



VIRGINIA DEPARTMENT OF CORRECTIONS

Management Information Summary Annual Report For the Fiscal Year Ending June 30, 2017



Virginia Probation & Parole Celebrating 75 Years of Service to the Commonwealth



On the Cover **Probation and Parole**

Virginia's legislature enacted a formal statewide probation and parole system on October 1, 1942, creating 21 districts with 24 field officers. Today, Virginia has approximately 600 probation and parole officers and 150 senior officers serving 43 different districts and supervising more than 60,000 offenders statewide.

The mission of probation and parole programs is to enhance public safety by positively impacting offenders so they will lead pro-social and crime-free lives. The Community Corrections Division administers these programs and is committed to "A Balanced Approach" to offender supervision. In practice, this is accomplished through:

- Investigation and assessment of risk and need
- Careful and focused plans of supervision
- Use of a wide variety of resources and treatment services
- Purposeful and proportionate application of sanctions for delinquency and non-compliance

The annual celebration of Probation and Parole Officers' Week, July 16-22, 2017, holds special meaning this year as the Virginia Department of Corrections commemorates the 75th anniversary of the creation of its probation and parole system.

"This milestone offers an opportunity to recognize our long-standing commitment to reentry success," said Director Harold Clarke. "Virginia has a well-established tradition of excellence in its public safety efforts. The Commonwealth's probation and parole officers demonstrate on a daily basis their focus on helping our clients make better decisions and successfully reenter their communities."

Probation and parole officers work effectively with a broad spectrum of Virginia's law enforcement and legal communities. But their most important duty involves advising and directing returning citizens.

"Our officers play an unheralded, behind-the-scenes role that has a tremendous positive impact on long-term public safety, and they deserve credit for helping the Department attain the lowest recidivism rate in the nation," Director Clarke said.

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VIRGINIA DEPARTMENT OF CORRECTIONS ANNUAL MANAGEMENT INFORMATION SUMMARY REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2017

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Note: All dollar and percentage figures used in this report are shown as rounded to the nearest dollar and 1/10 of a percentage point, respectively. Thus the results of arithmetic calculations (sums, divisions, percentages, etc.) when using the exact figures are correct, but due to rounding the results in this report might appear to be off by a few dollars or tenths of a percentage point.

DEPARTMENT OF CORRECTIONS THE YEAR IN REVIEW For the Fiscal Year Ending June 30, 2017

A few of the accomplishments/initiatives of the Department of Corrections for the fiscal year ending June 30, 2017 are highlighted below:

FY 2017 Year End

The year-end close out was a success. Consistently, the Department of Corrections effectively utilizes nearly 100.00% of its unrestricted, allotted general fund appropriation.

The *Code of Virginia*, Section 2.2-4350, requires State agencies and institutions to pay 100% of their invoices subject to the Prompt Payment Statutes by the "required" payment due date. Agencies are considered to be in compliance with the prompt payment standard if they have achieved at least a 95% prompt payment rate. The Department exceeded this goal with a compliance rate of 99.70% for FY 2017.

The Department also maintained its utilization of Small, Women and Minority (SWaM) vendors for its discretionary expenditures. According to the Virginia Department of Small Business and Supplier Diversity's (SBSD) (formerly DMBE) dashboard, FY2017 utilization was 27.17% as compared to 27.70% in FY 2016. The inability to discount expenditures associated with medical healthcare contracts with Armor and Mediko, and mandatory sources such as Virginia Correctional Enterprises (VCE), the Virginia Distribution Center (VDC), etc., continues to impact the Department's SWAM utilization rate.

Virginia Department of Corrections Dealing with Vacancies

Source: WVIR-TV NBC29, June 21, 2017

The Virginia Department of Corrections (VADOC) is struggling with employee turnover.

The Department is having a tough time retaining corrections and probation officers because of the compensation. The starting salary for a correctional officer is just under \$30,000. Entry level probation officers start at \$36,000.

"It's difficult to have a living wage based on what they're paid, and so they're moving on," VADOC Director Harold Clarke said. "Assuming a DOC employee is the sole income provider for a family of four, then 1,370 current employees will be eligible for SNAP, food stamps based on employee's current compensation."

Clarke gave a briefing recently to the Senate Finance Committee on the Agency's rising turnover rate.

Slightly more than 13% of employees left the Department in 2014. VADOC says that number is already up to 19% percent for this year.

"They've been forced to work with reduced manpower, so there has been some, or at least historically some workforce unrest, if you will, or concern from being overworked and understaffed," said 24th District Senator Emmett Hanger (R).

Clarke and the Human Resources Director at VADOC say all of this is costing the Commonwealth: managers are having to pay more in overtime and frequent training. They are working on calculating the total cost and will get those final numbers to lawmakers.

At last count, there were nearly 500 vacancies for correctional officers across Virginia. Clarke says what is troubling is that some of the higher security facilities have a number of unfilled officer jobs.

On the bright side, state workers this summer should see a three percent pay raise.

Note: Effective July 10, 2017, the starting salary for a correctional officer increased to \$30,484 and an entry level probation officer to \$36,731.

Governor McAuliffe Announces Virginia's Latest Recidivism Rate, the Lowest in the Country

Source: Around Corrections, Winter 2017

Virginia's former offenders return to prison at a lower rate than any from forty-five states that recently reported three-year re-incarceration rates for felons.

Governor Terry McAuliffe announced Virginia's 23.4 percent recidivism rate in December. Virginia's rate, edged out ahead of Oklahoma (24 percent), South Carolina (24.9 percent) and Minnesota (25 percent). Of the 11,496 State Responsible (SR) offenders released from incarceration in Virginia in FY2012, means 2,687 were re-incarcerated within three years.

The Department credits its success to a "reentry-begins-at-day-one" approach that emphasizes programming and treatment during incarceration followed by effective supervision and guidance after release. VADOC uses evidence-based practices to tailor its efforts and address each offender's needs.

Citing Contraband, Virginia DOC Changes Inmate Mail Policy

Source: Correctional News, April 19, 2017

New Virginia Department of Corrections (VADOC) security measures aimed at detecting and eliminating contraband in VADOC facilities went into effect on April 17. Moving forward, all incoming general correspondence will be photocopied, and only the photocopies will be delivered to the offender. The new procedure governs incoming offender general correspondence in institutions classified as security level 2 and higher, which includes 25 of the state's 37 facilities.

In an effort to prevent the passage via mail of hard-to-detect drugs like Suboxone, which sometimes slipped through the previous mail system when sent as strips (similar to mouth-freshener strips), offenders will no longer receive their original mail, envelopes or any other contents. These materials will instead be photocopied, and the originals will be shredded in the institutional mailroom. This practice will even extend to items such as photographs, drawings and newspaper clippings.

VADOC has also placed strict limits on the size and amount of mail that inmates can receive. A maximum of three 8 ½-inch by 11-inch pages (front and back and photocopied in black and white) will be passed along to the offender. Staff will also not be allowed to manipulate any additional or larger items to fit the size standards, and instead will return the items to the sender. The Richmond Times-Dispatch reported that the state's approximately 30,000 inmates currently receive roughly 250,000 visits annually with an average of four pieces of mail received by each inmate per month.

In a video posted to VADOC's website announcing the changes, the Department noted that this procedure change only applies to incoming general correspondence and does not affect incoming legal or special correspondence. Exceptions to this requirement include official legal, governmental or court-ordered documents such as military records or divorce decrees. Individuals will still be permitted to send offenders secure messages, photographs and other attachments through the electronic JPay system, and picture taking during visitation will still be permitted.

A VADOC statement added that eliminating dangerous contraband helps achieve the Department's goal of ensuring "the highest level of safety and security for VADOC staff, visitors and offenders."

The policy change follows several drug-related inmate deaths. Since 2015, nine inmates have overdosed on illegal drugs, and more than 30 visitors have been caught trying to pass contraband to prison inmates, according to The Richmond Times-Dispatch. As a result, the VADOC will also now require inmates to change into state-issued attire, shoes and under garments prior to visitation. Following the visit, inmates will be required to undergo a strip search before changing back into standard prison garments.

Lisa Kinney, Director of Communications for the VADOC, told The Richmond Times-Dispatch that even visitors' access to vending machines will be curbed, as visitors have used things like potato chip bags to conceal contraband in the past.

Several other states have already taken this approach to incoming general correspondence. WTAP, a West Virginia news station, reported in March that 10 regional facilities and all 10 juvenile facilities across the state have switched to photocopying inmates' mail, and the state's 16 prisons and work-release centers will soon follow suit. This policy switch is also an attempt to curb mailed contraband.

"Illegal substance use in prisons not only erodes institutional authority and control, but it also severely undermines the public's confidence in the criminal justice system," West Virginia DOC Secretary Jeff Sandy told WTAP. "Eliminating the problem helps ensure trust in the system and the safety of all who work and reside within the correctional environment."

Several years ago, the New Hampshire Department of Corrections also instituted similar restrictions on mailed paper cards and drawings to prevent the passage of drugs to inmates, according to The Richmond Times-Dispatch. The state was subsequently sued by the American Civil Liberties Union of New Hampshire in 2015 on the basis that the restrictions violate inmates' first and 14th amendment rights. The suit is currently still pending.

VADOC Receives Honors for Its Commitment to Veterans

Source: Around Corrections, Fall 2016

The Virginia Department of Corrections is proud to announce it has received two prestigious honors for leadership and commitment in hiring military veterans.

The VADOC received the Governor's Award from Governor Terry McAuliffe and the Perseverando Award from Virginia Values Veterans (V3), a program run by the Department of Veterans Services. The VADOC was the only employer to receive two awards among the 22 given during ceremonies honoring employers who hire veterans.

About 12 percent of the VADOC's approximately 12,000 employees are veterans, making the Department the largest employer of veterans among state agencies. In the last fiscal year, the VADOC hired 274 veterans, approximately 12 percent of all hires during that period.

“Veterans have many of the qualities employers seek,” said Director Harold Clarke. “We appreciate their orientation toward safety and discipline. They are ready and able to rise to the challenges of working in the corrections profession and we are proud to have them on our team.”

The Governor’s Award recognizes employers for total number of veterans employed. The Department won its category of large state agency. The Perseverando Award recognizes employers for their contributions to the Commonwealth’s veteran population and commitment to making Virginia a veteran-friendly state.

Governor Terry McAuliffe presented the awards to Director Clarke and Human Resources Coordinator Barry Elgert, a U.S. Army veteran, on September 28, 2016 at the Virginia Workforce Conference in Richmond. Governor McAuliffe praised the V3 program for meeting its employment target a year ahead of schedule. Over the past year, 669 V3-certified businesses hired more than 18,000 veterans statewide.

