reflect its actual anticipated personnel costs and potential savings related to vacancies. This should include:

B. Working with the Department of Personnel & Administration (DPA) – in coordination with Office of State Planning and Budgeting and Joint Budget Committee staff – to implement Part A of this recommendation and incorporate appropriate customizations into its DPA pay plan(s).	
Current Implementation Status	Partially Implemented
Current Implementation Date	November 2026
Status Update Narrative	The Department is proactively meeting with the DPA and the Office of State Planning and Budgeting to modernize budget models and harmonize foundational compensation structures with state standards, while championing necessary customizations for its specialized workforce. The State of Colorado partnered with Mercer, a major American global consulting firm, specializing in human resources, health and benefits, retirement and investment strategies. Leveraging findings from the recent Mercer study, the Department is developing targeted funding requests for equitable market salary updates and specialized premium pay for correctional and clinical roles, aiming to secure DPA acknowledgment that these specialized roles demand differentiated compensation. By compiling the necessary data, the Department is prepared to deliver a fiscally responsible pay plan that supports long-term workforce retention and statewide operational excellence.

Recommendation 3	
The Department of Corrections (Department) should conduct a deeper analysis of its recruitment and retention trends and the issues driving vacancies among clinical and behavioral health positions. Such an analysis should look at the trends by type of position and by facility or region and examine barriers to recruitment and hiring and reasons why people choose to start employment and/or stay with the Department. Any additional steps the Department takes to address its vacancies should align with the results of this analysis.	
Current Implementation Status	Implemented
Current Implementation Date	April 2026
Status Update Narrative	In response to low participation in the exit process and the resounding feedback that compensation was the primary reason for departure among Clinical and Behavioral Health staff, the Department implemented several improvements, including additional exit survey questions, personalized HR outreach, and one-on-one leadership discussions. This consistent feedback, coupled with a cultural assessment highlighting superior work-life balance and a supportive environment as reasons staff stay, underscored the urgent need for a compensation review. As a

	direct result, a third-party firm is completing a comprehensive compensation analysis to benchmark salaries against the market. The findings reveal 39% of clinical job titles are compensated more than 15% below market rate. Based on this, the Department is developing a compensation strategy that includes pay range increases and targeted retention incentives, which will be formalized in a Decision Item for the FY2027-28 budget cycle, allowing for a timely and comprehensive solution. Alongside the compensation review, the Department is currently finalizing the relief factor and minimal staffing for the nursing series. Current analysis shows a deficiency in nursing positions of 140 nurses. After enhancing staffing resources to the documented need, the methodology of charging co-pay (Recommendation #8) may shift as the resource allocations meet the current incarcerated need.

Recommendation 4A

The Department of Corrections (the Department) should improve its methodology for calculating caseload-related operational costs as part of the annual budget process to ensure that the resulting calculations are accurate, precise, and transparently communicated by:

A. Calculating the marginal cost of operational expenses based on actual expenditures and average daily population, not average appropriation per inmate. This requires sufficiently detailed line-item budget data to accurately distinguish between variable, step-fixed, and fixed costs.

Current Implementation Status	Implemented
Current Implementation Date	October 2025
Status Update Narrative	The Department analyzed costs for all subprograms and identified those costs that are directly linked to the offender population and will be part of a caseload request in the future. Once these costs were appropriately identified, costs were then analyzed and categorized as either variable, step-fixed, or fixed costs.

