Department of Rehabilitation and Correction

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

OVERVIEW

Duties and Responsibilities

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

As its most basic mission, the Department is charged with the supervision of felony offenders committed to the custody of the state, which includes inmate housing and services provided in a statewide network of prisons, and, following their release from incarceration, controlling and monitoring those offenders 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 might otherwise have spent 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 is devoted toward the building and management of correctional institutions and the inmates who inhabit them.

Local Government Impact

The principal local fiscal impact generated by the Department's budget is felt primarily through activities and funds handled by the Division of Parole and Community Services. The Division 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.

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 the size of prison and jail populations from what they might otherwise have been by diverting felony and misdemeanant offenders into alternative community controls.

Costs of Doing Business

The nature and size of the Department's operation – securing and servicing 32 correctional institutions (including two privately operated, state-owned prisons) that house 44,000-plus inmates, supervising more than 35,000 offenders who reside in communities around Ohio, and managing 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 seem almost invariably to push 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.

- ***Medical Services Costs.*** Inflation has had a particularly notable impact on the cost of delivering medical/health care services in correctional institutions. The Department's inflation rate for medical/health care services over the last two years has been 10%. Some of the inflationary factors driving up DRC's cost of delivering institutional medical services include: (1) the rising contract amount with The Ohio State University Medical Center to provide inpatient care, (2) the price growth associated with the diagnosis and treatment of Hepatitis C, which has also become a growing concern for corrections systems across the country, and can cost tens of thousands of dollars per inmate for treatment, (3) the use of new diagnostic tests and required standards of care, (4) the difficulty in hiring and retaining qualified nursing staff forces the use of overtime and contracting for higher cost agency nursing services to meet minimum staffing requirements, (5) the escalating prices of prescription medications, and (6) the resolution of a class action lawsuit alleging that the correctional health care delivery system in Ohio is constitutionally inadequate.

Agency in Brief

The following table selectively summarizes DRC appropriations and staffing information.

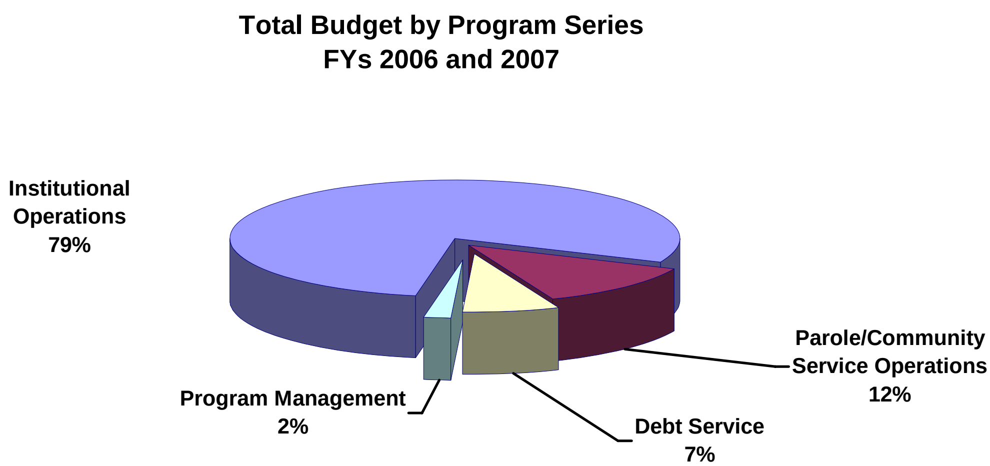
DRC In Brief

Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2006	2007	2006	2007	
14,337	$1.69 billion	$1.71 billion	$1.48 billion	$1.50 billion	Am. Sub. H. B. 66

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2005.

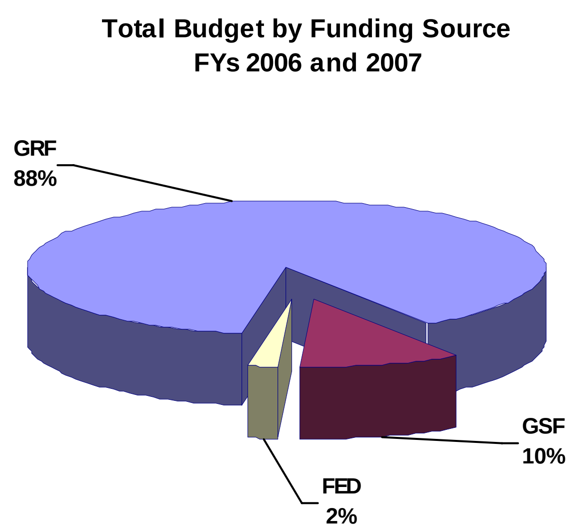
Expense by Program Series Summary

The pie chart immediately below shows total DRC appropriations (FYs 2006 and 2007) by program series. This information is shown for all funds, including the General Revenue Fund (GRF).



