

Department of Corrections

	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Legislatively Approved *	2019-21 Current Service Level	2019-21 Governor's Budget
General Fund	1,604,985,118	1,681,063,918	1,706,635,363	1,835,848,829	1,824,439,471
Other Funds	50,911,308	81,738,081	82,099,322	44,460,244	96,713,703
Other Funds (NL)	27,167,985	--	--	--	--
Federal Funds	4,134,712	4,352,986	5,094,910	4,533,582	4,533,582
Federal Funds (NL)	1,123,728	1,038,513	1,038,513	940,120	940,120
Total Funds	1,688,322,851	1,768,193,498	1,794,868,108	1,885,782,775	1,926,626,876
Positions	4,562	4,605	4,605	4,600	4,630
FTE	4,493.39	4,572.07	4,572.07	4,575.36	4,605.86

* Includes Emergency Board and administrative actions through December 2018.

Program Description

The Department of Corrections (DOC) has two primary functions – the operation of prisons and the state responsibility for the community corrections system. The Department operates 14 institutions for the incarceration of adult and certain juvenile felons sentenced to prison for more than twelve months by the courts. The legislatively approved budget is based on the April 2017 prison population forecast and other legislative changes that affected the prison population. The community corrections system is based on SB 1145 (1995) which transferred management of offenders sentenced or sanctioned for incarceration for 12 months or less, and all felony offenders under community supervision, to the counties. Funds are provided to counties for the costs of supervising these offenders. The Department operates community corrections directly in Linn and Douglas counties after they opted out of the “local control” system in 2004.

CSL Summary and Issues

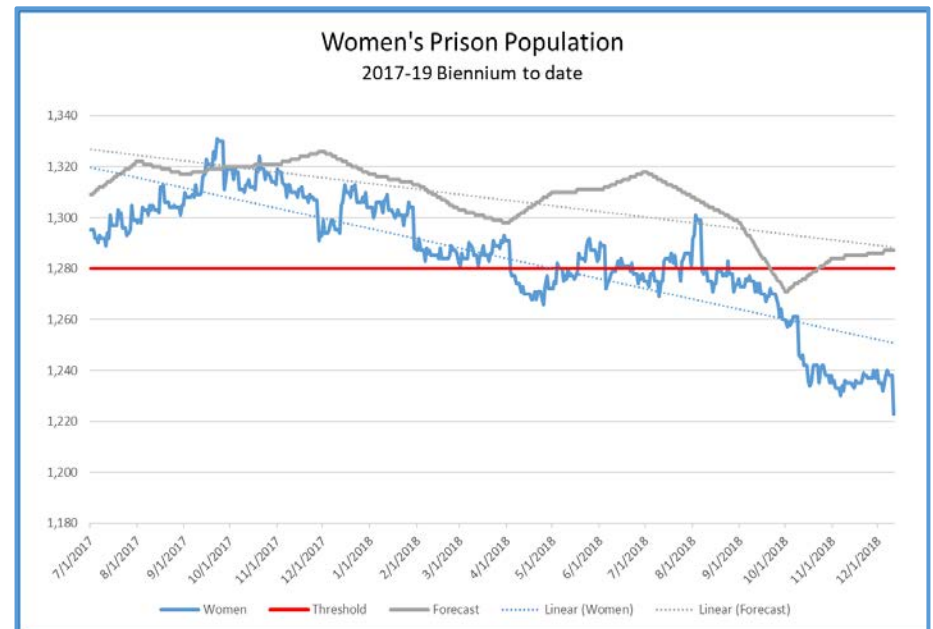
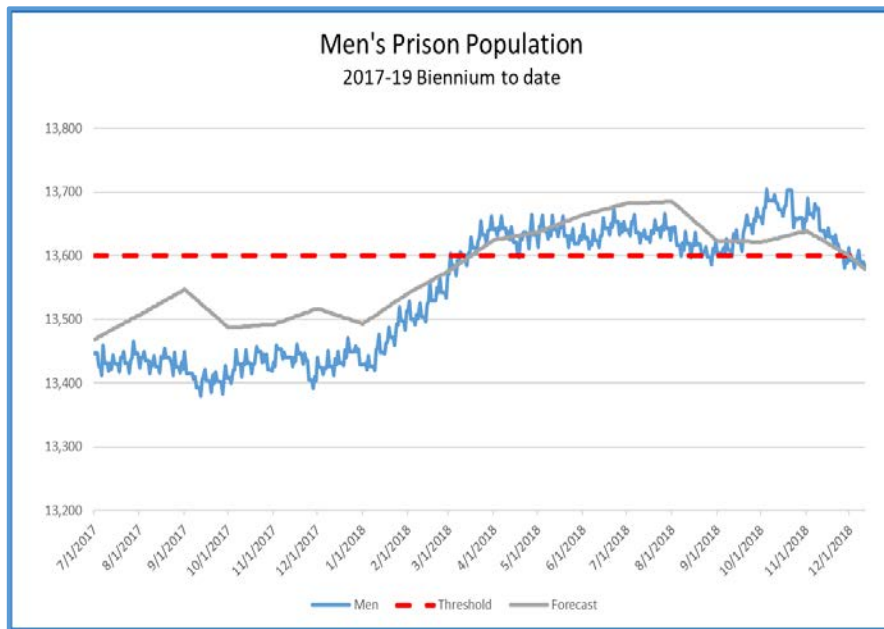
The General Fund CSL is 7.6%, or \$129.2 million, greater than the 2017-19 legislatively approved budget. The all funds CSL is 5.1%, or \$117.6 million, more than 2017-19, including the removal of capital construction expenditure limitation from the current service level calculation. Adding it back brings the biennial increase to 7.3% over 2017-19. The 2019-21 General Fund current service level restores the unspecified reduction (\$20 million) in the 2017-19 budget and includes a decrease of \$14.7 million for mandated caseload changes based on the most recent (October 2018) prison population forecast. The bulk of the decrease is in the Community Corrections program and reflects a declining probation and post-prison supervision population. *(See below)*.

