



Texas Department of Criminal Justice

Brad Livingston
Executive Director

February 15, 2010

Ms. Mary Katherine Stout, Director
Governor's Office of Budget, Planning and Policy
P.O. Box 12428
Austin, TX 78711-2428

Mr. John O'Brien, Director
Legislative Budget Board
P.O. Box 12666
Austin, TX 78711-1266

Dear Ms. Stout and Mr. O'Brien:

Pursuant to the January 15, 2010 letter from Governor Perry, Lieutenant Governor Dewhurst, and Speaker of the House Straus, the attached document outlines TDCJ's plan for reductions totaling 5% of the current 2010-11 biennial budget.

In order to present those items that would minimize the impact on direct services, the first seven items of the attachment, totaling \$50.4 million, include funding sources that should be available in FY 2010-11, such as some one-time funding balances, a managed hiring freeze of non-correctional, non-parole staff, and reductions in administrative operating costs, travel, and much needed capital equipment funding.

Utilizing these items for the purpose of reducing funding will remove **all** flexibility to manage potential fiscal shortfalls and operational challenges in the FY 2010-11 biennium. Funding uncertainties for FY 2010-11 include: correctional staffing levels that are currently higher than was budgeted, replacement contracts for several privately operated facilities that will be awarded over the next twelve months, potential reductions in federal State Criminal Alien Assistance Program (SCAAP) funding, the possible need for additional correctional security and surveillance equipment, and uncertain future prices of major operational items such as utilities, fuel and food. TDCJ will continue to work diligently to minimize the impact of these fiscal challenges to the current biennial budget.

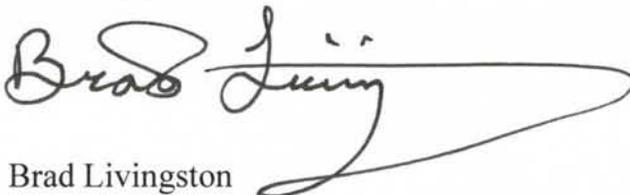
Our mission is to provide public safety, promote positive change in offender behavior, reintegrate offenders into society, and assist victims of crime.

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The remaining items identified on the attachment cross the range of programs and operations managed by the state criminal justice system. The operational impact of a funding reduction to these operations (probation, offender treatment services, institutional security and offender health care, and parole supervision) will likely increase recidivism; cause significant growth in the prison population; require a substantial staff reduction of nearly 3,100 TDCJ employees; and negatively impact both supervision in the community and security within our institutions. Due to the impact that these reductions would have, **we are requesting an exemption for the functions outlined in Items #8-25.**

We recognize this is a starting point and remain committed to working with State leadership throughout this biennium to closely monitor agency operational costs and offender population trends to ensure effective management of state resources in accomplishing the TDCJ mission. If you have any questions or need additional information, please do not hesitate to contact me, or Jerry McGinty, TDCJ Chief Financial Officer, at (936) 437-2107.

Sincerely,



Brad Livingston
Executive Director

Attachment

cc: Kyle Mitchell, Governor's Office of Budget Planning and Policy
Blaine Brunson, Lieutenant Governor's Office
Andrew Blifford, Office of the Speaker of the House
Sarah Hicks, Senate Finance Committee
Amy Peterson, House Appropriations Committee
Larance Coleman, Office of Senator John Whitmire
Heather Fleming, Office of Representative Jim McReynolds
Angela Isaack, Legislative Budget Board
Oliver Bell, Chairman, Texas Board of Criminal Justice
TBCJ Board Members
Bryan Collier, Texas Department of Criminal Justice
Jerry McGinty, Texas Department of Criminal Justice

Our mission is to provide public safety, promote positive change in offender behavior, reintegrate offenders into society, and assist victims of crime.

TEXAS DEPARTMENT OF CRIMINAL JUSTICE
5% Biennial Budget Reduction Plan

Pursuant to the January 15, 2010 letter from Governor Perry, Lieutenant Governor Dewhurst, and Speaker of the House Straus, the following tables outline TDCJ's plan for reductions totaling 5% (\$294.3 million) of the current 2010-11 biennial budget. In order to present those items that would minimize the impact on direct services, the first seven items include funding sources that should be available in FY 2010-11. Utilizing these items for the purpose of reducing funding will remove all flexibility to manage potential fiscal shortfalls and operational challenges in the FY 2010-11 biennium. Additionally, we will continue to thoroughly monitor all agency expenditures and expenditure requirements, reducing costs where we can in order to identify additional savings.