Expense by Fund Group Summary

The pie chart immediately below shows total DRC appropriations (FYs 2006 and 2007) by fund group. This information is shown for all funds, including the General Revenue Fund (GRF).



Staffing Levels

The table immediately below summarizes the number of staff that DRC paid, or will pay, on the last pay period of FYs 2002 through 2005. The current number of authorized staff positions, or full-time equivalents (FTEs), is in excess of 15,200. As the level of GRF funding in the enacted budget is less than what the Department calculated its costs to be in order to continue current levels of services, it seems unlikely that it will be able to support its current filled number of 14,000-plus staff positions. Over the course of FYs 2002 and 2003, the Department eliminated more than 1,800 staff positions.

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

* The number of staff by program that DRC paid or will pay on the last pay period of FYs 2002 through 2005; program staffing numbers for FY 2005 represent estimates.

Future Staffing Levels. The enacted budget provides a level of funding that is below what the Department calculated its future cost of doing FY 2005's business would be in FYs 2006 and 2007. As a result, the Department will not be able to maintain its FY 2005 level of programs and services, which means that it will have to reduce certain operating expenses (payroll, contracts, maintenance, and equipment). The Department has not yet made any firm decisions with regard as to how the fiscal effects of this funding level will be handled, including likely reductions in the size of its annual payroll; thus no estimate of future staffing levels by program area can be made with any degree of certainty at this time. That said, the Department has stated that additional staff reductions could reach several hundred.

Percentage of State Workforce. 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.

Vetoed Provisions

The Department is not directly affected by any of the items contained in Am. Sub. H.B. 66 that were vetoed by the Governor.

ANALYSIS OF THE ENACTED BUDGET

What follows is LSC fiscal staff's analysis of the Department of Rehabilitation and Correction's enacted biennial budget covering FYs 2006 and 2007. The presentation of this analysis 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 enacted funding levels.

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

Fund	ALI	Title	FY 2006	FY 2007
Federal Special Revenue Fund (FED)				
323	501-619	Federal Grants	$12,198,353	$12,198,353
3S1	501-615	Truth-in-Sentencing Grants	$26,127,427	$26,127,427
		Federal Special Revenue Fund Subtotal	**$38,325,780**	**$38,325,780**
Total Funding: Institutional Operations			**$1,330,339,319**	**$1,365,120,127**

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

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

Program 1: Facility Maintenance

Program Description: This program provides for the maintenance of buildings and structures to facilitate the safe and secure operation of correctional institutions throughout the state, and to ensure that these institutions are compliant with all applicable federal, state, and local standards. Specifically, through this program, staff perform various duties, including but not limited to, providing for physical plant operations, e.g., heating, ventilation, plumbing, and electrical service, and performing preventive maintenance that falls under the threshold for capital projects, e.g., painting, roofing, and asbestos management.

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

Implication of the Enacted Budget: The enacted budget does not provide the level of funding that DRC calculated would be necessary to maintain the program's FY 2005 service levels over the course of FYs 2006 and 2007. This means that DRC will most likely have to trim biennial facility maintenance costs, which would include cutting payroll and canceling lower priority, nonsecurity related maintenance projects. In fact, during the first quarter of FY 2006, DRC improved its ability to work within the enacted facility maintenance funding levels as a result of losing approximately 300 employees department-wide thru natural attrition and instituting a limited hiring freeze.

Program 2: Support Services

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

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

Implication of the Enacted Budget: The enacted budget does not provide the level of funding that DRC calculated would be necessary to maintain the program's FY 2005 service levels over the course of FYs 2006 and 2007. Thus, the Department will likely have to trim the Support Services program's biennial operating costs. The fact that payroll-related costs constitute approximately one-third of the program's annual operating expenses suggests that expenditure reductions will have to include more than cutting the number of program staff. Previously noted department-wide staff losses and a limited hiring freeze that occurred subsequent to the budget's enactment might improve DRC's ability to work within the available level of Support Services funding. Other cost-cutting measures include plans to increase the Department's efforts to streamline service delivery and improve program efficiencies. A recent development in that regard involves enhancing DRC's in-house capacity to process meat and milk.

