

Testimony before the Senate Finance Committee
Substitute House Bill 153 (Amstutz) – FY2012-2013 Biennial Operating Budget
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Good afternoon Chairman Widener, Vice Chair Jones, Ranking Minority Member Skindell, and members of the Senate Finance Committee. I appreciate the opportunity to address you today in support of Amended Substitute House Bill 153 specifically the Department of Rehabilitation and Correction's (DRC) FY2012-2013 biennial operating budget request. I will briefly summarize some key points regarding the Department's budget submission.

Introduction

The Department of Rehabilitation and Correction received more than \$300 million in federal stimulus dollars in the previous biennium that is not available in the FY2012-13 budget. This budget request will achieve our goals of fiscal responsibility by requesting \$188.2 million less over the biennium and nearly a 6 percent reduction in GRF dollars over FY2011 appropriations of \$1.58 billion. The Department's budget request of \$1.49 billion in FY2012 and \$1.48 billion in FY2013 reflects several innovative strategies as well as some very difficult and painful decisions that will allow us to meet our mission and authorize us to make investments in critical areas of the agency.

Original Concept

When I was asked about accepting this position, an approach had been developed to close up to six prisons and send approximately 12,000 inmates out of state to private correctional beds at a lower per diem rate. This plan would have resulted in up to 2,400 correctional jobs being abolished, employees in every correctional institution in Ohio initiating a bumping rights process causing mass instability in the workforce and correspondingly in the prisons and forcing inmates against their will to board buses bound out of state away from their families to serve their sentence. This approach would have not only caused chaos in the remaining Ohio facilities now staffed with employees displaced from closed facilities, but would have been a contradiction to my role as Chair of the Reentry Coalition. That plan to balance our budget was not acceptable to me and would not have achieved necessary budget savings after unemployment would have been paid and a contract to transport inmates in and out of Ohio would have been put in place. I would not have accepted the position of Director using this approach to reduce our budget. After a robust discussion a decision was made to go another direction, and it then became incumbent for the new director to find a better approach to address this historic shortfall.

DRC Historical Approach

Historically, the Department of Rehabilitation and Correction when faced with similar, but not nearly as severe budget deficits used a predictable model of closing prisons; a course of action used a decade ago when Lima and Orient were both closed. That decision, which I was part of, resulted in inmates being moved into other facilities with crowding numbers increased and the staff at the two facilities choosing to bump other staff or leave state employment. In 2008, when significant budget challenges surfaced again, a decision was made to reduce unit management staff out of the inmate housing areas in most prisons, significantly cutting these staff in higher security facilities, leaving correctional officers to not only perform all of the security functions but also to address the inmate issues that result in frustration and incidents.

Our Plan

Upon taking this position, there were fundamental guiding principles that resulted in my formation of a strategy to address the largest budget deficit in our agency's history.

1. **Violence** - Shortly after taking this position I was made aware of an alarming trend of inmate violence that has recently been described in the Columbus Dispatch. If we look at assaultive and disruptive behavior involving multiple inmates we see:
 - a. In 2007 DRC had – 1 disturbance every 28 days
 - b. In 2008 DRC had – 1 disturbance every 24 days
 - c. In 2009 DRC had – 1 disturbance every 14 days, and
 - d. In 2010 DRC had – 1 disturbance every 7.6 days

This trend of violence is reiterated as I receive significant incidents 24 hours-a-day, 7 days-a-week on my cell phone.

2. **Crowding** - Also during my first week on the job I learned that we had seven facilities that were triple bunking inmates who were rule violators in disciplinary control because the system was so crowded that beds did not exist at our higher security facilities to send inmates who required a higher level of custody. I also learned that we had hundreds of inmates who were waiting for transfer to more suitable prisons for disciplinary reasons and for inmates who refuse to enter into the general population for fear of retaliation for gambling and other institutional behaviors.
3. **Reducing the Impact of Job Loss** - The chaos caused by staff bumping in our correctional system results in both significant impact to employees and families, who are Ohio citizens, but also disrupts the orderly operation of our facilities that is critical to a safe environment. It was clear that given the historic hole in the budget, staffing reductions were inevitable, but attempting to control and reduce that loss and ensuring that we maintain a priority on our core functions of supervision of inmates and offenders in the community.

Given these principles, what plan of action made sense to address the shortfall and stay true to these core values? While the cuts are at a level that requires multiple strategic actions, the following form the primary architecture for a structurally sound budget moving forward for DRC.

1. **Sale of Five Correctional Institutions** - It is clear that the greatest budget challenge is in FY12. Achieving the budget numbers under traditional methods would have not conformed with the above guiding principles. If we were to sell facilities owned by the state and use those assets in FY12, only that would enable us to make a significant dent in our budget deficit while preserving current bed capacity, allowing a framework to reduce prison violence and reducing the global impact of job loss. With this approach, the sale of the two privately operated prisons [Lake Erie in Ashtabula County and North Coast in Grafton] allows for revenue without impacting current state employees. Further, the newest correctional facility in Ohio is currently closed. The Marion Juvenile facility offers an attractive facility without impacting state employees. In order to meet the anticipated resource needs for our budget, two additional facilities were needed and based

on the proximity to the Marion Juvenile Facility, North Central Correctional Institution was identified and in the same manner, Grafton was identified as the second state facility being in proximity to North Coast. These two facilities do have state employees that will be affected but these facilities will not be closed. The staff will have the opportunity to be employed using the bumping process at other state facilities or positions at the private facilities. Based on the offering of a six month ERI, all current employees interested and with a positive employment record will have the ability to have a job in the correctional industry.