Policy Issues

Certain provisions contained in HB 3194 (2013) and HB 3078 (2017) are credited with causing a noticeable decline in both the prison and community corrections populations. Among other criminal justice reforms, HB 3194 lengthened the available amount of short-term

transitional leave from prison from 30 to 90 days, and created an earned-time discharge option from community corrections supervision. HB 3078 further lengthened short-term transitional leave from 90 to 120 days, and removed two types of crimes (theft and identity theft) from Measure 57 sentencing. These changes can be seen in the ten-year forecasts for both prison and community corrections populations in Oregon. The October 2018 corrections population forecast prepared by the Office of Economic Analysis (OEA) shows significant decreases in prison populations for both men and women.

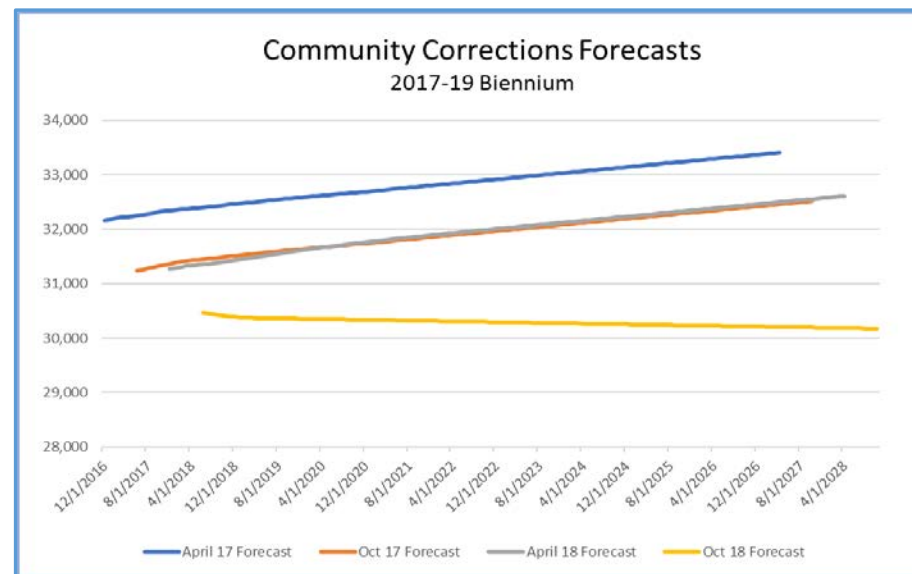
Growth in the women’s prison population was a concern for much of the 2015-17 and 2017-19 biennia, as the increasing number of women offenders was overpopulating Oregon’s one women’s prison and would have required the opening of another facility. The current forecast has the women’s population falling to a sustained level of about 1,150 by 2020. The chart to the right, below, shows the **actual** women’s prison population as compared to both the October 2018 forecast (gray line) and the population threshold for Coffee Creek (red line). The women’s population was last at the threshold number on August 17th, 2018, and one month later began a steep drop to the current population of between 1,230 - 1,240 inmates per day, in advance of and well below the forecast drop. This population decline is attributed to the law changes made by HB 3078. A legal challenge to this law was recently heard before the state Supreme Court; a decision in the matter is expected sometime this winter.