Program 3: Security

Program Description: This program encompasses the Department's primary mission – security – which includes the supervision and control of approximately 44,000 incarcerated offenders, as well as observation and monitoring of security systems and hardware designed to create a safe environment for inmates and staff.

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

Implication of the Enacted Budget: The enacted budget does not provide the level of funding that DRC calculated would be necessary to maintain the program's FY 2005 service levels over the course of FYs 2006 and 2007, including the payroll costs associated with 7,200-plus correction officers. Thus, the Department will likely have to trim Security program biennial operating costs. As a result, funding reductions to the Security program may ultimately require staff cuts that go beyond those attributable to attrition.

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

At this point in time, given the realities of the enacted budget, the Department does not anticipate the need to close any additional correctional institutions. The structure of the programs within this program series – Institutional Operations – provides the Department with a degree of flexibility that may allow it to avoid such a decision.

The Department's source of funding for institutional operations (GRF line item 501-321) is actually allocated across five of the nine programs constituting this program series. Those five programs – facility maintenance, support services, security, unit management, and facility administration – all relate to operational issues. The important point here is that when the funding is reduced in a program such as Security, the Department has some flexibility to distribute the burdens of such a cut into other related programs funded from the same line item, in this case GRF line item 501-321. Despite this fluidity, the level of funding in the enacted budget will not support the overall continuation of FY 2005 service levels in the Institutional Operations program series in FYs 2006 and 2007. From the Department's perspective, cut backs are inevitable.

Program 4: Unit Management

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

Funding Source: GRF

Implication of the Enacted Budget: The enacted budget provides a level of funding that is fairly close to the amount DRC calculated would be necessary to maintain the program's FY 2005 service levels over the course of FYs 2006 and 2007. That said, there still may be some staff reductions and streamlining of services in this program as some of the funding in GRF line item 501-321, Institutional Operations, may be shifted to other programs, such as Security, where the magnitude of expenditure reductions threaten the operation of safe and secure correctional institutions.

Program 5: Medical Services

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

Funding Sources: (1) GRF, (2) costs of incarceration or supervision that may be assessed against and collected from an offender as a debt to the state, and (3) payments collected from entities that receive laboratory services

Implication of the Enacted Budget: The enacted budget provides a level of funding that is greater than the amount DRC calculated would be necessary to maintain the FY 2005 level of medical services over the course of FYs 2006 and 2007. The Department, however, has some concern that the amount of available moneys may not be adequate to cover its institutional medical needs given the uncertainties associated with multiple inflationary variables.

Permanent law: ***Payments for Medical Care of Inmates of State Correctional Institutions (R.C. 341.192).*** The enacted budget contains a permanent law provision requiring a medical provider that is not under contract to DRC and that provides necessary care to a person who is confined in a state correctional institution or in the custody of a law enforcement officer before confinement be paid at the Medicaid reimbursement rate. Since Medicaid reimbursement rates are generally lower than the going market rate for medical care, the medical care expenditures of the Department and local law enforcement may be reduced from what those costs might otherwise have been under current law and practice. As of this writing, the annual magnitude of that potential reduction in medical care expenditures for the Department or any affected local criminal justice system is uncertain.

Program 6: 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.

Funding Sources: (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

Implication of the Enacted Budget: The enacted budget provides a level of funding that is greater than the amount DRC calculated would be necessary to maintain the FY 2005 level of recovery services over the course of FYs 2006 and 2007. At this point in time, the Department does not anticipate the need to reduce program staff or service levels.

Program 7: 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.

Funding Sources: (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

Implication of the Enacted Budget: The enacted budget provides a level of funding that is greater than the amount DRC calculated would be necessary to maintain the FY 2005 level of education services over the course of FYs 2006 and 2007. At this point in time, the Department does not anticipate the need to reduce program staff or service levels.

Program 8: Mental Health Services

Program Description: This program provides treatment and care for inmates with various mental health needs, including outpatient treatment and behavior management, psychiatric services, sex offender services, and preparole evaluations to assist in identifying high-risk offenders.