VADOC Partners with U.S. Department of State to Provide Training and Mentoring to International Corrections Officers

Source: Around Corrections, Winter 2017

Virginia Department of Corrections Director Harold Clarke and Ambassador William R. Brownfield, Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement (INL) signed an agreement today establishing an official partnership between VADOC and the U.S. Department of State to provide training and mentoring to foreign corrections officials.

The Memorandum of Understanding (MOU) was signed today at the Department of Corrections Academy for Staff Development in Crozier, Virginia. The MOU lays out the framework for federal-state cooperation with the international correctional counterparts.

“The ability to tap into the tremendous expertise of VADOC will be a major asset in our efforts to safeguard Americans from dangerous crime which, in today’s globally connected world, often originates beyond our borders,” said Ambassador Brownfield.

VADOC has hosted corrections officials from several foreign countries in recent years, introducing them to our brand of corrections, sharing best practices and offering advice regarding corrections matters. The partnership with the Department of State calls for VADOC to provide assistance in the form of training, mentoring and advising to foreign governments relative to international criminal activities.

“I think Virginia was chosen for this partnership because we have demonstrated to the nation and to the world that we are leading in the area of corrections in many respects,” added Director Clarke. “We are on the cutting edge and our low rate of recidivism is the first indicator of the fact that we are a very successful agency.”

Additionally, INL will train VADOC personnel on international correctional standards, programs, country profiles and foreign assistance goals. The agreement also allows for the development of projects and activities to mutually benefit the participants.

The signing ceremony was witnessed by Secretary of Public Safety and Homeland Security Brian Moran, Deputy Secretary of Public Safety and Homeland Security Victoria Cochran, members of the VADOC executive team and VADOC staff. The MOU becomes effective immediately and shall continue until December 31, 2021.

Virginia DOC College Credit Program Reaping Big Returns

Source: Correctional News, April 5, 2017

The Virginia Department of Corrections (VADOC) released a statement on March 28 touting the success of its first-of-its kind college credit program for state prison inmates. Since January 2014, VADOC inmates have accrued more than 1,500 course completions and nearly 9,000 college credits through the award-winning college credit initiative.

VADOC Director Harold Clarke said in a statement that employment is one of the greatest predictors of reentry success, and the key to employment is education. “[The VADOC’s] emphasis on education has helped us attain the lowest recidivism rate in the nation. This initiative and others like it are fundamental to our success and fundamental to our mission of long-term public safety,” Clarke added.

In addition to college credits (which cost an average of \$3.69 each), students have earned more than 1,500 completions in five Career and Technical Education (CTE) courses, which are also eligible for college credit. These include business software applications, computer-aided drafting, computer graphics and design, introduction to computers, and graphic communication and print production.

The courses are offered in varying degrees at 17 different facilities. While no facilities offer all five courses, three facilities (Baskerville, Fluvanna and River North Correctional Centers) offer three courses. Eleven facilities (Augusta, Bland, Deerfield, Greensville, Haynesville, Lawrenceville, Nottoway and St. Brides Correctional Centers, Virginia Correctional Center for Women and Central Virginia and Rustburg Correctional Units) offer two courses. And three facilities (Green Rock, Pocahontas Correctional Centers and Sussex II State Prison) offer one course.

All VADOC classes are accredited through the American Council on Education’s College Credit Recommendation Service (ACE CREDIT). VADOC gained its accreditation by meeting the rigorous requirements of ACE CREDIT, and requires that all correctional educators obtain licensure. Many also hold industry certifications, according to a statement by the Department.

During the accreditation process, ACE CREDIT officials visited Virginia, reviewing teacher credentials and resumes, and examining each course. ACE CREDIT ultimately granted its approval in 2016, and made the Department’s five CTE courses eligible for college credit retroactive to January 2014. With this accreditation, VADOC became the only state prison system in the nation to hold ACE CREDIT recommendations, according to a statement by the Department.

In July 2016, VADOC’s prison college credit initiative also received the State Transformation in Action (STAR) Award from the Council of State Government’s Southern Legislative Conference, sparking national interest in Virginia’s efforts. It was Virginia’s third STAR Award since 2013.

Employee Assistance Fund

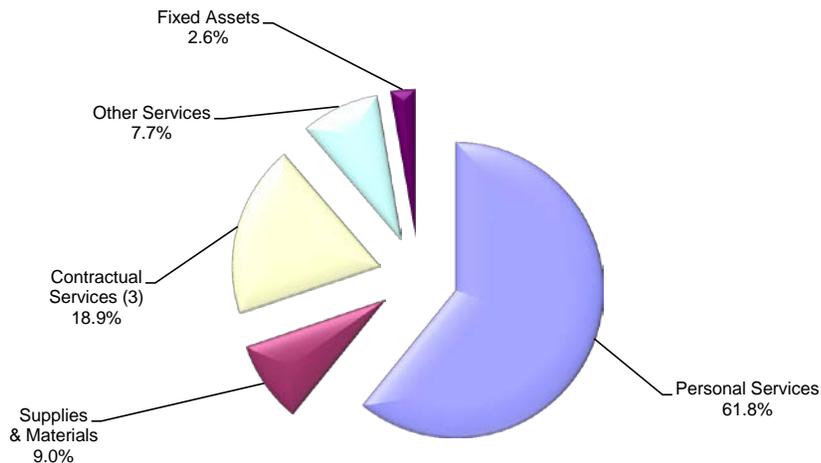
The EAF was established during FY 2003 and as of June 30, 2017 has made 1,326 awards totaling \$860,193. The fund was created to provide monetary relief to current employees of the Virginia Department of Corrections who have experienced a crisis resulting in a financial need to include, but not limited to, support to the spouse and/or children upon the death of an employee, serious illness of an employee or an immediate family member, loss of property due to fire, etc. The EAF is supported by DOC fund-raising activities and tax-deductible contributions from employees and other supporters. The fund enables DOC to disburse immediate resources to employees without friends and co-workers “passing the hat.” Contributions to the EAF are used only for the benefit of current DOC employees. As of June 30, 2017, the fund balance was \$227,906.

FINANCIAL/OPERATING OVERVIEW

TOTAL EXPENDITURES BY CATEGORY - ALL FUNDS

For the fiscal year ended June 30, 2017, the General Assembly appropriated the Department of Corrections (DOC) an adjusted operating budget of \$1,212,160,725. The DOC expended \$1,205,783,126; the major portion of these expenditures were earmarked for salaries and benefits. The Department operated 26 Major Institutions, 8 Field Units, 5 Work Centers, 2 Detention Centers, 2 Diversion Centers, and one Detention/Diversion Center in which 28,887 offenders* were housed. In addition, the Department operated 43 Probation & Parole District Offices. (For FY 2017, the number of offenders under community-based supervision averaged 63,983 as compared to an FY 2016 average of 59,410, a 7.7% increase over was last fiscal year.)

TOTAL EXPENDITURES BY CATEGORY - FY 2017



- Personal Services (1)
- Supplies & Materials (2)
- Contractual Services (3)
- Other Services (4)
- Fixed Assets (5)

	FY 2017	FY 2016
Personal Services (1)	\$ 733,699,947	\$ 716,156,133
Supplies & Materials (2)	108,085,454	113,700,686
Contractual Services (3)	228,262,192	220,698,143
Other Services (4)	103,862,078	97,781,401
Fixed Assets (5)	31,873,455	25,920,700
Total	\$ 1,205,783,126	\$ 1,174,257,064

* On average 28,887 offenders were housed in facilities operated by DOC during FY 2017. Excluded from that statistic were 1,568 DOC inmates housed in a Department of Corrections owned prison in Lawrenceville, Virginia that is privately operated.

- (1) The increase in personal services is largely due to an increase in the Commonwealth's share of employee fringe benefits and health insurance.
- (2) The decrease in supplies and materials is primarily the result of a reduction in expenditures for manufacturing supplies by Virginia Correctional Enterprises and the agribusiness program as well as a reduction in food expenditures.
- (3) The increase in contractual services is primarily the result of higher offender medical cost as well as higher expenditures for telecommunications and IT services.
- (4) The increase in other services is associated with debt retirement.
- (5) The increase in fixed asset expenditures is the result of purchases for full body security screening systems, vehicles and an enhancement to field unit fence detection systems.

CATEGORY DEFINITIONS

Personal Services are the salaries, wages, overtime and fringe benefits (social security, health insurance, group life insurance, long-term disability insurance, retirement, etc.) of DOC employees.

The Supplies and Materials category include expenditures for supplies and materials used in administration (employee clothing, office supplies, stationery, etc.), energy production (coal, natural gas, gasoline, fuel oil, etc.), manufacturing and merchandising (manufacturing supplies, packaging supplies, etc.), medical care (laboratory supplies, medical and dental supplies, drugs, etc.), repair and maintenance (including custodial care), inmate residence (inmate clothing, food, laundry and linen, toiletries, etc.), and miscellaneous other uses (agriculture, computer operation, education, recreation, etc.).

Examples of Contractual Services are freight, postage, telecommunications services, employee development and training, health care, legal services, consulting, advertising, repair and maintenance, architecture and engineering services, food service, laundry and linen service, computer hardware and software maintenance, software acquisition, computer operation, and travel-related services (transport, meals, lodging, etc.).

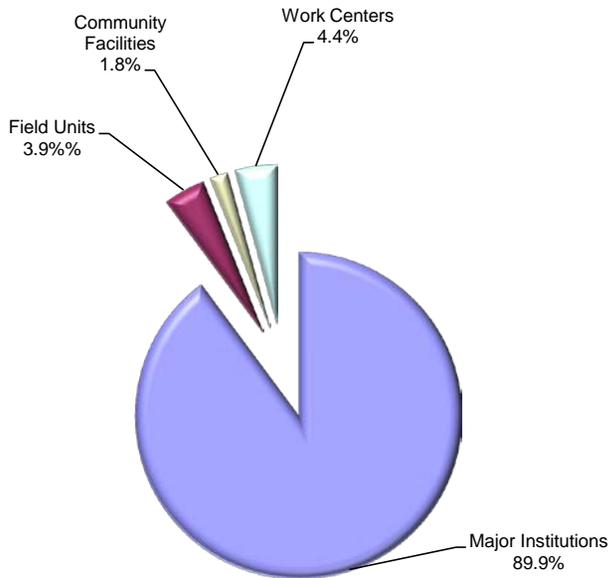
Other Services consist of miscellaneous expenditures such as unemployment compensation, incentive payments for participation in State-sponsored programs and activities (e.g., halfway houses), grants and aid to local governments, insurance premiums (property, medical malpractice, workers compensation, etc.), lease payments, rent, utility charges (for water, sewage, electricity, etc.), garbage collection, installment purchases, and debt service.

