Department of Rehabilitation and Correction

- One in Four State Employees Works for DRC
- GRF Budget Slammed: Staff, Services, & Subsidies Take Hits
- Privatized Prisons Online

OVERVIEW

Conceptually and historically, the Department of Rehabilitation and Correction (DRC) can be viewed as the manager of a three–piece felony sanctioning system, with an intake process on the front end, a large physical plant for housing inmates located in the middle, and a release mechanism on the back end.

As its most basic mission, the department is charged with the supervision of felony offenders committed to the custody of the state, which includes housing and services provided to them in a statewide network of prisons, and, following their release from incarceration, controlling and monitoring them through a community supervision system administered by the Adult Parole Authority.

The department also manages a package of community control sanctions (supervision and control services, halfway house beds, and subsidies) that provide judges with a range of sentencing options that reduce or eliminate the time that offenders spend in prison or jail.

Starting with FY 1994, the department began pumping considerable money into what are known as prison diversion and jail population reduction programs. The reality, however, continues to be that the lion's share of the department's capital and operating budgets are devoted toward the building and management of correctional institutions and the inmates who inhabit them.

This reality notwithstanding, relatively recent growth in the parole and community services component of the department's operating budget signals a transition in philosophy and spending away from its historical emphasis on administering a large, geographically far flung network of prisons and toward a system of prison diversion and release programs that emphasize a continuum of graduated community control sanctions. Much of this change in thinking was the result of a national consensus that states could not build their way out of a crime problem. Simply put, many in this state came to realize the veracity of the saying "If we build them, they will come." This state launched on an extremely expensive prison construction program many years ago and the correctional system is still stuffed with a very large offender population that places great stress on staff, inmates, programs, services, and prison infrastructure.

Community Control Sanctions

If one focuses solely on the GRF side of the department's budget for the period running from FY 1988 through FY 1993, the percent of the total GRF spent on prison diversion and jail population reduction programs ran in the range of 8 percent to 9 percent annually. Since that time, the amount of GRF money that has been allocated to these community sanctions programs has moved up into the 11 percent range.

Keep in mind, however, this percentage actually somewhat overstates the financial resources spent explicitly on prison diversion and jail population reduction programs, as it also includes departmental expenses associated with operating the release component of the state's prison system (the Parole Board and the supervision and residential placement of parolees, furloughees, and graduates of the boot camp phase of the Shock Incarceration Program, as well as offenders under post–release control). On the other hand, it should be noted that the parole component of the department's Division of Parole and Community Services does provide full or supplemental community supervision and control services to a number of counties.

GRF Budget: A Summary

The following table captures the GRF parts of the department's executive–recommended budget that will fund the following five spending categories: institutional operations, debt service, community sanction programs, parole services, and central administration. Continuation cost shows the amount of money it will take in FYs 2002 and 2003 to continue services that were being delivered during FY2001. Expansion amounts are literally dollars made available to undertake new initiatives and/or expand existing services. The recommended budget for FYs 2002 and 2003 provides no GRF funding for the expansion of existing services, and in fact, falls short of the amount requested for the continuation of ongoing operations. The table below highlights these shortages in continuation funding by program series.

The category labeled "community sanctions" captures subsidies to local criminal justice systems, as well as halfway house beds shared by the state and sentencing courts. These programs suffer the second largest budget cut from among the department's various program series, which translated into $26.18 million, or 11 percent, less than its continuation cost over the next biennium. The department's institutions took the largest hit, as that operation received $72.98 million, or 3 percent, less than its continuation cost for the next biennium.

GRF Biennial Budget Parts ($ in millions)*

Program Series	FY 2002			FY 2003		
	Continuation Cost	Amount Below Continuation	Program Total	Continuation Cost	Amount Below Continuation	Program Total
Institutions	$ 1,092.66	$33.73	$1,058.93	$1,151.35	$39.25	$1,112.10
Debt Service	$ 147.29	---------	$ 147.29	$ 151.60	---------	$ 151.60
Community Sanctions	$ 116.75	$11.34	$ 105.41	$ 120.25	$14.84	$ 105.41
Parole Services	$ 77.30	$ 3.60	$ 73.70	$ 82.12	$ 3.02	$ 79.11
Administration	$ 28.77	$ 0.95	$ 27.81	$ 30.39	$ 2.79	$ 27.60
GRF Total	**$1,462.76**	**$49.62**	**$1,413.14**	**$1,535.71**	**$59.90**	**$1,475.81**

*Detail may not add to totals due to rounding.

Staffing Levels: A Biennial Summary

The accompanying table summarizes the department's number of authorized GRF staff positions for the next biennium, given what we know at this time. As the reader can plainly see, the number of authorized GRF staff positions will be in excess of 15,000. The fact that the department will not receive the full amount of continuation funding requested creates the dilemma of having somewhere between 300–and–400 existing staff whose payroll costs will not supported by the level of funding recommended by the executive budget. Obviously, any plans that the department had to hire any new staff, whether for new positions or even to fill vacancies will be shelved.

DRC's Authorized GRF Staffing Levels			
Staffing Piece	**Correction Officers**	**Other Staff**	**Total Staff**
Continuation Staff	8,273	7,170	15,443
New Institutional Staff	--	--	--
New Parole and Community Service Staff	--	--	--
New Central Administration Staff	--	--	--
Total GRF Staff	**8,273**	**7,170**	**15,443**

Although not pictured here, the reader should not forget that the department does carry a number of staff that are not supported by the GRF payroll. The number of authorized non–GRF staff positions total 1,334. This would mean that by the close of FY 2003, based on what we know today, the department will have authorization for more than 16,000 staff positions, over 90 percent of whom would be supported by the GRF. How close the department gets to that number depends on whether they have sufficient funding on hand to fill all of those authorized staff positions, which we know is not even close to being the case.

System Growth

The department's prison system itself has undergone marked growth in the last fifteen years or so. As of the start of FY 1980, this system contained eight correctional institutions and was inhabited by around 14,000 inmates. At the close of FY 2001, the department will be operating 34 correctional institutions, including the Corrections Medical Center, and managing an inmate population totaling somewhere between 45,000 and 46,000. The next biennium will be the first since the early 1980s in which no new construction will take place within the prison system. (This heretofore–uninterrupted pattern of institutional growth is part of a dynamic set in motion by the prison construction program that the state embarked on in 1982 with Am. Sub. H.B. 530 of the 114th General Assembly.)

Even without the addition of new correctional facilities, given the number of staff and inmates in the prison system, the department would still experience the fiscal pressures that are a natural consequence of the twin effects of: 1) pay raises and collective bargaining agreements; and 2) inflation on medical, utility, and food costs. A quick scan of the department's current staffing mix suggests that a conservative guess would put the number of employees who are covered by collective bargaining at 85 percent.

For at least the last ten years or so, the vast majority of the department's capital and operating budgets have gone toward supporting this network of state correctional facilities. Since at least FY 1988, and through the next biennium, the percent of total spending that has gone for institutional operations has been, and will continue to, eat up roughly three–quarters of the department's total GRF budget.

Legislative Actions

Since the fall of calendar year 1995, the General Assembly has enacted numerous bills that have had the potential to notably affect the way the department does business and in some sense shape the nature of their operating and capital budget requests. Of particular note in our minds in that regard, without commenting on the degree to which there has been, or will be, any noticeable ongoing fiscal effect, were the following bills:

1. Am. Sub. S.B. 2 – Major changes to the state's felony sentencing structure that provided sentencing purposes and principles, definite sentences, post–release control and supervision, a broader continuum of community control sanctions, and bad time for felons who act up while incarcerated. The Supreme Court of Ohio subsequently struck down bad time as being unconstitutional. The number of non–violent felony offenders sentenced to prison has as a result dropped and the concentration of more violent predatory criminals in the prison population has increased. (121st General Assembly)

2. Am. Sub. S.B. 107 – Revised felony sentencing guidelines, particularly as they affect drug offenses. (123rd General Assembly)

3. Am. Sub. S.B. 22 – Established upper and lower tiers of measured levels of intoxication and enhanced criminal penalties for state OMVI convictions (operation of a motor vehicle while intoxicated). (123rd General Assembly)

4. Am. Sub. H.B. 180 – Established sentencing, imprisonment, assessment, and monitoring procedures for sexually violent offenders. (121st General Assembly)

5. Am. Sub. S.B. 111 – Made various changes to the department's operation, including 1) replacing existing authority to operate furlough, conditional release, and electronic monitoring early release programs with authority to establish a transitional control program for the purpose of closely monitoring a prisoner's adjustment to community supervision, and 2) permitting the department to recover specified costs of incarceration or supervision from certain offenders. (122nd General Assembly)

6. Am. Sub. H.B. 2 – Enhanced the penalty imposed upon an adult offender or delinquent child who commits a felony that is an offense of violence while participating in a criminal gang. (122nd General Assembly)

7. Am. Sub. S.B. 52 – Required 25 percent of money earned by certain prisoners be paid to the Department of Human Services or a county child support enforcement agency. (122nd General Assembly)

Local Government Impact

The principal local fiscal impacts generated by the department's budget will be felt through activities and funds handled by the Division of Parole and Community Services.

In the wake of the major restructuring of the state's felony sentencing framework enacted by Am. Sub. S.B. 2 of the 121st General Assembly, the purpose of the department's community sanctions funding has, theoretically at least, been to reduce prison and jail populations by diverting felony and misdemeanant offenders into alternative community controls.

The Division of Parole and Community Services provides a mix of direct supervision and control services, as well as subsidy and contract dollars, to local jurisdictions for the handling of felons and misdemeanants. This has the practical effect of saving such jurisdictions, in particular counties, money that might otherwise have to be allocated for their local criminal justice systems. The executive budget contains no additional funding, or "new" money, to provide for the disbursement of additional subsidies to local governments. In fact, the department may be forced to cut back on existing subsidy levels, which more than likely would result in reductions to locally–provided offender programs and services.

The Division of Parole and Community Services, however, does more than just provide subsidies. The true range of local community control sanctions provided by the division also includes parole personnel assigned to the Adult Parole Authority who supervise and control felons for various sentencing courts around the state, or the state–contracted halfway house beds that are made available to common pleas judges for directly sentencing felons to community control sanctions as opposed to making them a state burden by shipping them into the prison system.

Curbing Correctional Costs

Assuming for the moment that there is some level of shared concern relative to the department's very evident need for ever–increasing amounts of GRF money, then one might ask: how can the State of Ohio attempt to rein in this escalating correctional budget?

Revenue Generation. One such strategy to cut or constrain GRF spending would actually involve cost shifting through revenue generation — the movement of necessary expenses from GRF to non–GRF revenue generating accounts. In point of fact, the department is already exploiting this cost shifting–revenue generating avenue as evidenced by the manufacture and sale of various goods and services by the Ohio Penal Industries (OPI), as well as commission revenue generated from telephone systems established for the use of inmates.

Along a similar vein, the department has implemented a services copayment program requiring a prisoner to make a $3 copayment when the prisoner initiates a request for medical treatment or other related services. Two potential fiscal effects of such a copayment include: 1) creating a potential disincentive to use what was previously virtually free–and–unlimited medical care, thus cutting demand and saving GRF–supported medical resources; and 2) generating some amount of non–GRF revenue that can supplement existing medical resources. These co–pays currently generate about $400,000 annually. In fact, the department currently has access to a number of statutorily permissible cost mechanisms for recovering various costs from offenders, but their viability as ongoing generators of much in the way of revenue remain unclear and their associated administrative burden in some cases may exceed any benefit gained.

Cost Reduction. Regardless of the amount of revenues that can be generated through various institutional programs, the alternative mechanism of cost reduction will become a painful reality for the department in the next biennium. Under the executive budget, each of the major program series, with the exception of debt service, will receive less funding in each fiscal year of the next biennium than the department calculated it would cost to maintain it existing level of program and services.

Perhaps most affected by the funding cuts contained in the executive–recommended budget will be the Division of Parole and Community Services, which provides for the direct supervision of non–incarcerated felony offenders and funds community correction alternatives to prison and jail. Trimming the expenses within this program series could potentially produce at least two undesirable effects: 1) reduce the ability to provide appropriate levels of supervision, thus potentially threatening community safety; and 2) create an incentive for judges to sentence more individuals to prison and jail.

How does one constrain prison operation costs? Cost containment strategies can generally be seen as falling into three devices: 1) front–end diversion devices; 2) back–end release devices; and 3) organizational or managerial controls. The first two are efforts to restrain growth in prison populations. On the other hand, the third device more or less takes prison population as given and then makes optimal use of available resources.

Front–end diversion devices are basically sentencing alternatives that place an offender under some type of sanction in lieu of incarceration in a correctional facility. The effect is to reduce prison admissions and prison population levels from what they would otherwise have been, which theoretically translates into some form of cost savings. Examples of such programs or actions include community corrections that provide an array of residential and non–residential sanctions and changing the technical violation criteria that trigger the recommitment of a released offender to prison.

