

**75th OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5005-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Kahl
Carrier – Senate: Sen. Verger**

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote: 20 – 2 – 0

House – Yeas: Buckley, C. Edwards, D. Edwards, Galizio, Garrard, Gilman, Jenson, Kotek, Nathanson, Shields, G. Smith

– Nays: Richardson

– Exc:

Senate – Yeas: Bates, Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Winters

– Nays: Whitsett

– Exc:

Prepared By: Linda Gilbert, Department of Administrative Services

Reviewed By: Doug Wilson, Legislative Fiscal Office

Meeting Date: June 24, 2009

Agency

Department of Corrections

Budget Page

D-4

LFO Analysis Page

113

Biennium

2009-11

2007-09

Budget Summary*

	2007-09 Legislatively Approved Budget (1)	2009-11 Essential Budget Level	2009-11 Committee Recommendation	Committee Change from 2007-09 Leg. Approved	
				\$\$ Change	% Change
General Fund	\$ 1,164,236,797	\$ 1,317,481,563	\$ 1,171,024,119	\$ 6,787,322	0.6%
General Fund Capital Improvement	\$ 2,557,806	\$ 2,629,425	\$ 6,491,965	\$ 3,934,159	153.8%
General Fund Debt Service	\$ 126,653,115	\$ 135,431,603	\$ 135,042,223	\$ 8,389,108	6.6%
Other Funds Capital Construction	\$ 0	\$ 0	\$ 1,425,912	\$ 1,425,912	%
Other Funds	\$ 38,320,677	\$ 31,838,251	\$ 38,008,509	\$ -312,168	-0.8%
Other Funds Debt Service	\$ 3,549,487	\$ 0	\$ 2,910,092	\$ -639,395	-18.0%
Federal Funds	\$ 16,379,875	\$ 4,696,921	\$ 108,541,761	\$ 92,161,886	562.7%
Total	\$ 1,351,697,757	\$ 1,492,077,763	\$ 1,463,444,581	\$ 111,746,824	8.3%

Position Summary

Authorized Positions	4,773	4,794	4,741	-32
Full-time Equivalent (FTE) positions	4,647.32	4,665.29	4,621.17	-26.15

2007-09

General Fund	\$	\$	\$	77,311
General Fund Debt Service	\$	\$	\$	-77,311

(1) Includes adjustments through the December 2008 meeting of the Emergency Board

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The agency is mainly supported by General Fund. For 2009-11, the General Fund at \$1.3 billion is just under 90 percent of the recommended budget. Other Fund revenues come from the Inmate Welfare Fund (telephone revenues, canteen profits, fines, confiscations, and vending machines), proceeds from sales of Certificates of Participation, and grants. The budget includes just over \$42.3 million Other Funds. In addition the budget includes \$108.5 million in Federal Funds. Most of the federal funding is a one-time American Recovery and Reinvestment Act (ARRA) stimulus grant. In 2011-13, a General Fund backfill will be required. Additional Federal Funds are reimbursements from the U.S. Department of Justice for a small part of the expense of incarcerating illegal aliens. From time to time the Department receives other federal grants.

Summary of the Public Safety Subcommittee Action

The Subcommittee approved a budget of \$1,463.4 million total funds and 4,621.17 FTE. This is 8.3 percent over the 2007-09 Legislatively Approved Budget through December 2008 (not including capital construction) but 1.9 percent under the Department's Essential Budget Level

(EBL). General Fund at \$1,312.6 million is 1.5 percent over LAB and 9.8 percent under EBL. This budget does not include Other Funds expenditure limitation reviewed by the Subcommittee for Capital Construction projects, which will be included in another bill.

The Department of Corrections (Department) manages adult and juvenile offenders sentenced to prison by the courts in 14 institutions around the state. The Department distributes funds to counties to manage offenders on parole, post-prison supervision, or who have been sentenced to incarceration for one year or less. The Department also operates work-related programs to meet the requirements of Ballot Measure 17. There are two significant cost drivers for the Department's budget. First is the number of incarcerated offenders in the prison system, which has resulted in a large construction program to expand the number of beds, increasing healthcare costs and a growing number of staff to supervise the inmate population. The second driver is the cost of staff compensation. Nearly 70 percent of the Department's budget is for prison operations and repayment of debt related to prisons.

