Department of Rehabilitation and Correction

Senate Finance and Financial Institutions Committee

Joseph Rogers, Budget Analyst

Legislative Service Commission

April 21, 2005

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LSC Redbook
for the
Department of Rehabilitation and Correction

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April 21, 2005

Department of Rehabilitation and Correction

- One in four state employees works for DRC
- Some reduction in staff and services likely
- Since 2001, two prisons closed and over 1,900 staff positions cut

OVERVIEW

Duties and Responsibilities

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, growth in the parole and community services component of the Department's operating budget, underscores 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, those released under transitional control, and graduates of the boot camp phase of Intensive Program Prisons, 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.

Expenditure Reductions

Based on information provided by the Department, since FY 2001, DRC has experienced nearly $151 million in executive mandated budget reductions. As a result, expenditure reductions have been necessary over the past few years, and the Department has accordingly made various spending cuts and implemented a number of cost-saving measures. Included among these measures are the following more notable actions:

- The elimination of approximately 1,906 positions since January 2001.
- 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 Department saved approximately $29 million in annual operating expenses by closing the Orient Correctional Institution.
- At the end of June 2004, the Department closed the Lima Correctional Institution (LCI). Of the approximately 495 employees at LCI, 161 were ultimately laid off and the rest were moved into other correctional institutions. Approximately 1,500 inmates were moved to other correctional institutions. The Department saved approximately $25 million in annual operating expenses by closing the Lima Correctional Institution.
- 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 10 correctional institution clusters and 6 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.
- Increased utilization of in-house medical laboratory services has produced significant savings.

- The highest proportion of staff cuts were located in the Central Office, which included the elimination of 10 out of 20 deputy director level positions. The Department estimates this has saved around $500,000 in annual operating expenses.

Prison System Growth

The nature of the Department's prison system has dramatically changed in the last 20 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 2005, the Department will be operating 32 correctional institutions, including the Corrections Medical Center and two state-owned, privately operated institutions, and managing an inmate population totaling somewhere around 43,500.

The FY 2006-2007 biennium will be the third 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 84.2%.

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 2006-2007 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

This section provides brief summaries of some of the more notable legislation enacted by the 125th General Assembly that will, or may, influence the Department's operations and expenditures.

- ***Substitute House Bill 50.*** The bill most notably: (1) enhanced the penalty for leaving the scene of an accident under certain circumstances ("failure to stop"), (2) expanded the activities that constitute "aggravated vehicular homicide" and the circumstances under which the penalty for committing aggravated vehicular homicide is enhanced, and (3) expanded the activities that constitute "aggravated vehicular assault" and the circumstances under which the penalty for committing aggravated vehicular assault is enhanced. As a result of the bill's expansion of certain existing prohibitions and penalties, additional offenders could end up being sentenced to prison or sentenced to prison for a longer stay than might otherwise have been the case under current law. Such outcomes could lead to a rise in the size of the Department of Rehabilitation and Correction's (DRC) total daily prison population that, absent the bill, might not have occurred.

- ***Amended Substitute House Bill 163.*** The bill most notably: (1) provided an additional prison term or term of imprisonment for certain repeat OVI and OVUAC offenders, (2) increased the penalty for vehicular assault when the offender also fails to stop at the scene of the accident resulting in that offense, and (3) modified the definition of "committed in the vicinity of a school" in the Controlled Substance Law to specify that it is irrelevant whether the person who engages in the prohibited conduct knows that the conduct is being committed on school premises, in a school building, or within 1,000 feet of any school premises. As a result of the bill's penalty provisions, additional offenders are likely to be sentenced to prison and offenders already prison-bound under current law would, in the future under similar circumstances, be sentenced to prison for a longer stay. Coupled with the uncertainty as to how the bill's provisions will affect court-sentencing practices, it is difficult to estimate the effect on DRC's total annual inmate population. That said, it seems likely that, as a result of the bill, and all other conditions remaining the same, DRC's total annual inmate population will be larger than it might otherwise have been under current law and sentencing practices, but the magnitude of that effect, in terms of the number of affected offenders and related increase in annual incarceration costs, is uncertain.

- ***Substitute House Bill 184.*** The bill most notably allowed for the imposition of a sentence of life imprisonment without parole, life imprisonment with parole eligibility after serving 25 full years of imprisonment, or life imprisonment with parole eligibility after serving 30 full years of imprisonment when an offender is convicted of or pleads guilty to aggravated murder and is not charged with or convicted of an aggravating circumstance. Prior law limited the sentencing option available to a judge to life in prison with eligibility for parole after serving 20 years. This change will likely result in extended prison stays and a "stacking" effect well into future years, thereby creating substantial annual increases in incarceration costs starting in FY 2028 and annually thereafter.

- ***Substitute House Bill 401.*** The bill most notably: (1) expanded the range of activities constituting the offense of passing bad checks, and (2) altered the method used to determine the total value of bad checks passed. As a practical matter, the bill: (1) will potentially lead to an increase in the number of misdemeanor and felony cases processed statewide, (2) may increase the seriousness of the charge that certain offenders face compared to the offense that the offender might otherwise have been charged with under current law and practice, and (3) may result in additional felony offenders being sentenced to prison that might otherwise not have been prison-bound under current law and sentencing practices.

- ***Substitute House Bill 525.*** The bill most notably requires DNA specimen collection from delinquent children and criminal offenders for all felonies and certain misdemeanors, which generally involve offenses that either arose out of the same facts and circumstances as did certain felonies charged against the person or involved complicity in committing or attempting to commit certain felonies. It appears likely that additional criminal offenders and delinquent children will be committed to the Department of Rehabilitation and Correction (DRC) and the Department of Youth Services (DYS), as the number of DNA specimens entered into the system should assist local law enforcement in solving crimes. How many cases and offenders will be affected is unclear at this time. Thus, the magnitude of the potential increase in annual state incarceration costs is rather problematic to estimate. As both state agencies are currently collecting a relatively large number of DNA specimens from their existing institutional populations, it seems unlikely that the number of additional DNA specimens that would be collected as a result of the bill will generate a costly ongoing institutional operating expense.

- ***Substitute Senate Bill 50.*** The bill most notably: (1) expanded the list of prior offenses that enhance the penalty for domestic violence, (2) increased under certain circumstances the penalty for domestic violence from a felony of the fifth degree to a felony of the fourth degree or a felony of third degree, and (3) increased under certain circumstances the penalty for the offense of "violating a protection order" to a felony of the fifth degree or a felony of the third degree. The bill's penalty enhancement provisions will result in additional offenders being sentenced to prison and offenders who would have been prison-bound under current law will be sentenced to longer terms of incarceration. It is also likely that the full effect of the bill in terms of increasing the size of DRC's average daily inmate population and related incarceration costs will not be felt until roughly a year or so after it goes into effect.

- ***Amended Substitute Senate Bill 58*.** The bill most notably: (1) increased the penalty for illegal manufacture of drugs if the offense is committed in the vicinity of a juvenile or a school, (2) increased the penalties for the illegal cultivation of marijuana by one degree, depending on the quantities involved, if the offense is committed in the vicinity of a juvenile or school, (3) increased the penalties for illegal assembly or possession of chemicals for the manufacture of drugs if the offense is committed in the vicinity of a juvenile or school, and (4) expanded the offense of endangering children to prohibit anyone from knowingly allowing children to be within the vicinity of certain drug offenses. As a result of the bill's penalty enhancements and prohibition expansions, additional offenders are likely to be sentenced to prison and offenders already prison-bound under current law would, in the future under similar circumstances, be sentenced to prison for a longer stay. Coupled with the uncertainty as to how the bill's provisions will affect court-sentencing practices, it is difficult to estimate the effect on the Department of Rehabilitation and Correction's (DRC's) total annual inmate population. That said, it seems likely that, as a result of the bill, and all other conditions remaining the same, DRC's total annual inmate population will be larger than it might otherwise have been under current law and sentencing practices, but the magnitude of that effect, in terms of the number of affected offenders and related increase in annual incarceration costs, is uncertain.

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.

Pressures on Cost of Doing Business

The nature and size of the Department's institutional operations – at the end of FY 2005 it will be composed of 32 correctional facilities, roughly 43,500 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 impact on institutional agency budgets.

Payroll and Related Expenses. The Department's current GRF staff, which totals in excess of 13,500 paid positions, will generate an estimated total FY 2006 payroll of $890 million and an estimated FY 2007 payroll of $879 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. The Department has allowed for an inflationary increase in payroll-related expenses of 6% in FY 2006 and 2% in FY 2007. These raises will increase the payroll expenditures of the Department by approximately $49 million in FY 2006, and $16.5 million in FY 2007.

In addition to pay raises, other historical sources of payroll cost increases include, but are not limited to, step movement, longevity increases, workers' compensation increases, and healthcare benefit inflation. Also of note are payroll-related expenditures that include various check-off charges from the Department of Administrative Services (DAS) and the Office of Budget and Management for payroll processing, state merit system, central accounting, collective bargaining, employee assistance program, and the equal employment opportunity program.

Medical Services Costs. Inflation has had a particularly notable impact on medical/healthcare services delivered in correctional institutions. The Department's inflation rate for medical/healthcare services over the last two years has been 10%. Some of the inflationary factors driving up DRC's cost of delivering institutional medical services include the following:

- ***OSU Medical Center.*** A significant medical services cost factor is the contract with the OSU Medical Center to provide inpatient care. In each of FYs 2004 and 2005, the costs stemming from this contract grew by 24% and 26.5 %, respectively, which accounted for about one-third of DRC's annual medical services budget. As for FYs 2006 and 2007, the new contract has not yet been negotiated and signed. Given the continued inflation of healthcare costs and the anticipated level of inmate illness, the Department expects the terms of the new contract to reflect a similar rate of inflation growth as has been experienced in recent years.
- ***Hepatitis C.*** Another significant factor increasing the Department's medical services costs is the diagnosis and treatment of Hepatitis C, which has also become a growing concern for corrections systems across the country. According to the Department, of the 3,300 inmates who have tested positive for Hepatitis C, approximately 1,913, or 58%, of currently incarcerated Hepatitis C inmates are eligible to be offered treatment over the course of the next year. The testing regimen has had a significant impact on laboratory costs, and follow up evaluations, including liver biopsies, and has contributed to the increased costs at the OSU Medical Center. Once the treatment begins, the drug therapy lasts between three and six months and can cost in excess of $48,000 per patient. In FYs 2006 and 2007, the Department expects to face significant increases in the cost of the diagnosis and treatment of Hepatitis C as the intake of new inmates, who must be screened and tested, has risen recently.

- ***Medical Technology.*** Newer diagnostic tests and improvements in the standards of care have created significant medical costs for DRC. For example, new drugs used to treat infectious diseases have increased in cost by 75% in recent years. New diagnostic tests and procedures change very rapidly and quickly become the required standard of care and are therefore not discretionary. These advancements are often quite costly.

- ***Professional recruitment.*** The Department is currently dealing with the effects of a nationwide nursing shortage. The Department's current vacancy rate for nurses is 25% compared to approximately 6% in the private sector where more attractive terms can be offered. The nursing shortage is projected to worsen over the next several years. The inability to hire and retain qualified nursing staff has had a significant impact on the Department's medical services budget. The Department has been forced to utilize overtime and contracting for higher cost agency nursing services to meet minimum staffing requirements.

- ***Pharmaceutical Costs.*** Since 1997, expenditures in the U.S. for prescription medication increased an average of 15% annually. In FY 2004, DRC expenditures for medications increased by $3.6 million, which was a 27.7 % increase over the expenditure for the previous fiscal year. In FY 2005 pharmaceutical expenses grew by another $1.4 million, or 8.4%. In FYs 2006 and 2007, the Department does not expect any significant deviation in the recent patterns of escalating pharmaceutical inflation. The Department will likely face continued increases in the cost of prescription medications.

- ***Fussel v.Wilkinson.*** The Department is currently defending itself in a class action lawsuit alleging that the correctional healthcare delivery system in Ohio is constitutionally inadequate. In order to reduce expensive litigation costs, the parties to the suit agreed to an evaluation of the correctional healthcare system by a team of experts. Recommendations by this team may help avert a costly trial and provide a set of solutions agreeable to all involved parties. The Department expects the resolution of this case will result in higher medical related costs, as it is likely to be incumbent upon the Department to increase medical staff and improve the delivery of healthcare services, quite possibly in FYs 2006 and 2007. The resolution of this case in favor of the plaintiffs could create tens of millions of dollars in additional unbudgeted expenditures that the Department would have to absorb.