Back–end release devices basically reduce the length of stay for those committed to prison. The effect is to restrain growth in prison population levels from what they would otherwise have been, which theoretically translates into some form of cost savings. Examples of such programs or actions include boot camps, earned credits, furloughs, and electronically monitored early release.

The issue of managerial and organizational controls basically asks the question: what actions can the department take that will provide cost savings and increase effectiveness in operations? Examples of actions aimed at better management of criminal justice resources include state–of–the–art prison population projection models, offender classification systems, correctional staffing and personnel analysis, and privatization.

Inflation

The nature and size of the department's institutional operations – at the end of FY 2001 it will be composed of 34 correctional facilities, roughly 45,500 inmates, and 16,000–plus staff – make its payroll and maintenance costs especially sensitive to changes in the costs of doing business. And in the "prison business" the economic pressures are always pushing the costs associated with the delivery of essential goods and services upward (security, medical care, food, clothing, utilities, and so forth). Inflation is not a factor over which the department has much control and it has the potential to wield a deadly fiscal effect on institutional agency budgets. Inflation has had a particularly damaging impact on the range of healthcare services delivered in correctional institutions. The FY 2001 inflation rate for medical services, measured by the Consumer Price Index, is about 4.6 percent. Labor shortages are also having an inflationary effect on the provision of dental and pharmacy services. Existing department contracts for healthcare services are not competitive with current market rates. The department’s Bureau of Medical Services expects the cost of these contractual services to increase by anywhere from 20 percent to 30 percent when re–bid.

Pay Raises

The department’s current GRF staff, which totals in excess of 15,000 paid positions, will generate an estimated total FY 2002 payroll of $900 million and an estimated FY 2003 payroll of $972 million. It should be pretty clear that any kind of pay raises, in particular those that automatically kick in as a result of collective bargaining agreements, have quite a profound fiscal effect on the department's bottom line payroll costs, in particular those absorbed by the GRF.

ADDITIONAL FACTS AND FIGURES

The table below displays the number of staff by program that the Department of Rehabilitation and Correction paid, or will pay, on the last pay period of FYs 1994 through 2001.

Department of Rehabilitation and Correction Staffing Levels*								
Program	1994	1995	1996	1997	1998	1999	2000	2001
Administration	1,009	1,135	1,085	1,159	1,231	1,275	1,368	1,386
Parole & Community Services	703	862	927	1,045	1,095	1,129	1,156	1,255
Education	283	292	375	439	482	524	524	617
Facility Management	435	473	497	514	528	561	561	618
Medical Services	428	462	480	550	569	617	617	663
Mental Health	91	107	295	540	614	656	671	759
Recovery Services	63	61	75	105	124	151	151	172
Security	6,043	7,561	7,524	7,838	8,075	8,664	8,879	9,208
Support Services	1,000	1,109	1,074	1,126	1,182	1,241	1,258	1,387
Unit Management	406	462	470	709	756	803	812	880
Totals	**10,461**	**12,524**	**12,802**	**14,025**	**14,656**	**15,577**	**15,997**	**16,945**

*The staffing levels displayed in the above table for FY 2001 are an estimate.

Future Staffing Levels. The executive–recommended budget provides a level of funding that is below what the department calculated its future cost of doing today's business would be in FYs 2002 and 2003. As a result, the department will not be able to maintain its current level of institutional programs and services in the next biennium. This includes the likelihood that it will not be able to cover the payroll costs associated with 300–to–400 existing staff. As the department has not yet made any firm decisions with regard to how the fiscal effects of this funding shortfall will be handled, including likely reductions in the size of its annual payroll, no estimate of future staffing levels by program area can be made with any degree of certainty at this time.

State Employees. What is not clearly evident from the department's staffing levels in the above table is the bigger picture into which these "numbers" fit. As of this writing, of the total number of state employees, 25 percent work for the department, that's one–in–four state employees. An even more striking figure, we believe, is the fact that roughly 13 percent of all state employees are correction officers who work for the department, that's approximately one–in–six state employees.

Privatized Correctional Institutions. The department's FY 2001 staffing levels do not include the Lake Erie Correctional Institution and the North Coast Correctional Treatment Facility, which are state–owned prisons whose operations have been contracted out to private sectors vendors. If those two correctional facilities were not to be privatized, the department would need approximately 500 total additional staff for their activation and operation.

ANALYSIS OF EXECUTIVE PROPOSAL

What follows is LSC fiscal staff's analysis of the Department of Rehabilitation and Correction biennial budget covering FYs 2002 and 2003 as contained in the executive budget. Our presentation of that budget information is organized around the following for program series.

- ***INSTITUTIONAL OPERATIONS***
- ***PAROLE & COMMUNITY SERVICES***
- ***ADMINISTRATION***
- ***DEBT SERVICE***

INSTITUTIONAL OPERATIONS *Program Series 1*

Purpose The mission of the Institutional Operations program series is to manage all operations of correctional institutions to provide a safe and humane environment for both staff and inmates.

The following table shows the line items that are used to fund this program series, as well as the Governor's recommended funding level.

Fund	ALI	Title	FY 2002	FY 2003
GRF	501-321	Institutional Operations	$ 812,303,733	$ 854,722,041
GRF	501-403	Prisoner Compensation	$ 8,882,026	$ 8,882,026
GRF	502-321	Mental Health Services	$ 74,818,421	$ 78,654,794
GRF	505-321	Institution Medical Services	$ 133,276,763	$ 138,816,667
GRF	506-321	Institution Education Services	$ 22,973,513	$ 24,037,681
GRF	507-321	Institution Recovery Services	$ 6,675,731	$ 6,986,319
		Subtotal – GRF	**$1,058,930,187**	**$1,112,099,528**
148	501-602	Services and Agricultural	$ 95,102,123	$ 98,634,008
200	501-607	Ohio Penal Industries	$ 43,131,254	$ 44,425,724
4B0	501-601	Penitentiary Sewer Treatment Facility Services	$ 1,535,919	$ 1,614,079
4D4	501-603	Prisoner Programs	$ 21,872,497	$ 23,135,230
4S5	501-608	Education Services	$ 3,727,680	$ 3,894,150
483	501-605	Property Receipts	$ 361,230	$ 373,628
5H8	501-617	Offender Financial Responsibility	$ 435,000	$ 440,000
593	501-618	Laboratory Services	$ 4,277,711	$ 4,469,231
		Subtotal – Other State Funds	**$ 170,443,414**	**$ 176,986,050**
3S1	501-615	Truth-In-Sentencing Grants	$ 22,906,042	$ 23,432,796
323	501-619	Federal Grants	$ 10,246,790	$ 10,246,790
		Subtotal – Federal Funds	**$ 33,152,832**	**$ 33,679,586**
		Total funding: INSTITUTIONAL OPERATIONS	**$1,262,526,433**	**$1,322,765,164**

The Institutional Operations program series consists of programs that provide housing, security, maintenance, food, and support services for offenders who are sentenced to the custody of the department.

Our analysis of this program series is organized around a mix of issues, programs, and selected non–GRF revenue streams as follows:

- ***INSTITUTIONAL STAFFING PLAN***
- ***MENTAL HEALTH***
- ***MEDICAL***
- ***EDUCATION***
- ***RECOVERY SERVICES***
- ***PRISONER COMPENSATION***
- ***PRISONER PROGRAMS (FUND 4D4)***
- ***FEDERAL TRUTH–IN–SENTENCING (FUND 3S1)***
- ***OFFENDER RESPONSIBILITY (FUND 5H8)***
- ***LABORATORY SERVICES (FUND 593)***

Before we launch into a more detailed discussion of the institutional budget, there is an important piece of temporary law to note. The temporary law would allow the Director of Budget and Management, at the request of the department, to transfer appropriation authority, within the same fiscal year, between or among the following GRF line items that support day–to–day prison operations: 501–321, Institutional Operations; 502–321, Mental Health Services; 505–321, Institution Medical Services; 506–321, Institution Education Services; and 507–321, Institution Recovery Services. The amount of funding appropriated to these GRF line items as a group under the executive budget totals $1.05 billion in FY 2002 and $1.10 billion in FY 2003. Under current law, the authority to approve such fund transfers lies with the state's Controlling Board. The temporary law will mean that the Controlling Board's approval would not be needed in order for these fund transfers to take place. LSC fiscal staff are unaware of any previously enacted biennial budget that has removed the Controlling Board's from its oversight role relative to the transfer of the department's GRF funds.

INSTITUTIONAL STAFFING PLAN

Implication of the Executive Recommendation: The table below shows the number of existing authorized staff for which the department requested funding (labeled *Continuation Staff*), including correction officers (*COs*). The revenue source that would be financing these personnel is also captured. For GRF–funded institutional staff, we have noted the programmatic line items that will support these personnel, while we have chosen for ease of presentation to group all institutional staff supported by other revenue streams under the rubric of *Total non–GRF*.

These staff essentially reflect the number of personnel that the department has calculated it will need to pay in order to continue delivering its existing level of institutional services and programs in the next biennium. In addition, the department requested expansion funding for the purpose of hiring 110 new institutional staff, including 64 COs, over the course of the next biennium.

The executive budget did not provide any institutional expansion funding, and in fact, the executive budget does not even provide sufficient funding to cover the future cost of delivering existing program and service levels. Thus, the department will have to trim institutional operating costs in the next biennium, which means reductions in payroll, maintenance, and equipment expenses. As a result of what is in effect an across the board cut in the department's GRF budget, it is looking at having to cut the payroll costs associated with anywhere from 300–to–400 GRF–funded staff in the next biennium. Since the lion's share of the department's personnel are employed in its institutional program areas, the staff portrayed in the table below are the ones that will most likely be hit hardest by any potential reductions in force. This reduction could occur though any number of mechanisms, including early retirement buy–outs, attrition, and even potential layoffs.

DRC's Authorized Institutional Staffing Levels

Staffing	501-321	502-321	505-321	506-321	507-321	Total GRF	Total non-GRF	Total All Funds
Continuation Staff	11,647	877	941	326	104	13,895	1,334	15,229
COs	7,939	92	242	0	0	8,273	0	8,273
Total Staff	**11,647**	**877**	**941**	**326**	**104**	**13,895**	**1,334**	**15,229**

MENTAL HEALTH

Program Description: The Mental Health Services program provides care for inmates with a variety of mental health needs. The service delivery system concept in this program draws heavily from the notion of "clusters" used in community mental health care. All of the department's correctional institutions have been assigned to a cluster, with each cluster, or grouping, responsible for providing a continuum of care ranging from outpatient to residential services to inmates residing within that cluster. Inmates in need of hospitalization are transferred to the department's Oakwood Correctional Facility (Allen County), which can house around 190 male and female offenders in need of intensive psychiatric treatment.

Funding Source: GRF.

Line Items: 502–321, Mental Health Services.

Implication of the Executive Recommendation: The executive budget provides less than the requested amount for continuation funding to cover the annual operating costs associated with 877 authorized staff positions (payroll, maintenance, and equipment), 92 of whom are correction officers. As a result, the department will have to trim operational costs financed through this line item, especially in light of the escalating inflationary pressure on healthcare costs that are out of the department's control.

MEDICAL

Program Description: The Medical Services program provides primary and screening health care at all correctional institutions, as well as more specialized and acute care under a contractual arrangement with The Ohio State University Hospitals that costs approximately $26 million annually.

Funding Source: GRF.

Line Items: 505–321, Institution Medical Services.

Implication of the Executive Recommendation: The executive budget provides less than continuation funding to cover the annual operating costs associated with 941 authorized staff (payroll, maintenance, and equipment), 242 of who will be correction officers. As a result, the department will have to trim operational costs financed through this line item, especially in light of the escalating inflationary pressure on healthcare costs that are out of the department's control.

EDUCATION

Program Description: The Education Services program provides educational opportunities for inmates, including adult basic education, high school equivalency, adult high school, vocational education, special education and literacy training, and pre–release programming.

In the previous biennium, two important changes were made in this program. First, inmates were no longer eligible to receive GRF–funded Ohio Instructional and Student Choice grants previously available through the Board of Regents (BOR). In the budget covering the current fiscal year, approximately $5 million annually was added to the department's operating budget to replace the BOR money, to be used to provide direct payments on behalf of inmates to post–secondary program providers and to construct a distance learning system. Second, there was also a shift in emphasis away from general studies and liberal arts curricula to short, employment–oriented curricula, as well as the tightening of eligibility criteria.

Funding Source: 1) GRF; 2) federal education grants; 3) non–federal money transferred from the Ohio Department of Education; and 4) commissions on collect call telephone systems established for the use of inmates.

Line Items: 506–321, Institution Education Services; 501–619, Federal Grants; 501–608, Education Services; 501–603, Prisoner Programs.

