

**HB 5004 BUDGET REPORT and MEASURE SUMMARY**

**Joint Committee On Ways and Means**

**Prepared By:** Dustin Ball, Department of Administrative Services

**Reviewed By:** Julie Neburka, Legislative Fiscal Office

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**Department of Corrections**

**2017-19**

PRELIMINARY

## **Budget Summary\***

	2015-17	2017-19	2017-19	Committee Change from	
	Legislatively Approved Budget <sup>(1)</sup>	Current Service Level	Committee Recommendation	2015-17 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 1,469,819,353	\$ 1,604,805,028	\$ 1,587,710,111	\$ 117,890,758	8.0%
General Fund Capital Improvements	\$ 2,723,694	\$ 2,824,471	\$ 2,824,471	\$ 100,777	3.7%
General Fund Debt Service	\$ 127,675,455	\$ 112,749,173	\$ 112,749,173	\$ (14,926,282)	(11.7%)
Other Funds Limited	\$ 39,561,925	\$ 41,597,467	\$ 42,471,917	\$ 2,909,992	7.4%
Other Funds Debt Service	\$ 2,094,636	\$ -	\$ -	\$ (2,094,636)	(100.0%)
Other Funds Nonlimited	\$ 81,739	\$ -	\$ -	\$ (81,739)	(100.0%)
Other Funds Debt Service Nonlimited	\$ 27,086,246	\$ -	\$ -	\$ (27,086,246)	(100.0%)
Federal Funds Limited	\$ 5,710,107	\$ 4,363,309	\$ 4,363,309	\$ (1,346,798)	(23.6%)
Federal Funds Debt Service Nonlimited	\$ 1,119,495	\$ 1,038,513	\$ 1,038,513	\$ (80,982)	(7.2%)
<b>Total</b>	<b>\$ 1,675,872,650</b>	<b>\$ 1,767,377,961</b>	<b>\$ 1,751,157,494</b>	<b>\$ 75,284,844</b>	<b>4.5%</b>

## **Position Summary**

Authorized Positions	4,590	4,636	4,605	15
Full-time Equivalent (FTE) positions	4,517.74	4,603.39	4,572.07	54.33

<sup>(1)</sup> Includes adjustments through December 2016

\* Excludes Capital Construction expenditures

## **Summary of Revenue Changes**

The Department of Corrections (DOC) is supported primarily with General Fund. For the 2017-19 biennium, General Fund of \$1.7 billion makes up approximately 97.2 percent of the recommended budget. Other Funds make up 2.5 percent of the agency's revenues and Federal Funds account for the remaining 0.3 percent. Other Funds are primarily comprised of charges for services from inmate work crews, site commissions paid by telephone service providers and bond proceeds for capital projects. Federal Funds are primarily from the State Criminal Alien Assistance Program grant, which provides a minimal subsidy to the cost of managing undocumented offenders and is used to offset medical costs.

## **Summary of Public Safety Subcommittee Action**

DOC manages and rehabilitates felony offenders sentenced by the courts, to more than 12 months of incarceration. The agency is responsible for the overall security, housing and daily operations of 14 active institutions around the state, as well as providing medical, dental, mental

health and pharmacy services to adults in custody. DOC directly operates the community corrections system in Linn and Douglas counties, while providing pass-through funding for the management and delivery of community corrections operations in the remaining Oregon counties.

The Subcommittee approved a budget of \$1,751,157,494 total funds comprised of \$1,703,283,755 General Fund, \$42,471,917 Other Funds expenditure limitation, \$4,363,309 Federal Funds expenditure limitation and \$1,038,513 Federal Funds Nonlimited, with 4,605 positions (4,572.07 FTE). The budget is a 0.9 percent decrease from the 2017-19 current service level and a 4.5 percent increase from the 2015-17 Legislatively Approved Budget.

#### Operations Division

The Operations Division is responsible for the overall security, housing and population management of Oregon's felony offenders. It provides a safe, secure environment for adults in custody and for staff to perform their duties and hold offenders accountable for their actions, while reducing the risk of future criminal behavior. Functions of this division include institution operations, security, food service, inmate work programs and inmate transportation.

The Subcommittee approved a budget of \$804,286,463 General Fund, \$14,160,140 Other Funds limitation and includes 3,333 positions (3,316.78 FTE).

Package 080, May 2016 E-Board. This package provides \$5,275,304 General Fund and establishes 22 permanent positions (20.10 FTE) to continue operating 200 permanent prison beds at the Deer Ridge Correctional Institution added by the Emergency Board in May 2016.

