Department of Rehabilitation and Correction

House Transportation and Justice Subcommittee

Joseph Rogers, Senior Budget Analyst
Legislative Service Commission

April 3, 2007

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LSC Redbook

for the

Department of Rehabilitation and Correction

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TABLE OF CONTENTS

ATTACHMENTS:

Catalog of Budget Line Items
LSC Budget Spreadsheet By Line Item

April 3, 2007

Department of Rehabilitation and Correction

- One in four state employees works for DRC
- Five straight years of record level inmate intake
- Inmate population projected to hit 50,000 and beyond
- Executive recommended budget: tight but manageable?
- Medicaid reimbursement moneys may be at hand

OVERVIEW

Duties and Responsibilities

Conceptually and historically, the Department of Rehabilitation and Correction (DRC) can be viewed as the administrator of a felony sanctioning system comprised of the three relatively distinct components: (1) reception centers where inmates are assessed and assigned to the appropriate correctional institution, (2) a large, multi-location physical plant in which inmates are housed, secured, and serviced, and (3) a variety of release mechanisms through which inmates are returned to the community and potentially subject to state supervision and control.

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 an ever larger 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 departmental boot camps, 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 53 of Ohio's 88 counties.

Historical Expenditure Reductions

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

- 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 6individual contracting correctional institutions. According to the Department, this revised contracting process has produced a more effective and efficient use of available resources.

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 2007, the Department will be operating 32 correctional institutions, including the Corrections Medical Center and 2 state-owned, privately operated institutions, and managing an inmate population totaling somewhere around 49,000.

The FY 2008-2009 biennium will be the fourth 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. 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.

Even without the addition of new correctional facilities, given the number of staff and the number of inmates in the prison system, the Department is still likely to experience the fiscal pressures that are a natural consequence of the following three factors: (1) pay raises and collective bargaining agreements, (2) inflation on medical, utility, and food costs, and (3) significant growth in the inmate population since 2005.

Legislative Actions

This section describes three recent notable events that will, or may, influence the Department's operations and expenditures in the near and long term.

- ***Amended Substitute House Bill 95 of the 126th General Assembly.*** This act most notably broadens the circumstances under which the court must impose certain prison terms if the offender is convicted of or pleads guilty to a repeat violent offender (RVO) specification. As a result of the act'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's total daily prison population that, absent the bill, might not have occurred. It appears that, under the law and practice prior to the enactment of this bill, the repeat violent offender specification is not often used, even though there exists a larger number of felony offenders who could potentially be charged and subsequently sentenced on the basis of such a specification. By *requiring* that an offender be given the repeat violent offender specification when the offender has committed three eligible prior offenses, the act would potentially increase the length of time offenders would be sentenced to the custody of DRC. The act also increases the penalties for sexual battery and gross sexual imposition when the victim is less than 13 years of age requiring, under certain circumstances, mandatory prison terms for these offenses.

  During legislative deliberations, the Department estimated that Am. Sub. H.B. 95 would likely increase the prison population by about 1,100 inmates. Approximately 250 of these additional offenders will stem from the changes in the RVO provisions, the impact of which would not be realized for a period exceeding ten years. The sex offender provision will create a much more immediate impact due to the requirement that some offenders, who were receiving community-based sanctions prior to the enactment of Am. Sub. H.B. 95, will subsequently be sentenced to prison. The Department expected to see an increase of about 320 inmates within two years of the act taking effect, growing to around 640 inmates within five years, and increasing to 800 or so additional inmates within ten years.

- ***Substitute Senate Bill 260 of the 126th General Assembly.*** The act most notably: (1) changes the penalties and conditions when a person is convicted of rape or attempted rape and the victim is less than 13, (2) increases the penalty for importuning and establishes, if the victim is under 13, a presumption for a prison term, (3) makes a number of changes to the procedures and reporting requirements concerning the Sex Offender Registration and Notification (SORN) system, and (4) modifies provisions regarding certain protection orders.

From the state's perspective, the bill's subsequent fiscal effects will manifest themselves primarily in terms of the growth in the prison population and associated increase in the Department's annual incarceration expenditures over a period of roughly 30 years. By extending prison terms, the act will trigger a "stacking effect," which refers to the increase in the DRC inmate population that occurs as certain offenders remain in prison for longer periods of time than would otherwise have been the case under current law and sentencing practices and the number of offenders entering the prison system does not decrease. The stacking effect is likely to start around ten years after the bill's effective date.

At the time of legislative deliberations, the Department's analysis indicated there was likely to be an increase of about 100 offenders in the inmate population within the first two years of enactment, and an increase of around 768 offenders within ten years. The Department further noted that, relative to the size of the inmate population some 30 years subsequent to the bill's enactment, the resulting stacking effect will stabilize, and, at that point in time, the Department will need, conservatively estimated, approximately 1,753 additional beds to house those sex offenders.

The annual incarceration cost per inmate, as of March 2007 is $24,426. If DRC's research is a reasonable approximation of the bill's impact on its future inmate population, then the increase in its annual incarceration costs some 30 years from now could conceivably total around $43 million. Of the 1,753 beds, about 768 beds will be needed within the first ten years, for a cost of around $19 million. It is also important to note: (1) the estimate is based on DRC's current incarceration cost per inmate per year (presumably the cost will continue to rise over time), and (2) the estimate assumes all other conditions that could affect the size and cost of running the state's prison system will remain the same over time, which seems highly unlikely.

- ***Controlling Board Transfer.*** In November 2006, the Department requested, and the Controlling Board approved, the use of $14.2 million in unspent GRF moneys, originally appropriated for debt service payments, for other purposes. Most notably, $5.6 million was transferred to shore up its institutional operations that continued to experience record levels of intake, $3.2 million was transferred to support the prison system's institutional medical services program, and $5.0 million was transferred into community sanctions programs designed to divert low-level felony offenders from prison and into community-based programs.

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 basically provides for the continuation of FY 2007 levels of service through the next biennium with no significant expansion of any Parole and Community Services programs.

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, as well as the state-funded halfway house and community-based correctional facility (CBCF) beds that are made available to the judges of the courts of common pleas for directly sentencing certain felons to community control sanctions in lieu of sentencing those felons to a stay in the state-run prison system.

Pressures on Cost of Doing Business

The nature and size of the Department's institutional operations – at the end of FY 2007 it will be composed of 32 correctional facilities, more than 49,000 inmates, and 14,000-plus staff – make its payroll and maintenance costs especially sensitive to changes in the costs of doing business. And in the "prison business" the economic pressures are always pushing the costs associated with the delivery of essential goods and services upward (security, medical care, food, clothing, utilities, and so forth). Inflation is not a factor over which the Department has much control and it has the potential to wield a profound fiscal impact on institutional agency budgets.

Payroll and Related Expenses. The Department's current staff, which totals around 14,476 paid positions, will generate an estimated total FY 2008 payroll of $986.9 million and an estimated total FY 2009 payroll of $1.03 billion, including pay raises and step increases. Of this total staff, approximately 13,419 are paid by the GRF, the payroll costs of which are estimated at $913.5 million in FY 2008 and $954.6 million in FY 2009. 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 3.5% in FY 2008 and 3.5% in FY 2009.

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.

Population Dynamics. The Department has reported significant inmate population growth over the past couple of years, and projects this growth in inmate intake to extend through the upcoming FY 2008-2009 biennium. Between July 1, 1999 and July 1, 2005, the total inmate population actually decreased by 5.7%, or 2,672 inmates. Since that time, the inmate intake trend has completely reversed. Between July 1, 2005 and the middle of March 2007, the inmate population grew by 10.7%, or 4,755 inmates, reaching 49,025, the highest population total since 1998. The Department projects that the total inmate population will reach 49,211 by the end of FY 2007, culminating in an all-time high, at the current growth rate, of a total institutional inmate population of 53,603 by the end of FY 2009.

The basic dynamic driving this inmate population growth is five or so years of record level intake. The Department's release mechanisms, which had masked that reality for some period of time, can no longer keep pace. For some time now, the number of offenders that are entering the prison system noticeably outnumber the number of offenders that are leaving the prison system. The net result is the expansion of the total inmate population.

A departmental analysis has revealed that, of current inmate intake, about 62% of the offenders have a sentence of less than one year in duration, and nearly one third of those offenders have a sentence of less than three months. Empirically, this suggests the possibility that local jails are at their capacity and other community-based sanctions are insufficient to handle the volume and nature of felony caseloads handled by the judges of the courts of common pleas. In some local jurisdictions, the state-run prison system may represent the only viable residential sanctioning option for the courts, even for a stay of relatively short duration.

In response to the record level population growth and the required number of inmate beds, the Department has reactivated all prison pods, wings, and dormitories that had been closed in previous years. This has made more than 1,700 new beds available. Under the executive recommended level of funding for institutional operations, the Department has stated that, although inmate crowding will be an ongoing problem, with careful management of available resources, it can handle this population pressure through FYs 2008 and 2009.

The Department currently does not plan any new construction or to reactivate either the Orient Correctional Institution, which was closed in 2002, or the Lima Correctional Institution, which closed in 2004. From the Department's perspective, not only would it be extremely costly to reactivate either of those closed correctional institutions, but the executive recommended budget does not provide enough funding to make such a strategy a viable option at this time.

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 has been around 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 OSU Medical Center to provide inpatient care. In FYs 2004 and 2005, the OSU contract cost approximately $33.4 million and $41.5 million, respectively. In FY 2006, the expenditures stemming from this contract grew to $49.1 million and the estimated expenditure for FY 2007 is $68.9 million. The OSU contract currently accounts for about 38.9% of DRC's annual medical services budget. As for FYs 2008 and 2009, 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, as of January 2007, approximately 4,381 inmates have tested positive for Hepatitis C, and 166 of these 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 OSU Medical Center. Depending on the type of treatment that is provided, the drug therapy lasts between 6 to 12 months and can cost up to $28,000 per patient. In FYs 2008 and 2009, 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 sharply in recent years.

