Department of Rehabilitation and Correction

House Transportation and Justice Subcommittee

Joseph W. Rogers, Budget Analyst

Legislative Service Commission

March 12, 2003

LSC Redbook

for the

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Note: The estimated General Revenue Fund (GRF) spending for FY 2003 used in this LSC Redbook reflects the 2.5% reduction made as a result of the Governor's January 22, 2003 budget cut order. The executive reduction was applied across-the-board to FY 2003 GRF appropriations, subject to certain exceptions. Subsequent to such reductions (and not reflected in the Redbook), state agencies were permitted to reallocate the amount that each of their GRF appropriation line items was reduced, while still absorbing the 2.5% budget cut within the total amount of their GRF appropriations.

Department of Rehabilitation and Correction

- One in four state employees works for DRC
- Reductions in staff, services, and subsidies
- Orient closed; Lima closing

OVERVIEW

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

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 directing a considerable amount of moneys 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 signaled 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, some stakeholders came to realize the veracity of the saying "If we build them, they will come." Ohio had launched on a major prison construction program some time ago and years later the correctional system is housing a relatively large offender population that places great stress on staff, inmates, programs, services, and prison infrastructure.

Community Control Sanctions

If one were to focus solely on the GRF side of the Department's budget for the period running from FY 1988 through FY 1993, the percentage of total GRF spending allocated for prison diversion and jail population reduction programs ran in the range of 8% to 9% annually. Since that time, the amount of GRF money that has been allocated to these community sanctions programs has moved up into the 13% 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. More specifically, the Adult Parole Authority (APA) performs full, partial, or supplemental pre-sentence investigations and/or supervision services for 51 of Ohio's 88 counties.

FYs 2002 and 2003 expenditure reduction

As a result of expenditure reductions instituted over the course of FYs 2002 and 2003, the Department was required to make various spending cuts and implement a number of cost saving measures. Based on information provided by the Department, it has taken the following notable cost-cutting actions over the course of the current biennium:

- A two-year early retirement incentive (ERI) buyout program was in effect from July 2001 through September 2002, producing a net effect of eliminating 291 staff positions. The ERI yielded approximately $17.4 million in annual savings.
- Layoffs and a hiring freeze in effect from January 2001 through July 2002 reduced the number of staff positions by about 1,849.
- In April 2002, the Department closed the Orient Correctional Institution (OCI). Of the more than 400 employees at OCI, 114 were ultimately laid off and the rest moved into other correctional institutions. Approximately 1,500 inmates were moved to other correctional institutions. The closure saved the Department about $3.4 million in FY 2002 and about $25.0 million in FY 2003.
- Numerous inmate dormitories or housing units were closed at various correctional institutions. Each inmate dormitory or housing unit closure resulted in a reduction of staff members, including correction officers and unit managers. These closures saved $882,783 in FY 2002 and are estimated to generate a savings of $6,001,629 in FY 2003.
- In the spring of 2001, the Department began to cluster medical contracts in an effort to reduce medical services costs. Previously, such contracts were negotiated for 28 correctional institutions individually. As a result of revising the contracting process, the Department reduced the number of institutional contracts from 28 to ten correctional institution clusters and six individual contracting correctional institutions (a total of 16). According to the Department, this revised contracting process has produced a more effective and efficient use of available resources, and is generating an estimated annual savings of $1.4 million.

Executive-recommended GRF budget summarized

The following table captures the GRF components of the Department's executive–recommended budget that will fund the following four program spending categories: institutional operations (Institutions), debt service (Debt Service), parole and community sanction programs (Parole/Community Sanctions), and central administration (Administration). "Continuation cost" shows the amount of money the Department calculated it would take in FYs 2004 and 2005 to continue the level services that were being delivered during FY 2003. The recommended budget for FYs 2004 and 2005 provides no GRF funding for the expansion of existing services, and in fact, is less than the amounts requested for the continuation of ongoing operations. The table below highlights the differences between the Department's requested and the executive's recommended levels of funding by program series.

Under the executive budget, the Department's Institutions program series received a total of $154.36 million, or 6.6%, less than it had requested as continuation costs for FYs 2004 and 2005 combined.

Under the executive budget, the Parole/Community Sanctions program series received a total of $103.62 million, or 21.5%, less than it had requested in funding for FYs 2004 and 2005 combined. This program series contains subsidies to local criminal justice systems, as well as halfway house beds shared by the state and sentencing courts (community sanctions). The Department's request did include funding to restore various community treatment programs and to activate some additional community-based beds that were cut or delayed as a result of expenditure reductions instituted over the course of FYs 2002 and 2003.

GRF Biennial Budget Components ($ in millions)*

Program Series	FY 2004 Continuation Cost	FY 2004 Amount Below Continuation	FY 2004 Program Total	FY 2005 Continuation Cost	FY 2005 Amount Below Continuation	FY 2005 Program Total
Institutions	$1,150.75	$ 70.60	$1,080.15	$1,178.18	$ 83.76	$1,094.42
Debt Service	$ 142.00	----	$ 142.00	$ 146.31	----	$ 146.31
Parole/Community Sanctions	$ 231.46	$ 43.30	$ 188.16	$ 251.01	$ 60.32	$ 190.69
Administration	$ 27.23	$ 0.20	$ 27.03	$ 27.91	$ 0.49	$ 27.42
GRF Totals	**$1,551.44**	**$114.10**	**$1,437.34**	**$1,603.40**	**$144.57**	**$1,458.84**

*Detail may not add to totals due to rounding.

FY 2003 staffing levels

The table immediately below summarizes the Department's current number of authorized GRF-funded staff positions as well as the current number of filled GRF-funded staff positions. As one can see, the current number of authorized and current number of filled GRF staff positions is in excess of 14,700 and 13,500, respectively. As the executive-recommended levels of GRF funding are less than what the Department calculated its costs to be in order to continue current levels of services, it seems unlikely that it will be able to support its current filled number of 13,500 or so staff positions. Over the course of FYs 2002 and 2003, the Department eliminated more than 1,800 staff positions.

DRC's GRF Staffing Levels			
GRF-Funded Staff Positions	**Correction Officers**	**Other Staff**	**Total Staff**
Authorized Number of GRF Staff Positions	7,924	6,840	14,764
Filled Number of GRF Staff Positions	7,569	6,008	13,577
Number of Vacant Authorized Staff Positions	355	832	1,187

Although not pictured here, it should not be forgotten that the Department does carry a number of staff that are not supported by the GRF payroll. The number of filled non-GRF staff positions total 1,085. This means that, as of this writing, over 90% of the Department's filled staff positions are supported by the GRF.

Prison system growth

The size of the Department's prison system has grown in the last fifteen years or so. As of the start of FY 1980, this system contained eight correctional institutions and housed around 14,000 inmates. At the close of FY 2003, the Department will be operating 32 correctional institutions, including the Corrections Medical Center, and managing an inmate population totaling somewhere between 45,000 and 46,000. The FY 2004-2005 biennium will be the second consecutive two-year budget in a time frame dating back to the early 1980s in which no new correctional institutions were constructed and activated. (This heretofore-uninterrupted pattern of institutional growth was 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 may still experience the potential 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%.

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 institutions. Since at least FY 1988, and continuing through the FY 2004-2005 biennium, the percentage of total spending consumed by institutional operations has been, and will continue to be, roughly three-quarters of the Department's total GRF budget.

Legislative actions

Since the fall of calendar year 1995, the General Assembly has enacted certain bills that have had the potential to notably affect the way the Department does business and in some sense shape the nature of its operating and capital budget requests. Of particular note in that regard, without describing in great detail the degree to which there has been, or will be, any noticeable ongoing fiscal effect, were the following bills.