Fixed Assets are equipment, property, physical plant, and improvements to property and physical plant. Examples of fixed assets include electronic equipment (radar, radios, televisions, etc.), motor vehicles (cars, trucks, buses, forklifts, etc.), office furniture (bookcases, desks, files, tables, lamps, etc.), and household equipment (beds, mattresses, chairs, refrigerators, stoves, etc.). Additional examples of fixed assets include site improvements, such as exterior lighting systems, fences, landscaping, parking areas, roadways, walkways, etc.

ADP DISTRIBUTION BY FACILITY TYPE

The "Average Daily Population" (ADP) for the DOC was 28,887. This represents a decrease of 1.31% below the FY 2016 level.

ADP is the sum total of the offender population resulting from periodic head-counts divided by the number of observations. There are four basic types of DOC facilities - major institutions, field units, work centers, and community residential facilities - and there are differences between individual facilities within each type. The offender's security risk, health care needs, educational needs, age, area of residence, etc. determine where an offender is housed. The Department classifies its facilities based on 5 levels of security risks - Level 1 is the lowest; Level 5 is the highest. Offenders who require the highest security are generally housed at Red Onion State Prison. Offenders can be placed in a community facility (Detention/Diversion Center) by a court of law.

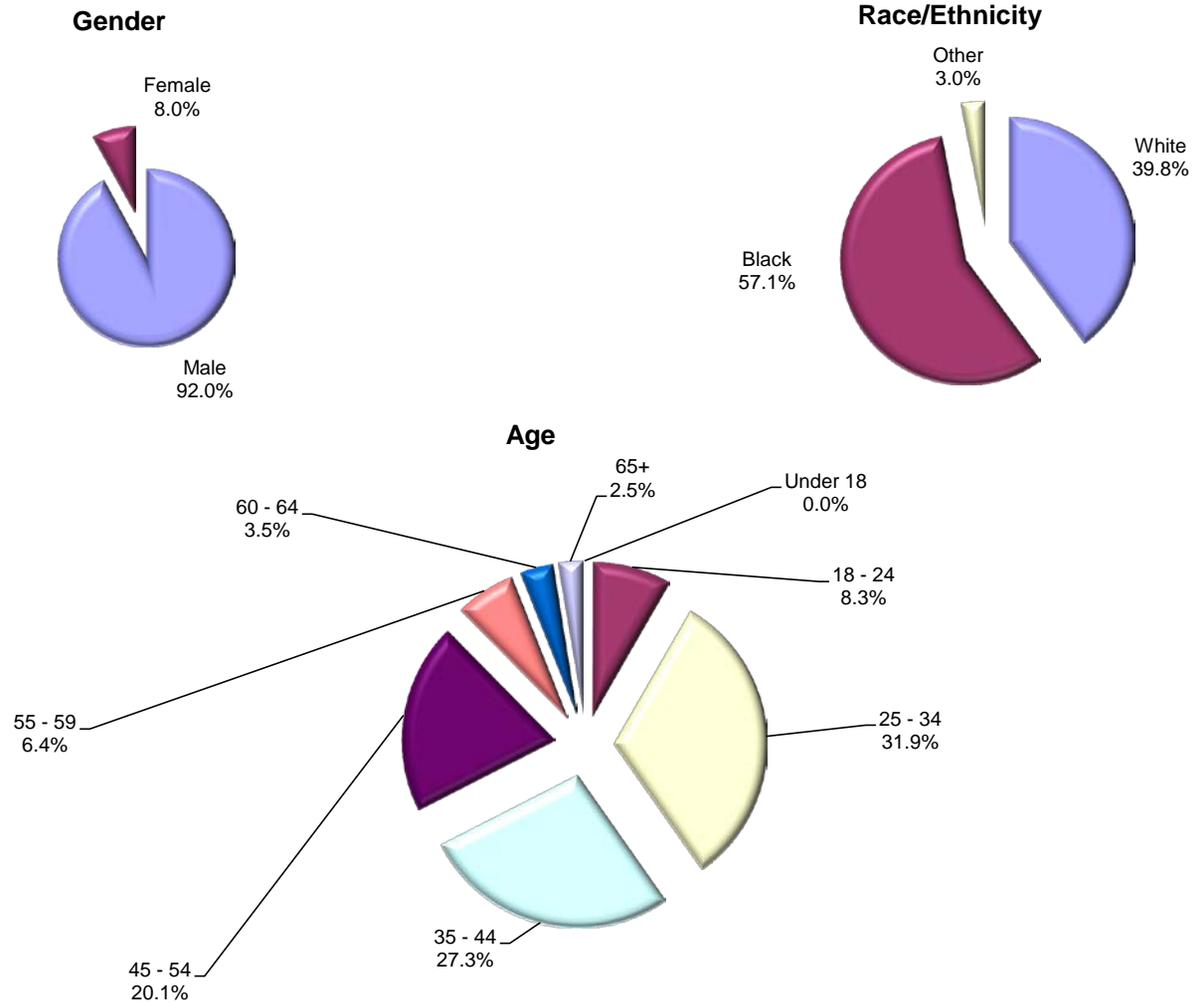


FACILITY TYPE	FY 2017	FY 2016 *
Major Institutions	25,977	26,297
Field Units	1,124	1,214
Community Facilities	511	523
Work Centers	1,275	1,237
	28,887	29,271

The above ADP statistics refer to offenders housed in facilities operated by DOC. Excluded from these statistics are 1,568 DOC inmates housed in a Department of Corrections owned prison in Lawrenceville, Virginia that is privately-operated.

* Revised to reflect Baskerville Correctional Center as a major institution versus a field unit as it has been reported in previous fiscal years.

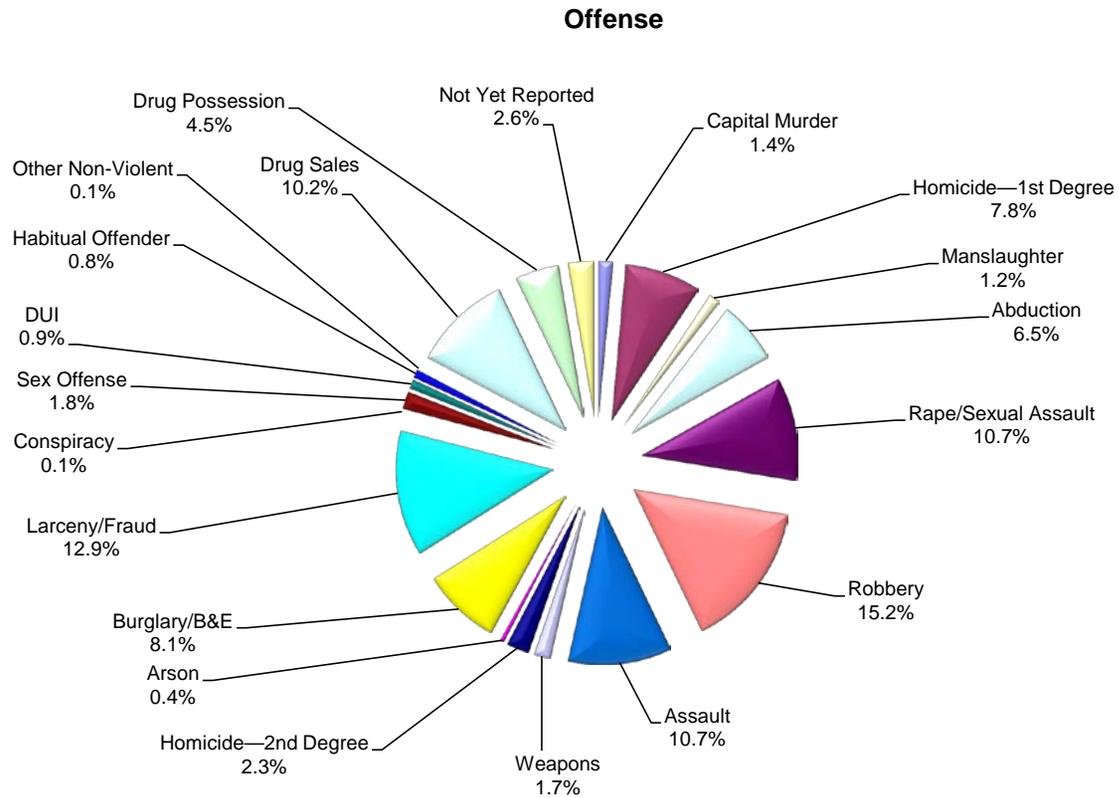
INMATE POPULATION - DEMOGRAPHICS *



* This demographic data represents the DOC inmate population as of December 31, 2016, the most recent data available. DOC inmates incarcerated in local jails are included in this data; out-of-state inmates are excluded.

Source: Research Unit

INMATE POPULATION - OFFENSE DATA *



This offense data represents the DOC inmate population as of December 31, 2016, the most recent data available. This data includes DOC inmates incarcerated in local jails; however, out-of-state inmates are not included. Inmates convicted of multiple offenses are represented here by their most serious offense. For example, a drug trafficker who raped and murdered someone would be represented in the murder category. In regards to 'not reported' offenses, this data represents the percentage of inmates whose actual committing offense had not been reported. Over time this information is updated for that particular population.

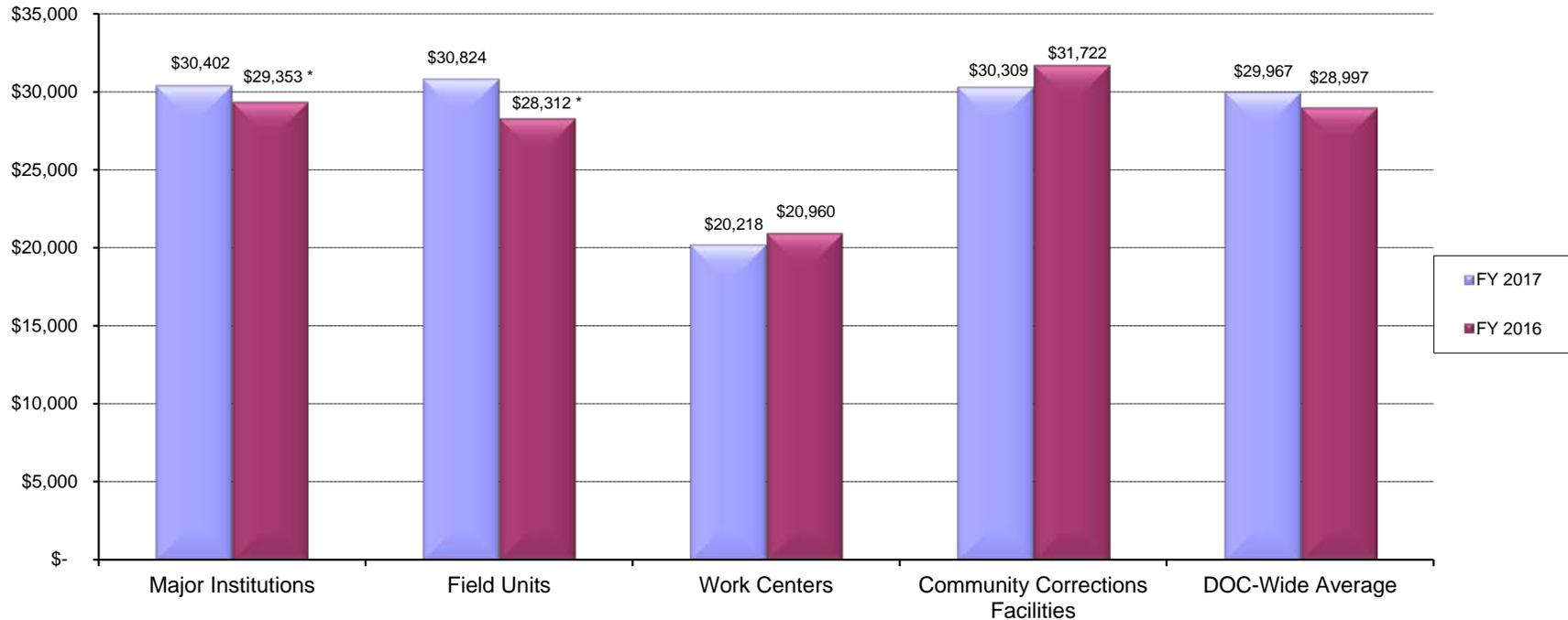
Source: Research Unit

OPERATING COST PER OFFENDER (PER CAPITA)

The Department-wide per capita cost of housing offenders was \$29,967 in FY 2017, up only 3.3% from FY 2016.