Recommendation 4B

The Department of Corrections (the Department) should improve its methodology for calculating caseload-related operational costs as part of the annual budget process to ensure that the resulting calculations are accurate, precise, and transparently communicated by:

B. Accurately categorizing each operational cost as variable, step-fixed, or fixed.

Some operational expense categories may include some costs that are variable and some that are step-fixed; these should be disaggregated for the purpose of calculating marginal costs.	
Current Implementation Status	Implemented
Current Implementation Date	January 2026
Status Update Narrative	Costs were appropriately identified as variable, step-fixed, or fixed. A smaller working group was established to work through each cost identified as a caseload cost to determine the appropriate category. This small group held several working sessions, talked through each cost to accurately categorize and tested those ideas with real-life examples. A few examples of variable costs related to caseload are toilet paper, meals (breakfast, lunch, dinner), and educational costs (costs associated with GED, classroom materials/equipment, student materials). Examples of step-fixed costs are utilities, service technology in relation to medical and mental health services, and shower curtains. An example of fixed costs is routine maintenance; while routine maintenance must be done regardless of total population, maintenance supplies would be considered step-fixed as additional supplies would be warranted with a larger population.

Recommendation 4C	
The Department of Corrections (the Department) should improve its methodology for calculating caseload-related operational costs as part of the annual budget process to ensure that the resulting calculations are accurate, precise, and transparently communicated by: C. Establishing clear thresholds for incorporating step-fixed costs into the calculations by determining the size of population change that triggers changes in step-fixed costs (e.g., personnel costs), and the amount of the change. The Department should establish and clearly document its approach, including for which costs a step-fixed cost threshold will be used, the threshold amount, and when the threshold will be revisited.	
Current Implementation Status	Implemented
Current Implementation Date	March 2026
Status Update Narrative	The Department of Corrections has established clear thresholds for incorporating step-fixed costs into its calculations by defining the exact population changes that trigger cost shifts. Additionally, when reviewing cost calculations, it is evident that there are costs associated with closing wings. Now that audit recommendations 1, 3, and 4 have been addressed, the Department would like to implement a "depopulation cost methodology" to ensure that when beds or units close,

	calculations accurately reflect ongoing fixed and step-fixed expenses.

Recommendation 4D	
The Department of Corrections (the Department) should improve its methodology for calculating caseload-related operational costs as part of the annual budget process to ensure that the resulting calculations are accurate, precise, and transparently communicated by: D. Developing a clearly documented approach to determining whether short-run marginal costs or long-run marginal costs will be applied. The adopted approach should incorporate the thresholds for incorporating step-fixed costs, the time-horizon for which costs are being measured (e.g., one fiscal year), and other relevant factors.	
Current Implementation Status	Implemented
Current Implementation Date	February 2026
Status Update Narrative	The Department is implementing a "plug-and-play" Excel framework to standardize agency-wide projections. By translating Division of Criminal Justice (DCJ) data into specific bed counts and security requirements, the system enables a proactive approach to fiscal management. This shift ensures true cost identification, allowing for strategic budget reallocation throughout the year rather than relying on reactive, end-of-year fund shifting. This new methodology will be utilized for the FY 2028 budget cycle.

Recommendation 4E	
The Department of Corrections (the Department) should improve its methodology for calculating caseload-related operational costs as part of the annual budget process to ensure that the resulting calculations are accurate, precise, and transparently communicated by: E. Establishing a process for monitoring how actual expenditures fluctuate in response to marginal cost input changes (e.g., inmate population changes) to assess the accuracy of its budget estimates. The Department and its budget stakeholders should not expect actual expenditures to align precisely with budget projections, but this analysis should inform adjustments to future requests.	
Current Implementation Status	Partially Implemented
Current Implementation Date	August 2026

Status Update Narrative	To sharpen forecasting accuracy and streamline year-end fiscal adjustments, the Department is building an annual expenditure review directly into its standard documentation. By tracking budget variances, this proactive strategy clearly differentiates "true savings", driven by operational efficiency or population shifts, from passive underspending.

Recommendation 5A	
The Department of Corrections (Department) should ensure that its caseload requests are accurate and complete, and clearly communicate its requested changes and the methodologies and justifications for those changes by: A. Developing written internal policies, procedures, and templates that define its caseload methodology and clearly identify how to define and track beds that are considered funded for housing inmates.	
Current Implementation Status	Implemented
Current Implementation Date	March 2026
Status Update Narrative	The Department has drafted written internal policies, procedures, and templates for caseload methodology and tracking funded beds. These templates will be used for the budget submission on November 1, 2026.