Funding Source: GRF

Implication of the Enacted Budget: The enacted budget does not provide the level of funding that DRC calculated would be necessary to maintain the program's FY 2005 service levels over the course of FYs 2006 and 2007. At this time, however, DRC does not anticipate the need to cut Mental Health Services program staff because of two relatively recent factors that, in combination, seem to have constrained program expenditures: (1) a reduction in the number of inmates with serious mental health problems; these are persons whose condition typically requires housing in a residential treatment unit (RTU), and (2) the difficulty in filling professional vacancies.

Program 9: Facility Administration

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

Funding Sources: (1) GRF, (2) prorated charges assessed to each of the Department's institutions and its Division of Parole and Community Services that reflect the relative benefit each receives from information technology upgrades and enhancements, (3) charges to individuals from outside the Department for training received at the Corrections Training Academy, and (4) federal funds

Implication of the Enacted Budget: The enacted budget does not provide the level of funding that DRC calculated would be necessary to maintain the program's FY 2005 service levels over the course of FYs 2006 and 2007. Any program cuts required to stay within this level of funding would presumably involve some mix of staff and nonpayroll-related expenses. Previously noted department-wide staff losses and a limited hiring freeze that occurred subsequent to the budget's enactment might improve DRC's ability to work within the available level of Facility Administration program funding. Other cost-cutting measures include increasing departmental efforts to streamline service delivery and improve program efficiencies.

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 enacted funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	501-405	Halfway House	$38,104,924	$38,105,128
GRF	501-407	Community Nonresidential Programs	$15,383,471	$15,404,522
GRF	501-408	Community Misdemeanor Programs	$8,041,489	$8,041,489
GRF	501-501	Community Residential Programs-CBCF	$55,054,445	$55,054,445
GRF	503-321	Parole and Community Operations	$78,887,219	$80,708,911
		General Revenue Fund Subtotal	**$195,471,548**	**$197,314,495**
General Services Fund				
4L4	501-604	Transitional Control	$1,593,794	$1,593,794
5H8	501-617	Offender Financial Responsibility	$1,225,980	$1,225,980
		General Services Fund Subtotal	**$2,819,774**	**$2,819,774**
State Special Revenue Fund				
5CL	501-616	Sex Offender Supervision	$100,000	$75,000
		State Special Revenue Fund Subtotal	**$100,000**	**$75,000**
Total Funding: Parole and Community Service Operations			**$198,391,322**	**$200,209,269**

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

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

Program 1: Parole and Community Service Operations

Program Description: The activities grouped under the Parole and Community Service Operations program provide offender release and community supervision services, jail inspection services, and victim services. The largest component of the program contains the Adult Parole Authority (APA). The APA is responsible for the release of offenders from prison (including operation of the Parole Board) and their supervision in the community thereafter (including offenders placed on parole, post-release control, and transitional control). The APA also provides: (1) full presentence investigation and supervision services to the courts of common pleas in 42 counties, (2) supplemental presentence investigation and supervision services to the courts of common pleas in 4 counties, and (3) presentence investigation services to the courts of common pleas in 5 counties. Additional areas include the Office of Victim Services and the Bureau of Adult Detention.

Funding Sources: (1) GRF, (2) money collected from prisoners who are transferred to transitional control that may be required to pay "reasonable expenses" incurred by the Department in the supervision and confinement of those prisoners while under transitional control, and (3) costs of incarceration or supervision that may be assessed against and collected from an offender as a debt to the state

Implication of the Enacted Budget: The enacted budget does not provide the level of funding that DRC calculated would be necessary to maintain the program's FY 2005 service levels over the course of FYs 2006 and 2007, including the payroll-related expenditures associated with 1,036 staff positions. This program is predominantly staff driven. Any expenditure reductions necessary for the program to stay within the available level of funding would presumably involve some mix of staff and nonpayroll-related expenses. According to the Department, the precise extent to which staff positions may need to be eliminated in this program is unknown at this time.

Permanent and Temporary Law: ***Active Global Positioning System Monitoring of Sexually Violent Predators (R.C. 2743.191, 2971.05, and Section 209.69)***. Relative to sexually violent predators, the enacted budget contains permanent and temporary law provisions that:

- Require a sexually violent predator who has been released from prison to be supervised by the APA with an active global positioning system device for the offender's entire life, unless the court removes the sexually violent predator classification from the offender;

- Specify that the cost of administering the supervision of a sexually violent predator with an active global positioning system be funded with cash transferred from the existing Victims of

Crime/Reparations Fund (Fund 402) through the Sex Offender Supervision Fund (Fund 5CL), which is created by the enacted budget; and

- Instruct the Director of Budget and Management to transfer cash in the amount of $100,00 and $75,000 in FYs 2006 and 2007, respectively, from Fund 402 to Fund 5CL for the purpose of paying the costs incurred by the APA in supervising sexually violent predators released from prison.