Based on the April 2009 Office of Economic Analysis forecast, the prison population is projected to grow by 1,693 inmates (12.1 percent) from 14,017 in July 2009 to 15,710 in July 2011. These numbers include the impact of prison population associated with Ballot Measure 57, the property offender measure passed by the voters in 2008. By December 2019 under current law, the prison population is expected to grow to over 16,400 or by about 17 percent.

Ballot Measure 57 implementation is funded in this budget at approximately \$73 million, which includes \$20 million for substance abuse treatment. The Measure will add an estimated 1,300 new inmates to the prison system during 2009-11.

The budget assumes passage of House Bill 2290 which includes a number of changes to penalties and sentences affecting the Community Corrections program. Estimated savings of over \$20 million are realized by changes in probation revocation, possession of controlled substances, and active/inactive probation status. In addition, House Bill 2290 will also streamline the commutation process for releasing non-violent offenders subject to Immigration and Customs orders, making it easier to release them to the federal government for deportation (\$2.1 million in savings).

The most recent prison constructed is the 1,288 bed (644 minimum, 1,223 medium security) men's Deer Ridge Correctional Institution near Madras. It began receiving inmates in the minimum security units in September 2007. In an effort to control expenses, however, the Department has opened only a few of the beds in the institution. Under current plans, Junction City is next in line for construction where the second new state hospital will co-locate with the prison. This budget recommends capital funding to complete sufficient site preparation work for the hospital construction to begin. It does not assume prison construction in 2009-11. The matter is expected to be revisited in the 2010 Special Legislative Session.

The community corrections system manages offenders sentenced or sanctioned for incarceration 12 or fewer months, and all felony offenders under community supervision at the county level. The Department provides funds to counties for supervision costs. The community corrections population is expected to grow by 460 offenders (around one percent) during 2009-11 based on the April 2009 forecast. The relatively low growth rate in the 2009-11 biennium is related to Ballot Measure 57; it incarcerates some offenders that would have otherwise been on probation and part of the Community Corrections caseload.

This budget will force the Department, more than ever, to control costs while trying to maintain a safe environment for both staff and inmates. To that end, temporary beds will be added to every institution to accommodate incoming population rather than continuing to construct the next facility. This will lead to crowding that is not likely to be relieved for over four years. Using county jail beds is an option the Department keeps in mind. County bed expense compared to the expense of using temporary beds in existing state facilities is a consideration as is the type of housing provided at the county level compared to state incarceration. A special case is the Wapato facility in Multnomah County, which has never been occupied since it was completed as a jail and treatment facility. It has 525 beds, which the state partially financed through the community corrections-related financing available to all counties through Senate Bill 1145 (1995). The Subcommittee discussed the Wapato facility and approved the following budget note.

Budget Note

The Department of Corrections shall work with Multnomah County in exploring whether the Wapato Jail facility meets the Department's future prison bed capacity needs. The Department shall examine the financial and programmatic feasibility of purchasing or entering into a multi-year lease for the use of the facility. In its analysis, the Department should study the short and long-term costs compared to other alternatives including new construction and rental beds, the cost of converting the Wapato facility to meet the requirements of using the facility as a prison, the costs of staffing and operating the facility compared to other alternatives, any land use or community restrictions or concerns of using the facility as a prison, and whether the facility meets the programming needs of the state prison system. The Department of Corrections should report its findings to the Emergency Board or appropriate legislative committee prior to March 1, 2010.

Operations Division

The Operations Division is responsible for the security and operation of the 14 existing correctional institutions. Functions of this division include institution operations, security, food service, administration of rental beds, inmate work, inmate intake, and inmate transportation. The Subcommittee approved a budget of \$673.2 million total funds and 3,414.43 FTE, which is over 16 percent less than the 2007-09 LAB. Part of the reason for the reduction is that health care was part of this division in the 2007-09 LAB. In 2009-11 it is budgeted separately.

The Subcommittee approved seven packages:

Package 257: Ballot Measure 57 Implementation appears in most of the Department's operating units. The package adds staff for the temporary and other beds necessary to house an estimated 30 additional intakes per month. Department-wide this package costs \$72.8 million and includes \$5 million for treatment in Department facilities and \$15 million for treatment in the community. The package also reduces funding for county Community Corrections grants since caseloads are reduced because those offenders that would have had probation or local sentences are instead incarcerated inside a Department facility. Funding is also provided for making structural changes to accommodate the new inmates.