(in millions)

Biennial Total

1) Texas Correctional Industries Revenue	\$	5.0
<p><i>In addition to manufacturing many of the items utilized to operate the correctional system, Texas Correctional Industries (TCI) sells numerous items to other state agencies, school districts and other political subdivisions. The receipts generated by these sales are utilized to cover the costs of the program to include raw materials and necessary equipment. The funds outlined in this item represent amounts in excess of what is necessary to operate the program this biennium. These funds would be utilized on a <u>one-time basis</u> in lieu of general revenue.</i></p>		
2) Commissary Fund Balance	\$	7.0
<p><i>The unit commissaries provide offenders an opportunity to purchase personal care items and snacks. Offender management is enhanced by allowing for the purchase and use of items made available by the commissary. Commissary operations are totally self-funded with no general revenue funding required. In addition, recreational and educational items are purchased using this funding. This item would utilize commissary balance from previous years on a <u>one-time basis</u> in lieu of general revenue.</i></p>		
3) Marlin Correctional Medical Facility - Delayed Opening	\$	10.3
<p><i>The Veterans Administration hospital in Marlin was transferred to the Texas Department of Criminal Justice (TDCJ) from the federal government in December 2008, and since then steps have been taken to ready this facility for use as a long-term medical facility for incarcerated offenders. Due to the condition of the hospital and the necessary renovations involved, this facility will not be operational until the beginning of FY 2012; therefore, the operations funding provided to TDCJ and Correctional Managed Healthcare Committee (CMHC) for FY 2011 will not be utilized. TDCJ's 2012-13 Legislative Appropriations Request will seek the operational funding for this facility.</i></p>		

TEXAS DEPARTMENT OF CRIMINAL JUSTICE
5% Biennial Budget Reduction Plan

(in millions)

Biennial Total

4) FY 2010 Underutilized/Unspent Treatment Diversion Funding	\$	15.3
<p><i>While the additional treatment and diversion programs initially funded by the 80th Legislature have been substantially implemented, utilization rates have been below appropriated levels. The <u>one-time funding</u> identified above represents the estimated FY 2010 appropriations which will not be spent due to this underutilization and will not have an impact on the programs or the offenders participating in the programs. TDCJ has worked aggressively to get operational contracts in place for these services, and over the past 12 months waiting lists in these key treatment programs have been virtually eliminated. Additionally, the agency has worked to ensure that these beds are appropriately utilized and filled. These initiatives have included mailing letters/correspondence and providing conferences/training materials to judges, CSCD directors, and prosecutors regarding the Substance Abuse Felony Punishment (SAFP) program, and meeting with the Board of Pardons and Paroles to discuss means of increasing the utilization of In-Prison Therapeutic Community (IPTC) treatment. Full utilization of these treatment beds is crucial to maintaining a balanced criminal justice system.</i></p>		
5) Energy Performance Contract (EPC)	\$	3.8
<p><i>This item would eliminate funding for the long-term financing (debt service) of an energy performance contract, which was to include all aspects of a major energy and water conservation program at several correctional facilities. Improvements include replacing existing energy consuming equipment with more efficient equipment, changes to maintenance and operations, and establishment of control strategies to reduce energy costs. TDCJ has been working with the State Energy Conservation Office (SECO) and other agencies in order to finalize the application and submit to the Bond Review Board (BRB) by late Spring 2010. If approved by the BRB, TDCJ would realize long-term utility consumption reductions with the installation of this new energy-efficient equipment. This funding will be available should TDCJ be instructed to not move forward with the approval process.</i></p>		
6) Administrative Operating Costs/Hiring Freeze/Travel	\$	3.0
<p><i>In February 2010, the agency issued a directive to all division directors restating our commitment to closely monitor all operational costs and reduce travel expenditures. Division directors were also directed to leave positions vacant unless they are immediately critical to the agency's mission (correctional staff, Office of Inspector General (OIG) investigative staff, and parole officer positions are not subject to this directive).</i></p>		

TEXAS DEPARTMENT OF CRIMINAL JUSTICE
5% Biennial Budget Reduction Plan

(in millions)

