

Department of Corrections

	2013-15 Actual	2015-17 Legislatively Approved*	2017-19 Current Service Level	2017-19 Governor's Budget
General Fund	1,480,524,545	1,600,218,502	1,720,378,672	1,682,348,321
Other Funds	34,008,579	55,876,993	41,597,467	82,880,907
Other Funds (Nonlimited)	5,558,579	27,167,985	-	-
Federal Funds	7,087,555	5,710,107	5,401,822	5,352,287
Federal Funds (Nonlimited)	1,206,842	1,119,495	-	-
Total Funds	\$1,528,386,100	\$1,690,093,082	\$1,767,377,961	\$1,770,581,515
Positions	4,487	4,590	4,636	4,686
FTE	4,435.84	4,517.74	4,603.39	4,646.33

* Includes Emergency Board and administrative actions through December 2016.

Program Description

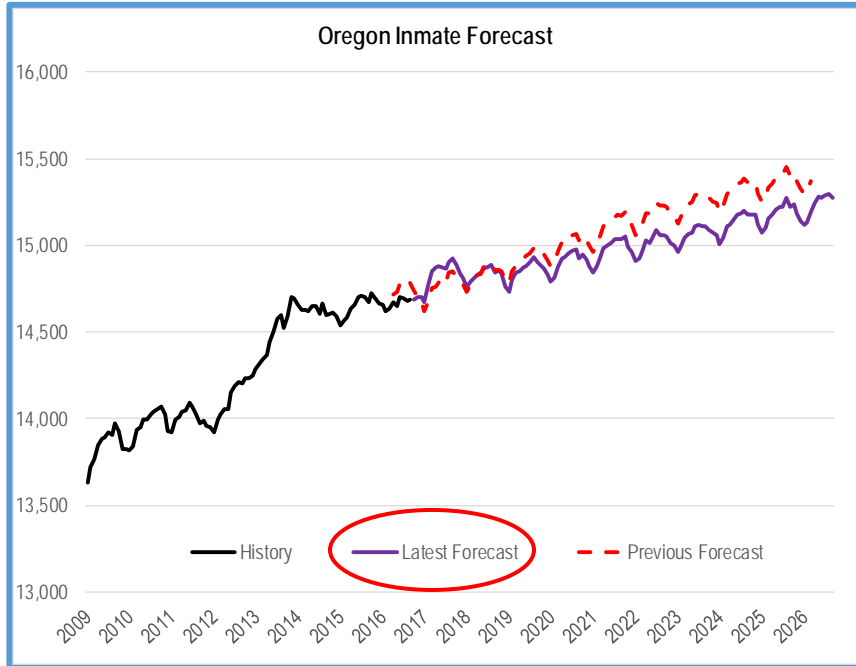
The Department of Corrections (DOC) has two primary functions – the operation of prisons and the state responsibility for the community corrections system. The Department operates 14 institutions for the incarceration of adult and certain juvenile felons sentenced to prison for more than twelve months by the courts. The legislatively approved 2015-17 budget is based on the April 2015 forecast and other legislative changes that affected the prison population. The community corrections system is based on SB 1145 (1995) which transferred management of offenders sentenced or sanctioned for incarceration for 12 months or less, and all felony offenders under community supervision, to the counties. Funds are provided to counties for the costs of supervising these offenders. The Department operates community corrections directly in Linn and Douglas counties after they opted out of the “local control” system in 2004.

CSL Summary and Issues

The General Fund CSL is 8%, or \$128.3 million, greater than the 2015-17 legislatively approved budget. The all funds CSL is 6.8%, or \$113.2 million, more than 2015-17. The 2017-19 General Fund current service level restores the unspecified reduction (\$15 million) in the 2015-17 budget, includes \$17.5 million General Fund for housing women offenders at the Oregon State Penitentiary - Minimum (OSPM), and includes an increase of \$40.9 million for mandated caseload changes, although that package will be adjusted downward based on the most recent (October, 2016) prison population forecast. Current service level contains the biennialized cost of only those changes made to the Behavioral Health Unit at the Oregon State Penitentiary during the 2016 legislative session (\$3.1M General Fund and five positions/3.33 FTE). A \$2M special purpose appropriation for the Behavioral Health Unit was allocated from the Emergency Fund in December, 2016.

