

Schedule 13

Funding Request for the FY 2016-17 Budget Cycle

Department of Corrections

Request Title

NP-01 Annual Fleet Vehicle Request

Dept. Approval By: <u><i>Kevin Wasko</i></u>	<u> </u>	Supplemental FY 2015-16
	x	Change Request FY 2016-17
	<u> </u>	Base Reduction FY 2016-17
OSPB Approval By: <u><i>Erin T. Bell 10/28/15</i></u>	<u> </u>	Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial	Supplemental	Base Request	Change	Continuation
		Appropriation	Request		Request	
	Total	\$3,263,106	\$0	\$3,263,106	\$100,743	\$100,743
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$2,763,118	\$0	\$2,763,118	\$76,052	\$76,052
	CF	\$499,988	\$0	\$499,988	\$24,691	\$24,691
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial	Supplemental	Base Request	Change	Continuation
		Appropriation	Request		Request	
	Total	\$3,263,106	\$0	\$3,263,106	\$100,743	\$100,743
	FTE	0.0	0.0	0.0	0.0	0.0
(3) Support Services	GF	\$2,763,118	\$0	\$2,763,118	\$76,052	\$76,052
(E) Transportation Vehicle Lease Payments	CF	\$499,988	\$0	\$499,988	\$24,691	\$24,691
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Letternote Text Revision Required?	Yes	No	x	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:				CF - Correctional Industries 5070 CFAA; Canteen 5060 CFCA
Reappropriated Funds Source, by Department and Line Item Name:				
Approval by OIT?	Yes	No	Not Required: x	
Schedule 13s from Affected Departments:				
Other Information:				

Schedule 13

Funding Request for the FY 2016-17 Budget Cycle

Department of Corrections

Request Title

NP-02 OIT DI - Secure Colorado

Dept. Approval By:

[Signature]

Supplemental FY 2015-16

Change Request FY 2016-17

Base Reduction FY 2016-17

OSPB Approval By:

[Signature] 10/28/15

Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$17,719,596	\$0	\$16,633,509	\$205,212	\$205,212
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$17,613,316	\$0	\$16,533,686	\$203,981	\$203,981
	CF	\$106,280	\$0	\$99,823	\$1,231	\$1,231
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$17,719,596	\$0	\$16,633,509	\$205,212	\$205,212
	FTE	0.0	0.0	0.0	0.0	0.0
(3) Support Services	GF	\$17,613,316	\$0	\$16,533,686	\$203,981	\$203,981
(G) Information Systems	CF	\$106,280	\$0	\$99,823	\$1,231	\$1,231
Payments to OIT	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Letternote Text Revision Required?	Yes	No	X	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:	Correctional Industries 5070 CFAA; Canteen 5060 CFAA			
Reappropriated Funds Source, by Department and Line Item Name:				
Approval by OIT?	Yes	X	No	Not Required:
Schedule 13s from Affected Departments:				
Other Information:				

Schedule 13

Funding Request for the FY 2016-17 Budget Cycle

Department of Corrections

Request Title

R-01 Food Service Inflation

Dept. Approval By: <u><i>Kevin Wanko</i></u>	<input checked="" type="checkbox"/>	Supplemental FY 2015-16
	<input type="checkbox"/>	Change Request FY 2016-17
	<input type="checkbox"/>	Base Reduction FY 2016-17
OSPB Approval By: <u><i>Grant M. Bell 10/28/15</i></u>	<input type="checkbox"/>	Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17		FY 2017-18
		Initial		Base Request	Change Request	Continuation
		Appropriation	Supplemental Request			
Total		\$18,473,958	\$0	\$18,473,958	\$328,981	\$328,981
FTE		\$0	0.0	\$0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$18,393,958	\$0	\$18,393,958	\$328,981	\$328,981
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$80,000	\$0	\$80,000	\$0	\$0

Line Item Information	Fund	FY 2015-16		FY 2016-17		FY 2017-18
		Initial		Base Request	Change Request	Continuation
		Appropriation	Supplemental Request			
Total		\$16,727,019	\$0	\$16,727,019	\$283,004	\$283,004
(2) Institutions	FTE	0.0	0.0	0.0	0.0	0.0
(D) Food Service Operating Expenses	GF	\$16,647,019	\$0	\$16,647,019	\$283,004	\$283,004
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$80,000	\$0	\$80,000	\$0	\$0

Total		\$1,746,939	\$0	\$1,746,939	\$45,977	\$45,977
(2) Institutions	FTE	0.0	0.0	0.0	0.0	0.0
(D) Food Service Purchase of Services	GF	\$1,746,939	\$0	\$1,746,939	\$45,977	\$45,977
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Letternote Text Revision Required?	Yes	No	X	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:	United States Department of Agriculture (USDA) FF			
Reappropriated Funds Source, by Department and Line Item Name:	N/A			
Approval by OIT?	Yes	No	Not Required:	X
Schedule 13s from Affected Departments:	Department of Human Services (RF)			
Other Information:				



COLORADO

Department of Corrections

Priority: R-01
Food Service Inflation
FY 2016-17 Change Request

Cost and FTE

- The Department of Corrections (DOC) is requesting a \$328,981 General Fund increase in FY 2016-17 in the Food Service subprogram for food inflation. The request reflects a 2.0 percent increase for the Food Service Operating appropriation as well as the Purchase of Services appropriation for meals prepared by the Colorado Mental Health Institute at Pueblo (CMHIP).

Current Program

- The Food Service subprogram provides quality, nutritious meals to over 14,189 offenders, 3 meals per day, and 365 days per year. This equates to approximately 15,536,955 meals being prepared every year.
- The food service program at CMHIP prepares meals for offenders housed at the San Carlos Correctional Facility, LaVista Correctional Facility (LVCF), and the Youthful Offender System. The Department reimburses CMHIP for these costs under the Purchase of Services line in the Food Service subprogram.

Problem or Opportunity

- The United States Department of Agriculture (USDA) is projecting 2 to 3 percent food inflation in calendar year 2015. Current funding will not allow the Department to provide a nutritious and quality meal to offenders without a corresponding increase to offset rising food costs.
- The request will also increase the funding to CMHIP for meals provided at the Pueblo facilities to keep pace with the rate of inflation.
- Due to a population change at LVCF, the Department is requesting an additional amount to offset the increase of 16 female beds.

Consequences of Problem

- Without additional operating funds, DOC and CMHIP will continue to absorb increasing food costs and restrict spending in other operating areas, such as deferring necessary critical equipment replacement and routine maintenance. For CMHIP, this may also affect other critical areas, such as patient transportation, durable medical goods, and work-therapy supplies.
- The continued deferral of equipment replacement beyond the range of acknowledged standards will expand obsolescence to where negative returns accumulate. The Department will experience higher maintenance on worn out machines, equipment break downs resulting in the purchase of higher cost convenience foods, and more staff time to deal with disruptive situations.

Proposed Solution

- DOC is requesting an inflationary increase of \$317,943 related to raw food prices split between DOC and CMHIP. An additional \$11,038 is needed to offset the increase of female beds at LVCF.
- The funding request will allow DOC and CMHIP to keep pace with raw food increases so that both departments can provide quality meals to offenders.



COLORADO
Department of Corrections

John W. Hickenlooper
Governor

Rick Raemisch
Executive Director

FY 2016-17 Funding Request | November 2, 2015

Department Priority: R-01
Request Detail: Food Service Inflation

Summary of Incremental Funding Change for FY 2016-17	Total Funds	General Fund
Food Service Inflation	\$328,981	\$328,981

Problem or Opportunity:

The Department of Corrections (DOC) is requesting funding to keep pace with the rate of inflation as projected by the United States Department of Agriculture (USDA) for the cost of food. This request includes \$283,004 in food service operating expenses in DOC facilities. It also includes an inflationary increase to the Purchase of Services line for meals prepared by the Colorado Mental Health Institute at Pueblo (CMHIP) for the Pueblo facilities, in the amount of \$34,939. Finally, the request is also for an additional \$11,038 to the Food Service Purchase of Services line for population adjustments at the Pueblo facilities located at CMHIP.

Following several years (FY 2007 to FY 2013) where the DOC fell behind as food inflation eroded the purchasing power of the food service subprogram, the General Assembly granted food inflation adjustments the past three years to compensate for rising food costs. These increases improved the Department's ability to feed offenders; however, food inflation is ongoing and is projected to increase by 2.0 percent to 3.0 percent during the upcoming calendar year (source: U.S. Department of Agriculture [USDA]). The Department's request is for \$283,004 to offset the anticipated cost increase of raw goods needed for meal preparation at DOC facilities. This request represents a 2.0 percent increase to compensate for the rising costs of food products as projected by the USDA. The Department is also requesting an increase of \$45,977 to the Purchase of Services line in the Food Service subprogram for meal reimbursement costs to the Department of Human Services (DHS) at the CMHIP. CMHIP prepares the meals for DOC's three Pueblo facilities: Youthful Offender System, LaVista Correctional Facility (LVCF), and San Carlos Correctional Facility. The request represents a 2.0 percent increase to the funds appropriated to CMHIP.

In March 2015, the Department relocated the male offenders that were assigned to a 64-bed, mobility-impaired housing unit within LVCF to other facility beds appropriate for the population. This enabled the DOC to comply with the correctional management best practice of housing male and female populations separately by replacing the male offenders with female offenders. In addition, the Department also leveraged the space in some of the larger rooms by placing additional beds in the rooms, resulting in a 16 bed increase in the capacity for this housing unit. The Department's request of \$328,981 also includes costs associated with the preparation of meals with CMHIP for the net increase of 16 female offenders. An

increase of 16 offenders equates to an additional 17,520 meals that need to be prepared. (16 offenders X 3 meals X 365 Days = 17,520).

Proposed Solution:

The Department is requesting a total of \$328,981 General Fund: \$283,004 for DOC food inflation, and \$45,977 for CMHIP operating (shown as the Food Service/Purchase of Services line item in the DOC Long Bill). There will be a corresponding \$45,977 increase to DHS's Reappropriated Funds spending authority in the CMHIP operating expense line item.

Food costs continue to rise throughout the country affecting the raw food costs of the Department. The Department received an inflation increase in SB 15-234 of \$345,000 or 2.5 percent. The Department of Human Services (DHS) received a Reappropriated Funds spending authority increase of \$42,608 as an inflationary adjustment. Both of these increases have helped to offset the inflationary increases the Department has experienced. The Consumer Price Indexes (CPI) for food, food-at-home, and food-away-from-home are expected to increase 2.0 percent to 3.0 percent in calendar year 2016 according to the USDA Economic Research Service (Table 5). It can be reasonably assumed that food costs will continue to rise at this rate, which will impact the FY 2016-17 DOC and DHS food service budgets.