Amended Substitute Senate Bill 2

This bill enacted 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. In the near future, changes made to the guidelines used by the Parole Board, stemming from a recent Supreme Court of Ohio decision, will likely facilitate continued S.B. 2 population reductions. (121st General Assembly.)

Substitute House Bill 7

This bill enacted a comprehensive mechanism to assist in combating the illegal manufacture or production of methamphetamine. There has been a steady increase in the number of offenders entering the prison system under the terms of the bill: 22 offenders in FY 2000, 51 offenders in FY 2001, 71 offenders in FY 2002, and 120 offenders estimated in FY 2003. (124th General Assembly.)

Substitute House Bill 170

This bill made changes relative to charging inmates for healthcare services provided while in the custody or under the supervision of the Department, revised the procedures by which costs related to a prisoner's confinement in a local detention facility are collected, consolidated provisions containing those procedures, and increased from $30 to $50 the daily fine credit given to an offender jailed for failure to pay a fine. (124th General Assembly.)

Substitute House Bill 269

This bill withdrew the state from the Interstate Compact for the Supervision of Parolees and Probationers and joined the Interstate Compact for Adult Offender Supervision. (124th General Assembly.)

Substitute House Bill 427

This bill expanded the list of offenses for which DNA specimens must be collected from criminal offenders and delinquent children who are in the custody of certain state and local correctional and detention facilities. This requirement applied not only to criminal offenders and delinquent children taken into state or local custody on or after the bill's effective date, but to criminal offenders and delinquent children in state or local custody on the bill's effective date as well. (124th General Assembly.)

Substitute House Bill 510

This bill amended existing law relative to the operation of the Department of Rehabilitation and Correction, including the treatment of prisoners, the Adult Parole Authority, and the confidentiality of certain reports and information, expanded the offense of sexual battery, created the offense of illegal conveyance of a communications device onto the grounds of a detention facility, and provided for the auditing of community-based correctional facilities. (124th 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 moneys," 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 sentencing them into the prison system.

Curbing correctional costs

There are at least two general strategies that can be followed in trying to reduce the institutional operating costs associated with the day-to-day running of a prison system. Those two general strategies – revenue generation and cost reduction – are discussed in more detail below.

Revenue generation

One general 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 in Fund 4D4 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 continue to be a 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 its existing level of program and services.

One program series area affected by the executive-recommended levels of funding 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 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.

The question is then, how does one constrain prison operation costs? Cost containment strategies can generally be seen as falling into one of three types: (1) front-end diversion devices, (2) back-end release devices, and (3) organizational or managerial controls. The first two types are efforts to restrain growth in prison populations. On the other hand, the third type 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 might 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 nonresidential sanctions and changing the technical violation criteria that trigger the recommitment of a released offender to prison.

Recidivism is a key variable for understanding cost reduction via the front-end diversion of inmates. The Department feels that, given cost reductions already taken, the greatest opportunity to decrease future institutional expenditures is to provide sufficient inmate programming that reduces the likelihood of recidivism. According to the Department, research indicates strong connections between recovery, education, and skills training programs and levels of recidivism.

The centerpiece of the Department's efforts to reduce recidivism has been the development of "The Ohio Plan for Productive Offender Reentry and Recidivism Reduction." The Ohio Plan is a strategy for providing offenders with necessary treatment, education, and counseling at every stage that the offender is under the custody and control of the Department, from intake through release into the community, in order to assist offenders in being better prepared and able to make the successful transition, or reentry, back into society.

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 might 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 2003 it will be composed of 32 correctional facilities, roughly 45,000 inmates, and 14,000-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 profound fiscal effect on institutional agency budgets.

Inflation has had a particularly notable impact on the range of medical/healthcare services delivered in correctional institutions. The FY 2001 inflation rate for medical/healthcare services, as measured by the Consumer Price Index, was about 4.6%. The Department has estimated that the annual medical/healthcare services inflation rate over FYs 2004 and 2005 will be at least 6% and quite possibly as high as 13%. This anticipated increase in the cost of medical/healthcare services stems from the following types of factors:

- The inmate population is aging and will require more medical/healthcare services.
- There will be an increase in the cost for diagnostic and treatment services for, at minimum, hundreds of inmates carrying the Hepatitis C virus as the result of changes in the recommended protocols by the Centers for Disease Control and Prevention.
- Labor shortages are also having an inflationary effect on the provision of dental and pharmacy services. In an effort to the control costs as these contracts are re-bid for FYs 2004 and 2005, the Department has imposed a cap on the amount it is prepared to pay for the delivery of such services.
- The Department expects employee healthcare costs to increase by somewhere between 15% and 19%.

Pay Raises

The Department's current GRF staff, which totals in excess of 13,500 paid positions, will generate an estimated total FY 2004 payroll of $861 million and an estimated FY 2005 payroll of $874 million. Thus, any kind of pay raises, in particular those that automatically kick in as a result of collective bargaining agreements, have a noticeable fiscal effect on the Department's bottom line payroll costs, in particular those absorbed by the GRF.

ANALYSIS OF EXECUTIVE PROPOSAL

What follows is LSC fiscal staff's analysis of the Department of Rehabilitation and Correction biennial budget covering FYs 2004 and 2005 as contained in the executive budget. The presentation of that budget information is organized around the following four 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 2004	FY 2005
GRF	501-321	Institutional Operations	$ 850,381,155	$ 861,557,899
GRF	501-403	Prisoner Compensation	$ 8,705,052	$ 8,705,052
GRF	502-321	Mental Health Services	$ 67,302,290	$ 68,265,662
GRF	505-321	Institution Medical Services	$ 118,406,940	$ 120,014,320
GRF	506-321	Institution Education Services	$ 28,335,287	$ 28,747,574
GRF	507-321	Institution Recovery Services	$ 7,018,500	$ 7,124,516
Subtotal – GRF			**$1,080,149,224**	**$1,094,415,023**
148	501-602	Services and Agricultural	$ 95,207,653	$ 95,207,653
200	501-607	Ohio Penal Industries	$ 29,748,175	$ 31,491,879
4B0	501-601	Penitentiary Sewer Treatment Facility Services	$ 1,693,129	$ 1,758,177
4D4	501-603	Prisoner Programs	$ 16,537,291	$ 16,967,703
4S5	501-608	Education Services	$ 4,452,754	$ 4,564,072
483	501-605	Property Receipts	$ 383,894	$ 393,491
5H8	501-617	Offender Financial Responsibility	$ 735,000	$ 774,020
593	501-618	Laboratory Services	$ 4,707,730	$ 4,825,423
Subtotal – Other State Funds			**$ 153,465,626**	**$ 155,982,418**
3S1	501-615	Truth-In-Sentencing Grants	$ 24,604,435	$ 25,517,173
323	501-619	Federal Grants	$ 10,759,329	$ 11,300,335
Subtotal – Federal Funds			**$ 35,363,764**	**$ 36,817,508**
Total funding: Institutional Operations			**$ 1,268,978,614**	**$ 1,287,214,949**

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. The 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 SERVICES***
- ***MEDICAL SERVICES***
- ***EDUCATION SERVICES***
- ***RECOVERY SERVICES***
- ***PRISONER COMPENSATION***
- ***PRISONER PROGRAMS (FUND 4D4)***
- ***FEDERAL TRUTH–IN–SENTENCING (FUND 3S1)***
- ***OFFENDER RESPONSIBILITY (FUND 5H8)***
- ***LABORATORY SERVICES (FUND 593)***

Institutional Staffing Plan

Implication of the Executive Recommendation: The table below shows the number of staff positions for which the Department requested funding (labeled "Continuation Staff"), including correction officers (labeled "COs"). The revenue source that would be financing these personnel is also captured. For GRF-funded institutional staff, the programmatic line item that will support these personnel is noted. For ease of presentation all other institutional staff supported by other revenue streams are grouped under the column labeled "Total non-GRF."