As a result of the cost inflation factors referenced above, as well as others not so mentioned, the Department has already been forced to seek approval, by the Controlling Board, for transfers of GRF appropriation authority to 505-321, Institution Medical Services, to cover inflation induced operational shortfalls. In FYs 2004 and 2005, the Controlling Board approved transfers of approximately $8 million and $19.8 million, respectively, to continue the delivery of institutional medical services.

Zero-Based Budget

The Department, under the direction of the Office of Budget and Management, and as required by Am. Sub. H.B. 95 of the 125th General Assembly, completed their biennial operating budget request in a modified zero-based format. This process was altered by certain requirements and changes imposed by the Office of Budget and Management. More specifically, both a request cap of 2005 funding levels and increased requirements for programmatic information made the completion of a zero-based budget more challenging. The Department utilized three funding levels to build the annual budget for each program within a program series as follows: (1) 80% of current funding, (2) 15% additional or 95% of current funding, and (3) 5% additional or 100% of current funding. The Department has 16 programs under the expanded programmatic format required by OBM. Each program was prioritized for the 80% of current funding, then an additional 15% of each program was prioritized, and then the final 5% of each program was prioritized. In other words, the second 15% was never prioritized above the initial 80% of another program, and the final 5% was never prioritized above the second 15%. This process was directed by OBM and was similar to that used by other state agencies that have developed zero-based budget requests.

Executive GRF Budget Summarized

The following table captures the four program series components of the Department's executive recommended budget. "Continuation cost" shows the amount of money the Department calculated it would take in FYs 2006 and 2007 to continue the level services that were being delivered during FY 2005. The recommended budget for FYs 2006 and 2007 provides no funding for the expansion of existing services in the Institutional Operations program series, and in fact, is less than the amounts requested for the continuation of ongoing operations in most programs. The table below highlights the differences between the Department's requested, and the Executive's recommended, levels of funding by program series.

Biennial Budget Components ($ in millions)*						
	FY 2006			FY 2007		
Program Series	Executive Budget	Estimated Continuation Cost	Difference	Executive Budget	Estimated Continuation Cost	Difference
Institutional Operations	$1,330.34	$1,355.83	-$25.49	$1,365.12	$1,385.59	-$20.47
Parole/Community Sanctions	$198.29	$205.00	-$6.71	$200.13	$205.00	-$4.87
Program Management	$27.56	$25.83	$1.73	$28.15	$26.37	$1.78
Debt Service	$132.37	$132.37	$ 0	$120.60	$120.60	$0
Totals	**$1,688.56**	**$1,719.03**	**-$30.47**	**$1,714.00**	**$1,737.56**	**$-23.56**

*Detail may not add to totals due to rounding.

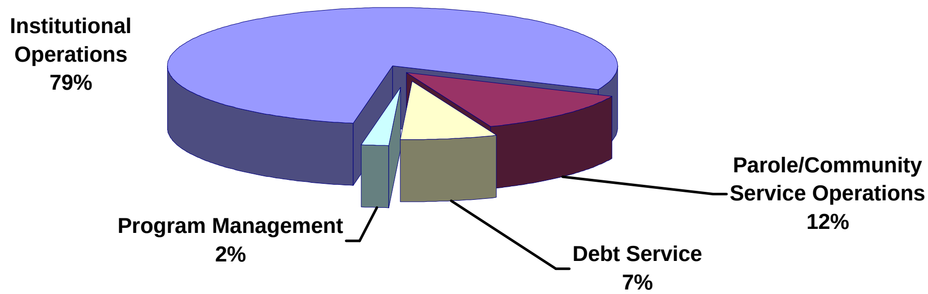
Under the Executive budget, the Department's Institutional Operations program series received a total of $45.96 million, or 1.7%, less than DRC had requested as continuation costs for FYs 2006 and 2007 combined.

Under the Executive budget, the Parole and Community Service Operations program series received a total of $11.58 million, or 2.8%, less than would be required as continuation costs for FYs 2006 and 2007 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). As the Executive budget does not provide continuation level funding, there will be reductions in these services. The Department's request did not include the necessary funding to restore various community treatment programs and to activate some additional community-based correctional facility beds that were cut or delayed as a result of mandated expenditure reductions.

Expense by Program Series Summary

The pie chart immediately below shows the total recommended appropriations (FYs 2006 and 2007) by program series. This information is shown for the GRF and for all funds.

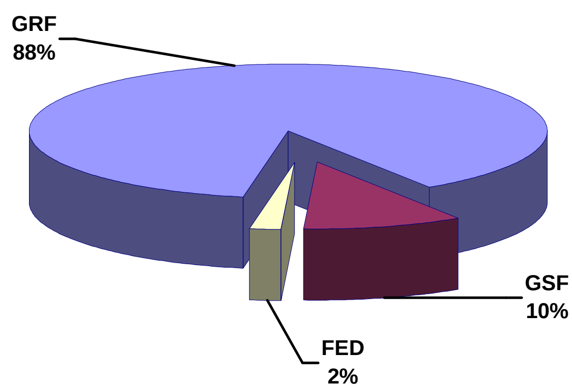
Total Budget by Program Series
FYs 2006 and 2007



Expense by Fund Group Summary

The pie chart immediately below shows the total recommended appropriations (FYs 2006 and 2007) by fund group. This information is shown for the GRF and for all funds.

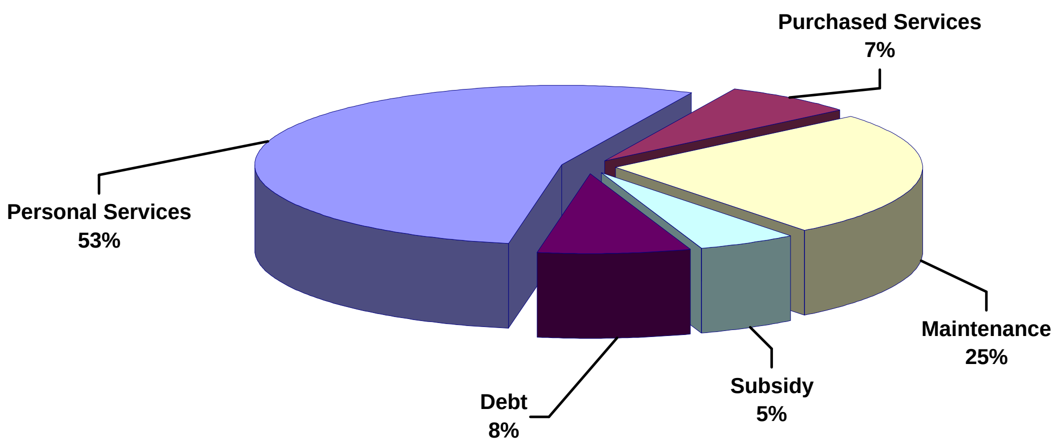
Total Budget by Funding Source
FYs 2006 and 2007



Expense by Object Summary

The pie chart immediately below shows the total recommended appropriations (FYs 2006 and 2007) by major object of expense. This information is shown for all GRF and non-GRF funds. Not included in the pie chart is around 2% of the Department's biennial operating budget allocated for equipment, goods for resale, and capital improvements.

Total Budget by Object of Expense
FYs 2006 and 2007



Historical Staffing Levels

The table immediately below summarizes the number of staff that DRC paid, or will pay, on the last pay period of FYs 2002 through 2007. The current number of authorized staff positions (FTE) is in excess of 15,200. As the level of GRF funding in the Executive budget is 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 14,000-plus staff positions. Over the course of FYs 2002 and 2003, the Department eliminated more than 1,800 staff positions. In the FY 2004-2005 biennium, the Department did not eliminate any additional staff positions.

Rehabilitation and Correction Staffing Levels by Fiscal Year*						
Program	**2002**	**2003**	**2004**	**2005****	**2006**	**2007**
Administration	1,203	1,211	1,211	1,288	1,180	1,180
Parole/Community Operations	1,047	1,053	1,065	1,064	1,040	1,040
Education Services	467	436	431	452	423	423
Facility Maintenance	536	537	538	546	521	521
Medical Services	507	527	497	520	518	518
Mental Health Services	575	539	551	541	535	535
Recovery Services	146	131	133	136	133	133
Security	8,120	8,118	7,968	8,055	7,740	7,740
Support Services	1,206	1,169	1,166	1,183	1,113	1,113
Unit Management	736	695	681	716	713	713
TOTALS	**14,543**	**14,416**	**14,241**	**14,501**	**13,916**	**13,916**

* The number of staff by program that DRC paid or will pay on the last pay period of FYs 2002 through 2007.
** The number of staff by program that DRC paid through January 8, 2005.

Future Staffing Levels

The executive 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 2006 and 2007. 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 as 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. That said, the Department has stated that additional staff reductions could reach several hundred in the FY 2006-2007 biennium as reflected by the estimates in the above table.

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

Privatized Correctional Institutions

The Department's 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-sector 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.

Correctional Institution Profile

Displayed in the table immediately below is a selective profile of the 30 correctional institutions that the Department was operating as of February 2005. It does not include the two state-owned, privately operated correctional institutions: North Coast Correctional Treatment Facility and Lake Erie Correctional Institution. Also of note is that three correctional institutions exclusively house female offenders (Franklin Pre-Release Center, Northeast Pre-Release Center, Ohio Reformatory for Women), and the Oakwood Correctional Facility is a mental health hospital that serves male and female offenders.

Correctional Institution Profile as of February 5, 2005

Institution*	Staff	COs**	CO Ratio**	FY 2005 Average Population	Yearly Inmate Cost	Daily Inmate Cost
Allen C.I.	379	203	6.30	1,279	$21,464.06	$58.81
Belmont C.I.	492	293	7.45	2,182	$16,516.03	$45.25
Chillicothe C.I.	581	347	7.63	2,649	$16,998.23	$46.57
Corrections Medical Center	422	245	0.46	113	N/A	N/A
Correctional Reception	519	313	5.38	1,683	$23,180.36	$63.51
Dayton C.I.	211	100	4.16	416	$36,819.42	$100.88
Franklin Pre-Release	148	66	7.01	463	$24,243.98	$66.42
Grafton C.I.	366	195	7.18	1,401	$20,988.61	$57.50
Hocking C.F.	158	78	6.02	470	$26,272.68	$71.98
Lebanon C.I.	555	328	5.91	1,937	$20,136.18	$55.17
London C.I.	472	244	8.34	2,034	$18,966.96	$51.96
Lorain C.I.	455	263	5.36	1,411	$24,587.49	$67.36
Madison C.I.	539	324	5.97	1,934	$20,614.16	$56.48
Mansfield C.I.	690	458	5.16	2,361	$21,785.42	$59.69
Marion C.I.	481	286	6.18	1,767	$20,371.83	$55.81
Montgomery Ed./Pre-Release	160	80	4.13	331	$29,168.25	$79.91
Noble C.I.	469	279	7.52	2,099	$16,815.71	$46.07
North Central C.I.	458	274	8.19	2,245	$15,432.85	$42.28
Northeast Pre-Release	175	84	6.77	569	$25,708.18	$70.43
Oakwood C.F.	319	97	1.33	129	N/A	N/A
Ohio Reformatory for Women	485	250	7.84	1,960	$20,873.69	$57.19
Ohio State Penitentiary	427	254	1.79	455	$63,190.32	$173.12
Pickaway C.I.	500	252	8.06	2,030	$22,960.19	$62.90
Richland C.I.	451	259	8.90	2,306	$13,720.55	$37.59
Ross C.I.	614	382	5.90	2,253	$18,816.57	$51.55

Correctional Institution Profile as of February 5, 2005						
Institution*	**Staff**	**COs****	**CO Ratio****	**FY 2005 Average Population**	**Yearly Inmate Cost**	**Daily Inmate Cost**
Southeastern Ohio C.F.	424	230	6.97	1,602	$19,918.68	$54.57
Southern Ohio C.F.	738	476	2.03	965	$52,915.93	$144.98
Toledo C.I.	340	231	3.42	791	$31,783.29	$87.08
Trumbull C.I.	389	241	4.98	1,200	$25,561.07	$70.03
Warren C.I.	385	214	4.82	1,032	$26,960.92	$73.87
Totals	**12,802**	**7,346**	**5.73**	**42,068**	**$22,809.23**	**$62.49**

*"C.I." and "C.F." stand for Correctional Institution and Correctional Facility, respectively.
**"COs" stands for correction officers.