Policy Issues

The October, 2016 prison population forecast moderated the growth anticipated by the previous forecast (April, 2016). The number of inmates is expected to grow by 4% over the forecast period (to September, 2026), while the overall population of the state is expected to grow by 12.2% over the same timeframe. Projected growth in the total inmate population has fallen since the last forecast in large part due to the drop in Male - Property crime intakes; projected growth in women inmates is moderated by Female - Person crime intakes in the out years of the forecast.



As of March 14, 2017, the population of women inmates is four higher than the 1,280-inmate threshold for the Coffee Creek Correctional Institution, and is forecast to stay, on average, 37 inmates over the threshold through the remainder of the forecast period (through 9/30/2026). Strictly speaking, this increase requires additional prison capacity for women inmates-- unless the number of inmates can be immediately reduced--as Coffee Creek is already operating with a full complement of temporary beds (110). The agency does not have release authority, so its options for reducing the number of women inmates are limited, but include:

- Housing women in other jurisdictions (counties, other states)
- Releasing women to work-release programs (ORS 144.410 to 144.525), such as the one currently under development with Marion County. As of March 14th, thirteen women are housed with Marion County.

The Legislature has additional options for managing the inmate population, including further sentencing reforms, granting the agency release authority, or further expanding short-term transitional leave, among others. Full sentencing impacts of HB 3194 (2013) have been incorporated into the prison population forecast model, but the effects of Justice Reinvestment Initiative programs have not, as data are not yet available to provide reasonable estimates. Avoided costs in the form of unneeded prison beds due to HB 3194 are intended to flow through the Criminal Justice Commission as grants to counties for efforts to reduce recidivism and crime. Averted costs are estimated to be \$186.6M in 2017-19, but that figure includes construction costs for a new institution in Junction City which is not currently in the forecast window. Averted prison operating costs without the construction of the Junction City prison are \$52.7 million. While HB 3194 has a significant impact on the DOC's prison operations, the success of the measure in reducing prison costs lies primarily with charging and sentencing authorities; the Department controls only work-release programs.

DOC's compliance with a recent Federal Communications Commission (FCC) ruling that "strongly discourages" the payment of a site commission by telephone service providers will reduce revenue into the Inmate Welfare Fund by an estimated \$6.9M in 2017-19, and the agency has requested \$7.3M General Fund to backfill alcohol & drug, education, and inmate release & re-entry programs funded with that revenue. The loss of site commission fee revenues represents a 70% reduction to the Inmate Welfare fund, and a 25% reduction in the all-funds budget for alcohol and drug treatment programs in the prisons. Remaining revenues to the fund are from inmate commissary profits and various other fees and fines; expenditures that would remain in the fund include phone management & security, and things like recreation equipment, television reception, inmate incentive activities, and other inmate welfare items that should not be purchased with General Fund.

The agency's top internal initiative continues to be employee wellness. Studies conducted in 2014 discovered that Oregon's corrections employees have a high rate of post-traumatic stress disorder, use of tobacco and alcohol, health problems, doctor visits, and work absences. A comparatively low staffing level agency-wide contributes to mandatory overtime and drives sick leave usage. A policy package approved by the legislature in 2015 added 33 positions (out of the 101 requested) in order to improve the post factor used to calculate the number of FTE required to staff one 24-hour period, resulting in less mandatory overtime. A policy option package in the 2017-19 ARB requests \$12.8M General Fund and 68 positions/68.00 FTE to fully implement the initiative.

The Department of Corrections has an extensive backlog of deferred maintenance projects. It owns 325 buildings with more than 5.4 million square feet of space. The recent statewide Facility Condition Assessment conducted by the consultant firm Faithful + Gould revealed a current-year estimate of \$115.8 million in capital improvement and renewal projects across its portfolio of buildings, an estimate which the agency believes is low as it excludes soft costs and costs associated with working on secure facilities. DOC's \$139.4M capital construction request for six-year limitation includes three information technology projects to be bond-financed, and \$123.6M of the most critical systems identified in the Facility Condition Assessment.

Three policy option packages totaling \$25.3M and 72 positions (71.50 FTE) reveal the extent of the agency's information technology requirements, which range from assessing the viability of its core offender management systems to replacing its telephone system with the statewide VoIP solution to returning its desktop devices to a five-year replacement cycle to additional positions in every part of the agency's IT organization. Critical operational systems include the planned electronic health record system and the inmate banking system.