For the Operations Division, 132 positions (69.01 FTE) are phased in. The positions are correctional officers, food service related staff, and some support staff. Total General Fund expenditure for this division is \$9 million in Personal Services, \$13.5 million in Services and Supplies, and \$1.2 million in Capital Outlay. In addition the Subcommittee approved \$0.2 million Other Funds in Services and Supplies.

Package 810: April 2009 Forecast Changes updates the costs and staffing needs of the agency based on the April 2009 prison population forecast. Department-wide the change in the forecast saves the agency \$5.1 million General Fund due to a drop in the base population (non-Measure 57) and the timing of new inmates entering the system. In the Operations Division the reduction is \$4.3 million General Fund and 39 positions (15.88 FTE).

Package 811: Changes in Sentencing makes two changes that are related to sentencing or policy changes that will reduce the demand for prison beds and provide estimated General Fund savings of \$10.1 million. These savings depend on the passage of HB 2290 or similar legislation:

1. Savings of \$2.1 million General Fund are assumed from streamlining the commutation process for inmates subject to a U.S. Immigration and Customs Enforcement order. Offenders who are incarcerated for a nonviolent felony, who have agreed not to object to deportation, and who are within six months of their release date are eligible for this commutation. Savings depend on the Department entering into an agreement with the federal government for transfer of these offenders to the custody of the federal government.
2. Savings of \$8 million General Fund are estimated with the adoption of a diversion process for Measure 57 offenders who meet specific conditions. Courts are allowed to sentence an offender to less than the presumptive prison sentence under certain conditions. A “last chance” drug court involving treatment, intensive supervision, and sanctions would be available to some offenders. Federal funding from the U.S. Department of Justice ARRA Justice Assistance Grants would be used to fund such a program, which would lead to fewer offenders entering the prison system. An Other Funds limitation of \$4 million is included for the program costs. The Subcommittee understands the Department of Administrative Services (DAS) will unschedule the \$4 million Other Funds limitation until the exact amount required and how the funds will flow from the Criminal Justice Commission is determined and communicated to the Legislative Fiscal Analyst and the DAS Budget and Management Analyst.

Package 812: Agency Reductions includes five parts that total \$37.4 million General Fund and 250 positions (174.02 FTE):

1. Delaying fully opening the medium security facility at Deer Ridge Correctional Institution near Madras saves the total Department \$23 million General Fund. Level 3 and 4 inmates that would have been housed at the expanded units at Deer Ridge will be housed in temporary beds in other facilities, which will cause additional crowding in current facilities. All or part of this reduction would have occurred even without the need for budget reductions given the Department’s review of inmate risk levels and 2007-09 savings. In the Operations Division the reductions are \$17.2 million General Fund and 196 positions (135.26 FTE). The positions are security personnel, food service staff, maintenance staff, administration, and support staff. Reductions also include the costs of fuel, food, and utilities.
2. Shutter Creek Correctional Institution has completed an expansion of 49 minimum custody beds. The Department will delay filling these beds for savings of \$2.2 million General Fund and 30 positions (14.76 FTE). The offenders that would have been in these beds will instead be placed in temporary beds throughout the system. This is the only division that will show savings related to Shutter Creek.

3. There is an unspecified reduction in Services and Supplies of \$0.3 million.
4. Vacancy savings of \$12 million are assumed for this division. The Department is to achieve these savings by managing the timing of filling positions and by leaving some positions vacant for extended periods of time. This is a one-time reduction similar to those the Legislature has made for the past two biennia.
5. The Department is to eliminate 24 non-security positions (24.00 FTE) in a staff reconfiguration effort. These positions will generally be taken from management and support services both from the institutions and the central office. Total savings will be \$5.6 million General Fund.

Package 815: Policy Bill Changes includes \$125,230 General Fund to cover the costs of House Bill 2343, which expands the definition of “mentally incapacitated” to any situation where the victim is rendered incapable of appraising or controlling his or her conduct at the time of the offense. Taking advantage of the victim under this bill is an A level Measure 11 crime with a mandatory 100 month sentence. In 2009-11 the Department anticipates the need for two additional beds.

Package 817: Transfer Training from DPSST to DOC assumes the passage of Senate Bill 257 or similar legislation. If the legislation is approved, the Department will commence training new correctional officers on site rather than sending them to the Department of Public Safety Standards and Training (DPSST) campus for five weeks of instruction. The measure lays out how the Department will work with DPSST to develop minimum training standards for basic certification of corrections officers. It also directs DPSST to audit and accredit the Department’s training. The impact of having officers on site while they are training is a reduction of \$7.9 million General Fund. A companion package of \$1.1 million General Fund in the Department’s Human Resources Division provides resources for developing training materials and transferring curricula.