Recommendation 5B	
The Department of Corrections (Department) should ensure that its caseload requests are accurate and complete, and clearly communicate its requested changes and the methodologies and justifications for those changes by: B. Assigning staff in the Department's Budget and Business Operations and/or Business Innovations Group to develop templates and other internal mechanisms to track organizational capacity in each facility and at each classification level, funding allocated to each facility by subprogram, and caseload requests year-to-year to allow for easier comparison of changes in costs and FTE.	
Current Implementation Status	Implemented
Current Implementation Date	August 2025
Status Update Narrative	Department Staff from the Budget Office and the Business Innovations Group have created standardized templates and internal mechanisms to monitor organizational capacity across all facilities and classification levels, which is now referred to as the "Blue Report." This new tool has been successfully implemented and evaluated to assess the efficiency of organizational capacity, significantly improving analysis and decision-making throughout the Department.

Recommendation 5C	
The Department of Corrections (Department) should ensure that its caseload requests are accurate and complete, and clearly communicate its requested changes and the methodologies and justifications for those changes by: C. Establishing an improved internal quality control process starting from the budget analysts who develop the request through senior members of the Department's Finance and Administration Division. The quality control process should not only examine accuracy and consistency at every line item, but also test whether the requests have been sufficiently explained and justified. The quality control process should cover the information within each request and a comparison to similar prior year requests. If the Department seeks to change its methodology, it should provide a data-driven justification for the change in its request.	
Current Implementation Status	Implemented
Current Implementation Date	August 2025
Status Update Narrative	To ensure quality control and consistency among the Budget Analysts, a Decision Item (DI) checklist and table templates were developed. A "Status Table" was also integrated into each request to track the review process. This comprehensive review process now includes peer review and area director review to further enhance the accuracy, consistency, and justification of each request.

Recommendation 5D	
The Department of Corrections (Department) should ensure that its caseload requests are accurate and complete, and clearly communicate its requested changes and the methodologies and justifications for those changes by: D. Defining the terms used in budget documents and adhering to these terms and protocols in its requests and communications with Office of State Planning and Budgeting and the Joint Budget Committee.	
Current Implementation Status	Implemented
Current Implementation Date	September 2025
Status Update Narrative	To ensure consistency across all budget documents, the Colorado Department of Corrections has established standardized and documented terminology. These definitions are integrated into internal protocols, and staff will be trained to guarantee their uniform application in all communications and budget submissions to both the Office of State Planning and Budgeting (OSPB) and the Joint Budget Committee (JBC).

<table>
<tr><th colspan="2">Recommendation 6A</th></tr>
<tr><td colspan="2">The Department of Corrections (Department) should improve its process for budgeting for Colorado Correctional Industries (CCI) revenues and expenditures to consistently align its requests closely to actual needs and operational decisions. Specifically, the Department should:

A. Incorporate into its annual budget process a comparison of actual revenues and actual expenditures to budgeted revenues and appropriated expenditures, respectively, for the fund.</td></tr>
<tr><td>Current Implementation Status</td><td>Implemented</td></tr>
<tr><td>Current Implementation Date</td><td>August 2025</td></tr>
<tr><td>Status Update Narrative</td><td>Prior to developing the annual budget, the Department leverages established internal processes to ensure requests are grounded in realistic operational data. Inmate Work Programs (IWP) supervisors are consulted to review previous full-year actuals and year-to-date actuals to identify anticipated changes in expenditures or revenue, including expected price fluctuations for materials and products. To track this, profit and loss statements (P&Ls) are reviewed monthly after each accounting period closes, comparing actuals to each corresponding work program's internal budget.