Based on information provided by the Department, LSC fiscal staff estimates that the appropriated amounts will be sufficient to cover the APA's costs of supervising up to ten sexually violent predators that could be released from prison over the course of FYs 2006 and 2007.

Program 2: Halfway Houses

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

Funding Source: GRF

Implication of the Enacted Budget: The enacted funding levels in each of FYs 2006 and 2007 are roughly $1.0 million less than the Halfway Houses program's actual FY 2005 expenditures of $39.1 million. This fact, when combined with the possibility that the program's cost of doing today's business tomorrow is likely to be higher, means that the enacted funding levels are below the amount that would be necessary for the continuation of the FY 2005 level of programming and services in FYs 2006 and 2007. As those costs increase, the same funding will purchase fewer services. Based on information provided by DRC, the enacted funding levels will have a tangible impact in the following areas.

- ***Beds.*** The available GRF funding will not fully support a current network of 1,664 halfway house beds that serve approximately 6,656 offenders annually. As of this writing, the Department is planning to eliminate 42 halfway house beds in FY 2006, and another 95 beds in FY 2007. The elimination of these 137 beds will mean a corresponding reduction of more than 500 placements for the biennium.

- ***Electronic home monitoring.*** Electronic home monitoring (EHM) is used for both the step down of inmates transitioning toward release, and as a sanction for technical violations for those inmates who have been released and are under some form of supervision. The Department projects the available level of GRF funding will support approximately 16 fewer EHM slots in FY 2006 plus another 4 fewer slots in FY 2007. The loss of these EHM 20 slots will mean that approximately 120 fewer offenders, out of a total capacity of 850, will be subject to EHM over the course of FYs 2006 and 2007.

- ***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. The

Department projects the available level of GRF funding will support approximately 26 fewer slots over FYs 2006 and 2007. This means that, although the affected offenders will remain under APA supervision, there will likely not be sufficient funding for those offenders to receive any ancillary services.

- ***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. The Department projects the available level of GRF funding will support approximately four fewer beds over FYs 2006 and 2007, leaving approximately 28 offenders with no viable living arrangement other than a homeless shelter.

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, however, were not sufficient for that plan to move forward. Under the enacted budget, the available moneys will not be sufficient for this project to move forward.
- ***Allen County*.** The county was seeking to renovate an existing site to host a 50-bed halfway house facility for "hard-to-place" offenders. Under the enacted budget, the available moneys will not be sufficient for this project to move forward. The Department has not yet spent any funds on planning or preparing the Allen County site where this facility will be located.
- ***Warren County*.** The county hosts the 65-bed Turtle Creek halfway house facility that officially opened in January 2003. Although completed, DRC only has the resources to pay for daily operations of approximately 54 beds.
- ***Jefferson County*.** The county was to host a 75-bed halfway house facility to serve the southeastern part of the state, which currently has no halfway house beds. The construction contract to build the facility was to have been put out to bid in April 2001, however, budget reductions instituted over the past two biennia have prevented this facility from being built. The Department is currently exploring potential sites, although based on the available moneys this project will not move forward.

***Temporary Law:* *Halfway House Transfers (Section 209.69)*.** Additional financial resources may be available for the Halfway Houses program pursuant to a temporary law provision requiring DRC to transfer in each of FYs 2006 and 2007 from the unexpended, unobligated GRF appropriations made to the Department for FYs 2006 and 2007 at least $500,000 per fiscal year in appropriation authority to GRF line item 501-405, Halfway House. As of this writing, DRC plans to use these additional moneys in each of FYs 2006 and 2007 as follows:

- $270,000 will be used to fund 12 beds that were added in FY 2005 to serve transitional control and sex offenders. Losing those 12 beds would result in 57 offenders not receiving residential programming over the course of FYs 2006 and 2007;

- $70,000 will be used as a one-time allocation to halfway houses for the purpose of making minor renovations necessary to achieve American Correctional Association (ACA) accreditation. All halfway houses are required by licensing standards to be accredited by the ACA;

- $80,000 will be used to purchase additional ancillary services for high-risk offenders who are currently placed in the community; and

- $80,000 will be used to purchase 13 additional global positioning satellite (GPS) placements to monitor an additional 70 high-risk offenders and sex offenders.