Biennial Total

7) Capital	\$	6.0
<p><i>TDCJ's biennial budget includes funding for vehicle replacement, IT infrastructure, and kitchen/laundry equipment to maintain minimal operational levels. With over 100 facilities statewide, the need to systematically replace equipment used throughout the agency is substantial. In recent years, the Legislature has recognized the agency's need for reliable offender/freight transportation vehicles and IT equipment and have provided capital funding to allow for a limited, scheduled replacement program. Additionally, replacement of broken and aging kitchen and laundry equipment is required to sustain correctional facility operations. By eliminating the funding for these items, TDCJ's capital replacement requirements will continue to grow and key agency operations will be negatively impacted. Therefore, we will need and seek an increased level of funding in our FY 2012-13 Legislative Appropriations Request.</i></p>		
SUBTOTAL, Items 1-7	\$	50.4

As mentioned above, the removal of Items #1-7 from TDCJ's budget will eliminate **all** fiscal and operational flexibility to manage the FY 2010-11 biennial budget. Some of the funding uncertainties for FY 2010-11 include: correctional staffing levels that are currently higher than was budgeted, replacement contracts for several privately operated facilities that will be awarded over the next twelve months, potential reductions in federal State Criminal Alien Assistance Program (SCAAP) funding, the possible need for additional correctional security and surveillance equipment, and uncertain future prices of major operational items such as utilities, fuel and food. Items #1-7 would have been utilized, if necessary, to offset these potential fiscal challenges. TDCJ will continue to work diligently to minimize the impact of these fiscal challenges to the current biennial budget.

The remaining items identified on the following table cross the range of programs and operations managed by the state criminal justice system. The operational impact of a funding reduction to these operations (probation, offender treatment services, institutional security and offender health care, and parole supervision) will likely increase recidivism; cause significant growth in the prison population; require a substantial staff reduction of nearly 3,100 TDCJ employees; and negatively impact both supervision in the community and security within our institutions. Due to the impact that these reductions would have, **we are requesting an exemption for the functions outlined in the items listed below.**

We recognize this is a starting point and remain committed to working with State leadership throughout this biennium to closely monitor agency operational costs and offender population trends to ensure effective management of state resources in accomplishing the TDCJ mission.

8) Academic/Vocational Training	\$	0.2
<p><i>TDCJ provides opportunities to eligible offenders to acquire academic certification and/or vocational job skills that increase the likelihood of a successful reentry. Reductions to these programs will result in over 370 offenders not having access to these programs each year and will hinder rehabilitation success, thereby increasing recidivism.</i></p>		

TEXAS DEPARTMENT OF CRIMINAL JUSTICE
5% Biennial Budget Reduction Plan

(in millions)

Biennial Total

9) Offender Services	\$	1.0
<p><i>These programs ensure offenders have access to the courts through the State Counsel for Offenders and the operations of unit law libraries. Additionally, the Council Substitute program provides representation to offenders charged with disciplinary violations on the units. If not funded, the amount listed above represents a reduction of approximately 23 employees and will hamper the agency's ability to provide the appropriate level of representation to offenders within the system.</i></p>		
		Staff: 23 <i>(Reduction in Force)</i>
10) Treatment Services	\$	1.5
<p><i>This item provides funding primarily for unit classification case managers, unit chaplains, and sex offender rehabilitation programs. If not funded, the amount listed above will eliminate 34 positions and hinder the agency's ability to properly classify offenders relative to security, housing and job assignments, provide chaplaincy services, and reduce access to sex offender and other treatment services.</i></p>		
		Staff: 34 <i>(Reduction in Force)</i>
11) Halfway House Facilities	\$	1.6
<p><i>Halfway house placements are made for offenders scheduled to be released on parole or mandatory supervision who have no viable residential plan at the time of release. A reduction in funding will result in 400 fewer halfway house placements (an equivalent to 100 halfway house beds), directly impacting the agency's prison population.</i></p>		
12) Special Needs Projects	\$	1.7
<p><i>This item provides funding for treatment of mentally ill offenders being supervised in the community, to include intensive case management and support services such as psychiatric assessments, medications, and counseling; continuity of care services involving pre-release and post-release screening, referral and medical/psychiatric treatment to offenders nearing release from incarceration; processing of offenders eligible for release to Medically Recommended Intensive Supervision; and administering the pre-release Social Security application process for offenders. This funding reduction will result in a decrease of these services for offenders with mental illness served through community-based mental health criminal justice initiatives and the jail diversion programs, and will directly impact the offender population.</i></p>		
13) Texas Correctional Industries	\$	2.4
<p><i>Texas Correctional Industries produces items used to operate the units such as: offender clothing, bath towels, soaps, detergents, officer clothing, 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 amount listed above will eliminate 16 positions and reduce funding for basic operational necessity items (offender clothing, bedding, etc.).</i></p>		
		Staff: 16 <i>(Reduction in Force)</i>