MASTER TABLE: EXECUTIVE'S RECOMMENDATIONS FOR FY 2006 AND FY 2007

The following table provides a comprehensive presentation of the Executive's recommendations for each of the agency's line items and the programs each line item supports. Please note that some line items may provide funding for multiple program series and/or programs. See the Analysis of Executive Proposal section for more information on specific program funding.

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program				
Fund	**ALI**	**Title**	**FY 2006**	**FY 2007**
		General Revenue Fund		
GRF	**501-321**	**Institutional Operations**	**$ 857,371,490**	**$ 873,888,880**
		Program Series 1: Institutional Operations		
		Program 1.1: Facility Maintenance	$ 75,137,262	$ 81,626,286
		Program 1.2: Support Services	$ 139,819,831	$ 159,561,331
		Program 1.3: Security	$ 479,837,536	$ 467,630,573
		Program 1.4: Unit Management	$ 45,112,502	$ 44,136,287
		Program 1.9: Facility Administration	$ 117,464,359	$ 120,934,403
GRF	**501-403**	**Prisoner Compensation**		
		Program 1.2: Support Services	$ 8,599,255	$ 8,599,255
GRF	**501-405**	**Halfway House**	**$ 38,104,924**	**$ 38,105,128**
		Program Series 2: Parole and Community Service Operations		
		Program 2.2: Halfway House	$ 38,104,924	$ 38,105,128
GRF	**501-406**	**Lease Rental Payments**	**$ 132,370,500**	**$ 120,600,600**
		Program Series 4: Debt Service		
		Program 4.1: Debt Service	$ 132,370,500	$ 120,600,600
GRF	**501-407**	**Community Nonresidential Programs**	**$ 15,383,471**	**$ 15,404,522**
		Program Series 2: Parole and Community Service Operations		
		Program 2.1: Parole and Community Service Operations	$ 665,394	$ 678,701
		Program 2.4: Community Sanctions: Non-Residential Felony	$ 14,718,077	$ 14,725,821
GRF	**501-408**	**Community Misdemeanor Programs**	**$ 8,041,489**	**$ 8,041,489**
		Program Series 2: Parole and Community Service Operations		
		Program 2.5: Community Sanctions: Non-Residential Misdemeanor	$ 8,041,489	$ 8,041,489
GRF	**501-501**	**Community Residential Programs-CBCF**	**$ 55,054,445**	**$ 55,054,445**
		Program Series 2: Parole and Community Service Operations		
		Program 2.3: Community Sanctions: CBCFs	$ 55,054,445	$ 55,054,445
GRF	**502-321**	**Mental Health Services**	**$ 64,897,564**	**$ 66,055,754**
		Program Series 1: Institutional Operations		
		Program 1.8: Mental Health Services	$ 64,897,564	$ 66,055,754
GRF	**503-321**	**Parole and Community Operations**	**$ 78,887,219**	**$ 80,708,911**
		Program Series 2: Parole and Community Service Operations		
		Program 2.1: Parole and Community Service Operations	$ 78,887,219	$ 80,708,911
GRF	**504-321**	**Administrative Operations**	**$ 27,559,389**	**$ 28,147,730**
		Program Series 3: Program Management		
		Program 3.1: Program Management Services	$ 27,559,389	$ 28,147,730
GRF	**505-321**	**Institution Medical Services**	**$ 159,926,575**	**$ 176,500,628**
		Program Series 1: Institutional Operations		
		Program 1.5: Medical Services	$ 159,926,575	$ 176,500,628
GRF	**506-321**	**Institution Education Services**	**$ 22,727,366**	**$ 23,114,615**
		Program Series 1: Institutional Operations		
		Program 1.7: Education Services	$ 22,727,366	$ 23,114,615
GRF	**507-321**	**Institution Recovery Services**	**$ 6,946,286**	**$ 7,090,212**
		Program Series 1: Institutional Operations		
		Program 1.6: Recovery Services	$ 6,946,286	$ 7,090,212
		General Revenue Fund Subtotal	**$ 1,467,270,718**	**$ 1,492,712,914**

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program				
Fund	**ALI**	**Title**	**FY 2006**	**FY 2007**
		General Services Fund Group		
148	**501-602**	**Services and Agriculture**	**$ 95,207,653**	**$ 95,207,653**
		Program Series 1: Institutional Operations		
		Program 1.2: Support Services	$ 95,207,653	$ 95,207,653
200	**501-607**	**Ohio Penal Industries**	**$ 38,000,000**	**$ 38,000,000**
		Program Series 1: Institutional Operations		
		Program 1.2: Support Services	$ 38,000,000	$ 38,000,000
483	**501-605**	**Property Receipts**	**$ 393,491**	**$ 393,491**
		Program Series 1: Institutional Operations		
		Program 1.1: Facility Maintenance	$ 393,491	$ 393,491
4B0	**501-601**	**Penitentiary Sewer Treatment Facility Services**	**$ 1,758,177**	**$ 1,758,177**
		Program Series 1: Institutional Operations		
		Program 1.1: Facility Maintenance	$ 1,758,177	$ 1,758,177
4D4	**501-603**	**Prisoner Programs**	**$ 20,967,703**	**$ 20,967,703**
		Program Series 1: Institutional Operations		
		Program 1.6: Recovery Services	$ 5,454,195	$ 5,454,195
		Program 1.7: Education Services	$ 15,513,508	$ 15,513,508
4L4	**501-604**	**Transitional Control**	**$ 1,593,794**	**$ 1,593,794**
		Program Series 2: Parole and Community Service Operations		
		Program 2.1: Parole and Community Service Operations	$ 1,593,794	$ 1,593,794
4S5	**501-608**	**Education Services**	**$ 4,564,072**	**$ 4,564,072**
		Program Series 1: Institutional Operations		
		Program 1.7: Education Services	$ 4,564,072	$ 4,564,072
571	**501-606**	**Training Academy Receipts**	**$ 75,190**	**$ 75,190**
		Program Series 1: Institutional Operations		
		Program 1.9: Facility Administration	$ 75,190	$ 75,190
593	**501-618**	**Laboratory Services**	**$ 5,799,999**	**$ 5,799,999**
		Program Series 1: Institutional Operations		
		Program 1.5: Medical Services	$ 5,799,999	$ 5,799,999
5AF	**501-609**	**State and NonFederal Awards**	**$ 262,718**	**$ 262,718**
		Program Series 1: Institutional Operations		
		Program 1.6: Recovery Services	$ 262,718	$ 262,718
5H8	**501-617**	**Offender Financial Responsibility**	**$ 2,000,000**	**$ 2,000,000**
		Program Series 1: Institutional Operations		
		Program 1.5: Medical Services	$ 774,020	$ 774,020
		Program Series 2: Parole and Community Service Operations		
		Program 2.1: Parole and Community Service Operations	$ 1,225,980	$ 1,225,980
5L6	**501-611**	**Information Technology Services**	**$ 3,741,980**	**$ 3,741,980**
		Program Series 1: Institutional Operations		
		Program 1.9: Facility Administration	$ 3,741,980	$ 3,741,980
		General Services Fund Subtotal	**$ 174,364,777**	**$ 174,364,777**

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program						
Fund	**ALI**	**Title**		**FY 2006**		**FY 2007**
Federal Special Revenue Fund Group						
323	**501-619**	**Federal Grants**	**$**	**12,198,353**	**$**	**12,198,353**
		Program Series 1: Institutional Operations				
		Program 1.3: Security	$	85,277	$	85,277
		Program 1.6: Recovery Services	$	48,576	$	48,576
		Program 1.7: Education Services	$	436,646	$	436,646
		Program 1.9: Facility Administration	$	11,627,854	$	11,627,854
3S1	**501-615**	**Truth-in-Sentencing Grants**	**$**	**26,127,427**	**$**	**26,127,427**
		Program Series 1: Institutional Operations				
		Program 1.1: Facility Maintenance	$	26,078,792	$	26,078,792
		Program 1.9: Facility Administration	$	48,635	$	48,635
Federal Special Revenue Fund Subtotal			**$**	**38,325,780**	**$**	**38,325,780**
Total Agency Funding			**$**	**1,679,961,275**	**$**	**1,705,403,471**

ANALYSIS OF EXECUTIVE PROPOSAL

What follows is LSC fiscal staff's analysis of the Department of Rehabilitation and Correction biennial budget covering FYs 2006 and 2007 as contained in the Executive budget. The presentation of that budget information is organized around the following four program series.

- ***Program Series 1: Institutional Operations***
- ***Program Series 2: Parole and Community Service Operations***
- ***Program Series 3: Program Management***
- ***Program Series 4: Debt Service***

Program Series 1 — Institutional Operations

Purpose: To provide housing, security, maintenance, food, treatment programming, and other support services for adults sentenced to the custody of the Department.

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

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund (GRF)				
GRF	501-321	Institutional Operations	$857,371,490	$873,888,880
GRF	501-403	Prisoner Compensation	$8,599,255	$8,599,255
GRF	502-321	Mental Health Services	$64,897,564	$66,055,754
GRF	505-321	Institution Medical Services	$159,926,575	$176,500,628
GRF	506-321	Institution Education Services	$22,727,366	23,114,615
GRF	507-321	Institution Recovery Services	6,946,286	7,090,212
		General Revenue Fund Subtotal	**$1,120,468,536**	**$1,155,249,344**
General Services Fund (GSF)				
148	501-602	Services and Agriculture	$95,207,653	$95,207,653
200	501-607	Ohio Penal Industries	$38,000,000	$38,000,000
483	501-605	Property Receipts	$393,491	$393,491
4B0	501-601	Sewer Treatment Facility Services	$1,758,177	$1,758,177
4D4	501-603	Prisoner Programs	$20,967,703	$20,967,703
4S5	501-608	Education Services	$4,564,072	4,564,072
571	501-606	Training Academy Receipts	$75,190	$75,190
593	501-618	Laboratory Services	$5,799,999	$5,799,999
5AF	501-609	State and Non-Federal Awards	$262,718	$262,718
5H8	501-617	Offender Financial Responsibility	$774,020	$774,020
5L6	501-611	Information Technology Services	$3,741,980	$3,741,980
		General Services Fund Subtotal	**$171,545,003**	**$171,545,003**
Federal Special Revenue Fund (FED)				
323	501-619	Federal Grants	$12,198,353	$12,198,353
3S1	501-615	Truth-in-Sentencing Grants	$26,127,427	$26,127,427
		Federal Special Revenue Fund Subtotal	**$38,325,780**	**$38,325,780**
		Total Program Series Funding: Institutional Operations	**$1,330,339,319**	**$1,365,120,127**

This analysis focuses on the following specific programs within the Institutional Operations program series:

- ***Program 1: Facility Maintenance***
- ***Program 2: Support Services***
- ***Program 3: Security***
- ***Program 4: Unit Management***
- ***Program 5: Medical Services***
- ***Program 6: Recovery Services***
- ***Program 7: Education Services***
- ***Program 8: Mental Health Services***
- ***Program 9: Facility Administration***

Program 1: Facility Maintenance

Program Description: This program provides for the maintenance of buildings and structures to facilitate the safe and secure operation of correctional institutions throughout the state, and to ensure that these institutions are compliant with all standards and requirements of federal, state, and local statutes and ordinances. Specifically, through this program, staff: (1) provide for physical plant operations, including heating, ventilation, plumbing, and electrical service, (2) perform preventive maintenance that falls under the threshold for capital projects, including painting, roofing, and asbestos management, and (3) perform various reviews, approvals, and interpretations during the design and construction phase of capital projects.

Some of the more notable features of the Facility Maintenance program include:

- Level of FY 2005 funding currently supports 517 staff positions.
- Decrease of 34 staff positions since January 2001.
- Slightly over one-third of expenditures are payroll related.
- Slightly less than 50% of expenditures are related to utilities (electricity, natural gas, and water treatment)
- Additional payroll-related expenditures include various check-off charges from the Department of Administrative Services (DAS) and the Office of Budget and Management for payroll processing, state merit system, central accounting, collective bargaining, employee assistance program, and the equal employment opportunity program.
- Historical sources of payroll cost increases include, but are not limited to, pay raises, step movement, longevity increases, workers' compensation increases, and healthcare benefit inflation.