While the decline in the women’s prison population reduction comes as a relief to the agency, the men’s prison population has increased recently, and is cause for some concern. The DOC operates thirteen prisons for men, which provides some flexibility - and less of a “hard”

threshold line - for managing the overall population but which nevertheless faces limits based on inmate security classifications, medical requirements, and other factors. The agency is actively working to reduce the use of segregation beds, which creates more demand for general population beds, and has not been able to reduce its reliance on “emergency beds,” which number 758 throughout the men’s prisons statewide. (An additional 110 emergency beds are in use at the Coffee Creek Correctional Facility for women.)

Smaller community corrections caseloads resulted in a current service level reduction in DOC’s Community Corrections program of \$12.8 million; this reduction will flow directly to counties without triggering the ability to opt out of local control. County corrections agencies may feel additionally shortchanged after having participated in the once-every-six-years cost study, which looks at the amount of time that local corrections agencies spend on offender management activities, and at how much it costs those agencies to do so. The 2018 time study resulted in an “actual cost” of \$50.9 million more than the DOC’s calculated CSL for community corrections. There is no statutory requirement to use the study for budgeting purposes; the agency included it as a policy option package. After the last cost study in 2012, the legislature approved a portion of the recommended increase (\$9 million¹) to the baseline funding for community corrections.



Since at least the 2003-05 biennium, the legislature has inserted an “unspecified reduction” into the agency’s legislatively adopted budget, typically equal to about 1% of the DOC’s General Fund budget. The assumption is that an organization of the DOC’s size can find budget savings equal to about a percent of its budget through management actions and normal underspending, and any balance can be addressed in a budget bill at the end of a biennium to keep the agency from overspending its appropriations. This arrangement has been manageable, if not optimal, for both the agency and the legislature until this biennium: the DOC is forecasting a budget deficit of \$40 million by June 30, 2019, an amount that the legislature may find difficult to make up at the end of the biennium. A number of factors have contributed to the current state, the most significant of which include:

- Emergency repairs to the agency’s facilities, which have cost the DOC \$4.7 million to date, including roof and wall repairs to the Dome Building and repairs or replacements of various freezers, generators, boilers, pumps, lock systems, and elevators in the prisons.

¹ In addition to the \$9M “baseline” increase to Community Corrections as a result of the time study, the passage of HB 3194 further increased Community Corrections funding by \$8.1 million, plus \$5 million for jail support. See the [Budget Report for HB 5008](#) (2013), p.30.

- Spending on the unbudgeted cost of software licensing and PC lifecycle replacements throughout the agency (\$7.1M)
- Spending on medication for Hepatitis C (\$6.3M)
- Management's decision to end the practice of holding security (corrections officers) positions vacant in order to generate budget savings. Security positions make up 53% of the agency's workforce; holding them harmless significantly limits the DOC's ability to accrue vacancy savings adequate to close its budget gap.

The DOC's expenditures in 2017-19 suggest a certain level of management fatigue with deferring normal expenses associated with prison operations, and illuminate areas of spending that are perennially outside of current service level, such as technology expenditures and capital repairs and maintenance. General Fund makes up more than 95% of the Department's budget, and ongoing budget reductions due to revenue constraints are a major concern for the agency. Personnel costs make up 60% of the agency's budget, with Community Corrections payments to counties another 15.3%, and debt service 6.2%. The remaining 18% is services and supplies and capital improvement projects, areas of the budget that are too small to yield savings that would meaningfully address the agency's budget gap. The success of HB 3194 and HB 3078 (and, likewise, the temporary suspension of Measure 57 in 2010) in reducing the demand for prison beds revealed the most effective means of managing prison costs, which is to limit the use of prison through charging and sentencing practices.

Other Significant Issues and Background

The Department continues to struggle with providing health care services in the prisons, which house an aging population with a greater-than average number of health issues and conditions. Significant issues raised in policy option packages include the cost and availability of prescription medications, an increase in hospital stays requiring the use of overtime to staff hospital transports and watches, and difficulty in recruiting and retaining medical staff - a problem made worse, interestingly, by inadequate medical records technology in the infirmaries, where providing medical care in an already-challenging environment becomes career-limiting for providers who can't stay current on the use of industry-standards tools.