Package 114, Behavioral Health Unit. This package provides \$3,143,450 General Fund and establishes 19 permanent positions (16.51 FTE) for additional treatment services and out-of-cell time to reduce isolation and improve the care of seriously mentally ill adults in custody of DOC.

Package 801, LFO Analyst Adjustments. This package reduces General Fund by \$22,440,026, reduces Other Funds limitation by \$913,254 and eliminates 71 positions (65.46 FTE), as a result of adjustments to reduce the agency's mandated caseload funding and for an adjustment to reduce prison operating expenditures due to limited General Fund resources statewide.

Mandated caseload is reduced by \$13,575,026 General Fund and \$913,254 Other Funds limitation for the operation of a second prison for women and also reduced for additional prison beds for men at the Shutter Creek Correctional Institution. Additionally, this package reduces prison operating expenditures by \$8,865,000 and it is assumed the department will manage to this General Fund shortage by closely monitoring position vacancies and other personnel actions, and by reducing expenditures on Services and Supplies.

### Central Administration

Central Administration includes the Office of the Director, Inspector General, Chief Financial Officer, Internal Audit, Communications and Government Efficiencies. It provides overall leadership to the agency, develops strategic plans and engages in statewide public safety initiatives. Additionally, the agency budgets all of its State Government Service Charges within Central Administration, which accounts for roughly 43 percent of the program's General Fund.

The Subcommittee approved a budget of \$93,875,874 General Fund, \$1,337,806 Other Funds limitation, \$1,009,796 Federal Funds limitation and 170 positions (168.26 FTE).

Package 080, May 2016 E-Board. This package provides \$161,952 General Fund and establishes one permanent position (1.00 FTE) to continue operating 200 permanent prison beds at the Deer Ridge Correctional Institution added by the Emergency Board in May 2016.

Package 113, Financial Services Enhancement. This package provides \$287,704 Other Funds limitation and establishes two permanent positions (2.00 FTE) to audit, monitor and train agency staff on the use of state procurement cards and to augment the payroll unit staff in order to support payroll functions. Procurement card rebates generate the Other Funds revenue to support these positions.

Package 801, LFO Analyst Adjustments. This package reduces General Fund by \$1,180,230 and eliminates six positions (6.00 FTE) as a result of adjustments to reduce the agency's mandated caseload funding. Mandated caseload is reduced for the operation of a second prison for women and also reduced for additional prison beds for men at the Shutter Creek Correctional Institution.

### Administrative Services Division

The Administrative Services Division includes Information Technology Services, Facility Services, Human Resources and Distribution Services. It provides services that are fundamental to the day-to-day operations of the department. Services are provided directly to employees, offenders, volunteers, community corrections and other partner agencies.

The Subcommittee approved a budget of \$58,667,577 General Fund, \$8,240,210 Other Funds limitation and 250 positions (248.49 FTE).

Package 801, LFO Analyst Adjustments. This package reduces General Fund by \$127,964 as a result of adjustments to reduce the agency's mandated caseload funding. Mandated caseload is reduced for the operation of a second prison for women and also reduced for additional prison beds for men at the Shutter Creek Correctional Institution.

Package 814, IT Security Positions Consolidation. This package reduces General Fund by \$501,957 to transfer two Information Technology Positions (2.00 FTE) to the Department of Administrative Services (DAS), Office of the State CIO (OSCIO) pursuant to the Governor's Executive Order Number 16-13, to unify information technology security positions.

### Community Corrections

Community Corrections is a function of state government operated in partnership with local, county-operated community corrections agencies. Its corrections supervision, sanctions and programs hold offenders accountable and address the causes of criminal behavior to reduce the risk of present and future criminal behavior. The department provides these services directly, in Linn and Douglas counties, while the remaining counties provide these services at the local level. The department provides grant funding (based on the number of offenders to be managed and their risk levels) to counties for operating their community corrections.

The Subcommittee approved a budget of \$294,290,629 General Fund, \$7,009,979 Other Funds limitation and 74 positions (74.33 FTE).

Package 801, LFO Analyst Adjustments. This package reduces General Fund by \$959,646, to reduce discretionary treatment transition funding in the Community Corrections program due to General Fund limitations statewide. The department has used this funding to support those offenders who have successfully completed one of DOC's six-month intensive residential or outpatient treatment programs with services such as housing, ongoing treatment, mentoring, transportation and incidental items.