Group	Fund	ALI	Title	FY 2006	FY 2007
GRF	GRF	501-321	Institutional Operations	$75,137,262	$81,626,286
GSF	4B0	501-601	Sewer Treatment Facility Services	$1,758,177	$1,758,177
GSF	483	501-605	Property Receipts	$393,491	$393,491
FED	3S1	501-615	Truth-in-Sentencing Grants	$26,078,792	$26,078,792
Total Program Funding: Facility Maintenance				**$103,367,722**	**$109,856,746**

Funding Source: (1) GRF, (2) revenue from contracts with political subdivisions under which the latter are permitted to tap into a correctional facility's sewage treatment facility, (3) rent and utility charges collected from departmental personnel who live in housing under the Department's control, and (4) federal funds.

Line Items: See above table

Implication of Executive Recommendation: The executive budget does not provide sufficient funding to cover the future cost of delivering existing service levels in FY 2006. In FY 2007, however, the executive recommended level of funding just exceeds that which would be necessary to continue the same level of services as delivered in FY 2005. Thus, the Department may have to trim some facility maintenance costs in the next biennium, which could mean some reductions in payroll, maintenance, and equipment expenses. Although funding at a level below that necessary for the continuous delivery of services may mean some staff reduction, a significant percentage of any such reductions would likely come from the cancellation of certain maintenance projects. According to the Department, the exact number of staff positions to be eliminated in this program is unknown at this time. The Department's intention, if possible, is to incur the loss of staff via attrition so as to avoid the need for layoffs. There will also be a reduction in nonsecurity related maintenance projects that are lower in priority, including preventive maintenance.

Temporary and Permanent Law Provisions: None

Program 2: Support Services

Program Description: This program addresses quality of life issues that enhance total institutional operations, including the legal and ethical responsibilities of providing adequate food, clothing, work therapy, and spiritual support to inmates. Specific services or activities include food services, Ohio Penal Industries, institutional commissaries, quartermaster and laundry service, religious services, and agricultural farms.

Some of the more notable features of the Support Service program include:

- Level of FY 2005 funding currently supports 1,159 staff positions.
- Decrease of 148 staff positions since January 2001.
- Approximately 32% of its annual expenditures are related to staffing.
- Food services prepare approximately 49.5 million meals annually.
- Farm more than 10,890 acres.
- Additional payroll-related expenditures include various check-off charges from the Department of Administrative Services (DAS) and the Office of Budget and Management for payroll processing, state merit system, central accounting, collective bargaining, employee assistance program, and the equal employment opportunity program.
- Historical sources of payroll cost increases include, but are not limited to, pay raises, step movement, longevity increases, workers' compensation increases, and healthcare benefit inflation.

Group	Fund	ALI	Title	FY 2006	FY 2007
GRF	GRF	501-321	Institutional Operations	$139,819,831	$159,561,331
GRF	GRF	501-403	Prisoner Compensation	$8,599,255	$8,599,255
GSF	148	501-605	Services and Agriculture	$95,207,653	$95,207,653
GSF	200	501-607	Ohio Penal Industries	$38,000,000	$38,000,000
			Total Program Funding: Support Services	**$281,626,739**	**$301,368,239**

Funding Source: (1) GRF, (2) money transferred from GRF line items 501-321, Institutional Operations, and 501-403, Prisoner Compensation, (3) proceeds from the sale of excess crops and older animals, and (4) revenue generated from the manufacture and sale of various goods and services to the state and its political subdivisions

Line Items: See above table

Implication of Executive Recommendation: The executive budget does not provide sufficient continuation funding to cover the future cost of delivering existing program and service levels. Thus, the Department will likely have to trim the Support Services program's costs in the next biennium. Approximately 32% of the program's expenditures are related to staffing and payroll, thus the majority of reductions in this program would likely come from nonpayroll-related reductions. According to the Department, the extent to which staff positions may need to be eliminated in this program is unknown at this time. The Department's intention, if possible, is to incur any loss of staff via attrition so as to avoid the need for layoffs. The Department will also have to increase efforts to improve efficiencies and streamline the delivery of services under this program. The development of the Department's internal capability to process meat and milk has already begun to introduce savings. Other measures may involve reductions in the replacement of items such as clothing and other quartermaster supplies.

Temporary Law Provision

Prisoner Compensation (Section 209.69). 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. A temporary law provision contained in the Executive budget requires these transfers to occur on a quarterly basis via intrastate transfer voucher (ISTV). A temporary law provision to this effect 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.

Program 3: Security

Program Description: This program encompasses the Department's primary mission: security. The program includes the supervision and control of approximately 43,500 incarcerated offenders, as well as observation and monitoring of security systems and hardware designed to create a safe environment for inmates and staff.

Some of the more notable features of the Security program include:

- Level of FY 2005 funding currently supports 8,029 staff positions.
- Decrease of 1,137 staff positions since January 2001.
- Over 99% of its annual expenditures are related to staffing.
- Additional payroll-related expenditures include various check-off charges from the Department of Administrative Services (DAS) and the Office of Budget and Management for payroll processing, state merit system, central accounting, collective bargaining, employee assistance program, and the equal employment opportunity program.
- Historical sources of payroll cost increases include, but are not limited to, pay raises, step movement, longevity increases, workers' compensation increases, and healthcare benefit inflation.

Group	Fund	ALI	Title	FY 2006	FY 2007
GRF	GRF	501-321	Institutional Operations	$479,837,536	$467,630,573
FED	323	501-619	Federal Grants	$85,277	$85,277
		Total Program Funding: Security		**$479,922,813**	**$467,715,850**

Funding Source: (1) GRF, and (2) federal funds

Line Items: See above table

Implication of Executive Recommendation: The executive budget does not provide sufficient funding to cover the future cost of delivering existing security program and service levels. Thus, the Department will likely have to trim Security program costs in the next biennium. As a result, funding reductions to the Security program may ultimately require staff reductions that go beyond those attributable to attrition.

There will also be further consolidations of certain dormitories and cellblocks in order to lessen the security requirements within various correctional institutions. There is some concern in the Department that increasing the concentration of inmates in the remaining dormitories and cellblocks will increase the level of wear and tear on those facilities thereby leading to increases in maintenance requirements. This serves to illustrate some of the interrelatedness and interdependence between the programs in this program series. The Departmental responses to the reductions in funding in one program can lead to increased costs in another.

At this point in time, if the executive recommended level of funding remains unchanged, the Department does not anticipate the need to close any additional correctional institutions. The structure of the programs within this program series – Institutional Operations – provides the Department with a degree of flexibility that may allow it to avoid such a decision.

The recommended level of funding in the Department's source of funding for institutional operations (GRF line item 501-321) is actually allocated across five of the nine programs constituting this program series. Those five programs – facility maintenance, support services, security, unit management, and facility administration – all relate to operational issues. The important point here is that when the recommended funding is reduced in a program such as Security, the Department has some flexibility to distribute the burdens of such a cut into other related programs funded with the same line item, in this case GRF line item 501-321. Despite this fluidity, the recommended level of funding will not support the overall continuation of existing levels of services in the Institutional Operations program series in FYs 2006 and 2007. From the Department's perspective, cut backs are inevitable.

Temporary and Permanent Law Provisions: None

Program 4: Unit Management

Program Description: This program encompasses staff that oversee the daily operation of inmate living areas. Unit management is a team approach to inmate management that is accomplished by dividing large groups of offenders into smaller groups supervised by teams of trained staff located in close proximity to inmate living areas.

Some of the more notable features of the Unit Management program include:

- Level of FY 2005 funding currently supports 699 staff positions.
- Decrease of 142 staff positions since January 2001.
- Approximately 97% of its annual expenditures are payroll related.
- Additional payroll-related expenditures include various check-off charges from the Department of Administrative Services (DAS) and the Office of Budget and Management for payroll processing, state merit system, central accounting, collective bargaining, employee assistance program, and the equal employment opportunity program.
- Historical sources of payroll cost increases include, but are not limited to, pay raises, step movement, longevity increases, workers' compensation increases, and healthcare benefit inflation.

Group	Fund	ALI	Title	FY 2006	FY 2007
GRF	GRF	501-321	Institutional Operations	$45,112,502	$44,136,287
			Total Program Funding: Unit Management	**$45,112,502**	**$44,136,287**

Funding Source: GRF

Line Items: See above table

Implication of Executive Recommendation: The recommended level of funding is actually very close to the level required by the Department to continue the current level of services into the next biennium. There will most likely be some staff reductions and streamlining of services in this program despite being nearly fully funded as some of the funding in GRF line item 501-321, Institutional Operations, may be shifted to other programs, such as Security, where the magnitude of expenditure reductions threaten the operation of safe and secure correctional institutions.

Temporary and Permanent Law Provisions: None

Program 5: Medical Services

Program Description: This program provides for the delivery of comprehensive healthcare services by qualified personnel at all correctional institutions, as well as centralized specialty acute and chronic care in affiliation with The Ohio State University Medical Center. Other health services provided on-site include optometry, podiatry, dentistry, basic X-ray and laboratory services, nutritional counseling, and education.

Some of the more notable features of the Medical Services program include:

- Level of FY 2005 funding currently supports 518 staff positions.
- Decrease of 120 staff positions since January 2001.
- Approximately 54% of its annual expenditures are related to staffing, thus expenditure reductions would also have to come from nonpayroll items.
- Additional payroll-related expenditures include various check-off charges from the Department of Administrative Services (DAS) and the Office of Budget and Management for payroll processing, state merit system, central accounting, collective bargaining, employee assistance program, and the equal employment opportunity program.
- Historical sources of payroll cost increases include, but are not limited to, pay raises, step movement, longevity increases, workers' compensation increases, and healthcare benefit inflation.
- Significant increases in the cost of pharmaceuticals.
- Rising costs related to treatment of Hepatitis C.
- Shortages of licensed healthcare professionals, e.g., nurses, and an increasing number of inmates with long-term diseases requiring hospital care and specialized treatments are significant contributors to healthcare costs.

Group	Fund	ALI	Title	FY 2006	FY 2007
GRF	GRF	505-321	Institution Medical Services	$159,926,575	$176,500,628
GSF	5H8	501-617	Offender Financial Responsibility	$774,020	$774,020
GSF	593	501-618	Laboratory Services	$5,799,999	$5,799,999
Total Program Funding: Medical Services				**$166,500,594**	**$183,074,647**

Funding Source: (1) GRF, (2) costs 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 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, and (3) payments collected from entities that receive laboratory services.

Line Items: See above table

Implication of Executive Recommendation: The executive budget for FYs 2006 and 2007 exceeds both the amount requested by the Department and the amount that the Department projected may be necessary for the continuation of existing levels of services. This program area has been particularly hampered by very high inflation rates as discussed in the Overview section.

In FYs 2004 and 2005, the contract with the OSU Medical Center cost approximately $33.4 million and $41.5 million, respectively, which reflected increases of over 20% from the previous biennium. This contract has yet to be negotiated so the costs for FYs 2006 and 2007 are unknown. The Department does, however, expect a rate of inflation in this contract, similar to that experienced in recent years.

Although this program is more than fully funded, the Department cannot be fully confident that the recommended funding levels will be adequate to cover medical needs in the next biennium. The projection of what would be required for the continuation of existing levels of medical services was made nearly a year ago in the Department's initial budget submission to the Office of Budget and Management.

The other huge variable affecting the adequacy of the executive recommended level of funding is the pending *Fussel v. Wilkinson* lawsuit alleging inadequate medical care. Until resolved, it is uncertain as to what effect the lawsuit will have on the Department's medical services delivery system.

Temporary and Permanent Law Provisions: None

Program 6: Recovery Services

Program Description: This program provides as range of alcohol and other drug (AOD) treatment services for inmates under the jurisdiction of the Department. Treatment services are available in every correctional institution. Treatment modalities include therapeutic communities, residential and outpatient programs, counseling groups, and ancillary services such as education and support/fellowship activities, e.g., Alcoholics Anonymous and Narcotics Anonymous.

Some of the more notable features of the Recovery Services program include:

- Level of FY 2005 funding currently supports 136 staff positions.
- Decrease of 37 staff positions since January 2001.
- Approximately 97% of its annual expenditures are related to staffing.
- Additional payroll-related expenditures include various check-off charges from the Department of Administrative Services (DAS) and the Office of Budget and Management for payroll processing, state merit system, central accounting, collective bargaining, employee assistance program, and the equal employment opportunity program.
- Historical sources of payroll cost increases include, but are not limited to, pay raises, step movement, longevity increases, workers' compensation increases, and healthcare benefit inflation.
- All inmates are screened for alcohol and other drug problems at reception.
- Drug testing is conducted at all correctional institutions.
- Continuum of care includes, but is not limited to, four therapeutic communities within state institutions that provide long-term treatment to approximately 1,000 inmates per year, five residential programs providing substance abuse treatment to roughly 600 inmates per year, and other substance abuse education and counseling programs at the balance of the institutions.