Implication of the Executive Recommendation: In the GRF component of the executive budget less than a continuation level of funding is provided to cover the annual operating costs associated with 326 authorized staff (payroll, maintenance, and equipment). As a result, the department will have to trim operational costs financed through this line item. In addition, the department may reduce its financial commitment to higher education services and programs, but such a decision is somewhere off in the future.

RECOVERY SERVICES

Program Description: The recovery services program provides care for inmates with a variety of alcohol and other drug (AOD) service needs.

Funding Source: 1) GRF; 2) commissions on collect call telephone systems established for the use of inmates; and 3) federal substance abuse treatment grants.

Line Items: 507–321, Institution Recovery Services; 501–603, Prisoner Programs; 501–619, Federal Grants.

Implication of the Executive Recommendation: In the GRF component of the executive budget less than the requested level of continuation funding is provided to cover the annual operating costs associated with 104 authorized staff (payroll, maintenance, and equipment). As a result, the department will have to trim operational costs financed through this line item.

Permanent and Temporary Law: Temporary law in the department's budget stipulates that, of the moneys contained in GRF line item 507-321, Institution Recovery Services, $50,000 shall be used in each of fiscal years 2002 and 2003 to fund a demonstration project using innovative alcohol and substance abuse treatment methods.

PRISONER COMPENSATION

Program Description: Inmates who work at jobs other than those associated with the Ohio Penal Industries receive a monthly wage that runs from $16 to $18. This "hierarchy of pay" has been in effect since 1982. The funds to support these payments are drawn from GRF line item 501–403, and it is important to understand that the amount spent annually is a direct function of the number of inmates who are working. As the size of the inmate population has grown, so have the numbers that work, thus spending is driven upward.

This ability to work has to be viewed in light of its positive effects on prison life. Minimally, the ability to work cuts into an inmate's idle time and gives them something to do, which is a valuable prison management tool. This tool is also a useful way to reward inmates by being able to assign them to better, more highly paid jobs. It also gives them money with which to buy cigarettes, snacks, and so forth at each institution's commissary. The profit on these sales is then plowed back into each institution for the purchase of goods and services that benefit inmates.

Funding Source: 1) GRF; 2) revenue produced from the sale of Ohio Penal Industries goods and services; and 3) food and farm earnings.

Line Items: 501–403, Prisoner Compensation; 501–607, Ohio Penal Industries; 501–602, Services and Agricultural.

Implication of the Executive Recommendation: The executive budget provides less than the requested level of GRF funding for paying inmates and issuing gate money. At this time, the department believes that it can work with this level of funding, without resorting to cutting inmate pay or gate money. The inmate population as well as the number of offenders being released from prison has more or less stabilized, thus there is not an ever increasing number of working inmates who would have to be paid or collecting gate money on the way out the prison door.

Permanent and Temporary Law: Although inmates are paid from non–GRF line item 501–602, Services and Agricultural, for jobs performed while in prison, the actual money for these payments is transferred in from GRF line item 501–403, Prisoner Compensation. Temporary law in requires these transfers to occur on a quarterly basis via intrastate transfer voucher (ISTV). The temporary law first appeared in Am. Sub. H.B. 298, the main appropriations act of the 119th General Assembly.

PRISONER PROGRAMS (FUND 4D4)

Program Description: The revenue stream deposited into this fund may be used for the costs of construction, goods, and services that directly benefit inmates, as well as part of the cost of prisoner release payments.

Funding Source: Commissions on collect call telephone systems established for the use of inmates.

Line Item: 501–603, Prisoner Programs.

Implication of the Executive Recommendation: The department has in recent years utilized a three–pronged strategy to tap into this fund's revenue stream. First, back in FY 1996, the department moved some existing fiscal burdens from the GRF to this non–GRF account. Second, the department has taken to tapping this revenue to undertake an expansion of programming services that are delivered to inmates. Third, this fund is used to assist in financing one–time construction projects, like buildings that will house various inmate programs.

The executive budget proposes to continue the heavy tapping of this fund's rather healthy revenue stream. This spending level could become problematic should the revenue stream supporting it (collect telephone calls made by inmates), for whatever reason, weaken. Clearly, such a negative turn would put the department in the position of having to make some difficult decisions regarding resource allocations, particularly in light of the fact that there are currently 208 education services and 62 recovery services personnel paid from this fund.

FEDERAL TRUTH–IN–SENTENCING (FUND 3S1)

Program Description: This is basically a federal "bricks–and–mortar" program intended generally to fund construction or renovation projects that create additional bed space for the housing of violent offenders. A very small amount of this federal money is used to cover the department's administrative expenses, with the very large remainder disbursed as follows: 80 percent to the department, 15 percent to local governments for full–service jail projects, and 5 percent to the Department of Youth Services.

Funding Source: Federal grant.

Line Item: 501–619, Truth–In–Sentencing Grants.

Implication of the Executive Recommendation: The executive budget proposes a level of funding that reflects the amount of this federal money that Ohio will be eligible for and draw down annually. The state cannot simply collect its annual federal award and bank it until it is needed; it can only draw on an awarded amount as it incurs costs. In this sense, it works more like a reimbursement program.

We feel compelled to note the rather notable difference between the fund's proposed appropriation of around $23.0 million in each of the next two fiscal years when compared to the fact annual federal grant award is expected to be around $15 million annually. The proposed appropriations for FYs 2002 and 2003 really represent grant money that the department has accumulated over time, but not yet spent. Those familiar with the dynamics of state capital money know it can take anywhere from three–to–six years to spend it from the time at which it was appropriated. How much of this federal capital money will be disbursed in any particular fiscal year is highly uncertain, which means in many ways setting this fund's appropriation authority involves some educated guesswork.

OFFENDER FINANCIAL RESPONSIBILITY (FUND 5H8)

Program Description: Amended Substitute Senate Bill 111 of the 122nd General Assembly permits the department to collect "cost debts" from an offender, including, but not limited to, any user fee or copayment for services, assessments for damage or destruction to institutional property, restitution to another offender or staff member, cost of housing and feeding, cost of supervision, and cost of any ancillary services. Any of these cost debts collected are directed into the Offender Financial Responsibility Fund, which the act created, and may be expended for goods and services of the same type as those for which offenders were assessed costs. To date, the only cost debt being collected is a $3 copayment for voluntary sick calls, which generates about $400,000 annually.

Funding Source: "Cost debts" collected from offenders.

Line Item: 501–617, Offender Financial Responsibility.

Implication of the Executive Recommendation: The executive budget basically provides continuation funding for this fund, which will, given the department's current cost collection practice, cover some of the annual operating costs associated with the institutional medical services program.

LABORATORY SERVICES (FUND 593)

Program Description: The existence of this fund reflects the decision made in the fall of calendar year 1998 by the departments of Rehabilitation and Correction and Mental Health to merge their separate laboratory operations into one unified laboratory under the control of the Department of Rehabilitation and Correction. That arrangement was set further into motion by action of the Controlling Board that created the Laboratory Services Fund in October 1998, and then was codified by Am. Sub. H.B. 850, the capital appropriations act of the 122nd General Assembly. The laboratory is required to provide services to the departments of Rehabilitation and Correction, Mental Health, Mental Retardation and Development Disabilities, and Youth Services, and may also provide such services to other state, local, and private entities upon request. The department is required to determine the cost of operating this laboratory operation and charge for the cost of providing laboratory services. The moneys so collected are then deposited into the Laboratory Services Fund and used to finance the laboratory's operation.

Funding Source: Laboratory services fees charged to various state, local, and private entities.

Line Item: 501–618, Laboratory Services.

Implication of the Executive Recommendation: The intent of the executive budget is that the proposed level of funding reflect the amount of revenue that will be needed and available in each fiscal year to support the department's expanded laboratory.

PAROLE AND COMMUNITY SERVICES *Program Series 2*

Purpose The mission of the Parole and Community Services program series is to protect Ohio citizens by ensuring appropriate supervision of offenders in community punishments, which are effective and hold offenders accountable.

The following table shows the line items that are used to fund this program series, as well as the Governor's recommended funding level. The bulk of this funding supports state and local efforts for the control and supervision of offenders who have been released from prison or who have been sentenced to community supervision by a local judge. The executive recommendation for these line items is portrayed below the continuation level necessary to support an authorized staffing level of 1,197 positions. The reader should bear in mind that the true number of GRF–funded staff will be more around 1,149 or so, as the appropriated amounts designated to cover payroll needs assumes that the vacancy rate for the Division of Parole and Community Services will average about 4 percent. This vacancy rate will likely increase given the reduced level of funding provided under the executive budget.

Fund	ALI	Title	FY 2002	FY 2003
GRF	501-405	Halfway House	$32,535,696	$32,535,696
GRF	501-407	Community Nonresidential Programs	$15,226,927	$15,226,927
GRF	501-408	Community Misdemeanor Programs	$7,982,122	$7,982,122
GRF	501-501	Community Residential Programs-CBCF	$49,663,671	$49,663,671
GRF	503-321	Parole and Community Operations	$73,700,832	$79,107,087
Subtotal – GRF			**$179,109,248**	**$184,515,503**

4J3	501-612	Community Mental Health & Substance Abuse Treatment	$0	$0
4L4	501-604	Transitional Control	$401,772	$417,032
Total funding: PAROLE AND COMMUNITY SERVICES			**$177,511,020**	**$184,932,535**

Two specific programmatic groupings within the Parole and Community Services program series will be focused on in the analysis below. The reader should keep in mind the basic distinction between "continuation funding" and "expansion funding." Continuation funding basically represents the amount of money it will take in FYs 2002 and 2003 to continue services that were being delivered during FY 2001. Expansion funding is essentially new money explicitly provided to undertake new initiatives, expand existing services, or hire new staff.

- ***OFFENDER RELEASE & SUPERVISION***
- ***COMMUNITY SANCTIONS***

OFFENDER RELEASE AND SUPERVISION

Program Description: The activities grouped here cover components of the Division of Parole and Community Services that provide offender release and community supervision services, jail inspection services, and victim services. The largest component of the program contains the Adult Parole Authority (APA). The APA is responsible for the release of offenders from prison (including operation of the Parole Board) and their supervision in the community thereafter (including offenders placed on parole, post–release control, and transitional control). The APA also provides supplemental or full community control supervision services to a number of counties and prepares pre–sentence investigations for county common pleas courts and offender background investigations on those sentenced to prison.

Funding Source: Almost exclusively a GRF–driven operation.

Line Items: 503–321, Parole and Community Operations; 501–604, Transitional Control.

Implication of the Executive Recommendation: The executive budget provides less than the continuation funding level needed to cover the annual operating costs associated with an authorized staffing level of 1,197 positions (payroll, maintenance, and equipment) supported by line item 503–321. Around 600 of these staff are parole officers. The executive provides no GRF expansion funding for any new staff or new programmatic initiatives. No expansion funding is provided to undertake new initiatives, expand existing services, or hire any new staff. Thus, reductions in staff, maintenance, and equipment costs will have to be made.

Earmarking: Temporary law requires at least $30,000 in each fiscal year be committed from GRF line item 503–321, Parole and Community Operations, to support an inmate development program. The temporary law first appeared in Am. Sub. H.B. 298, the main appropriations act of the 119th General Assembly, and required the same minimal level of fiscal commitment. Since its inception, the department has essentially fulfilled the statutory requirement by entering into a contract with the Amer–I–Can program, a Los Angeles–based vendor headed by football legend Jim Brown, for the development and facilitation of a self–enhancement program for inmates. Participants in the program are graduates from the Shock Incarceration Program, also known as boot camp. The department does not plan to renew its contract with the Amer–I–Can program for FYs 2002 and 2003.

COMMUNITY SANCTIONS

Program Description: The Community Sanctions program contains four sub–programs that provide contract and subsidy dollars intended to ensure that, for the purposes of sanctioning offenders and protecting public safety, the state and local judges have access to a range of appropriate community–based controls as alternatives to prison and jail.

Funding Source: GRF.

Line Items: 501-–405, Halfway House; 501–501, CBCFs; 501–407, Community Nonresidential Programs; 501–408, Community Misdemeanor Programs.

Implication of the Executive Recommendation: The relationship of the executive budget to the Community Sanctions program is discussed below.

Halfway Houses. The Halfway House sub–program contracts with public and private agencies for the provision of residential placements for offenders who are: 1) released from prison under the supervision of the Adult Parole Authority; or 2) sentenced into community control by a common pleas court. The executive–recommended funding levels for this sub–program is below the requested continuation level of funding and will not fully support a network of 1,575 halfway house beds that are currently under contract to the department. (In FY 2001, these beds will provide alternative placement for approximately 6,348 offenders.) As a result of the reduced level of funding contained in the executive budget, the department will have to cut the costs of operating its halfway house network, which most likely translates into some mix fewer beds, lower per diem rates, and service reductions, particularly for special needs populations that require mental health, sex offender, and substance abuse programming.