Package 849: Other Reductions makes an unspecified reduction of \$4 million General Fund. The Department will have to identify vacancy changes, efficiencies in how the facilities are operated, and other items to find these savings.

Central Administration

Central Administration includes the Offices of the Director, Inspector General, Planning and Budget, Population Management, Internal Audits, and Cultural Awareness and Diversity. This unit provides overall direction and administration, and budget and financial accountability. The largest share of the expenditures in this budget unit is for all of the agency’s central government service charges including those paid to DAS for risk management. This budget unit also includes those expenditures related to the issuance costs (not debt service) of Certificates of Participation (COPs).

The Subcommittee budget is \$55.3 million total funds and 26.67 FTE, a 14.6 percent increase over the 2007-09 LAB.

The Subcommittee approved four packages:

Package 161: COP-Related Costs provides \$1.4 million Other Funds limitation for the costs associated with issuance of COPs for recommended Capital Construction projects. The revenue source is a portion of the COP proceeds.

Package 257: Ballot Measure 57 Implementation is discussed on a Department-wide basis in the Operations Division. In this division \$1.1 million General Fund is provided for one internal auditor (0.67 FTE) and to reclassify an existing Fiscal Analyst 2 to a Fiscal Analyst 3.

Package 810: April 2009 Forecast Changes is discussed in full in the Operations Division narrative. In this division the package reduces General Fund by \$0.2 million in Services and Supplies.

Package 812: Agency Reductions eliminates one auditor (1.00 FTE) and \$0.2 million Personal Services General Fund. The remaining \$0.3 million General Fund Services and Supplies reductions are in training, Attorney General services, computer purchases/maintenance, travel, office expenses, recruitment, issuance costs for COPs and other Services and Supplies lines. Capital Outlay is decreased by \$0.2 million General Fund, which will leave almost no specific funding for improvements to the central office facilities in Salem. The total package is a \$0.7 million General Fund reduction.

Public Services

The Public Services Division includes the functions relating to rules coordination, research and evaluation, and public affairs communication. The Subcommittee budget for this Division is \$15.9 million total funds and 80.02 FTE. This is 29.3 percent higher than the 2007-09 LAB, but 0.3 percent less than 2009-11 EBL.

The Subcommittee approved four packages:

Package 257: Ballot Measure 57 Implementation is discussed on a Department-wide basis in the Operations Division. In this division \$1.2 million General Fund is provided for nine positions (8.02 FTE). The new positions are three inspectors (2.51 FTE), a hearings officer (1.00 FTE), two lieutenants (1.76 FTE), one PEM-D (1.00 FTE), and two support staff (1.75 FTE). An additional \$150,223 is provided for associated Services and Supplies.

Package 801: LFO Analyst Technical Changes addresses issues that were discovered after the Governor's budget was completed. In this package a \$3,579 Other Funds reduction is made to align PERS and PEBB charges. An offsetting increase appears in the General Services Division. In addition, \$43,838 General Fund is moved from Services and Supplies to Personal Services. There is a net \$0 General Fund impact. Adjustments to the revenue categories for Inmate Welfare Funds are also recommended (\$447,635 Other Funds).

Package 804: Roll-Up of 2007-09 Reductions biennializes reductions taken in 2007-09 to balance to lower-than-expected revenues. In this division five positions (5.00 FTE) are permanently eliminated. They are an Office Specialist 2 and an Inspector 1 at Snake River Correctional Institution, the Chief Administrator, Assistant Chief Investigator, and the Assistant Communications Manager. The impact is \$1 million General Fund reduction.

Package 812: Agency Reductions includes a General Fund decrease of \$0.3 million to eliminate an Inspector 2 and an Office Specialist 2 (2.00 FTE) associated with the delay in opening medium beds at Deer Ridge. In addition Services and Supplies are reduced by \$50,000 General Fund.

