

TEXAS DEPARTMENT OF CRIMINAL JUSTICE

Fiscal Year 2017 Operating Budget



Fiscal Years 2018-2019 Legislative Appropriations Request

August 18, 2016

FISCAL YEAR 2018-19 LAR

Texas Department of Criminal Justice

The attached summary document contains the Texas Department of Criminal Justice (TDCJ) Fiscal Year 2017 Operating Budget, as well as the FY 2018-19 biennial Legislative Appropriations Request (LAR), prepared as directed by the policy letter from the Governor, Lieutenant Governor and Speaker (see page 11 of this document). Considering our responsibilities as fiscal stewards and the continued statewide emphasis on fiscal restraint, we have structured our fiscal year 2017 Operating Budget and requested funding levels for the 2018-19 biennium to include only those operational and policy items of critical importance.

Fiscal Year 2017 Operating Budget

TDCJ's FY 2017 Operating Budget was based on amounts appropriated during the 84th Legislative Session. Funding was provided for the projected populations on probation or parole supervision in an effort to sustain current caseload ratios, and to maintain the treatment and diversion initiatives (substance abuse treatment programs, halfway house beds, and intermediate sanction facility beds) at current operational levels. The Legislature directed additional appropriations to provide an 8% salary increase for correctional officers (Correctional Officers through Warden and Correctional Laundry/Food Service Managers) and parole officers, and provided funding for a 2.5% across-the-board pay raise for state employees who contribute to Employees Retirement System (ERS) to offset the increase to employees' retirement contribution.

Other key FY 2016-17 initiatives include: funding for additional 50 reentry transitional coordinators to enhance the agency's reentry initiatives, funding for the agency's major repair and renovation efforts to maintain our existing physical plant, funding to expand the use of specialized caseloads for Community Supervision and Corrections Departments (CSCDs) and funding for CSCD Health Insurance at the anticipated FY 2016-17 levels. Amounts budgeted for Correctional Managed Health Care (CMHC) in FY 2016-17 include funding intended to reflect current costs for health care delivery and market level adjustments to salaries of direct offender health care staff.

Fiscal and operational challenges in FY 2017 include correctional staffing levels and uncertain future costs of major operational items such as utilities, fuel and food. Increases in medical care and offsite hospital costs will likely necessitate a supplemental appropriation for CMHC for the FY 2016-17 biennium. Realizing the challenges of these fiscal realities, we will continue monitoring our expenditures and reducing costs where possible.

Texas Department of Criminal Justice FY 2018-19 Legislative Appropriations Request (LAR)

The budget request for the 2018-19 biennium was developed in a manner consistent with instructions from State leadership, which limited agencies' base line request for the 2018-19 biennium to 96% of the 2016-17 biennial general revenue-related funding levels with specified exceptions. Additionally, the LBB recently updated offender population projections used by the agency in preparing the 2018-19 LAR. These projections indicate a stable incarcerated offender population over the next biennium, a slight increase in the number of felony probationers under supervision, and a relatively marginal increase for the number of supervised parolees.

Consistent with these directions, TDCJ's baseline request includes funding at 100% of the FY 2016-17 amounts for those items specifically exempted by the policy letter and 96% for those items subject to the baseline limitation, resulting in a reduction totaling approximately \$242 million. As we begin the 2018-19 budget process, we are once again seeking continued funding for many of these items that are critical to the stability and success of the criminal justice system in Texas. TDCJ recognizes the difficult funding decisions of the State's leadership and at this time is only requesting a portion of this continued funding totaling \$214 million. This reduced funding request will be accomplished by: the closure of the 450-bed South Texas Intermediate Sanction facility in Houston and the repurposing of the 667-bed Kegan State Jail in Houston as an intermediate sanction facility; a substantial reduction to the agency's limited capital funding; and reductions in agency administrative operating costs. During the 85th legislative session the agency will, in consultation with the Legislature, review offender population projections to determine if the request for continued funding can be further reduced by additional unit closures.

Described in detail on pages 7-10 of this report, the first series of exceptional items will seek to continue the FY 2018-19 funding for the remaining items at our current base levels. The impact of not funding these core operations (probation, institutional security, parole supervision, and offender services) will likely increase recidivism; cause significant growth in the prison population; require a substantial staff reduction of approximately 2,000 TDCJ employees; and negatively impact both supervision in the community and security within our institutions.

- A reduction in the incarceration functions would have a profound effect on our ability to securely and safely house, feed, clothe, and provide health care to those offenders incarcerated in TDCJ. This reduction would result in the elimination of nearly 1,800 correctional and other unit-based positions.
- Reductions in the probation and parole functions would reduce the resources that are available to judges, probation officials, and the Board of Pardons and Paroles in managing offenders within the community. Residential programs, supervision caseload ratios and the number of specialized caseloads would be impacted. With fewer resources and options aimed at diverting offenders from prison, the incarcerated offender population could grow larger.

FY 2018-19 Legislative Appropriations Request (LAR) – *continued*

In addition to the critical funding items identified above, we are seeking funding for several exceptional items, required to maintain current operations and policy initiatives. Our continued emphasis on diversionary initiatives and population management is reflected by requests that include increased funding for the local CSCDs, mental health and substance abuse treatment, and offender reintegration. A continued investment in these diversion and treatment initiatives remains the best strategy to maintain a stable and successful criminal justice system. Each exceptional item is fundamentally important to the operations of the agency and included in the list below.