Staff wellness is also a top priority for the DOC. After national research revealed the poor health and life expectancy outcomes for correctional employees, a DOC staff survey conducted in 2016 revealed the same outcomes for corrections staff here, as well as dissatisfaction with staffing levels, a negative work environment, and scheduling issues. In 2015-17, the DOC received 33 FTE and \$5.2 million to address staffing levels and to reduce overtime; the 2017-19 budget did not provide resources to continue the staffing plan. The DOC's 2019-21 request includes policy option packages that request new positions in specific areas to address overtime issues, to provide additional staff and management training, and to augment staffing levels in particular areas of prison operations, including Health Services, Information Technology, and for hospital security watches.

The Department of Corrections has one of the largest building portfolios in the state. It owns 353 buildings with more than 5.4 million square feet of space, ranging in age from ten to 150 years, including fourteen prisons that operate 24 hours a day, 365 days of the year. The agency has a remarkably small repairs and maintenance budget for its facilities (\$13.5 million in 2017-19) and relies heavily on inmate labor for

routine maintenance, minor repairs and upkeep activities. The fair-market value of janitorial/custodial and physical plant labor was estimated for 2018 at \$82 million. Nevertheless, the department has an extensive backlog of deferred maintenance projects, including a number of large life-cycle asset replacement projects (such as roof replacements) on the prisons that were built during the 1990's, and for systems that have failed prematurely due to prison populations that exceed built capacity. The agency's Facility Condition Assessment reveals a current-year (2018) estimate in excess of \$208 million in capital improvement and renewal projects across its portfolio of buildings, an estimate which the agency believes is low as it excludes soft costs and costs associated with working on secure facilities.

General Fund Deferred Maintenance Requests	
Deferred Maintenance: POP 110a	12,006,202
<i>Building envelope</i>	3,652,635
<i>Electrical Systems</i>	87,723
<i>Water Systems</i>	591,071
<i>Roofs</i>	456,733
<i>HVAC</i>	5,268,021
<i>White City building demolition</i>	240,000
<i>10 Year Master Strategic Plan</i>	500,000
<i>Project Management - 5 positions</i>	1,210,019

Information Technology (various POPs)	62,359,903
<i>Electronic Health Records (POP 103)</i>	3,700,000
<i>Computer lifecycle replacement (POP 106)</i>	2,200,000
<i>Enterprise software (POP 106)</i>	3,000,000
<i>Corrections Information System Rebuild (POP 107)</i>	6,068,984
<i>DOC Intranet (POP 108)</i>	2,265,066
<i>Statewide Radio Replacement (POP 110c)</i>	16,941,858
<i>Camera System Upgrades (POP 110d)</i>	10,296,967
<i>IT Services Staffing (POP 116)</i>	16,351,028
<i>Body Scanners (POP 124d)</i>	1,536,000

DOC's SB 1067 deferred maintenance target for facilities (2% of current replacement value) is \$65.4 million.

The agency's requested budget includes policy option packages - funded both with General Fund and with bond proceeds - totaling \$41.9 million for deferred maintenance and capital renewal projects, and \$62.4 million for information technology projects, staffing, and systems upgrades. The budget request also includes a policy option package for \$75 million in bond proceeds to begin planning for and building a new public safety center building for DOC leadership and administrative staff and other small public safety agency staffs. This POP ranks #2 on the

agency's priority list, a startling position given the amount of capital reinvestment required in the prison system to keep it adequately functional and safe as a workplace and for the inmates who live there.

Governor's Budget

The Governor's budget for the Department of Corrections is 2.2% more than current service level; the General Fund budget is 0.6% less. The net General Fund reduction of \$11.4 million from CSL includes \$29.7 million in reductions and \$18.3 million in increases. Reductions include:

- \$13.4 million reduced from inflation provided in the base budget on services & supplies and capital outlay expenditures. This amount includes the reduction of both standard and extraordinary inflation provided for health services (\$7.7 million).
- \$0.6 million from personal services and four long-term vacant positions.

- \$10 million from Community Corrections, predicated on a legislative change to statutes created by HB 3194 (2013). Absent a statutory change, this reduction would trigger the “opt-out” provision from local control of community corrections.
- \$5.6 million in reduced statewide charges for the Attorney General and other state government service charges.

Increases/new spending include:

- \$2.2 million and twelve positions (12.00 FTE) to staff hospital watches and transports.
- \$1 million for opioid detection equipment
- \$1.5 million for the next phase of the Electronic Health Records implementation
- \$280,000 to renew software licenses
- \$377,000 for debt service on new bond issues
- \$12.9 million for non-bondable capital repair and renewal projects in the prisons

The Governor’s budget also includes \$48.8 million of bond funds for capital renewal projects, camera replacements in the prisons, and radio system replacements.