

2025-27 Budget Review

Department of Corrections

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
General Fund	1,068,533,490	2,259,508,999	2,617,283,154	2,637,627,314
Other Funds	1,091,576,379	171,417,659	50,587,178	132,569,983
Federal Funds	5,810,000	2,029,649	2,167,665	2,167,665
Total Funds	2,165,919,869	2,432,956,307	2,670,037,997	2,772,364,962
Positions	4,810	4,813	4,944	4,971
FTE	4,702.11	4,749.53	4,830.99	4,856.99

* Includes legislative and administrative actions through December 2024.

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 12 institutions for the incarceration of adult felons sentenced to prison for more than twelve months by the courts. The 2023-25 legislatively approved budget was based on the April 2023 prison population 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 through the DOC budget 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.

The Department is primarily supported with General Fund; however, the 2023-25 legislatively approved budget included some fund shifts to account for one-time federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds, FEMA reimbursement, and proceeds from the sale of property. Those one-time shifts have now been backfilled by the General Fund. Typical Other Funds in the Department’s budget include revenues from state agencies for inmate work crews, fines and forfeitures, and sales income. Federal Funds primarily comes from federal grants.

BUDGET ENVIRONMENT

The decline in the prison population over the past few years led to the closure of two minimum-security prisons in 2021-23. However, recent forecasts anticipate the population will begin to gradually increase again, enough that within the 10-year outlook, DOC may need additional prison capacity or the

reintroduction of emergency beds, the use of which the Department has tried to eliminate. Additionally, the Department continues to struggle in certain institutions with the use of mandatory overtime and the impacts that has on the workforce, where recruitment and retention have been difficult.

Beyond the adults-in-custody within DOC facilities, the passage of HB 4002 (2024), which recriminalized some possession of a controlled substance, has significantly increased the projected community corrections population by about 4,000 individuals. This forecast includes the assumption that deflection programs have a success rate of around 50%. It remains to be seen how this new law will impact the criminal justice system, how successfully behavioral health deflection programs are implemented throughout participating counties, and how that impacts the parole and probation population through community corrections.

SB 395 (2011) requires the Department's to reimburse counties for the costs of holding individuals in jail for certain felony DUII convictions, rather than having them housed within a DOC facility. Recent biennial budgets for DOC have not had sufficient resources to provide this statutorily required reimbursement and supplemental funding has been added to reimburse counties for 2021-23 and 2023-25. The Department projects a need of about \$3.4 million in 2025-27 above the current service level budget for this program.

CURRENT SERVICE LEVEL

The Department's General Fund current service level (CSL) of \$2.6 billion is \$357.8 million, or 15.8%, greater than the 2023-25 legislatively approved budget. This increase is largely due to personal services increases and inflationary factors for services and supplies expenditures. The 2023-25 General Fund CSL includes a net addition of \$53.1 million for mandated caseload changes based on the October 2024 prison population forecast. This reflects increases for both Operations and Community Corrections over the prior forecast. The prison population forecast growth assumes the opening of two units at the previously mothballed Deer Ridge Correctional Institution minimum custody facility in Madras, including an increase of \$17 million General Fund and 127 positions (42.03 FTE) for the last few months of the 2025-27 biennium. This increase was previously anticipated to occur in the 2023-25 biennium but was delayed as forecasts have remained below the level necessary to open new units. Also included is a net increase to the Community Corrections forecast stemming from the passage of HB 4002 (2024).

The Other Funds budget CSL budget of \$50.6 million is \$120.8 million, or 70.5%, less than 2023-25, due to the removal of capital construction expenditure limitation from the current service level calculation, and the removal of other one-time funding in the current biennium.

GOVERNOR'S BUDGET SUMMARY

The Governor's budget for 2025-27 totals \$2.8 billion with \$2.6 billion General Fund, \$132.6 million Other Funds, \$2.2 million Federal Funds, and 4,971 positions (4,856.99 FTE). The General Fund is \$20.3 million above the CSL, which is achieved through a combination of policy packages, a fund shift of \$4.4 million away from the Criminal Fines Account to General Fund, and an offset of \$27.3 million in additional vacancy savings applied at a rate of 7%.

Beyond minor reductions to the agency for statewide Attorney General adjustments and DAS charges, investments within the Governor' budget include funding for nine policy option packages totaling \$131.2 million (\$44.6 million General Fund) and 27 positions (26.00 FTE). These increases include:

- \$20 million General Fund to fund 29% of the Community Corrections cost study that is statutorily conducted every six years.
- \$7 million General Fund and 15 positions (15.00 FTE) to implement strategies recommended in the 2023 Gender Informed Practices Assessment report.
- \$6.9 million (\$4 million General Fund and \$2.9 million Other Funds) to support electronic health records, adults in custody (AIC) network, and telephone modernization ongoing costs, as well as Other Funds limitation for bond funding of a security staff scheduling system replacement and facilities maintenance management system project.
- \$4.5 million General Fund to begin planning for a new geriatric care facility and Oregon State Penitentiary replacement.
- \$3.4 million General Fund to close a funding gap created by SB 395 (2011) county reimbursements for the costs related to mandatory minimum felony DUI incarceration sentences.
- \$2.7 million General Fund and eight positions (7.00 FTE) for additional staffing to assist with identifying and securing housing placement resources for releasing AICs.
- \$1.3 million General Fund and four positions (4.00 FTE) to create a Diversity, Equity, and Inclusion unit inside the Central Administration Division.
- \$70.6 million Other Funds for deferred maintenance and capital renewal needs.
- \$14.7 million (\$1.7 million General Fund and \$13 million Other Funds) to address wireless infrastructure needs.

OTHER SIGNIFICANT ISSUES

Statute requires that every six years the Department conduct a statewide cost study for the community corrections program, which looks at the actual costs of management, support services, supervision, and sanctions of offenders. While the cost study is required by statute, it is not required to be adopted. If the most recent cost study were adopted, in conjunction with the forecasted increase to the population caseload noted above, it would require an increase of \$68.2 million General Fund to the grant-in-aid budget that is distributed to counties.

The prison system facilities themselves are difficult to maintain, with roughly 350 buildings and 5.5 million square feet of space. The estimated current replacement value is around \$2.6 billion. The 2023-25 legislatively approved budget included \$50 million in Article XI-Q bond proceeds for deferred maintenance and capital construction projects. DOC has another \$70 million request for bond funding in its 2025-27 Governor's budget.

Ageing facilities, along with an aging population requiring more health care, increasing needs for behavioral health treatment and substance use disorders, work and educational programs, and increased deferred maintenance, has the Department looking into the potential construction of a replacement facility for the Oregon State Penitentiary.

Finally, the 2022 Legislature provided funding for a Gender-Informed Practices Assessment and report for the only women’s prison at Coffee Creek Correctional Facility. While DOC has invested in gender responsive and trauma-informed programs at Coffee Creek, the subsequent report outlined some issues that remain, many of which were exacerbated by the COVID pandemic. The report recommendations include, but are not limited to, establishment of a formal authority within the Department to oversee women’s services, develop a Gender Responsive Strategic Plan for Women, reengaging with community partnerships to provide programming, and redistribution of resources to equitably fund programs, staff, and supports across both men’s and the women’s correctional facilities.

KEY PERFORMANCE MEASURES

A copy of the Department of Corrections Annual Performance Progress Report can be found on the LFO website: https://www.oregonlegislature.gov/lfo/APPR/APPR_DOC_2024-09-30.pdf

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