Furthermore, the Department maintains strict adherence to statutory and internal policy requirements regarding financial planning:

• AR 450-10 (Business Management): CCI Business Managers develop comprehensive business plans detailing anticipated inputs, projections, revenues, operating expenses, overhead, and capital acquisition. This regulation also mandates that the CCI management team meets at least quarterly to review and monitor the profitability of every cost center utilizing actual performance data.
• CRS 17-24-113: CCI presents a proposed budget to its advisory board that contains financial statements of past, current, and expected production levels, sales revenues, operating expenses, and anticipated profits for the enterprise.

To fully address this recommendation and ensure these robust internal reviews consistently translate to accurate legislative requests, the Department has enhanced its annual budget preparation workflow. While CCI will maintain its current</td></tr>
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	statutory and policy-driven reporting schedule, the Department has introduced a formalized, documented step prior to finalizing the annual budget. This step explicitly reconciles the internal work program actuals (revenues and expenditures) with the macro-level budgeted revenues and appropriated expenditures for the fund. Documenting this direct comparison ensures that final budget requests consistently and demonstrably align with CCI's actual operational needs and historical financial performance.

Recommendation 6B	
The Department of Corrections (Department) should improve its process for budgeting for Colorado Correctional Industries (CCI) revenues and expenditures to consistently align its requests closely to actual needs and operational decisions. Specifically, the Department should: B. Regularly compare actual revenues and expenditures for each shop with each shop's budget and allocation from the appropriated amount.	
Current Implementation Status	Implemented
Current Implementation Date	August 2025
Status Update Narrative	In response to this recommendation, CCI will continue to meet monthly, but no less than quarterly, to compare actuals vs forecasts, and to track these figures by each individual category of appropriation.

Recommendation 6C	
The Department of Corrections (Department) should improve its process for budgeting for Colorado Correctional Industries (CCI) revenues and expenditures to consistently align its requests closely to actual needs and operational decisions. Specifically, the Department should: C. Determine if there is a typical margin by which the annual CCI budget request may reasonably exceed anticipated expenditures in order to provide the flexibility needed in case revenues or expenditures are higher than anticipated.	
Current Implementation Status	Implemented
Current Implementation Date	August 2025
Status Update Narrative	To allow Colorado Correctional Industries (CCI) to operate in a business-like manner, adapt to new market opportunities, and weather the volatility of raw material pricing, the enterprise requires a healthy margin between its internal operating budget and its statutory spending authority. Because CCI operates as a

	cash fund, this spending authority provides operational flexibility without impacting the state's General Fund. The Department has determined that a target margin of 20% above CCI's internal budgeted expenditures is appropriate. The Department has requested that CCI's total legislative spending authority be updated annually to align with this 20% threshold, ensuring macro-level requests remain closely tied to actual operational forecasts. To institutionalize this process, language was formally added to Administrative Regulation (AR) 450-10. The policy now explicitly outlines that the target spending authority requested for any given fiscal year must be set within 20% of the internal budget setting for enterprise expenditures.

Recommendation 6D	
The Department of Corrections (Department) should improve its process for budgeting for Colorado Correctional Industries (CCI) revenues and expenditures to consistently align its requests closely to actual needs and operational decisions. Specifically, the Department should: D. Update department regulations, as needed, to include procedures for developing annual CCI budget requests to incorporate these changes.	
Current Implementation Status	Implemented
Current Implementation Date	August 2025
Status Update Narrative	Budget requests are evaluated annually in accordance with current policies and procedures, utilizing the data-driven approach outlined in response to recommendation 6A. To institutionalize the improvements to the Colorado Correctional Industries (CCI) budget process, the Department has updated its regulations. Modifications were made to AR 450-10 (Business Management) to specifically separate and define the annual budget process for CCI, distinct from the creation of standard business plans. Furthermore, AR 450-10 directly references AR 100-02 (Budget Preparation Procedures) regarding budgetary change requests. This cross-reference clarifies CCI's unique cash fund budgetary requirements while ensuring they remain strictly consistent with department-wide financial procedures.