CBCFs. The Community–Based Correctional Facilities (CBCFs) sub-–program provides subsidy funds for the operation of community–based correctional facilities (CBCFs). CBCFs, which can be formed by counties or groups of counties with populations of 200,000 or more, exist for the diversion of nonviolent felony offenders from state prison and are operated by local judicial corrections boards formed by courts of common pleas. The state provides 100 percent of the financing for the construction, renovation, maintenance, and operation of these residential facilities, which house up to 200 felony offenders and offer services such as education, job training, and substance abuse treatment as an alternative to incarceration.

The department's plan calls for 19 CBCFs operational statewide, with the net result being that all of the state's 88 counties will have access to CBCF beds. At the close of FY 2001, there will be 18 operational CBCFs statewide. The total number of available CBCF beds stands at 1,891, which, by the end of FY 2001, will allow for the diversion of approximately 5,673 annual offenders whose average length of stay will be around 4 months.

The executive budget includes less than the requested continuation funding necessary for the 18 CBCFs that are expected to be operational statewide at the close of FY 2001. There is no expansion funding for additional staff or new programs. The department will have to find a way to cut its existing level of CBCF financial assistance in the next biennium, which could translate into some mix of fewer beds, lower per diem rates, and programming reductions.

The lone remaining CBCF would be a brand new 200–bed facility planned for Cuyahoga County. The county was scheduled to receive capital funding for construction. It is unclear when that CBCF planned for Cuyahoga County will be constructed and operational due to ongoing siting problems. The completion of the project is presently estimated to be sometime during FY 2003. Getting this site on–line carries significant potential as felony commitments from Cuyahoga County alone typically make up around 25 percent of annual prison population intake. As a result of the budget recommendations, it now appears very unlikely that the department will build this CBCF anytime in the near future.

Nonresidential Programs. The Community Nonresidential sub–program provides grants to counties to develop, implement, and operate intensive supervision and other community sanctions programs that divert felony offenders from prison or jail commitments. The executive budget provides less than the requested level of continuation funding, which means that the program's cost will have to be cut. In fact, the department plans to conduct a review of all currently funded programs with an eye toward reducing or eliminating its financial commitment. Two likely outcomes appear to be that: 1) the total number of funded programs will decrease from 67 to 59; and 2) the level of annual funding for some of the programs that continue to receive state support could drop by as much as 8 percent.

Misdemeanor Programs. This Community Misdemeanor sub–program is considered a jail population reduction effort, as it targets misdemeanant offenders and diverts them into alternative community control sanctions, most typically intensive supervision or pre–trial diversion, in lieu of confinement in a local jail. The executive budget provides less than the requested level of continuation funding, which means that the program's cost will have to be cut. In fact, the department plans to conduct a review of all currently funded programs with an eye toward reducing or eliminating its financial commitment. Two likely outcomes appear to be that: 1) the total number of funded programs will decrease from 100 to 95; and 2) the level of annual funding for some of the programs that continue to receive state support could drop by as much as 8 percent.

ADMINISTRATION *Program Series 3*

Purpose The mission of the Administration program series is to provide quality corrections in Ohio and provide centralized leadership and support for the state prison system and community corrections programs.

■ *ADMINISTRATION*

Program Description: The Administration program series is in actuality a single program and does not contain easily discernible programs. Rather, it serves as an umbrella term capturing a whole host of what one would call "sub–programs," including, among other things, employee relations, business administration, community services, chief inspector, legal services, and management information systems.

This program essentially guides all of the correctional institutions and provides oversight and coordination for all departmental operations. It includes, but is not limited to, the director's office, human resources, training, legal services, management information systems, and fiscal monitoring and planning. Additionally, the Corrections Training Academy (CTA), located in Pickaway County's Orient Correctional Complex is part of this program series. CTA provides pre–service and in–service training to all departmental personnel, as well as other state agency personnel. In a sense, this program is somewhat analogous to what many might refer to as "Central Office."

That said, there are an additional 40–to–50 Central Office staff that are not captured under the Administration program series. These are “programmatic” staff who oversee specific areas of the department’s entire prison system (mental health, education, medical, and recovery services). All of these program line items contain administrative staff members, for the particular program, that are housed in Central Office. The ongoing annual operating costs associated with those programmatic staff are charged to the appropriate program line item within the department’s Institutional Operations program series, e.g., 502–321, Mental Health Services, 505–321, Institution Medical Services, 506–321, Institution Education Services, or 507–321, Institution Recovery Services.

Funding Source: Essentially a GRF–driven operation.

Line Items: 504–321, Administrative Operations; 501–606, Training Academy Receipts.

Implication of the Executive Recommendation: The following table shows the lone two line items that are used to fund this program series, as well as the Governor’s recommended funding level.

Fund	ALI	Title	FY 2002	FY 2003
GRF	504-321	Administrative Operations	$27,812,663	$27,603,759
571	501-606	Training Academy Receipts	$ 71,567	$ 71,567
Total funding: ADMINISTRATION			**$27,884,230**	**$27,675,326**

The executive budget provides less than what is necessary to cover the annual operating costs associated with 340 existing staff (payroll, maintenance, and equipment). Continuation funding basically represents the amount of money it will take in FYs 2002 and 2003 to continue services that were being delivered during FY 2001. No expansion funding is provided to undertake new initiatives, expand existing services, or hire any new staff. Thus, reductions in staff, maintenance, and equipment costs will have to be made.

DEBT SERVICE *Program Series 4*

Purpose This mission of the Debt Service program series is to ensure payment of bond service charges for obligations issued by the Ohio Building Authority to finance the cost of the department's capital appropriations.

■ *DEBT SERVICE*

Program Description: This program/line item picks up the state's debt service tab that must be paid to the Ohio Building Authority (OBA) for its obligations incurred as a result of issuing bonds that cover the department's capital appropriations. The appropriation authority and actual spending levels are set and controlled by the Office of Budget and Management (OBM), and not by DRC.

The moneys made available as a result of these bonds have financed the design, construction, renovation, and rehabilitation phases of various departmental capital projects, as well as the construction and renovation costs associated with local projects (community–based correctional facilities and jails).

Funding Source: GRF.

Line Item: 501–406, Lease Rental Payments.

Implication of the Executive Recommendation: The following table shows the lone and rather sizeable GRF line item that is used to fund this program series, as well as the Governor's recommended funding level. Under the debt service funding level in the executive budget, the state should have no problem meeting its legal and financial obligations to the OBA in either of the next two fiscal years.

Fund	ALI	Title	FY 2002	FY 2003
GRF	501-406	Lease Rental Payments	$147,288,300	$151,594,300
Total funding: DEBT SERVICE			$147,288,300	$151, 594,300

When reviewing the department's actual and proposed debt service picture, two pieces of information need to be kept in mind. First, OBM has historically taken a somewhat conservative track in estimating annual debt service needs, which can lead to the lapsing of debt service appropriations as they typically are set at a level in excess of the amount actually needed for disbursement. This practice also sends a positive signal to bond markets, which protects and strengthens the state's credit rating, ensuring, hopefully, access to pots of cheap money.

Second, since the start of FY 1991, the General Assembly has authorized departmental capital appropriations that total well in excess of $1.0 billion, which are financed exclusively by bonds issued by the OBA. The cumulative fiscal effect of this wall of bond money hitting the streets is reflected in the department's steadily rising repayment stream.

Permanent and Temporary Law: Temporary law tied to the department's budget stipulates that the moneys contained in GRF line item 501-406, Lease Rental Payments, are for payments to the Ohio Building Authority for the purpose of covering the principal and interest on outstanding bonds issued to finance the state's adult correctional building program. Prior biennial operating appropriations have included virtually identical temporary law.

PERMANENT AND TEMPORARY LAW

This section describes the permanent and temporary law provisions contained in the executive budget that will affect the Department of Rehabilitation and Correction's activities and spending decisions during the next biennium.

Permanent Law Provisions

There are no permanent law provisions contained in the executive budget that explicitly affect the duties, responsibilities, or fiscal operations of the department.

Temporary Law Provisions

Inmate Development Program

Temporary law requires at least $30,000 in each fiscal year be committed from GRF line item 503–321, Parole and Community Operations, to support an inmate development program. Analogous temporary law first appeared in Am. Sub. H.B. 298, the main appropriations act of the 119th General Assembly and required the same minimal level of fiscal commitment. Since its inception, the department has essentially fulfilled this statutory requirement by entering into a contract with the Amer–I–Can program, a Los Angeles–based vendor headed by football legend Jim Brown, for the development and facilitation of a self–enhancement program for inmates. Participants in the program are graduates from the Shock Incarceration program, also known as boot camp. In FY 1999, the department committed just shy of $78,000 to the Amer–I–Can program. The department does not plan to renew the contract with the Amer–I–Can program for FYs 2002 and 2003.

Institution Recovery Services

Temporary law in the department's budget requires that of the foregoing appropriation item 507-321, Institution Recovery Services, $50,000 in each fiscal year shall be used to fund a demonstration project using innovative alcohol and substance abuse treatment methods. This temporary law first appeared in Am. Sub. H.B. 283, the main appropriations act of the 123rd General Assembly and required the same minimal level of fiscal commitment.

Prisoner Compensation

Although inmates are paid from non–GRF line item 501–602, Services and Agricultural, for jobs performed while in prison, the actual money for these payments is transferred in from GRF line item 501–403, Prisoner Compensation. Temporary law in the bill requires these transfers to occur on a quarterly basis via intrastate transfer voucher (ISTV). This temporary law first appeared in Am. Sub. H.B. 298, the main appropriations act of the 119th General Assembly.

Ohio Building Authority Lease Payments

Temporary law tied to the department's budget stipulates that the moneys contained in GRF line item 501-406, Lease Rental Payments, are for payments to the Ohio Building Authority for the purpose of covering the principal and interest on outstanding bonds issued to finance the state's adult correctional building program. This temporary law first appeared in Am. Sub. H.B. 291, the main appropriations act of the 115th General Assembly.

GRF Fund Transfers

Temporary law would allow the Director of Budget and Management, at the request of the department, to transfer appropriation authority, within the same fiscal year, between or among the following GRF line items: 501–321, Institutional Operations; 502–321, Mental Health Services; 505–321, Institution Medical Services; 506–321, Institution Education Services; and 507–321, Institution Recovery Services. The amount of funding appropriated to these GRF line items as a group under the executive budget totals $1.05 billion in FY 2002 and $1.10 billion in FY 2003. Under current law, the authority to approve such fund transfers lies with the state's Controlling Board. The temporary law will mean that the Controlling Board's approval would not be needed in order for these fund transfers to take place. LSC fiscal staff are unaware of any previously enacted biennial budget that has removed the Controlling Board's from its oversight role relative to the transfer of the department's GRF funds.

REQUESTS NOT FUNDED

The difference, or variance, between the Department of Rehabilitation and Correction's total request for its next biennial GRF budget and the executive–recommended funding level is summarized in the tables below and organized along the lines of the department's four program series. What will emerge from this review is the fact that, under the executive budget, the department will not be able to maintain its current level of programs and services, and plans will have to made to implement cuts that reduce the future cost of its programs and services.

INSTITUTIONAL OPERATIONS

Line Item	FY 2002 Requested	FY 2002 Recommended	Difference	FY 2003 Requested	FY 2003 Recommended	Difference
501-321	$ 856,328,064	$ 812,303,733	($44,024,331)	$ 899,491,363	$ 854,722,041	($44,769,322)
501-403	$ 9,654,376	$ 8,882,026	($ 772,350)	$ 9,654,376	$ 8,882,026	($ 772,350)
502-321	$ 80,166,315	$ 74,818,421	($ 5,347,894)	$ 84,709,090	$ 78,654,794	($ 6,054,296)
505-321	$ 142,866,763	$ 133,276,763	($ 9,590,000)	$ 152,263,498	$ 138,816,667	($13,446,831)
506-321	$ 25,332,758	$ 22,973,513	($ 2,359,245)	$ 26,730,154	$ 24,037,681	($ 2,692,473)
507-321	$ 7,708,677	$ 6,675,731	($ 1,032,946)	$ 8,267,674	$ 6,986,319	($ 1,281,355)
TOTAL	$1,122,056,953	$1,058,930,187	($63,126,766)	$1,181,116,155	$1,112,099,528	($69,016,627)

The above table summarizes the difference in the Institutional Operations program series between the level of funding requested by the department and what the executive recommended in each fiscal year of the next biennium. Clearly in evidence is that the executive recommended a level of funding in every one of the department's institutional areas, security, mental health services, education services, prisoner compensation, medical services, and substance abuse treatment services, which was less than what the department requested. The significance of this is that, not only was the department denied any expansion funding, but the executive–recommended budget also falls well short of the amount necessary for the continuation of its existing programs and services.

Within the executive–recommended GRF funding levels, the department will not be able to accomplish much of what it wanted to do, including: 1) activation of the Glouster Substance Abuse Correctional Camp; 2) hire additional support staff for some of its other correctional institutions; 3) purchase information technology equipment; and 4) address the spiraling inflation costs affecting the contracts for and the delivery of a wide variety of institutional healthcare services.