The different facility types have different per capita costs for a variety of reasons. Inmates housed in field units and work centers present lower security risks than those housed in major institutions. These inmates also do not have chronic, serious health problems, therefore they need only modest medical resources. For these reasons, field units and work centers tend to have lower per capita costs than major institutions. Probationers housed in community facilities also present lower security risks and have lower medical costs than inmates housed in major institutions. However, the small size of these facilities prevents them from realizing economies of scale. Every facility, regardless of size, incurs fixed costs (administrative/food/medical staff, utilities, repairs, maintenance, etc.) that do not vary directly with offender population, causing small facilities to experience higher per capita costs than larger ones.

OPERATING COST PER OFFENDER - FY 2017 VERSUS FY 2016

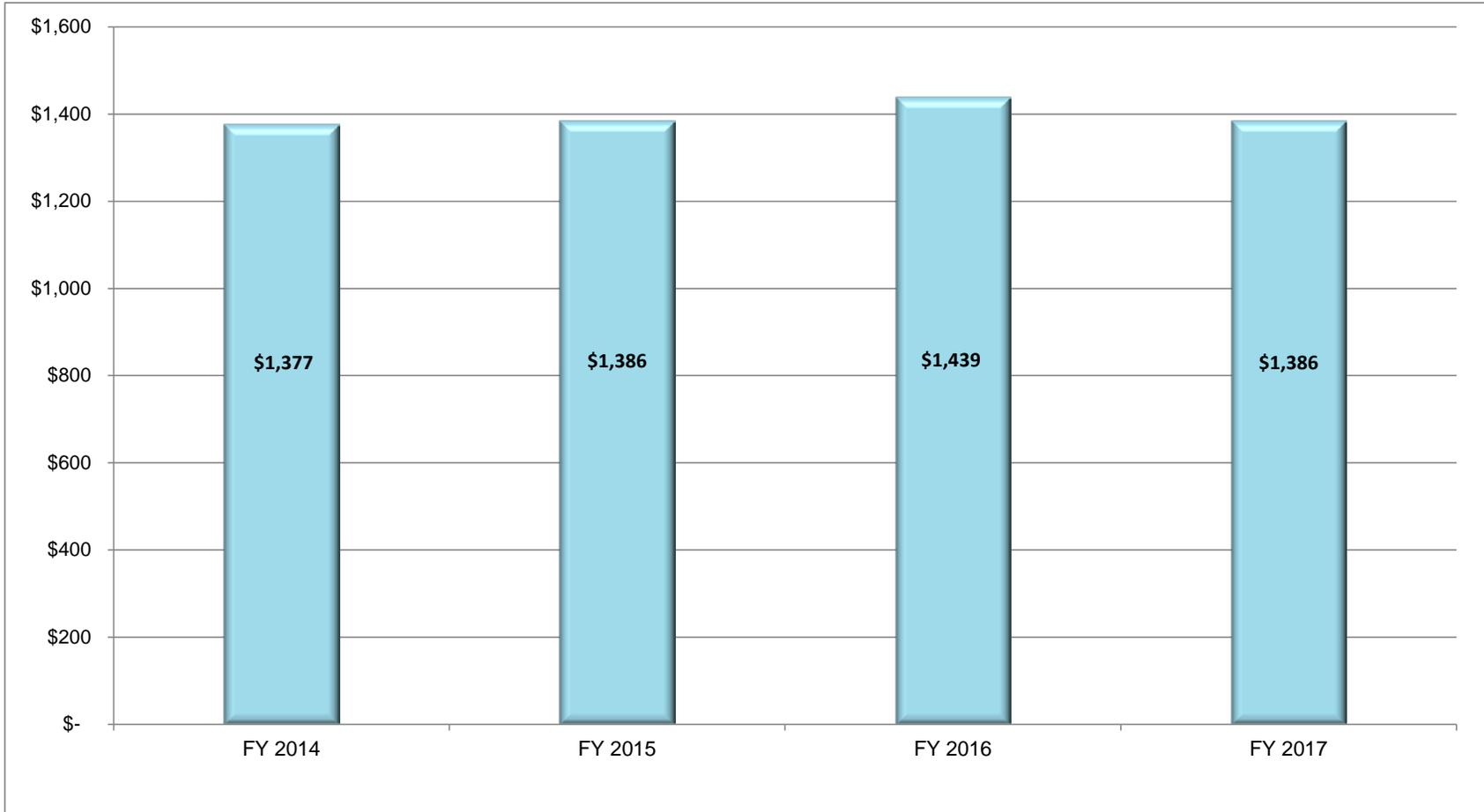


* Revised to reflect Baskerville Correctional Center as a major institution versus a field unit as it has been reported in previous fiscal years.

PROBATION & PAROLE COST PER CASE

The calculation methodology divides Probation and Parole services/treatment, Community Residential Treatment and Diversion and Detention Center expenses by the average number of Probation and Parole cases from VACORIS for FY 2017 (See Note Below).

It is important to note that this cost per case calculation assumes a "flat" supervision world in which each individual receives the exact same level of supervision and services. Given that judges mandate certain requirements of supervision, and that EBP principles emphasize sculpted care, this number does not accurately portray the higher cost to supervise violent offenders, sex offenders or other similar intensive supervision cases.

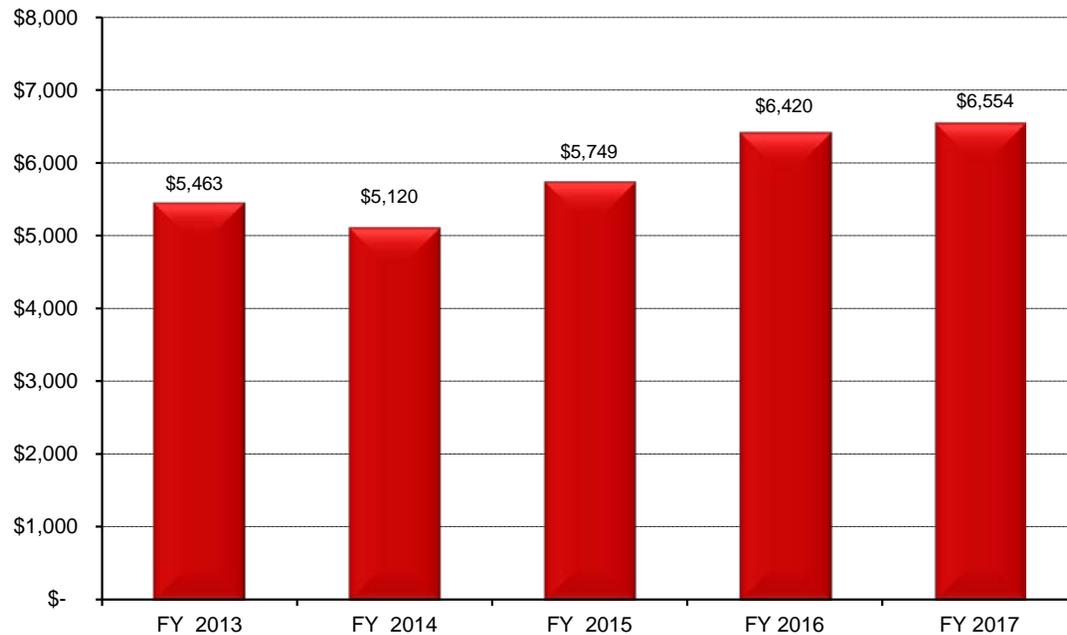


Note: Previous reporting of Probation and Parole Cost per Case excluded Diversion and Detention Centers and was based on June population. Historical and current calculation of cost per case now includes Detention and Diversion Centers and is based on an average daily population for the fiscal year.

PER CAPITA MEDICAL EXPENDITURES

On a per capita basis, in FY 2017 DOC medical expenditures increased 2.1% above that of FY 2016. The increase is largely attributed to higher medical costs, greater patient acuity, and the increased cost of providing treatment for Hepatitis C.

While it is generally difficult to predict medical costs, the historical increases in these costs have been attributed to inflation, the rising cost of medical services whether provided by DOC staff or through contractual services, and the impact of providing medical care to an increasingly older offender population with chronic illnesses and a population entering the system with more acute medical needs.