The Department received inflationary increases in FY 2013-14, FY 2014-15, and for FY 2015-16 for the first time since FY 2006-07. Without inflation increases from FY 2006-07 to FY 2012-13 to maintain adequate, nutritious meals, the Department had to delay equipment replacement and regular maintenance. In the request for FY 2015-16 the Department received a 2.5% increase for food inflation, and a \$200,000 per year increase to begin a five-year food service equipment replacement program. This request is only for projected inflationary increases in food costs, not equipment replacement.

Fiscal Year	Prison Population	Approp. (GF) *	Raw Food Expenses	% of Total Approp.
2004-05	14,154	\$14,441,114	\$11,676,274	80.9%
2005-06	14,193	\$14,725,698	\$11,757,768	79.9%
2006-07	14,491	\$15,104,316	\$12,153,452	80.5%
2007-08	14,638	\$15,724,882	\$13,440,046	85.5%
2008-09	14,638	\$16,036,662	\$13,647,660	85.1%
2009-10	14,688	\$15,785,643	\$13,107,086	83.0%
2010-11	14,797	\$15,880,530	\$13,445,253	84.6%
2011-12	14,118	\$15,904,566	\$13,191,290	82.9%
2012-13	13,434	\$15,117,380	\$12,996,773	86.0%
2013-14	13,867	\$15,328,822	\$13,401,300	87.4%
2014-15	13,984	\$16,182,019	\$13,805,188	85.3%
2015-16 **	14,064	\$16,647,019	\$14,150,188	85.0%

* Appropriation does not include Federal Funds from the USDA

** Projected expenses and average daily populations based on Division of Criminal Justice August 2015 interim projections. \$14,150,188 X 2.0% = \$283,004 requested inflationary increase.

Without additional operating funds, DOC and CMHIP will continue to absorb increasing food costs and restrict spending in other operating areas, such as deferring critical equipment replacement or face

increased repair and maintenance. In the CMHIP operating budget, this may also affect other critical areas such as patient transportation, durable medical goods, and work-therapy supplies.

Anticipated Outcomes:

The funding request benefits DOC and DHS by providing an additional level of funding to support the food service needs provided to the offenders. If funded, both Departments will be able to manage equipment replacement that would not have been possible if existing funds were required to cover raw food increases. It will also provide the funds to keep pace with raw food increases so that both Departments can continue providing quality meals.

Assumptions and Calculations:

The Department's historical raw food expenditures are listed in Table 1 from FY 2004-05 to a projection for FY 2015-16. The state prison average daily population of 14,189 is derived from DOC's Office of Planning and Analysis Fiscal Year 2015 ADP Report, dated 7/3/2015. The FY 2016-17 projected costs of $\$14,150,188 \times 2.0\% = \$283,004$.

The rate used to calculate the cost per female offender, per day at CMHIP is \$3.85. This is the amount as noted in the FY 2015-16 contracts between CMHIP and DOC.

Table 2 shows the average daily offender population for FY 2014-15 multiplied by the number of meals provided.

Table 3 shows the bed increase in population at LVCF from FY 15-16. This increase took the 64 males out of LVCF and increased the females to 80, for a net increase of 16 beds.

Table 4 shows a summary of the requested funding.

Table 5 is from the US Department of Agriculture website, citing statistics from the CPI and the Bureau of Labor Statistics. The 2015 forecast predicts a 2.0 percent to 3.0 percent inflation rate.

Addendum:

Table 2 ~ FY 2014-15 Averages	
Offenders	14,189
# of Meals per year (14,189 x 3 meals x 365 days)	15,536,955
Meal Cost per offender	\$1.055

Source: Colorado Department of Corrections, Planning and Analysis
Final Fiscal Year 2015 ADP Report, dated 7/3/2015

Table 3 ~ Change in Funding at LVCF for Bed Adjustments	
64 Male meals @ \$4.34 / day	\$101,382
80 Female meals @ \$3.85 / day	\$112,420
Requested Net Increase	\$11,038

Meal costs, per offender, were taken from the FY 2015-16 DOC/CMHIP contract for food service at LVCF.

Table 4 ~ Summary of Request

Department of Corrections - GF	FY 2016-17	FY 2017-18
2D Food Service		
Operating Expenses	\$283,004	\$283,004
Purchase of Services	\$45,977	\$45,977
Total DOC Increase	\$328,981	\$328,981
Department of Human Services - RF		
Behavioral Health Services		
8C Mental Health Institutes		
Mental Health Institute - Pueblo		
Operating Expenses	\$45,977	\$45,977
Total DHS Increase	\$45,977	\$45,977

Table 5 ~ Changes in Food Price Indexes, 2013 through 2016

Item	Relative Importance ¹	Month-to-Month	Year-over-Year	Year-to-date	Annual	Annual	20-Year History Avg	Forecast	Forecast
		Jun 2015 to Jul 2015	Jul 2014 to Jul 2015	Dec 2014 to Jul 2015	2013	2014		2015	2016
Consumer Price Indexes	<i>Percent</i>								
All food	100.0	0.1	1.6	1.5	1.4	2.4	2.6	2.0 to 3.0	2.0 to 3.0
Food away from home	40.9	0.0	2.7	2.3	2.1	2.4	2.7	2.0 to 3.0	2.5 to 3.5
Food at home	59.1	0.2	0.9	1.0	0.9	2.4	2.6	1.75 to 2.75	2.0 to 3.0
Meats, poultry, and fish	13.2	0.0	1.7	2.4	2.1	7.2	3.1	2.5 to 3.5	2.5 to 3.5
Meats	8.6	0.2	3.1	3.4	1.2	9.2	3.3	2.5 to 3.5	2.0 to 3.0
Beef and Veal	4.1	-0.4	10.0	8.2	2.0	12.1	4.1	5.5 to 6.5	2.5 to 3.5
Pork	2.6	1.1	-6.7	-3.6	0.9	9.1	2.8	-4.0 to -3.0	1.5 to 2.5
Other meats	1.9	0.2	3.1	3.5	-0.1	3.9	2.4	2.5 to 3.5	2.5 to 3.5
Poultry	2.5	-0.4	0.1	1.0	4.7	2.0	2.6	2.5 to 3.5	2.5 to 3.5
Fish and seafood	2.0	-0.3	-2.2	-0.3	2.5	5.8	2.9	2.5 to 3.5	2.5 to 3.5
Eggs	0.9	2.6	24.9	9.3	3.3	8.4	4.3	12.5 to 13.5	2.5 to 3.5
Dairy products	6.3	0.8	-1.6	-0.9	0.1	3.6	2.8	1.5 to 2.5	2.0 to 3.0
Fats and oils	1.7	-0.3	-2.3	-1.2	-1.4	0.1	2.8	-0.5 to 0.5	1.5 to 2.5
Fruits and vegetables	9.7	-0.4	-1.9	-0.8	2.5	1.5	3.0	0.0 to 1.0	2.0 to 3.0
Fresh fruits & vegetables	7.5	-0.7	-2.9	-1.3	3.3	1.9	3.1	-0.5 to 0.5	2.5 to 3.5
Fresh fruits	4.0	-0.4	-4.4	-3.4	2.0	4.8	3.0	-1.0 to 0.0	2.5 to 3.5
Fresh vegetables	3.5	-1.0	-1.1	1.2	4.7	-1.3	3.2	0.0 to 1.0	2.0 to 3.0
Processed fruits & vegetables*	2.1	0.5	1.3	1.1	0.3	0.1	2.8*	0.5 to 1.5	1.5 to 2.5
Sugar and sweets	2.1	0.5	4.5	3.1	-1.7	-0.8	2.2	1.5 to 2.5	2.0 to 3.0
Cereals and bakery products	8.0	0.4	1.3	1.1	1.0	0.2	2.6	0.5 to 1.5	2.5 to 3.5
Nonalcoholic beverages	6.7	0.4	1.3	1.1	-1.0	-0.5	1.5	2.0 to 3.0	1.5 to 2.5
Other foods	10.5	0.3	1.4	1.4	0.5	1.0	2.0	1.5 to 2.5	2.0 to 3.0

¹BLS estimated expenditure shares, December 2014. Food prices represent approximately 14 percent of the total CPI.

²The most recent forecast was published on August 25, 2015 and is usually updated by the 25th of each month.

*Annual data for processed fruits and vegetables are only available from 1999. This is a 15-year historical average.

Source: Bureau of Labor Statistics. Forecasts by Economic Research Service.



COLORADO
Department of Corrections

Priority: R-02
Utilities Inflation
FY 2016-17 Budget Request

Cost and FTE

- The Department of Corrections (DOC) is requesting a base funding increase of \$315,236 General Fund (GF) and \$17,994 Cash Funds (CF), totaling \$333,230 for FY 2016-17 in the Utilities subprogram to address statewide rate increases for utilities. This represents a 1.6 percent increase from FY 2015-16.

Current Program

- The Utilities subprogram facilitates delivery of reliable, cost-effective utility services to all DOC buildings, equipment, and other systems to provide a secure and safe living and working environment. Electric, gas, propane, water, and wastewater (sewer) services are components of necessary utilities provided to staff and offenders housed in DOC facilities.

Problem or Opportunity

- Utility rates for all of the four major utility commodities - electric, natural gas, water, and sewage - continue to increase. Current funding is not sufficient to cover the rates charged by utility providers serving DOC.
- The Department continues to experience annual utility rate increases from 16 different providers statewide.
- The Department used current usage and estimated utility rate increases to determine the utility rate impact department wide, and projections of annual expenses in FY 2016-17.

Consequences of Problem

- Based upon utility usage for the Department and the rate increases statewide, the Department estimates increased utility costs of \$333,230 in FY 2016-17.
- The Utilities subprogram does not have the flexibility to absorb an increase of this magnitude and adequate funding will prevent overspending in the utilities line item appropriation.

Proposed Solution

- DOC is requesting a base building increase of \$315,236 General Fund and \$17,994 cash funds, totaling \$333,230, in FY 2016-17 in the Utilities subprogram, as there is little indication that rates will decrease. This represents a 1.6 percent increase overall in electricity, natural gas, and water and sewer and associated rate charges with utilities.