At this point, we'd like to briefly discuss the GRF differences between the requested and recommended levels for the department's institutional operations initiatives, which, for ease of presentation, are grouped under one of three themes below – institutional operations, support staff, and information technology.

Institutional Operations. The department requested a total of $6.05 million in FY 2002 and $6.35 million in FY 2003 to address the impact of the 4.6 percent increase in the Consumer Price Index for medical services. In addition, labor shortages are having an inflationary effect on the provision of dental and pharmacy services. Existing departmental contracts for healthcare services are not competitive with current market rates. The department's Bureau of Medical Services expects these contractual services to increase in cost by anywhere from 20 percent–to–30 percent when re–bid. The executive–recommended funding levels, for all of the healthcare services, will not support such increases. The department will have great difficulty not only retaining the services of qualified healthcare practitioners, but they will also have a difficult time with providing continuation of the current level of healthcare services in the next biennium.

The executive–recommended funding levels would also not support the department's plan to activate the recently constructed Glouster Substance Abuse Camp. Activation of this 125–bed substance abuse treatment camp was planned to occur as part of the department's request for continuation services funding. The camp was expected to carry a staff of 50, including 24 correction officers, and cost approximately $3 million annually to operate.

Support Staff. The executive–recommended funding levels would not support the hiring of additional support staff in the next biennium. As it currently stands under the executive budget, the department is facing the fiscal challenge of having an insufficient level of funding to cover the payroll costs associated with 300–to–400 existing staff. This will force the department to leave vacancies unfilled, encourage early retirements, and possibly consider layoffs. The department has not yet made any decisions as to which option or mix thereof will enable them to respond to this fiscal crisis.

Information Technology. The department requested $23.7 million in FY 2002 and $18.9 million 2003 to purchase equipment necessary to implement a new enterprise–wide, integrated computer information system making data more readily available to all departmental personnel. The executive budget partially funded this information technology initiative by providing $5.5 million in FY 2002 and $3.6 million in FY 2003. The department certainly will not be able to complete the project at this level of funding and may have to place the entire project on hold. Given the rapidly changing nature of technology, prudence may dictate that it is preferable to wait until the necessary funding is available to complete such a project rather than completing it in stages, over a long period of time, in which equipment may become obsolete before ever being used.

DEBT SERVICE

Fund	FY 2002 Requested	FY 2003 Recommended	Difference	FY 2002 Requested	FY 2003 Recommended	Difference
501-406	$147,288,221	$147,288,300	($79)	$151,606,778	$151,594,300	($12,478)

The difference in the above table for the department's Debt Service program series is not really, in any sense of the word, meaningful. The appropriation and actual spending levels are set and controlled by the Office of Budget and Management (OBM), and not the department. The difference between what the department initially requested in each fiscal year of the next biennium and what the executive recommended simply represents an OBM revision to a number it calculates as an estimate of how much the state will have to pay the Ohio Building Authority (OBA) annually for its bond issuance costs (principal and interest). The money OBA generates through its bond sales is deposited into the Adult Correctional Building Fund (Fund 027), which serves as the source for financing the department's capital appropriations authorized by the General Assembly.

PAROLE & COMMUNITY SERVICES

Line Item	FY 2002 Requested	FY 2002 Recommended	Difference	FY 2003 Requested	FY 2003 Recommended	Difference
501-405	$ 38,614,060	$ 32,535,696	($ 6,078,364)	$ 39,769,480	$ 32,535,696	($ 7,233,784)
501-407	$ 17,866,622	$ 15,226,927	($ 2,639,695)	$ 18,402,623	$ 15,226,927	($ 3,175,696)
501-408	$ 9,772,603	$ 7,982,122	($ 1,790,481)	$ 10,065,780	$ 7,982,122	($ 2,083,658)
501-501	$ 60,702,943	$ 49,663,671	($11,039,272)	$ 69,894,140	$ 49,663,671	($20,230,469)
503-321	$ 81,156,503	$ 73,700,832	($ 7,455,671)	$ 87,417,740	$ 79,107,087	($ 8,310,654)
TOTAL	$208,112,731	$179,109,248	($29,003,483)	$225,549,763	$184,515,503	($41,034,260)

Under the executive budget, all of the Division of Parole and Community Service line items, which are depicted in the above table, received less funding than was requested by the department in both fiscal years. None of these line items received any expansion funding for new projects, programs, or services. In fact, all of these line items received less funding than what the department's calculated its future cost of doing today's business would be. In effect, all of these line items had their funding reduced below estimated FY 2001 expenditure levels. The impact will be that the existing costs associated with the department's parole and community sanctions subsidy services and programs will have to be cut in order to get through the next two fiscal years.

Halfway Houses. The budget reduction for FYs 2002 and 2003 in line item 501–405, Halfway Houses, will be addressed by utilizing a combination of strategies. First, it may be necessary to eliminate, over the biennium, approximately 75 beds from the department's existing halfway house network. This would reduce the total number of halfway house beds from 1,587 to 1,512, thus reducing the number of offenders that could be placed from 6,348 to 6,048 annually. Second, the department could try to negotiate lower per diem rates with the halfway house provider community. One likely byproduct of lower rates would be less intensive and fewer services for offenders participating in halfway house programs. Such an effect could be quite noticeable in the area of mental health and substance abuse programming.

The department's biennial budget request included expansion dollars for 320 new halfway house beds, which would provide placements for 1,280 additional offenders each fiscal year. Given that this expansion initiative was not funded, these beds will not be established. The specific impact of the department receiving no expansion funding shakes out as follows:

- Cuyahoga County was to host a 100-bed halfway house facility; that will not happen under the executive budget. The department has not yet spent any funds on planning or preparing this site where this facility was to be located.

- Allen County was to host a 70-bed halfway house facility; that will not happen under the executive budget. The department has not yet spent any funds on planning or preparing this site where this facility was to be located.

- Warren County was to host a 75-bed halfway house facility; that will not happen under the executive budget. The department has spent approximately $305,150 in capital funds on planning, development and architectural costs for the proposed facility. The construction contract to build the facility was scheduled to put out to bid in April 2001.

- Belmont County was to host a 75–bed halfway house facility; that will not happen under the executive budget. The department has spent approximately $228,750 in capital funds on planning, development and architectural costs for the proposed facility. The construction contract to build the facility was scheduled to put out to bid in April 2001.

CBCFs. The budget reduction for FYs 2002 and 2003 in line item 501–501, Community Residential Programs–CBCF, will be addressed by utilizing a combination of strategies. First, lower per diem rates will be negotiated with CBCFs. Again, lower rates will force the facilities to reduce the amount and intensity of various services provided to offenders participating in the CBCF programs. Second, it may be necessary to reduce the number of funded CBCF beds, however, to what extent cannot yet be determined. The department will make every attempt possible to address the budget reduction by negotiating lower per diem rates and maintaining the current number of CBCF beds, which is 1,891.

The department's biennial budget request for FY 2002 and 2003 included expansion dollars for 300 new CBCF beds, which would handle 900 additional offenders in each fiscal year. Given that expansion initiatives were not funded, these new CBCF beds will not be established. The specific impact of the department receiving no expansion funding works out as follows:

- Five existing CBCFs were to receive funding to bring these 300 additional beds on–line. Those five are located in Seneca (70 beds), Stark (24 beds), Summit (66 beds), Union (80 beds), and Scioto (60 beds) counties. Those new CBCF will not come on–line.

- Cuyahoga County was also scheduled to receive capital dollars to begin construction on a new 200–bed CBCF facility. The completion of this project was estimated to be sometime during FY 2003. If this facility were to open and begin receiving offenders, an additional 600 annual offenders from the Cuyahoga County area would potentially have been diverted from prison. Thus far, the department has not spent capital funds on this project due to ongoing siting problems.

Jail & Prison Population Reduction Programs. The budget reduction for FYs 2003 and 2003 in line item 501–407, Community Non–Residential Programs, and 501–408, Community Misdemeanor Programs, will be addressed by utilizing a combination of the strategies. First, all of the local programs receiving subsidies from these line items will be evaluated based on criteria established by the department, including service costs, success rate, prison commitments from the program's area, the level of services being provided by the Adult Parole Authority, and local jail capacity. Second, all of the programs will be rank ordered based on their evaluation scores and the placed in a four–tiered system. The first tier "or higher scored programs" will be retained at their FY 2001 funding levels, tier 2 programs will be reduced 4 percent from their FY 2001 funding levels, tier 3 programs will be reduced 8 percent from their FY 2001 funding levels and tier 4 programs will be eliminated. (It should be noted that three of the programs drawing funds from the Community Misdemeanor line item would be reduced at a level greater than 8% from FY 2001, but not eliminated.)

The application of the above formula will result in the elimination of 8 current Community Non–Residential programs, taking the total number of funded programs from 67 to down 59. Funding will also be reduced for a still undetermined number of programs, depending on which of the above tiers they are ranked. The application of the above formula will also result in the elimination of 5 current Community Misdemeanor programs, taking the total number of programs funded from 100 down to 95. Funding will also be reduced for a still undetermined number of programs, depending on which of the above tiers they are ranked. These results, of course, assume all local programs will still desire to participate after the assigned percentage budget cuts are administered.

The department's biennial budget request for FYs 2002 and 2003 also included expansion funding in its Community Non–Residential program to provide substance abuse treatment services for 300 additional offenders in each fiscal year. The program expansion was planned for Ashtabula, Montgomery, and Tuscarawas counties. These dollars were slated to enhance existing program services for offenders. These initiatives will not move forward due to the lack of expansion funding in the executive–recommended budget.

The department's biennial budget request for FYs 2002 and 2003 also included expansion funding for a mental health initiative designed to treat 250 additional misdemeanor offenders in each fiscal year through its Community Misdemeanor program. The counties that were targeted for this program expansion included Adams, Ashland, Clinton, Cuyahoga, Delaware, Lorain, Scioto, Trumbull, Vinton, and Williams. These initiatives will not move forward due to the lack of expansion funding in the executive–recommended budget.

Parole Functions. The department's biennial budget request for FYs 2002 and 2003 also included continuation funding for line item 503-321, Parole and Community Services. The executive-recommended budget is below the continuation funding level, which in all likelihood translates into staff reductions. The request for continuation funding would have supported 1,197 staff in the next biennium. The department estimates that the executive–recommended funding level would support approximately 1,128 staff. The current number of staff being paid from this line item is approximately 1,155. Thus, under the executive budget, the department will need to cut 20–to–30 of its existing staff in the parole and community services program.

ADMINISTRATION

Fund	FY 2002 Requested	FY 2002 Recommended	Difference	FY 2003 Requested	FY 2003 Recommended	Difference
504-321	$28,911,328	$27,812,663	($1,098,665)	$30,697,414	$27,603,759	($3,093,655)

If one were to compare in each fiscal year what the department requested for its Administration program series and what the executive recommended, which we have done in the table immediately above, that negative difference reflects a level of funding below what is necessary for the continuation of existing administrative activities. The level of funding requested by the department was intended to cover 340 authorized staff positions and related operating costs (maintenance and equipment) for the next biennium. As a result of receiving less than that level of funding under the executive budget, in addition to the previously indicated staff reductions, the department may also be forced to cutback on maintenance and equipment expenses, or some mix of these cost cutting activities.