The staff in the table below essentially reflect the number of personnel that the Department calculated it would need to employ in order to continue delivering its existing level of institutional services and programs in the next biennium.

DRC's Requested Institutional Staffing Levels for FYs 2004 and 2005

Staffing	501-321	502-321	505-321	506-321	507-321	Total GRF	Total non-GRF	Total All Funds
Continuation Staff	11,621	634	580	337	96	13,268	1,300	14,568
COs	7,924	---	---	---	---	7,924	---	7,924
Total Staff	**11,621**	**634**	**580**	**337**	**96**	**13,268**	**1,300**	**14,568**

The executive budget does not 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. Since the lion's share of the Department's personnel are employed in its institutional program areas, it is likely that any potential department wide reductions in force would be relatively larger than those that might occur in the Division of Parole and Community Services or Central Office. These reductions could occur though any number of mechanisms, including: (1) an early retirement buyout, such a buyout was put into place March 1, 2003 and will be in effect for one year, (2) a continued hiring freeze, (3) attrition, and (4) potentially more layoffs.

Earmarking: None

Permanent and Temporary Law: None

Mental Health Services

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 Item: 502-321, Mental Health Services

Implication of the Executive Recommendation: The executive budget provides less than the requested amount of continuation funding to cover the annual operating costs associated with 634 staff positions (payroll, maintenance, and equipment). As a result, the Department will have to trim operational costs financed through this line item, especially in light of the inflationary pressure on medical/healthcare costs that are largely out of the Department's control.

Earmarking: None

Permanent and Temporary Law: None

Medical Services

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. In FYs 2002 and 2003, this contract cost approximately $26.0 million each year. While the contract has not yet been renewed for FYs 2004 and 2005, the Department's cost will increase to reflect the 5% to 13% inflation rate generally expected in the medical/healthcare area.

Funding Source: GRF

Line Item: 505-321, Institution Medical Services

Implication of the Executive Recommendation: The executive budget provides less than the requested amount of continuation funding to cover the annual operating costs associated with 580 staff (payroll, maintenance, and equipment). As a result, the Department will have to trim operational costs financed through this line item, especially in light of the inflationary pressure on medical/healthcare costs that are largely out of the Department's control.

Earmarking: None

Permanent and Temporary Law: None

Education Services

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 FY 2001-2002 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). Approximately $4.7 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) nonfederal 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 the requested amount of continuation funding was provided to cover the annual operating costs associated with 337 staff (payroll, maintenance, and equipment), as well as the proposed movement of the funding source for approximately 200 educational services staff from Fund 4D4, Prisoner Programs, to GRF line item 506-321. As a result of the executive recommendation, the Department will only be able to move around 50 of the 200 educational services staff that it sought to transfer from Fund 4D4 to GRF line item 506-321. In addition, the Department may reduce its financial commitment to higher education services and programs, but such a decision has not been made as of this writing.

Earmarking: None

Permanent and Temporary Law: None

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: The executive budget provides less than the requested amount of continuation funding to cover the annual operating costs associated with 96 staff positions (payroll, maintenance, and equipment) as well as the proposed movement of the funding source for a relatively small number of recovery services staff from Fund 4D4, Prisoner Programs, to GRF line item 507-321. The Department estimates that the executive-recommended funding level will support approximately 90 staff positions.

Earmarking: None

Permanent and Temporary Law: None

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. If the size of the inmate population grows, so do the number of offenders that work, thus total prisoner compensation rises. Similarly, if the size of the inmate population declines, so do the number of offenders that work, thus total prisoner compensation decreases.

According to the Department, the 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 the inmate 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 correctional institution's commissary. The profit on these sales then flows back into each correctional 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.

Earmarking: None

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 the bill requires these transfers to occur on a quarterly basis via intrastate transfer voucher (ISTV). This temporary law has been included in every one of the Department's biennial operating budgets since first appearing in Am. Sub. H.B. 298, the main operating appropriations act of the 119th General Assembly.

Prisoner Programs Fund (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. That said, the spending level has become problematic, as expenditures are beginning to exceed the available revenue stream supporting the fund. This revenue stream consists of a commission paid by the equipment provider, MCI WorldCom, to the Department for collect telephone calls made by inmates. This commission annually generates about $14.0 million for the Department. When MCI WorldCom recently filed for bankruptcy, the monthly commission payments were interrupted for a period of about two months. Following the corporate restructuring, the payments have resumed. Currently, MCI WorldCom is only about $2.0 million in arrears to the Department.

These negative turns have put the Department in the position of having to make some difficult decisions regarding resource allocations, particularly in light of the fact that currently there are approximately 200 education services and 60 recovery services personnel paid from this fund. As a result of the executive recommendation, the Department will be able to move around 50 of the 200 educational services staff and perhaps a few recovery services staff that it sought to transfer from Fund 4D4 to GRF line item 506-321.

Earmarking: None

Permanent and Temporary Law:

Federal Truth-In-Sentencing Fund (Fund 3S1)

Program Description: This federal fund basically supports a federal "bricks-and-mortar" program intended generally to fund construction or renovation projects that create additional bed space for the housing of adult and juvenile violent offenders. A very small amount of these federal moneys are used to cover the Department's administrative expenses, with the very large remainder disbursed as follows: 80% to the Department for capital projects, 15% to local governments for full-service jail projects, and 5% 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 these federal moneys 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.

There is also a notable difference between the fund's proposed appropriations of around $25.0 million in each of the next two fiscal years when compared to the fact that the annual federal grant award has been in the range of $12.0 million to $16.0 million. The proposed appropriations for FYs 2004 and 2005 essentially represent grant moneys 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 these federal capital moneys 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.

Earmarking: None

Permanent and Temporary Law: None

Offender Financial Responsibility Fund (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: Relative to Fund 5H8, the executive budget provides an annual appropriation, which will, given the Department's current cost collection practice, cover some of the annual operating costs associated with the institutional medical services program.

Earmarking: None

Permanent and Temporary Law: None

Laboratory Services Fund (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 Developmental 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 reflects the amount of revenue that will be needed and available in each fiscal year to support the Department's expanded laboratory.

Earmarking: None

Permanent and Temporary Law: None

Parole & 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.

Fund	ALI	Title	FY 2004	FY 2005
GRF	501-405	Halfway House	$ 35,140,139	$ 35,579,419
GRF	501-407	Community Nonresidential Programs	$ 15,161,353	$ 15,352,814
GRF	501-408	Community Misdemeanor Programs	$ 7,942,211	$ 8,041,489
GRF	501-501	Community Residential Programs -CBCF	$ 52,220,123	$ 52,872,875
GRF	503-321	Parole and Community Operations	$ 77,695,938	$ 78,845,845
Subtotal – GRF			**$188,159,764**	**$190,692,442**
4L4	501-604	Transitional Control	$ 1,348,740	$ 1,593,794
Total funding: Parole & Community Services			**$189,508,504**	**$192,286,236**

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 moneys it will take in FYs 2004 and 2005 to continue services that were being delivered during FY 2003, and to replace some of the treatment programming, eliminated over the course of FYs 2002 and 2003, that was being delivered to offenders as part of community-based correctional facility (CBCF), halfway house, and prison and jail diversion programs. Expansion funding is essentially new moneys explicitly provided to undertake new initiatives, expand existing services, or hire new staff.