COLORADO

Department of Corrections

John W. Hickenlooper
Governor

Rick Raemisch
Executive Director

FY 2016-17 Funding Request | November 2, 2015

Department Priority: R-02
Request Detail: Utilities Inflation

Summary of Incremental Funding Change for FY 2016-17	Total Funds	General Fund	Cash Funds
Utilities Inflation	\$333,230	\$315,236	\$17,994

Problem or Opportunity:

Utility costs for the four major utility commodities - electric, natural gas, water, and sewage - are expected to increase in FY 2016-17. The Department requests \$333,230 total funds, including \$315,236 General Fund, for a base-building funding request in the Utilities subprogram to cover FY 2016-17 costs. The Department received additional funding in FY 2014-15 for rate increases, but current funding is not sufficient to cover the rates charged by the multiple utility providers serving the Department throughout the state.

Utility providers are complying with state and federal requirements for stricter emission standards. Providers of power have opted to phase-out coal-fired electric generation plants in favor of alternatively-fueled plants, rather than modifying their emission controls. As coal plants are being de-commissioned and new natural gas-fired plants are constructed and brought on-line, Black Hills Energy (BHE) and Xcel Energy are continuing to pass on the costs of the new plants. Additionally, utility companies are investing funds in aging infrastructure by replacing and updating pipes, water treatment facilities, water mains, storage tanks, and additional safety and reliability improvements to systems and are passing those costs to their customers.

Proposed Solution:

The Department is requesting a base increase of \$315,236 General Fund (GF) and \$17,994 Cash Funds (CF), totaling \$333,230 in FY 2016-17 in the Utilities subprogram. Cash funds spending authority for Colorado Correctional Industries (CCI's) contribution to utilities are being requested since the current CCI operations will need to cover their portion of the rate increases. The rate change represents an overall 1.6 percent increase to the Department's utilities line. It should be noted that the Public Utilities Commission (PUC) approves rate changes throughout the year, typically with short notice. This may necessitate the submission of future budget requests for utilities inflation depending on the decisions of the PUC.

Anticipated Outcomes:

Additional funding in the Utilities subprogram will provide the funds necessary to pay for the projected rate increases. Adequate funding will prevent overspending the utilities line item appropriation.

Assumptions and Calculations:

Table I indicates the cost projections developed in concert with the State's energy management system EnergyCap. Within the Utilities line, the debt service payment exists for principal and interest for previous commitments on Energy Performance Contracts (EPC). Additional detailed information on these EPC projects is outlined in the FY 2015-16 Department Budget Request submissions under the Energy Management Report. Besides energy commodity expenses and the capital lease principal and interest payments, the Department has other expenses associated with utility related expenses which include: permits, certifications, assessments, water rights fees, annual fees for testing inspections of water, tap, and sewer required by multiple agencies, legal issues, diesel fuel for generators, recycling fees, salt for water softeners, and other utility related expenses. In addition, the Department has many energy related obligations required by the Environmental Protection Agency, state, municipalities or special districts, and contractual requirements all associated with costs that are funded out of the Utilities program. In FY 2014-15 these expenses totaled \$965,199 (Table 3, Other Utilities and Utility Related Costs). With limited funding to pay utility expenses, the Department is restricted from doing any further updates or replacements for energy related saving measures.

In addition to rate increases, in order for the Department to support the state initiative of reducing energy requirements outlined under Executive Order D001 07 Greening of State Government (April 16, 2007), the Department will have to find the funding for this purpose. The Department recognizes the debt service payments will temporarily decrease in FY 2016-17 (increases in future years) and would like to utilize the decrease of debt payment for one-time energy saving projects. Below are examples of those projects:

- East Canon City Prison Complex alternate water project (replace municipal water with well water for agricultural uses)
- LED (light emitting diode) exterior and interior light efficiency upgrades and occupancy sensors
- Install high efficiency motors/variable frequency drives
- Replace fittings in steam/hot water/chilled water systems (reduce leaks)
- Install pipe insulation (steam, hot water, chilled water systems)
- Replace or line sewer pipes to reduce water infiltration (required at older facilities due to current age of lines)

The utilization of available funding will allow the Department to update and replace energy related equipment that will reduce the Department's current usage. As an example, in 2013 the Delta Correctional Center (DCC) replaced existing lights with LED lights that consume 15 W compared to 74 W, replaced a direct digital control system which improved control of the heating and ventilation (HVAC) equipment, and replaced variable frequency drives (VFDs) on pumps for the domestic water system. The expense for the three projects was \$96,143, and the facility has experienced a substantial decrease in electrical consumption. The Department estimates an annual electric cost avoidance of \$15,100 and the payback based upon today's rates will be recognized in 6.4 years. Table 5 shows the monthly and calendar year electric energy use for DCC from 2010 to year-to-date 2015 and reflects the substantial usage decrease of kilowatt-hours (kWh) from 2013, when the facility replaced the equipment, to 2014 and year-to-date 2015.

By offsetting the need for funding for energy saving projects with the decrease in debt service payments, the Department's request reflects only the additional need for projected utility rate increases (\$333,230 total funds).

Appendix:

Year/Rate	Electric-KWH	Water-Kgal	Sewer-Kgal	Natural Gas-DTH	Utility Totals
FY 2013-14					
EnergyCap Usage	107,170,681	734,231	532,502	680,403	
Blended Rate	0.086	3.296	2.832	5.892	
FY 2014-15					
Actuals	\$9,249,295	\$2,786,024	\$1,636,236	\$3,928,901	\$17,600,456
EnergyCap Usage	106,157,898	828,015	527,145	682,564	
Blended Rate	0.087	3.365	3.104	5.756	
FY 2015 vs. FY 2014 Rate Growth %	1.16%	2.09%	9.60%	-1.80%	
FY 2016-17					
Projected	\$9,451,015	\$2,845,124	\$1,645,636	\$3,991,911	\$17,933,686
Blended Rate Projected	0.089	3.436	3.122	5.848	
FY 2017 Rate Growth vs. FY 2014 Actual %	2.18%	2.12%	0.58%	1.60%	
Total Requested FY 2016-17					\$333,230

Provider	Area(s)	Utilities				Total
		Electric	Gas	Water	Sewer	
Tri-State Generation	Multiple Rural	\$39,300	\$0	\$0	\$0	\$39,300
Xcel Energy	Denver, Sterling, & Rifle	\$22,800	\$0	\$0	\$0	\$22,800
Black Hills	Arkansas Valley & Canon City	\$139,620	\$0	\$0	\$0	\$139,620
Xcel Energy	Denver, Sterling, & Rifle	\$0	\$20,800	\$0	\$0	\$20,800
Atmos Energy	Buena Vista & Canon City	\$0	\$32,200	\$0	\$0	\$32,200
CenterPoint	Canon City	\$0	\$10,010	\$0	\$0	\$10,010
City of Trinidad	Trinidad	\$0	\$0	\$21,700	\$0	\$21,700
Town of Limon	Limon	\$0	\$0	\$7,400	\$4,100	\$11,500
Multiple Providers	Denver & Canon City	\$0	\$0	\$30,000	\$5,300	\$35,300
Total		\$201,720	\$63,010	\$59,100	\$9,400	\$333,230

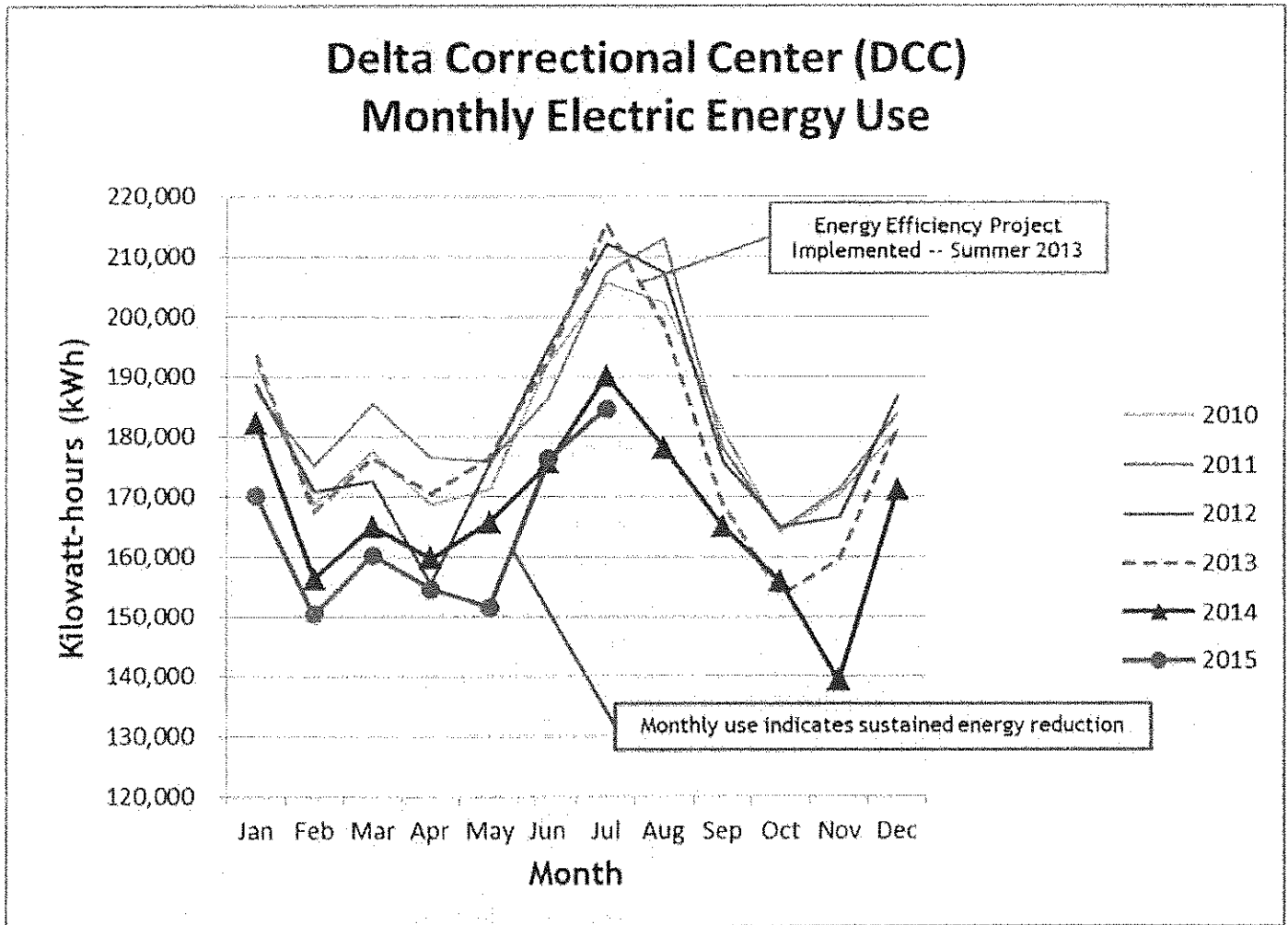
Fiscal Year	Primary Utility Totals Table I	Other Utilities*, Purchased Services, Water Fees & Testing	Utility Related Costs (Repairs, Replacements, and Recurring)	Performance Contract Debt Service	Total Utilities	FY 2015-16 Appropriation	Difference
FY 2014-15	\$17,600,456	\$557,735	\$407,464	\$2,600,887	\$21,166,542	\$21,166,542	\$0
FY 2016-17	\$17,933,686	\$559,000	\$691,703	\$2,315,383	\$21,499,772	\$21,166,542	(\$333,230)

* Other Utilities includes bottled gas, heating oil, and steam.