- The North Coast Correctional Treatment Facility, a 552-bed state prison, is operated through a private contract and provides intensive treatment services to offenders who have been convicted of driving under the influence (DUI) or who have a history of drug abuse.

Group	Fund	ALI	Title	FY 2006	FY 2007
GRF	GRF	507-321	Institution Recovery Services	$6,946,286	$7,090,212
GSF	4D4	501-603	Prisoner Programs	$5,454,195	$5,454,195
GSF	5AF	501-609	State and Non-Federal Awards	$262,718	$262,718
FED	323	501-619	Federal Grants	$48,576	$48,576
Total Program Funding: Recovery Services				**$12,711,775**	**$12,855,701**

Funding Source: (1) GRF, (2) moneys received by the Department from commissions on telephone systems established for the use of prisoners, (3) state and nonfederal award funds, and (4) federal funds.

Line Items: See above table

Implication of Executive Recommendation: The executive budget for FYs 2006 and 2007 exceeds both the amount requested by the Department and the amount that would be necessary for the continuation of existing levels of services. At this point in time, the Department does not anticipate the need to reduce staff. Existing levels of service in this program will likely be maintained.

Temporary and Permanent Law Provisions: None

Program 7: Education Services

Program Description: This program exists as a statutory mandate that the Department establish and operate a school system that is approved and chartered by the Ohio Department of Education and designated as the Ohio Central School System. Under the program, educational programs are provided to inmates to allow them to complete adult basic education courses, earn Ohio certificates of high school equivalence, or pursue vocational training. To do so, the Department employs appropriately certified teachers, administrators, and support staff, and provides classrooms, shops, and other appropriate facilities and necessary furniture, books, stationery, supplies, and equipment.

Some of the more notable features of the Education Service program include:

- Level of FY 2005 funding currently supports 428 staff positions.
- Decrease of 95 staff positions since January 2001.
- Approximately 79% of its annual expenditures are related to staffing.
- Additional payroll-related expenditures include various check-off charges from the Department of Administrative Services (DAS) and the Office of Budget and Management for payroll processing, state merit system, central accounting, collective bargaining, employee assistance program, and the equal employment opportunity program.
- Historical sources of payroll cost increases include, but are not limited to, pay raises, step movement, longevity increases, workers' compensation increases, and healthcare benefit inflation.

- Fifty percent of participate in education programs during their incarceration.
- Adult basic education, high school equivalency, and adult high school are offered at 30 correctional institutions and annually serve approximately 13,000 inmates who lack a high school education.
- Vocational education programs are offered at 29 institutions and serve over 3,500 inmates per year who lack job skills.
- Apprenticeship programs are offered in over 52 job trades.
- Special education and literacy training programs serve inmates with learning disabilities and those who cannot read.

Group	Fund	ALI	Title	FY 2006	FY 2007
GRF	GRF	506-321	Institution Education Services	$22,727,366	$23,114,615
GSF	4D4	501-603	Prisoner Programs	$15,513,508	$15,513,508
GSF	4S5	501-608	Education Services	$4,564,072	$4,564,072
FED	323	501-619	Federal Grants	$436,646	$436,646
			Total Program Funding: Education Services	**$43,241,592**	**$43,628,841**

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

Line Items: See above table

Implication of Executive Recommendation: The executive recommendation for FYs 2006 and 2007 exceeds both the amount requested by the Department and the amount that would be necessary for the continuation of existing levels of services. At this point in time and at the recommended levels of funding, the Department does not anticipate the need to reduce staff. Existing levels of service in this program will likely be maintained.

Temporary and Permanent Law Provisions: None

Program 8: Mental Health Services

Program Description: This program provides treatment and care for inmates with various mental health needs. These services include: (1) outpatient treatment and behavior management services for inmates in the general prison population, (2) psychiatric services including outpatient, residential, crisis, and inpatient care, (3) sex offender services, and (4) pre-parole evaluations that provide the Parole Board with clinical risk assessments to assist in identifying high-risk offenders.

Some of the more notable features of the Mental Health Services program include:

- Level of FY 2005 funding currently supports 537 staff positions.
- Decrease of 136 staff positions since January 2001.
- Primarily staff-driven program, which means that funding reductions ultimately require staff reductions.

- Additional payroll-related expenditures include various check-off charges from the Department of Administrative Services (DAS) and the Office of Budget and Management for payroll processing, state merit system, central accounting, collective bargaining, employee assistance program, and the equal employment opportunity program.
- Historical sources of payroll cost increases include, but are not limited to, pay raises, step movement, longevity increases, workers' compensation increases, and healthcare benefit inflation.
- The Oakwood Correctional Facility is an acute care facility providing services to approximately 380 male and female offenders
- Mental health services are provided on an outpatient basis at all correctional institutions.
- Eight correctional institutions house residential treatment units that service other correctional institutions within the cluster.
- The Sex Offender Risk Reduction Center at the Madison Correctional Institution evaluates and provides education to all inmates entering the prison system who have been convicted of a sex offense.

Group	Fund	ALI	Title	FY 2006	FY 2007
GRF	GRF	502-321	Mental Health Services	$64,897,564	$66,055,754
			Total Program Funding: Mental Health Services	**$64,897,564**	**$66,055,754**

Funding Source: GRF

Line Items: See above table

Implication of Executive Recommendation: The executive budget does not provide sufficient continuation funding to cover the future cost of delivering existing program and service levels in FYs 2006 and 2007, although the proposed funding levels are very close to the amounts that the Department requested. At this point in time, the Department does not anticipate the need to cut Mental Health Services program staff. There has recently been a reduction in the number of inmates with serious mental health problems; these are persons whose condition typically requires housing in a residential treatment unit (RTU). If this trend continues, the funding required for continuation will be somewhat reduced. Also, the Department has recently experienced some savings stemming from the difficulties in filling professional vacancies in the program. The Department anticipates that the combination of these expenditure reductions will help offset the somewhat lower level of executive recommended funding in each of FYs 2006 and 2007 such that staff reductions may not be necessary.

Temporary and Permanent Law Provisions: None

Program 9: Facility Administration

Program Description: This program provides funding for the management of DRC's correctional institutions. This includes costs for wardens, deputy wardens, business management staff, labor relations, personnel officers, network administrators, training officers, records management staff, food service coordinators, and executive support staff. The program also includes costs associated with prisoner compensation, prisoner programs, agriculture, and information and technology services.

Some of the more notable features of the Facility Administration program include:

- Level of FY 2005 funding currently supports 972 staff positions.
- Closure of the Orient Correctional Institution and the Lima Correctional Institution eliminated facility administration expenditures.
- Since 2001, additional positions were eliminated through early retirement incentive programs and hiring freezes.
- Recent consolidation of Bureau of Sentence Computation at the Department's Central Office eliminated approximately 22 facility administration staff.
- Program is primarily staff-driven, which means that funding reductions ultimately require staff reductions.
- Additional payroll-related expenditures include various check-off charges from the Department of Administrative Services (DAS) and the Office of Budget and Management for payroll processing, state merit system, central accounting, collective bargaining, employee assistance program, and the equal employment opportunity program.
- Historical sources of payroll cost increases include, but are not limited to, pay raises, step movement, longevity increases, workers' compensation increases, and healthcare benefit inflation.

Group	Fund	ALI	Title	FY 2006	FY 2007
GRF	GRF	501-321	Institutional Operations	$117,464,359	$120,934,403
GSF	5L6	501-611	Information Technology Services	$3,741,980	$3,741,980
GSF	571	501-606	Training Academy Receipts	$75,190	$75,190
FED	3S1	501-615	Truth-in-Sentencing Grants	$48,635	$48,635
FED	323	501-619	Federal Grants	$11,627,854	$11,627,854
			Total Program Funding: Facility Administration	**$132,958,018**	**$136,428,062**

Funding Source: (1) GRF, (2) pro-rated charges assessed to 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, (3) charges to individuals from outside the Department for training received at the Corrections Training Academy, and (4) federal funds

Line Items: See above table

Implication of Executive Recommendation: The executive budget does not provide sufficient continuation funding to cover the future cost of delivering existing program and service levels in FYs 2006 and 2007. Any cuts necessitated by the levels of executive-recommend funding would presumably involve some mix of staff and nonpayroll-related expenses. According to the Department, the extent to which staff positions may need to be eliminated in this program is unknown at this time. The Department's intention, if possible, is to incur any loss of staff via attrition so as to avoid the need for layoffs. The Department will also have to increase efforts to improve efficiencies and streamline the delivery of services under this program.

Temporary and Permanent Law Provisions: None

Program Series 2 — Parole and Community Service Operations

Purpose: To protect Ohio citizens by ensuring appropriate supervision of adult offenders in community punishments, which are effective and hold offenders accountable.

The following table shows the line items that are used to fund the Parole and Community Service Operations program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	501-405	Halfway House	$38,104,924	$38,105,128
GRF	501-407	Community Nonresidential Programs	$15,383,471	$15,404,522
GRF	501-408	Community Misdemeanor Programs	$8,041,489	$8,041,489
GRF	501-501	Community Residential Programs-CBCF	$55,054,445	$55,054,445
GRF	503-321	Parole and Community Operations	$78,887,219	$80,708,911
		General Revenue Fund Subtotal	**$195,471,548**	**$197,314,495**
General Services Fund				
4L4	501-604	Transitional Control	$1,593,794	$1,593,794
5H8	501-617	Offender Financial Responsibility	$1,225,980	$1,225,980
		General Services Fund Subtotal	**$2,819,774**	**$2,819,774**
		Total Funding: Parole and Community Service Operations	**$198,291,322**	**$200,134,269**

This program series provides community supervision for felony offenders, jail inspection services, victim services, and programs that fund community correction options to prison and jail. Community corrections programs provide punishment for lower-risk offenders, which include electronic house arrest, day reporting, and intensive supervision. This analysis focuses on the following specific programs within the Parole and Community Service Operations program series:

- ***Program 1: Parole and Community Service Operations***
- ***Program 2: Community Sanctions: Halfway Houses***
- ***Program 3: Community Sanctions: Community-Based Correctional Facilities***
- ***Program 4: Community Sanctions: Non-Residential Felony Programs***
- ***Program 5: Community Sanctions: Non-Residential Misdemeanor Programs***

Program 1: Parole and Community Service Operations

Program Description: The activities grouped under Parole and Community Service Operations 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 42 counties, (2) supplemental pre-sentence investigation and supervision services to the courts of common pleas in 4 counties, and (3) pre-sentence investigation services to the courts of common pleas in 5 counties. Additional areas include the Office of Victim Services and the Bureau of Adult Detention.

Some of the more notable features of the Parole and Community Service Operations include:

- Level of FY 2005 funding currently supports 1,036 staff positions.
- Decrease of 133 staff positions since January 2001.
- Largely a payroll-driven activity, with roughly 85% of its annual expenditures being allocated to personal services.
- Conduct an estimated 21,000 pre-sentence and 14,873 background investigations annually for courts of common pleas, the Parole Board, and state prison system.
- Supervise an estimated 34,500 offenders monthly (offenders released from prison under some form of supervision, felons supervised for courts of common pleas, and Interstate Compact offenders).
- Conduct statutory release hearings and notify victims of scheduled hearings.
- Additional payroll-related expenditures include various check-off charges from the Department of Administrative Services (DAS) and the Office of Budget and Management for payroll processing, state merit system, central accounting, collective bargaining, employee assistance program, and the equal employment opportunity program.
- Historical sources of payroll cost increases include, but are not limited to, pay raises, step movement, longevity increases, workers' compensation increases, and healthcare benefit inflation.

Group	Fund	ALI	Title	FY 2006	FY 2007
GRF	GRF	503-321	Parole and Community Operations	$78,887,219	$80,708,911
GRF	GRF	501-407	Community Nonresidential Programs	$665,394	$678,701
GSF	4L4	501-604	Transitional Control	$1,593,794	$1,593,794
GSF	5H8	501-617	Offender Financial Responsibility	$1,225,980	$1,225,980
Total Program Funding: Parole and Community Service Operations				**$82,372,387**	**$84,207,386**

Funding Source: (1) GRF, (2) 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, and (3) costs 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 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

Line Items: See above table

Implication of Executive Recommendation: The level of funding in FYs 2006 and 2007 for Parole and Community Service Operations is less than what DRC calculated its current cost of doing business in the future, including the payroll-related expenditures associated with 1,036 staff positions. This program is predominantly staff driven. Any cuts necessitated by executive recommended funding levels would presumably involve some mix of staff and nonpayroll-related expenses. According to the Department, the precise extent to which staff positions may need to be eliminated in this program is unknown at this time. That said, it would appear, as of this writing, that another 50 or so positions could be cut from this program.