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

Offender Release & Supervision

Program Description: The activities grouped under this program 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: (1) full pre-sentence investigation and supervision services to the courts of common pleas in 46 counties, (2) supplemental pre-sentence investigation and supervision services to the courts of common pleas in four (4) counties, and (3) pre-sentence investigation services to the courts of common pleas in five (5) counties.

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 requested amount of GRF continuation funding to cover the annual operating costs associated with 1,253 staff positions (payroll, maintenance, and equipment). The Department estimates that the executive-recommended funding level would support approximately 1,101 staff. The current number of staff being paid from this line item is approximately 1,253. Thus, under the executive budget, the Department will either need to cut some existing staff or implement some mix of other cost cutting measures in the parole and community services program

Earmarking: None

Permanent and Temporary Law: None

Community Sanctions

Program Description: The Community Sanctions program contains four sub-programs that provide contract and subsidy moneys 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. Thus, the available GRF funding will not fully support an existing network of 1,611 halfway house beds plus 35 additional beds at the Turtle Creek facility in Warren, Ohio. When the Department completed the Turtle Creek facility during the FY 2002-2003 biennium, there was only funding available to activate half of the facility's 70 beds. The Department plans to activate the remaining 35 beds sometime during FYs 2004 and 2005.

As of this writing, the Department does not plan to reduce the number of available beds in the FY 2004-2005 biennium. This means that the number of available beds will be able to serve approximately 6,584 offenders in FY 2004. However, the Department will have to cut the costs of operating its halfway house network in some manner, which most likely translates into some mix of 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 program provides subsidy funds for the operation of community-based correctional facilities (CBCFs), which can be formed by counties or groups of counties with populations of 200,000 or more. These facilities 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% 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 overall 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 2003, there will be 18 operational CBCFs statewide. The total number of available CBCF beds stands at 1,869, which, by the end of FY 2003, will allow for the diversion of approximately 5,607 offenders annually, assuming an average length of stay will be around four months.

The executive budget includes less than the requested amount of continuation funding necessary for maintaining financial support to 18 CBCFs that are in operation statewide. There was, as part of the Department's original biennial budget submission, a request for some additional funding to replace some staff and treatment programs, and to activate vacant beds, all of which were cut in the FY 2002-2003 biennium. Since none of this additional funding was recommended by the Executive, 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 lower per diem rates, and programming reductions. As of this writing, the Department does not plan to reduce the number of currently available CBCF beds in the FY 2004-2005 biennium.

The lone remaining CBCF is a 200-bed facility that has been planned for Cuyahoga County. The county has been 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 very uncertain. Getting this site on-line carries notable potential as felony commitments from Cuyahoga County alone typically make up around 25% of annual prison population intake. As a result of the executive 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. There are currently about 50 of these felony diversion programs serving 45 counties. Despite the cut in requested funding, the Department does not plan to reduce the number of these diversion programs. This will mean that the level of annual funding for some of the programs that continue to receive state support will be reduced, which will further curtail the level of treatment services offered to offenders.

Misdemeanor Programs

The 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. There are currently about 114 of these felony diversion programs serving 79 counties. Despite the cut in requested funding, the Department does not plan to reduce the number of these jail diversion programs. This will mean that the level of annual funding for some of the programs that continue to receive state support will be reduced, which will further curtail the level of treatment services offered to offenders.

Earmarking: None

Permanent and Temporary Law: None

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. The Corrections Training Academy 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 around 70 Central Office staff that are not captured under the Administration program series. These are "programmatic" staff that oversee specific areas of the Department's entire prison system (e.g., 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 2004	FY 2005
GRF	504-321	Administrative Operations	$27,033,707	$27,420,848
571	501-606	Training Academy Receipts	$ 73,356	$ 75,190
Total funding: Administration			**$27,107,063**	**$27,496,038**

The level of funding requested by the Department was intended to cover around 233 staff positions and related operating costs (maintenance and equipment) for the next biennium. As a result of receiving slightly less than that level of funding under the executive budget, the Department will have to cut Central Office operating expenses (payroll, contract, maintenance, and equipment). Over the course of FYs 2002 and 2003, the Department has eliminated a total of 121 staff positions from Central Office.

Earmarking: None

Permanent and Temporary Law: None

Debt Service **Program Series 4**

Purpose: The purpose 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 relatively large 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 will be able to meet its legal and financial obligations to the OBA in either of the next two fiscal years.

Fund	ALI	Title	FY 2004	FY 2005
GRF	501-406	Lease Rental Payments	$141,997,000	$146,307,900
Total funding: Debt Service			$141,997,000	$146,307,900

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 the appropriation levels have typically been set at a level in excess of the amount actually needed for disbursement. This practice is intended to send a positive signal to bond markets, which protects and strengthens the state's credit rating, ensuring, hopefully, access to more favorable interest rates.

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 these bond moneys is reflected in the Department's relatively large repayment stream.

Earmarking: None

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. This temporary law has been included in every one of the Department's biennial operating budgets since first appearing in Am. Sub. H.B. 291, the main operating appropriations act of the 115th General Assembly.

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 1996 through 2003.

Program	1996	1997	1998	1999	2000	2001	2002	2003*
Administration	1,085	1,159	1,231	1,275	1,368	1,386	1,394	1,396
Parole & Community Services	927	1,045	1,095	1,129	1,156	1,255	1,245	1,245
Education Services	375	439	482	524	524	617	582	581
Facility Management	497	514	528	561	561	618	583	583
Medical Services	480	550	569	617	617	663	611	615
Mental Health Services	295	540	614	656	671	759	631	622
Recovery Services	75	105	124	151	151	172	157	157
Security	7,524	7,838	8,075	8,664	8,879	9,208	8,769	8,723
Support Services	1,074	1,126	1,182	1,241	1,258	1,387	1,343	1,341
Unit Management	470	709	756	803	812	880	797	795
Totals	**12,802**	**14,025**	**14,656**	**15,577**	**15,997**	**16,945**	**16,112**	**16,058**

*The staffing levels displayed in the above table for FY 2003 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 2004 and 2005. As a result, the Department will not be able to maintain its current level of programs and services in the next biennium, which means that it will have to reduce certain operating expenses (payroll, contracts, maintenance, and equipment). The Department has not yet made any firm decisions with regard to how the fiscal effects of this funding level will be handled, including likely reductions in the size of its annual payroll, thus no estimate of future staffing levels by program area can be made with any degree of certainty at this time.

The Department has already eliminated more than 1,800 filled staff positions over the course of the FY 2002-2003 biennium.

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, around 25% work for the Department, that iss one-in-four state employees. Additionally, roughly 13% of all state employees are correction officers who work for the Department, that is approximately one-in-six state employees.

Privatized Correctional Institutions

The Department's FY 2003 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.

PERMANENT AND TEMPORARY LAW

This section describes permanent and temporary law provisions contained in the executive budget that explicitly affect the duties, responsibilities, or fiscal operations of the Department of Rehabilitation and Correction.

Permanent Law Provisions

Administrative resolution of small claims of inmates (R.C. 2743.02)

Under current law, an inmate of a state correctional institution who wants to pursue a claim against the state for property damage must bring a civil action in the Court of Claims, regardless of the size of the claim. The bill amends that law to require that an inmate who has a claim of $300 or less for the loss of or damage to property first attempt to settle the claim through an administrative procedure established by rule by the Director of Rehabilitation and Correction. This provision creates an administrative duty for the Department, while potentially relieving the Court of small claims of inmates that it might otherwise have had to resolve. As of this writing, it seems unlikely that the magnitude of the cost to the Department to administratively resolve such claims, or the potential savings to the Court if it has to resolve fewer such claims, will be very large, certainly no more than minimal, if that.