Table 4 ~ Fund Split Calculation

	Total	GF	CF
SB 15-234 (2)(A) Utilities Total Funding	\$21,392,466	\$20,244,927	\$1,147,539
Funding Ratio Percentage		94.6%	5.4%
FY 2016-17 Budget Request	\$333,230	\$315,236	\$17,994

Table 5



	Total	\$3,680,906	\$0	\$3,680,906	(\$911,878)	(\$911,878)
	FTE	0.0	0.0	0.0	0.0	0.0
(2) Institutions	GF	\$3,680,906	\$0	\$3,680,906	(\$911,878)	(\$911,878)
(E) Medical Services	CF	\$0	\$0	\$0	\$0	\$0
- Catastrophic	RF	\$0	\$0	\$0	\$0	\$0
Medical Expenses	FF	\$0	\$0	\$0	\$0	\$0

Letternote Text Revision Required? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> x	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:	
Reappropriated Funds Source, by Department and Line Item Name:	
Approval by OIT? Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required: <input checked="" type="checkbox"/> x	
Schedule 13s from Affected Departments:	
Other Information:	



COLORADO

Department of Corrections

Priority: R-03
Medical Caseload
FY 2016-17 Change Request

Cost and FTE

- The Department requests a net General Fund increase of \$378,881 in FY 2016-17 in the Medical Services Subprogram appropriations. This increase represents a 0.8 percent increase over the FY 2015-16 funding level. The request will address changes in Per Offender Per Month (POPM) rates in the Purchase of Medical Services from Other Facilities, Catastrophic Medical Expenses, and Purchase of Pharmaceuticals line items.

Current Program

- The Department is statutorily mandated to provide medical care for offenders. The recipients of medical services are offenders housed in correctional facilities (both State and private), including those in the Youthful Offender System (YOS). Private prison and pre-release parole revocation populations are excluded to calculate the eligible recipients of pharmaceuticals.
- For FY 2016-17, the Department projects an eligible population of 18,372 offenders for purchased medical services and 14,313 for pharmaceuticals.

Problem or Opportunity

- The Department is proposing a change in the way catastrophic medical expenses are defined. Rather than the current method, which defines catastrophic expenses on an aggregate per person basis, the Department proposes defining these expenses on a per claim basis to allow for more accurate forecasting during the budget setting process.
- Compared to the current funded levels, the proposed methodology would result in an increase in POPM of \$5.52 in the Purchase of Medical Services rate and a decrease of \$3.75 in the Catastrophic Medical Expenses for FY 2016-17.
- Due to a rise in prescription drug inflation, the Purchase of Pharmaceuticals rate is projected to increase from \$104.17 POPM to \$108.75 POPM.
- Statistics for FY 2013-14 indicate that 33 percent of offenders have moderate to severe medical needs.

Consequences of Problem

- If the requested funding changes are not implemented, the Department would be underfunded in the Purchase of Medical Services and Purchase of Pharmaceuticals line items, and overfunded in the Catastrophic Medical Expenses line, resulting in appropriations that do not accurately reflect projected medical spending levels in the current fiscal year.
- The Department is mandated by Colorado State Statute to provide a full range of health care to offenders; not providing medical coverage puts the Department at risk for litigation.

Proposed Solution

- This request will adjust funding to match medical POPM needs and will allow the Department to provide statutorily-mandated health care to the offender population.

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COLORADO

Department of Corrections

John W. Hickenlooper
Governor

Rick Raemisch
Executive Director

FY 2016-17 Funding Request | November 2, 2015

Department Priority: R-03
Request Detail: Medical Caseload

Summary of Incremental Funding Change for FY 2016-17	Total Funds	General Fund
Medical Caseload	\$378,881	\$378,881

Problem or Opportunity:

The Department of Corrections (DOC) requests a funding increase of \$378,881 General Fund (GF) for FY 2016-17 in the Medical Services Subprogram appropriations based upon: (1) updated offender population projections, (2) revised projected Per Offender Per Month (POPM) cost changes for purchased medical services (including catastrophic expenses), and (3) an increase in pharmaceutical costs due to inflation.

Medical services are structured to function like other managed care organizations, providing a full range of health care services. Primary medical care and dental care are provided within the prisons. Ancillary care and provider support are available through traditional services such as pharmacy, laboratory, and radiology. Health care services outside of DOC facilities are provided through a managed care network of specialty and institutional providers under contract with Correctional Health Partners (CHP), a third-party administrator. The Purchase of Medical Services line item includes specialty and inpatient care provided to offenders under the CHP contract. Catastrophic medical expenses include those offenders who have exceeded \$50,000 of expenses within a year for patient care provided. Once an offender's medical expenses reach the \$50,000 threshold, all expenses for that offender are transferred from the Purchase of Medical Services line item to the Catastrophic Medical Expenses line. (The Department is proposing a change in the definition of catastrophic expenses as part of this request; this proposal will be outlined in greater detail later in this document.)

Prison population changes affect medical services and drive caseloads. To estimate the population for this funding request, the Department utilized both male and female population projections as reported in the External Capacity Caseload request, which were based on the August 2015 DCJ report (Table 1 in Appendix). The DOC jurisdictional population was adjusted to add offenders in the Youthful Offender System (YOS). The resulting medical purchased services population was further reduced by the private prison and pre-release parole revocation populations to determine the pharmaceutical population for FY 2016-17.

The Department projects decreases for both the medical services and the pharmaceutical populations for FY 2016-17 as compared to the current FY 2015-16 funded population levels. The request reflects a projected decrease of a total of 435 offenders for the medical services and catastrophic populations, and a

decrease of 151 for the pharmaceutical population when compared to the FY 2015-16 funded populations (Table 2).

With the projected population changes, funding adjustments are required in order to maintain adequate service levels to provide offender health care. CHP provides the POPM rates for both purchased medical services and catastrophic expenses. For FY 2016-17, the rate projected by CHP for purchased medical services is \$105.92, an increase of \$5.52 from the current funded level. The POPM rate for catastrophic expenses will decrease by \$3.75, from \$16.31 to \$12.56.

The changes in POPM rates for medical services (non-pharmaceuticals) from the FY 2015-16 levels to the requested levels for FY 2016-17 are a result of two factors: 1) the change in need for the total purchased medical services year-over-year (catastrophic and purchased medical services); and 2) a change in the way catastrophic medical expenses are defined. Currently, once an offender's medical expenses reach \$50,000 in a fiscal year, all of the expenses for that offender for the year are classified as catastrophic, including the "original" \$50,000. This methodology results in catastrophic expenses being categorized on an aggregate, per person basis. Alternatively, the Department is proposing that catastrophic expenses be defined on a per claim basis. When any single claim is greater than \$50,000, the entire claim would be categorized as catastrophic.

It is very important to note the distinction between forecasting and reporting. Outstanding medical expenses are forecasted based on a multitude of factors, some of which include trends in underlying health conditions that drive claims, variation in paid claims due to timing of receipts from providers, and changes in reimbursement (such as the implementation of Medicaid). The change being proposed by the Department is not related to forecasting methodology; rather, a change in how data is reported in incurred but not reported (IBNR) documents provided by CHP.

On a monthly basis, CHP derives current (outstanding) external healthcare claims liability and then determines a top line (total expense) per offender forecast into future periods. A primary use of this top line forecast is for the determination of fiscal year budget allocations. Subsequently, historical external healthcare expenses are then broken down into catastrophic and "non-catastrophic" buckets. Catastrophic expenses were determined based on an aggregation of claims for any offenders who incurred greater than \$50,000 in a fiscal period. *This categorization was for reporting purposes only.* The differentiation of claims into catastrophic and "non-catastrophic" was simply a representation of the distribution of claims and not a separate forecast on each category of dollars. The proposed change, however, would allow CHP the ability to forecast each category of dollars separately. Rather than a distribution of claims that is looking only backward in time, the new POPM figures would be a result of each category of dollars being run through a statistically valid forecast model, thus being more appropriate for requesting future funding.

A summary of benefits of making this change include:

- The definition of catastrophic expenses would be more accurate. Currently, there are offenders who undergo regular dialysis treatment whose expenses become catastrophic every year, simply because the aggregate total hits \$50,000. Each instance is not catastrophic in nature.
- There is currently huge variability in the month-to-month POPM catastrophic figures. They naturally trend up at the end of the year simply based on the aggregate, per-person definition of catastrophic medical expenses that is currently in place.
- The new methodology would lend itself better to using POPM as a more accurate forecasting tool. Right now, classifying the expenses on a per person aggregate basis only reveals what happened in

the past - i.e., what the "mix" was. Any given past year's mix does not accurately predict what the mix will be in any upcoming year.

- With the proposed methodology, there would be a smaller dollar amount classified as catastrophic expenses. Catastrophic expenses are inherently more volatile in nature. However, since only claims over \$50,000 would be considered catastrophic, a smaller portion of the total medical expenses for the Department would have the larger variability. The Purchase of Medical Services budget line will be larger and less volatile, thus more reliable as a forecasting tool.
- The Department will not have to modify its budget structures or budget line naming conventions as a result of the changes, making the transition seamless and efficient.