- ***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 28% compared to approximately 6% in the private sector where more attractive terms can be offered. The nursing shortage will likely continue 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 pattern of escalating pharmaceutical costs continued as the Department experienced 9% inflation. The Department will likely face continued increases in the cost of prescription medications, and has projected a 9% inflation rate for FYs 2008 and 2009.

- ***Fussell 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 resolution of this case has had the effect of increasing medical related costs, as the settlement agreement requires the Department to increase medical staff and improve the delivery of healthcare services. The four-phase settlement agreement, initially implemented in FY 2006, is currently in phase two. The total estimated cost for the increased medical and dental staffing, and related equipment purchases, that constitute the first two phases is approximately $12.1 million. Phases three and four will occur over FYs 2008 and 2009 at a combined estimated cost of about $14 million. The total estimated direct cost over the life of the *Fussell* stipulation is about $62.7 million, and the ongoing permanent cost of the structural changes and additional medical and dental staff will be about $23 million every year, not including cost-of-living adjustments.

As a result of the cost inflation factors referenced above, as well as others not so mentioned, the Department has in recent years, subject to approval of the Board, transferred appropriation authority within its GRF budget to line item 505-321, Institution Medical Services, to cover inflation-induced operational shortfalls. More specifically, in FYs 2004 and 2005, the Controlling Board approved the transfer of approximately $8.0 million and $19.8 million, respectively, to continue the delivery of institutional medical services. In FYs 2006 and 2007, the Controlling Board approved transfers totaling $10.2 million to support continued medical services.

Executive GRF Budget Summarized

While it is certainly true that the cost of providing today's levels of service tomorrow is a more expensive proposition, the Department has asserted that, generally speaking, the executive recommended budget provides a level of funding sufficient to cover projected pay increases and to support the continuation of FY 2007 levels of services without having to layoff any staff.

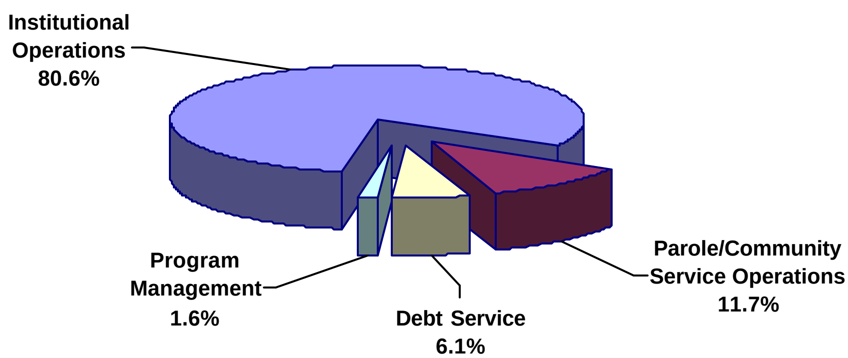
Given their growing population and inflationary pressures, this will not necessarily be an easy task. The executive recommended budget will not provide any resources that the Department could use to plan and prepare for emergencies, such as catastrophic inmate medical expenses. The Department has stated that it will have to be very careful in the management of their tight budgetary environment, and plans to cut back and reduce expenditures wherever possible, including the delay of maintenance activities and equipment purchases.

Medicaid Inpatient Services. A not so readily apparent funding initiative in the executive recommended budget is a plan to tap into the state's Medicaid program for the purposes of collecting federal reimbursement for the provision of certain inmate medical services. To date, the Ohio Department of Job and Family Services (JFS), through its rules, has interpreted federal regulations in such a manner that inmates in Ohio's prisons are not eligible for Medicaid reimbursement. DRC is currently working with JFS to change the rule in question so that inmates will be eligible for Medicaid reimbursement. As this potential federal reimbursement mechanism is still under development, no cash has actually been received.

Expense by Program Series Summary

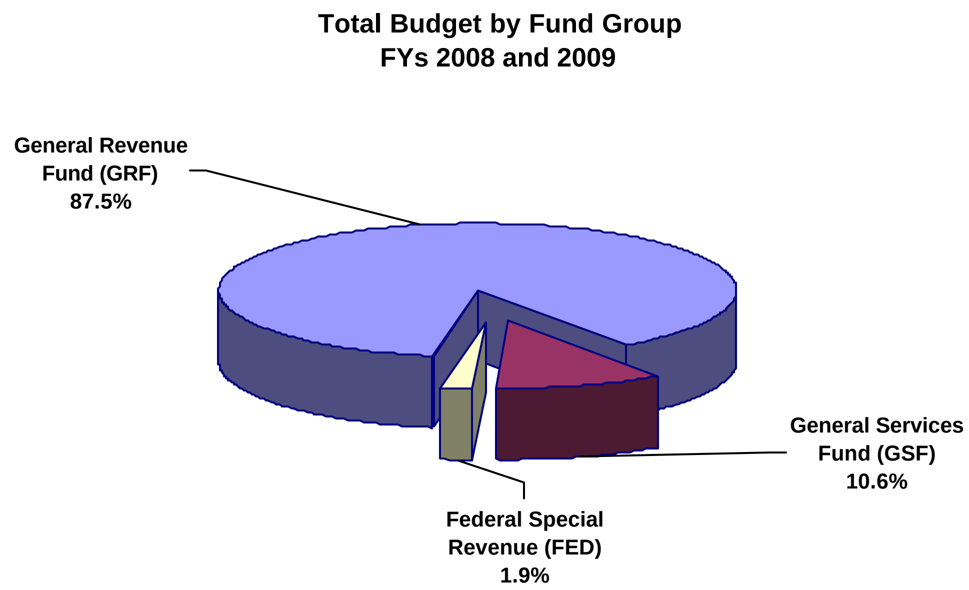
The pie chart immediately below shows the total recommended appropriations (FYs 2008 and 2009) by program series. This information is shown for the GRF and for all funds.

Total Budget by Program Series FYs 2008 and 2009



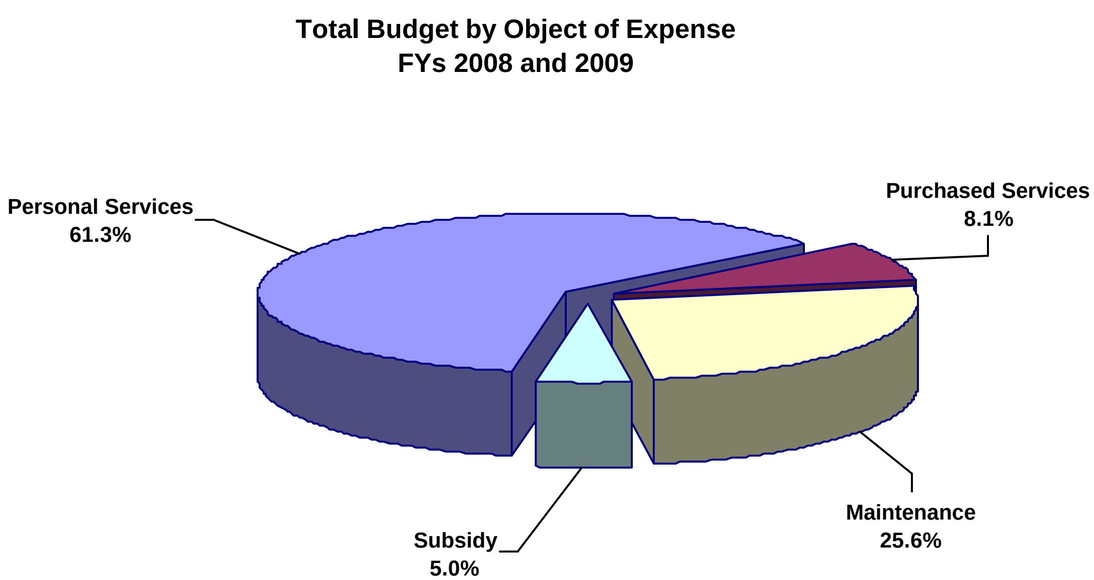
Expense by Fund Group Summary

The pie chart immediately below shows the total recommended appropriations (FYs 2008 and 2009) by fund group. This information is shown for the GRF and for all funds.



Expense by Object Summary

The pie chart immediately below shows the total recommended appropriations (FYs 2008 and 2009) by major object of expense. This information is shown for all GRF and non-GRF funds.



Staffing Levels

The table below summarizes the number of staff that DRC paid, or will pay, on the last pay period of FYs 2002 through 2009. The current number of authorized full-time equivalent (FTE) staff positions is 15,667; the number of paid staff as of the end of March 2007 was 14,476. Of that number of paid staff, 13,419, or 92.7%, were covered by moneys appropriated from the GRF.

Under the executive recommended level of funding, the Department has stated that it should be able to maintain its current filled number of 14,000-plus staff positions, which means that it will probably not have to reduce payroll-related operating expenses by implementing layoffs. The Department also plans to closely examine any positions that become vacant through attrition, and in order to protect scarce budget resources, may be very selective in hiring any replacements.

The above-noted difference between authorized (15,667) and paid (14,476) staff positions is not all that surprising, especially for a large institutional agency. At any given time, a state agency may be carrying some mix of vacant staff positions that are: (1) authorized, but may or will never be filled, (2) authorized, but not funded, (3) authorized, but vacant due to hiring freezes or budgetary constraints, and (4) authorized, but temporarily vacant due to attrition or other personnel changes.

Over the course of FYs 2002 and 2003, the Department eliminated more than 1,800 staff positions. In the current biennium, as well as the previous one, the Department did not eliminate any additional staff positions for budgetary reasons. 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 around 80%.