LSC Budget Spreadsheet by Line Item, FY 2002 - FY 2003

Fund	ALI	ALI Title	Revised Estimated 2001	As Introduced 2002	House Sub Bill 2002	% Change Est. 2001 to House 2002	As Introduced 2003	House Sub Bill 2003	% Change House 2002 to House 2003
DRC	**Rehabilitation and Correction, Department of**								
GRF	501-321	Institutional Operations	$783,484,711	$ 812,303,733	$ 803,742,214	2.6%	$ 854,722,041	$ 845,948,431	5.3%
GRF	501-403	Prisoner Compensation	$9,557,832	$ 8,882,026	$ 8,837,616	-7.5%	$ 8,882,026	$ 8,837,616	0.0%
GRF	501-405	Halfway House	$33,235,152	$ 32,535,696	$ 36,873,018	10.9%	$ 32,535,696	$ 36,873,018	0.0%
GRF	501-406	Lease Rental Payments	$128,519,300	$ 147,288,300	$ 147,288,300	14.6%	$ 151,594,300	$ 151,594,300	2.9%
GRF	501-407	Community Nonresidential Programs	$16,476,342	$ 15,226,927	$ 15,150,792	-8.0%	$ 15,226,927	$ 15,150,792	0.0%
GRF	501-408	Community Misdemeanor Programs	$8,724,594	$ 7,982,122	$ 7,942,211	-9.0%	$ 7,982,122	$ 7,942,211	0.0%
GRF	501-501	Community Residential Programs-CBCF	$51,556,963	$ 49,663,671	$ 51,215,353	-0.7%	$ 49,663,671	$ 54,815,353	7.0%
GRF	502-321	Mental Health Services	$74,813,492	$ 74,818,421	$ 74,444,329	-0.5%	$ 78,654,794	$ 78,261,520	5.1%
GRF	503-321	Parole and Community Operations	$72,309,872	$ 73,700,832	$ 73,332,328	1.4%	$ 79,107,087	$ 78,711,552	7.3%
GRF	504-321	Administrative Operations	$27,736,203	$ 27,812,663	$ 27,673,600	-0.2%	$ 27,603,759	$ 27,465,740	-0.8%
GRF	505-321	Institution Medical Services	$125,796,656	$ 133,276,763	$ 132,610,379	5.4%	$ 138,816,667	$ 138,122,584	4.2%
GRF	506-321	Institution Education Services	$22,955,912	$ 22,973,513	$ 22,858,645	-0.4%	$ 24,037,681	$ 23,917,493	4.6%
GRF	507-321	Institution Recovery Services	$6,193,617	$ 6,675,731	$ 6,642,352	7.2%	$ 6,986,319	$ 6,951,387	4.7%
General Revenue Fund Total			**$ 1,361,360,646**	**$ 1,413,140,398**	**$ 1,408,611,137**	**3.5%**	**$ 1,475,813,090**	**$ 1,474,591,997**	**4.7%**
483	501-605	Property Receipts	$346,821	$ 361,230	$ 361,230	4.2%	$ 373,628	$ 373,628	3.4%
4B0	501-601	Sewer Treatment Services	$1,438,983	$ 1,535,919	$ 1,535,919	6.7%	$ 1,614,079	$ 1,614,079	5.1%
4D4	501-603	Prisoner Programs	$19,726,097	$ 21,872,497	$ 21,872,497	10.9%	$ 23,135,230	$ 23,135,230	5.8%
4L4	501-604	Transitional Control	$384,745	$ 401,772	$ 401,772	4.4%	$ 417,032	$ 417,032	3.8%
4S5	501-608	Education Services	$4,023,449	$ 3,727,680	$ 3,727,680	-7.4%	$ 3,894,150	$ 3,894,150	4.5%
571	501-606	Training Academy Receipts	$71,567	$ 71,567	$ 71,567	0.0%	$ 71,567	$ 71,567	0.0%
593	501-618	Laboratory Services	$4,673,010	$ 4,277,711	$ 4,277,711	-8.5%	$ 4,469,231	$ 4,469,231	4.5%
5H8	501-617	Offender Financial Responsibility	$426,959	$ 435,000	$ 435,000	1.9%	$ 440,000	$ 440,000	1.1%
5L6	501-611	Information Technology Services	$3,400,000	$ 5,474,800	$ 5,474,800	61.0%	$ 3,561,670	$ 3,561,670	-34.9%
General Services Fund Group Total			**$ 34,491,631**	**$ 38,158,176**	**$ 38,158,176**	**10.6%**	**$ 37,976,587**	**$ 37,976,587**	**-0.5%**
323	501-619	Federal Grants	$9,548,003	$ 10,246,790	$ 10,246,790	7.3%	$ 10,246,790	$ 10,246,790	0.0%
3S1	501-615	Truth-In-Sentencing Grants	$21,103,771	$ 22,906,042	$ 22,906,042	8.5%	$ 23,432,796	$ 23,432,796	2.3%
Federal Special Revenue Fund Group Total			**$ 30,651,774**	**$ 33,152,832**	**$ 33,152,832**	**8.2%**	**$ 33,679,586**	**$ 33,679,586**	**1.6%**

Fund	ALI	ALI Title	Revised Estimated 2001	As Introduced 2002	House Sub Bill 2002	% Change Est. 2001 to House 2002	As Introduced 2003	House Sub Bill 2003	% Change House 2002 to House 2003
DRC	**Rehabilitation and Correction, Department of**								
148	501-602	Services and Agriculture	$100,133,366	$ 95,102,123	$ 95,102,123	-5.0%	$ 98,634,008	$ 98,634,008	3.7%
200	501-607	Ohio Penal Industries	$47,679,999	$ 43,131,254	$ 43,131,254	-9.5%	$ 44,425,724	$ 44,425,724	3.0%
Intragovernmental Service Fund Group Total			**$ 147,813,365**	**$ 138,233,377**	**$ 138,233,377**	**-6.5%**	**$ 143,059,732**	**$ 143,059,732**	**3.5%**
Total All Budget Fund Groups			***$ 1,574,317,416***	***$ 1,622,684,783***	***$ 1,618,155,522***	***2.8%***	***$ 1,690,528,995***	***$ 1,689,307,902***	***4.4%***

General Revenue Fund

GRF 501-321 Institutional Operations

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$612,624,447	$662,038,387	$738,799,160	$790,307,247	**$812,303,733**	**$854,722,041**
	8.1%	11.6%	7.0%	**2.8%**	**5.2%**

Source: GRF

Legal Basis: originally established by Am. Sub. H.B. 117 of the 121st G.A.

Purpose: Funds disbursed from this account are used exclusively for the operation of prisons, specifically the costs directly associated with administration, facility maintenance, support services, security, and unit management. On the other hand, the GRF prison costs associated with mental health, medical, education, and recovery service programs are carried by their own specific GRF operating expense account. Prior to FY 1996, all GRF-supported expenses associated with prison operations and programs were covered entirely by line items 501-100, Personal Services, 501-200, Maintenance, and 501-300, Equipment. Starting with FY 1996, the department began a process of restructuring all of its GRF line items to reflect a movement toward programmatic budgeting.

GRF 501-403 Prisoner Compensation

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$8,946,621	$9,219,590	$9,257,805	$9,654,376	**$8,882,026**	**$8,882,026**
	3.1%	0.4%	4.3%	**-8.0%**	**0.0%**

Source: GRF

Legal Basis: originally established by Am. Sub. H.B. 494 of the 109th G.A., effective July 12, 1972, which created two new departments - the Department of Rehabilitation and Correction and the Department of Mental Health and Mental Retardation – by dividing up duties previously assigned to the Department of Mental Hygiene and Correction; prior to that time, this account was part of the Mental Hygiene and Correction budget.

Purpose: This special purpose account provides funds to: 1) pay inmates for their work performed while incarcerated; and 2) cover prisoner release payments, also known as "gate money." Inmates perform a variety of jobs and services within correctional institutions, such as food service, maintenance, and clerical work. Monthly inmate pay runs between $16 to $18. Inmates use this money to purchase various items, including snacks, soft drinks, over-the-counter medicines, cigarettes, and toiletries, from each correctional institution's commissary. These funds are actually transferred to, and disbursed from, Fund 148, Services and Agricultural.

GRF 501-405 Halfway House

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$28,909,768	$30,123,253	$31,582,939	$34,277,931	**$32,535,696**	**$32,535,696**
	4.2%	4.8%	8.5%	**-5.1%**	**0.0%**

Source: GRF

Legal Basis: originally established by Am. Sub. H.B. 694 of the 114th G.A.; represents a continuation of what used to be GRF subsidy account 501-505, Halfway House.

Purpose: This special purpose account funds contractual agreements with governmental and private, nonprofit agencies for the residential placement of various offenders, e.g., those on post-release control, parole or furlough, graduates of the department's shock incarceration (boot camp) program, and offenders sentenced by common pleas courts to a community control sanction. In addition to securing offenders a place to stay, these funds purchase ancillary services, such as substance abuse treatment, employment assistance, and educational or psychological services. Statutory authority for these agreements resides in section 2967.14 of the Revised Code.

At the close of FY 2001, this special purpose account will be supporting a network of approximately 1,587 halfway house beds statewide. The department had requested expansion funding in order to add around 320 new beds, which would have handled an additional 1,280 offenders annually in halfway houses. Assuming that happened, this expansion would increase the department’s network of halfway house beds to 1,907 over the course of the next biennium. Given that the average length of stay in one of these beds is three-to-four months, this network would be able to house, by the close of FY 2003, anywhere from 6,348 to 7,628 felony offenders annually, assuming that an occupancy rate of 100 percent or close to that can be maintained. Under the executive-recommended budget, this expansion will not happen. In fact, the level of recommended funding for this line will not only not support these proposed expansion plans, it may result in a loss of 75 halfway house beds, which would reduce offender placements by around 300 annually from existing service levels.

GRF 501-406 Lease Rental Payments

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$102,236,337	$110,507,325	$119,182,465	$128,519,300	**$147,288,300**	**$151,594,300**
	8.1%	7.9%	7.8%	**14.6%**	**2.9%**

Source: GRF

Legal Basis: originally established by Controlling Board on August 2, 1982.

Purpose: This special purpose account funds debt service payments made to the Ohio Building Authority for its obligations incurred as a result of issuing the bonds that cover the department's capital appropriations. This account's appropriation authority and actual spending levels are set and controlled by the Office of Budget and Management, and not by the department. The moneys made available as a result of these bonds have financed the design, construction, renovation, and rehabilitation phases of various departmental capital projects, as well as the construction and renovation costs associated with community projects (community-based correctional facilities, jails, and the like).

GRF 501-407 Community Nonresidential Programs

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$15,916,032	$16,023,072	$15,893,375	$16,642,770	**$15,226,927**	**$15,226,927**
	0.7%	-0.8%	4.7%	**-8.5%**	**0.0%**

Source: GRF

Legal Basis: originally established by Am. Sub. H.B. 204 of the 113th G.A. as GRF subsidy account 501-506, Community-Based Corrections Program; Am. Sub. H.B. 291 of the 115th G.A. changed this line item to a special purpose account.

Purpose: This special purpose account, administered in accordance with sections 5149.30 to 5149.36 of the Revised Code, is used to provide a program of grants to eligible counties for the development, implementation, and operation of community corrections programs aimed at felony offenders. Typically, this has meant providing grants to operate intensive supervision, electronic monitoring, day reporting, and other community sanctions programs for felony offenders who would otherwise be committed to the state prison system or local jails in the absence of such alternatives. Department expenditures for administration of this grant program are statutorily prohibited from exceeding ten percent of the moneys appropriated for this purpose.

By the close of FY 2001, this subsidy program will be supporting a total of 67 community sanctions programs serving a total of around 9,625 or more felony offenders annually in 59 counties. The executive-recommended budget for FYs 2002 and 2003 will not support a continuation of this level of programmatic activity. It is likely that the department will have to eliminate 8 of these prison diversion programs and reduce funding to an additional, but still undetermined, number of programs by either 4 percent or 8 percent, depending on how the programs are internally ranked.

GRF 501-408 Community Misdemeanor Programs

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$6,653,885	$7,360,025	$8,312,570	$8,812,721	**$7,982,122**	**$7,982,122**
	10.6%	12.9%	6.0%	**-9.4%**	**0.0%**

Source: GRF

Legal Basis: originally established by Am. Sub. H.B. 117 of the 121st G.A.

Purpose: In anticipation of the enactment of the Ohio Criminal Sentencing Commission's felony sentencing plan (Am. Sub. S.B. 2 of the 121st General Assembly), which would move some offenders from the felony to the misdemeanor side of local criminal justice systems, Am. Sub. H.B. 117, the main appropriations act of the 121st G.A., created this special purpose account. It is used to provide a program of subsidies for eligible municipal corporations, counties, and groups of counties for the development, implementation, and operation of community corrections programs that target misdemeanor offenders who would otherwise be confined in a local jail in the absence of such alternatives. This subsidy program is established and administered in accordance with sections 5149.30 to 5149.36 of the Revised Code. Department expenditures for administration of this subsidy are statutorily prohibited from exceeding 10 percent of the money appropriated for this purpose.

By the close of FY 2001, this subsidy program will be supporting a total of 100 community sanctions programs serving a total of around 20,450 misdemeanant offenders annually in 79 counties. The executive-recommended budget for FYs 2002 and 2003 will not support a continuation of this level of programmatic activity. It is likely that the department will have to eliminate 5 jail diversion programs and reduce funding to an additional, but still undetermined, number of programs by either 4 percent or 8 percent, depending on how the programs are internally ranked.

GRF 501-501 Community Residential Programs-CBCF

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$33,182,765	$40,222,801	$47,500,808	$52,582,791	**$49,663,671**	**$49,663,671**
	21.2%	18.1%	10.7%	**-5.6%**	**0.0%**

Source: GRF

Legal Basis: originally established by Am. Sub. H.B. 191 of the 112th G.A.

Purpose: This subsidy funds the operation of community-based correctional facilities (CBCFs). CBCFs, which can be formed by counties or groups of counties with populations of 200,000 or more, exist for the diversion of nonviolent felony offenders from state prison and are operated by local judicial corrections boards formed by courts of common pleas. The state provides 100 percent of the financing for the construction, renovation, maintenance, and operation of these residential facilities, which can contain up to 200 beds. (Any amounts needed beyond a budget agreed to by the department must be covered by other sources of funding secured by the local judicial corrections boards.) The statutory authority driving this program is contained in sections 2301.51 to 2301.56, 5120.111, and 5120.112 of the Revised Code.