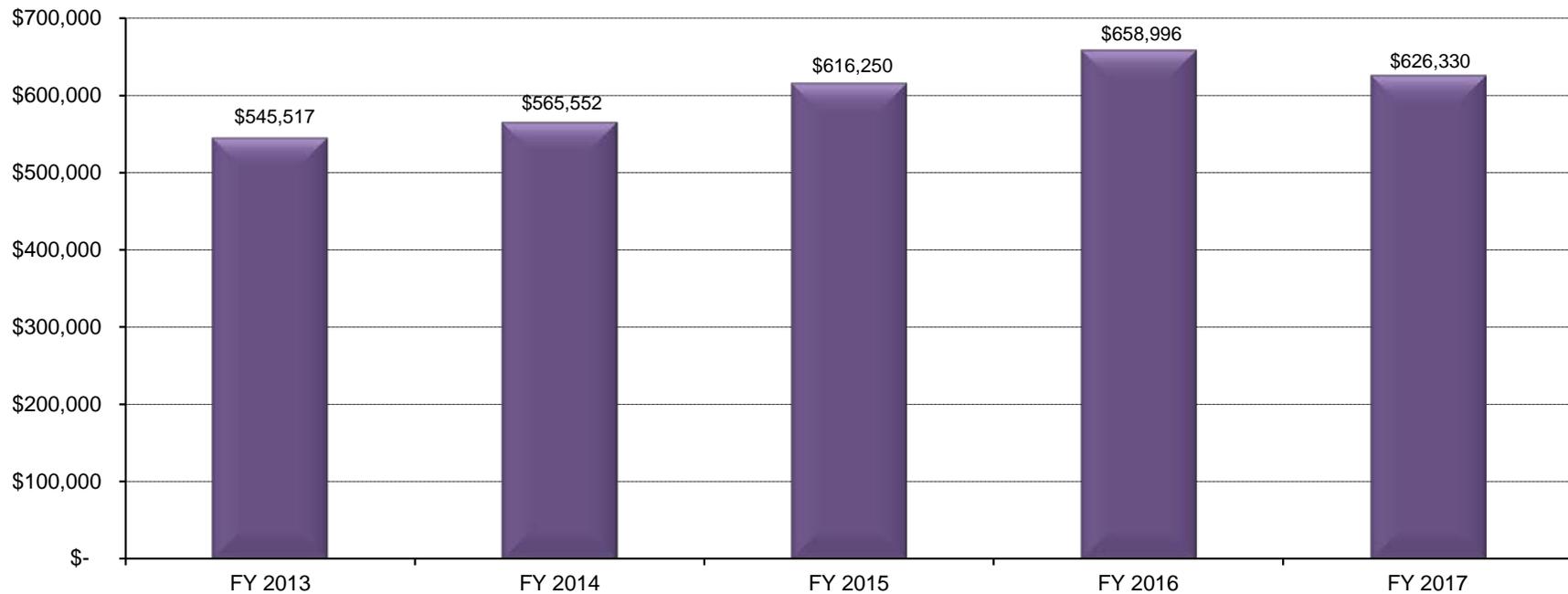
	<u>% OF TOTAL DOC OPERATING EXPENDITURES</u>
FY 2013	14.63%
FY 2014	13.62%
FY 2015	14.89%
FY 2016	16.00%
FY 2017	15.70%

Per capita excludes the cost of out of compliance offenders, Virginia offenders housed in other states under interstate compact custody, as well as Lawrenceville whose ADP is not included in the calculation.

INMATE MEDICAL CO-PAYMENT REVENUE

In response to the increasing cost of medical services, the DOC initiated a "Medical Co-Pay" program in FY1996 whereby inmates are charged a fee or co-payment for certain medical services. The size of the co-payment varies with the kind of medical service rendered (doctors' visits, dental services, prescription drugs, artificial limbs, dentures, eyeglasses, hearing aids, etc.). The highest co-payment is \$500 for prosthetics. No offender is denied medical care due to his or her inability to provide the co-payment.

The revenue from inmate medical co-payments is used to fund the DOC's telemedicine program. The telemedicine program operates at all correctional facilities, including those locations where medical services are provided by a private vendor as well as at the privately-operated prison in Lawrenceville. Telemedicine enables inmates to receive medical care (from the UVA and VCUHS medical centers, as well as Southampton Memorial Hospital and the Office of Health Services) while reducing the security costs and risks associated with transporting inmates to medical facilities.

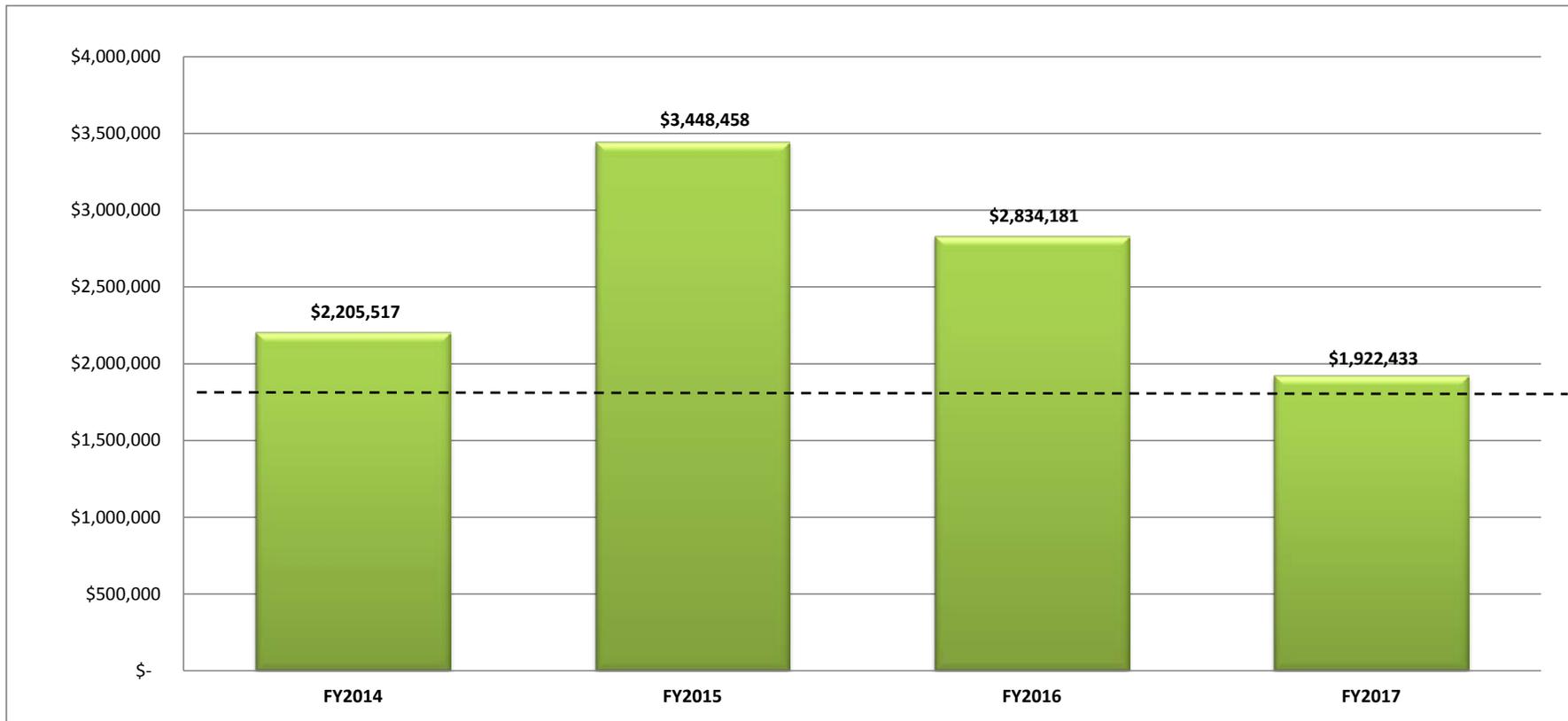


AGRIBUSINESS REVENUE

Agribusiness within the Virginia Department of Corrections includes programs in areas such as meat plants, beef, vegetables, greenhouses, dairy, pork, orchards, the VADOC farmers market, freezer plant/processing, grist mill, beverage plant, goats, and grain and hay used for beef and dairy production. Offender/detainees annually assist with the 7,000 acres of pastures, 1,800 acres of grain crops, 6,800 acres of forest, and 600 acres of vegetables.

Revenue from the sale of farm and dairy products is deposited to the Commonwealth of Virginia general fund. In accordance with the provisions of the Appropriations Act, the Agribusiness program may use fifty percent of any amount in excess of fiscal year 1992 deposits of \$1,360,628 (marked with dashed line) for equipment or repair and construction of Agribusiness facilities.

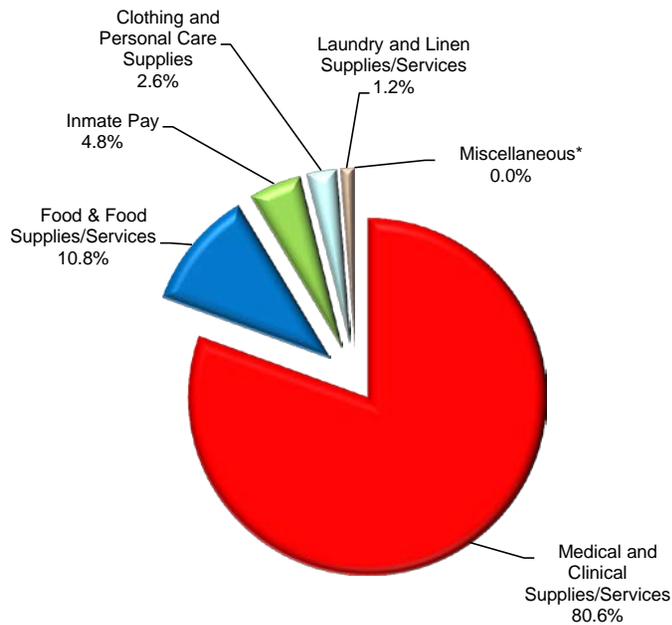
Agribusiness Revenue from the Sale of Farm & Dairy Products



DIRECT INMATE COST - FY 2017

Direct Inmate Costs (inmate pay, postal services, clinic/dental/hospital/medical/X-ray services, food services, laundry and linen services, lab/medical/dental supplies, drugs, clothing, food and food service supplies, linen and laundry supplies, personal care supplies, and recreational supplies) are the expenditures that vary in direct proportion to the inmate population.