- ❑ In order to limit the growth of state expenditures, long-term contracts have historically been established with private vendors for several secure facilities, including private prisons, privately operated state jails, and intermediate sanction facilities. These competitively awarded contracts are evaluated and awarded with escalating rates, resulting in increases of approximately 2% annually. Based on the current funding level for these facilities, we will require an additional \$14.8 million for the 2018-19 biennium to maintain the current population in these correctional and parole facilities. Without this funding, 731 correctional and parole beds will be eliminated.
- ❑ Continued repair and rehabilitation funding is necessary to maintain our existing physical plant, numbering over 100 correctional facilities statewide. Many of these facilities are over 75 years old. The size, scope and complexity of our physical plant requires substantial ongoing repair and renovation. Identified through condition assessments as well as major work requests prepared by operational staff, the 2018-19 request represents only a portion of the agency's infrastructure repair and rehabilitation needs. We are continuously prioritizing these projects based on security and safety requirements. Totalling \$95.7 million, less the \$57.6 million included in the FY 2018-19 base, these projects include: roof repairs, security fencing and lighting, electrical renovations, water/wastewater improvements, and major infrastructure repairs.
- ❑ According to university providers, additional funding of \$247.3 million is critical to ensure effective overall quality of care within the system and deliver the level of services required by minimum standards. Of this amount, an estimated \$150.0 million is required to bring the FY 2018-19 funding to the projected levels of expense incurred for the delivery of services currently provided. Funding less than this level, which takes into account the rising costs of health care, could require elimination of services. University providers are encountering significant difficulties in the ability to recruit and retain the professional staff necessary to provide care at TDCJ correctional facilities. Therefore, \$37.9 million is included in this request to provide market level adjustments (5% in FY 2018 and an additional 5% in FY 2019) to the salaries of the direct offender health care delivery staff. The correctional health care system is also facing critical capital equipment needs for x-ray units, dialysis machines, dental chairs, and other equipment with estimated cost totaling \$14.5 million. Other initiatives at a cost of \$21.0 million will provide for the hiring of nursing and key health care staff to enhance CMHC programs, such as mental health inpatient and outpatient services. Additionally, \$22.4 million will provide for substantial repair and renovations at the Hospital Galveston physical plant, and \$1.5 million will provide funding for the extension of prescriptions for released offenders to cover 30 days.

FY 2018-19 Legislative Appropriations Request (LAR) – *continued*

- ❑ CSCDs have limited funding sources and, without additional funding, will not be able to meet the \$22.0 million required to maintain the employer's portion of state health insurance provided through the Employees Retirement System of Texas (ERS), without reducing current staffing levels and programs that divert offenders from incarceration. Caseload sizes may increase by approximately 14.3% due to an estimated 244 community supervision officers (CSOs) statewide not being funded in order to cover these health insurance payments to ERS.
- ❑ We are requesting \$21.3 million in additional funding for CSCDs diversion programs for mental health and substance abuse aftercare caseloads. This funding will allow for expanding the mental health caseloads in areas of the state with the highest need and to provide for additional mental health residential services in more rural jurisdictions. The substance abuse aftercare caseloads will be used to maximize treatment and increase positive outcomes by enhancing the comprehensive treatment plan for probationers. CSCDs will be able to enhance their graduated sanction models that support the substance abuse treatment needs of offenders who are at risk of revocation due to technical violations. These programs and services provide judges with more alternatives to incarceration, both as a sentencing option and as an alternative to revocation.
- ❑ The In-Prison Therapeutic Community (IPTC) program is utilized for eligible offenders who have a need for substance abuse treatment and who the Board of Pardons and Paroles has approved for release on parole, contingent upon completion of the IPTC program. The agency currently has 1,711 IPTC beds located at six facilities. Upon completion of the incarceration phase, a six-month treatment program, offenders are released on parole and must complete an aftercare phase of treatment. The aftercare treatment consists of residential care for three months followed by six to nine months of outpatient counseling. With the increase in the number of IPTC votes and the success of the program, an additional 500 treatment slots totaling \$15.4 million will provide treatment for an additional 1,000 offenders annually.
- ❑ Requested funding of \$12.0 million for the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) would expand jail diversion services in rural areas, providing offenders with special needs services designed to divert them from incarceration in prisons and state jails. The program expansion would serve an additional 1,250 offenders with serious mental illnesses. We are also requesting additional funding to expand caseloads that serve offenders with a high criminogenic risk and clinical care need, which would serve an additional 3,890 clients, as well as serve an additional 160 probationers in a designated dual diagnosis residential treatment facility. The expansion of these services will enhance TCOOMMI's capability to provide intensive mental health case management, psychiatric assessments and diagnostics, and psychosocial rehabilitation.

FY 2018-19 Legislative Appropriations Request (LAR) – *continued*

- ❑ We are requesting 30 additional Reentry Transitional Coordinators to complete validated risk assessment instruments upon intake at state jail facilities to assess all state jail offenders' criminogenic risk/need and guide their programming during incarceration. Offenders with medium or high risk of reoffending will be immediately referred for cognitive intervention, substance abuse interventions, vocational programming and life skill classes. Offenders will also be given comprehensive reentry services to include assistance with completing applications for applicable federal and state benefits and providing resources for post release support in their county of release.

- ❑ The funding request for the Corrections Information Technology System Project reflects our strategy for the modernization of the current corrections system (legacy systems utilized for offender management, starting from initial conviction to reintegration with the public). The current mainframe systems were initially built 40 years ago, are comprised of more than 12 million lines of COBOL programming code and require maintenance of more than 68 individual systems. With these aging systems, there are challenges, which include security risks, diminishing COBOL experience, system incompatibility with modern technologies, extensive maintenance requirements and difficulty in modifying or adding functionality. The funding for Corrections Information Technology System Project would allow the agency to provide sustainability, security and extensibility for the state corrections system. Information Technology systems that cannot be properly protected or secured, would be given priority for upgrade or replacement. This funding would continue the agency's initiative of upgrading its critical Information Technology infrastructure.

We acknowledge that state expenditure requests may strain available revenues; however, we would encourage you to consider providing a pay raise to all state employees for the hard work and dedication they demonstrate everyday throughout this state.

We recognize that the state's leadership will be required to make many difficult funding decisions during the upcoming legislative session and appreciate the hard work of the Governor and the Legislature and their recognition of the valuable service performed by the frontline employees of this agency. We share a commitment to public safety and sound correctional management and are confident that the critical funding requirements within the criminal justice system will be met.