General Services Division

The General Services Division includes the following units:

- ***Fiscal Services*** provides central accounting, inmate trust accounting, and contract-related services for the entire agency.
- ***Information Systems and Services*** provides agency-wide functions including operations and user support, applications development, systems maintenance, technical support, and research/evaluation. It is responsible for operating a number of systems, including the offender database and tracking system used to manage the state's prisons and community corrections; the Corrections Information System; fiscal systems; and automated office systems.
- ***Distribution services*** provide the various goods and services necessary to operate facilities across the state including food and canteen supplies. It has a central warehouse in Salem and transports supplies to facilities around the state. It is also responsible for the statewide inventory system for the agency.
- ***Facility services*** is responsible for the repair and maintenance program for all of the Department-owned facilities. It also manages leased facilities, wireless communications, capital improvements, deferred maintenance, and energy conservation.

The Subcommittee approved a budget of \$59.6 million total funds and 261.02 FTE, a 2.6 percent total funds increase over the 2007-09 LAB.

The Subcommittee approved six packages:

Package 142: Facility Project Limitation adds \$0.5 million Other Funds expenditure limitation in Services and Supplies from revenues anticipated from leases, energy related payments, or other sources. In the past similar limitation would be added during Department-wide rebalances, if required.

Package 146: Commissary Workload adds four Supply Specialist 2 positions (4.00 FTE) across the system to meet the increased need for commissary services arising from growing inmate population. Demand has increased about 85 percent since 2002. The Other Funds limitation is increased by \$0.6 million, resourced with Inmate Welfare funds, which have also increased with greater sales in the commissaries.

Package 257: Ballot Measure 57 Implementation is discussed on a Department-wide basis in the Operations Division. In this division General Fund Personal Services is increased by \$0.9 million and Other Funds by \$0.2 million for 15 positions (8.97 FTE). The positions are four Supply Specialist 2 positions, four Accounting Technicians, one Procurement and Contract Specialist, four information systems positions, one Construction Project Manager to coordinate remodeling needed in existing facilities to accommodate additional temporary beds, and one PEM-B. Services and Supplies is increased by \$2.3 million General Fund and \$34,888 Other Funds for purchase of food and supplies, equipment, and other start-up costs. \$0.7 million General Fund is provided in Capital Outlay for remodeling. The total package is \$3.9 million General Fund and \$0.2 million Other Funds.

Package 801: LFO Analyst Technical Changes increases Other Funds by \$3,579 to align PERS and PEBB charges. An offsetting decrease appears in the Public Services Division. In addition the package shifts \$125,000 General Fund from Capital Outlay to Services and Supplies.

There is net \$0 General Fund impact. Adjustments to the revenue categories for Inmate Welfare Funds are also recommended (\$447,635 Other Funds).

Package 804: Roll-Up of 2007-09 Reductions biennializes reductions taken in 2007-09 to balance to lower-than-expected revenues. In this division seven positions (7.00 FTE) are eliminated. The positions are:

- An Accounting Tech 2 and an Accountant 1 position in the financial services unit, which will erode the agency's ability to post, reconcile, monitor and process payments;
- A supply specialist and the facilities manager in the central distribution facility, which supplies the institutions with food and other goods; and
- Three network support positions in the information management section, which will limit computer support services.

Savings are \$1 million General Fund in Personal Services.

Package 812: Agency Reductions decreases General Fund by \$1 million in Personal Services to eliminate seven positions (6.75 FTE) associated with the delay in opening medium beds at Deer Ridge. \$0.5 million for unneeded wireless equipment and \$0.1 million for maintenance of the Department's accounting system are the Services and Supplies reduction.

Transitional Services

The programs of the Transitional Services Division are generally provided inside the prison walls and are designed to reduce the risk of future criminal conduct by offenders under the supervision of the agency and counties. Through programs including workforce development (e.g., education and cognitive/life skills) and substance abuse treatment, the agency works toward preparing the incarcerated offender for a successful transition back into the community when released, which reduces recidivism. This division is also responsible for administering the community corrections program, the interstate compact, jail inspections, religious services, sentence computation, inmate classification, victim services, and offender records. The Subcommittee approved a budget of \$87.2 million total funds and 166.14 FTE, 59 percent higher than LAB for the most part due to increases in costs associated with implementing Ballot Measure 57.

The Subcommittee approved five packages:

Package 120: Transitional Services Coordinators adds five permanent Program Analyst 2 positions (4.50 FTE) to assist inmates to return to the community when they are released. Services provided by the positions include help finding housing and employment. The package continues four current positions and creates one new position. The cost is \$0.9 million General Fund.