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5% Biennial Budget Reduction Plan

(in millions)

Biennial Total

	\$	
14) Information Technology	\$	2.7
<p><i>Information Technology provides automated information services and support to all divisions within the agency, including application programming, network support, and system operations. In addition to reductions of the operating and staffing costs and IT capital identified in Items #6 and 7 above, funding reductions in FY 2003 resulted in the elimination of 35 information technology positions, which have not been restored. Another budget reduction would eliminate 9 additional positions and would significantly reduce funding for baseline IT maintenance services required to sustain current daily operations.</i></p>		<div style="border: 1px solid black; padding: 5px; width: fit-content; margin-left: auto;"> Staff: 9 <i>(Reduction in Force)</i> </div>
15) Intermediate Sanction Facilities	\$	2.8
<p><i>Intermediate Sanction Facilities (ISF) are utilized to house parole and probation offenders who have violated the conditions of their supervision. These facilities are utilized as an alternative to revocation. This funding decrease will equate to a reduction of 150 ISF beds, or approximately 900 placements annually. With a decreased amount of diversionary beds available, the agency's prison population will be impacted.</i></p>		
16) Administrative Support Operations	\$	3.9
<p><i>These functions provide for Correctional Training, Office of Inspector General, and monitoring of offender health care delivery as well as management oversight and internal controls within the agency. In addition to reductions of the operating and staffing costs identified in Item #6 above, substantial funding reductions in FY 2003 resulted in the elimination of 428 positions within these programs, and with few exceptions, have not been restored. Another budget reduction will result in the elimination of 75 positions and will significantly reduce management's effectiveness in providing: adequate correctional training, OIG investigative resources, and the agency's oversight and support in ensuring compliance with basic statutory mandates.</i></p>		<div style="border: 1px solid black; padding: 5px; width: fit-content; margin-left: auto;"> Staff: 75 <i>(Reduction in Force)</i> </div>
17) Correctional Unit Support	\$	6.7
<p><i>These functions provide unit-based and regional support operations, to include unit offender records, offender mail, countroom 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 represents a reduction of approximately 198 critical unit correctional support positions that will negatively impact our ability to manage these day to day unit functions.</i></p>		<div style="border: 1px solid black; padding: 5px; width: fit-content; margin-left: auto;"> Staff: 198 <i>(Reduction in Force)</i> </div>
18) Substance Abuse Treatment	\$	7.8
<p><i>During the FY 2008-2009 and FY 2010-2011 biennia, a substantial amount of emphasis has been placed on the treatment of substance abuse-related offenders by state leadership and TDCJ. Reduction in this funding will reduce the number of offenders receiving substance abuse treatment by 1,346 offenders annually within the Substance Abuse Felony Punishment (SAFP) facilities, In-Prison Therapeutic Communities (IPTC), State Jail Substance Abuse treatment, and the required aftercare component (residential and outpatient counseling for offenders). Without these treatment alternatives, the recidivism rate for offenders needing substance abuse treatment will likely increase, further adding to the demand for prison beds.</i></p>		

TEXAS DEPARTMENT OF CRIMINAL JUSTICE
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(in millions)

Biennial Total

19) Parole Supervision	\$	8.1
<p><i>Parole Supervision has a vital role in the agency's fundamental objective of public safety 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 195 Parole Officers and operational support staff. This will cause an increase in the regular direct supervision caseload ratio of 75 to 94 as the additional cases will be assumed by remaining officers. Without adequate supervision of paroled offenders, revocation rates will likely increase, which will cause a corresponding increase to the agency's prison population.</i></p>		
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Staff: 195 <i>(Reduction in Force)</i> </div>		
20) Privately Operated Correctional Facilities	\$	10.7
<p><i>The reduction in this item will eliminate the funding for approximately 817 beds at contract prisons, privately operated state jails, and pre-parole transfer facilities, thereby reducing the agency's prison capacity.</i></p>		
21) Probation	\$	22.0
<p><i>The state funding for probation supervision is distributed through formula and discretionary allocations to all 122 community corrections and supervision departments (CSCDs) in order 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 162 probation officer positions and require a significant increase in the regular direct supervision caseload ratio of 108 to 116 as these additional cases will be assumed by the remaining probation officers. With reduced probation staffing, there will also be 3,500 fewer offenders being monitored on specialized caseloads (sex offender, special needs, substance abuse). Additionally, 2,000 fewer probationers will be served in community-based residential beds and substance abuse counseling. Without adequate probation supervision or the resources for diversionary alternatives to incarceration, diversions will likely decrease and probation revocation rates will likely increase, causing a corresponding increase to the agency's prison population.</i></p>		
22) Institutional Goods and Services	\$	42.0
<p><i>These functions provide essential unit-based goods and services associated with operating more than 100 units statewide, to include food service operations, agricultural operations, basic utilities (electricity, gas, and water/wastewater), facilities maintenance, and the system wide transportation and warehousing functions. If not funded, this will result in the elimination of 465 positions and a reduction in funding for food and utilities, which will adversely impact the agency's ability to provide fundamental services for institutional and state jail offenders.</i></p>		
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Staff: 465 <i>(Reduction in Force)</i> </div>		