Bryan Collier
Executive Director

TEXAS DEPARTMENT OF CRIMINAL JUSTICE
FY 2017 - 2019 Agency Budget

	Estimated FY16	Budgeted FY17	96% Base Request FY18	96% Base Request FY19	Total Budget Request FY18	Total Budget Request FY19
A. Goal: PROVIDE PRISON DIVERSIONS	\$ 309,482,103	\$ 315,349,490	\$ 306,215,573	\$ 306,069,846	\$ 329,259,998	\$ 335,054,737
B. Goal: SPECIAL NEEDS OFFENDERS	24,927,103	25,940,620	25,080,010	24,971,023	31,130,010	30,921,023
C. Goal: INCARCERATE FELONS	2,744,940,846	2,767,631,450	2,658,077,437	2,658,077,430	2,883,798,622	2,900,237,382
D. Goal: ENSURE ADEQUATE FACILITIES	29,228,681	30,771,319	28,800,000	28,800,000	47,860,000	47,860,000
F. Goal: OPERATE PAROLE SYSTEM	192,319,014	192,413,275	180,209,985	180,206,013	188,566,593	189,666,930
G. Goal: INDIRECT ADMINISTRATION	72,876,303	71,807,962	68,641,162	68,567,338	82,702,568	74,400,763
GRAND TOTAL	\$ 3,373,774,050	\$ 3,403,914,116	\$ 3,267,024,167	\$ 3,266,691,650	\$ 3,563,317,791	\$ 3,578,140,835

NOTE: The FY 2017 Operating Budget and FY 2018-19 LAR for the Texas Board of Pardons and Paroles (Goal E) are not included in the TDCJ amounts shown in this document.

Texas Department of Criminal Justice

GOALS						
<i>Strategies</i>	Estimated FY16	Budgeted FY17	96% Base Request FY18	96% Base Request FY19	Total Budget Request FY18	Total Budget Request FY19
Program Descriptions						
A. PROVIDE PRISON DIVERSIONS						
A.1.1. Basic Supervision	119,958,969	124,113,045	119,172,837	119,122,730	126,080,579	130,456,244
A.1.2. Diversion Programs	129,419,148	131,693,959	128,444,856	128,480,112	142,544,419	143,590,677
A.1.3. Community Corrections	48,261,965	47,605,052	46,525,532	46,577,276	48,412,792	48,857,366
A.1.4. Treatment Alternatives to Incarceration	11,842,021	11,937,434	12,072,348	11,889,728	12,222,208	12,150,450
B. SPECIAL NEEDS OFFENDERS						
B.1.1. Special Needs Programs & Services	24,927,103	25,940,620	25,080,010	24,971,023	31,130,010	30,921,023
C. INCARCERATE FELONS						
C.1.1. Correctional Security Operations	1,217,430,221	1,214,767,497	1,167,455,073	1,167,455,072	1,216,098,859	1,216,098,859
Correctional Security	1,200,830,995	1,198,304,040	1,150,923,731	1,150,923,731	1,199,567,517	1,199,567,518
Workers Compensation & Unemployment	16,599,226	16,463,457	16,531,342	16,531,341	16,531,342	16,531,341
C.1.2. Correctional Support Operations	95,747,051	84,838,238	86,341,492	86,341,493	89,936,313	89,936,313
Correctional Unit Support	72,163,003	61,176,712	63,767,510	63,767,511	66,313,526	66,313,526
Classification & Records	23,584,048	23,661,526	22,573,982	22,573,982	23,622,787	23,622,787
C.1.3. Correctional Training	5,790,511	5,319,410	5,332,762	5,332,762	5,554,960	5,554,961
C.1.4. Offender Services	14,474,459	14,131,434	13,730,831	13,730,830	14,302,947	14,302,946
Counsel Substitute/Access to Courts	4,997,073	4,835,492	4,592,200	4,592,199	4,916,283	4,916,282
Release Payments for Adult Offenders	5,334,275	5,115,256	5,224,765	5,224,766	5,224,765	5,224,766
State Counsel for Offenders	3,495,558	3,498,300	3,283,449	3,283,449	3,496,929	3,496,929
Interstate Compact	647,553	682,386	630,417	630,416	664,970	664,969
C.1.5. Institutional Goods	169,362,311	168,302,960	162,118,109	162,118,109	168,832,636	168,832,635
Food Services for Offenders	118,423,150	117,641,766	113,115,723	113,115,722	118,032,459	118,032,457
Unit Necessities & Laundry	50,939,161	50,661,194	49,002,386	49,002,387	50,800,177	50,800,178
C.1.6. Institutional Services	202,109,473	210,611,865	198,423,814	198,423,816	206,360,668	206,360,670
Agriculture Operations	53,998,035	50,485,884	48,721,736	48,721,736	50,089,362	50,089,362
Commissary Operations	107,850,903	119,888,647	113,061,477	113,061,478	117,772,372	117,772,373
Freight Transportation & Warehouse Operations	40,260,535	40,237,334	36,640,601	36,640,602	38,498,934	38,498,935
C.1.7. Institutional Operations & Maintenance	200,376,146	197,838,182	191,215,354	191,215,352	199,104,550	199,104,550
Institutional Operations & Maintenance	81,062,371	78,260,143	76,547,707	76,547,705	79,658,643	79,658,643
Utilities	119,313,775	119,578,039	114,667,647	114,667,647	119,445,907	119,445,907

