Colorado General Assembly
Joint Budget Committee

JOINT BUDGET COMMITTEE STAFF FY 2017-18 BUDGET BRIEFING SUMMARY

Department of Corrections

The Department of Corrections is responsible for the following activities:

- Managing, supervising, and controlling the correctional facilities operated and supported by the State;
- Supervising the population of offenders placed in the custody of the Department, including inmates in prison, parolees, and transition inmates who are placed into community corrections programs and other community settings;
- Planning for the projected, long-range needs of the institutions under the Department's control; and
- Developing educational programs, treatment programs, and correctional industries within the facilities that have a rehabilitative or therapeutic value for inmates and supply necessary products for state institutions and other public purposes, as provided by law.

The Department's FY 2016-17 appropriation represents 3.1 percent of statewide operating appropriations and 7.6 percent of statewide General Fund appropriations.

FY 2016-17 APPROPRIATION AND FY 2017-18 REQUEST

Department Of Corrections	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2016-17 Appropriation:						
HB 16-1405 (Long Bill)	843,968,585	756,408,506	39,454,112	46,748,326	1,357,641	6,241.9
Appropriations in sentencing bills passed in prior sessions	3,344,860	3,344,860	0	0	0	0.0
S.B. 16-180 DOC program for juvenile offenders	95,504	95,504	0	0	0	0.8
H.B. 16-102 Repeal Certain Mandatory Minimum Sentences	(721,496)	(721,496)	0	0	0	0.0
Other 2016 session legislation	68,750	68,750	0	0	0	0.0
TOTAL	**$846,756,203**	**$759,196,124**	**$39,454,112**	**$46,748,326**	**$1,357,641**	**6,242.7**
FY 2017-18 Appropriation:						
FY 2016-17 Appropriation	$846,756,203	759,196,124	$39,454,112	$46,748,326	$1,357,641	6,242.7
Common Policies	**$14,450,643**	**14,289,225**	**161,936**	**(518)**	**0**	**0.0**
Salary survey	8,406,176	8,163,314	242,862	0	0	0.0
Health, Life, and Dental	3,808,263	3,709,399	98,864	0	0	0.0
AED and SAED	2,007,912	2,023,885	(15,973)	0	0	0.0
Payments to OIT	829,912	824,931	4,981	0	0	0.0
Other	255,799	398,021	(141,704)	(518)	0	0.0
Workers' compensation	(857,419)	(830,325)	(27,094)	0	0	0.0
Nonprioritized Requests	**$2,758,741**	**($1,478,467)**	**$180,488**	**$4,056,720**	**$0**	**0.0**
NP6 Department of Revenue license plates (approved Sept. 2016)	4,056,720	0	0	4,056,720	0	0.0
NP1 CDOC-CDHS Interagency Agreement True-up	682,085	682,085	0	0	0	0.0
NP3 Secure Colorado and NP4 OIT Deskside Staffing	896,930	891,549	5,381	0	0	0.0

DEPARTMENT OF CORRECTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP2 Annual Vehicle Fleet Request	123,006	($52,101)	$175,107	0	0	0.0
NP5 Kit Carson Mitigation Plan	(3,000,000)	(3,000,000)	0	0	0	0.0
Prioritized Requests	**($1,809,138)**	**(1,603,087)**	**$10,000**	**($136,051)**	**($80,000)**	**3.4**
R1 Mother Baby Unit	10,000	0	10,000	0	0	0.7
R2 Sterling Correctional Facility Restrictive Housing Staffing	0	0	0	0	0	2.7
R3 Hepatitis C Treatment	0	0	0	0	0	0.0
R4 Maintenance Operating	0	0	0	0	0	0.0
R5 Food Service Equipment	0	0	0	0	0	0.0
R6 Food Inflation	317,184	317,184	0	0	0	0.0
R7 External Capacity	0	0	0	0	0	0.0
R8 Medical Caseload	(1,920,271)	(1,920,271)	0	0	0	0.0
R9 Technical Adjustments	(216,051)	0	0	(136,051)	(80,000)	0.0
Other items						
Annualize prior legislation	62,200	62,200	0	0	0	1.8
Annualize prior year budget actions	792,677	789,543	3,134	0	0	0.0
Indirect cost assessment adjustments	484,273	(484,272)	(25,990)	501,836	492,699	0.0
TOTAL	**$863,495,599**	**$770,771,266**	**$39,783,680**	**$51,170,313**	**$1,770,340**	**6,247.9**
INCREASE/(DECREASE)	$16,739,396	$11,575,142	$329,568	$4,421,987	$412,699	5.2
Percentage Change	2.0%	1.5%	0.8%	9.5%	30.4%	0.1%

COMMON POLICIES: Common Policies together account for $14.5 million of the Department's requested increase for FY 2017-18. The requested common policies for Salary Survey, Health, Life, and Dental, AED (Amortization Equalization Disbursement) and SAED (Supplemental Amortization Equalization Disbursement) together increase appropriations by $14.2 million.