Package 257: Ballot Measure 57 Implementation is discussed on a Department-wide basis in the Operations Division. In this division General Fund Personal Services is increased by \$1.3 million for 10 positions (9.64 FTE). The positions are three counselors, four program and policy analysts, and three support staff. Services and Supplies totals \$9.6 million; it includes \$5 million to provide substance abuse treatment to offenders incarcerated under Measure 57. Special Payments to the counties in the amount of \$15 million is directed at the treatment provision for released offenders. The total package is \$26.2 million General Fund.

Package 801: LFO Analyst Technical Changes reduces Other Funds by \$0.8 million. This adjustment was inadvertently overlooked in the Governor's budget. In addition, Federal Funds are increased by \$60,000 for carry-forward of unspent Serious and Violent Offender Re-entry grant funds.

Package 810: April 2009 Forecast Changes is discussed in full in the Operations Division narrative. In this division the package reduces General Fund by \$0.4 million in Services and Supplies for education and other program resources.

Package 812: Agency Reductions decreases General Fund by \$3.4 million. Reductions are made in four areas:

- Educational costs are reduced \$1.3 million General Fund for services that will not be needed because of the delay in opening medium custody beds at Deer Ridge.
- Vacancy savings of \$0.3 million are assumed in the Offender Information and Sentence Computation section. This could result in increased caseloads as vacancies are maintained and there is potential for more errors in computation.
- Cognitive programs are reduced \$0.6 million, decreasing resources for treatment and instruction that is aimed at reducing offenders' recidivism potential.
- Education funding is reduced by a further \$1.2 million, which will likely result in discontinuing educational services to inmates who have a high school credential but are not able to read at the 8th grade level. The reduction will affect roughly five percent of the prison population.

Human Services

Human Services staff provides agency-wide services including labor management, recruitment, employee development, training, employee safety, risk management, and payroll services. The Subcommittee budget of \$13.6 million General Fund and 63.50 FTE is 3.7 percent over the division's 2007-09 LAB.

The Subcommittee approved five packages:

Package 257: Ballot Measure 57 Implementation is discussed on a Department-wide basis in the Operations Division. In this division two Human Resource Analysts and one Human Resource Assistant (2.50 FTE) and two support staff (1.50 FTE) are added for \$0.7 million General Fund.

Package 804: Roll-Up of 2007-09 Reductions biennializes reductions taken in 2007-09 to balance to lower-than-expected revenues. In this division one Human Resources Analyst (HRA) and a Training Development Specialist 2 are eliminated (2.00 FTE). The HRA elimination will affect calculation of staff compensation and benefits. The Training position was going to develop computer-based training, which will be important in implementing Package 817. Savings are \$0.3 million General Fund.

Package 810: April 2009 Forecast Changes is discussed in full in the Operations Division narrative. In this division the package reduces General Fund by \$11,678 in Services and Supplies.

Package 812: Agency Reductions decrease General Fund by \$0.3 million. Reductions are made in three areas:

- Services and Supplies are reduced in the employee relations unit and the professional development unit. Reductions will probably be in travel and contracted services to assist in training.
- The OFLA/FMLA coordinator position is reduced by 0.50 FTE likely resulting in longer response time to designate protected leave.
- A background investigator position is eliminated, which could delay filling positions across the agency as workload on remaining staff increases.

Package 817: Transfer Training from DPSST to DOC assumes the passage of Senate Bill 257 or similar legislation and is discussed in detail in the Operations Division. In this division seven positions (7.00 FTE) are added to develop and provide the training at a cost of \$1.1 million General Fund. The positions are a manager for the program, one support position, and five Training and Development Specialists to be located across the state (7.00 FTE).

The Subcommittee added the following budget note:

Budget Note

The Department of Corrections and the Department of Public Safety Standards and Training are instructed to report to the appropriate Ways and Means Subcommittee on the progress and efficacy of the transfer of training of correctional officers hired by the Department of Corrections during the Department of Corrections budget presentation during the 2011 legislative session. A written report should be submitted at the same time.

Community Corrections

The Community Corrections grant program provides funding to counties except where the Department has assumed responsibility for the functions. Under Senate Bill 1145 (1995), the community corrections program was restructured to establish state/local partnerships and shift resources and control for community corrections to the counties. Grants are based on the number and risk levels of offenders to be managed. Three general groups are funded through this program:

- ***Felony Probation*** are those individuals who have been sentenced for a felony to probationary supervision instead of incarceration in a local or state correctional facility.
- ***Parole and Post-Prison Supervision*** are those individuals who have been incarcerated in a state correctional facility, are released, and then supervised in the community corrections system.
- ***Local control*** are those individuals convicted for a felony and sentenced to incarceration of 12 months or less, revoked from felony community supervision and sentenced to 12 months or less incarceration, or sanctioned to less than 30 days for violating the terms of community supervision.