Texas Department of Criminal Justice

GOALS						
Strategies	Estimated FY16	Budgeted FY17	96% Base Request FY18	96% Base Request FY19	Total Budget Request FY18	Total Budget Request FY19
Program Descriptions						
C. INCARCERATE FELONS (CONT'D)						
C.1.8. Unit & Psychiatric Care	277,402,262	298,206,528	278,057,723	278,057,723	314,712,150	325,547,721
C.1.9. Hospital & Clinical Care	202,174,592	211,005,573	198,326,480	198,326,478	275,531,156	277,214,954
C.1.10. Managed Health Care - Pharmacy	57,747,578	60,926,790	57,095,025	57,095,024	79,750,863	82,030,455
C.1.11. Health Services	5,341,107	5,094,003	5,045,101	5,045,101	5,045,101	5,045,101
C.1.12. Contract Prisons/Private State Jails	104,292,772	106,109,457	105,201,114	105,201,115	107,598,788	109,115,688
C.1.13. Residential Pre-Parole Facilities	8,648,946	8,808,910	8,728,928	8,728,928	8,943,230	9,176,830
C.2.1. Texas Correctional Industries	70,840,244	69,012,702	69,062,874	69,062,872	69,926,473	69,926,473
C.2.2. Academic/Vocational Training	1,919,044	1,919,044	1,864,490	1,864,490	1,919,044	1,919,044
Academic Programs	775,701	801,457	779,243	779,243	788,579	788,579
Vocational Programs	1,143,343	1,117,587	1,085,247	1,085,247	1,130,465	1,130,465
C.2.3. Treatment Services	28,850,886	28,311,942	27,648,187	27,648,187	30,064,816	29,954,116
Chaplaincy	5,747,698	5,745,021	5,501,948	5,501,949	5,746,359	5,746,360
Classification Case Managers	8,795,274	8,758,039	8,408,883	8,408,883	8,776,656	8,776,657
Sex Offender Treatment Program	3,566,977	3,323,842	3,445,411	3,445,408	3,445,411	3,445,408
Parole Special Needs	1,718,085	1,631,910	1,674,997	1,674,998	1,674,997	1,674,998
Reentry Transitional Coordinators	9,022,852	8,853,130	8,616,948	8,616,949	10,421,393	10,310,693
C.2.4. Substance Abuse Felony Punishment	49,722,761	49,718,310	49,720,536	49,720,535	49,720,536	49,720,535
C.2.5. In-Prison Substance Abuse Treatment & Coordination	32,710,482	32,708,605	32,709,544	32,709,543	40,395,532	40,395,531
D. ENSURE ADEQUATE FACILITIES						
D.1.1. Major Repair of Facilities	29,228,681	30,771,319	28,800,000	28,800,000	47,860,000	47,860,000
F. OPERATE PAROLE SYSTEM						
F.1.1. Parole Release Processing	6,481,165	6,462,658	6,213,049	6,213,050	6,471,911	6,471,912
F.2.1. Parole Supervision	120,395,563	119,967,970	114,829,573	114,825,598	119,574,776	119,570,802
F.2.2. Halfway House Facilities	31,191,767	31,077,938	31,134,852	31,134,853	32,325,924	32,925,996
F.2.3. Intermediate Sanction Facilities	34,250,519	34,904,709	28,032,511	28,032,512	30,193,982	30,698,220

Texas Department of Criminal Justice

GOALS						
<i>Strategies</i>	Estimated FY16	Budgeted FY17	96% Base Request FY18	96% Base Request FY19	Total Budget Request FY18	Total Budget Request FY19
Program Descriptions						
G. INDIRECT ADMINISTRATION						
G.1.1. Central Administration	29,325,605	28,877,749	28,797,964	28,797,964	28,797,964	28,797,964
Administration & Support	24,732,733	24,257,063	24,243,616	24,243,615	24,243,616	24,243,615
Correctional Institutions Administration	297,242	291,376	290,875	290,875	290,875	290,875
Parole Administration	226,454	216,459	218,809	218,808	218,809	218,808
Reentry & Integration Programs Administration	219,232	225,546	219,626	219,626	219,626	219,626
Rehabilitation Programs Administration	283,424	287,883	282,208	282,209	282,208	282,209
Community Justice Assistance Division	3,566,520	3,599,422	3,542,830	3,542,831	3,542,830	3,542,831
G.1.2. Inspector General	13,414,125	12,530,297	12,477,631	12,477,632	12,477,631	12,477,632
G.1.3. Victim Services	2,338,122	2,244,828	1,730,686	1,656,862	1,730,686	1,656,862
G.1.4. Information Resources	27,798,451	28,155,088	25,634,881	25,634,880	39,696,287	31,468,305
GRAND TOTAL	\$ 3,373,774,050	\$ 3,403,914,116	\$ 3,267,024,167	\$ 3,266,691,650	\$ 3,563,317,791	\$ 3,578,140,835

TEXAS DEPARTMENT OF CRIMINAL JUSTICE

Method of Finance

	Estimated FY16	Budgeted FY17	96% Base Request FY18	96% Base Request FY19	Total Budget Request FY18	Total Budget Request FY19
GENERAL REVENUE:						
General Revenue Fund	\$ 3,134,993,806	\$ 3,177,532,782	\$ 3,036,617,831	\$ 3,048,472,100	\$ 3,308,923,117	\$ 3,335,932,946
Education and Recreation Program Receipts	115,656,098	119,888,647	113,061,477	113,061,478	117,772,372	117,772,373
Texas Correctional Industries Receipts	5,398,369	5,099,457	5,038,957	5,038,956	5,248,913	5,248,913
GENERAL REVENUE DEDICATED:						
Private Sector Prison Industry Expansion Acct. 5060	80,714	293,634	179,687	179,687	187,174	187,174
Deferred Maintenance Acct. 5166	29,228,681	30,771,319	28,800,000	28,800,000	47,860,000	47,860,000
OTHER FUNDS:						
Texas Correctional Industries - Interagency Contracts	49,585,326	47,087,627	48,336,476	48,336,477	48,336,476	48,336,477
Federal Funds	746,708	1,907,717	120,423	7,461	120,423	7,461
Federal Funds for Incarcerated Aliens	8,209,717	7,949,178	8,079,447	8,079,448	8,079,447	8,079,448
Criminal Justice Grants	1,056,558	580,788	73,825	-	73,825	-
Appropriated Receipts	27,939,774	12,166,306	26,079,383	14,079,382	26,079,383	14,079,382
Interagency Contracts	878,299	636,661	636,661	636,661	636,661	636,661
GRAND TOTAL	\$ 3,373,774,050	\$ 3,403,914,116	\$ 3,267,024,167	\$ 3,266,691,650	\$ 3,563,317,791	\$ 3,578,140,835

Texas Department of Criminal Justice
EXCEPTIONAL ITEMS REQUEST SUMMARY

(Detail on pages 7-10)

ESTIMATED COST		
FY18	FY19	FTEs
Requested Funding <i>in millions</i>		

Current operational and programmatic items critical to the criminal justice system. These items are included in current agency operations but excluded from the 96% base.