Temporary Law Provisions

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 has been included in every one of the Department's biennial operating budgets since first appearing in Am. Sub. H.B. 291, the main operating appropriations act of the 115th General Assembly.

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 has been included in every one of the Department's biennial operating budgets since first appearing in Am. Sub. H.B. 298, the main operating appropriations act of the 119th General Assembly.

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 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
501-321	$ 901,640,625	$ 850,381,155	($51,259,470)	$ 922,840,403	$ 861,557,899	($61,282,504)
501-403	$ 8,922,678	$ 8,705,052	($ 217,626)	$ 9,145,745	$ 8,705,052	($ 440,693)
502-321	$ 70,925,242	$ 67,302,290	($ 3,622,952)	$ 72,698,373	$ 68,265,662	($ 4,432,711)
505-321	$ 120,051,745	$ 118,406,940	($ 1,644,805)	$ 123,053,039	$ 120,014,320	($ 3,038,719)
506-321	$ 41,991,833	$ 28,335,287	($13,656,546)	$ 43,041,629	$ 28,747,574	($14,294,055)
507-321	$ 7,215,754	$ 7,018,500	($ 197,254)	$ 7,396,147	$ 7,124,516	($ 271,631)
Totals	**$1,150,747,877**	**$1,080,149,224**	**($70,598,653)**	**$1,178,175,336**	**$1,094,415,023**	**($83,760,313)**

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) that was less than what the Department requested. Thus, the executive-recommended budget falls short of the amount that the Department calculated would be necessary for the continuation of its existing programs and services in each of FYs 2004 and 2005.

Closure of the Lima Correctional Institution

In order to reduce annual GRF expenditures, the Department is planning to close the Lima Correctional Institution. The closure is scheduled for July 1, 2003, so the savings effect will be first realized in FY 2004. As of this writing, the Department does not know precisely how many staff positions the closure will eliminate, as more senior personnel have the opportunity to "bump" into other correctional institutions. The estimated FY 2004 net savings, after the payment of $1.0 million in unemployment compensation, will be approximately $25.0 million. In FY 2005, the estimated annual savings is in the range of $25.0 million to $27.0 million.

Medical/healthcare costs

The Department has mentioned the following concerns relative to the future medical/healthcare costs:

- An expected 6% to 13% increase in the Consumer Price Index for medical services.
- Labor shortages will continue to have an inflationary effect on the cost of personal services contracts with dentists and pharmacists.

- Existing departmental contracts for healthcare services are not competitive with current market rates. When rebid, the Department's Bureau of Medical Services expects the cost of these contractual services to increase by an as yet undetermined amount.
- Expects a multi-million dollar increase in the employer's share of employee healthcare premiums.
- Executive-recommended funding levels for all of the healthcare services will not support anticipated medical and healthcare cost increases.
- Will have great difficulty not only retaining the services of qualified healthcare practitioners, but will also have a difficult time providing the current level of healthcare services in the next biennium.

Parole & Community Services						
Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
501-405	$ 46,010,445	$ 35,140,139	($10,870,306)	$ 55,842,925	$ 35,579,419	($20,263,506)
501-407	$ 20,016,973	$ 15,161,353	($ 4,855,620)	$ 21,191,403	$ 15,352,814	($ 5,838,589)
501-408	$ 10,630,724	$ 7,942,211	($ 2,688,513)	$ 11,268,568	$ 8,041,489	($ 3,227,079)
501-501	$ 63,708,551	$ 52,220,123	($11,488,428)	$ 69,123,777	$ 52,872,875	($16,250,902)
503-321	$ 91,093,692	$ 77,695,938	($13,397,754)	$ 93,583,227	$ 78,845,845	($14,737,382)
Totals	**$231,460,385**	**$188,159,764**	**($43,300,621)**	**$251,009,900**	**$190,692,442**	**($60,317,458)**

Under the executive budget, all of the Division of Parole and Community Service GRF line items, which are depicted in the above table, received less funding than was requested by the Department in both fiscal years. The Department's FY 2004-2005 biennial budget request sought additional funding to increase the number of community-based beds, as well as to restore some of the treatment programming that was part of the community corrections model, but was eliminated due to GRF expenditure reductions instituted over the course of FYs 2002 and 2003. The executive budget does not provide any of the requested funding for the purpose of increasing community-based beds or restoring treatment programming. According to the Department, as a result of the level of executive-recommended funding in each of FYs 2004 and 2005, 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 Department will likely utilize a combination of strategies to work within the executive-recommended level of funding for GRF line item 501-405, Halfway House. First, it is important to note that the Department does not plan to eliminate any beds from its existing halfway house network, which would not only reduce the total number of halfway house beds, but would also reduce the number of annual placements. 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 have provided placements for 1,280 additional offenders each fiscal year. Given that this expansion initiative was not funded, those 320 new halfway house beds will not be available.

The specific impact of the level of executive-recommended funding for GRF line item 501-405, Halfway House, is as follows:

- Cuyahoga County was to host a 100-bed halfway house facility; that will not happen under the executive budget. In the FY 2004-2005 biennial budget request submitted by the Department it requested funding to add an additional 100 beds to this facility. This project will not move forward in the next biennium.
- 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 the Allen County site where this facility will be located. In the FY 2004-2005 biennial budget request submitted by the Department it requested funding to move this project forward. This project will not move forward in the next biennium.
- Warren County hosts a 70-bed halfway house facility that was completed during the current biennium. Although completed, the Department only has the resources to pay for daily operations at half capacity. Thus, 35 of the beds are already activated, with the other half slated for activation in the next biennium.
- 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. Budget reductions instituted over the course of FYs 2002 and 2003 prevented this facility from being built. The Department planned to complete this project in the next biennium. Based on the executive recommendation, however, this project will not move forward.

Community-based correctional facilities (CBCFs)

The Department will likely utilize a combination of strategies to work within the executive-recommended level of funding for GRF line item 501-501, CBCFs. First, lower per diem rates will be negotiated with CBCFs for FYs 2004 and 2005. Lower rates will force the facilities to reduce the amount and intensity of various services provided to offenders participating in a CBCF program. The Department will make every attempt possible to work within available revenues by negotiating lower per diem rates and maintaining the current number of CBCF beds, which is 1,869. Some of the CBCF services the Department will likely cutback in order to reduce expenses will be drug testing, family counseling, domestic violence counseling, victim awareness, and other alcohol and drug treatment services. Some as yet undetermined number of staff that provide the above services would also likely be laid off.

The Department's biennial budget request included expansion dollars for 300 new CBCF beds, which would have serviced 900 additional offenders in each fiscal year. Given that the expansion initiative was not funded, these new CBCF beds will not be established in the upcoming biennium.

The specific impact of the level of executive-recommended funding for GRF line item 501-501, CBCFs, is as follows:

- Five existing CBCFs were to receive funding to bring these 300 additional beds online. Those five are located in Seneca (70 beds), Stark (24 beds), Summit (66 beds), Union (80 beds), and Scioto (60 beds) counties. These facilities are all existing structures that have been expanded and upgraded to varying degrees. Only the Union and Summit county projects have yet to be completed. Based on the executive-recommended funding level, these new CBCF beds will not come online in FYs 2004 or 2005.

- 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. The CBCF slated for Cuyahoga County appears unlikely to be sited, constructed, and activated any time in the near future.