Temporary and Permanent Law Provisions: None

Program 2: Halfway Houses

Program Description: This is a community residential program that provides supervision and treatment services for offenders released from state prisons, referred by courts of common pleas, or sanctioned because of a violation of conditions of supervision. The services provided under this program include drug and alcohol treatment, electronic monitoring, job placement, educational programs, and specialized programs for sex offenders and mentally ill offenders. In FY 2005, through the Bureau of Community Sanctions, DRC contracted with private/not for profit organizations to provide a total of 1,664 halfway house beds, serving approximately 6,656 offenders.

Group	Fund	ALI	Title	FY 2006	FY 2007
GRF	GRF	501-405	Halfway House	$38,104,924	$38,105,128
			Total Program Funding: Halfway Houses	**$38,104,924**	**$38,105,128**

Funding Source: GRF

Line Items: See above table

Implication of Executive Recommendation: The executive recommended FYs 2006 and 2007 funding levels for the Halfway Houses program are the same as the FY 2005 estimated expenditure level ($38.1 million). Since the cost of doing today's business tomorrow will likely be higher, the recommended funding levels are below the amount that would be necessary for the continuation of the existing FY 2005 level of programming and services in FYs 2006 and 2007. As the per diem costs increase, the same funding will purchase fewer services. Based on information provided by DRC, the recommended funding will have a tangible impact in the following areas:

- ***Beds.*** The available GRF funding will not fully support a current network of 1,664 halfway house beds that serve approximately 6,656 offenders annually. Halfway house beds turn over approximately every three (3) months, thus a single bed will serve four (4) offenders annually. As DRC moves more offenders out of a relatively expensive institutional environment and into its transitional control program, the Department estimates the need for around 380 additional funded and activated beds to address the eligible transitional control population. The level of recommended funding will not support any additional halfway house beds. As of this writing, the Department is planning to eliminate 42 halfway house beds in FY 2006, and another 95 beds in FY 2007. The elimination of these 137 beds will mean a corresponding reduction of more than 500 placements for the biennium.

- ***Electronic home monitoring.*** Electronic home monitoring (EHM) is used for both the step down of inmates transitioning toward release, and as a sanction for technical violations for those inmates who have been released and are under some form of supervision. The Department has purchased about 85 slots available for monitoring offenders. These slots typically turnover about five times per year creating a monitoring capacity of 425 offender placements. The number of EHM placements in FY 2004 was about 424 offenders, and the number of FY 2005 EHM placements is expected to cap at 425. The Department has projected a need to increase the number of funded EHM slots. At the recommended level of funding, the Department projects the loss of approximately 16 slots in FY 2006, and 4 more slots in FY 2007. The loss of these 20 slots will mean that approximately 120 fewer offenders, out of a total capacity of 850, will be subject to EHM in the next biennium.

- ***Ancillary outpatient services.*** Ancillary outpatient services involve the placement of higher risk offenders, mostly sex offenders and some with other mental health needs, into outpatient treatment and counseling services. These offenders, who are traditionally very difficult to place, are not residents of halfway houses, but are under the supervision of the Adult Parole Authority (APA). Under current law, about 10% of the halfway house budget can be spent on nonresidential, or outpatient, treatment. The Department currently spends about 5% for these needs. This program provided treatment services for 1,000 offenders in FY 2004, and under current parameters, will serve the same number by the end of FY 2005. At the recommended level of funding approximately 26 slots will be lost over FYs 2006 and 2007. The individuals not served will remain under APA supervision, but will not receive treatment under this program.

- ***Independent housing.*** The independent housing component is for offenders under the supervision of the APA who do not require expensive treatment services. The most significant immediate issue for these predominantly lower risk offenders is homelessness. Offenders in this predicament are provided three months of temporary transitional housing in independent, nonprofit housing agencies licensed by DRC, until the offender can get a permanent residence reestablished. At the recommended level of funding approximately four beds will be lost over FYs 2006 and 2007, leaving approximately 28 offenders housed in homeless shelters. This creates difficulties for parole officers in attempting to locate these offenders as part of the terms of their APA supervision.

Since FY 2002, the Department has had plans for the development of a number of additional halfway house beds that have not received the necessary funding. The status of these projects is as follows:

- ***Cuyahoga County.*** The county was to host a 100-bed halfway house facility. The level of funding available in FYs 2004 and 2005 were not sufficient for that plan to move forward. In the FY 2006-2007 biennial budget recommendation, the Department will not have the necessary funding to add these additional 100 beds to this facility. This project will not move forward in the next biennium.

- ***Allen County.*** The county was seeking to renovate an existing site to host a 50-bed halfway house facility for "hard-to-place" offenders. This project will not happen under the FY 2006-2007 executive recommended budget. The Department has not yet spent any funds on planning or preparing the Allen County site where this facility will be located.

- ***Warren County.*** The county hosts the 65-bed Turtle Creek halfway house facility that was completed during the FY 2002-2003 biennium. Although completed, the Department only has the resources to pay for daily operations of approximately 54 beds.

- ***Jefferson County.*** The county was to host a 75-bed halfway house facility to serve the southeastern part of the state, which currently has no halfway house beds. The construction contract to build the facility was scheduled to be put out to bid in April 2001, however, budget reductions instituted over the past two biennia has prevented this facility from being built. The Department is currently exploring potential sites, although based on the executive recommendation for FYs 2006 and 2007, this project will not move forward.

Temporary and Permanent Law Provisions: None

Program 3: Community Sanctions: CBCFs

Program Description: The CBCF 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, each of which house up to 200 felony offenders and offer services such as education, job training, and substance abuse treatment as an alternative to incarceration.

Group	Fund	ALI	Title	FY 2006	FY 2007
GRF	GRF	501-501	Community Residential Programs-CBCF	$55,054,445	$55,054,445
		Total Program Funding: CBCFs		**$55,054,445**	**$55,054,445**

Funding Source: GRF

Line Items: See above table

Implication of Executive Recommendation: Currently, there are 18 operational CBCFs providing beds to 87 of 88 counties. The total number of available CBCF beds stands at 1,869, permitting the diversion of approximately 5,219 felony offenders annually with an average length of stay of around four months. Cuyahoga County is the lone county not currently being served by a CBCF.

The executive recommended FYs 2006 and 2007 funding levels for the CBCF program are the same as the FY 2005 estimated expenditure level ($55.1 million). Since the cost of doing today's business tomorrow will likely be higher, the recommended funding is, in the case of this program, slightly below the amount that would be necessary for the continuation of the existing FY 2005 level of programming and services in FYs 2006 and 2007. As of this writing, the Department plans to operate very close to continuation levels, and does not plan to reduce the number of currently available CBCF beds in the FY 2006-2007 biennium.

The lone remaining CBCF is a 200-bed facility that has been planned for some time in 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 problems locating a suitable site. 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 one-quarter, or 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 any time in the near future.

Since the FY 2002-2003 biennium, the Department has had plans for the development of a number of additional CBCF beds that have not received the necessary funding. Five existing CBCFs were to receive funding to bring these 321 additional beds on-line. Those five CBCFs are located in Seneca, Stark, Summit, Union, and Scioto counties. These facilities are all existing structures that have been expanded and upgraded to varying degrees. Based on the executive recommended funding level, these new CBCF beds will not come on-line in FYs 2006 or 2007.

Temporary and Permanent Law Provisions: None

Program 4: Community Sanctions: Non-Residential Felony Programs

Program Description: This program, through the authority of the Community Corrections Act, provides grants to counties to operate intensive supervision and other community sanctions programming for felony offenders in lieu of prison or jail commitments. Grants under this program currently fund 50 programs in 45 counties providing sanctions for nearly 9,500 offenders each year. The purpose of the program is to provide common pleas courts with sentencing alternatives for felony offenders, such as intensive supervision, day reporting, work release, community service, counseling, drug testing, and electronic monitoring.

Group	Fund	ALI	Title	FY 2006	FY 2007
GRF	GRF	501-407	Community Nonresidential Programs	$14,718,077	$14,725,821
Total Program Funding: Non-Residential Felony Programs				**$14,718,077**	**$14,725,821**

Funding Source: GRF

Line Items: See above table

Implication of Executive Recommendation: The executive budget includes less than the amount of continuation funding that would be necessary to maintain the existing level of programming and services, which means that some portion of the program's cost will have to be cut. Approximately 90% of these program grants cover the staffing-related costs of local programs. As of this writing, the Department does not plan to reduce the number of these diversion programs, which means that the level of annual funding for some of the programs that continue to receive state support will be reduced, theoretically curtailing the level of treatment services provided to offenders. In other words, the recommended funding will not pay for the same number of felony diversions as in FY 2005. At the executive recommended level of funding, there will likely be 213 fewer diversions in FY 2006 and an additional 206 fewer diversions in FY 2007. From the Department's perspective, these 419 offenders are likely to end up in prison or jail rather than the community sanctions, which are less costly. Additionally, the average caseload for intensive supervision personnel will likely be increased from the current average of about 85 offenders per caseworker to an average as high as 95 offenders.

Temporary and Permanent Law Provisions: None

Program 5: Community Sanctions: Non-Residential Misdemeanor Programs

Program Description: This program provides grants, through the authority of the Community Corrections Act, to counties and cities to operate pre-trial release, probation, or other local programs for misdemeanor offenders in lieu of confinement in jail. These local programs provide sentencing options for municipal courts and county courts for the purpose of diverting offenders from local jails, which is a more expensive form of sanctioning. Jail diversion programs include, but are not limited to, intensive supervision, standard probation, electronic monitoring, drug testing, day reporting, work release, and community service. This program currently funds 110 programs in 76 counties, and provides alternatives to confinement for around 12,600 offenders each year.

Group	Fund	ALI	Title	FY 2006	FY 2007
GRF	GRF	501-408	Community Misdemeanor Programs	$8,041,489	$8,041,489
Total Program Funding: Non-Residential Misdemeanor Programs				**$8,041,489**	**$8,041,489**

Funding Source: GRF

Line Items: See above table

Implication of Executive Recommendation: The executive budget provides less than the level of continuation funding necessary to continue the current FY 2005 level of programming and services, which means that some portion the program's cost will likely have to be cut. Due to reductions in available funding, the number of these misdemeanor diversion programs has decreased from 114 serving 79 counties to 110 programs serving 76 counties. Despite the level of program funding provided in the Executive budget, the Department does not plan to further reduce the number of these jail diversion programs, unless there are further cuts. This will mean that the level of annual funding for some of the programs that continue to receive state support will be reduced, theoretically curtailing the level of treatment services provided to misdemeanor offenders. In other words, the recommended funding will not pay for the same number of misdemeanor diversions as in FY 2005. At the executive recommended level of funding, the likely number of jail diversions will be reduced by about 466 in FY 2006, and by another 456 in FY 2007.

From the Department's perspective, this may not only contribute to greater local jail crowding, but also to increases in the prison population. It is fairly common for certain felony offenders who are on parole, and who violate the terms of that parole, to be sanctioned in local jails rather than being sent back to prison. If there is a loss of more than 900 jail diversions by the close of FY 2007, more technical parole violators may be sent to prison and not jail.

Temporary and Permanent Law Provisions: None

Program Series 3 — Program Management

Purpose: To provide quality corrections in Ohio and provide centralized leadership and support for the state prison system and community corrections programs.

The following table shows the lone line item that is used to fund the Program Management series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	504-321	Administrative Operations	$27,559,389	$28,147,730
Total Program Series Funding: Program Management			**$27,559,389**	**$28,147,730**

The Program Management program series only contains one program as noted below. A relatively brief discussion of that program then follows.

- ***Program Management Services***

Program Management Services

Program Description: This program essentially guides all of the correctional institutions and provides oversight and coordination for all departmental operations. It includes the following administrative operations: Office of the Director, Office of Human Resources (personnel, employee relations, training/assessment center, and labor relations), Public Information Office, Legal Services Division, Office of the Chief Inspector, Office of Prisons, Office of Administration (business administration, penal industries, information and technology services, and construction, activation, and maintenance), Legislative Office, and the Office of Policy and Offender Reentry.