1) Continued Funding of 4% Items Items prioritized within agency functions.	\$	107.0	\$	107.0	1,966
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Policy and/or operational items requiring additional state resources:

2) Contractual Per Diem Adjustments - Privately Operated Facilities	6.0	8.8			
3) Repair and Renovation of Facilities	19.0	19.1			
4) Offender Health Care	116.2	131.1			
5) Probation - Community Supervision and Corrections Department Health Insurance	8.0	14.0			
6) Probation Specialized Caseloads	10.7	10.6			
7) In-Prison Therapeutic Community (IPTC)	7.7	7.7			
8) Additional TCOOMMI Funding	6.0	6.0			
9) Reentry Transitional Coordinators	1.5	1.4			30
10) Corrections Information Technology System Project	14.1	5.8			

GRAND TOTAL, ALL EXCEPTIONAL ITEMS	\$	296.2	\$	311.5	1,996
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Texas Department of Criminal Justice

EXCEPTIONAL ITEMS

ESTIMATED COST		
FY18	FY19	FTEs
Requested Funding <small>in millions</small>		

Current operational and programmatic items critical to the criminal justice system. These items are included in current agency operations but excluded from the 96% base.

1) Continued Funding of 4% Items, TDCJ	\$ 107.0	\$ 107.0	1,966
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Consistent with the directions provided by the Governor, Lieutenant Governor and Speaker, the FY 2018-19 LAR baseline request includes funding requested at 96%. Continued funding for a significant portion of the remaining 4% identified in the Exceptional Items list below is critical to the effectiveness of the criminal justice system. The impact of not funding these core operations (probation, institutional security, parole supervision, and offender services) will likely increase recidivism; cause significant growth in the prison population; require a substantial staff reduction of over 1,960 TDCJ employees; and negatively impact both supervision in the community and security within our institutions. As we begin the 2018-19 budget process, we are seeking continued funding for these items that are critical to the stability and success of the criminal justice system in Texas.

<u>(i.) CORRECTIONAL SECURITY OPERATIONS</u>	\$ 48.9	\$ 48.9	1,228
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Item Description / Impact if not Funded :

Confining offenders sentenced to prison and/or state jail is critical to our core mission and is central in maintaining public safety. If not funded, the amount listed above would represent the elimination of approximately 1,200 correctional positions, resulting in reduced staffing levels that could place public safety and the security of our institutions at risk. This would provide funding for only 92% of our 25,972 correctional officer positions, assuming overtime is zero. With a focus on recruitment and retention efforts, continued funding for correctional staffing at current operational levels is needed in order to maintain an appropriate level of security and provide a safe environment for employees and offenders.

<u>(ii.) INSTITUTIONAL GOODS AND SERVICES</u>	\$ 23.4	\$ 23.4	423
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Item Description / Impact if not Funded :

These functions provide essential unit-based goods and services associated with operating more than 100 units statewide, to include food and laundry service operations, basic utilities (electricity, gas, and water / wastewater), facilities maintenance, agricultural operations, self-funded commissary operations, and the system wide transportation and warehousing functions. Also included in this item is funding for Texas Correctional Industries, which produces items used to operate the units such as: offender clothing, bath towels, soaps, detergents, officer uniforms, as well as other operational necessity items. Additionally, offender labor is utilized in the manufacturing of items such as license plates, road signs, and office furniture for other entities (state agencies, school districts and local units of government). If not funded, the amounts listed above would result in the elimination of over 420 positions and a reduction in funding for food, utilities and necessity items (offender clothing, bedding, etc.), all of which are critical for TDCJ to meet its statutory obligation to confine and supervise adult offenders and to provide fundamental services for institutional and state jail offenders.

<u>(iii.) CORRECTIONAL MANAGED HEALTH CARE</u>	\$ 20.2	\$ 20.2	-
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Item Description / Impact if not Funded :

According to CMHC, continued funding of the \$40.5 million is critical to ensure effective overall quality of care within the system. This required funding maintains operations and delivers the level of services at 2016-17 appropriated levels. Correctional Managed Health Care services includes: medical, dental, nursing, pharmacy, hospital and mental health through two state entities: the University of Texas Medical Branch and the Texas Tech University Health Sciences Center. A reduction to offender health care will slow the delivery of care; negatively impacting access to care and affecting overall quality and continuity of care.

Texas Department of Criminal Justice

EXCEPTIONAL ITEMS

ESTIMATED COST		
FY18	FY19	FTEs
Requested Funding <small>in millions</small>		

Continued Funding of 4% Items, TDCJ - continued

<u>(iv.) PROBATION</u>	\$	4.4	\$	4.4	-
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Item Description / Impact if not Funded :

State funding for probation supervision is distributed through formula and discretionary allocations to all 122 community corrections and supervision departments (CSCDs) to maintain the operations of probation supervision and provide treatment diversions and other alternatives to incarceration, programs that are crucial to maintaining a balanced criminal justice system. A decrease in probation funding will result in the elimination of approximately 50 Community Supervision Officers (CSO) and is estimated to result in a 3% increase in the regular direct supervision caseload ratio of 105.8 to 108.6 as these cases will be assumed by the remaining CSOs. Reduced probation funding from Diversion Programs will also result in approximately 7,800 fewer offenders to be served on specialized caseloads. Without adequate community supervision or the resources for diversionary alternatives to incarceration, revocation rates will likely increase and cause a corresponding increase to the agency's prison population.