Rehabilitation and Correction Staffing Levels by Fiscal Year*

Program	2002	2003	2004	2005	2006	2007**	2008***	2009***
Administration	1,203	1,211	1,211	1,241	1,258	1,256	1,261	1,261
Parole/Community Operations	1,047	1,053	1,065	1,076	1,058	1,067	1,053	1,053
Education Services	467	436	431	471	458	437	451	451
Facility Maintenance	536	537	538	550	548	539	542	542
Medical Services	507	527	497	502	565	609	628	628
Mental Health Services	575	539	551	562	537	542	541	541
Recovery Services	146	131	133	136	134	128	145	145
Security	8,120	8,118	7,968	8,034	7,811	7,975	7,999	7,999
Support Services	1,206	1,169	1,166	1,200	1,210	1,206	1,214	1,214
Unit Management	736	695	681	716	720	719	721	721
TOTALS	**14,543**	**14,416**	**14,241**	**14,488**	**14,299**	**14,478**	**14,555**	**14,555**

* The number of staff by program that DRC paid or will pay on the last pay period of FYs 2002 through 2006.
** The number of staff by program that DRC paid through March 3, 2007.
*** The number of staff by program that DRC expects to pay.

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.

Current law requires the Director of Rehabilitation and Correction to contract for the private operation and management of not less than two facilities under the Department's control, unless the contractor managing and operating a facility is not in substantial compliance with the material terms and conditions of its contract and no other person or entity is willing and able to satisfy the obligations of the contract. The executive recommended budget proposes to amend this statutory requirement to authorize, but not require, the Director to contract for the private operation and management of a facility under the Department's control.

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 March 2007. 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 March 3, 2007						
Institution*	**Staff**	**COs****	**CO Ratio****	**FY 2007 Average Population**	**Yearly Inmate Cost**	**Daily Inmate Cost**
Allen C.I.	379	190	6.90	1,312	$22,050.72	$60.41
Belmont C.I.	492	299	8.56	2,559	$15,439.33	$42.30
Chillicothe C.I.	581	323	8.83	2,851	$16,693.98	$45.74
Corrections Medical Center	422	267	0.61	163	N/A	N/A
Correctional Reception	519	312	5.51	1,719	$23,352.64	$63.98
Dayton C.I.	211	95	4.91	466	$33,471.02	$91.70
Franklin Pre-Release	148	67	7.17	480	$23,195.20	$63.55
Grafton C.I.	366	179	7.87	1,409	$21,100.63	$57.81
Hocking C.F.	158	75	6.26	470	$29,698.51	$81.37
Lebanon C.I.	555	329	6.81	2,239	$19,429.76	$53.23
London C.I.	472	242	9.04	2,188	$17,454.12	$47.82
Lorain C.I.	455	261	6.85	1,787	$21,010.20	$57.56
Madison C.I.	539	325	6.29	2,045	$20,112.68	$55.10
Mansfield C.I.	690	395	5.77	2,279	$22,599.96	$61.92
Marion C.I.	481	286	7.04	2,007	$19,197.27	$52.60
Montgomery Ed./Pre-Release	160	74	4.64	343	$30,701.30	$84.11
Noble C.I.	469	266	8.74	2,324	$15,813.43	$43.32
North Central C.I.	458	274	8.30	2,274	$15,677.60	$42.95
Northeast Pre-Release	175	86	6.69	575	$27,248.96	$74.65
Oakwood C.F.	319	94	1.34	126	N/A	N/A

Correctional Institution Profile as of March 3, 2007						
Institution*	**Staff**	**COs****	**CO Ratio****	**FY 2007 Average Population**	**Yearly Inmate Cost**	**Daily Inmate Cost**
Ohio Reformatory for Women	485	254	8.49	2,157	$18,828.02	$51.58
Ohio State Penitentiary	427	263	1.99	524	$57,554.19	$157.68
Pickaway C.I.	500	283	8.02	2,269	$23,522.30	$64.44
Richland C.I.	451	248	9.75	2,417	$13,998.54	$38.35
Ross C.I.	614	359	6.53	2,345	$18,058.37	$49.47
Southeastern Ohio C.F.	424	205	7.22	1,480	$21,466.90	$58.81
Southern Ohio C.F.	738	489	2.58	1,263	$41,819.05	$114.57
Toledo C.I.	340	238	4.38	1,042	$26,014.10	$71.27
Trumbull C.I.	389	259	5.05	1,307	$26,007.35	$71.25
Warren C.I.	385	234	5.52	1,293	$23,485.63	$64.34
Totals	**12,802**	**7,270**	**6.29**	**45,713**	**$22,252.79**	**$60.97**

*"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 2008 AND FY 2009

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 2008 and FY 2009 By Line Item and Program				
Fund	**ALI**	**Title**	**FY 2008**	**FY 2009**
General Revenue Fund				
GRF	**501-321**	**Institutional Operations**	**$892,162,864**	**$928,980,197**
		Program Series 1: Institutional Operations		
		Program 1.01: Institutional Operations	$892,162,864	$928,980,197
GRF	**501-403**	**Prisoner Compensation**	**$8,599,255**	**$8,599,255**
		Program Series 1: Institutional Operations		
		Program 1.01: Institutional Operations	$8,599,255	$8,599,255
GRF	**501-405**	**Halfway House**	**$41,214,205**	**$41,214,205**
		Program Series 2: Parole and Community Service Operations		
		Program 2.02: Community Sanctions: Halfway Houses	$41,214,205	$41,214,205
GRF	**501-406**	**Lease Rental Payments**	**$107,607,100**	**$109,224,900**
		Program Series 4: Debt Service		
		Program 4.01: Debt Service	$107,607,100	$109,224,900
GRF	**501-407**	**Community Nonresidential Programs**	**$16,514,626**	**$16,547,367**
		Program Series 2: Parole and Community Service Operations		
		Program 2.04: Community Sanctions: Non-Residential Felony	$16,514,626	$16,547,367
GRF	**501-408**	**Community Misdemeanor Programs**	**$9,313,076**	**$9,313,076**
		Program Series 2: Parole and Community Service Operations		
		Program 2.05: Community Sanctions: Non-Residential Misdemeanor	$9,313,076	$9,313,076
GRF	**501-501**	**Community Residential Programs-CBCF**	**$57,104,132**	**$57,104,132**
		Program Series 2: Parole and Community Service Operations		
		Program 2.03: Community Sanctions: CBCFs	$57,104,132	$57,104,132
GRF	**502-321**	**Mental Health Services**	**$75,112,063**	**$78,405,363**
		Program Series 1: Institutional Operations		
		Program 1.05: Mental Health Services	$75,112,063	$78,405,363
GRF	**503-321**	**Parole and Community Operations**	**$79,296,672**	**$82,739,767**
		Program Series 2: Parole and Community Service Operations		
		Program 2.01: Parole and Community Service Operations	$79,296,672	$82,739,767
GRF	**504-321**	**Administrative Operations**	**$27,599,198**	**$28,703,273**
		Program Series 3: Program Management		
		Program 3.01: Program Management	$27,599,198	$28,703,273
GRF	**505-321**	**Institution Medical Services**	**$199,073,620**	**$198,337,805**
		Program Series 1: Institutional Operations		
		Program 1.02: Medical Services	$199,073,620	$198,337,805
GRF	**506-321**	**Institution Education Services**	**$23,784,868**	**$24,847,502**
		Program Series 1: Institutional Operations		
		Program 1.04: Education Services	$23,784,868	$24,847,502
GRF	**507-321**	**Institution Recovery Services**	**$7,319,028**	**$7,664,520**
		Program Series 1: Institutional Operations		
		Program 1.03: Recovery Services	$7,319,028	$7,664,520
General Revenue Fund Subtotal			**$1,544,700,707**	**$1,591,681,362**

Executive Recommendations for FY 2008 and FY 2009 By Line Item and Program				
Fund	**ALI**	**Title**	**FY 2008**	**FY 2009**
General Services Fund Group				
148	**501-602**	**Services and Agriculture**	**$104,485,807**	**$108,290,058**
		Program Series 1: Institutional Operations		
		Program 1.01: Institutional Operations	$104,485,807	$108,290,058
200	**501-607**	**Ohio Penal Industries**	**$39,395,391**	**$40,845,414**
		Program Series 1: Institutional Operations		
		Program 1.01: Institutional Operations	$39,395,391	$40,845,414
483	**501-605**	**Property Receipts**	**$393,491**	**$393,491**
		Program Series 1: Institutional Operations		
		Program 1.01: Institutional Operations	$393,491	$393,491
4B0	**501-601**	**Penitentiary Sewer Treatment Facility Services**	**$2,331,003**	**$2,407,018**
		Program Series 1: Institutional Operations		
		Program 1.01: Institutional Operations	$2,331,003	$2,407,018
4D4	**501-603**	**Prisoner Programs**	**$20,967,703**	**$20,967,703**
		Program Series 1: Institutional Operations		
		Program 1.03: Recovery Services	$7,202,406	$7,141,600
		Program 1.04: Education Services	$13,765,297	$13,826,103
4L4	**501-604**	**Transitional Control**	**$2,051,451**	**$2,051,451**
		Program Series 2: Parole and Community Service Operations		
		Program 2.01: Parole and Community Service Operations	$2,051,451	$2,051,451
4S5	**501-608**	**Education Services**	**$4,564,072**	**$4,564,072**
		Program Series 1: Institutional Operations		
		Program 1.04: Education Services	$4,564,072	$4,564,072
571	**501-606**	**Training Academy Receipts**	**$75,190**	**$75,190**
		Program Series 3: Program Management		
		Program 3.01: Program Management	$75,190	$75,190
593	**501-618**	**Laboratory Services**	**$5,799,999**	**$5,799,999**
		Program Series 1: Institutional Operations		
		Program 1.02: 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 1.03: Recovery Services	$15,001	$15,001
		Program Series 3: Program Management		
		Program 3.01: Program Management	$247,717	$247,717
5H8	**501-617**	**Offender Financial Responsibility**	**$2,500,000**	**$2,500,000**
		Program Series 1: Institutional Operations		
		Program 1.02: Medical Services	$500,000	$500,000
		Program Series 2: Parole and Community Service Operations		
		Program 2.01: Parole and Community Service Operations	$2,000,000	$2,000,000
5L6	**501-611**	**Information Technology Services**	**$3,741,980**	**$3,741,980**
		Program Series 1: Institutional Operations		
		Program 1.01: Institutional Operations	$3,741,980	$3,741,980
		General Services Fund Subtotal	**$186,568,805**	**$191,899,094**
Federal Special Revenue Fund Group				
323	**501-619**	**Federal Grants**	**$12,198,353**	**$12,198,353**
		Program Series 1: Institutional Operations		
		Program 1.01: Institutional Operations	$9,780,639	$9,780,639
		Program 1.03: Recovery Services	$236,648	$236,648
		Program 1.04: Education Services	$2,166,428	$2,166,428
		Program Series 2: Parole and Community Service Operations		
		Program 2.01: Parole and Community Service Operations	$14,638	$14,638