Changing demographics of offenders under the custody of the Department are a contributing factor in the cost of health care for the offender population. A significant portion of the offender population is over the age of 40; 39 percent in FY 2013-14, with 18 percent of offenders over the age of 50. The percentage of offenders with higher levels of medical acuity increased from 15 percent in FY 2008-09 to 33 percent in FY 2013-14. Chart 1 in the Appendix outlines these changes. Changes in medical acuity indicate that offenders are presenting with more serious medical conditions that require more expensive care.⁴ Many offenders with chronic conditions are aging in prison. Additionally, given the increasing trend in recent years in offender age, it can be expected that a higher instance of chronic disease (e.g. chronic obstructive pulmonary disease) may exist among the offender population. Many individuals with chronic conditions do not suffer from only one illness, but are often afflicted with co-morbidities over time. This correlation also leads to increases in medical expenses since they are measured on a per-offender basis. Many of these chronic diseases are not covered by the recent Medicaid expansion since treatment frequently does not involve hospital stays over 24 hours.

The Purchase of Pharmaceuticals line item includes all pharmaceuticals expenses for offenders in DOC facilities including the Youthful Offender System (YOS) (Table 2). Not included are offenders that are housed in private prisons, jails, and other non-DOC facilities. The POPM is derived from actual incurred expenses and projected expenses based on the cost of the Department's pharmaceutical formulary and pharmaceuticals prescribed by providers for offenders, as well as an inflationary adjustment of 4.4 percent from the Consumer Price Index for all Urban Consumers (CPI-U) for prescription drugs. The Department projects a pharmaceutical POPM of \$108.75 for FY 2016-17, an increase of \$4.58 from the FY 2015-16 funded level (Table 4).

Medical POPM appropriations are based on offender caseload and current medical costs, inflation, and contract fees. The Department is requesting funding adjustments to continue to provide adequate inpatient and outpatient medical services. Within the Medical Subprogram, the Purchase of Medical Services from Other Medical Facilities, Catastrophic Medical Expenses, and Purchase of Pharmaceuticals appropriations are adjusted during the change request process based on the actual and projected offender caseload. For these funding requests, the POPM adjusted numbers are based on contractual increases, updated expense projections from CHP, and the most recent population projections extrapolated from DCJ August 2015 forecasts.

Proposed Solution:

The Department requests an increase in funding for FY 2016-17 across the various medical services budget lines in order to account for both projected adjustments in offender population and POPM cost changes to allow for efficient and effective management of offender health needs. These increases will bring funding levels more in line with projected expenses and allow the Department to provide essential inpatient and

outpatient medical care to offenders based on projected population changes and anticipated POPM rate changes.

The Department also requests approval of the proposed change in definition of catastrophic medical expenses from an aggregate per person basis to a per claim basis. This change in reporting would result in less variability year-over-year in the proportion of catastrophic claims to total claims, and subsequently would result in more accurate forecasting during the annual budget process.

If the requested funding changes are not implemented, the Department would be overfunded in the Catastrophic Medical Expenses line, and underfunded in the Purchase of Medical Services and Purchase of Pharmaceuticals line items, resulting in appropriations that do not accurately reflect projected medical spending levels in the current fiscal year.

If the proposed change in definition of catastrophic medical expenses is not approved, there will be continued unpredictable variability in the proportion of catastrophic medical expenses to total medical expenses, resulting in continued difficulty using past POPM figures in an attempt to forecast future funding needs.

No statutory changes will be necessary to Sections 17-1-113.1 C.R.S. or 25-1.5-301 C.R.S. to allow for the funding changes from the General Fund.

Anticipated Outcomes:

The request for increased appropriations in the various medical services budget lines will allow the Department to more accurately reflect the anticipated need for essential inpatient and outpatient medical care for offenders, as well as pharmaceuticals.

Assumptions and Calculations:

Health care costs fluctuate every year due to increased medical acuity levels of offenders, increases in utilization of medically necessary health care services by offenders, and changes in offender caseload. The Department calculates the medical services and pharmaceutical caseloads based on data from the August 2015 DCJ projections population projections. The Department calculates the projected POPM rate based on actual billing charges, projected contractual increases, inflation, and anticipated health care costs.

A managed care contract to Correctional Health Partners LLC as a third party administrator provides the Department with continuity of care, trending data, and offender medical cost analysis. For this FY 2016-17 request, the Department used a four percent increase over the FY 2015-16 actual administrative fee of \$9.63 for a POPM of \$10.02, and a three percent increase for the security contract ($\$3.51 + 3\% = \3.62) as outlined in Table 3. These are inflationary increases outlined in the managed care and security contracts.

Table 4 calculates the overall projected total funding need for FY 2016-17 by multiplying the projected POPM rates by the projected caseload, and then multiplying that result by 12 to calculate the annual need. The funding need for the Purchase of Medical Services from Other Medical Facilities line also includes the administrative and security fees outlined in Table 3, as well as an amount for a managed care incentive cap for CHP, payable if actual health care expenses come in lower than funded levels.

Table 5 summarizes the estimated differences in requested FY 2016-17 funding compared to the current FY 2015-16 Long Bill appropriations.

Appendix

Table 1 summarizes the offender population projections for medical services and pharmaceutical caseloads for FY 2016-17. The table begins with the average daily population (ADP) projections for both male and female populations as reported in the Department's External Capacity Caseload funding request. These ADPs were calculated based on data reported in the August 2015 DCJ projections. The total DOC jurisdictional population was then adjusted to add offenders in the Youthful Offender System (YOS). The resulting medical purchased services population was further reduced by the private prison and pre-release parole revocation populations to determine the pharmaceutical population for FY 2016-17.

FY 2016-17 Male Average Daily Population (ADP) Projection*	16,618
FY 2016-17 Female ADP Projection*	1,565
DOC Jurisdictional Population	18,183
Plus YOS Population (rolling 12-month average)**	189
Medical Purchased Services Population	18,372
Private Prison and Pre-Release Parole Revocation Populations (<i>reduction</i>)*	(4,059)
Pharmaceutical Population	14,313

* These figures reconcile with those in DOC's External Capacity Caseload request.

**DCJ projections do not include YOS

Table 2 demonstrates the changes in the Medical Services and Pharmaceutical populations from figure setting FY 2015-16 to the updated FY 2016-17 projections from Table 1.

	Funded ADP FY 2015-16	Projected ADP FY 2016-17	Change in ADP
Pharmaceutical	14,464	14,313	(151)
Medical Services	18,807	18,372	(435)
Catastrophic	18,807	18,372	(435)

Chart 1 outlines offender demographics, reflecting changes in age and medical need.

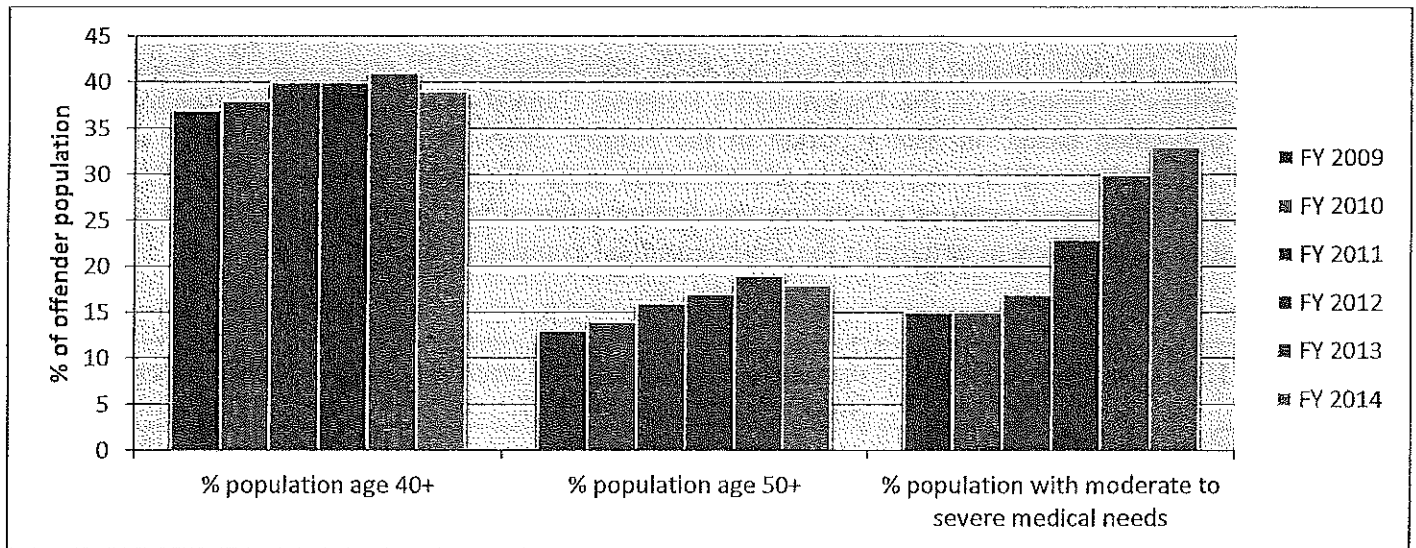


Table 3 reflects the comparison of POPM rates from the funding request for FY 2015-16 to the projections for FY 2016-17.

	FY 2015-16 POPM	Projected FY 2016-17 POPM	Rate Change POPM
Purchase of Pharmaceuticals*	\$104.17	\$108.75	\$4.58
Purchase of Medical Services from Other Medical Facilities**	\$87.26	\$92.28	\$5.02
Administrative Fees*** (FY 2015-16 Rate \$9.63 + 4% = \$10.02)	\$9.63	\$10.02	\$0.39
Security Contract**** (FY 2015-16 Rate \$3.51 + 3% = \$3.62)	\$3.51	\$3.62	\$0.11
Total Purchase of Medical Services from Other Medical Facilities	\$100.40	\$105.92	\$5.52
Catastrophic Medical Expenses	\$16.31	\$12.56	(\$3.75)

* Projected FY 2016-17 POPM is based on an inflationary increase of 4.4% as listed in the June 2015 Consumer Price Index for all Urban Consumers (CPI-U).

** Projected FY 2016-17 POPM Rates for both Purchase of Medical Services and Catastrophic Medical Expenses are based on June 30, 2015 Incurred But Not Reported (IBNR) projections from Correctional Health Partners

***Administrative Fee anticipated contractual increase of 4% over FY 2015-16 rates.

****Security Contract anticipated contractual increase of 3% over FY 2015-16 rates.

Table 4 calculates the overall projected total funding need for FY 2016-17 Medical POPM based on the projected POPM rates shown in Table 3 and the projected caseload as shown in Table 2.