<u>(v.) PAROLE SUPERVISION</u>	\$	5.0	\$	5.0	139
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Item Description / Impact if not Funded :

Parole Supervision has a vital role in the agency's fundamental public safety mission by providing for the supervision of all offenders released on parole and mandatory supervision. If not funded, the amount listed above will result in the elimination of approximately 139 Parole Officers and key operational support staff. This will cause an increase in the regular direct supervision caseload ratio of 75 to 86 as the additional cases will be assumed by remaining officers. In order to maintain current caseload ratios based on the most recent offender supervision projections, this continued funding is required. Without adequate supervision by parole officers, recidivism may increase or violations may go undetected.

<u>(vi.) CORRECTIONAL UNIT SUPPORT</u>	\$	3.6	\$	3.6	132
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Item Description / Impact if not Funded :

These functions provide unit-based and regional support operations, to include unit offender records, offender mail, courtroom operations, and the Classification and Records Department. These staff handle the ongoing diagnostic and intake process, all transactions relating to unit assignments, custody assignments, disciplinary actions, time earning calculations, and job/program assignment. If not funded, the amount listed above would represent a reduction of approximately 132 positions. Reductions in these critical support functions would negatively impact our ability to manage the day to day unit functions such as: maintaining offender records, processing and distributing offender mail, and ensuring accurate offender classification throughout the system.

<u>(vii.) OFFENDER SERVICES</u>	\$	1.5	\$	1.5	44
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Item Description / Impact if not Funded :

Offender services include programs such as State Counsel for Offenders, Access to Courts, academic and vocational programs, and Chaplaincy. These programs ensure that offenders have access to the courts through the State Counsel for Offenders and operations of unit law libraries. Also, this item includes the Counsel Substitute program, which provides representation to offenders charged with disciplinary violations on the units, release payments for prison offenders, and interstate compact services. If not funded, a reduction of 44 employees would hamper the agency's statutory obligation to provide appropriate levels of representation to offenders within the system, and negatively impact the unit's ability to properly classify offenders related to security, housing and job assignments, and provide chaplaincy services.

Texas Department of Criminal Justice

EXCEPTIONAL ITEMS

ESTIMATED COST		
FY18	FY19	FTEs
Requested Funding <small>in millions</small>		

Policy and/or operational items requiring additional state resources:

2) Contractual Per Diem Adjustments - Privately Operated Facilities	\$	6.0	\$	8.8
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Item Description / Impact if not Funded:

In order to limit the growth of state expenditures, long-term contracts have historically been established with private vendors for several secure facilities, including private prisons, privately operated state jails, and intermediate sanction facilities. These competitively awarded contracts are evaluated and awarded with escalating rates, resulting in increases of approximately 2% annually. Based on the current funding level for these facilities, we will require an additional \$14.8 million for the 2018-19 biennium to maintain the current population in these correctional and parole facilities. Without this funding, 731 correctional and parole beds will be eliminated.

3) Repair and Renovation of Facilities	\$	19.0	\$	19.1
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Item Description / Impact if not Funded:

Continued repair and rehabilitation funding is necessary to maintain our existing physical plant, numbering over 100 correctional facilities statewide. Many of these facilities are over 75 years old. The size, scope and complexity of our physical plant requires substantial ongoing repair and renovation. Identified through condition assessments as well as major work requests prepared by operational staff, the 2018-19 request represents only a portion of the agency's infrastructure repair and rehabilitation needs. We are continuously prioritizing these projects based on security and safety requirements. Totaling \$95.7 million, less the \$57.6 million included in the FY 2018-19 base, these projects include: roof repairs, security fencing and lighting, electrical renovations, water/wastewater improvements, and major infrastructure repairs.

4) Offender Health Care	\$	116.2	\$	131.1
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Item Description / Impact if not Funded:

According to university providers, additional funding of \$247.3 million is critical to ensure effective overall quality of care within the system and deliver the level of services required by minimum standards. Of this amount, an estimated \$150.0 million is required to bring the FY 2018-19 funding to the projected levels of expense incurred for the delivery of services currently provided. Funding less than this level, which takes into account the rising costs of health care, could require elimination of services. University providers are encountering significant difficulties in the ability to recruit and retain the professional staff necessary to provide care at TDCJ correctional facilities. Therefore, \$37.9 million is included in this request to provide market level adjustments (5% in FY 2018 and an additional 5% in FY 2019) to the salaries of the direct offender health care delivery staff. The correctional health care system is also facing critical capital equipment needs for x-ray units, dialysis machines, dental chairs, and other equipment with estimated cost totaling \$14.5 million. Other initiatives at a cost of \$21.0 million will provide for the hiring of nursing and key health care staff to enhance CMHC programs, such as mental health inpatient and outpatient services. Additionally, \$22.4 million will provide for substantial repair and renovations at the Hospital Galveston physical plant, and \$1.5 million will provide funding for the extension of prescriptions for released offenders to cover 30 days.

5) Probation - Community Supervision and Corrections Department Health Insurance	\$	8.0	\$	14.0
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Item Description / Impact if not Funded:

CSCDs have limited funding sources and, without additional funding, will not be able to meet the \$22 million required to maintain the employer's portion of state health insurance provided through the Employees Retirement System of Texas (ERS), without reducing current staffing levels and programs that divert offenders from incarceration. Caseload sizes may increase by approximately 14.3% due to an estimated 244 community supervision officers (CSOs) statewide not being funded in order to cover these health insurance payments to ERS.

Texas Department of Criminal Justice

EXCEPTIONAL ITEMS

ESTIMATED COST		
FY18	FY19	FTEs
Requested Funding <small>in millions</small>		

6) Probation Specialized Caseloads	\$ 10.7	\$ 10.6	
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Item Description / Impact if not Funded:

We are requesting \$21.3 million in additional funding for CSCDs diversion programs for mental health and substance abuse aftercare caseloads. This funding will allow for expanding the mental health caseloads in areas of the state with the highest need and to provide for additional mental health residential services in more rural jurisdictions. The substance abuse aftercare caseloads will be used to maximize treatment and increase positive outcomes by enhancing the comprehensive treatment plan for probationers. CSCDs will be able to enhance their graduated sanction models that support the substance abuse treatment needs of offenders who are at risk of revocation due to technical violations. These programs and services provide judges with more alternatives to incarceration, both as a sentencing option and as an alternative to revocation.