The department's plan calls for there eventually to be 19 CBCFs operational statewide, with the net result being that all of the state's 88 counties will have access to CBCF beds. At the close of FY 2001, there will be 18 CBCFs statewide operating 1,891 beds. These facilities currently divert 5,673 non-violent offenders from the state prison system.

The department requested expansion funding for FYs 2002 and 2003 in order to bring another 300 new CBCF beds online, which would divert an additional 900 offenders annually. The executive-recommended funding level will not support such expansion plans. The department will likely address what amounts to a funding shortfall under the executive budget by negotiating lower per diem rates with the CBCFs, which will reduce the services provided to offenders. While the current number of funded CBCF beds may have to be reduced, the department will make every effort to maintain the current number of 1,891 beds.

GRF 502-321 Mental Health Services

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$61,079,774	$64,139,254	$71,876,584	$75,813,492	**$74,818,421**	**$78,654,794**
	5.0%	12.1%	5.5%	**-1.3%**	**5.1%**

Source: GRF

Legal Basis: originally established by Am. Sub. H.B. 117 of the 121st G.A.

Purpose: Funds disbursed from this account are used exclusively for the provision of mental health services to offenders housed in the state's prison system, including the operational costs associated with the Oakwood Correctional Facility (OCF). Prior to FY 1996, such GRF expenses were covered entirely by line items 501-100, Personal Services, 501-200, Maintenance, and 501-300, Equipment, as well as GRF funding appropriated to the Department of Mental Health for the provision of institutional mental health services.

GRF 503-321 Parole and Community Operations

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$60,192,628	$64,648,153	$71,394,050	$73,040,275	**$73,700,832**	**$79,107,087**
	7.4%	10.4%	2.3%	**0.9%**	**7.3%**

Source: GRF

Legal Basis: originally established by Am. Sub. H.B. 117 of the 121st G.A.

Purpose: Funds disbursed from this account are used exclusively for financing activities of the Division of Parole and Community Services (DPCS), whose duties cover the release and supervision of offenders from state prison (including operations of the Parole Board), the provision of community control supervision services to counties, the preparation of offender pre-sentence and background investigations, the inspection and provision of technical assistance to local jails, and the administration of the department's community corrections programs. Prior to FY 1996, such GRF expenses were picked up almost entirely by line items 501-100, Personal Services, 501-200, Maintenance, and 501-300, Equipment.

GRF 504-321 Administrative Operations

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$25,984,857	$25,881,513	$28,187,877	$28,016,367	**$27,812,663**	**$27,603,759**
	-0.4%	8.9%	-0.6%	**-0.7%**	**-0.8%**

Source: GRF

Legal Basis: originally established by Am. Sub. H.B. 117 of the 121st G.A.

Purpose: Funds disbursed from this account are used exclusively by DRC's administrative component (Central Office), which oversees institutional, parole, and community service operations. Prior to FY 1996, such GRF expenses were picked up almost entirely by line items 501-100, Personal Services, 501-200, Maintenance, and 501-300, Equipment.

Central Office staff and their related costs that are associated with an activity that has a specific GRF programmatic operating expense account (321) are paid from that line item. For example, payroll and related expenses of Central Office staff who exclusively oversee institutional mental health services are paid from GRF line item 502-321, Mental Health Services.

GRF 505-321 Institution Medical Services

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$106,696,036	$111,279,818	$115,082,680	$125,796,656	**$133,276,763**	**$138,816,667**
	4.3%	3.4%	9.3%	**5.9%**	**4.2%**

Source: GRF

Legal Basis: originally established by Am. Sub. H.B. 215 of the 122nd G.A.

Purpose: Funds disbursed from this account are used exclusively for the provision of medical services to offenders housed in the state's prison system, including the operational costs for the Corrections Medical Center (CMC) in Columbus. Prior to FY 1998, such GRF expenses were covered principally by line item 501-321, Institutional Operations, and to a lesser extent, line item 504-321, Administrative Operations.

GRF 506-321 Institution Education Services

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$19,788,769	$19,679,913	$22,609,354	$23,455,912	**$22,973,513**	**$24,037,681**
	-0.6%	14.9%	3.7%	**-2.1%**	**4.6%**

Source: GRF

Legal Basis: originally established by Am. Sub. H.B. 215 of the 122nd G.A.

Purpose: Funds disbursed from this account are used exclusively for the provision of basic, vocational, and post-secondary education services to offenders housed in the state's prison system. Prior to FY 1998, such GRF expenses were covered principally by line item 501-321, Institutional Operations, and to a lesser extent, line item 504-321, Administrative Operations. Funding was also appropriated to this line item to replace post-secondary education funding previously made available through the Board of Regents' GRF budget in the form of Ohio Instructional and Student Choice grants.

GRF 507-321 Institution Recovery Services

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$4,108,368	$5,067,801	$5,860,100	$6,893,617	**$6,675,731**	**$6,986,319**
	23.4%	15.6%	17.6%	**-3.2%**	**4.7%**

Source: GRF

Legal Basis: originally established by Am. Sub. H.B. 215 of the 122nd G.A.

Purpose: Funds disbursed from this account are used exclusively for the provision of alcohol and substance abuse treatment services to offenders housed in the state's prison system. Prior to FY 1998, such GRF expenses were covered principally by line item 501-321, Institutional Operations, and to a lesser extent, line item 504-321, Administrative Operations.

General Services Fund Group

483 501-605 Property Receipts

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$266,132	$113,697	$176,774	$346,821	**$361,230**	**$373,628**
	-57.3%	55.5%	96.2%	**4.2%**	**3.4%**

Source: GSF: rent and utility charges collected from departmental personnel who live in housing under the department's control.

Legal Basis: ORC 5120.22; originally established by Controlling Board on February 20, 1973; codified by Am. Sub. H.B. 152, the main appropriations act of the 120th G.A.

Purpose: Moneys in this fund can be used for any expenses necessary to provide housing of department employees, including, but not limited to, expenses for the acquisition, construction, operation, maintenance, repair, reconstruction, or demolition of land and buildings. Previous to a change in permanent law contained in Am. Sub. H.B. 117 of the 121st G.A., moneys in this fund could only be used to pay for the "maintenance" of various types of state-owned housing under the department's control.

4B0 501-601 Sewer Treatment Services

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$1,166,582	$1,291,406	$1,334,731	$1,438,983	**$1,535,919**	**$1,614,079**
	10.7%	3.4%	7.8%	**6.7%**	**5.1%**

Source: GSF: 1) revenue from contracts with other entities under which they are permitted to tap into a correctional facility's sewage treatment plant; as of March 2000, three correctional facilities had contracts to provide sewage treatment services: the Pickaway Correctional Institution, the Ross Correctional Institution, and the Southern Ohio Correctional Facility in Lucasville; and 2) starting with FY 1998, a second and much larger stream of revenue was created through an accounting change under which GRF funds are transferred quarterly from each of these three correctional institutions' maintenance budgets and deposited into Fund 4B0; these transferred amounts reflect the additional dollars needed to cover each sewage treatment plant's projected payroll and maintenance costs, as the revenue generated from the few contractual arrangements that are in place do not come close to covering a plant's annual operating costs.

Legal Basis: ORC 5120.52; originally established by Sub. S.B. 330 of the 118th G.A.

Purpose: All of the amounts deposited into this fund can only be used for costs associated with operating and maintaining the sewage treatment facility generating the revenue.

4D4 501-603 Prisoner Programs

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$14,287,648	$16,372,326	$19,999,495	$19,726,097	**$21,872,497**	**$23,135,230**
	14.6%	22.2%	-1.4%	**10.9%**	**5.8%**

Source: GSF: all moneys received by the department from commissions on telephone systems established for the use of prisoners; previously, money was distributed to the department’s different correctional institutions, which in turn deposited it into a local bank account and used it for the entertainment and welfare of the inmates of the institution.

Legal Basis: ORC 5120.132; originally established by Am. Sub. S.B. 351 of the 119th G.A.

Purpose: The commission revenue may be used for the costs of construction, goods, and services that directly benefit inmates, as well as part of the cost of prisoner release payments. Although telephone commission contracts and this use of revenues has been in existence for a number of years, it was only with the passage of Am. Sub. S.B. 351 of the 119th G.A., effective July 1, 1992, that this revenue and intended uses were codified.

4J3 501-612 Mental Health & Substance Abuse Treatment

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$1,486,441	$854,901	$0	$0	**$0**	**$0**
	-42.5%	-100.0%	N/A	**N/A**	**N/A**

Source: GSF: GRF moneys transferred under permissive temporary law from the Department of Mental Health's budget, as well as the department's GRF line item 501-407, Community Nonresidential Programs.

Legal Basis: originally established by Am. Sub. S.B. 310, supplemental appropriations act of the 121st G.A.

Purpose: These funds were used to support the Linkages Project, an effort jointly planned and coordinated by the departments of Rehabilitation and Correction, Mental Health, Youth Services, and Alcohol and Drug Addiction Services. This collaborative effort was for the purpose of creating a partnership with certain counties in the delivery of mental health and recovery (alcohol and substance abuse treatment) services to adult and juvenile offenders. Starting with FY 1997, funds flowed to demonstration or pilot projects in five counties (Cuyahoga, Hamilton, Lorain, Summit, and Trumbull). Following FY 1999, the department transferred the unused cash in this fund to the Department of Mental Health for the purpose of financing the latter's Diversion Linkage project, which assists counties in providing alternative services to institutionalization for non-violent mentally ill offenders. Starting with FY 2000, the department continued its support of two existing Linkages Projects pilots that target adult offenders, one in Cuyahoga County and one in Hamilton County, with funding appropriated to GRF line item 501-408, Community Misdemeanor Programs. These two Linkages Projects pilots are still in existence, but have subsequently been converted into community jail diversion programs. They will be subject to potential cuts as the department makes adjustments in response to the reduced funding levels provided in the executive budget for FYs 2002 and 2003.

4L4 501-604 Transitional Control

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$73,832	$274,320	$233,160	$384,745	**$401,772**	**$417,032**
	271.5%	-15.0%	65.0%	**4.4%**	**3.8%**

Source: GSF: money collected from prisoners who are transferred to transitional control that may be required to pay "reasonable expenses" incurred by the department in the supervision and confinement of those prisoners while under transitional control; prior to March 17, 1998, moneys the department was allowed to collect from furloughed inmates who were gainfully employed was the sole source of the fund's revenue.

Legal Basis: ORC 2967.26; originally established by Am. Sub. H.B. 152 of the 120th G.A.

Purpose: Moneys in this fund may only be used to pay costs related to operation of the department's transitional control program. Prior to the enactment of Am. Sub. S.B. 111 of the 122nd General Assembly, effective March 17, 1998, this fund was known as the Furlough Services Fund and served as the depository for any moneys that the department was permitted to collect from furloughed inmates who were gainfully employed, with the intent that such moneys be used only for operational costs of what was then known as the Furlough Education and Work Release Program. The act repealed existing furlough, conditional release to a halfway house, and electronic monitoring early release provisions and replaced them with authorization for the department to establish a transitional control program for the purpose of closely monitoring a prisoner's adjustment to community supervision during the final 180 days of the prisoner's confinement. All moneys that remained in the Furlough Services Fund were transferred to the Transitional Control Fund.

4S5 501-608 Education Services

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$1,965,885	$1,986,556	$2,224,250	$4,023,449	**$3,727,680**	**$3,894,150**
	1.1%	12.0%	80.9%	**-7.4%**	**4.5%**

Source: GSF: all state, i.e., nonfederal, money received from the Ohio Department of Education (EDU).

Legal Basis: ORC 5120.091; originally established by Sub. H.B. 715 of the 120th G.A.

Purpose: Moneys in this fund may only be used to pay educational expenses incurred by the department. Prior to the creation of this fund, such revenue in the form of GRF money transferred from EDU to support special education, adult high school, vocational education, and GED testing was deposited into the department's lone federal account: line item 501-619, Federal Grants. The purpose of creating the Education Services Fund was to segregate state from federal education money, which was in keeping with a 1992 deficiency finding by the Auditor of State that the department was inappropriately co-mingling state and federal education moneys in a single account.

571 501-606 Training Academy Receipts

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$66,397	$42,091	$55,474	$71,567	**$71,567**	**$71,567**
	-36.6%	31.8%	29.0%	**0.0%**	**0.0%**

Source: GSF: charges to individuals from outside the department for training received at the Corrections Training Academy (located on the grounds of the Orient Correctional Complex in Pickaway County); an intradepartmental billing system planned for initiation in FY 1998, which would have dramatically bolstered this fund's annual revenue stream, was not implemented, as it would have created a large administrative burden.

Legal Basis: originally established by Controlling Board on October 9, 1984.

Purpose: Moneys in this fund are used solely to support the academy's operating expenses.