Recommendation 7A	
The Department of Corrections (Department) should improve the transparency and accuracy of Canteen account reporting on inmate benefit expenditures by: A. Updating the list of expense categories the Department uses in the Canteen Annual Report and the approved spending plan so the two align and information about approved spending and actual expenditures can easily be compared and monitored over time, as appropriate, and clearly defining the reporting categories in writing.	
Current Implementation Status	Implemented
Current Implementation Date	November 2025
Status Update Narrative	The Canteen, Vending Machine, and Library Account Committee (Canteen Committee) reviewed and updated the list of expenditure categories used in the annual approved spending plan (FY26 Canteen Allocations). The financial tables in the Annual Report were updated to align with the approved spending plan, ensuring funds allocated by the Canteen Committee are consistent across the reports and can now be easily compared with actual expenditures for the last five fiscal years (FY25 Canteen Annual Report, page 4). These reporting categories are now clearly defined in the Annual Report (FY25 Canteen Annual Report, Inmate Benefits Section, pages 2 and 3).

Recommendation 7B	
The Department of Corrections (Department) should improve the transparency and accuracy of Canteen account reporting on inmate benefit expenditures by: B. Reviewing the available categories of inmate expenditures in the State's financial systems, establishing clear guidelines for staff to follow to ensure consistent data entry, and creating a crosswalk between the guidelines and Department-set categories for reporting once those are determined.	
Current Implementation Status	Implemented
Current Implementation Date	November 2025
Status Update Narrative	To ensure consistency in the reporting of inmate benefit expenditures, a new appropriation code was activated beginning in Fiscal Year 2026 (CCACP002C - Resident Benefits). Guidelines and expectations were provided to staff who enter inmate benefit expenditures into the State's financial system through the Canteen Fund - Transaction Classification Changes Memo. A crosswalk is included in the memo to ensure the correct transaction coding is used for all inmate benefit-related expenses. A virtual meeting was also held with all applicable staff to answer questions and ensure that changes and expectations were thoroughly communicated.

Recommendation 7C	
The Department of Corrections (Department) should improve the transparency and accuracy of Canteen account reporting on inmate benefit expenditures by: C. Reporting expenses for inmate benefits as a distinct activity in Canteen account reporting.	
Current Implementation Status	Implemented
Current Implementation Date	November 2025
Status Update Narrative	Along with the financial table updates referenced in the response above to recommendation 7A, a new distinct "Inmate Benefits" line item has been included in the Statement of Revenues, Expenses, and Changes in Net Position in the Annual Report (FY25 Canteen Annual Report, page 6). In addition, the annual cash fund reporting for Canteen now includes a distinct "Inmate Benefits" expense line item. (Schedule 9 - Canteen FY 2026-27).

Recommendation 7D	
The Department of Corrections (Department) should improve the transparency and accuracy of Canteen account reporting on inmate benefit expenditures by: D. Consider publishing its Canteen Annual Reports online as it does its Correctional Industries Annual Reports and providing them directly to the Joint Budget Committee and the Office of State Planning and Budgeting.	
Current Implementation Status	Implemented
Current Implementation Date	November 2025
Status Update Narrative	Canteen Annual Reports for the last five fiscal years have been published online at https://cci.colorado.gov/about. The Fiscal Year 2025 Canteen Annual Report was provided to the Joint Budget Committee (JBC) and Office of State Planning and Budgeting (OSPB) and will also be provided annually with CDOC's January 5th budget submission.

Recommendation 8A
The Department of Corrections (Department) should ensure the Specialty Referral Refusal Fee is compliant with existing statute by: A. Seeking legal clarification regarding whether this fee falls under the allowable medical fees defined in statute and, if so, does the statutory limit of $5 apply to this fee.