### Health Services

The Health Services Division provides constitutionally mandated medical, dental, mental health and pharmacy services to the entire offender population around the clock and year-round. It is administratively part of the Operations Division, but has a separate budget unit to help track health care expenditures. Prison health care became a legal requirement in 1976, as the result of a Supreme Court decision in *Estelle v. Gamble*, which held that deliberate indifference to a prison inmate's serious illness or injury constitutes cruel and unusual punishment, which is prohibited by the Eighth Amendment to the US Constitution.

The division provides medical services in a multi-level managed care approach. The behavioral health unit includes services for adults in custody with severe mental illness, the developmentally disabled and those with co-occurring mental/substance abuse disorders. The dental health unit provides preventative and acute care and the pharmacy unit manages pharmaceutical acquisition/distribution and medical supplies.

The Subcommittee approved a budget of \$263,164,025 General Fund, \$667,029 Other Funds limitation, \$3,353,513 Federal Funds limitation and 571 positions (558.60 FTE).

Package 080, May 2016 E-Board. This package provides \$2,510,615 General Fund and establishes six permanent positions (4.00 FTE) to continue operating 200 permanent prison beds at the Deer Ridge Correctional Institution added by the Emergency Board in May 2016.

Package 114, Behavioral Health Unit. This package provides \$3,712,120 General Fund and establishes 14 permanent positions (12.05 FTE) for additional treatment services and out-of-cell time to reduce isolation and improve the care of seriously mentally ill adults in custody of DOC.

Package 801, LFO Analyst Adjustments. This package reduces General Fund by \$6,414,076, as a result of adjustments to reduce the agency's mandated caseload funding and for an adjustment to reduce prison operating expenditures, due to limited General Fund resources statewide.

Mandated caseload is reduced by \$5,279,076 General Fund for the operation of a second prison for women and also reduced for additional prison beds for men at the Shutter Creek Correctional Institution. Additionally, this package reduces prison operating expenditures by \$1,135,000 and it is assumed the department will manage to this General Fund shortage by closely monitoring position vacancies and other personnel actions, and by reducing expenditures on Services and Supplies.

Package 802, Program Alignment. This package reduces General Fund by \$1,173,004 to transfer the Chronic Disease Self-Management Program and two positions (2.00 FTE) from the Health Services Division to the Offender Management and Rehabilitation Division. This preventative education program provides services to adults in custody with chronic diseases. As the program is primarily focused on education, it should be budgeted and housed with the department's other education and training programs.

#### Offender Management and Rehabilitation

The Offender Management and Rehabilitation program manages the agency's mission in reducing the risk of future criminal conduct. The division affects all adults in custody and encompasses nine units that oversee an offender's success from admission to release by using dynamic case management strategies involving the offender. It is tasked with guiding and targeting corrections interventions and enhancing linkages to community-based networks of support. The division includes Intake, Offender Information and Sentence Computation, Office of Population Management, Programs and Services, Education and Training, Religious and Victim Services, Inmate Services and Re-Entry/Release Services.

The Subcommittee approved a budget of \$73,425,543 General Fund, \$11,056,753 Other Funds limitation and 207 positions (205.61 FTE).

Package 080, May 2016 E-Board. This package provides \$1,192,061 General Fund and establishes four permanent positions (4.00 FTE) to continue operating 200 permanent prison beds at the Deer Ridge Correctional Institution added by the Emergency Board in May 2016.

Package 101, FCC Ruling Impact. This package provides \$1,500,000 in one-time Other Funds limitation to restore a portion of the site commission revenue from the inmate telephone system eliminated in the agency's requested budget, pending expiration of the current inmate telephone system contract. Regardless of the vendor selected to provide inmate telephone services in the future, the payment of site commissions to the department is unlikely. This revenue is considered to be one-time for the 2017-19 biennium and will support expenditures from the Inmate Welfare Fund for education, alcohol and drug treatment programs and recreational programming in prisons.

Package 801, LFO Analyst Adjustments. This package reduces General Fund by \$1,466,520 and eliminates two positions (2.00 FTE) as a result of adjustments to reduce the agency's mandated caseload funding. Mandated caseload is reduced for the operation of a second prison for women and also reduced for additional prison beds for men at the Shutter Creek Correctional Institution.

Package 802, Program Alignment. This package increases General Fund by \$1,173,004 to transfer the Chronic Disease Self-Management Program and two positions (2.00 FTE) from the Health Services Division to the Offender Management and Rehabilitation Division. This preventative education program provides services to adults in custody with chronic diseases. As the program is primarily focused on education, it should be budgeted and housed with the department's other education and training programs.