Program 3: Community Sanctions: CBCFs

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

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

Funding Source: GRF

Implication of the Enacted Budget: The enacted budget provides a level of funding that is more or less around the amount that DRC calculated would be necessary to maintain the program's FY 2005 service levels over the course of FYs 2006 and 2007. As of this writing, DRC expects that the appropriated amounts in each fiscal year will be sufficient to continue funding 1,800-plus currently activated CBCF beds, but may have to reduce its financial support for the provision of specialized CBCF services.

Since FY 2002, DRC has had plans to activate 321 additional CBCF beds spread across facilities located in Seneca, Stark, Summit, Union, and Scioto counties. These facilities are all existing structures that have been expanded and upgraded to varying degrees. The annual level of GRF funding for the CBCF program has never been sufficient for any of those beds to be activated.

Program 4: Community Sanctions: Non-Residential Felony Programs

Program Description: This program, through the authority of the state's 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. In FY 2005, there was sufficient funding to disburse grants to 50 local programs in 45 counties, permitting the sanctioning of nearly 9,500 offenders. The purpose of the program is to provide 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.

Funding Source: GRF

Implication of the Enacted Budget: The enacted budget provides a level of funding that is somewhat less than the amount that DRC calculated would be necessary to maintain the program's FY 2005 financial support levels over the course of FYs 2006 and 2007. As a result, theoretically at least, some portion of the program's cost will have to be cut. Approximately 90% of each program grant covers the staffing-related costs of local programs. As of this writing, however, DRC does not plan to reduce the number of funded felony diversion programs, but is more likely to reduce the annual grant amount for some, or all, of the FY 2005-funded programs. The Department has projected that a cut in grant amounts will likely mean that the local programs supported by this funding stream statewide will divert 213 fewer offenders from incarceration in each fiscal year plus an additional 206 fewer offenders diverted in FY 2007. From the Department's perspective, these are offenders that, absent a more appropriate community sanction, are more likely to be sentenced to, or stay longer in, a jail or prison. If these grant reductions trigger staffing cuts in local non-residential felony programs, then a related side effect may be to increase the caseloads of community supervision personnel.

Program 5: Community Sanctions: Non-Residential Misdemeanor Programs

Program Description: This program provides grants, through the authority of the state's Community Corrections Act, to counties and cities to operate pretrial 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. In FY 2005, there was sufficient funding to disburse grants to 110 programs in 76 counties, providing alternatives to confinement for around 12,600 offenders.

Funding Source: GRF

Implication of the Enacted Budget: The enacted budget provides a level of funding that is somewhat less than the amount that DRC calculated would be necessary to maintain the program's FY 2005 financial support levels over the course of FYs 2006 and 2007. As a result, theoretically at least, some portion of the program's cost will have to be cut. As of this writing, however, DRC does not plan to reduce the number of funded misdemeanant diversion programs, but is more likely to reduce the annual grant amount for some, or all, of the FY 2005-funded programs. The Department has projected that a cut in grant amounts will likely mean that the local programs supported by this funding stream statewide will divert 466 fewer offenders from jail in each fiscal year plus an additional 456 fewer offenders diverted in FY 2007.

From the Department's perspective, a reduction in the number of diverted misdemeanants may not only contribute to greater local jail crowding, but could also increase the size of the prison population. This latter effect is possible because, under current practice, certain felony offenders who have been released from prison, and subsequently violate the conditions of their release, are sanctioned by being placed in a local jail rather than being sent back to prison. If, as a result of reductions in grant funding, there are in fact hundreds of misdemeanants jailed per year statewide rather than diverted into a non-residential sanction, then a potential side effect is that some number of felony offenders who might otherwise have been placed in jail for violating the conditions of their release may instead be returned to prison.

Program Series 3 Program Management

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

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

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

The Program Management program series only contains one program as noted below.

Program Management Services

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

Funding Source: GRF

Implication of the Enacted Budget: It would appear that, as of this writing, the enacted level of funding in FYs 2006 and 2007 for the Program Management Services program will permit DRC to cover its annual operating expenses in each of FYs 2006 and 2007, including the payroll-related expenditures associated with 250 staff positions.

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 enacted funding levels.

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

The Debt Service program series only contains one program as noted below.

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

Implication of the Enacted Budget: The debt service funding level contained in the enacted budget will permit the state to meet its legal and financial obligations to the OBA in each of FYs 2006 and 2007.