TEXAS DEPARTMENT OF CRIMINAL JUSTICE
5% Biennial Budget Reduction Plan

(in millions)

Biennial Total

23) Correctional Security Operations **\$ 84.4**

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 eliminate approximately 2,037 correctional officer positions, resulting in reduced staff levels that could place public safety and the security of our institutions at risk. Additionally, this would provide funding for only 88.6% of our 26,350 authorized correctional officer positions, assuming overtime is zero.

Staff:
2,037
(Reduction in Force)

SUBTOTAL, Items 8-23 **\$ 199.5**

TOTAL, TDCJ **\$ 249.9**

TDCJ Staff:
3,052
(Reduction in Force)

24) Board of Pardons and Paroles ⁽¹⁾ **\$ 2.5**

The Board of Pardons and Paroles (BPP) in meeting the requirements to submit a plan to reduce the biennial budget by 5% will apply the reduction in both strategies E.1.1 and E.1.2, to include staff and operating expense reductions. The BPP, in analyzing the budget, determined that both strategies are heavily dominated by salary expense. In complying with the guidelines the BPP must reduce personnel which in turn will reduce parole hearings and parole considerations. Continued funding is critical to maintaining current levels of services. Funding provides BPP with staff necessary to analyze and review historical files that are used in determining which offenders are to be released on parole, conditions of parole or mandatory supervision; and executive clemency recommendations to the Governor. A 5% reduction would limit the Board's ability to create offender files used to review cases. Reducing the number of cases reviewed would reduce the number of inmates released from TDCJ on parole. As a result Strategy E.1.1 would realize the loss of 19 Institutional Parole Officers and other staff, totaling 34 employees. Hearings and revocation matters address offender violations of law and technical violations of conditions of supervision while they are on parole or mandatory supervision. A 5% reduction in this strategy would reduce the number of Hearing Officers available to conduct hearings and would extend the time offenders remain in county jails. Strategy E.1.2 would realize the loss of 5 Hearing Officers and additional staff, totaling 9 employees. This could cause the BPP to exceed statutory limits as established in Texas Government Code 508.282 which requires revocation processing be completed in a set number of days (40 days from date of arrest).

Staff:
43
(Reduction in Force)

TEXAS DEPARTMENT OF CRIMINAL JUSTICE
5% Biennial Budget Reduction Plan

(in millions)

Biennial Total

25) Correctional Psychiatric Care/Managed Healthcare ⁽²⁾	\$	41.9
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According to the Correctional Managed Healthcare Committee (CMHC), a variety of actions (in addition to the Marlin VA Item #3 identified above) will be needed to achieve the 5% reduction for the FY 2010-11 biennium. Items that were identified by CMHC include, but are not limited to: delay purchasing of capital equipment, reduce indirect expenses/hiring freeze, suspend over-the-counter medications, eliminate dietary services, close the infirmary at UT-Tyler, provide offenders leaving the system with paper prescription instead of 10 day supply, reduce optometry services, and suspend voluntary and routine HIV and Hepatitis C testing. Other actions that would be taken and may have a significant impact on the health care system include: reduce coverage and hours at most TDCJ facilities, modify outpatient staffing, and reductions to dental and mental health services.

GRAND TOTAL \$ 294.3

TOTAL Staff: 3,095

(1) As submitted by Rissie Owens, Presiding Officer, Texas Board of Pardons and Paroles

(2) As submitted by Allen Hightower, Executive Director, Correctional Managed Healthcare Committee