Current Implementation Status	Implemented
Current Implementation Date	November 2025
Status Update Narrative	The Colorado Department of Corrections states that Colorado law does not explicitly define "copayment," a fact confirmed by Attorney General Office staff. While a no-show fee could be seen as similar to a copayment economically, it is generally considered a distinct charge in the healthcare industry, separate from the $5 cap often applied to copayments. The purpose of a copayment is cost-sharing, whereas a no-show fee deters missed appointments and compensates providers for lost revenue. In response to the Executive Order D 2025 007, the Department is developing a new fee-setting methodology in collaboration with its medical partners, informed by a cost-benefit analysis. If this data suggests a need for revision, the Department will update AR 700-30 accordingly. The Department is committed to transparency regarding its fees with both incarcerated individuals and the public.

Recommendation 8B

The Department of Corrections (Department) should ensure the Specialty Referral Refusal Fee is compliant with existing statute by:

B. Implementing a documented fee-setting methodology that provides for the fee to be reasonable based on the costs incurred by the Department for a missed specialty appointment, including an annual cost-benefit analysis to determine if the benefits of the fee (i.e., revenue) exceed the direct and indirect costs of administration.

Current Implementation Status	Implemented
Current Implementation Date	November 2025
Status Update Narrative	The Department currently applies no-show fees when an incarcerated person misses a scheduled appointment without proper cancellation, with the exception of Mental Health appointments. These fees, along with co-payments, are intended to foster a sense of responsibility in their healthcare and aid in preparation for release. To avoid a fee, the individual must notify the clinical area at least one hour before the appointment. For outside specialty appointments, the process is more detailed. Incarcerated individuals are initially educated about the referral and given the option to decline. If they agree, they sign a form committing to attend. Crucially, they are offered a final opportunity to refuse the appointment one to three days beforehand, and if they refuse at this stage, they are not charged a fee.

	The Department is enhancing data collection to better understand the financial impact of these fees and support the fee setting methodology. Data on co-pay, no-show, and refusal fees, collected since June 2025 and covering charges from 2018 to the present, is being integrated into Tableau reports. External data revealed that Correctional Health Partners (CHP) charged the Department $106,625 in specialty no-show fees in Calendar Year 2024. In contrast, incarcerated individuals were charged only $3,225 for the same, resulting in a net loss to the state of $103,400, despite a policy change in November 2023 that increased the specialty refusal fee from $5 to $25. The Department reviewed charges totaling $106,625 for specialty no-show fees in Calendar Year 2024. It was determined that specialty no-show fees incurred in calendar year 2024 ranged from $50-$250 per cancellation. DOC Clinical Services set the no-show fee at 10% of the highest contracted cancellation fee, $250, which equals $25. **Fee Setting Methodology:** At least annually, clinical leadership staff will evaluate all clinical fees. For this evaluation, the team will work with Finance and Administration to review total fees collected, the number of inmates charged, instances of no-shows, and the total no-show fees charged to CDOC. Based on this information, Clinical Leadership will recommend changes to fees, if needed. These changes will be based on all factors, including the use of no-show fees for inmate compliance with attendance at outside appointments. Clinical services recommendations will then be brought to CDOC's Director of Finance and Administration, Deputy Executive Directors, and Executive Director for final approval. Once approved, the department's Administrative Regulations (ARs) will be updated.

Recommendation 8C

The Department of Corrections (Department) should ensure the Specialty Referral Refusal Fee is compliant with existing statute by:

C. Updating Department regulations regarding this fee, as needed, based on the results of Parts A and B.

Current Implementation Status	Implemented
Current Implementation Date	November 2025
Status Update Narrative	Based on data analysis, individuals in our custody are responsible for 3% of the total cost of specialty referral fees. Individuals are offered three opportunities to decline specialty care before their appointment and will not be charged the fee. Based on financial

	analysis and opportunities for a person to decline care, we do not recommend altering this policy related to the specialty referral fee.