Community 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. There are currently about 50 of these felony diversion programs in 45 counties. Despite the cut in requested funding, the Department does not plan to reduce the number of these diversion programs. This will mean that the level of annual funding for some of the programs that continue to receive state support will be reduced, which will further curtail the level of treatment services offered to offenders. Additionally, the average caseload for intensive supervision personnel will likely be increased from the current average of about 50 offenders per caseworker to an average of around 80 offenders.

The Department's biennial budget request for FYs 2004 and 2005 also included expansion funding in its Community Nonresidential sub-program to provide substance abuse treatment services for 300 additional offenders in each fiscal year. This expansion in substance abuse treatment services was planned for Ashtabula, Montgomery, and Tuscarawas counties. These moneys were slated to enhance existing program services for offenders. These initiatives will not move forward due to the lack of funding in the executive-recommended budget.

Community 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. The total number of currently funded jail diversion programs is about 114 in 79 counties. Despite the cut in requested funding, the Department does not plan to reduce the number of these jail diversion programs. This will mean that the level of annual funding for some of the programs that continue to receive state support will be reduced, which will further curtail the level of treatment services offered to offenders.

The Department's biennial budget request for FYs 2004 and 2005 also included expansion funding in its Community Misdemeanor sub-program for a mental health initiative designed to treat 250 additional misdemeanor offenders in each fiscal year. The counties that were targeted for this expansion in mental health services included Adams, Ashland, Clinton, Cuyahoga, Delaware, Lorain, Scioto, Trumbull, Vinton, and Williams. These initiatives will not move forward due to the lack of funding in the executive-recommended budget.

Parole services

The Department's biennial budget request for FYs 2004 and 2005 also included continuation funding for GRF 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 1,253 staff in the next biennium. The Department estimates that the executive-recommended funding level would support approximately 1,101 staff. The current number of staff being paid from this line item is approximately 1,253. Thus, under the executive budget, the Department will either need to cut some existing staff or implement some mix of other cost cutting measures in the parole and community services program.

Administration						
Fund	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
504-321	$27,230,405	$27,033,707	($196,698)	$27,911,165	$27,420,848	($490,317)

If one were to compare in each fiscal year what the Department requested for its Administration program series and what the executive recommended, depicted 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 around 233 staff positions and related operating costs (maintenance and equipment) for the next biennium. As a result of receiving slightly 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 cut back on maintenance and equipment expenses, or some mix of these cost cutting activities.

General Revenue Fund

GRF 501-321 Institutional Operations

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$738,799,160	$769,736,068	$807,517,857	$813,658,019	**$850,381,155**	**$861,557,899**
	4.2%	4.9%	0.8%	**4.5%**	**1.3%**

Source: GRF

Legal Basis: Section 95 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A., the main operating appropriations act covering FYs 1996 and 1997)

Purpose: Funds disbursed from this account are used exclusively for the operation of prisons, specifically correctional institution costs directly associated with administration, facility maintenance, support services, security, and unit management. Since at least the middle of FY 1999, a relatively small number of the Department's Central Office staff and related operating expenses have also been charged to this account. Institutional operating costs associated with directly delivering mental health, medical, education, and recovery services programs that benefit inmates are not financed by this line item, but are covered by GRF funds appropriated for that specific programmatic purpose. This includes GRF line items 502-321, 505-321, 506-321, and 507-321.

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

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$9,257,805	$9,557,832	$8,837,616	$8,487,426	**$8,705,052**	**$8,705,052**
	3.2%	-7.5%	-4.0%	**2.6%**	**0.0%**

Source: GRF

Legal Basis: Section 95 of Am. Sub. H.B. 94 of the 124th G.A. (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

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$31,582,939	$32,284,782	$33,465,075	$34,259,475	**$35,140,139**	**$35,579,419**
	2.2%	3.7%	2.4%	**2.6%**	**1.3%**

Source: GRF

Legal Basis: Section 95 of Am. Sub. H.B. 94 of the 124th G.A. (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.

In FY 2002, the Department, through its Bureau of Community Sanctions, contracted with private/not for profit organizations to provide a total of 1,626 halfway house beds, allowing halfway houses to serve approximately 6,900 offenders.

GRF 501-406 Lease Rental Payments

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$119,182,465	$127,664,186	$127,002,909	$149,653,700	**$141,997,000**	**$146,307,900**
	7.1%	-0.5%	17.8%	**-5.1%**	**3.0%**

Source: GRF

Legal Basis: Section 95 of Am. Sub. H.B. 94 of the 124th G.A. (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

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$15,893,375	$16,432,686	$15,185,040	$14,772,022	**$15,161,353**	**$15,352,814**
	3.4%	-7.6%	-2.7%	**2.6%**	**1.3%**

Source: GRF

Legal Basis: Section 95 of Am. Sub. H.B. 94 of the 124th G.A. (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 10% of the moneys appropriated for this purpose.

In FY 2002, this special purpose account supported diversion programs in 45 counties. The total number of offenders that participated in those programs statewide was 9,092.

GRF 501-408 Community Misdemeanor Programs

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$8,312,570	$8,603,202	$7,940,310	$7,743,656	**$7,942,211**	**$8,041,489**
	3.5%	-7.7%	-2.5%	**2.6%**	**1.3%**

Source: GRF

Legal Basis: Section 95 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A., the main operating appropriations act covering FYs 1996 and 1997)

Purpose: In anticipation of the enactment of the Ohio Criminal Sentencing Commission's felony sentencing plan (Am. Sub. S.B. 2 of the 121st G.A.), which would move some offenders from the felony to the misdemeanor side of local criminal justice systems, Am. Sub. H.B. 117, the main operating 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% of the money appropriated for this purpose.

In FY 2002, this special purpose account supported diversion programs in 79 counties. The total number of offenders that participated in those programs statewide was 20,104.

GRF 501-501 Community Residential Programs - CBCF

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$47,500,808	$51,086,493	$51,951,350	$50,914,620	**$52,220,123**	**$52,872,875**
	7.5%	1.7%	-2.0%	**2.6%**	**1.3%**

Source: GRF

Legal Basis: Section 95 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 191 of the 112th G.A., the main operating appropriations act covering FYs 1978 and 1979)

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.

There are currently 18 CBCFs provided services to 87 of 88 counties; Cuyahoga County is not served by a CBFC. A Cuyahoga County CBCF has been in the planning stages for some time, but siting problems have delayed its construction. In FY 2002, Ohio courts sentenced 5,075 offenders to CBCFs compared to 4,617 in FY 2001, an increase of 9% over the previous year.

GRF 502-321 Mental Health Services

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$71,876,584	$74,520,460	$63,251,971	$65,005,213	**$67,302,290**	**$68,265,662**
	3.7%	-15.1%	2.8%	**3.5%**	**1.4%**

Source: GRF

Legal Basis: Section 95 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A., the main operating appropriations act covering FYs 1996 and 1997)

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 operating costs associated with the Oakwood Correctional Facility (OCF). Some staff in the Department's Central Office whose principal function is oversight of institutional mental health services, and their related operating expenses, are also charged to this account.

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

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$71,394,050	$73,048,840	$72,204,086	$75,208,954	**$77,695,938**	**$78,845,845**
	2.3%	-1.2%	4.2%	**3.3%**	**1.5%**

Source: GRF

Legal Basis: Section 95 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A., the main operating appropriations act covering FYs 1996 and 1997)

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 of offenders from state prison and their supervision in the community (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

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$28,187,877	$26,570,072	$25,032,287	$26,292,428	**$27,033,707**	**$27,420,848**
	-5.7%	-5.8%	5.0%	**2.8%**	**1.4%**

Source: GRF

Legal Basis: Section 95 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A., the main operating appropriations act covering FYs 1996 and 1997)

Purpose: Funds disbursed from this account are used exclusively to cover the operating expenses of the Department of Rehabilitation and Correction's administrative component, specifically Central Office, which oversees institutional, parole, and community service operations, and the Corrections Training Academy.