The positions included in this program unit are supervision staff for two counties (Douglas and Linn) where the Department has assumed responsibility for the community corrections program. The Subcommittee approved a budget of \$210.5 million total funds and 53.33 FTE, a decrease from the 2007-09 LAB of 7.3 percent.

The Subcommittee approved five packages:

Package 190: Community Corrections Staffing adds three parole and probation officers and one supervisor (PEM-C) (4.00 FTE) to the Linn County Community Corrections office, and one parole and probation officer and a supervisor (PEM-C) (2.00 FTE) to the Douglas County office. The positions are needed to keep pace with the growth in the number of offenders that are supervised. No additional funding is required, only the transfer from Special Payments to Personal Services of \$0.9 million General Fund.

Package 257: Ballot Measure 57 Implementation is discussed on a Department-wide basis in the Operations Division. In this division General Fund is reduced by \$2.9 million in recognition that under the ballot measure offenders will be incarcerated, rather than put on probation as would have been the case before the measure's passage.

Package 810: April 2009 Forecast Changes makes two adjustments resulting in a net \$12.6 million General Fund decrease in the Community Corrections EBL. First it funds a shortfall in the Governor's budget of \$3 million. Then it adjusts for the April 2009 forecast, which estimates a significant decrease in cases. For instance, the July 2009 forecast that was made in October 2008 was 38,242 cases; the April forecast projects 33,286 for July 2009, a 13 percent decrease. The June 2011 forecast shows a similar drop, 12.5 percent.

Package 811: Changes in Sentencing reduces funding for community corrections grants by \$20.8 million General Fund based on changes in law leading to a caseload reduction. The savings are in four areas and are based on the passage of House Bill 2290 or similar legislation:

1. Reduction of maximum jail time to 60 days for probation revocation (\$9.8 million).
2. Active and inactive probation status adjustments (\$5.1 million).
3. Inactive local control post-prison status (\$1.1 million).
4. Lower controlled substance possession penalties changing from B or C felony to Class A misdemeanor for less than a gram and no prior drug offenses (\$4.8 million).

Package 813: Fund Shifts frees up \$103.8 million of community corrections General Fund for other purposes by shifting to Federal Funds. The source of the Federal Funds is one-time funding from the American Recovery and Reinvestment Act stimulus funds. This General Fund will have to be added back to this program in developing the 2011-13 budget.

Health Services

This is a new budget division, carved out of the Operations Division in order to focus attention on the challenges of health care provision in institutions. Prison health care became a legal requirement in 1976 in *Estelle v. Gamble*. The hundreds of published cases following *Estelle* have articulated three basic rights:

- The right to access to care.
- The right to care that is ordered.
- The right to a professional medical judgment.

The Division provides medical services in a multi-level managed care approach, behavioral health services for inmates with mental illness as well as the developmentally disabled and those with co-occurring mental/substance abuse disorders, and pharmacy services/medical supplies.

The Subcommittee approved a budget of \$202.5 million total funds and 556.06 FTE, an increase over EBL of \$8.1 million and 4.2 percent due to the impact of Measure 57.

The Subcommittee approved four packages:

Package 257: Ballot Measure 57 Implementation is discussed on a Department-wide basis in the Operations Division. In this division \$14.6 million General Fund supports 113 positions (70.73 FTE), associated Services and Supplies, and Capital Outlay. The positions include a Nurse Manager, 48 Institution Registered Nurses, nine Nurse Practitioners, 21 Mental Health Specialists, three Corrections Physician Specialists, one Pharmacist, four Pharmacy Technicians, two Dentists and two Dental Assistants, two Health Services Technicians, three Medical Records Specialists, three Radiologic Technicians, and 14 support and supervisory staff.

Package 810: April 2009 Forecast Changes is discussed in full in the Operations Division narrative. In this division General Fund is reduced \$0.2 million by reducing Personal Services \$1.4 million and eliminating 17 positions (8.14 FTE), increasing Services and Supplies by \$1.3 million, and decreasing Capital Outlay by \$41,259.

Package 812: Agency Reductions reduces General Fund by \$2.4 million and eliminates 29 positions (13.37 FTE). The reductions relate to the delay in opening beds at Deer Ridge and include start-up costs and health care related staff.