Recommendation 9A	
The Department of Corrections (Department) should assess its medical co-payment policy against National Commission on Correctional Health Care guidelines to identify any areas where the policy is inconsistent with the guidelines. Based on this assessment, the Department should determine if policy revisions are needed to further the Department's program objectives, which may include: A. Eliminating the co-payment for self-declared emergencies.	
Current Implementation Status	Implemented
Current Implementation Date	November 2025
Status Update Narrative	During the COVID pandemic, the Department waived co-pay fees for individuals in our custody and care. After COVID, the Department updated its practices to exclude mental health services from fees of any kind. Through the current Executive Order D 2025 007, the Department revised the Administrative Regulation (AR) 700-30 Offender Health Care Co-Payment Program to reflect self-declared emergencies as medical conditions requiring same-day treatment, rather than waiting for a regularly scheduled appointment. The added definition of self-declared emergencies will eliminate fees for individuals that previously would have been charged if they were not transported to an emergency room. Providers were educated on these changes on October 8th, 2025, during their provider meeting, and Health Services Administrators (HSA) will track emergency fees to ensure Department clients are not charged in these circumstances.

Recommendation 9B	
The Department of Corrections (Department) should assess its medical co-payment policy against National Commission on Correctional Health Care guidelines to identify any areas where the policy is inconsistent with the guidelines. Based on this assessment, the Department should determine if policy revisions are needed to further the Department's program objectives, which may include: B. Defining acute care and exempting it from co-payment fees.	
Current Implementation Status	Implemented
Current Implementation Date	November 2025

Status Update Narrative	Department regulation AR 700-30 has been updated to reflect the added definition on an acute condition that reads as follows: AR 700-30 [C. A co-pay fee will not be charged for the following services that are provided: "5. Acute medical conditions where symptoms appear and change or worsen rapidly. An acute illness is a health condition that develops quickly and lasts only a short amount of time, such as a few days or weeks. While acute illnesses come on quickly, they often improve once short-term or urgent care is provided".]

Recommendation 9C	
The Department of Corrections (Department) should assess its medical co-payment policy against National Commission on Correctional Health Care guidelines to identify any areas where the policy is inconsistent with the guidelines. Based on this assessment, the Department should determine if policy revisions are needed to further the Department's program objectives, which may include: C. Clearly stating that post-partum care and preventative healthcare are exempt from co-payment fees.	
Current Implementation Status	Implemented
Current Implementation Date	November 2025
Status Update Narrative	Department regulation AR 700-30 has been updated to read as follows: [C. A co-pay fee will not be charged for the following services that are provided: "18. Pregnancy-related visits to include post-partum care;"].

Recommendation 9D	
The Department of Corrections (Department) should assess its medical co-payment policy against National Commission on Correctional Health Care guidelines to identify any areas where the policy is inconsistent with the guidelines. Based on this assessment, the Department should determine if policy revisions are needed to further the Department's program objectives, which may include: D. Designating an existing central administrative role to determine applicability of fees in individual cases that is separate from facility health care teams.	
Current Implementation Status	Implemented
Current Implementation Date	November 2025
Status Update Narrative	The Department is not designating a specific administrative role to determine the applicability of fees; instead, the Department has updated the Department regulation AR Form 700-30B to clarify responsibilities. The Health Services Administrator (HSA) will review a "request for sick call form" that will outline the

	inappropriate charge. If the HSA agrees with the charge, the inmate can submit a grievance, which will be reviewed by a staff member outside of the facility.

Recommendation 9E	
The Department of Corrections (Department) should assess its medical co-payment policy against National Commission on Correctional Health Care guidelines to identify any areas where the policy is inconsistent with the guidelines. Based on this assessment, the Department should determine if policy revisions are needed to further the Department's program objectives, which may include: E. Reducing or eliminating the cost of selected hygiene and medical formulary products.	
Current Implementation Status	Implemented
Current Implementation Date	November 2025
Status Update Narrative	The Department conducted an in-depth review of hygiene and medical formulary products available through Canteen services. This review identified price variances for items available to incarcerated individuals and enabled medical staff to source generic medication brands to reduce costs. Recommendations from this analysis were shared with Canteen services, which has since updated its offerings. These changes are expected to reduce overall costs. The Department remains committed to providing essential hygiene and medication to individuals under our care who are unable to pay for these items.