Executive Recommendations for FY 2008 and FY 2009 By Line Item and Program				
Fund	**ALI**	**Title**	**FY 2008**	**FY 2009**
3CJ	**501-621**	**Medical Inpatient Services**	**$11,600,000**	**$15,500,000**
		Program Series 1: Institutional Operations		
		Program 1.02: Medical Services	$11,600,000	$15,500,000
3S1	**501-615**	**Truth-in-Sentencing Grants**	**$8,709,142**	**$8,709,142**
		Program Series 1: Institutional Operations		
		Program 1.01: Institutional Operations	$8,709,142	$8,709,142
		Federal Special Revenue Fund Subtotal	**$32,507,495**	**$36,407,495**
Total Agency Funding			**$1,763,777,007**	**$1,819,987,951**

ANALYSIS OF EXECUTIVE PROPOSAL

What follows is LSC fiscal staff's analysis of the Department of Rehabilitation and Correction executive recommended biennial operating budget covering FYs 2008 and 2009. 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 2008	FY 2009
General Revenue Fund (GRF)				
GRF	501-321	Institutional Operations	$892,162,864	$928,980,197
GRF	501-403	Prisoner Compensation	$8,599,255	$8,599,255
GRF	502-321	Mental Health Services	$75,112,063	$78,405,363
GRF	505-321	Institution Medical Services	$199,073,620	$198,337,805
GRF	506-321	Institution Education Services	$23,784,868	$24,847,502
GRF	507-321	Institution Recovery Services	$7,319,028	$7,664,520
		General Revenue Fund Subtotal	**$1,206,051,698**	**$1,246,834,642**
General Services Fund (GSF)				
148	501-602	Services and Agriculture	$104,485,807	$108,290,058
200	501-607	Ohio Penal Industries	$39,395,391	$40,845,414
483	501-605	Property Receipts	$393,491	$393,491
4B0	501-601	Sewer Treatment Services	$2,331,003	$2,407,018
4D4	501-603	Prisoner Programs	$20,967,703	$20,967,703
4S5	501-608	Education Services	$4,564,072	4,564,072
593	501-618	Laboratory Services	$5,799,999	$5,799,999
5AF	501-609	State and Non-Federal Awards	$15,001	$15,001
5H8	501-617	Offender Financial Responsibility	$500,000	$500,000
5L6	501-611	Information Technology Services	$3,741,980	$3,741,980
		General Services Fund Subtotal	**$182,194,447**	**$187,524,736**
Federal Special Revenue Fund (FED)				
323	501-619	Federal Grants	$12,183,715	$12,183,715
3CJ	501-621	Medicaid Inpatient Services	$11,600,000	$15,500,000
3S1	501-615	Truth-in-Sentencing Grants	$8,709,142	$8,709,142
		Federal Special Revenue Fund Subtotal	**$32,492,857**	**$36,392,857**
Total Program Series Funding: Institutional Operations			**$1,420,739,002**	**$1,470,752,235**

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

- ***Program 1.01: Institutional Operations***
- ***Program 1.02: Medical Services***
- ***Program 1.03: Recovery Services***
- ***Program 1.04: Education Services***
- ***Program 1.05: Mental Health Services***

Program 1.01: Institutional Operations

Program Description: This program provides for the maintenance of buildings and contents, utilities, support services, and secure supervision for 49,000-plus offenders. The facilities are held in compliance with all standards and requirements of federal, state, and local statutes and ordinances. This program oversees institutional improvements, including renovation and construction projects, as well as the structures, equipment, and conditions that ensure the safety and security of all inmates and staff. Institutional operations further include the legal and ethical responsibilities of providing adequate housing, food, clothing, work therapy, and spiritual support to the inmates. The Ohio Penal Industries provide job opportunities, work experience, and training for inmates along with offering inmate programming, including self-help, stress management, enhancement of life skills, communication, anger control, and pre-parole planning. The total personnel supported by this program in FY 2007 is estimated to be approximately 11,634.

Within the Institutional Operations program are the following functional areas:

- ***Facility Administration.*** This functional area involves the management of institutional operations and provides oversight of the institutions to ensure that desired outcomes are attained through the most efficient use of limited resources without compromising the safety or security of inmates and staff.
- ***Security.*** The primary objective of this functional area is to prevent escapes and to maintain a safe living and working environment. Over 99% of all security expenditures are related to staffing, and more than 7,800 employees are assigned to security.
- ***Unit Management.*** This functional area involves the management of inmate behavior proactively through direct and frequent communication between staff and inmates. Unit Management staff attempt to diffuse inmate crisis situations and to develop inmate profiles to determine security risks. About 97% of all unit management expenditures are related to staffing, the size of which is approximately 733 employees.
- ***Support Services.*** The purpose of this functional area is to provide adequate food, clothing, laundry services, work therapy, and spiritual support to inmates. Approximately 51.4 million inmate meals are prepared annually. This program also: (1) provides work experience and training through Ohio Penal Industries, which has one or more shops in most of the Department's correctional institutions, (2) operates ten institutional farms that collectively encompass more than 10,890 acres, and (3) provides both job opportunities for inmates housed in minimum-security camps and food products for use by the Department. Currently, there are approximately 1,229 employees designated as Support Services staff.
- ***Facility Maintenance.*** This functional area provides for the upkeep of buildings and structures, as well as the management of institutional improvements, renovations, and construction projects. It is also responsible for physical plant operations, including heating, ventilation, plumbing, and electrical service, and conducts preventive maintenance, including

painting, roofing, and asbestos management. Just under one-third of all Facility Maintenance expenditures are related to staffing. The FY 2007 funding level currently supports about 548 employees.

Group	Fund	ALI	Title	FY 2008	FY 2009
GRF	GRF	501-321	Institutional Operations	$892,162,864	$928,980,197
GRF	GRF	501-403	Prisoner Compensation	$8,599,255	$8,599,255
GSF	148	501-602	Services and Agriculture	$104,485,807	$108,290,058
GSF	200	501-607	Ohio Penal Industries	$39,395,391	$40,845,414
GSF	4B0	501-601	Sewer Treatment Services	$2,331,003	$2,407,018
GSF	483	501-605	Property Receipts	$393,491	$393,491
GSF	5L6	501-611	Information Technology Services	$3,741,980	$3,741,980
FED	3S1	501-615	Truth-in-Sentencing Grants	$8,709,142	$8,709,142
FED	323	501-619	Federal Programs	$9,780,639	$9,780,639
Total Program Funding: Institutional Operations				**$1,069,599,572**	**$1,111,747,194**

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, (4) revenue generated from the manufacture and sale of various goods and services to the state and its political subdivisions, (5) revenue from contracts with political subdivisions under which the latter are permitted to tap into a correctional facility's sewage treatment facility, (6) rent and utility charges collected from departmental personnel who live in housing under the Department's control, (7) 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, and (8) federal funds

Line Items: See above table

Implication of Executive Recommendation: The Department has stated that the executive recommended budget should provide sufficient funding to cover its future cost of delivering existing FY 2007 service levels in FYs 2008 and 2009, including the fiscal pressures associated with a growing inmate population and anticipated pay increases. That said, in order to live within its means during the next biennium, the Department will have to closely monitor its finances and constrain expenditures where appropriate, which could mean some reductions in maintenance expenses and delays in equipment purchases.

Permanent Law Provision

It does not appear that the executive recommended budget contains any permanent law provisions immediately affecting the Department's Institutional Operations program.

Temporary Law Provision

Prisoner Compensation (Section 377.10). 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. The executive recommended budget contains a temporary law provision that 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 1.02: 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 onsite include optometry, podiatry, dentistry, basic X-ray and laboratory services, nutritional counseling, and education.

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

- A level of FY 2007 funding that supports 623 staff positions.
- In FY 2007, 24.4% of all Medical Services program 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, the state merit system, central accounting, collective bargaining, the employee assistance program, and the equal employment opportunity program.
- In addition to payroll-related expenditures, a significant portion of the remaining medical services expenditures are related to the cost of hospitalization for inmates at The Ohio State University Medical Center, local emergency room treatment, and pharmacology costs.
- 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 2008	FY 2009
GRF	GRF	505-321	Institution Medical Services	$199,073,620	$198,337,805
GSF	5H8	501-617	Offender Financial Responsibility	$500,000	$500,000
GSF	593	501-618	Laboratory Services	$5,799,999	$5,799,999
FED	3CJ	501-621	Medicaid Inpatient Services	$11,600,000	15,500,000
Total Program Funding: Medical Services				**$216,973,619**	**$220,137,804**

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, (3) payments collected from entities that receive laboratory services, and (4) federal Medicaid reimbursement funds

Line Items: See above table

Implication of Executive Recommendation: Although this program is funded at a level greater than the requested biennial amount by about $71.5 million, the Department cannot be fully confident that the executive recommended funding levels for each of FYs 2008 and 2009 will be adequate to cover future medical needs. 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 validity of any such projection is strongly affected by a number of variables such as inflation, new technology, and individual catastrophic medical emergencies in which the Department may spend millions of dollars for the medical treatment of a single inmate.