TOTAL DIRECT INMATE COST BY CATEGORY



CATEGORY	FY 2017	FY 2016
Medical and Clinical Supplies/Services	\$ 163,426,369	\$ 134,500,573
Food & Food Supplies/Services	21,964,002	23,150,140
Inmate Pay	9,683,189	9,494,460
Clothing and Personal Care Supplies	5,348,100	5,278,392
Laundry and Linen Supplies/Services	2,433,015	2,726,183
Miscellaneous*	30,640	57,069
Total Direct Inmate Cost	\$ 202,885,315	\$ 175,206,817

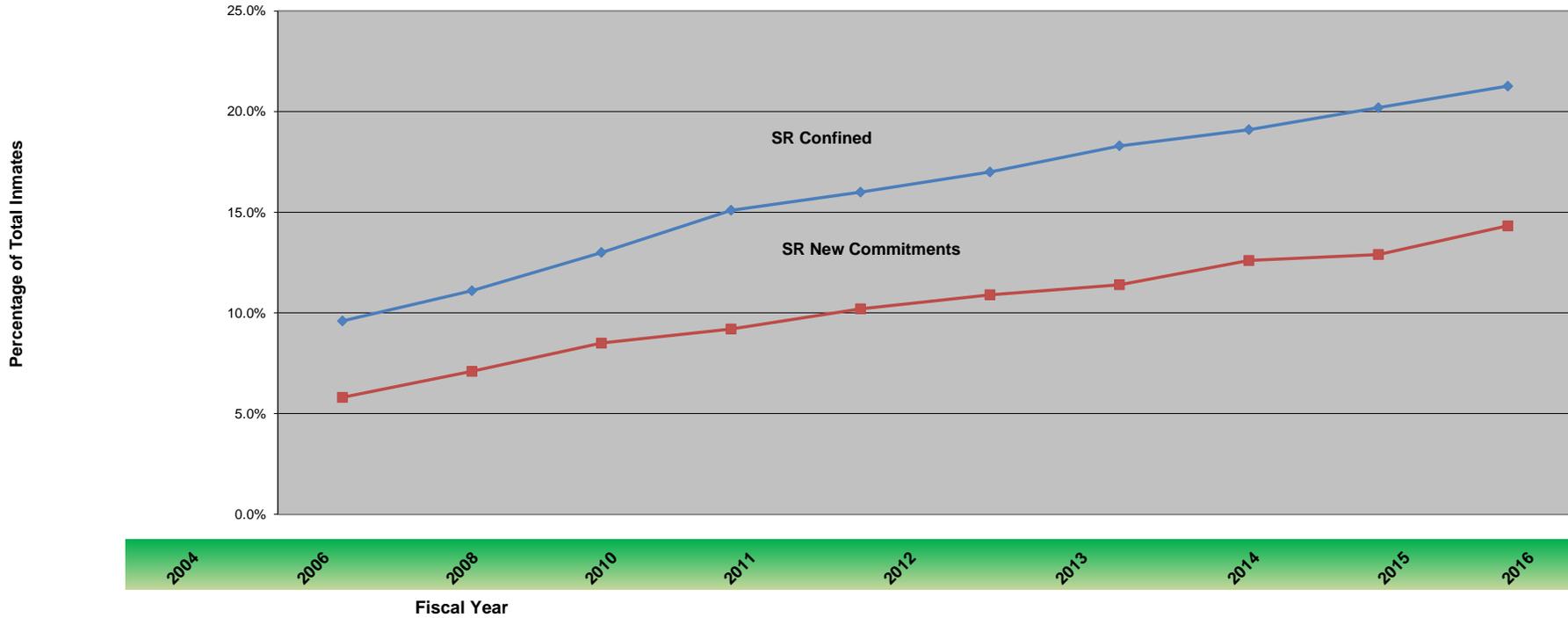
* Includes expenditures for recreation supplies, as well as postage, which is primarily centrally expensed.

DOC State Responsible (SR) Confined & Newly Committed Inmates Age 50+ FY 2004 through 2016

Since 2004, Confined Inmates age 50+ have increased from 3,537 to 7,921 more than two fold.

Since 2004, New commitments age 50+ have increased from 676 to 1,538, more than two-fold.

14.3% of the state responsible new commitments and 21.3% of the state responsible confined are age 50+.



	2004	2006	2008	2010	2011	2012	2013	2014	2015	2016
50+ Confined	9.6%	11.1%	13.0%	15.1%	16.0%	17.0%	18.3%	19.1%	20.2%	21.3%
Number	3,537	4,133	5,099	5,697	5,966	6,283	6,709	7,202	7,607	7,921
50+ New Commitments	5.8%	7.1%	8.5%	9.2%	10.2%	10.9%	11.4%	12.6%	12.9%	14.3%
Number	676	889	1,094	1,112	1,208	1,254	1,341	1,568	1,547	1,538

Source: State Responsible Offender Population Trends, Research Unit, 2017.

Individuals age 50 and above are considered geriatric due to the impact of their lifestyles on their health and lack of care issues.

Confined population information is as of June 30th of each year. Newly committed information reflects inmates sentenced within the fiscal years listed.

FINANCIAL REPORT SUMMARY

For the Fiscal Year Ending June 30, 2017

Total DOC appropriations for FY 2017 were \$1,212,160,725 as compared to \$1,185,291,328 for the prior fiscal year. This represents an increase of 2.3%. The percentage of General Fund appropriation in relation to the Department's total appropriation equated to approximately 95%. The General Fund increased \$33,066,741 above FY 2016 (from \$1,113,043,381 in FY 2016 to \$1,146,110,122 in FY 2017). The increase is largely attributed to additional funding for offender health care, annualized funding for FY 2016 central appropriations adjustments (primarily associated with changes in employee, fringe benefits and health insurance), additional adjustments to the FY 2017 Commonwealth's share of employee fringe benefits and health insurance offset by savings from the 2017 Governor's Saving Plan.

Total Special Fund appropriations of \$63,126,587 comprised 5.2% of the Department's total operating budget. Virginia Correctional Enterprises' (VCE) appropriation (\$50,377,250) comprised approximately 80% of the total special fund. Virginia Correctional Enterprises (VCE), a training and manufacturing arm of the DOC, provides products and services to Corrections, State agencies, and other local governmental and non-profit agencies and keeps inmates employed while simultaneously teaching them marketable skills. The balance of the special fund appropriation (\$12,749,337) was associated with the Warranty Overhead account, the Corrections Construction Unit, out-of-state inmate revenue associated with VACORIS and the development of an offender Electronic Health Record (EHR), pre-sentence investigations (HB 664), the re-entry program, room and board revenue from Diversion Center offenders, medical co-payment funds, offender programs supported from commissary funds as well as other miscellaneous activities.

The balance of the Department's appropriation is comprised of \$2,924,016 in federal funds. This appropriation was primarily allocated for grants through the United States Department of Justice (State Criminal Alien Assistance Program, Prison Rape Elimination Act (PREA for consulting services), SMART Supervision), the University of Maryland High Intensity Drug Trafficking Area (HIDTA) Grant, grants awarded through the Department of Criminal Justice (Victim Witness, Victim Witness Expansion, Web Based Substance Abuse Program, PREA Equipment) as well as Department of Education grants (Special Education and Perkins (Career and Technical)). Historically, funding from the State Criminal Alien Assistance Program (SCAAP) had reverted to the Commonwealth's General Fund; however, the 2009 General Assembly permitted the retention of these funds. In FY 2017, the Department received \$995,080 to help offset increased inmate medical services costs.

**DEPARTMENT OF CORRECTIONS
OPERATING APPROPRIATIONS AND EXPENDITURES - BY FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

<u>FUND (1)</u>	<u>Appropriation Per Chapter 780 2016 Acts of Assembly</u>	<u>Total Adjustments</u>	<u>Total Adjusted Appropriation</u>	<u>Total Expenditures</u>	<u>Percent Expended</u>
GENERAL	\$ 1,134,611,324	\$ 11,498,798	\$ 1,146,110,122	\$ 1,145,334,078	100%
FEDERAL	1,831,318	1,092,698	2,924,016	2,163,821	74%
SPECIAL	61,264,714	1,861,873	63,126,587	58,285,227	92%
TOTAL FUNDS	<u>\$ 1,197,707,356</u>	<u>\$ 14,453,369</u>	<u>\$ 1,212,160,725</u>	<u>1,205,783,126</u>	<u>99%</u>

- (1) The General Fund designations relate to ordinary DOC operations, including all activities that do not qualify for inclusion in any other fund.
Federal Fund designations relate to appropriations and expenditures of grants issued by the Federal Government.
Special Fund designations relate to appropriations and expenditures that are restricted to specific programs & projects.

<u>RECAP OF ADJUSTMENTS:</u>	<u>General Funds</u>	<u>Federal Funds</u>	<u>Special Funds</u>	<u>Total Funds</u>
Federal Grants/Programs	\$ 23,012	\$ 367,818	\$ -	\$ 390,830
FY 2017 Budget Reductions	(16,520,289)			(16,520,289)
Increased Funding for Medical Services	11,352,430			11,352,430
FY2017 Central Appropriations Adjustment (2)	16,372,272			16,372,272
Realignment between State Agencies	117,765			117,765
Additional Agribusiness Appropriation	736,776			736,776
Reimbursement from FEMA for Disaster Recovery		226,571	77,014	303,585
Realignment Between Funds		498,309	(498,309)	-
Additional Nongeneral Fund Appropriation			1,700,000	1,700,000
Realignment to Corrections Special Reserve Fund	(583,168)		583,168	-
TOTAL ADJUSTMENTS	<u>\$ 11,498,798</u>	<u>\$ 1,092,698</u>	<u>\$ 1,861,873</u>	<u>\$ 14,453,369</u>

- (2) Included among these central appropriation adjustments is funding for changes in fringe benefit rates (i.e., employee retirement, health insurance and other employee benefits) as well as increased funding for usage of technology services.

**DEPARTMENT OF CORRECTIONS
OPERATING APPROPRIATIONS AND EXPENDITURES - BY OFFICE - ALL FUNDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

	<u>Appropriation Per Chapter 780 2016 Acts of Assembly</u>	<u>Total Adjustments</u>	<u>Total Adjusted Appropriation</u>	<u>Total Expenditures</u>	<u>Percent Expended</u>
CENTRAL ADMINISTRATION:					
Board of Corrections	\$ -	\$ 6,423	\$ 6,423	\$ 6,423	100%
Director's Office	-	5,961,855	5,961,855	5,822,161	98%
Correctional Education Administration (1)	-	4,755,595	4,755,595	4,417,026	93%
Offender Re-Entry Program	-	6,240,657	6,240,657	6,004,094	96%
Communications Unit (2)	-	937,636	937,636	725,953	77%
Internal Audit/Investigative Units	-	2,690,263	2,690,263	2,690,264	100%
Compliance/Accreditation	-	959,513	959,513	959,513	100%
Corrections Technology Services Unit (CTSU)	-	39,872,689	39,872,689	38,504,189	97%
Financial Management & Reporting	-	5,027,123	5,027,123	5,027,122	100%
General Services	-	12,715,786	12,715,786	12,715,786	100%
Research Unit	-	1,902,535	1,902,535	1,908,621	100%
Architectural & Engineering Services	-	18,971,768	18,971,768	18,480,471	97%
Procurement/Risk Management	-	12,687,195	12,687,195	12,687,195	100%
Funding for Central Administration	77,247,752	(77,247,752)	-	-	0%
TOTAL - CENTRAL ADMINISTRATION	<u>\$ 77,247,752</u>	<u>\$ 35,481,286</u>	<u>112,729,038</u>	<u>\$ 109,948,818</u>	<u>98%</u>
EMPLOYEE RELATIONS & TRAINING	\$ 13,041,991	\$ 4,503,340	\$ 17,545,331	\$ 17,545,124	100%
VIRGINIA CORRECTIONAL ENTERPRISES	\$ 49,680,835	\$ 696,415	\$ 50,377,250	\$ 49,809,397	99%

(1) The percent expended includes \$338,669 in unexpended appropriation associated with the Special Education and Perkins grants. If adjusted for this amount, the percent expended would be 100%.