Another integral part of this plan is that the land purchased by the private vendors will be eligible to be taxed by local communities to support local school and government functions. Quite frankly, the opportunity for local governments to financially benefit from the sale of the prisons is a fundamental reason to initiate this approach.

While private facilities will be required to operate using Ohio policies to manage inmates and staff all equivalent posts in Ohio prisons. Private facilities also offer innovations and best practices that can help us improve in our Ohio state-run facilities just like we can have positive influence on the private vendors. Full time monitors will be deployed to oversee these facilities. We will audit these sites just like state facilities. We will expect these facilities to receive national ACA accreditation. We will train their staff with ours and we will collect the same performance data that we collect from state facilities.

2. **Reduction of the DRC Inmate Population** - Through sentencing reform, we are committed to reduce the intake and incarceration of non-violent inmates doing less than one year that enter our facilities at a rate of 12,000 a year. We further will put in place practices that reward inmates that are behaviorally compliant and involved in evidenced-based programs while more severely sanctioning those inmates that are assaultive and are hurting our staff.

Other Budgetary Reforms

In order to meet other budgetary requirements, the Department has proposed several other reforms. These reforms include:

- A 20% staff reduction over the biennium at the Operation Support Center (Central Office) and projected reductions from the DYS/DRC shared services initiative.
- Consolidation of operations at the Corrections Medical Center with the Franklin Pre-Release Center, and the Allen Correctional Institution with the Oakwood Correctional Facility. The Department will close minimum security camps at London, Ross, and Toledo Correctional Institutions. Inmates will be transferred to appropriate facilities and staff reductions will be accomplished through attrition.
- Reorganization of our Mental Health Services that will result in changes to the current service delivery model. This reorganization will focus on the most intensive treatment on the Seriously Mentally Ill (SMI) population and commitment to programming for the non-SMI offenders. This new service delivery will assist offenders with their transition to reenter society.
- Reorganization of the Ohio Central School System will retain a commitment to the shared services model and compliance with state and federal law. There will be a reduction in administrative staff. Classroom capacity will remain at the same level.
- The Department plans to pursue a Cooperative Buying arrangement to maximize our food purchasing power and we are working with DMH to restructure our pharmacy purchases through their Office of Support Services.

- We are negotiating our contracted services with OSUMC for Medicaid rates for hospitalization and other services for an additional \$10 million annual savings. Abolishment of RN2 positions, outsourcing radiographers and clerical staff assumes further cost savings. Infirmary operation hours at many institutions will be shortened and emergency care services and protocols will be established.
- A 5% reduction in utilities at all DRC prisons will be accomplished through recycling and other energy related efficiencies that may result in \$5 million annual GRF savings.
- Abolishment of Pre-Sentence Investigation services to counties by the Adult Parole Authority. The infusion of Community Correction Act funds directly to counties or multiple counties to assist in the completion of these services by their own staff.
- Due to performance issues, the Licking/Muskingum County CBCF will not be funded in the FY2012-13 biennium.

House Changes to Substitute House Bill 153

I would now like to discuss some changes made to the Executive Budget proposal that will have some impact on our budget and agency operations.

The House passed version of HB 153 contains a \$500,000 reduction to our Community Misdemeanor Programs 501-408 line item each year of the biennium. These monies were planned for the Council of State Governments Justice Reinvestment and subsidies to counties for PSI writing. We would like to request restoration of these dollars by the Senate.

Second, the bill contains language to allow the Department of Administrative Services to put out an RFP for pharmacy service purchases and select a single vendor to be utilized for the entire State. This language is a concern because the State of Ohio would not be afforded the best opportunity to procure medications at the lowest possible cost. This language would reduce the amount of competition for drug purchasing. In addition, it eliminates the State's ability to buy directly from manufacturers of pharmaceuticals where the best and lowest price for medications could be negotiated by having multiple vendors. We would like to request that the Senate eliminate this language.

Chairman Widener and members of this Committee, I want to work with you to find the best possible resolution to these House changes to our budget proposal.

Conclusion

I would be remiss if I did not commend the professionalism of DRC staff, and thank them for their valuable input into this budget process. Staff development of cost savings ideas from various levels within the Department help to account for over \$30 million in savings in our budget request.

I am committed to achieving many of these staff reductions through attrition where possible. I do not envy the choices that you face in balancing one of the most difficult budgets the State of Ohio is facing. However, I believe that this budget request takes the necessary steps to stabilize our agency and allows us to continue to meet the levels of our core functions of safety, security and meaningful programming for incarcerated offenders.

Additionally, while this budget proposal meets the agency needs, I plan to continue to transform this Department with the use of research driven and best practices in order to place Ohio's DRC as a national leader in the area of correctional reform.

Chairman Widener, Vice Chair Jones, Ranking Minority Member Skindell and members of the Senate Finance Committee, I urge your support of the proposed Executive Budget contained in Substitute Amended House Bill 153. I would now be pleased to answer any questions you might have.