Some Central Office staff associated with an activity that has a specific GRF programmatic operating expenses account (321), and their related operating costs, are paid from that line item rather than GRF line item 504-321, Administrative Operations. 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.

Prior to FY 1996, the operating expenses associated with the Department's administrative component were picked up almost entirely by GRF line items 501-100, Personal Services, 501-200, Maintenance, and 501-300, Equipment.

GRF 505-321 Institution Medical Services

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$115,082,680	$125,746,524	$108,551,436	$114,195,561	**$118,406,940**	**$120,014,320**
	9.3%	-13.7%	5.2%	**3.7%**	**1.4%**

Source: GRF

Legal Basis: Established by Am. Sub. H.B. 94 of the 124th G.A., the main appropriation act covering FYs 2002 and 2003 (originally established by Am. Sub. H.B. 215 of the 122nd G.A., the main operating appropriations act covering FYs 1998 and 1999)

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 operating costs of the Corrections Medical Center (CMC) in Columbus. Some staff in the Department's Central Office whose principal function is oversight of institutional medical services, and their related operating expenses, are also charged to this account.

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

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$22,609,354	$21,928,685	$22,758,086	$23,095,298	**$28,335,287**	**$28,747,574**
	-3.0%	3.8%	1.5%	**22.7%**	**1.5%**

Source: GRF

Legal Basis: Established by Am. Sub. H.B. 94 of the 124th G.A., the main operating appropriation act covering FYs 2002 and 2003 (originally established by Am. Sub. H.B. 215 of the 122nd G.A., the main operating appropriations act covering FYs 1998 and 1999)

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. Some staff in the Department's Central Office whose principal function is oversight of institutional education services, and their related operating expenses, are also charged to this account.

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

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$5,860,100	$6,778,178	$6,080,682	$6,675,939	**$7,018,500**	**$7,124,516**
	15.7%	-10.3%	9.8%	**5.1%**	**1.5%**

Source: GRF

Legal Basis: Established by Am. Sub. H.B. 94 of the 124th G.A., the main operating appropriation act covering FYs 2002 and 2003 (originally established by Am. Sub. H.B. 215 of the 122nd G.A., the main operating appropriations act covering FYs 1998 and 1999)

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. Some staff in the Department's Central Office whose principal function is oversight of institutional recovery services, and their related operating expenses, are also charged to this account.

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

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$176,774	$191,892	$271,547	$373,628	**$383,894**	**$393,491**
	8.6%	41.5%	37.6%	**2.7%**	**2.5%**

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

Legal Basis: Section 95 of Am. Sub. H.B. 94 of the 124th G.A.; ORC 5120.22 (originally established by Controlling Board on February 20, 1973; codified by Am. Sub. H.B. 152, the main operating 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 Penitentiary Sewer Treatment Facility Services

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$1,334,731	$1,431,149	$1,403,367	$1,614,079	**$1,693,129**	**$1,758,177**
	7.2%	-1.9%	15.0%	**4.9%**	**3.8%**

Source: GSF: (1) Revenue from contracts with political subdivisions under which the latter are permitted to tap into a correctional facility's sewage treatment facility; as of July 2001, three correctional facilities had such 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 facility's projected payroll and maintenance costs, as the revenue generated from the few contractual arrangements that are in place do not cover a facility's annual operating costs

Legal Basis: Section 95 of Am. Sub. H.B. 94 of the 124th G.A.; ORC 5120.52 (originally established by Sub. S.B. 330 of the 118th G.A.)

Purpose: These moneys are only used to pay costs associated with operating and maintaining each of the departmental sewage treatment facilities that generate the fund's revenue.

4D4 501-603 Prisoner Programs

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$19,999,495	$19,456,358	$16,806,997	$20,533,018	**$16,537,291**	**$16,967,703**
	-2.7%	-13.6%	22.2%	**-19.5%**	**2.6%**

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, each of which in turn deposited their portion of the revenue into a local bank account to be used for the entertainment and welfare of the inmates of the institution

Legal Basis: Section 95 of Am. Sub. H.B. 94 of the 124th G.A.; ORC 5120.132 (originally established by Am. Sub. S.B. 351 of the 119th G.A.)

Purpose: The telephone 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 its intended uses were codified.

4L4 501-604 Transitional Control

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$233,160	$418,814	$448,110	$1,182,483	**$1,348,740**	**$1,593,794**
	79.6%	7.0%	163.9%	**14.1%**	**18.2%**

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: Section 95 of Am. Sub. H.B. 94 of the 124th G.A.; ORC 2967.26(E) (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 G.A., 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. That 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

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$2,224,250	$3,206,233	$2,204,249	$3,894,151	**$4,452,754**	**$4,564,072**
	44.1%	-31.3%	76.7%	**14.3%**	**2.5%**

Source: GSF: All state, i.e., nonfederal, money received from the Ohio Department of Education

Legal Basis: Section 95 of Am. Sub. H.B. 94 of the 124th G.A.; 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 the Ohio Department of Education 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

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$55,474	$77,811	$20,411	$71,567	**$73,356**	**$75,190**
	40.3%	-73.8%	250.6%	**2.5%**	**2.5%**

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: Section 95 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Controlling Board on October 9, 1984)

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

593 501-618 Laboratory Services

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$3,219,238	$3,675,521	$4,208,945	$4,469,231	**$4,707,730**	**$4,825,423**
	14.2%	14.5%	6.2%	**5.3%**	**2.5%**

Source: GSF: Payments collected from entities that receive laboratory services

Legal Basis: Section 95 of Am. Sub. H.B. 94 of the 124th G.A.; ORC 5120.135(C) (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 are 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

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$223,462	$91,720	$79,040	$440,000	**$735,000**	**$774,020**
	-59.0%	-13.8%	456.7%	**67.0%**	**5.3%**

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; Currently, the only cost debt being collected is a $3 co-payment for voluntary sick calls

Legal Basis: Section 95 of Am. Sub. H.B. 94 of the 124th G.A.; ORC 5120.56(I) (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

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$0	$0	$0	$3,561,670	**$3,650,712**	**$3,741,980**
	N/A	N/A	N/A	**2.5%**	**2.5%**

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: Section 95 of Am. Sub. H.B. 94 of the 124th G.A. (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 was to undertake an information technology upgrade that involved re-engineering and moving its offender and inmate job assignment databases into an enterprise-wide application. These new applications were also to 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: (1) services to offenders, and (2) information to other entities, including the Parole Board and courts.

Federal Special Revenue Fund Group

323 501-619 Federal Grants

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$6,269,449	$8,058,380	$6,827,082	$10,246,789	**$10,759,329**	**$11,300,335**
	28.5%	-15.3%	50.1%	**5.0%**	**5.0%**

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 16.202, Offender Reentry Program, CFDA 16.606, State Criminal Alien Assistance Program, and CFDA 16.579, Byrne Memorial Criminal Justice Block Grant, CFDA 16.593, Residential Substance Abuse Treatment for State Prisoners), 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: Section 95 of Am. Sub. H.B. 94 of the 124th G.A. (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

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$14,565,656	$8,324,309	$2,309,298	$23,432,796	**$24,604,435**	**$25,517,173**
	-42.8%	-72.3%	914.7%	**5.0%**	**3.7%**

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

Legal Basis: Section 95 of Am. Sub. H.B. 94 of the 124th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A., the main operating appropriations act covering FYs 1998 and 1999)

Purpose: This federal money comes from a block grant that the Department is administering known as the Violent Offender Incarceration and Truth-In-Sentencing Incentive Grant program. The federal funds made available to states under this grant program are to build or expand permanent or temporary correctional facilities to increase bed space for the confinement of adult and juvenile 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.