In FYs 2006 and 2007, the contract with The OSU Medical Center cost approximately $49.1 million and an estimated $68.9 million, respectively, which reflected increases of over 57% from the previous biennium. This contract has yet to be negotiated so the costs for FYs 2008 and 2009 are unknown. The Department does, however, expect a rate of inflation in this contract similar to that experienced in recent years.

Medicaid Inpatient Services. A not so readily apparent funding initiative in the executive recommended budget is a plan to tap into the state's Medicaid program for the purposes of collecting federal reimbursement for the provision of certain inmate medical services. Federal law currently allows a state to be reimbursed for the cost of inpatient hospital care so long as the inmate is hospitalized in a facility that is external to, and unaffiliated with, a correctional institution. Several states currently receive such federal Medicaid reimbursements.

To date, the Ohio Department of Job and Family Services (JFS), through its rules, has interpreted federal regulations in such a manner that inmates in Ohio's prisons are not eligible for Medicaid reimbursement. DRC is currently working with JFS to change the rule in question so that inmates will be eligible for Medicaid reimbursement.

Under this planned change, when a Medicaid-eligible inmate is hospitalized, DRC will initially pay for the treatment, send a reimbursement claim to JFS, and JFS will then bill the federal government. If allowed, the federal government will reimburse the state for eligible medical services less the appropriate state match, and the revenue will be deposited in the state treasury to the credit of DRC's newly created Medicaid Inpatient Services Fund (Fund 3CJ). At this point, DRC is uncertain as to how much revenue this will likely generate annually for its institutional medical services program. That said, the executive recommended budget appropriates $11.6 million and $15.5 million in FYs 2008 and 2009, respectively, for Medicaid-funded inpatient medical services. As this potential federal reimbursement mechanism is still under development, no cash has actually been received and deposited to the credit of Fund 3CJ.

Permanent Law Provision

It does not appear that the executive recommended budget contains any permanent law provisions directly affecting the Department's Medical Services program.

Temporary Law Provision

HIV/AIDS Testing Reentry Pilot Program (Section 377.10). The executive recommended budget contains a temporary law provision that requires that up to $250,000 of the GRF moneys appropriated to line item 505-321, Institution Medical Services, be used for the HIV/AIDS testing reentry pilot program at the Mansfield Correctional Institution. Under that pilot program, prior to a prisoner's release from custody at the Mansfield Correctional Institution, the Department will be: (1) required to examine and test a prisoner for HIV infection and any sexually transmitted disease, and (2) permitted to examine and test involuntarily a prisoner who refuses to be tested.

Program 1.03: Recovery Services

Program Description: This program provides a 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 current features of the Recovery Services program include:

- A level of FY 2007 funding that supports about 143 staff positions.
- In FY 2007, 79.9% of all costs associated with Recovery Services 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, the state merit system, central accounting, collective bargaining, the employee assistance program, and the equal employment opportunity program.
- There are four institutional alcohol and other drug (AOD) treatment programs, two of which were added in FY 2006. Following completion of one of these programs, a participating offender is, subject to judicial approval, eligible to have their prison sentence reduced.
- 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 1,200 inmates per year, five residential programs providing substance abuse treatment to roughly 570 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 2008	FY 2009
GRF	GRF	507-321	Institution Recovery Services	$7,319,028	$7,664,520
GSF	4D4	501-603	Prisoner Programs	$7,202,406	$7,141,600
GSF	5AF	501-609	State and Non-Federal Awards	$15,001	$15,001
FED	323	501-619	Federal Grants	$236,648	$236,648
Total Program Funding: Recovery Services				**$14,773,083**	**$15,057,769**

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 Department has stated that, under the executive recommended budget, the levels of funding appropriated for the Recovery Services program should be sufficient to permit the continuation of existing FY 2007 levels of services in each of FYs 2008 and 2009. 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

It does not appear that the executive recommended budget contains any permanent or temporary law provisions directly affecting the Department's Recovery Services program.

Program 1.04: Education Services

Program Description: This program exists as a statutory mandate requiring the Department to 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 current features of the Education Services program include:

- A level of FY 2007 funding that supports 457 staff positions.
- In FY 2007, 72% 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, the state merit system, central accounting, collective bargaining, the employee assistance program, and the equal employment opportunity program.
- Fifty percent of inmates 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 correctional institutions and serve over 3,500 inmates per year who lack job skills.
- Apprenticeship programs are offered in over 47 job trades.
- Special education and literacy training programs serve inmates with learning disabilities and those who cannot read.

Group	Fund	ALI	Title	FY 2008	FY 2009
GRF	GRF	506-321	Institution Education Services	$23,784,868	$24,847,502
GSF	4D4	501-603	Prisoner Programs	$13,765,297	$13,826,103
GSF	4S5	501-608	Education Services	$4,564,072	$4,564,072
FED	323	501-619	Federal Grants	$2,166,428	$2,166,428
Total Program Funding: Education Services				**$44,280,665**	**$45,404,105**

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 Department has stated that, under the executive recommended budget, the levels of funding appropriated for the Education Services program should be sufficient to permit the continuation of existing FY 2007 levels of services in each of FYs 2008 and 2009. 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

It does not appear that the executive recommended budget contains any permanent or temporary law provisions directly affecting the Department's Education Services program.

Program 1.05: 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 current features of the Mental Health Services program include:

- A level of FY 2007 funding that supports 538 staff positions.
- In FY 2007, 66.1% of all Mental Health Services program 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, the state merit system, central accounting, collective bargaining, the employee assistance program, and the equal employment opportunity program.
- 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 2008	FY 2009
GRF	GRF	502-321	Mental Health Services	$75,112,063	$78,405,363
Total Program Funding: Mental Health Services				**$75,112,063**	**$78,405,363**

Funding Source: GRF

Line Items: See above table

Implication of Executive Recommendation: The Department has stated that, under the executive recommended budget, the levels of funding appropriated for the Mental Health Services program should be sufficient to permit the continuation of existing FY 2007 levels of services in each of FYs 2008 and 2009. 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

It does not appear that the executive recommended budget contains any permanent or temporary law provisions directly affecting the Department's Mental Health Services program.

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 2008	FY 2009
General Revenue Fund (GRF)				
GRF	501-405	Halfway House	$41,214,205	$41,214,205
GRF	501-407	Community Nonresidential Programs	$16,514,626	$16,547,367
GRF	501-408	Community Misdemeanor Programs	$9,313,076	$9,313,076
GRF	501-501	Community Residential Programs - CBCF	$57,104,132	$57,104,132
GRF	503-321	Parole and Community Operations	$79,296,672	$82,739,767
		General Revenue Fund Subtotal	**$203,442,711**	**$206,918,547**
General Services Fund (GSF)				
4L4	501-604	Transitional Control	$2,051,451	$2,051,451
5H8	501-617	Offender Financial Responsibility	$2,000,000	$2,000,000
		General Services Fund Subtotal	**$4,051,451**	**$4,051,451**
Federal Special Revenue Fund (FED)				
323	501-619	Federal Grants	$14,638	$14,638
		Federal Special Revenue Fund Subtotal	**$14,638**	**$14,638**
Total Program Series Funding: Parole and Community Service Operations			**$207,508,800**	**$210,984,636**

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 2.01: Parole and Community Service Operations***
- ***Program 2.02: Halfway Houses***
- ***Program 2.03: Community-Based Correctional Facilities***
- ***Program 2.04: Non-Residential Felony Programs***
- ***Program 2.05: Non-Residential Misdemeanor Programs***

Program 2.01: 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 pre-sentence investigation and supervision services to the courts of common pleas in 53 counties. Additional areas include the Office of Victim Services and the Bureau of Adult Detention.

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

- A level of FY 2007 funding that supports 1,065 staff positions.
- This program's costs are personnel driven, with around 83% of its annual expenditures related to payroll.
- The Adult Parole Authority (APA) has about 597 Parole Officers responsible for supervising more than 33,400 offenders, conducting more than 5,000 pre-sentence investigations and nearly 500 violators-at-large investigations. The number of offenders under supervision typically increases by 2% each year.
- In 53 of Ohio's 88 counties, APA provides varying degrees of probation services to local courts. The APA Parole Board also conducts more than 16,000 release and violation hearings annually.
- The Office of Victims Services has more than 39,000 registered victims, and the number increases by 9% each year.
- 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, the state merit system, central accounting, collective bargaining, the employee assistance program, and the equal employment opportunity program.

Group	Fund	ALI	Title	FY 2008	FY 2009
GRF	GRF	503-321	Parole and Community Operations	$79,296,672	$82,739,767
GSF	4L4	501-604	Transitional Control	$2,051,451	$2,051,451
GSF	5H8	501-617	Offender Financial Responsibility	$2,000,000	$2,000,000
FED	323	501-619	Federal Programs	14,638	14,638
Total Program Funding: Parole and Community Service Operations				**$83,362,761**	**$86,805,856**

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, (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, and (4) federal funds

Line Items: See above table

Implication of Executive Recommendation: The executive recommended level of funding in FYs 2008 and 2009 for the Parole and Community Service Operations program should be sufficient to cover the current cost of doing business in the future, including the payroll-related expenditures associated with 1,065 staff positions. This program is predominantly staff driven. According to the Department, staff layoffs are not anticipated under the levels of funding contained in the executive recommended budget and the program should be able to continue providing FY 2007 levels of service in the next biennium. That said, it appears likely that the average caseload of the APA's parole officers will continue to rise and stress its community supervision operations over the course of the next biennium.

Temporary and Permanent Law

It does not appear that the executive recommended budget contains any permanent or temporary law provisions directly affecting the Parole and Community Service Operations program.