### Debt Service

Debt Service is the obligation to repay the principal and interest on funds borrowed through the sale of Certificates of Participation (COPs) and bonds. Proceeds generated by the sales of COPs and bonds are used to construct and improve correctional facilities. Repayment periods range, depending on the nature and value of the project. Bond proceeds are also used for the 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 approved a budget of \$112,749,173 General Fund and \$1,038,513 Federal Funds Nonlimited.

### Capital Improvements

Capital Improvements includes maintenance, repair, replacement or adaption of a facility. These projects must be less than \$1.0 million, otherwise they are categorized as capital construction. The department is responsible for maintaining roughly 325 owned buildings and over 5.4 million square feet of space. This program allows the agency to perform the most critical and immediate protection activities on its real property assets.

The Subcommittee approved a budget of \$2,824,471 General Fund.

### **Summary of Performance Measure Action**

See attached Legislatively Adopted 2017-19 Key Performance Measures form.

## DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Department of Corrections  
Dustin Ball -- 503-378-3119

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2015-17 Legislatively Approved Budget at Dec 2016 *	\$ 1,600,218,502	\$ -	\$ 41,656,561	\$ 27,167,985	\$ 5,710,107	\$ 1,119,495	\$ 1,675,872,650	4,590	4,517.74
2017-19 Current Service Level (CSL)*	\$ 1,720,378,672	\$ -	\$ 41,597,467	\$ -	\$ 4,363,309	\$ 1,038,513	\$ 1,767,377,961	4,636	4,603.39
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>SCR 003 - Operations Division</b>									
Package 080: May 2016 E-Board									
Personal Services	\$ 3,610,770	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,610,770	22	20.10
Services and Supplies	\$ 1,664,534	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,664,534		
Package 114 : Behavioral Health Unit									
Personal Services	\$ 2,791,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,791,655	19	16.51
Services and Supplies	\$ 351,795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 351,795		
Package 801 : LFO Analyst Adjustments									
Personal Services	\$ (11,900,122)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,900,122)	(71)	(65.46)
Services and Supplies	\$ (10,539,904)	\$ -	\$ (913,254)	\$ -	\$ -	\$ -	\$ (11,453,158)		
<b>SCR 004 - Central Administration</b>									
Package 080: May 2016 E-Board									
Personal Services	\$ 149,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,240	1	1.00
Services and Supplies	\$ 12,712	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,712		
Package 113: Financial Services Enhancement									
Personal Services	\$ -	\$ -	\$ 253,290	\$ -	\$ -	\$ -	\$ 253,290	2	2.00
Services and Supplies	\$ -	\$ -	\$ 34,414	\$ -	\$ -	\$ -	\$ 34,414		
Package 801 : LFO Analyst Adjustments									
Personal Services	\$ (871,346)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (871,346)	(6)	(6.00)
Services and Supplies	\$ (308,884)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (308,884)		
<b>SCR 006 - Administrative Services Division</b>									
Package 801 : LFO Analyst Adjustments									
Services and Supplies	\$ (127,964)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (127,964)		
Package 814 : IT Security Positions Consolidation									
Personal Services	\$ (467,543)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (467,543)	(2)	(2.00)
Services and Supplies	\$ (34,414)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (34,414)		
<b>SCR 009 - Community Corrections</b>									
Package 801 : LFO Analyst Adjustments									
Services and Supplies	\$ (959,646)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (959,646)		
<b>SCR 010 - Health Services</b>									
Package 080: May 2016 E-Board									
Personal Services	\$ 1,052,570	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,052,570	6	4.00
Services and Supplies	\$ 1,458,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,458,045		



DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
Package 114: Behavioral Health Unit										
Personal Services	\$ 2,706,659	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,706,659	14	12.05	
Services and Supplies	\$ 1,005,461	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,005,461			
Package 801 : LFO Analyst Adjustments										
Personal Services	\$ (3,874,530)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,874,530)	(18)	(15.52)	
Services and Supplies	\$ (2,539,546)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,539,546)			
Package 802 : Program Alignment										
Personal Services	\$ (428,437)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (428,437)	(2)	(2.00)	
Services and Supplies	\$ (744,567)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (744,567)			
<b>SCR 011 - Offender Management and Rehabilitation</b>										
Package 080: May 2016 E-Board										
Personal Services	\$ 761,709	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 761,709	4	4.00	
Services and Supplies	\$ 430,352	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 430,352			
Package 101: FCC Ruling Impact										
Services and Supplies	\$ -	\$ -	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 1,500,000			
Package 801 : LFO Analyst Adjustments										
Personal Services	\$ (361,378)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (361,378)	(2)	(2.00)	
Services and Supplies	\$ (1,105,142)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,105,142)			
Package 802 : Program Alignment										
Personal Services	\$ 428,437	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 428,437	2	2.00	
Services and Supplies	\$ 744,567	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 744,567			
<b>TOTAL ADJUSTMENTS</b>	<b>\$ (17,094,917)</b>	<b>\$ -</b>	<b>\$ 874,450</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (16,220,467)</b>	<b>(31)</b>	<b>(31.32)</b>	
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 1,703,283,755</b>	<b>\$ -</b>	<b>\$ 42,471,917</b>	<b>\$ -</b>	<b>\$ 4,363,309</b>	<b>\$ 1,038,513</b>	<b>\$ 1,751,157,494</b>	<b>4,605</b>	<b>4,572.07</b>	
% Change from 2015-17 Leg Approved Budget	6.4%	0.0%	2.0%	(100.0%)	(23.6%)	(7.2%)	4.5%	0.3%	1.2%	
% Change from 2017-19 Current Service Level	(1.0%)	0.0%	2.1%	0.0%	0.0%	0.0%	(0.9%)	(0.7%)	(0.7%)	

\*Excludes Capital Construction Expenditures

# Legislatively Approved 2017 - 2019 Key Performance Measures

Published: 6/13/2017 4:42:43 PM

**Agency:** Corrections, Department of

**Mission Statement:**

The mission of the Oregon Department of Corrections is to promote public safety by holding offenders accountable for their actions and reducing the risk of future criminal behavior.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
1. Percentage of inmates in compliance with 40-hour work/education requirements of the constitution (Ballot Measure 17).		Approved	69%	80%	80%
2. Percentage of high and medium-risk inmates that complete a program prioritized in their corrections plan.		Approved	78.10%	75%	80%
3. Percent of offenders on post-prison supervision convicted of a felony within three years of release from prison.		Approved	30.40%	30%	30%
4. The rate of Class 1 assaults on individual staff per month (rate per 1000 employees).		Approved	1.31	1.50	1.50
5. The rate of inmate walk-a-ways from outside work crews per month.		Approved	0.50	1	1
6. Reduce all Energy Usage - Reduce the annual average electricity, propane, geothermal, diesel and natural gas usage. Measure on a monthly kBtu/square foot basis.		Approved	No Data	151.49	148.12
7. Number of inmates sanctioned for Level 1 misconducts (monthly average/1,000 inmates).		Approved	9.86	9.30	9.30
8. The number of escapes per year from secure-custody facilities (armed perimeter).		Approved	No Data	0	0
9. The number of escapes from DOC unarmed perimeter facilities.		Approved	4	0	0
10. Percent of inmates who successfully complete transitional leave.		Approved	92.40%	90%	92%
11. Customer Service - Percent of customers rating their satisfaction with the agency customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	1) Expertise	Approved	66.80%	80%	80%
	2) Accuracy		67.80%	80%	80%
	3) Helpfulness		52.90%	80%	80%
	4) Timeliness		55.30%	80%	80%
	5) Availability of Information		64.90%	80%	80%
	6) Overall		55.50%	80%	80%
12. Percent of total inmate care encounters that occur offsite.		Approved	0.78	1	1
13. Number of workers compensation time loss days per 100 employees on a fiscal year basis.		Approved	77	66.15	66.15
6. Reduce the annual average electricity and natural gas usage. Measure on a BTU per square foot basis.		Legislatively Deleted	12,379	14,270	0

**LFO Recommendation:**

The Legislative Fiscal Office recommends the Key Performance Measures and targets as presented.

The target for KPM #2 is recommended to be modestly increased to reflect the agency's steadily increasing success in program completion by offenders with the highest risk to reoffend. LFO notes that programs eliminated through budget reductions may make it more difficult for the agency to consistently achieve the current level of results.

KPM #6 is proposed to be updated by adding additional sources of energy - propane, geothermal, and diesel - to be monitored and factored into the agency's overall energy reduction goals. Statewide, the goal is to reduce energy use in state-owned buildings by 20% by the year 2023. Energy reduction data are reported to and monitored by the Oregon Department of Energy.

**SubCommittee Action:**

The subcommittee approved the key performance measures, as modified by the LFO recommendations.