593 501-618 Laboratory Services

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$0	$0	$3,219,238	$4,673,010	**$4,277,711**	**$4,469,231**
	N/A	N/A	45.2%	**-8.5%**	**4.5%**

Source: GSF: payments collected from entities that receive laboratory services.

Legal Basis: ORC 5120.135; originally established by Controlling Board on October 19, 1998; codified by Am. Sub. H.B. 850, the capital appropriations act of the 122nd G.A.

Purpose: Moneys deposited into this fund must be used solely to pay costs of operating the department's centralized laboratory, which is required to provide services to the departments of Rehabilitation and Correction, Mental Health, Mental Retardation and Developmental Disabilities, and Youth Services, and may also provide to other state, county, local, and private persons that request laboratory services. The creation of this fund reflects the decision by the departments of Rehabilitation and Correction and Mental Health to merge their separate laboratory operations into one unified laboratory under control of the Department of Rehabilitation and Correction.

5H8 501-617 Offender Financial Responsibility

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$0	$162,518	$223,462	$426,959	**$435,000**	**$440,000**
	N/A	37.5%	91.1%	**1.9%**	**1.1%**

Source: GSF: all "cost debts" collected by or on behalf of the department and all moneys currently in the department's custody that are applied to satisfy an allowable cost debt; cost debt is a cost of incarceration or supervision that may be assessed against and collected from an offender as a debt to the state, including, but not limited to, any user fee or co-payment for services, assessments for damage or destruction to institutional property, restitution to another offender or staff member, cost of housing and feeding, cost of supervision, and cost of any ancillary services; as of March 2000, the only cost debt being collected was a $3 co-payment for voluntary sick calls.

Legal Basis: ORC 5120.56; originally established by Am. Sub. S.B. 111 of the 122nd G.A.

Purpose: The department "may" expend moneys in the fund for goods and services of the same type as those for which offenders were assessed costs.

5L6 501-611 Information Technology Services

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$0	$0	$0	$3,400,000	**$5,474,800**	**$3,561,670**
	N/A	N/A	N/A	**61.0%**	**-34.9%**

Source: GSF: pro-rated charges assessed each of the department's institutions and its Division of Parole and Community Services that reflect the relative benefit each receives from information technology upgrades and enhancements.

Legal Basis: originally established by Controlling Board on April 10, 2000.

Purpose: This line item is intended to be a funding mechanism that will allow the department to pay the multi-year costs associated with upgrading current information technology (IT) systems as well as enhancements in future years. During FYs 2002 and 2003, the department proposes to undertake an information technology upgrade that will involve re-engineering and moving its offender and inmate job assignment databases into an enterprise-wide application. These new applications will also include critical functions such as business functions, inventory control, maintenance of medical, recovery services, and mental health records and so forth. These functions are currently performed on a variety of independent, outdated computer systems, or using paper. The new system would make all of this information available through a single source enhancing the ability of the department to provide services to offenders and information to the Parole Board, the court, and other such organizations.

Federal Special Revenue Fund Group

323 501-619 Federal Grants

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$5,012,736	$6,871,602	$6,269,449	$9,548,003	**$10,246,790**	**$10,246,790**
	37.1%	-8.8%	52.3%	**7.3%**	**0.0%**

Source: FED: mix of federal grants with varying durations and award amounts, the bulk of which come from federal departments of Agriculture (CFDA #10.553, School Breakfast Program, and CFDA #10.555, National School Lunch Program); Justice (CFDA #16.606, State Criminal Alien Assistance Program, and CFDA #16.579, Byrne Memorial Criminal Justice Block Grant); and Education (CFDA #84.002, Adult Education, CFDA #84.013, Title I Program for Neglected and Delinquent Children, CFDA #84.027, Special Education Grants, CFDA #84.048, Vocational Education Grants, and CFDA #84.331, Incarcerated Youth Offenders).

Legal Basis: originally established by Controlling Board in 1970.

Purpose: This fund serves as the depository for a whole host of federal grants serving various purposes, mostly in the areas of education, criminal justice, and food and nutrition assistance.

3S1 501-615 Truth-In-Sentencing Grants

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$105,731	$15,278,575	$14,565,656	$21,103,771	**$22,906,042**	**$23,432,796**
	14350.4%	-4.7%	44.9%	**8.5%**	**2.3%**

Source: FED: CFDA #16.586, Violent Offender Incarceration and Truth-In-Sentencing Incentive Grants.

Legal Basis: originally established by Am. Sub. H.B. 215 of the 122nd G.A.

Purpose: This federal money comes from a relatively new block grant that the department is administering known as the Violent Offender Incarceration and Truth-In-Sentencing Incentive program. The federal funds made available to states under this grant program are intended to increase the number of beds available to house violent offenders. Although there is some flexibility with this federal money, it is basically for "bricks-and-mortar" projects, which means new construction or renovation projects. This grant program is authorized to run through at least federal fiscal year 2000. Using awards of this money to date as a guide, a conservative estimate would be that the department will be eligible to draw down around $15.0 million annually from this federal grant program.

The department is permitted to take up to 3.0 percent of this federal award off the top for administrative costs, but has, to date, not used anywhere near that percentage. The remainder is allocated for various "bricks-and-mortar" projects as follows: 80 percent for DRC projects, 15 percent for full-service local jails, and 5 percent for the Department of Youth Services. Grants will be made for 90 percent of a given project's allowable costs, with the recipient required to provide a 10 percent match.

Intragovernmental Service Fund Group

148 501-602 Services and Agriculture

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$83,421,924	$84,408,988	$87,290,019	$100,133,366	**$95,102,123**	**$98,634,008**
	1.2%	3.4%	14.7%	**-5.0%**	**3.7%**

Source: ISF: 1) money transferred from GRF line items 501-321, Institutional Operations, and 501-403, Prisoner Compensation; and 2) proceeds from the sale of excess crops and older animals.

Legal Basis: ORC 5120.29; originally established by Am. Sub. H.B. 171 of the 117th G.A., which split the former line item 501-602, Ohio Penal Industries, into line items 501-602, Services and Agricultural, and 501-607, Ohio Penal Industries.

Purpose: Money in this fund is used for the: 1) purchase of material, supplies, equipment, land, and buildings used in service industries and agriculture; 2) erection and extension of buildings used in service industries and agriculture; 3) payment of compensation to employees necessary to carry on the service industries and agriculture; and 4) payment of prisoners for the performance of various jobs. In addition, receipts credited to the fund, as well as those credited to Fund 200, may be pledged to the payment of bond service charges on obligations issued by the Ohio Building Authority pursuant to Chapter 152. of the Revised Code to construct, reconstruct, or otherwise improve capital facilities useful to the department.

200 501-607 Ohio Penal Industries

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
$35,518,009	$35,539,572	$34,909,601	$47,679,999	**$43,131,254**	**$44,425,724**
	0.1%	-1.8%	36.6%	**-9.5%**	**3.0%**

Source: ISF: the manufacture and sale of various goods and services to the state and its political subdivisions; for example, OPI manufactures license plates and validation stickers for the Bureau of Motor Vehicles, as well as beds, mattresses, shoes, clothing, and so forth, which it sells to each of the department's institutions; additionally, OPI offers a wide variety of office furniture and systems, janitorial supplies, vehicle maintenance services, and printing services.

Legal Basis: ORC 5120.29; originally established by Am. Sub. H.B. 171 of the 117th G.A., which split the former line item 501-602, Ohio Penal Industries, into line items 501-602, Services and Agricultural, and 501-607, Ohio Penal Industries.

Purpose: This fund supports activities of the Ohio Penal Industries (OPI), which operates factories and shops in the state's prisons. Money in the fund is used for the: 1) purchase of material, supplies, equipment, land, and buildings used in manufacturing industries; 2) erection and extension of buildings used in manufacturing industries; 3) payment of compensation to employees necessary to carry on the manufacturing industries; and 4) payment of prisoners for the performance of various manufacturing jobs. In addition, receipts credited to the fund, as well as those credited to Fund 148, may be pledged to the payment of bond service charges on obligations issued by the Ohio Building Authority pursuant to Chapter 152. of the Revised Code to construct, reconstruct, or otherwise improve capital facilities useful to the department.

As Introduced*	In House Finance and Appropriations

Permanent Law Changes

Subject: Allow Certain Unions to Bid on Contracts to Operate Private Prisons

section: ***9.06***

No provision.	Designates employee organizations that represent employees at state correctional institutions as "persons or entities" that may bid on privatization contracts to operate and manage those institutions and that may become "contractors" with respect to that operation and management. This provision has no fiscal effect.

Subject: Oversight of DRC Mental Health Programs

section: ***5119.06***

Eliminates: (1) the duty of the Department of Mental Health (DMH) relative to the oversight and monitoring of the Department of Rehabilitation and Correction's (DRC) institutional mental health programs; (2) the requirement that DMH and DRC jointly develop standards for audits of DRC mental health programs. The elimination of these DMH oversight and auditing duties will have no fiscal effect on DRC. (See Permanent Law Changes in the DMH under same subject.)	No change.

As Introduced*	In House Finance and Appropriations

Temporary Law Changes

Subject: Institutional Operations	
	Section: ***93,***
ALI: 501-321	
No provision.	No provision.

Subject: Ohio Building Authority Lease Payments	
Section: ***90***	**Section:** ***93***
ALI: 501-406	
Requires moneys appropriated to GRF appropriation item 501-406, Lease Rental Payments, be used for payments to the Ohio Building Authority for the purpose of covering the principal and interest on outstanding bonds issued to finance capital projects through the state's Adult Correctional Building Fund (Fund 027).	No change.

As Introduced*	In House Finance and Appropriations

Temporary Law Changes

Subject: Prisoner Compensation

Section: ***90***	**Section:** ***93***
ALI: 501-403	
Requires moneys appropriated to GRF appropriation item 501-403, Prisoner Compensation, be transferred on a quarterly basis by intrastate transfer voucher (ISTV) to Fund 148 (appropriation item 501-602, Services and Agricultural) for the purposes of paying prisoner compensation. Although inmates are paid from non-GRF appropriation item 501-602, Services and Agricultural, for jobs performed while in prison, the actual money for these payments is transferred from GRF appropriation item 501-403, Prisoner Compensation.	No change.

As Introduced* | **In House Finance and Appropriations**

Temporary Law Changes

Subject: CBCF TANF Funds

Section: *93*

ALI: 501-501

As Introduced*	In House Finance and Appropriations
No provision.	Requires, with regard to the federal portion of its GRF appropriation item 501-501, Community Residential Programs-CBCF, that the Department of Rehabilitation and Correction (DRC) comply with all TANF reporting requirements and timelines specified by the Department of Job and Family Services (JFS). This provision works in concert with related temporary law in the JFS budget that transfers $1.8 million in FY 2002 and $5.4 million in FY 2003 from Fund 3V6, TANF Block Grant, in the Department of Job and Family Services to the General Revenue Fund for the purpose of increasing the appropriation level in DRC's GRF appropriation item 501-501 by those same amounts in each fiscal year to provide additional financial assistance to community-based correctional facilities (CBCFs). Even with this GRF appropriation increase, DRC will still fall short of the annual funding it requested as being necessary to deliver the CBCF Program's existing level of services in the next biennium. This remaining shortfall, based on DRC's calculations, would be $5.0 million in FY 2002 and $3.1 million in FY 2003. The additional GRF funding provided as a result of the transfer of cash from Fund 3V6 will, however, reduce the number of CBCF beds that might otherwise have been eliminated as a result of the funding levels contained in the executive-

As Introduced*	In House Finance and Appropriations

Temporary Law Changes

	recommended budget. This additional GRF funding may also prevent some reductions in the amount and intensity of various services provided to offenders participating in CBCF programs.

Subject: Inmate Development Program

Section: ***90***	**Section:** ***93***
ALI: 503-321	
Requires at least $30,000 in each fiscal year from GRF appropriation item 503-321, Parole and Community Operations, be used for an inmate development program.	No change.

As Introduced*	In House Finance and Appropriations

Temporary Law Changes

Subject: Appropriation Transfers

Section: *90*	**Section: *93***
Permits the Director of Budget and Management, at the request of the Director of the Department of Rehabilitation and Correction, to transfer appropriations within the same fiscal year, between or among the following GRF appropriation items: 501-321, Institutional Operations; 502-321, Mental Health Services; 505-321, Institution Medical Services; 506-321, Institution Education Services; 507-321, Institution Recovery Services. The amount of funding appropriated to these GRF appropriation items as a group under the executive budget totals $1.05 billion in FY 2002 and $1.10 billion in FY 2003. Under current law, the authority to approve such fund transfers lies with the state's Controlling Board.	No provision.

Subject: Institution Recovery Services

Section: *90*	**Section: *93***
ALI: 507-321	
Requires $50,000 in each fiscal year from GRF appropriation item 507-321, Institution Recovery Services, be used to fund a demonstration project using innovative alcohol and substance abuse treatment methods.	No change.