

BUDGET REPORT AND MEASURE SUMMARY

Joint Committee On Ways and Means

Action:

Action Date:

Vote:

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Reviewed By: Ken Rocco, Legislative Fiscal Office

Agencies: Department of Forestry and Department of Corrections

Biennium: 2013-15

Budget Summary*

	2013-15 Legislatively Adopted Budget	2013-15 Legislatively Approved Spending Level (1)	2013-15 Committee Recommendation	Percentage Change from Legislatively Approved Spending Level
<u>Natural Resources Program Area</u>				
<u>Department of Forestry</u>				
General Fund	\$ 54,437,263	\$ 116,720,043	\$ 2,328,401	1.99%
<u>Public Safety Program Area</u>				
<u>Department of Corrections</u>				
General Fund	\$ 1,396,990,504	\$ 1,477,310,613	\$ 7,223,254	0.49%

⁽¹⁾ Includes adjustments through March 2015

* Excludes Capital Construction expenditures

Summary of Revenue Changes

House Bill 5045 rebalances 2013-15 budgets for the Department of Forestry (ODF) and the Department of Corrections (DOC). ODF is funded by a mix of General, Other, and Federal Funds. This addition results in an increase of \$2.3 million General Fund to the agency. DOC is funded by General, Other, and Federal Funds. This plan results in an increase of \$7.2 million General Fund to the agency.

Summary of Public Safety Subcommittee Action

The Public Services Subcommittee approved budget adjustments to carry out ODF and DOC programs and operations for the remainder of the 2013-15 biennium.

DEPARTMENT OF FORESTRY

The Subcommittee approved a total increase in General Fund of \$2,328,401

This appropriation is made to address items that were deferred in the agency's previous request to fund extraordinary 2013-2015 biennium fire seasons costs. The previous request was partially accommodated in SB 5543 (2015), but the agency's request for General Fund resources for Treasury loan interest expense and the anticipated 2015 fire season catastrophic fire insurance premium cost were deferred pending actual cost determination. Subsequent to the passage of SB 5543, ODF secured a \$25 million policy with retention (deductible) of \$50 million at an annual premium cost of \$3,863,310; the General Fund portion of this cost is \$1,918,155. ODF has also made a final estimate of Treasury interest expense for the 2013-2015 biennium of \$410,246.

DEPARTMENT OF CORRECTIONS

The Subcommittee approved a total increase of \$7,223,254 General Fund.

This appropriation completes legislative actions taken to address unspecified reductions in the 2013-15 budget. In February the Legislature appropriated \$29.0 million General Fund against an estimated remaining 2013-15 budget shortfall of \$32.8 million, with the understanding that the deficit would need to be revisited when more information about actual expenses was available. Since that time, three additional, unanticipated costs have arisen totaling \$4.3 million. First is an increase in the use of a new Hepatitis C drug, Harvoni. DOC expected increased costs in 2015-17; the higher demand, however, began sooner, in December 2014. The average patient level rose from about 9 to about 35 per month, at a cost of \$3.2 million. Additionally, healthcare costs rose by \$300,000 for hemophilia drug expense, for fiscal 2015, by \$300,000 for monthly increases in the cost of offsite care in the last three months, and by \$500,000 for all other drugs. Department actions and implemented efficiencies of \$900,000 offset some of the additional expense.

The resulting General Fund rebalance summarizes to an appropriation of \$8.3 million in Operations and Health Care and \$1.2 million in Administration, and reductions of \$0.8 million in Offender management and rehabilitation and \$1.5 million in Community Corrections, for a total General Fund appropriation of \$7.2 million.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5045-A

Department of Forestry, Department of Corrections

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>SUBCOMMITTEE ADJUSTMENTS (from LAB)</u>									
<u>Department of Forestry</u>									
Fire Protection	\$ 2,328,401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,328,401	0	0.00
<u>Department of Corrections</u>									
Operations & Health Services	\$ 8,274,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,274,768	0	0.00
Administration, General Services, and HR	\$ 1,179,749	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,179,749	0	0.00
Offender Management & Rehabilitation	\$ (765,259)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (765,259)	0	0.00
Community Corrections	\$ (1,466,004)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,466,004)	0	0.00
TOTAL ADJUSTMENTS	\$ 9,551,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,551,655	0	0.00
SUBCOMMITTEE RECOMMENDATION *	\$ 9,551,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,551,655	0	0.00