Package 849: Other Reductions makes an unspecified reduction of \$4 million General Fund. If House Bill 3508 and its companion House Bill 5053 pass, this reduction will be restored in House Bill 5053. The Department will have to identify vacancy changes, efficiencies in how outside health services are purchased, and other items to find these savings.

Debt Service

Debt service is the obligation to repay the principal and interest costs of COPs that are issued to finance the costs of construction and improvement of correctional facilities. Beginning with the construction of the Snake River Correctional Facility in Ontario in the early 1990s, the Department has used COPs to finance the major expansion of the prison system. The proceeds from COPs are also used for the construction of

local jail capacity related to the Senate Bill 1145 population, purchase of property, design costs, siting costs, major improvements or upgrades of existing facilities, and the staff costs associated with the construction and improvement of facilities. The Subcommittee budget of just under \$138 million total funds is six percent above the 2007-09 LAB. The General Fund appropriation is \$135 million.

The Subcommittee approved three packages:

Package 090: Analyst Adjustments shifts \$2.9 million of debt service from General Fund to Other Funds. This represents an estimate of the amount of earnings on capital construction accounts or savings in construction projects during 2009-11 that can be used to pay debt service instead of General Fund.

Package 170: Debt Service – New Sales adds \$3.1 million General Fund for the 2009-11 debt service associated with the sale of COPs for projects including the construction site preparation costs of Junction City and the staff related to that project as well as deferred maintenance projects.

Package 812: Agency Reductions reduces base budget debt service by \$0.5 million General Fund based on updated information from the DAS Capital Investment staff's review of actual COP sales through 2007-09.

Capital Improvements

These funds are used for deferred maintenance and asset protection projects. These projects must be less than \$500,000 or they are categorized as Capital Construction. The Subcommittee approved a budget of \$6.2 million General Fund, well over the 2007-09 LAB of \$2.6 million.

The Subcommittee approved two packages:

Package 257: Ballot Measure 57 Implementation includes \$3.9 million General Fund to cover remodeling costs to accommodate Measure 57 offenders in existing facilities, mostly in the women's facility in Wilsonville.

Package 812: Agency Reductions decreases the amount available for capital improvements by \$250,000 General Fund. These resources are used to fund repairs and maintenance on a list of deferred projects for buildings across the system. The resources also must fund repairs as new and unexpected needs appear. This reduction will mean continued delay in addressing issues that have been known for years. While the 2007 legislature provided around \$20 million in COP-funded resources for the maintenance projects backlog, there are still deferred projects to address.

Capital Construction

This budget unit includes expenditure authority for acquisition or construction of any structure or group of structures; all land acquisitions; assessments; and improvements or additions to an existing structure, which are to be completed within a six-year period with an aggregate cost of \$500,000 or more. The expenditure limitation for each project is in effect for six years. While Capital Construction expenditure limitation is

included in a separate bill to be heard by a different Ways and Means subcommittee, the Subcommittee that hears an agency's budget makes recommendations on the capital projects included in the Capital Construction bill.

To that end, the Subcommittee discussed the Junction City site and the co-location of the state hospital on the property in terms of the hospital's construction schedule. In order to meet the hospital's schedule, site preparation and infrastructure work needs to continue in 2009-11. The Subcommittee was specific, however, in not recommending prison construction on the site during 2009-11.

The total recommended amount is \$44.7 million, funded with COP proceeds which will be included in the Capital Construction bill.

2007-09 Rebalance

The projected ending balance for Community Corrections Grants was overstated in expenditure projection worksheets dated December 2008. These balances formed much of the 2007-09 disappropriation bill financing. The Department has re-projected ending balances and needs to transfer General Fund from other appropriations to support program expenditures in the two counties operated by the state.

Funding for the appropriation transfer is provided by a small uncommitted balance in the debt service appropriation and the balance is provided by funds available in the Administration, Public Services, General Services, and Human Resources program units. Spending in these units has been curtailed in recent months in order to finance this rebalance. The following display lays out the recommended rebalance.

Division:	Combined Net Actions	Admin/Public Services/GS, etc.	Community Corrections	Debt Service
Chapter 594, Section 1, Oregon		Sub. 2	Sub. 4	Sub. 5
General Fund	\$ -	\$ (1,422,689)	\$ 1,500,000	\$ (77,311)

Summary of Performance Measure Action

See attached Legislatively Adopted 2009-11 Key Performance Measures form.