The notable details of Program Management Services can be summarized as follows:

- Level of FY 2005 funding currently supports 250 staff positions.
- Decrease of 73 staff positions since January 2001.
- Largely a payroll-driven activity, with roughly 80% of its annual expenditures being allocated to personal services.
- Additional payroll-related expenditures include various check-off charges from the Department of Administrative Services (DAS) and the Office of Budget and Management for payroll processing, state merit system, central accounting, collective bargaining, employee assistance program, and the equal employment opportunity program.
- Historical sources of payroll cost increases include, but are not limited to, pay raises, step movement, longevity increases, workers' compensation increases, and healthcare benefit inflation.
- Absorbs a significant amount of the Department's information and technology costs, including charges from: (1) DAS for the use of the State of Ohio Computer Center (SOCC) and the Office of Procurement Services, and (2) the Department of Public Safety for housing DRC's mainframe computer.

Funding Source: GRF

Line Items: See above table

Implication of Executive Recommendation: Although not entirely certain, it would appear, as of this writing, that the level of funding in FYs 2006 and 2007 for Program Management Services will permit DRC to cover its current cost of doing business in the future, including the payroll-related expenditures associated with 250 staff positions.

Temporary and Permanent Law Provisions: None

Program Series 4 — Debt Service

Purpose: 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.

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 levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	501-406	Lease Rental Payments	$132,370,500	$120,600,600
		Total Program Series Funding: Debt Service	**$132,370,500**	**$120,600,600**

The Debt Service program series only contains one program as noted below. A relatively brief discussion of that program then follows.

- ***Debt Service***

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 Items: See above table

Implication of Executive Recommendation: Under the debt service funding level in the Executive budget, DRC will be able to meet its legal and financial obligations to the OBA in both of the next two fiscal years. There are also two notable features of DRC's debt service obligations. First, 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 annual repayment stream. Second, the recommended level of debt service funding in each of FYs 2006 and 2007 is smaller than in previous years which likely reflects several factors, including: retired bonds, refinanced bonds, and smaller biennial capital budgets.

Temporary Law Provision

Ohio Building Authority Lease Payments (Section 209.69). A temporary law provision contained in the Executive budget stipulates that the moneys appropriated to 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. A temporary law provision to this effect 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.

General Revenue Fund

GRF 501-321 Institutional Operations

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$807,517,857	$821,564,365	$829,412,812	$837,978,576	**$854,371,490**	**$870,888,880**
	1.7%	1.0%	1.0%	**2.0%**	**1.9%**

Source: GRF

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th 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 the line item 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 the line item. 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

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$8,837,616	$8,705,052	$8,455,052	$8,599,255	**$8,599,255**	**$8,599,255**
	-1.5%	-2.9%	1.7%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th 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, the line item was part of the Mental Hygiene and Correction budget)

Purpose: The line item 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 Fund.

GRF 501-405 Halfway House

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$33,465,075	$34,486,762	$35,693,925	$38,104,724	**$41,104,924**	**$41,105,128**
	3.1%	3.5%	6.8%	**7.9%**	**0.0%**

Source: GRF

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 694 of the 114th G.A.; represents a continuation of former GRF subsidy account 501-505, Halfway House)

Purpose: The line item 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 ORC 2967.14.

During FY 2005, the Department's Bureau of Community Sanctions is using the available funds in the line item to contract for a total of 1,664 halfway house beds statewide with various private, nonprofit agencies. This number of halfway house beds can serve approximately 6,700 offenders annually.

GRF 501-406 Lease Rental Payments

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$127,002,909	$137,037,256	$131,568,393	$140,160,709	**$132,370,500**	**$120,600,600**
	7.9%	-4.0%	6.5%	**-5.6%**	**-8.9%**

Source: GRF

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board on August 2, 1982)

Purpose: The line item 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. The line item'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

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$15,185,040	$14,665,008	$15,057,503	$15,352,814	**$15,383,471**	**$15,404,522**
	-3.4%	2.7%	2.0%	**0.2%**	**0.1%**

Source: GRF

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th 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: The line item, administered in accordance with ORC 5149.30 through 5149.36, 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.

During FY 2005, the line item's appropriations are being used to support a total of 50 community sanctions/diversion programs, with the capacity to serve a total of around 9,500 felony offenders annually in 45 counties.

GRF 501-408 Community Misdemeanor Programs

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$7,940,310	$7,732,928	$7,783,560	$8,041,489	**$8,041,489**	**$8,041,489**
	-2.6%	0.7%	3.3%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th 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 line item. 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 ORC 5149.30 through 5149.36. Department expenditures for administration of this subsidy are statutorily prohibited from exceeding 10% of the money appropriated for this purpose.

During FY 2005, the line item's appropriations are being used to support a total of 110 community sanctions/diversion programs, with the capacity to serve a total of around 12,600 misdemeanants offenders annually in 76 counties.

GRF 501-501 Community Residential Programs - CBCF

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$51,951,350	$51,006,796	$52,630,878	$55,054,445	**$55,054,445**	**$55,054,445**
	-1.8%	3.2%	4.6%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th 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: The line item 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% 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 ORC 2301.51 through 2301.56, 5120.111, and 5120.112.

Currently, there are 18 operational CBCFs providing beds to 87 of 88 counties. The total number of available CBCF beds stands at 1,869, permitting the diversion of approximately 5,219 felony offenders annually with an average length of stay of around four months. Cuyahoga County is the lone county not currently being served by a CBFC. A Cuyahoga County CBCF has been in the planning stage for some time, but funding and location problems have delayed its construction.

GRF 502-321 Mental Health Services

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$63,251,971	$61,867,585	$60,744,992	$62,436,076	**$64,897,564**	**$66,055,754**
	-2.2%	-1.8%	2.8%	**3.9%**	**1.8%**

Source: GRF

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th 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 the line item 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 the line item.

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

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$72,204,086	$73,602,290	$74,745,181	$75,887,592	**$78,887,219**	**$80,708,911**
	1.9%	1.6%	1.5%	**4.0%**	**2.3%**

Source: GRF

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th 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 the line item 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

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$25,032,287	$25,333,363	$25,901,342	$26,962,589	**$27,559,389**	**$28,147,730**
	1.2%	2.2%	4.1%	**2.2%**	**2.1%**

Source: GRF

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th 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 the line item 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

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$108,551,436	$117,336,516	$125,904,178	$139,840,820	**$159,926,575**	**$176,500,628**
	8.1%	7.3%	11.1%	**14.4%**	**10.4%**

Source: GRF

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th G.A., the main appropriation act covering FYs 2004 and 2005 (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 the line item 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 the line item.

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

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$22,758,086	$20,966,871	$19,925,036	$23,446,804	**$22,727,366**	**$23,114,615**
	-7.9%	-5.0%	17.7%	**-3.1%**	**1.7%**

Source: GRF

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th G.A., the main operating appropriation act covering FYs 2004 and 2005 (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 the line item 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 the line item.

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

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$6,080,682	$6,409,651	$5,836,466	$6,737,928	**$6,946,286**	**$7,090,212**
	5.4%	-8.9%	15.4%	**3.1%**	**2.1%**

Source: GRF

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th G.A., the main operating appropriation act covering FYs 2004 and 2005 (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 the line item 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 line item.

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

148 501-602 Services and Agricultural

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$86,257,677	$85,713,975	$89,166,338	$95,207,653	**$95,207,653**	**$95,207,653**
	-0.6%	4.0%	6.8%	**0.0%**	**0.0%**

Source: GSF: (1) Moneys 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 90 of Am. Sub. H.B. 95 of the 125th 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 deposited to the credit of the 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

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$29,678,916	$22,645,087	$29,477,916	$31,491,879	**$38,000,000**	**$38,000,000**
	-23.7%	30.2%	6.8%	**20.7%**	**0.0%**

Source: GSF: Manufacture and sale of various goods and services to the state and its political subdivisions; for example, the Ohio Penal Industries (OPI) manufactures license plates and validation stickers for the Bureau of Motor Vehicles, as well as institutional products (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 products, janitorial/cleaning products, vehicle maintenance services, refurbishing services, business products (boxes), and printing services.

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th 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 deposited to the credit of the fund support activities of the OPI, which operates factories and shops in the state's prisons. These moneys 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.

483 501-605 Property Receipts

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$271,547	$169,013	$306,304	$393,491	**$393,491**	**$393,491**
	-37.8%	81.2%	28.5%	**0.0%**	**0.0%**

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

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th 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 deposited to the credit of the fund can be used for 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., these moneys 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

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$1,403,367	$1,291,877	$1,395,817	$1,758,177	**$1,758,177**	**$1,758,177**
	-7.9%	8.0%	26.0%	**0.0%**	**0.0%**

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; currently, 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 90 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 5120.52 (originally established by Sub. S.B. 330 of the 118th G.A.)

Purpose: Moneys deposited to the credit of the fund 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

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$16,806,997	$15,832,413	$16,504,230	$20,967,704	**$20,967,703**	**$20,967,703**
	-5.8%	4.2%	27.0%	**0.0%**	**0.0%**

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 90 of Am. Sub. H.B. 95 of the 125th 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

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$448,110	$846,381	$1,033,168	$1,593,794	**$1,593,794**	**$1,593,794**
	88.9%	22.1%	54.3%	**0.0%**	**0.0%**

Source: GSF: Moneys 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 90 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 2967.26(E) (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: Moneys deposited to the credit of the 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

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$2,204,249	$1,923,479	$2,275,176	$4,564,072	**$4,564,072**	**$4,564,072**
	-12.7%	18.3%	100.6%	**0.0%**	**0.0%**

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

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 5120.091 (originally established by Sub. H.B. 715 of the 120th G.A.)

Purpose: Moneys deposited to the credit of the 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 moneys 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

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$20,411	$59,949	$30,350	$75,190	**$75,190**	**$75,190**
	193.7%	-49.4%	147.7%	**0.0%**	**0.0%**

Source: GSF: Charges to individuals from outside the Department for training received at the Corrections Training Academy (located on the grounds of the Orient Correctional Complex in Pickaway County)

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board on October 9, 1984)

Purpose: Moneys deposited to the credit of the fund are used solely to support the Corrections Training Academy's operating expenses.

593 501-618 Laboratory Services

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$4,208,945	$4,179,022	$4,583,809	$4,825,423	**$5,799,999**	**$5,799,999**
	-0.7%	9.7%	5.3%	**20.2%**	**0.0%**

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

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th 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 to the credit of the 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.

5AF 501-609 State and Non-Federal Awards

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$0	$0	$262,718	**$262,718**	**$262,718**
	N/A	N/A	N/A	**0.0%**	**0.0%**

Source: GSF: Grants and other moneys awarded to the Department from state agencies, private foundations, and any source other than federal funds or state education funds.

Legal Basis: Originally established by Controlling Board on March 8, 2004

Purpose: The fund serves as a depository for certain grants and awards and any moneys deposited to the credit of the fund are used in a manner consistent with the purpose of the grant or award. Moneys received to date include: (1) an $80,740 grant from the Department of Development to provide supplies and manuals for training officers, and (2) an $80,740 award from the Department of Alcohol and Drug Addiction Services for a remodeling project designed to create classroom space for the residential treatment program at the Pickaway Correctional Institution.

5H8 501-617 Offender Financial Responsibility

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$79,040	$129,666	$769,865	$1,774,020	**$2,000,000**	**$2,000,000**
	64.1%	493.7%	130.4%	**12.7%**	**0.0%**

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 90 of Am. Sub. H.B. 95 of the 125th 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 deposited to the credit of the fund for goods and services of the same type as those for which offenders were assessed costs.

5L6 501-611 Information Technology Services

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$0	$0	$3,741,980	**$3,741,980**	**$3,741,980**
	N/A	N/A	N/A	**0.0%**	**0.0%**

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 90 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board on April 10, 2000)

Purpose: Moneys deposited to the credit of the fund are intended to be a financing 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.

Federal Special Revenue Fund Group

323 501-619 Federal Grants

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$6,827,082	$4,815,331	$7,034,174	$11,300,335	**$12,198,353**	**$12,198,353**
	-29.5%	46.1%	60.6%	**7.9%**	**0.0%**

Source: FED: Mix of federal grants with varying durations and award amounts, the bulk of which come from federal departments of Agriculture (CFDA 10.553, School Breakfast Program, and CFDA 10.555, National School Lunch Program), Justice (CFDA 16.202, Offender Reentry Program, CFDA 16.606, State Criminal Alien Assistance Program, CFDA 16.579, Byrne Memorial Criminal Justice Block Grant, and 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 90 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board in 1970)

Purpose: The 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

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$2,309,298	$1,584,414	$5,854,169	$25,517,173	**$26,127,427**	**$26,127,427**
	-31.4%	269.5%	335.9%	**2.4%**	**0.0%**

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

Legal Basis: Section 90 of Am. Sub. H.B. 95 of the 125th 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.