Table 4: Caseload and POPM Changes			
	Projected POPM Rates FY 2016-17	Projected Caseload FY 2016-17	FY 2016-17 Projected Need*
Purchase of Pharmaceuticals	\$108.75	14,313	\$18,678,465
Purchase of Medical Services from Other Medical Facilities	\$92.28	18,372	\$20,344,418
Administrative Fees** (estimated 4% increase per contract)	\$10.02	18,372	\$2,209,049
Security Contract*** (estimated 3% increase per contract)	\$3.62	18,372	\$798,080
Managed Care Incentive Cap****			\$400,000
Total Purchase of Medical Services from Other Medical Facilities	\$105.92		\$23,751,547
Catastrophic Medical Expenses	\$12.56	18,372	\$2,769,028
Total			\$45,199,040

* Calculation: Projected POPM Rate * Projected Caseload * 12 months = Projected Need

**Administrative Fee anticipated contractual increase of 4% over FY 2014-15 rates.

***Security Contract anticipated contractual increase of 3% over FY 2014-15 rates.

****Incentive cap for Correctional Health Partners for managing medical costs.

Table 5 summarizes the estimated differences in requested FY 2016-17 funding compared to the current FY 2015-16 Long Bill appropriations.

Table 5: Estimated Need			
	FY 2015-16 Long Bill Funding	FY 2016-17 Calculated Need	Estimated Difference in FY 2016-17
Purchase of Pharmaceuticals	\$18,080,579	\$18,678,465	\$597,886
Total Purchase of Medical Services from Other Medical Facilities	\$23,058,674	\$23,751,547	\$692,873
Catastrophic Medical Expenses	\$3,680,906	\$2,769,028	(\$911,878)
Total	\$44,820,159	\$45,199,040	\$378,881

Schedule 13

Funding Request for the FY 2016-17 Budget Cycle

Department of Corrections

Request Title

R-04 External Capacity Caseload

Dept. Approval By:	<i>Kevin Wasko</i>	X	Supplemental FY 2015-16 Change Request FY 2016-17
OSPb Approval By:	<i>Govt N. Sub 10/28/15</i>		Base Reduction FY 2016-17 Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17		FY 2017-18
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$102,160,638	\$0	\$101,881,533	(\$5,994,665)	(\$5,994,665)
	FTE		0.0		0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$99,801,931	\$0	\$99,522,826	(\$5,994,665)	(\$5,994,665)
	CF	\$2,358,707	\$0	\$2,358,707	\$0	\$0
	RF		\$0		\$0	\$0
	FF		\$0		\$0	\$0

Line Item Information	Fund	FY 2015-16		FY 2016-17		FY 2017-18
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$14,683,980	\$0	\$14,643,857	(\$1,762,074)	(\$1,762,074)
	FTE	0.0	0.0	0.0	0.0	0.0
(1) Management	GF	\$14,683,980	\$0	\$14,643,857	(\$1,762,074)	(\$1,762,074)
(B) External Capacity	CF	\$0	\$0	\$0	\$0	\$0
(2) Payments to Local Jails	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$73,514,127	\$0	\$73,313,295	(\$3,394,252)	(\$3,394,252)
	FTE	0.0	0.0	0.0	0.0	0.0
(1) Management	GF	\$71,155,420	\$0	\$70,954,588	(\$3,394,252)	(\$3,394,252)
(B) External Capacity	CF	\$2,358,707	\$0	\$2,358,707	\$0	\$0
(2) Payments to In-State Private Prisons	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$13,962,531	\$0	\$13,924,381	(\$838,339)	(\$838,339)
	FTE	0.0	0.0	0.0	0.0	0.0
(1) Management	GF	\$13,962,531	\$0	\$13,924,381	(\$838,339)	(\$838,339)
(B) External Capacity	CF	\$0	\$0	\$0	\$0	\$0
(2) Payments to Pre-Release Parole Revocation Facilities	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Letternote Text Revision Required? Yes: No: X If Yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and CORE Fund Number:

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes No Not Required: X

Schedule 13s from Affected Departments:

Other Information:



COLORADO

Department of Corrections

Priority: R-04
External Capacity Caseload
FY 2016-17 Change Request

Cost and FTE

- The Department of Corrections (DOC) requests a \$5,994,665 General Fund reduction in FY 2016-17 in order to match private prison and jail bed needs with the projected offender population. This request represents a 5.9 percent decrease in FY 2016-17 from the current FY 2015-16 funding level.

Current Program

- DOC protects the citizens of Colorado with the effective management of criminal offenders in controlled environments that also provide meaningful work and self-improvement opportunities to assist offenders with community re-entry.
- Private prison providers are utilized for housing offenders in excess of DOC's physical capacity. In addition, local jails hold offenders that are awaiting a prison bed.
- The Department's budget supports an operational capacity of 14,351 state prison beds, 4,266 private prison beds, and 748 jail beds.

Problem or Opportunity

- The population projection from the August 2015 Colorado Division of Criminal Justice interim forecast indicates the prison population is increasing through 2021; however, the expected growth will happen at a slower pace than previously forecasted.
- The slower increase in population growth is resulting in a lesser need for private prison and jail beds than are currently funded.
- The relocation of 64 male offenders from the La Vista Correctional Facility to other appropriate male facilities is further reducing the need for jail beds to house overflow female offenders.

Consequences of Problem

- The Department has more external capacity beds than needed for housing male and female offenders based on the most recent population forecast for FY 2016-17.
- The appropriation of more funding than is required will unnecessarily commit scarce General Fund resources that could be used for other purposes.

Proposed Solution

- This ongoing request will allow the Department to meet offender bed requirements in FY 2016-17 with the appropriate level of funding.



COLORADO
Department of Corrections

John W. Hickenlooper
Governor

Rick Raemisch
Executive Director

FY 2016-17 Change Request | November 2, 2015

Department Priority: R-04
Request Detail: External Capacity Caseload

Summary of Incremental Funding Change for FY 2016-17	Total Funds	General Fund
External Capacity Caseload	(\$5,994,665)	(\$5,994,665)

Problem or Opportunity:

The Department requests a reduction of \$5,994,665 General Fund in the External Capacity subprogram to house the forecasted prison populations in FY 2016-17.

Based on the interim prison population forecast prepared by the Division of Criminal Justice (DCJ), the Department of Corrections (DOC) will be housing an increasing number of offenders in FY 2016-17; however, this increase is less than what was projected in the December 2014 forecast. Table 1 provides a comparison of DCJ's August 2015 interim forecast to the December 2014 annual forecast; the latter was the basis for the funding provided in the FY 2015-16 Long Bill. The DCJ prison population forecast includes offenders housed in both prison and community corrections facilities, and is expected to be 355 offenders higher by June 30, 2017 compared to the June 30, 2015 actual population. This change represents a 1.7 percent increase over a two-year period.

End of Fiscal Year	Dec 2014 Forecast	Aug 2015 Interim Forecast*	Projected Growth from 6/30/2015
2015	21,026	20,623	
2016	21,478	20,696	73
2017	21,903	21,051	355
2018	22,466	21,517	466
2019	22,970	21,914	397
2020	23,478	22,275	361
2021	23,934	22,667	392

* 2015 number reflects June 30, 2015 actual

The Department ended FY 2014-15 below DCJ's December 2014 forecast with a male prison population of 18,655 (-362) and female prison population of 1,968 (-41). This means DOC is starting FY 2015-16 with a lower population than was supported in the Long Bill. In addition, the prison population is forecasted to grow at a slower rate than previously estimated. Both of these changes mean the Department is currently

funded for more private prison and jail beds than it will need in FY 2016-17 and is submitting a corresponding funding reduction request.

Funding received in the FY 2015-16 Long Bill allows for the utilization of all available beds in state facilities with the exception of the closed Boot Camp and Centennial South facilities. The Department utilizes private prison providers to house male offender populations that are in excess of state bed capacity. The Department has been resolving the bed shortfall for female offenders through the use of jail beds until a state bed becomes available. The Department has reduced the need for jail beds for female offenders by relocating the male offenders assigned to the 64-bed, mobility impaired housing unit that was within the La Vista Correctional Facility (LVCF) to other male facility beds that are appropriate for the population. This enabled the DOC to comply with the correctional management best practice of housing male and female populations separately. It also led to the quicker assignment of female offenders to a prison bed and expedited the delivery of treatment and training programs. While the Department will still need to use jail beds as a temporary housing solution for female offenders, there is a lesser need for jail beds in FY 2016-17 than is currently funded due to the changes made at LVCF.

Proposed Solution:

The Department requests a reduction of \$5,994,665 General Fund to house the forecasted prison populations in FY 2016-17. The requested funding reduction is in the External Capacity subprogram and would reduce the number of private prison beds that are currently funded as part of DOC's operational capacity. The request also reflects a reduction of jail beds that house overflow female offenders. Using the FY 2015-16 appropriation as the starting point, Table 2 provides a crosswalk of what the new bed levels will be in FY 2016-17 for the local jails and private prison facilities if the change request is approved.

Table 2: FY 2016-17 External Capacity Bed Summary

Facility	FY 2015-16 Appropriation*	Decision Item	Total Beds
Local Jails	748	(90)	658
Private Prisons	3,585	(166)	3,419
Cheyenne Mountain Re-entry Center (CMRC)	681	(41)	640
Total Prison Beds	4,266	(207)	4,059

* FY 2015-16 appropriation reflects SB 15-234 and SB 15-124

Anticipated Outcomes:

If approved, DOC will have the right sized operational capacity to house the projected offender population in FY 2016-17. Having an appropriate bed available at the correct custody level for offenders allows the Department to provide for the safe and efficient housing of offenders. The assignment of offenders to beds in a timely manner also expedites the delivery of treatment and training programs that facilitate an offender's eventual re-entry into the community. The proposed solution emphasizes efficient operations by fully utilizing all state beds in open facilities.

Assumptions and Calculations:

The starting point for determining offender bed requirements is the DCJ August 2015 interim prison population forecast. Since DCJ's projected prison population includes offenders housed in both prison and community corrections facilities, the Department must estimate the number of offenders that will require a

prison bed for the purposes of this funding request. The Department uses a rolling 12-month average, as recommended in the Prison Utilization Study, to estimate the male prison facility population (Table 3). This average compares the facility population to the total population at the end of each month. The Department is using a rolling 7-month average for estimating the female prison population (Table 5). The female facility population reported from February to August 2015 provides a more accurate facility bed projection due to the 80 bed capacity increase at LVCF that occurred in February 2015. As illustrated in Table 5, the capacity increase at LVCF resulted in a corresponding increase in the female facility population. It should be noted that the rolling average for male offenders increased slightly since the FY 2015-16 budget amendment request (88.1 percent vs. 88.0 percent) while the female offender percentage had a similar change, increasing to 77.8 percent from 77.4 percent.