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

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

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

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

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

NP5 KIT CARSON MITIGATION PLAN: This non-prioritized request is part of the Department of Local Affairs FY 2017-18 request R5, which would provide $515,095 General Fund to Burlington and Kit Carson County to offset two-thirds of the FY 2017-18 property tax revenue that the communities will lose due to the closure of Kit Carson Correctional Center. Request R5 also eliminates from the FY 2017-18 Long Bill the $3.0 million incentive item that is still in the base FY 2016-17 appropriation.

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

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

In each case, the requested redirection of General Fund is identical in FY 2017-18 and subsequent years. The five requests that rely on redirected General Fund are as follows:

R1 MOTHER BABY UNIT: The Department proposes to establish a new Mother Baby Unit at La Vista Correctional Facility in Pueblo. The unit will hold mothers and their infants and toddlers as well as expectant mothers. The children will stay with mom until age 2½, when they will leave the prison to stay with a relative or someone else. The Department plans to open the unit in February 2018 and expects it to host 8 mothers and expectant mothers during the first five months of operation. In FY 2018-19 and subsequent years the Department expects the unit to host 20 mothers and expectant mothers. To finance the unit, for FY 2017-18 the Department requests (1) *redirection* to the new unit of $328,884 of General Fund that currently supports the Department's Mental Health program, (2) an additional 0.7 FTE for social workers III for the unit, and (3) an increased appropriation of $10,000 cash funds to allow the Department to spend any gifts, grants, and donations that the unit may receive. Of the $328,884 of FY 2017-18 General Fund spending, $238,617 will pay for one time building renovation and start-up costs. In the project's second year (FY 2018-19) and subsequent years, the amount of General Fund redirected to the new unit from the mental health program declines from $328,884 to $149,285, FTE rise from 0.7 to 1.7 social workers III, and the cash funds appropriation remains $10,000.

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

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

R4 MAINTENANCE OPERATING: The Department requests that $1.5 million of General Fund that is currently appropriated for personal services in the sex offender treatment program and the parole program be instead appropriated for maintenance in FY 2016-17 and subsequent years. Most of the request will be used directly by the DOC but $99,591 will be paid to the Department of Human Services for maintenance services that it supplies to the DOC's facilities that are located on the DHS Pueblo campus. In support of this request, the Department states that current funding for maintenance operating does not adequately provide for needed goods, services, upkeep, repair, and preventative maintenance needs for 471 buildings funded by the maintenance appropriation. Aging facilities require substantial maintenance-related expenses for basic upkeep and replacement and/or repair of essential equipment.

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

The remaining four requests don't use GF redirection.

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

R7 EXTERNAL CAPACITY: The Department asks to move $748,849 from the External Capacity-Community Corrections line item to the External Capacity-Jails line item, thus leaving the total external capacity appropriation unchanged. The transfer reflects the ending of one of the department's contracts with a community corrections facility and the Department's increased use of jails as an intermediate sanction for parolees who commit technical parole violations.

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

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

> **LETTERNOTE CHANGES:** The FY 2016-17 Long Bill includes six appropriations of reappropriated funds and federal funds that give the Department the authority to spend grants that are no longer being received or have been reduced in size. The Department requests that these appropriations be reduced or eliminated accordingly.
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> **UTILITIES CONSOLIDATION:** The Department currently reimburses the Department of Human Services (DHS) for the utilities that DHS purchases on DOC's behalf for the three prison facilities on the Colorado Mental Health Institutes-Pueblo (CMHIP) campus. The Department pays DHS through two line items: the Utilities line item in the Utilities subprogram and the Purchase of Services line item in the Maintenance subprogram. The Department requests that all of these utility payments be consolidated in the Purchase of Services line item in the Maintenance Subprogram, which will cause appropriations to the Utilities Subprogram to go down by $84,325 and appropriations to the Maintenance Subprogram to go up by an exactly offsetting amount.

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

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

TURNOVER AND VACANCY SURPLUS IN THE DOC: The Department of Corrections (DOC) has submitted five requests that redirect existing personal services appropriations to other budget areas. The DOC indicates that the funds can be shifted with no loss to the "donor" programs because those programs have built turnover up surplus as retiring workers with high wages are replaced with new workers who are paid less. The transfers would come from the accumulated turnover surplus. JBC staff suspects that long term vacancy surplus is also at work.

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

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

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

FOR MORE INFORMATION

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TO READ THE ENTIRE BRIEFING: http://leg.colorado.gov/sites/default/files/fy2017-18_corbrf.pdf