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	Estimated 2005	As Introduced 2006	House Passed 2006	% Change Est. 2005 to House 2006	As Introduced 2007	House Passed 2007	% Change House 2006 to House 2007
DRC	**Rehabilitation and Correction, Department of**								
GRF	501-321	Institutional Operations	$837,978,576	$ 857,371,490	$ 854,371,490	2.0%	$ 873,888,880	$ 870,888,880	1.9%
GRF	501-403	Prisoner Compensation	$8,599,255	$ 8,599,255	$ 8,599,255	0.0%	$ 8,599,255	$ 8,599,255	0.0%
GRF	501-405	Halfway House	$38,104,724	$ 38,104,924	$ 41,104,924	7.9%	$ 38,105,128	$ 41,105,128	0.0%
GRF	501-406	Lease Rental Payments	$140,160,709	$ 132,370,500	$ 132,370,500	-5.6%	$ 120,600,600	$ 120,600,600	-8.9%
GRF	501-407	Community Nonresidential Programs	$15,352,814	$ 15,383,471	$ 15,383,471	0.2%	$ 15,404,522	$ 15,404,522	0.1%
GRF	501-408	Community Misdemeanor Programs	$8,041,489	$ 8,041,489	$ 8,041,489	0.0%	$ 8,041,489	$ 8,041,489	0.0%
GRF	501-501	Community Residential Programs - CBCF	$55,054,445	$ 55,054,445	$ 55,054,445	0.0%	$ 55,054,445	$ 55,054,445	0.0%
GRF	502-321	Mental Health Services	$62,436,076	$ 64,897,564	$ 64,897,564	3.9%	$ 66,055,754	$ 66,055,754	1.8%
GRF	503-321	Parole and Community Operations	$75,887,592	$ 78,887,219	$ 78,887,219	4.0%	$ 80,708,911	$ 80,708,911	2.3%
GRF	504-321	Administrative Operations	$26,962,589	$ 27,559,389	$ 27,559,389	2.2%	$ 28,147,730	$ 28,147,730	2.1%
GRF	505-321	Institution Medical Services	$139,840,820	$ 159,926,575	$ 159,926,575	14.4%	$ 176,500,628	$ 176,500,628	10.4%
GRF	506-321	Institution Education Services	$23,446,804	$ 22,727,366	$ 22,727,366	-3.1%	$ 23,114,615	$ 23,114,615	1.7%
GRF	507-321	Institution Recovery Services	$6,737,928	$ 6,946,286	$ 6,946,286	3.1%	$ 7,090,212	$ 7,090,212	2.1%
General Revenue Fund Total			**$ 1,438,603,821**	**$ 1,475,869,973**	**$ 1,475,869,973**	**2.6%**	**$ 1,501,312,169**	**$ 1,501,312,169**	**1.7%**
148	501-602	Services and Agricultural	$95,207,653	$ 95,207,653	$ 95,207,653	0.0%	$ 95,207,653	$ 95,207,653	0.0%
200	501-607	Ohio Penal Industries	$31,491,879	$ 38,000,000	$ 38,000,000	20.7%	$ 38,000,000	$ 38,000,000	0.0%
483	501-605	Property Receipts	$393,491	$ 393,491	$ 393,491	0.0%	$ 393,491	$ 393,491	0.0%
4B0	501-601	Penitentiary Sewer Treatment Facility Services	$1,758,177	$ 1,758,177	$ 1,758,177	0.0%	$ 1,758,177	$ 1,758,177	0.0%
4D4	501-603	Prisoner Programs	$20,967,704	$ 20,967,703	$ 20,967,703	0.0%	$ 20,967,703	$ 20,967,703	0.0%
4L4	501-604	Transitional Control	$1,593,794	$ 1,593,794	$ 1,593,794	0.0%	$ 1,593,794	$ 1,593,794	0.0%
4S5	501-608	Education Services	$4,564,072	$ 4,564,072	$ 4,564,072	0.0%	$ 4,564,072	$ 4,564,072	0.0%
571	501-606	Training Academy Receipts	$75,190	$ 75,190	$ 75,190	0.0%	$ 75,190	$ 75,190	0.0%
593	501-618	Laboratory Services	$4,825,423	$ 5,799,999	$ 5,799,999	20.2%	$ 5,799,999	$ 5,799,999	0.0%
5AF	501-609	State and Non-Federal Awards	$262,718	$ 262,718	$ 262,718	0.0%	$ 262,718	$ 262,718	0.0%
5H8	501-617	Offender Financial Responsibility	$1,774,020	$ 2,000,000	$ 2,000,000	12.7%	$ 2,000,000	$ 2,000,000	0.0%
5L6	501-611	Information Technology Services	$3,741,980	$ 3,741,980	$ 3,741,980	0.0%	$ 3,741,980	$ 3,741,980	0.0%
General Services Fund Group Total			**$ 166,656,101**	**$ 174,364,777**	**$ 174,364,777**	**4.6%**	**$ 174,364,777**	**$ 174,364,777**	**0.0%**

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	Estimated 2005	As Introduced 2006	House Passed 2006	% Change Est. 2005 to House 2006	As Introduced 2007	House Passed 2007	% Change House 2006 to House 2007
DRC		***Rehabilitation and Correction, Department of***							
323	501-619	Federal Grants	$11,300,335	$ 12,198,353	$ 12,198,353	7.9%	$ 12,198,353	$ 12,198,353	0.0%
3S1	501-615	Truth-In-Sentencing Grants	$25,517,173	$ 26,127,427	$ 26,127,427	2.4%	$ 26,127,427	$ 26,127,427	0.0%
		Federal Special Revenue Fund Group Total	**$ 36,817,508**	**$ 38,325,780**	**$ 38,325,780**	**4.1%**	**$ 38,325,780**	**$ 38,325,780**	**0.0%**
Total All Budget Fund Groups			***$ 1,642,077,430***	***$ 1,688,560,530***	***$ 1,688,560,530***	***2.8%***	***$ 1,714,002,726***	***$ 1,714,002,726***	***1.5%***

As Introduced (Executive)	As Passed by the House

(CD-959-DRC) Medical Hardship Releases and Medical Hardship Prisoner Release Commission

	R.C. ***RC 2929.13, 2929.14, 2967.13, 2967.24, 5120.16, 5120.48***
(1) No provision.	(1) Establishes the Medical Hardship Prisoner Release Commission, consisting of three members appointed by the Governor who serve without compensation, but are to be reimbursed for actual and necessary expenses incurred in the performance of their official duties.
(2) No provision.	(2) Authorizes the Director of Rehabilitation and Correction to file a request that the Commission approve the release of specified, non-death row, prisoners confined in a state prison, because of a medical hardship.
(3) No provision.	(3) Requires the Commission to promptly review such a request, make a determination as to whether the request is approved or denied, and notify the Director.
(4) No provision.	(4) Provides that, if the Department grants a medical hardship release to a prisoner, the prisoner is to be released from imprisonment as if the prisoner's stated prison term had expired, the prisoner is subject to a period of post-release control of up to three years after the release, during which time the Department must impose upon the prisoner one or more post-release control sanctions to apply during the period of post-release control.
	Fiscal effect: It seems likely that the cost of reimbursing Commission members for their actual and necessary expenses would be minimal annually, if that. Theoretically, if a prisoner receives a medical headship release, the Department realizes some incarceration savings, including

As Introduced (Executive)	As Passed by the House
	expenses related to the provision of inmate medical care.

(CD-1093-DRC) Private Operation of State or Local Correctional Facility - Amount of Savings to be Realized

As Introduced (Executive)	As Passed by the House
	R.C. ***9.06***
No provision.	Changes the existing 5% cost savings criterion such that in any contracts for the private operation and management of a state or local facility entered into or renewed on or after the bill's effective date, the contractor must convincingly demonstrate that it can realize at least a 10% savings over the projected cost to the government entity of providing the same services to operate the subject facility. Fiscal effect: This provision would not produce any immediate savings to the Department of Rehabilitation and Correction, as both of its privatized correctional institutions are currently operating at a 17% savings over the projected cost to the Department of providing the same services to operate each of those subject facilities. The precise magnitude of any savings that a county or municipal corporation operating a local correctional facility may realize as a result of this increase in the amount of savings to be realized for the private operation and management of a correctional facility is uncertain at this time.

As Introduced (Executive)	As Passed by the House

(CD-796-DRC) Ohio Building Authority Lease Payments

Section: *209.69*	**Section: *209.69***
Requires moneys appropriated to GRF appropriation item 501-406, Lease Rental Payments, be used for payments to the Ohio Building Authority for the purpose of covering the principal and interest on outstanding bonds issued to finance capital projects through the state's Adult Correctional Building Fund (Fund 027). Fiscal effect: This uncodified law provision continues existing practice with regard to the moneys appropriated to GRF appropriation item 501-406, Lease Rental Payments.	Same as the Executive.

(CD-797-DRC) Prisoner Compensation

Section: *209.69*	**Section: *209.69***
Requires moneys appropriated to GRF appropriation item 501-403, Prisoner Compensation, be transferred on a quarterly basis by intrastate transfer voucher (ISTV) to Fund 148 (non-GRF appropriation item 501-602, Services and Agricultural) for the purposes of paying prisoner compensation. Fiscal effect: Although inmates are paid from non-GRF appropriation item 501-602, Services and Agricultural, for jobs performed while in prison, the actual money for these payments is transferred from GRF appropriation item 501-403, Prisoner Compensation. This uncodified law provision continues existing practice with regard to the moneys appropriated to appropriation item 501-403.	Same as Executive.

As Introduced (Executive)	As Passed by the House
(CD-1143-DRC) Correction Officer to Inmate Ratio	
	Section: ***209.69***
No provision.	Requires that a $6.0 million total reduction in the original FY 2006 and FY 2007 recommended appropriation for GRF appropriation item 501-321, Institutional Operations, not affect the correction officer to inmate ratio.
	Fiscal effect: To the extent that this reduction of $6.0 million in institutional appropriations over the biennium requires corresponding reductions in prison operating expenses, such reductions would presumably involve non-security related personnel and programs.
(CD-971-DRC) Correctional Faith-Based Initiatives Task Force	
	Section: ***503.09***
(1) No provision.	(1) Creates the 15-member Correctional Faith-Based Initiatives Task Force, which includes the Director of Rehabilitation and Correction, and requires it meet at least once a month.
(2) No provision.	(2) Requires the Department of Rehabilitation and Correction provide the Task Force with a meeting room and secretarial assistance.
(3) No provision.	(3) Requires the Task Force study seamless faith-based solutions to problems in the correctional system.

As Introduced (Executive)	As Passed by the House
(4) No provision.	(4) Requires the Task Force submit a written report and recommendations to certain parties within one year of the bill's enactment.
(5) No provision.	(5) Ceases the existence of the Task Force upon submitting its written report and recommendations.
	Fiscal effect: It would appear that the services of the Task Force members themselves will not directly cost the state any money, and that the requirement that the Department of Rehabilitation and Correction provide the Task Force with a meeting room and secretarial assistance in all likelihood can easily be absorbed into its daily operations with little, if any, noticeable cost. It is uncertain as to whether the Task Force will need or request research and technical services and support to be performed by the departmental staff of the state agencies whose directors would be appointed as members of the Task Force. That said, the potential one-time costs of procuring these other services and support, should such services and support be provided, would seem unlikely to exceed minimal. No discernible fiscal effect on state revenues. No discernible fiscal effect on the revenues and expenditures of political subdivisions.
	(See the item entitled "Correctional Faith-Based Initiatives Task Force" in the Department of Youth Services)

As Introduced (Executive)	As Passed by the House
(CD-965-DRC) Conveyance of Real Estate in Athens County	
	Section: ***506.03***
No provision.	Authorizes the conveyance of specified state-owned real estate situated in the Village of Glouster, Trimble Township, Athens County to Hocking.Athens.Perry Community Action for the purchase price of one dollar. This is the site of an adult boot camp built by the Department of Rehabilitation and Correction, but never activated. Fiscal effect: The state would gain the cash sum of one dollar, and there may also be additional savings, of unknown magnitude, to the Department in terms of maintenance and upkeep functions on the property that will no longer need to be performed by the state.