Table 3 reflects the rolling average facility population for male offenders for the 12-month period of September 2014 to August 2015 while Table 4 shows how the projected average daily population (ADP) for male facility beds was determined for FY 2016-17.

	2014				2015								Rolling Avg
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
Total Pop.	18,764	18,796	18,787	18,700	18,660	18,687	18,759	18,715	18,686	18,655	18,586	18,589	18,699
Facility	16,378	16,388	16,359	16,404	16,448	16,466	16,567	16,636	16,585	16,523	16,450	16,566	16,481
% in Facility	87.3%	87.2%	87.1%	87.7%	88.1%	88.1%	88.3%	88.9%	88.8%	88.6%	88.5%	89.1%	88.1%

End of Month;	Total Pop. Projection	Facility Population (88.1% of total pop.)	Projected Facility ADP
June 2015*	18,655	16,523	
June 2016	18,692	16,468	16,495
June 2017	19,033	16,768	16,618

*Actual figures for June 2015

Tables 5 and 6 provide a similar recap for the female facility population projections with the illustration of rolling 7-month average and ADP calculations.

	2015							Rolling Avg
	Feb	Mar	Apr	May	Jun	Jul	Aug	
Total Pop.	1,982	1,977	1,955	1,967	1,968	1,961	1,935	1,964
Facility	1,472	1,529	1,541	1,542	1,540	1,537	1,537	1,528
% in Facility	74.3%	77.3%	78.8%	78.4%	78.3%	78.4%	79.4%	77.8%

Table 6: Female Population Projection			
(DCJ August 2015 Interim Forecast)			
End of Month:	Total Pop. Projection	Facility Population (77.8% of total pop.)	Projected Facility ADP
June 2015*	1,968	1,540	
June 2016	2,004	1,559	1,550
June 2017	2,018	1,570	1,565

*Actual figures for June 2015

Once the ADP for facility beds is determined, it is compared to the Department's current operational capacity including both state and private facility beds. Table 10 in the Appendix provides an update on the capacity in state facilities since it was last reported in the FY 2015-16 budget amendment request. The Department continues to make minor changes in response to programming needs. These changes include an increase of 16 beds at the Centennial Correctional Facility due to the elimination of punitive segregation beds. It also includes a decrease of eight beds at the Colorado Territorial Correctional Facility due to Americans with Disabilities Act (ADA) renovations. The Buena Vista Correctional Facility increased capacity by 50 beds by reducing the number of punitive segregation beds (excluded from operational capacity) and creating a protective custody housing unit. While the reassignment of males from LVCF reduces male capacity by 64 beds, the female capacity has increased by 80 beds at LVCF. The net increase of 16 beds was made possible by increasing the number of offender beds in the larger cells from 4 to 6, as was previously done in the other female housing units within LVCF.

Table 7 shows how the decreased need for 207 male beds in FY 2016-17 was determined using the forecasted facility population. Table 8 shows the female bed requirement decreases by 90 jail beds in FY 2016-17. The Department continues to factor in a two percent vacancy rate for state beds to account for the fact that at any given time a correctional system will have vacant beds. This common practice was recommended in the Prison Utilization Study and contributes to overall offender bed needs.

Table 7: Male Bed Calculations		
Current Capacity:	Total Beds	ADP Bed Change
State Facilities	12,815	
Private Facilities	4,266	
Total Operational Capacity	17,081	
Forecasted Population (FY 2016-17 ADP)	16,618	
Proposed Capacity:		
State Facilities	12,815	
Less: Vacancy Rate Adjustment (2%)	(256)	
Subtotal State Facilities	12,559	
Private Facilities	4,059	(207)
Total Proposed Capacity	16,618	

Table 8: Female Bed Calculations		
Current Capacity:	Total Beds	ADP Bed Change
State Facilities	1,536	
Private Facilities (Local Jails)	150	
Total Operational Capacity	1,686	
Forecasted Population (FY 2016-17 ADP)	1,565	
Proposed Capacity:		
State Facilities	1,536	
Less: Vacancy Rate Adjustment (2%)	(31)	
Subtotal State Facilities	1,505	
Private Facilities (Local Jails)	60	(90)
Total Proposed Capacity	1,565	

Table 9 shows the detailed calculations for the reduction of beds requested in FY 2016-17.

Table 9: FY 2016-17 External Capacity Bed Adjustments				
Facility	# Days	Daily Per Diem	# Beds	Total Change
Local Jails	365	\$53.64	(90)	(\$1,762,074)
Private Prisons	365	\$56.02	(166)	(\$3,394,252)
Cheyenne Mountain Re-entry Center (CMRC)	365	\$56.02	(41)	(\$838,339)
Total				(\$5,994,665)

Appendix:

Table 10: State Facility Capacity Crosswalk

Facility	CNA Original Capacity	CNA/DOC Capacity Reconciliation	Budget Actions to Reopen State Beds	Other DOC Adjustments	Current Facility Capacity
Centennial	320			16	336
Colorado State Penitentiary	756				756
Denver Reception	572				572
San Carlos	234			21	255
Sterling	2,468	(56)	100	(24)	2,488
Limon	930				930
Arkansas Valley	1,050				1,050
Buena Vista Complex	1,065	(21)	140	50	1,234
Colorado Territorial	929				929
Fremont	1,620				1,620
La Vista - Male Beds	94			(64)	30
Arrowhead	520				520
Four Mile	521				521
Trinidad	400		100		500
CCC (Camp George West)	150				150
Delta	484	(4)			480
Rifle	204	(12)			192
Skyline	252				252
Subtotal Male Capacity	12,569	(93)	340	(1)	12,815
Denver Women's	968	(68)	76		976
La Vista - Female Beds	450			110	560
Subtotal Female Capacity	1,418	(68)	76	110	1,536
Total State Facilities	13,987	(161)	416	109	14,351

CNA/DOC Capacity Reconciliation Details:

- The CNA (Prison Utilization Study contractor) methodology for calculating operational capacity included emergency beds but excluded punitive segregation and infirmary beds from the count. DOC agreed with this methodology with the minor changes discussed below.
- Sterling Correctional Facility had two issues that contributed to the calculation difference. The facility's Cell House 6 has 64 cells with 32 of the cells holding a single bunk and 32 of the cells double bunked for a total of 96 beds. Although this unit contains 96 beds, the Department can only utilize 64 beds at the same time due to fixture limitations (e.g., showers, toilets, etc.). As a result, the bed count for this unit is 32 fewer than what was included in the study. The second issue concerned the number of punitive segregation beds. The number of beds listed in the study was 72 but the actual number of punitive beds in the facility is 96.
- The Buena Vista Correctional Complex has a total of 34 emergency beds, with 21 of these beds residing in punitive segregation units.
- Delta Correctional Center has four emergency beds that are located in the punitive segregation unit.

- The Rifle Correctional Center is capped at 192 beds per C.R.S. 17-25-102 (1).
- Denver Women's Correctional Facility implemented a 76-bed reduction effective July 1, 2013 which occurred after the study was published. The Department also updated the number of punitive segregation beds to 24 from the 32 beds used in the study's calculations.

Budget Actions:

- Funding received in the FY 2013-14 supplemental allowed the Department to reutilize 416 beds (340 male and 76 female) that were previously taken offline when the prison population was in decline. In addition, DOC postponed the planned closure of 100 male beds at Sterling that were scheduled to be taken offline on February 1, 2014.

DOC Capacity Adjustment Details:

- Centennial Correctional Facility had 16 punitive segregation beds that were previously excluded from the operational capacity. Since these beds are available for long term housing of high treatment needs offenders, they are properly included in the facility's operational capacity.
- San Carlos Correctional Facility has 24 high custody beds that were previously excluded from the operational capacity, similar to a punitive segregation bed. Since these beds are now available for long term housing of high treatment needs offenders, they are properly included in the facility's operational capacity. In addition, the facility recently realigned programs and through that process reduced the number of beds by three.
- Sterling Correctional Facility converted 24 double occupant cells to single occupant cells in order to meet clearance requirements for offenders confined to wheelchairs.
- The Department reduced the number of punitive segregation beds at the Buena Vista Correctional Facility in order to establish a protective custody housing unit. Because the punitive segregation beds were excluded from the previously reported operational capacity, the repurposing of these beds increases the operational capacity of the facility.
- Although the Colorado Territorial Correctional Facility (CTCF) shows no increase since the CNA study, there has been a change since the capacity was last reported in the FY 2015-16 budget amendment request. At that time, CTCF reflected an eight bed increase due to reduction of punitive segregation beds to make room for a dementia unit. The demands for specialized housing have continued at this facility and the recent completion of an ADA shower project and mobility cell expansions have eliminated eight beds.
- The La Vista Correctional Facility's female bed capacity was initially increased by 30 beds in November 2013. Corner rooms can accommodate additional beds and serve as emergency beds during times of growing populations. The ongoing demand for more female offender beds resulted in the relocation of males from the LVCF. While this move reduced the state facility capacity for males by 64 beds, it also increased the state facility capacity for females by 80 beds. The Department leveraged the space in the larger rooms by adding an additional two beds per room, continuing the practice already in place in the other female housing units at LVCF.