Program 2.02: 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 2007, through the Bureau of Community Sanctions, the Department has contracted with private/not-for-profit organizations to provide a total of 1,711 halfway house beds, serving approximately 7,496 offenders.

Group	Fund	ALI	Title	FY 2008	FY 2009
GRF	GRF	501-405	Halfway House	$41,214,205	$41,214,205
Total Program Funding: Halfway Houses				**$41,214,205**	**$41,214,205**

Funding Source: GRF

Line Items: See above table

Implication of Executive Recommendation: The levels of funding contained in the executive recommended budget for the Halfway Houses program in each of FYs 2008 and 2009 are about $609,000 above the FY 2007 estimated expenditure level. Even though the cost of doing today's business tomorrow will likely be higher, the recommended funding levels should be sufficient for the continuation of the existing FY 2007 level of halfway house programming and services in FYs 2008 and 2009. As the per diem costs increase, the same funding will purchase fewer services.

In November 2006, the Department requested, and the Controlling Board approved, a transfer of $14.2 million in unspent GRF moneys – originally appropriated for, but no longer needed to pay, debt service obligations – for other purposes. Of those unspent GRF moneys, $5.0 million was transferred into community sanctions programs designed to divert low-level felony offenders from prison and into community-based programs. Specifically relevant herein is that $2.0 million of that $5.0 million in transferred community sanction money was appropriated to the Halfway Houses program. A chunk of that additional GRF money will likely be encumbered and disbursed in FY 2008 to pay for certain program additions or enhancements initiated during the latter part of FY 2007.

Based on information provided by the Department, the executive recommended budget will have a tangible impact in the following areas, listed in decreasing intensity of supervision:

- ***Beds.*** The available GRF funding will support a current network of 1,711 halfway house beds that serve approximately 7,496 offenders annually. Halfway house beds turn over approximately every three months, thus a single bed will serve four offenders annually. As DRC moves more offenders out of a relatively expensive institutional environment and into its transitional control program, halfway house beds are, from the Department's perspective, a much more efficient use of scarce budgetary resources. The level of recommended funding for FYs 2008 and 2009, along with encumbered FY 2007 funding, will support ongoing activities, plus an increase of about ten additional halfway house beds in FY 2009 targeted for transitional control.

- ***Permanent Supportive Housing.*** This is a new program initiative in the Halfway House program's menu of services that has largely been funded with the previously noted November 2006 Controlling Board transfer. This program is not a sanction, but really a service for the offenders and their families that experience chronic homelessness. These offenders may or may not be subject to supervision by the APA, but typically have some form of disability, mental health and/or substance abuse problem, or other medical problem for which the offender receives ongoing treatment. Under this initiative, subject to eligibility and availability, the offender and his or her family may be placed in a DRC-paid apartment unit. The Department contracts with the Corporation for Supportive Housing, which in turn subcontracts with building managers and landlords to make units available around the state. The contractor also monitors the offender/tenant to help make sure that the appropriate treatment and rehabilitative services are being delivered. The Department funded 75 of these permanent supportive housing units in FY 2007, and plans to maintain this number in FYs 2008 and 2009.

- ***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 executive recommended level of funding, the Department should be able to maintain current FY 2007 levels of service through FYs 2008 and 2009.

- ***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 APA. Under current law, about 10% of the Halfway Houses program's budget can be spent on nonresidential, or outpatient treatment. The Department currently spends about 5% for these needs. Throughout the course of FY 2007, this component of the Halfway Houses program will deliver treatment services to about 1,100 offenders. Under the executive recommended budget, approximately the same number of offenders will receive these services in FYs 2008 and 2009. The Department is also currently in the process of renegotiating the contracts for these services in the attempt to reduce costs.

- ***Electronic Home Monitoring.*** Electronic home monitoring (EHM) is used for: (1) the step down of inmates transitioning toward release, and (2) as a sanction for technical violations for those inmates who have been released and are under some form of supervision. The Department has purchased a total of about 181 slots available for monitoring offenders. These slots typically turnover about five times per year and will create a monitoring capacity for about 747 offender placements by the end of FY 2007, at a per placement cost of about $8 per day. Under the executive recommended budget, the Department projects the potential loss of approximately 20 slots in FYs 2008 and 2009. The loss of these 20 slots will mean that approximately 120 fewer offenders will be subject to EHM in the next biennium.

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 was not sufficient for that plan to move forward. In FY 2007, however, the Department created the Cleveland Transition Center, which is a licensed reentry center, including, but not limited to, 100 halfway house beds, mental health services, and job placement provided by the Ohio Department of Job and Family Services. There is also a global positioning system (GPS) monitoring component. The Department used federal Truth-in-Sentencing grant moneys to fund this center. The funding will only be available through FY 2008, and the Halfway House line item cannot support this center in FY 2009, so the Department is seeking alternate funding sources.

- ***Allen County*.** The county was seeking to renovate an existing site to host a 50-bed halfway house facility for "hard-to-place" offenders. The Department has not yet spent any funds on planning or preparing the Allen County site where this facility will be located. As of this writing, it appears that this is no longer considered a viable project.

- ***Warren County*.** The county hosts the 65-bed Turtle Creek halfway house facility that was completed during the FY 2002-2003 biennium, and the Department only has the resources to pay for daily operations of approximately 54 beds. The Turtle Creek Facility is fully functional, and part of DRC's statewide network of halfway house beds.

- ***Ross County*.** The Department is looking at sites for a 70-bed halfway house facility in Ross County to serve the southeastern part of the state, which currently has no halfway house beds. This project is still in the planning stage and would not likely be built any sooner than FY 2010.

Temporary and Permanent Law Provisions

It does not appear that the executive recommended budget contains any permanent or temporary law provisions directly affecting the Halfway Houses program.

Program 2.03: Community-Based Correctional Facilities (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 facility governing boards, which are advised by judicial advisory boards.

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 2008	FY 2009
GRF	GRF	501-501	Community Residential Programs-CBCF	$57,104,132	$57,104,132
Total Program Funding: CBCFs				**$57,104,132**	**$57,104,132**

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 1,944, permitting the diversion of approximately 5,385 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. Under the executive recommended budget, the CBCF program will be appropriated about $1.0 million more in each fiscal year than the FY 2007 estimated expenditure of $56.1 million. Given the cost of doing today's business tomorrow will likely be higher, the Department plans to operate very close to FY 2007 continuation service levels in FYs 2008 and 2009, which includes the activation of 24 previously unfunded beds in Lucas County.

In November 2006, the Department requested, and the Controlling Board approved, a transfer of $14.2 million in unspent GRF moneys – originally appropriated for, but no longer needed to, pay debt service obligations – for other purposes. Of those unspent GRF moneys, $5.0 million was transferred into community sanctions programs designed to divert low-level felony offenders from prison and into community-based programs. Specifically relevant herein is that $1.0 million of that $5.0 million in transferred community sanction money was appropriated to the CBCFs program. A chunk of that additional GRF money will likely be encumbered and disbursed in FY 2008 to pay for certain program additions or enhancements initiated during the latter part of FY 2007.

In FY 2007, part of the previously noted $1.0 million transferred to CBCFs by the Controlling Board has been used to reestablish residential substance abuse funding that was lost in FY 2006. This revenue, along with the executive recommended FYs 2008 and 2009 funding levels, will provide for the residential substance abuse programs at the CBCFs in Trumbull, Montgomery, and Jefferson counties. The Department will also add 78 female CBCF beds located in Seneca, Loraine, Summit, Union, and Scioto counties. These additional services should continue through the upcoming FY 2008-2009 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 online carries notable potential as felony commitments from Cuyahoga County alone typically make up around one-fifth, or 20%, of annual prison population intake.

Temporary and Permanent Law Provisions

It does not appear that the executive recommended budget contains any permanent or temporary law provisions directly affecting the Community-Based Correctional Facilities program.

Program 2.04: 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. During FY 2007, grants under this program will fund 48 programs in 45 counties providing sanctions for nearly 9,689 offenders. The purpose of the program is to provide the judges of the courts of common pleas 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 2008	FY 2009
GRF	GRF	501-407	Community Nonresidential Programs	$16,514,626	$16,547,367
Total Program Funding: Non-Residential Felony Programs				**$16,514,626**	**$16,547,367**

Funding Source: GRF

Line Items: See above table

Implication of Executive Recommendation: In November 2006, the Department requested, and the Controlling Board approved, a transfer of $14.2 million in unspent GRF moneys – originally appropriated for, but no longer needed to, pay debt service obligations – for other purposes. Of those unspent GRF moneys, $5.0 million was transferred into community sanctions programs designed to divert low-level felony offenders from prison and into community-based programs. Specifically relevant herein is that $1.0 million of that $5.0 million in transferred community sanction money was appropriated for community nonresidential felony programs. A chunk of that additional GRF money will likely be encumbered and disbursed in FY 2008 to pay for certain program additions or enhancements initiated during the latter part of FY 2007.

Over the course of FY 2007, the Department has reevaluated and reorganized some of the existing felony diversion programs around the state. With the availability of the additional funding in FY 2007, the Department added some new programs for felony "non-support" offenders, or those convicted of not paying child support. The Department has also added $500,000 in funding for more treatment in 17 programs across the state.

Under the executive recommended budget, the Department anticipates being able to continue to provide current FY 2007 levels of program support in FYs 2008 and 2009. Approximately 90% of these program grants cover the staffing-related costs of local programs.

Temporary and Permanent Law Provisions

It does not appear that the executive recommended budget contains any permanent or temporary law provisions directly affecting the area of community non-residential felony programs.

Program 2.05: 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 111 programs in 80 counties, and provides alternatives to confinement for around 20,762 offenders each year.