**DEPARTMENT OF CORRECTIONS
OPERATING APPROPRIATIONS AND EXPENDITURES - ALL FUNDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

		Appropriation Per Chapter 780 2016 Acts of Assembly	Total Adjustments	Total Adjusted Appropriation	Total Expenditures	Percent Expended
OPERATIONS:						
Administration	(1)	\$ -	\$ 46,643,573	46,643,573	\$ 47,756,736	102%
Probation and Parole			85,096,615	85,096,615	83,894,207	99%
Offender Management Services			7,856,392	7,856,392	7,858,831	100%
Adult Residential	(1)		3,923,556	3,923,556	4,862,623	124%
Financial Assistance for Confinement in Local Facilities	(2)	766,483	-	766,483	-	0%
Office of Health Services (OHS)	(1)		80,444,552	80,444,552	77,423,614	96%
Secure Confinement			25,637,564	25,637,564	25,581,434	100%
Facilities	(3)		781,140,371	781,140,371	781,102,344	100%
Funding for Operations		1,056,970,295	(1,056,970,295)	-		0%
TOTAL OPERATIONS		\$ 1,057,736,778	\$ (26,227,672)	\$ 1,031,509,106	\$ 1,028,479,788	100%
TOTAL DEPARTMENT OF CORRECTIONS		\$ 1,197,707,356	\$ 14,453,369	\$ 1,212,160,725	\$ 1,205,783,126	99%

(1) Administration includes funding and expenditures associated with the oversight of Correctional Facilities as well as Community Corrections. The variance in the percent expended YTD between Administration, Adult Residential and the Office of Health Services is because they are budgeted and expended from the same agency/program within the Commonwealth Accounting and Reporting System and bills are paid in the order in which they are received.

(2) This appropriation represents the Commonwealth's share of the costs to construct, renovate, or expand local and regional correctional facilities. The Department serves a pass through agency, reviewing requests for reimbursement and disbursing the Commonwealth's share. Any unexpended balance will be reappropriated by the Department of Planning and Budget.

(3) Unlike the calculation of facility per capita, expenditures for inmate medical costs charged to the Office of Health Services, the cost of operating wastewater treatment and power plants charged to the Environmental Services Unit, and the cost associated with agribusiness operations which are reflected in the Administration line item above.

OPERATING PER CAPITA STATEMENT OF FACILITIES SUMMARY

For the Fiscal Year Ending June 30, 2017

During FY 2017, the Department of Corrections operated 26 Major Institutions, 8 Correctional Field Units, 5 Work Centers, 2 Diversion Centers, 2 Detention Centers and 1 Detention/Diversion Center. Expenditures for offender medical costs charged to the Office of Health Services, the cost of operating wastewater treatment and power plants charged to the Environmental Services Unit, and the cost associated with agribusiness operations have been applied to the respective facilities for purposes of calculating per capita costs. Not included are costs associated with the operation of Lawrenceville Correctional Center which is owned by the DOC, but is privately operated.

The following reflects the average per capita and average daily population by type of facility:

	Average Per Capita				Average Daily Population			
	FY 17	FY 16 *	+/-	% Change	FY 17	FY 16 *	+/-	% Change
Major Institutions	30,488	29,253	1,235	4.22%	25,523	26,297	(774)	-2.94%
Field Units	29,316	28,312	1,004	3.55%	1,579	1,214	365	30.04%
Work Centers	20,218	20,960	(742)	-3.54%	1,275	1,237	38	3.09%
Community Corrections Facilities	30,309	31,722	(1,413)	-4.45%	511	523	(12)	-2.36%
System-Wide Average	29,967	28,997	970	3.35%	28,887	29,271	(384)	-1.31%

* Beginning this fiscal year, Baskerville Correctional Center will be reported with the major institutions. FY 2016 data has been adjusted to make the assessment from year to year more comparable.

The increased cost in per capita of \$970 is largely attributed an increase in personal services cost resulting changes in fringe benefits and health insurance rates, higher cost of providing medical care to offenders, debt retirement as well as one-time equipment purchases.

	FY 17	Per Capita	FY 16	Per Capita	+/(-)
Personal Services	\$ 587,965,121	\$ 20,354	\$ 574,583,155	\$ 19,630	\$ 724
Direct Inmate Cost	192,125,717	6,651	191,953,467	6,558	93
Indirect Cost/Recoveries	39,559,965	1,369	42,890,086	1,465	(96)
Continuous Charges	31,442,018	1,088	28,410,252	971	118
Property Improvements/Equipment	14,579,708	505	10,944,427	374	131
Total	\$ 865,672,529	\$ 29,967	\$ 848,781,387	\$ 28,997	\$ 970

Institutions

Marion Correctional Treatment Center incurred the highest per capita cost of the major institutions (\$64,352). The majority of Marion's offenders are mentally ill, resulting in high mental health costs. Marion, including its new 180 Cadre Unit, has a low offender-to-security staff ratio of 2.0 to 1.0 versus an average of 4.0 to 1.0 for all other major institutions.

As a result of the closure of Powhatan Correctional Center in FY 2015, Deep Meadow Correctional Center assumed oversight of the Powhatan Medical Unit which largely contributed to Deep Meadow's rise in per capita from \$45,468 in FY 2015 to \$63,129 in FY 2017.

The reduction in average daily population at the Virginia Correctional Center for Women due to facility renovation projects was the primary factor contributing to it having the third highest per capita (\$42,723). If not for that, Deerfield Correctional Center (\$41,921), whose costs are driven by its mission to serve as a medical facility for geriatric offenders, would continue to place third.

Three major institutions – Bland, Deerfield, and Deep Meadow – have large agribusiness operations that account for 7.4%, 5.8% and 6.4%, respectively of their expenditures in FY 2017. Of all other facilities that operated an agribusiness program, these expenditures accounted 1.3% of their total costs. Although a large agribusiness operation can increase a facility's per capita costs, these functions are vital to maintaining the Department's overall lower food costs.

Field Units

Field unit offenders are lower security risks than those housed in major institutions. Field units have limited medical facilities and staff, thus offenders with major health problems will not be housed in a field unit. Field units also have higher offender-to-staff ratios. While for these reasons, per capita costs for field units are generally lower than major institutions (excluding the MSD institutions) because of low economies of scale, bed utilization and/or one-time equipment purchases higher per capita for these units may periodically be the result.

The per capita cost for the Central Region Field Units was \$28,145 representing the lowest of the three regions. The Eastern Region Field Unit per capita cost was \$30,737 while the Western Region Field Units had a per capita rate of \$35,493. The variance between the Central Region Field Units and those in the Eastern and Western Regions is generally the result of lower staff costs due to a higher staff vacancy rate. The increase in the Western Region over FY 2016 (\$30,970) is largely attributed to one-time expenditures (i.e. modular trailer, radios, and cameras).

Work Centers

Work center offenders are the lowest security risks when compared to major institutions and field units because they must be able to perform agribusiness and maintenance work at various correctional facilities and in local communities. Offenders assigned to these facilities do not have major health problems. Work centers also share goods and services with their respective host institutions. As a result, per capita costs for work centers tend to be lower than for major institutions and field units.

Per capita costs for individual work centers ranged from \$16,807 at Greenville Work Center to \$28,108 at Brunswick Work Center. These variations can be misleading because some host facilities are more diligent about coding work-center-related expenditures to their respective work center's cost code than are others.

Community Corrections Facilities

There are two types of community corrections facilities – detention centers and diversion centers. Both facility types administer probation programs of an average of 6 months in duration for nonviolent offenders. Probationers assigned to detention centers work (without pay) in the community in supervised groups. Probationers assigned to diversion centers work in paying jobs in the community and are not supervised by Corrections personnel while working. Probationers assigned to diversion centers pay DOC for room and board, travel, and may also make payments (when applicable) to other parties for alimony, child support, victim restitution, back taxes, etc.

Like their field unit and work center counterparts, probationers housed in community facilities present lower security risks and have lower medical costs than offenders housed in major institutions. However, the small size of these facilities prevents them from realizing economies of scale. Every facility, regardless of size, incurs fixed costs (administrative/food/medical staff, utilities, repairs, maintenance, etc.) that do not vary directly with offender population, causing smaller facilities to experience higher per capita costs than larger ones. Since staff costs make up the majority of the expenses at the community corrections facilities, staff-to-probate ratios explain the variance between the highest to the lowest per capita costs.

**DEPARTMENT OF CORRECTIONS
PER CAPITA STATEMENT OF FACILITIES
SUMMARY BY TYPE OF FACILITY
FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

		<i>FY 2017</i>		<i>FY 2016</i>	
		<i>ADP</i>	<i>Per Capita</i>	<i>ADP</i>	<i>Per Capita *</i>
<i>Major Institutions</i>					
716	Virginia Correctional Center for Women	449	42,723	514	39,346
718	Bland Correctional Center	643	37,223	640	37,289
721	Powhatan Reception & Classification Center	331	43,811	480	36,096
733	Sussex I State Prison	1,144	32,833	1,114	31,603
734	Sussex II State Prison	1,247	26,929	1,245	27,808
735	Wallens Ridge State Prison	1,081	30,782	1,067	30,520
737	St Brides Correctional Center	1,175	21,394	1,178	20,814
741	Red Onion State Prison	877	37,814	850	37,132
743	Fluvanna Correctional Center for Women	1,198	32,127	1,228	29,800
745	Nottoway Correctional Center	1,403	26,243	1,384	23,725
747	Marion Correctional Treatment Center	290	63,129	284	64,352
749	Buckingham Correctional Center	1,132	26,509	1,139	25,104
752	Deep Meadow Correctional Center	718	63,371	715	58,884
753	Deerfield Correctional Center	1,064	41,921	1,063	39,943
754	Augusta Correctional Center	1,329	23,213	1,320	22,116
761	Baskerville Correctional Center	455	25,585	450	25,731
768	Keen Mountain Correctional Center	705	35,349	958	26,091
769	Greensville Correctional Center	2,961	30,255	2,959	30,225
770	Dillwyn Correctional Center	905	26,842	891	26,136
771	Indian Creek Correctional Center	1,008	23,922	1,003	23,511
772	Haynesville Correctional Center	910	27,944	900	28,787
773	Coffeewood Correctional Center	991	26,549	970	28,251
774	Lunenburg Correctional Center	950	27,924	935	27,450
775	Pocahontas State Correctional Center	1,023	22,542	1,025	22,373
776	Green Rock Correctional Center	1,022	24,000	1,021	23,199
785	River North Correctional Center	969	25,292	964	24,357
<i>Total Institutions</i>		25,977	\$ 30,402	26,297	\$ 29,353

**DEPARTMENT OF CORRECTIONS
PER CAPITA STATEMENT OF FACILITIES
SUMMARY BY TYPE OF FACILITY
FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