Schedule 13

Funding Request for the FY 2016-17 Budget Cycle

Department of Corrections

Request Title

R-05 Provider Rate Decrease

Dept. Approval By: <u><i>Kenneth W. Wingo</i></u>	—	Supplemental FY 2015-16
	x	Change Request FY 2016-17
	—	Base Reduction FY 2016-17
OSPB Approval By: <u><i>Grant M. Smith 10/28/15</i></u>	—	Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$172,849,703	\$0	\$173,157,661	(\$1,273,348)	\$0
	FTE	538.5	0.0	539.6	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$167,765,513	\$0	\$168,073,471	(\$1,273,348)	\$0
	CF	\$2,597,090	\$0	\$2,597,090	\$0	\$0
	RF	\$2,487,100	\$0	\$2,487,100	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$14,683,980	\$0	\$14,643,857	(\$146,439)	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
(1) Management	GF	\$14,683,980	\$0	\$14,643,857	(\$146,439)	\$0
(B) External Capacity	CF	\$0	\$0	\$0	\$0	\$0
(2) Payments to Local Jails	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$73,514,127	\$0	\$73,313,295	(\$709,546)	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
(1) Management	GF	\$71,155,420	\$0	\$70,954,588	(\$709,546)	\$0
(B) External Capacity	CF	\$2,358,707	\$0	\$2,358,707	\$0	\$0
(2) Payments to In-State Private Prisons	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$13,962,531	\$0	\$13,924,381	(\$139,244)	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
(1) Management (B) External Capacity	GF	\$13,962,531	\$0	\$13,924,381	(\$139,244)	\$0
(2) Payments to Pre- Release Parole Revocation Facilities	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
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	Total	\$4,212,064	\$0	\$4,200,555	(\$42,006)	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
(1) Management (B) External Capacity	GF	\$4,212,064	\$0	\$4,200,555	(\$42,006)	\$0
(2) Community Corrections Programs	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
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	Total	\$32,143,287	\$0	\$32,510,792	(\$35,000)	\$0
	FTE	387.5	0.0	387.5	0.0	0.0
(2) Institutions	GF	\$31,904,904	\$0	\$32,272,409	(\$35,000)	\$0
(E) Medical Services Personal Services	CF	\$238,383	\$0	\$238,383	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
<hr/>						
	Total	\$2,490,075	\$0	\$2,490,075	(\$24,901)	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
(2) Institutions (E) Medical Services Contract Services	GF	\$2,490,075	\$0	\$2,490,075	(\$24,901)	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
<hr/>						
	Total	\$12,370,450	\$0	\$12,601,517	(\$6,350)	\$0
	FTE	151.0	0.0	152.1	0.0	0.0
(2) Institutions (J) Mental Health Personal Services	GF	\$12,370,450	\$0	\$12,601,517	(\$6,350)	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
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	Total	\$4,034,958	\$0	\$4,034,958	(\$40,350)	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
(2) Institutions (J) Mental Health Medical Contract Services	GF	\$4,034,958	\$0	\$4,034,958	(\$40,350)	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$2,425,799	\$0	\$2,425,799	(\$20,758)	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
(4) Inmate Programs	GF	\$2,075,799	\$0	\$2,075,799	(\$20,758)	\$0
(D) Drug & Alcohol Treatment	CF	\$0	\$0	\$0	\$0	\$0
Contract Services	RF	\$350,000	\$0	\$350,000	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$7,626,078	\$0	\$7,626,078	(\$54,890)	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
(5) Community Services	GF	\$5,488,978	\$0	\$5,488,978	(\$54,890)	\$0
(A) Parole	CF	\$0	\$0	\$0	\$0	\$0
Contract Services	RF	\$2,137,100	\$0	\$2,137,100	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$1,834,291	\$0	\$1,834,291	(\$18,343)	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
(5) Community Services	GF	\$1,834,291	\$0	\$1,834,291	(\$18,343)	\$0
(A) Parole	CF	\$0	\$0	\$0	\$0	\$0
Wrap-Around Services Program	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$640,062	\$0	\$640,062	(\$6,401)	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
(5) Community Services	GF	\$640,062	\$0	\$640,062	(\$6,401)	\$0
(B) Community Supervision	CF	\$0	\$0	\$0	\$0	\$0
(1) Community Mental Health Services	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$2,912,001	\$0	\$2,912,001	(\$29,120)	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
(5) Community Services	GF	\$2,912,001	\$0	\$2,912,001	(\$29,120)	\$0
(B) Community Supervision	CF	\$0	\$0	\$0	\$0	\$0
(1) Contract Services	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Letternote Text Revision Required?	Yes	No	<u> x </u>	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:				
Reappropriated Funds Source, by Department and Line Item Name:				
Approval by OIT?	Yes	No	<u> x </u>	Not Required:
Schedule 13s from Affected Departments:				
Other Information:				



COLORADO

Department of Corrections

Priority: R-05
Provider Rate Decrease
FY 2016-17 Change Request

Cost and FTE

- The Department of Corrections is requesting a General Fund reduction of \$1,273,348 in FY 2016-17 to support a 1.0 percent provider rate decrease.

Current Program

- The Department receives funding in the Payments to House State Prisoners subprogram to pay for the costs of housing offenders externally. The types of beds provided in this program include those found at county jails, private prison facilities, and community corrections facilities.
- Contract services in the Clinical subprograms (Medical, Mental Health, and Drug and Alcohol) provide various types of staff who deliver treatment to offenders, including physician and nursing care, mental health assessments and treatment, and substance abuse treatment.
- Parole and Community Supervision currently have contracts with service providers that provide various services including, but not limited to, mental health treatment and drug and alcohol services.

Problem or Opportunity

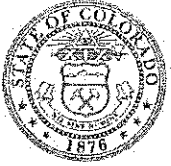
- Recent revenue forecasts indicate that the state will face a funding shortfall in FY 2016-17.
- Since FY 2013-14, providers have received cumulative funding increases from the state totaling 6.2 percent.
- The proposed slight reduction in provider rates across multiple state agencies will help close the projected budget deficit in FY 2016-17.

Consequences of Problem

- Should this request not be approved, the state will have to consider other potentially more drastic measures to close the projected funding gap for FY 2016-17.

Proposed Solution

- Decrease various appropriations that support external providers by \$1,273,348 to support a 1.0 percent decrease in per diem rates for external capacity facilities as well as contracts that support clinical providers and parole community service programs.



COLORADO

Department of Corrections

John W. Hickenlooper
Governor

Rick Raemisch
Executive Director

FY 2016-17 Funding Request | November 2, 2015

Department Priority: R-05
Request Detail: Provider Rate Decrease

Summary of Incremental Funding Change for FY 2016-17	Total Funds	General Fund
Provider Rate Decrease	(\$1,273,348)	(\$1,273,348)

Problem or Opportunity:

The Department of Corrections (DOC) is requesting a decrease of \$1,273,348 General Fund in community provider rates based on current state revenue projections, which includes a projected budget deficit for FY 2016-17. DOC received a 2.0 percent provider rate increase for external capacity providers in FY 2013-14. This increase was followed by a 2.5 percent increase for external capacity, clinical treatment, and parole community service providers in FY 2014-15, and a 1.7 percent increase for those same budget lines in FY 2015-16. The total resulting cumulative provider rate increase since FY 2013-14 has been 6.2 percent. Current revenue projections for the state are forecasting a budget deficit for FY 2016-17, resulting in a necessity to reduce funding across budget lines in multiple state agencies, including DOC.

Proposed Solution:

The Department is requesting a General Fund decrease of \$1,273,348 in a multi-agency collaborative effort to reduce the projected statewide budget deficit for FY 2016-17. The change request represents a 1.0 percent decrease to daily per diem rates paid to external capacity providers; a 1.0 percent decrease in the various appropriations that pay for contract clinical providers such as physicians, nurses, psychiatrists, and substance abuse treatment providers; as well as a 1.0 percent decrease to the parole appropriations that fund community service programs.

Anticipated Outcomes:

The decreased funding will allow the Department to return money to the General Fund in order to help close the projected statewide budget deficit for FY 2016-17.

Assumptions and Calculations:

The Department's request is based on a 1.0 percent decrease to the FY 2015-16 line items that fund external providers. An exception to this is found in the Medical Services and Mental Health Personal Services appropriations. In this case, DOC based the 1.0 percent decrease on the provider contracts in place for FY 2015-16. Table 1 provides the calculations for the external capacity appropriations and identifies what the daily per diem rates would become if the rate decrease is approved. Table 2 shows the portion of the clinical personal services appropriations that is expected to pay for contract providers. The rate decrease calculations for contract services lines in the clinical and parole appropriations are found in

Table 3. Table 4 provides a summary of all appropriation lines that are requesting a 1.0 percent decrease for provider rates.

Appendix:

Long Bill Line: (1)(B)(2)	FY 2015-16 Daily Bed Rate	FY 2016-17 Base Request	1.0% Decrease	FY 2016-17 Total Request	FY 2016-17 Requested Daily Bed Rate
Payments to House State Prisoners:					
Payments to Local Jails	\$53.64	\$14,643,857	(\$146,439)	\$14,497,418	\$53.10
Payments to In-State Private Prisons	\$56.02	\$70,954,588	(\$709,546)	\$70,245,042	\$55.46
Payments to Pre-Release and Parole Revocation Facilities	\$56.02	\$13,924,381	(\$139,244)	\$13,785,137	\$55.46
Community Corrections Programs	\$50.04	\$4,200,555	(\$42,006)	\$4,158,549	\$49.54
Total		\$103,723,381	(\$1,037,235)	\$102,686,146	

Long Bill Line	FY 2015-16 Contracts*	1.0% Decrease	FY 2015-16 Appropriation	FY 2016-17 Request
(2)(E) Medical Services				
Personal Services	\$3,500,000	(\$35,000)	\$32,143,287	\$32,108,287
(2)(J) Mental Health				
Personal Services	\$635,000	(\$6,350)	\$12,370,450	\$12,364,100

* Portion of appropriations expected to pay for contract providers

Long Bill Line	FY 2015-16 Appropriation	1.0% Decrease	FY 2016-17 Request
(2)(E) Medical Services			
Service Contracts	\$2,490,075	(\$24,901)	\$2,465,174
(2)(J) Mental Health			
Medical Contract Services	\$4,034,958	(\$40,350)	\$3,994,608
(4)(D) Drug & Alcohol Treatment			
Contract Services	\$2,075,799	(\$20,758)	\$2,055,041
(5)(A) Parole			
Contract Services	\$5,488,978	(\$54,890)	\$5,434,088
Wrap-Around Services	\$1,834,291	(\$18,343)	\$1,815,948
(5)(B)(1) Community Supervision			
Community Mental Health Services	\$640,062	(\$6,401)	\$633,661
Contract Services	\$2,912,001	(\$29,120)	\$2,882,881

Table 4: Provider Rate Increase Summary		
	Long Bill Line	1.0 % Decrease
(1)(B)(2)	Payments to Local Jails	(\$146,439)
	Payments to In-State Private Prisons	(\$709,546)
	Payments to Pre-Release Facilities	(\$139,244)
	Community Corrections Programs	(\$42,006)
(2)(E)	Personal Services	(\$35,000)
	Service Contracts	(\$24,901)
(2)(J)	Personal Services	(\$6,350)
	Medical Contract Services	(\$40,350)
(4)(D)	Contract Services	(\$20,758)
(5)(A)	Contract Services	(\$54,890)
	Wrap-Around Services	(\$18,343)
(5)(B)(1)	Community Mental Health Services	(\$6,401)
	Contract Services	(\$29,120)
	Total	(\$1,273,348)