7) In-Prison Therapeutic Community (IPTC)	\$ 7.7	\$ 7.7	
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Item Description / Impact if not Funded:

The In-Prison Therapeutic Community (IPTC) program is utilized for eligible offenders who have a need for substance abuse treatment and who the Board of Pardons and Paroles has approved for release on parole, contingent upon completion of the IPTC program. The agency currently has 1,711 IPTC beds located at six facilities. Upon completion of the incarceration phase, a six-month treatment program, offenders are released on parole and must complete an aftercare phase of treatment. The aftercare treatment consists of residential care for three months followed by six to nine months of outpatient counseling. With the increase in the number of IPTC votes and the success of the program, an additional 500 treatment slots totaling \$15.4 million will provide treatment for an additional 1,000 offenders annually.

8) Additional TCOOMMI Funding	\$ 6.0	\$ 6.0	
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Item Description / Impact if not Funded:

Requested funding of \$12.0 million for the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) would expand jail diversion services in rural areas, providing offenders with special needs services designed to divert them from incarceration in prisons and state jails. The program expansion would serve an additional 1,250 offenders with serious mental illnesses. We are also requesting additional funding to expand caseloads that serve offenders with a high criminogenic risk and clinical care need, which would serve an additional 3,890 clients, as well as serve an additional 160 probationers in a designated dual diagnosis residential treatment facility. The expansion of these services will enhance TCOOMMI's capability to provide intensive mental health case management, psychiatric assessments and diagnostics, and psychosocial rehabilitation.

9) Reentry Transitional Coordinators	\$ 1.5	\$ 1.4	30
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Item Description / Impact if not Funded:

We are requesting 30 additional Reentry Transitional Coordinators to complete validated risk assessment instruments upon intake at state jail facilities to assess all state jail offenders' criminogenic risk/need and guide their programming during incarceration. Offenders with medium or high risk of reoffending will be immediately referred for cognitive intervention, substance abuse interventions, vocational programming and life skill classes. Offenders will also be given comprehensive reentry services to include assistance with completing applications for applicable federal and state benefits and providing resources for post release support in their county of release.

10) Corrections Information Technology System Project	\$ 14.1	\$ 5.8	
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Item Description / Impact if not Funded:

The funding request for the Corrections Information Technology System Project reflects our strategy for the modernization of the current corrections system (legacy systems utilized for offender management, starting from initial conviction to reintegration with the public). The current mainframe systems were initially built 40 years ago, are comprised of more than 12 million lines of COBOL programming code and require maintenance of more than 68 individual systems. With these aging systems, there are challenges, which include security risks, diminishing COBOL experience, system incompatibility with modern technologies, extensive maintenance requirements and difficulty in modifying or adding functionality. The funding for Corrections Information Technology System Project would allow the agency to provide sustainability, security and extensibility for the state corrections system. Information Technology systems that cannot be properly protected or secured, would be given priority for upgrade or replacement. This funding would continue the agency's initiative of upgrading its critical Information Technology infrastructure.

GRAND TOTAL, ALL EXCEPTIONAL ITEMS	\$ 296.2	\$ 311.5	1,996
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Policy Letter from the Governor, Lieutenant Governor, and Speaker regarding the 2018-19 General Revenue Baseline



STATE OF TEXAS

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June 30, 2016

To: State Agency Board/Commission Chairs
State Agency Heads/Executive Directors
Appellate Court Justices and Judges
Chancellors, Presidents, and Directors of Institutions and Agencies of Higher Education

Limited government, pro-growth economic policies and sound financial planning are the key budget principles responsible for Texas' economic success. During the 84th Legislative Session, we worked together to prioritize spending and made our state even stronger and more efficient. With your help, we can restrain the size and scope of government to ensure that employers are empowered to create more jobs that benefit hardworking Texans.

An initial step in developing the 2018-19 biennial budget for the State of Texas is submission of agency and institution Legislative Appropriations Requests (LAR). Detailed instructions for the submission are posted on the websites of the Legislative Budget Board (LBB) and the Office of the Governor, including a staggered schedule of submission dates.

It is imperative that every state agency engage in a thorough review of each program and budget strategy and determine the value of each dollar spent. As the starting point for budget deliberations, we are requiring each agency to trim four percent from their base appropriation levels. These levels will be provided to each agency by the Governor's Office and LBB.

Exceptions to the baseline request limitation include amounts necessary to:

- maintain funding for the Foundation School Program under current law;
- maintain public safety resources in the border region to help secure Texas;
- satisfy debt service requirements for bond authorizations;
- maintain funding at fiscal year 2017 budgeted levels plus amounts necessary to cover the impact of payroll growth for state pension systems and employee group benefits (not including payroll contributions made by state agencies and institutions of higher education for retirement and group health insurance), though group benefit modifications may be considered;
- maintain funding for Child Protective Services;
- maintain funding for behavioral health services programs; and
- maintain current benefits and eligibility in Medicaid programs, the Children's Health Insurance Program, the foster care program, the adoption subsidies program and the permanency care assistance program. Baseline requests for these programs should include amounts sufficient for projected caseload growth.

June 30, 2016
Page 2

Specific questions with respect to the treatment of the above items should be directed via email to both your Governor's Office and LBB analyst.

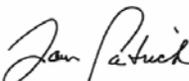
The reduction in the baseline request will require agencies to maximize the efficient use of state resources, and all LAR should express the agency's priorities for programs and items that are of highest value to Texas taxpayers.