Group	Fund	ALI	Title	FY 2008	FY 2009
GRF	GRF	501-408	Community Misdemeanor Programs	$9,313,076	$9,313,076
Total Program Funding: Non-Residential Misdemeanor Programs				**$9,313,076**	**$9,313,076**

Funding Source: GRF

Line Items: See above table

Implication of Executive Recommendation: In November 2006, the Department requested, and the Controlling Board approved, a transfer of $14.2 million in unspent GRF moneys – originally appropriated for, but no longer needed to, pay debt service obligations – for other purposes. Of that those unspent GRF moneys, $5.0 million was transferred into community sanctions programs designed to divert low-level felony offenders from prison and into community-based programs. Specifically relevant herein is that $1.0 million of that $5.0 million in transferred community sanction money was appropriated for community nonresidential misdemeanor programs. A chunk of that additional GRF money will likely be encumbered and disbursed in FY 2008 to pay for certain program additions or enhancements initiated during the latter part of FY 2007.

With the availability of additional GRF funding in FY 2007, the Department added $500,000 for new jail diversion programs in nine counties to help alleviate jail crowding. Two of these counties had no jail diversion programs. The Department also added $500,000 in funding for more treatment services in 13 programs across the state. Under the executive recommended budget, the Department anticipates being able to continue to provide current FY 2007 levels of program support in FYs 2008 and 2009.

Temporary and Permanent Law Provisions

It does not appear that the executive recommended budget contains any permanent or temporary law provisions directly affecting the area of community non-residential misdemeanor programs.

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 line items that are used to fund the Program Management program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	504-321	Administrative Operations	$27,599,198	$28,703,273
GSF	501-609	State and Non-Federal Awards	$247,717	$247,717
GSF	501-606	Training Academy Receipts	$75,190	$75,190
Total Program Series Funding: Program Management			**$27,922,105**	**$29,026,180**

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

- ***Program 3.01: Program Management***

Program 3.01: Program Management

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 program's more notable current details can be summarized as follows:

- A level of FY 2007 funding that supports 276 staff positions.
- This program is largely a payroll-driven activity, with roughly 78% 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, the state merit system, central accounting, collective bargaining, the 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.
- This program 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: (1) GRF, (2) state and nonfederal award funds, and (3) charges to individuals from outside the Department for training received at the Corrections Training Academy

Line Items: See above table

Implication of Executive Recommendation: According to the Department, the executive recommended level of funding in FYs 2008 and 2009 for Program Management services will permit it to cover the current FY 2007 cost of doing business in the future, including the payroll-related expenditures associated with 276 staff positions.

Temporary and Permanent Law Provisions

It does not appear that the executive recommended budget contains any permanent or temporary law provisions directly affecting the Department's Program Management services and activities.

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 2008	FY 2009
General Revenue Fund				
GRF	501-406	Lease Rental Payments	$107,607,100	$109,224,900
Total Program Series Funding: Debt Service			**$107,607,100**	**$109,224,900**

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

- ***Program 4.01: Debt Service***

Program 4.01: 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 executive recommended budget, the level of debt service funding appropriated should be sufficient to meet the Department's 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 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 2008 and 2009 is smaller than in previous years which likely reflects several factors, including: retired bonds, refinanced bonds, and smaller biennial capital budgets.

Permanent Law Provisions

It does not appear that the executive recommended budget contains any permanent law provisions directly affecting the Department's Debt Management program.

Temporary Law

Ohio Building Authority Lease Payments (Section 377.10). The executive recommended budget contains a temporary law provision stipulating 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.

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General Revenue Fund

GRF 501-321 Institutional Operations

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$829,412,812	$832,814,124	$853,758,145	$879,084,276	**$892,162,864**	**$928,980,197**
	0.4%	2.5%	3.0%	**1.5%**	**4.1%**

Source: GRF

Legal Basis: Section 209.69 of Am. Sub. H.B. 66 of the 126th 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 facility management, facility maintenance, support services, security, and unit management. 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$8,455,052	$8,599,255	$8,599,255	$8,599,255	**$8,599,255**	**$8,599,255**
	1.7%	0.0%	0.0%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 209.69 of Am. Sub. H.B. 66 of the 126th 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, the Services and Agricultural Fund (Fund 148).

GRF 501-405 Halfway House

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$35,693,925	$39,063,681	$38,083,909	$40,605,128	**$41,214,205**	**$41,214,205**
	9.4%	-2.5%	6.6%	**1.5%**	**0.0%**

Source: GRF

Legal Basis: Section 209.69 of Am. Sub. H.B. 66 of the 126th 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 delivery of community residential programs that provide supervision and treatment services to: (1) prison inmates released under transitional control, parole, post-release control, or mental health transition, and (2) offenders placed under community control with a residential sanction by a court of common pleas. In addition to securing offenders a place to stay, these funds purchase ancillary services, including, but not limited to, drug and alcohol abuse treatment, employment assistance, academic and vocational training programs, mental health treatment, and sex offender programming. Statutory authority for these agreements resides in ORC 2967.14.

During FY 2007, the Department's Bureau of Community Sanctions used the funds in the line item to contract for a total of 1,711 halfway house beds statewide with various private, nonprofit agencies. This number of halfway house beds can serve approximately 7,500 offenders annually.

GRF 501-406 Lease Rental Payments

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$131,568,393	$139,758,583	$119,406,396	$119,320,761	**$107,607,100**	**$109,224,900**
	6.2%	-14.6%	-0.1%	**-9.8%**	**1.5%**

Source: GRF

Legal Basis: Section 209.69 of Am. Sub. H.B. 66 of the 126th 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$15,057,503	$15,436,108	$15,244,830	$16,270,567	**$16,514,626**	**$16,547,367**
	2.5%	-1.2%	6.7%	**1.5%**	**0.2%**

Source: GRF

Legal Basis: Section 209.60 of Am. Sub. H.B. 66 of the 126th 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 to 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 2007, the line item's appropriations were used to support a total of 48 community sanctions/diversion programs, with the capacity to serve a total of around 9,700 felony offenders annually in 45 counties.

GRF 501-408 Community Misdemeanor Programs

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$7,783,560	$8,194,289	$8,163,754	$9,175,444	**$9,313,076**	**$9,313,076**
	5.3%	-0.4%	12.4%	**1.5%**	**0.0%**

Source: GRF

Legal Basis: Section 209.69 of Am. Sub. H.B. 66 of the 126th 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 to 5149.36. Department expenditures for administration of this subsidy are statutorily prohibited from exceeding 10% of the money appropriated for this purpose.

During FY 2007, the line item's appropriations were used to support a total of 111 community sanctions/diversion programs, with the capacity to serve a total of around 20,760 misdemeanant offenders annually in 80 counties.

GRF 501-501 Community Residential Programs - CBCF

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$52,630,878	$56,380,070	$55,063,445	$56,054,445	**$57,104,132**	**$57,104,132**
	7.1%	-2.3%	1.8%	**1.9%**	**0.0%**

Source: GRF

Legal Basis: Section 209.69 of Am. Sub. H.B. 66 of the 126th 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 to 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 1,944, permitting the diversion of approximately 5,400 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$60,744,992	$63,950,084	$68,468,763	$66,506,224	**$75,112,063**	**$78,405,363**
	5.3%	7.1%	-2.9%	**12.9%**	**4.4%**

Source: GRF

Legal Basis: Section 209.69 of Am. Sub. H.B. 66 of the 126th 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. 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$74,745,181	$74,576,039	$77,922,059	$80,608,911	**$79,296,672**	**$82,739,767**
	-0.2%	4.5%	3.4%	**-1.6%**	**4.3%**

Source: GRF

Legal Basis: Section 209.69 of Am. Sub. H.B. 66 of the 126th 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$25,901,342	$25,708,422	$27,336,072	$28,147,730	**$27,599,198**	**$28,703,273**
	-0.7%	6.3%	3.0%	**-1.9%**	**4.0%**

Source: GRF

Legal Basis: Section 209.69 of Am. Sub. H.B. 66 of the 126th 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$125,904,178	$142,230,076	$167,127,241	$179,703,683	**$199,073,620**	**$198,337,805**
	13.0%	17.5%	7.5%	**10.8%**	**-0.4%**

Source: GRF

Legal Basis: Section 209.69 of Am. Sub. H.B. 66 of the 126th 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: Funds disbursed from the line item are used exclusively for the provision of medical 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 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$19,925,036	$22,562,495	$23,638,009	$23,114,615	**$23,784,868**	**$24,847,502**
	13.2%	4.8%	-2.2%	**2.9%**	**4.5%**

Source: GRF

Legal Basis: Section 209.69 of Am. Sub. H.B. 66 of the 126th 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: 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$5,836,466	$6,643,138	$6,971,800	$7,090,212	**$7,319,028**	**$7,664,520**
	13.8%	4.9%	1.7%	**3.2%**	**4.7%**

Source: GRF

Legal Basis: Section 209.69 of Am. Sub. H.B. 66 of the 126th 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: 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$89,166,338	$91,249,705	$99,182,882	$95,207,827	**$104,485,807**	**$108,290,058**
	2.3%	8.7%	-4.0%	**9.7%**	**3.6%**

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: ORC 5120.29; Section 209.69 of Am. Sub. H.B. 66 of the 126th G.A. (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 authorized to be 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 ORC Chapter 152. to construct, reconstruct, or otherwise improve capital facilities useful to the Department.

200 501-607 Ohio Penal Industries

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$29,477,916	$26,840,763	$33,499,259	$38,000,000	**$39,395,391**	**$40,845,414**
	-8.9%	24.8%	13.4%	**3.7%**	**3.7%**

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: ORC 5120.29; Section 209.69 of Am. Sub. H.B. 66 of the 126th G.A. (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 authorized to be 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 ORC Chapter 152. to construct, reconstruct, or otherwise improve capital facilities useful to the Department.