Information Technology projects:	
<i>Voice over IP Upgrade & Installation</i>	12,200,000
<i>Electronic Health Records</i>	1,700,800
<i>Intranet Communications Portal</i>	<u>1,858,500</u>
Subtotal:	15,759,300
Facilities Improvement Projects:	
<i>Building Envelope</i>	3,519,291
<i>Electrical Systems</i>	7,122,410
<i>Water Systems</i>	13,657,850
<i>Roofs</i>	26,569,863
<i>HVAC</i>	42,538,747
<i>Surveillance Systems</i>	10,452,295
<i>Fire Systems</i>	9,468,894
<i>Professional Services</i>	<u>10,320,474</u>
Subtotal:	123,649,824
TOTAL	139,409,124

Other Significant Issues and Current Discussions

General Fund makes up about 96% of the Department's budget, and forced reductions in times of revenue constraints are a major concern for the agency. The agency's proposed 10% reduction options illustrate the difficulty in reducing Oregon's prison costs simply by cutting the budget. In order to reach its 10% reduction target, the Department of Corrections would have to close eight free-standing minimum-custody facilities for men and one medium-custody facility for men, releasing 4,525 inmates and laying off about 950 staff members. These reductions would only get the agency about 78% of the way to a 10% reduction in 2017-19, and would require legislative changes to allow release authority.

Personnel costs make up 57% of the agency's General Fund budget, with Community Corrections payments to counties another 16%, and debt service 8%. The remaining 19% is services and supplies and capital improvement projects. It is tempting to search for budget reductions in such prison categories as activities (\$4M, or 0.4% of the budget), administration and support (\$28.8M, or 3.1% of the budget), or food services (\$55M, or 6% of the budget). Reductions to education, mental health, and addictions programs affect an inmate's success in transitioning to and living in the community. General Fund reductions to the inmate work programs reduce opportunities for inmates to learn skills and receive recognition, and in turn reduce Other Funds generated by inmates' work. The success of HB 3194 (and, likewise, the temporary suspension of Measure 57 in 2010) in reducing the demand for prison beds revealed the most effective means of reducing prison costs, which is to limit the use of prison through charging and sentencing practices.

The Governor's budget for the Department of Corrections annualizes the cost of improvements to the Behavioral Health Unit at the Oregon State Penitentiary, and the expansion of the Deer Ridge facility, begun in February, 2016. It adds \$3 million General Fund to partially backfill the loss of site commission revenue to the Inmate Welfare fund; and adds \$2.3 million of General Fund debt service to support bond-funded technology and capital improvement projects. Reductions are made to Community Corrections grants-in-aid in two ways: by a reduction from CSL of 5% (-\$13.4M), and by assuming passage of legislation that would change the crime of Possession of a Controlled Substance (PCS) to a misdemeanor (assumed reduction of \$19.1M). The first of these reductions would likely trigger the "opt-out" provision in ORS 423.483.

Audit Findings, Budget Notes, and Budgetary Actions

There were no audit findings during the 2015-17 biennium. The agency complied with the budget noted to SB 5504 (2015):

The Department of Corrections, in coordination with the Office of Economic Analysis, shall provide interim reports to the Legislature on the status of the female population and, if deemed necessary, request funding support for the early activation of the Oregon State Penitentiary Minimum Security Facility. These status reports and potential funding requests will be submitted for review and approval at each meeting of the Interim Joint Ways and Means Committee throughout the 2015-17 biennium.

Since the 2015 legislative session, the interim Joint Committee on Ways and Means and the Emergency Board have taken the following budgetary actions for the Department of Corrections:

- During the 2016 session, the Legislature approved \$2.6 million General Fund, a \$3 million special purpose appropriation, and 6 new positions (4.46 FTE) to prepare the Deer Ridge Correctional Institution to accommodate additional male inmates. Additionally, the Legislature approved \$3.1 million General Fund and a \$2 million special purpose appropriation for construction and 5 positions (3.33 FTE) to provide more out-of-cell time and therapy for inmates in the Oregon State Penitentiary's Behavioral Health Unit.
- In May, 2016 the Emergency Board allocated \$3,000,000 from the special purpose appropriation, and authorized the establishment of 33 positions (18.64 FTE) for the Department to continue activating minimum security prison beds at the Deer Ridge Correctional Institution.
- In May, 2016 the Emergency Board allocated \$1,100,000 from the Emergency Fund to begin preparing the Oregon State Penitentiary-Minimum to house women offenders in the current biennium.
- In December, 2016 the Emergency Board allocated \$2,000,000 from the special purpose appropriation and authorized the establishment of 23 positions (11.69 FTE) for improvements to services provided in the Behavioral Health Unit at the Oregon State Penitentiary.