Funding requests that exceed the adjusted baseline spending level may not be included in the baseline request, but these additional funding requests may be submitted as Exceptional Items. The Exceptional Items schedule now includes required fields for information on potential contract, information technology and out-year costs in order to better identify and analyze ongoing state expenses associated with requested items. Agencies that request Exceptional Items should be prepared to suggest lower-priority programs or other cost savings to help offset the increased costs associated with their requests.

Each LAR submission must include information providing the budget request by program in a format prescribed by the LBB and Governor's Office. Additionally, zero-based budget information will also be requested from agencies throughout development of the 2018-19 state budget.

Thank you for your service to the State of Texas, and we look forward to working with you in preparation for the 85th Legislative Session.


Governor Greg Abbott


Lt. Governor Dan Patrick


Speaker Joe Straus

Texas Department of Criminal Justice
FY 2018-19 Ten Percent Biennial Base Reduction Options

10% Schedule	1st 5% Reduction			FTE Red.	2nd 5% Reduction			FTE Red.	Total 10% FTE Red.
	GR	GR-Ded.	All Funds	FY18-19	GR	GR-Ded.	All Funds	FY18-19	FY18-19
1. Special Needs Programs & Services	\$ 153,357		\$ 153,357	2	\$ 153,358		\$ 153,358	2	4
2. Offender Services	\$ 3,743,758	\$ -	\$ 3,743,758	48	\$ 3,743,758	\$ -	\$ 3,743,758	48	96
3. Administrative Support Operations	\$ 7,224,797	\$ -	\$ 7,224,797	59	\$ 7,224,797	\$ -	\$ 7,224,797	59	118
4. Correctional Unit Support	\$ 8,627,565	\$ -	\$ 8,627,565	147	\$ 8,627,565	\$ -	\$ 8,627,565	147	294
5. Parole Supervision	\$ 12,009,757	\$ -	\$ 12,009,757	151	\$ 12,009,757	\$ -	\$ 12,009,757	151	302
6. Probation	\$ 15,230,286	\$ -	\$ 15,230,286	-	\$ 15,230,286	\$ -	\$ 15,230,286	-	-
7. Privately Operated Facilities	\$ 15,708,244	\$ -	\$ 15,708,244	-	\$ 15,708,244	\$ -	\$ 15,708,244	-	-
8. Correctional Managed Health Care	\$ 48,605,844	\$ -	\$ 48,605,844	-	\$ 48,605,843	\$ -	\$ 48,605,843	-	-
9. Institutional Goods & Services	\$ 56,152,062	\$ 2,897,968	\$ 59,050,030	448	\$ 56,152,062	\$ 2,897,969	\$ 59,050,031	448	896
10. Correctional Security Operations	\$ 117,278,364	\$ -	\$ 117,278,364	1,394	\$ 117,278,363	\$ -	\$ 117,278,363	1,394	2,788
GRAND TOTAL	\$ 284,734,034	\$ 2,897,968	\$ 287,632,002	2,249.0	\$ 284,734,033	\$ 2,897,969	\$ 287,632,002	2,249.0	4,498.0
GRAND TOTAL 10%	\$ 569,468,067	\$ 5,795,937	\$ 575,264,004	4,498.0					

Texas Department of Criminal Justice

Report on CSCD Strategic Plans, Pursuant to Government Code 509.004 (c)

Texas Government Code, Section 509.007, requires a Community Supervision and Corrections Department (CSCD) to submit its Strategic Plan to the Texas Department of Criminal Justice (TDCJ) by March 1st of each even-numbered year. Each plan must include a statement of goals and priorities, a commitment by the department and the judges to achieve a targeted level of alternative sanctions, a description of methods for measuring the success of programs, and a summary of the programs and services the department provides or intends to provide. Additionally, the plan must include an outline of the CSCD's projected programmatic and budgetary needs.

Texas Government Code, Section 492.017 and Section 509.004, also requires TDCJ to prepare a report that contains a summary of the programs and services provided by departments, as described in each strategic plan. A copy of the report must be submitted to the Texas Board of Criminal Justice along with TDCJ's Legislative Appropriations Request (LAR).

For FY 2016-2017, CSCDs will expend approximately \$625.9 in state funding (64.7%), which includes \$244.7 million in Basic Supervision, \$262.5 million in Diversion Programs, \$94.9 million in Community Corrections Programs, \$23.8 million in Treatment Alternatives to Incarceration Program (TAIP), of which \$129.4 million is CSCD Employee Health Insurance. Additionally, program participant fees, probation supervision fees and other revenues (federal, other state grants, etc.) will total approximately \$341 million (35.3%) for FY 2016-2017. These funds, totaling \$966.9 million for the FY 2016-2017 biennium, allow for the operations of 991 probation programs and services throughout the state's 122 CSCDs.

For FY 2018-2019, based on Strategic Plan submissions, CSCDs requested a total of \$698.6 million in state funding, which includes increases in Employee Health Insurance as well as an increase in diversion programs. TDCJ's FY 2018-2019 LAR submission includes exceptional items which are based on the CSCD's funding requests.

Texas Department of Criminal Justice
Report on CSCD Strategic Plans, Pursuant to Government Code 509.004 (c)

Funding Source	FY16-17 Appropriated	Submitted by CSCDs for FY18-19
State Appropriations		
A.1.1. Basic Supervision	\$ 244,722,121	\$ 258,217,031
A.1.2. Diversion Programs	\$ 262,536,884	\$ 317,049,114
A.1.3. Community Corrections	\$ 94,915,274	\$ 96,098,562
A.1.4. Treatment Alternatives to Incarceration (TAIP)	\$ 23,803,044	\$ 27,265,304
State Appropriations Total	\$ 625,977,323	\$ 698,630,011
Other Funding Sources		
Program Participant Fees	\$ 43,032,250	\$ 37,517,162
Probation Supervision Fees	\$ 268,462,466	\$ 254,364,711
Other Revenue Sources (federal, other state grants, etc.)	\$ 29,498,813	\$ 25,267,963
Other Funding Sources Total	\$ 340,993,529	\$ 317,149,836
GRAND TOTAL	\$ 966,970,852	\$1,015,779,847