483 501-605 Property Receipts

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$306,304	$225,544	$229,936	$393,491	**$393,491**	**$393,491**
	-26.4%	1.9%	71.1%	**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: ORC 5120.22; Section 209.69 of Am. Sub. H.B. 66 of the 126th G.A. (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 are authorized to 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 Sewer Treatment Services

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$1,395,817	$1,805,459	$1,549,476	$1,758,177	**$2,331,003**	**$2,407,018**
	29.3%	-14.2%	13.5%	**32.6%**	**3.3%**

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 have 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: ORC 5120.52; Section 209.69 of Am. Sub. H.B. 66 of the 126th G.A. (originally established by Sub. S.B. 330 of the 118th G.A.)

Purpose: Moneys deposited to the credit of the fund may only be 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$16,504,230	$14,553,031	$15,689,669	$20,967,703	**$20,967,703**	**$20,967,703**
	-11.8%	7.8%	33.6%	**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: ORC 5120.132; Section 209.69 of Am. Sub. H.B. 66 of the 126th G.A. (originally established by Am. Sub. S.B. 351 of the 119th G.A.)

Purpose: Moneys deposited to the credit of the fund are authorized to 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$1,033,168	$1,516,782	$1,717,194	$2,051,452	**$2,051,451**	**$2,051,451**
	46.8%	13.2%	19.5%	**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: ORC 2967.26(E); Section 209.69 of Am. Sub. H.B. 66 of the 126th G.A. (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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$2,275,176	$3,444,255	$2,935,030	$4,564,072	**$4,564,072**	**$4,564,072**
	51.4%	-14.8%	55.5%	**0.0%**	**0.0%**

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

Legal Basis: ORC 5120.091; Section 209.69 of Am. Sub. H.B. 66 of the 126th G.A. (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 main 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$30,350	$37,227	$41,906	$75,190	**$75,190**	**$75,190**
	22.7%	12.6%	79.4%	**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 209.69 of Am. Sub. H.B. 66 of the 126th 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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$4,583,809	$4,443,115	$5,305,860	$5,799,999	**$5,799,999**	**$5,799,999**
	-3.1%	19.4%	9.3%	**0.0%**	**0.0%**

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

Legal Basis: ORC 5120.135(C); Section 209.69 of Am. Sub. H.B. 66 of the 126th G.A. (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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$0	$60,482	$120,057	$262,718	**$262,718**	**$262,718**
		98.5%	118.8%	**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: Section 209.60 of Am. Sub. H.B. 66 of the 126th G.A. (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.

5H8 501-617 Offender Financial Responsibility

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$769,865	$1,211,195	$1,434,561	$2,500,000	**$2,500,000**	**$2,500,000**
	57.3%	18.4%	74.3%	**0.0%**	**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: ORC 5120.56(I); Section 209.69 of Am. Sub. H.B. 66 of the 126th G.A. (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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$0	$0	$212,551	$3,741,980	**$3,741,980**	**$3,741,980**
		N/A	1660.5%	**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 209.69 of Am. Sub. H.B. 66 of the 126th 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 allows the Department to pay the multi-year costs associated with information technology (IT) system upgrades and enhancements.

Federal Special Revenue Fund Group

323 501-619 Federal Grants

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$7,034,174	$9,102,318	$9,358,588	$12,198,353	**$12,198,353**	**$12,198,353**
	29.4%	2.8%	30.3%	**0.0%**	**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 209.69 of Am. Sub. H.B. 66 of the 126th 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.

3CJ 501-621 Medicaid Inpatient Services

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$0	$0	$0	$0	**$11,600,000**	**$15,500,000**
				N/A	**33.6%**

Source: FED: Federal Medicaid reimbursement

Legal Basis: Section 377.10 as proposed in the As Introduced version of H.B. 119 of the 127th G.A.

Purpose: The fund will serve as the depository for federal reimbursement payments received for medical inpatient costs incurred by Medicaid eligible inmates and the moneys so deposited will be used to pay the state match for inmates that receive inpatient hospitalization services that are Medicaid eligible.

3S1 501-615 Truth-In-Sentencing Grants

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
$5,854,169	$4,264,508	$2,066,224	$26,127,427	**$8,709,142**	**$8,709,142**
	-27.2%	-51.5%	1164.5%	**-66.7%**	**0.0%**

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

Legal Basis: Section 209.69 of Am. Sub. H.B. 66 of the 126th 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 (VOI/TS) Incentive Formula 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.

From FYs 1996 through 2001, the last fiscal year for which VOI/TS funding was available, the Department was awarded a total of $82.2 million, of which $55.0 million has been disbursed to date. The state cannot simply collect and bank its annual VOI/TS grant 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 state has until the end of August 2009 to draw down the unused portion of its VOI/TS funding.

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 2008 - FY 2009

Fund	ALI	ALI Title	2006	Estimated 2007	Executive 2008	% Change 2007 to 2008	Executive 2009	% Change 2008 to 2009
DRC Rehabilitation and Correction, Department of								
GRF	501-321	Institutional Operations	$ 853,758,145	$879,084,276	$ 892,162,864	1.5%	$ 928,980,197	4.1%
GRF	501-403	Prisoner Compensation	$ 8,599,255	$8,599,255	$ 8,599,255	0.0%	$ 8,599,255	0.0%
GRF	501-405	Halfway House	$ 38,083,909	$40,605,128	$ 41,214,205	1.5%	$ 41,214,205	0.0%
GRF	501-406	Lease Rental Payments	$ 119,406,396	$119,320,761	$ 107,607,100	-9.8%	$ 109,224,900	1.5%
GRF	501-407	Community Nonresidential Programs	$ 15,244,830	$16,270,567	$ 16,514,626	1.5%	$ 16,547,367	0.2%
GRF	501-408	Community Misdemeanor Programs	$ 8,163,754	$9,175,444	$ 9,313,076	1.5%	$ 9,313,076	0.0%
GRF	501-501	Community Residential Programs - CBCF	$ 55,063,445	$56,054,445	$ 57,104,132	1.9%	$ 57,104,132	0.0%
GRF	502-321	Mental Health Services	$ 68,468,763	$66,506,224	$ 75,112,063	12.9%	$ 78,405,363	4.4%
GRF	503-321	Parole and Community Operations	$ 77,922,059	$80,608,911	$ 79,296,672	-1.6%	$ 82,739,767	4.3%
GRF	504-321	Administrative Operations	$ 27,336,072	$28,147,730	$ 27,599,198	-1.9%	$ 28,703,273	4.0%
GRF	505-321	Institution Medical Services	$ 167,127,241	$179,703,683	$ 199,073,620	10.8%	$ 198,337,805	-0.4%
GRF	506-321	Institution Education Services	$ 23,638,009	$23,114,615	$ 23,784,868	2.9%	$ 24,847,502	4.5%
GRF	507-321	Institution Recovery Services	$ 6,971,800	$7,090,212	$ 7,319,028	3.2%	$ 7,664,520	4.7%
General Revenue Fund Total			**$ 1,469,783,677**	**$ 1,514,281,251**	**$ 1,544,700,707**	**2.0%**	**$ 1,591,681,362**	**3.0%**
148	501-602	Services and Agricultural	$ 99,182,882	$95,207,827	$ 104,485,807	9.7%	$ 108,290,058	3.6%
200	501-607	Ohio Penal Industries	$ 33,499,259	$38,000,000	$ 39,395,391	3.7%	$ 40,845,414	3.7%
483	501-605	Property Receipts	$ 229,936	$393,491	$ 393,491	0.0%	$ 393,491	0.0%
4B0	501-601	Sewer Treatment Services	$ 1,549,476	$1,758,177	$ 2,331,003	32.6%	$ 2,407,018	3.3%
4D4	501-603	Prisoner Programs	$ 15,689,669	$20,967,703	$ 20,967,703	0.0%	$ 20,967,703	0.0%
4L4	501-604	Transitional Control	$ 1,717,194	$2,051,452	$ 2,051,451	0.0%	$ 2,051,451	0.0%
4S5	501-608	Education Services	$ 2,935,030	$4,564,072	$ 4,564,072	0.0%	$ 4,564,072	0.0%
571	501-606	Training Academy Receipts	$ 41,906	$75,190	$ 75,190	0.0%	$ 75,190	0.0%
593	501-618	Laboratory Services	$ 5,305,860	$5,799,999	$ 5,799,999	0.0%	$ 5,799,999	0.0%
5AF	501-609	State and Non-Federal Awards	$ 120,057	$262,718	$ 262,718	0.0%	$ 262,718	0.0%
5H8	501-617	Offender Financial Responsibility	$ 1,434,561	$2,500,000	$ 2,500,000	0.0%	$ 2,500,000	0.0%
5L6	501-611	Information Technology Services	$ 212,551	$3,741,980	$ 3,741,980	0.0%	$ 3,741,980	0.0%
General Services Fund Group Total			**$ 161,918,381**	**$ 175,322,609**	**$ 186,568,805**	**6.4%**	**$ 191,899,094**	**2.9%**

LSC Budget Spreadsheet by Line Item, FY 2008 - FY 2009

Fund	ALI	ALI Title	2006	Estimated 2007	Executive 2008	% Change 2007 to 2008	Executive 2009	% Change 2008 to 2009
DRC		***Rehabilitation and Correction, Department of***						
323	501-619	Federal Grants	$ 9,358,588	$12,198,353	$ 12,198,353	0.0%	$ 12,198,353	0.0%
3CJ	501-621	Medicaid Inpatient Services	----		$ 11,600,000	N/A	$ 15,500,000	33.6%
3S1	501-615	Truth-In-Sentencing Grants	$ 2,066,224	$26,127,427	$ 8,709,142	-66.7%	$ 8,709,142	0.0%
Federal Special Revenue Fund Group Total			**$ 11,424,812**	**$ 38,325,780**	**$ 32,507,495**	**-15.2%**	**$ 36,407,495**	**12.0%**
Total All Budget Fund Groups			***$ 1,643,126,870***	***$ 1,727,929,640***	***$ 1,763,777,007***	***2.1%***	***$ 1,819,987,951***	***3.2%***