Since federal FY 1996, the Department has received annual awards that have ranged from $12.0 million to $16.0 million. The funds awarded in each federal fiscal year are for a period that includes the fiscal year of the awarded amount plus four additional years. It is also important to note that the state cannot simply collect and bank its annual federal award, and then spend those funds as-needed; the state can only draw on an awarded amount as it incurs costs. Thus, this federal revenue stream works more like a reimbursement program.

The Department is permitted to take up to 3% of this federal award off the top for administrative costs, but has, to date, not used anywhere near that percentage. The bulk of the state's annual federal award is typically allocated as follows: 80% for construction of prison beds, 15% for construction of beds in full-service local jails, and 5% to the Department of Youth Services for additional beds for violent offenders. These allocated funds cover 90% of a given project’s allowable costs, with the recipient required to provide a 10% cash match.

Intragovernmental Service Fund Group

148 501-602 Services and Agricultural

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$87,290,019	$89,378,911	$86,257,677	$98,634,007	**$95,207,653**	**$95,207,653**
	2.4%	-3.5%	14.3%	**-3.5%**	**0.0%**

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: Section 95 of Am. Sub. H.B. 94 of the 124th G.A.; 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: Moneys in this fund are used for: (1) the purchase of material, supplies, equipment, land, and buildings used in service industries and agriculture, (2) the erection and extension of buildings used in service industries and agriculture, (3) the payment of compensation to employees necessary to carry on the service industries and agriculture, and (4) the 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

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
$34,909,601	$37,497,311	$29,678,916	$27,903,030	**$29,748,175**	**$31,491,879**
	7.4%	-20.9%	-6.0%	**6.6%**	**5.9%**

Source: ISF: 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: Section 95 of Am. Sub. H.B. 94 of the 124th G.A.; 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. Moneys in this fund are used for: (1) the purchase of material, supplies, equipment, land, and buildings used in manufacturing industries, (2) the erection and extension of buildings used in manufacturing industries, (3) the payment of compensation to employees necessary to carry on the manufacturing industries, and (4) the 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.

Fund	ALI	ALI Title	2002	Estimated 2003	Executive 2004	% Change 2003 to 2004	Executive 2005	% Change 2004 to 2005
DRC Rehabilitation and Correction, Department of								
GRF	501-321	Institutional Operations	$ 807,517,857	$813,658,019	$ 850,381,155	4.5%	$ 861,557,899	1.3%
GRF	501-403	Prisoner Compensation	$ 8,837,616	$8,487,426	$ 8,705,052	2.6%	$ 8,705,052	0.0%
GRF	501-405	Halfway House	$ 33,465,075	$34,259,475	$ 35,140,139	2.6%	$ 35,579,419	1.3%
GRF	501-406	Lease Rental Payments	$ 127,002,909	$149,653,700	$ 141,997,000	-5.1%	$ 146,307,900	3.0%
GRF	501-407	Community Nonresidential Programs	$ 15,185,040	$14,772,022	$ 15,161,353	2.6%	$ 15,352,814	1.3%
GRF	501-408	Community Misdemeanor Programs	$ 7,940,310	$7,743,656	$ 7,942,211	2.6%	$ 8,041,489	1.3%
GRF	501-501	Community Residential Programs - CBCF	$ 51,951,350	$50,914,620	$ 52,220,123	2.6%	$ 52,872,875	1.3%
GRF	502-321	Mental Health Services	$ 63,251,971	$65,005,213	$ 67,302,290	3.5%	$ 68,265,662	1.4%
GRF	503-321	Parole and Community Operations	$ 72,204,086	$75,208,954	$ 77,695,938	3.3%	$ 78,845,845	1.5%
GRF	504-321	Administrative Operations	$ 25,032,287	$26,292,428	$ 27,033,707	2.8%	$ 27,420,848	1.4%
GRF	505-321	Institution Medical Services	$ 108,551,436	$114,195,561	$ 118,406,940	3.7%	$ 120,014,320	1.4%
GRF	506-321	Institution Education Services	$ 22,758,086	$23,095,298	$ 28,335,287	22.7%	$ 28,747,574	1.5%
GRF	507-321	Institution Recovery Services	$ 6,080,682	$6,675,939	$ 7,018,500	5.1%	$ 7,124,516	1.5%
General Revenue Fund Total			**$ 1,349,778,705**	**$ 1,389,962,311**	**$ 1,437,339,695**	**3.4%**	**$ 1,458,836,213**	**1.5%**
483	501-605	Property Receipts	$ 271,547	$373,628	$ 383,894	2.7%	$ 393,491	2.5%
4B0	501-601	Penitentiary Sewer Treatment Facility Services	$ 1,403,367	$1,614,079	$ 1,693,129	4.9%	$ 1,758,177	3.8%
4D4	501-603	Prisoner Programs	$ 16,806,997	$20,533,018	$ 16,537,291	-19.5%	$ 16,967,703	2.6%
4L4	501-604	Transitional Control	$ 448,110	$1,182,483	$ 1,348,740	14.1%	$ 1,593,794	18.2%
4S5	501-608	Education Services	$ 2,204,249	$3,894,151	$ 4,452,754	14.3%	$ 4,564,072	2.5%
571	501-606	Training Academy Receipts	$ 20,411	$71,567	$ 73,356	2.5%	$ 75,190	2.5%
593	501-618	Laboratory Services	$ 4,208,945	$4,469,231	$ 4,707,730	5.3%	$ 4,825,423	2.5%
5H8	501-617	Offender Financial Responsibility	$ 79,040	$440,000	$ 735,000	67.0%	$ 774,020	5.3%
5L6	501-611	Information Technology Services	----	$3,561,670	$ 3,650,712	2.5%	$ 3,741,980	2.5%
General Services Fund Group Total			**$ 25,442,665**	**$ 36,139,827**	**$ 33,582,606**	**-7.1%**	**$ 34,693,850**	**3.3%**
323	501-619	Federal Grants	$ 6,827,082	$10,246,789	$ 10,759,329	5.0%	$ 11,300,335	5.0%
3S1	501-615	Truth-In-Sentencing Grants	$ 2,309,298	$23,432,796	$ 24,604,435	5.0%	$ 25,517,173	3.7%
Federal Special Revenue Fund Group Total			**$ 9,136,379**	**$ 33,679,585**	**$ 35,363,764**	**5.0%**	**$ 36,817,508**	**4.1%**

LSC Budget Spreadsheet by Line Item, FY 2004 - FY 2005

Fund	ALI	ALI Title	2002	Estimated 2003	Executive 2004	% Change 2003 to 2004	Executive 2005	% Change 2004 to 2005
DRC		**Rehabilitation and Correction, Department of**						
148	501-602	Services and Agricultural	$ 86,257,677	$98,634,007	$ 95,207,653	-3.5%	$ 95,207,653	0.0%
200	501-607	Ohio Penal Industries	$ 29,678,916	$27,903,030	$ 29,748,175	6.6%	$ 31,491,879	5.9%
Intragovernmental Service Fund Group Total			**$ 115,936,592**	**$ 126,537,037**	**$ 124,955,828**	**-1.2%**	**$ 126,699,532**	**1.4%**
Total All Budget Fund Groups			***$ 1,500,294,342***	***$ 1,586,318,760***	***$ 1,631,241,893***	***2.8%***	***$ 1,657,047,103***	***1.6%***