		<i>FY 2017</i>		<i>FY 2016</i>	
		<i>ADP</i>	<i>Per Capita</i>	<i>ADP</i>	<i>Per Capita *</i>
Field Units					
716/134	Central Virginia	183	\$ 32,434	239	\$ 25,934
749/091	Rustburg	141	25,568	143	23,872
757/103	Cold Springs	109	40,590	111	36,394
757/181	Wise	103	35,622	110	31,640
757/281	Patrick Henry	115	30,552	128	25,691
770/234	Halifax	237	26,368	241	27,186
772/023	Caroline	131	30,622	134	31,162
772/173	Haynesville	106	30,879	108	29,956
Total Field Units		1,124	\$ 30,824	1,214	\$ 28,312
Work Centers					
730/403	Brunswick	191	\$ 28,108	192	\$ 26,580
745/405	Nottoway	187	17,204	189	16,592
752/402	James River	292	20,117	304	18,492
753/408	Deerfield	348	20,105	343	21,189
769/401	Greensville	258	16,807	209	23,013
Total Work Centers		1,275	\$ 20,218	1,237	\$ 20,960
Community Corrections					
767/867	Appalachian Men's Detention Center	105	\$ 34,932	102	\$ 34,461
767/868	Harrisonburg Men's Diversion Center	110	29,832	117	28,864
767/881	Stafford Men's Diversion Center	102	31,364	110	27,206
767/882	Cold Springs Men's Detention Center **	78	18,875	93	30,925
767/885	Chesterfield Women's Detention/Diversion Center	116	33,399	101	37,925
Total Community Corrections		511	\$ 30,309	523	\$ 31,722
TOTAL ALL FACILITIES		28,887	\$ 29,967	29,271	\$ 28,997

* Revised to reflect Baskerville Correctional Center as a major institution versus a field unit as it has been reported in previous fiscal years.

** Previously Southampton Men's Detention Center, relocated to Cold Springs in August, 2016. The reduction in per capita is largely the result of the lag in filling staff vacancies. Staffing was provided through other facilities within the Western Region.

AVERAGE DAILY POPULATION SUMMARY

For the Fiscal Year Ending June 30, 2017

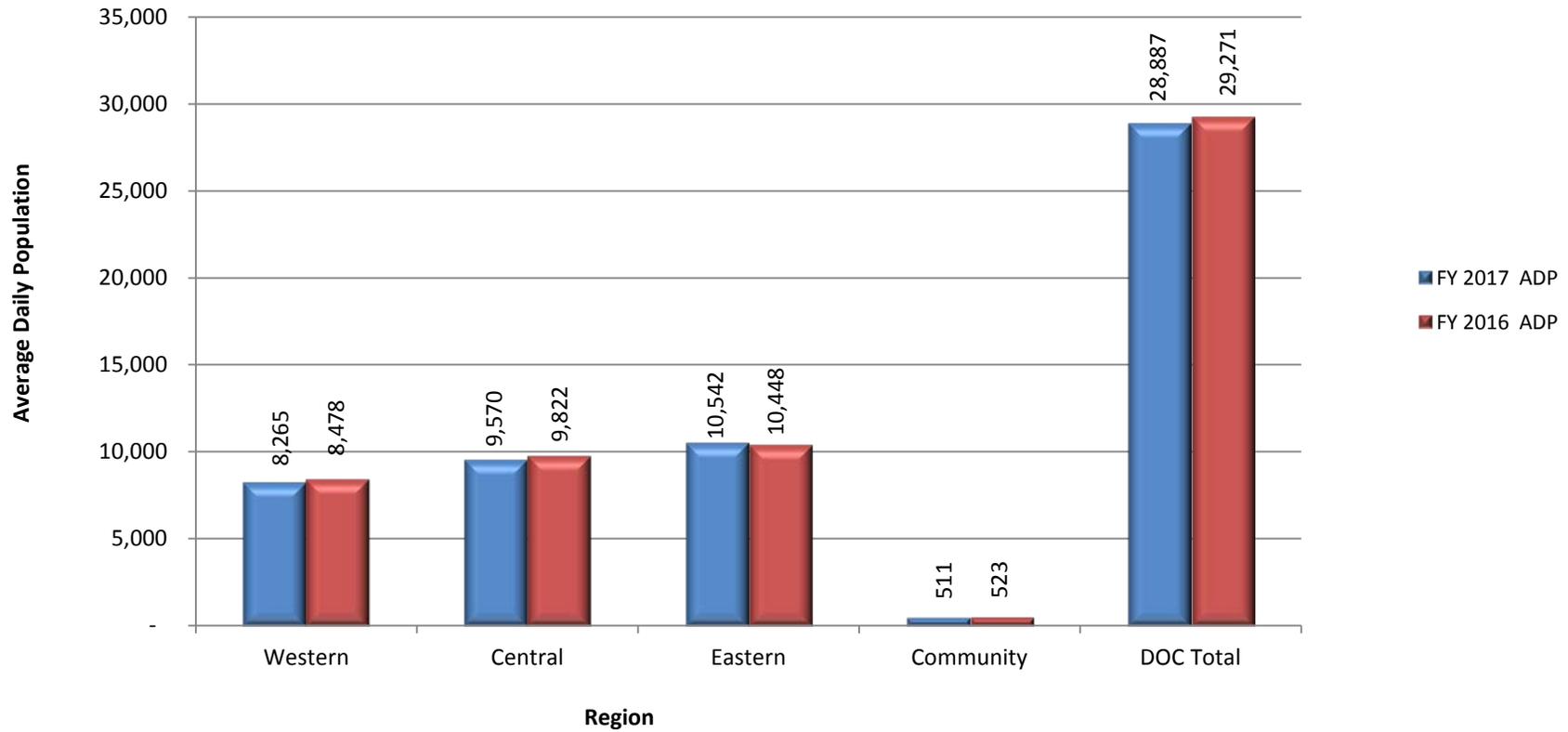
The Average Daily Offender & Probationer Population (ADP) is defined as follows: the sum total of the population resulting from periodic head-counts divided by the number of observations. This calculation is widely used internally and externally to the DOC for purposes of calculating and forecasting costs per offender and providing a basis for funding.

Data is representative of offenders and probationers located at Major Institutions, Field Units, Work Centers, Detention Centers, and Diversion Centers. Probationers and parolees residing in the community while monitored by probation and parole officers, home electronic monitoring programs, and adult residential facility population, etc., were excluded from this report.

Two graphs of average daily offender and probationer population (ADP) are presented in this section.

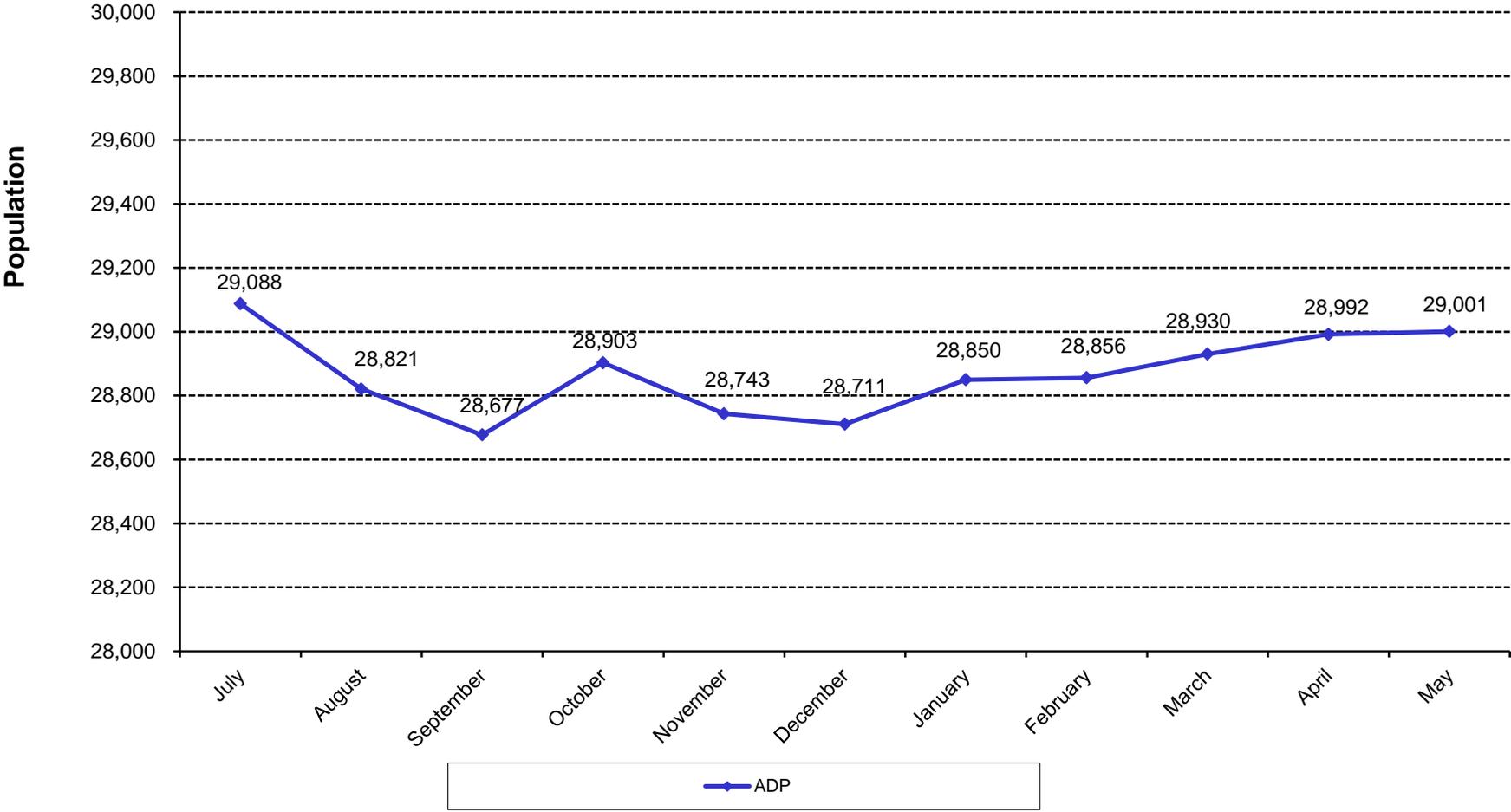
- 1) BY REGION AND TOTAL DOC: This first graph reflects the average daily offender population, by Region, and the probationer population (Community). It does not include Lawrenceville Correctional Center (operated by a private contractor).
- 2) BY MONTHS: The second graph represents the average offender and probationer population reported by the Virginia Department of Corrections for each month of Fiscal Year 2017. This depiction does not include Lawrenceville Correctional Center, operated by a private contractor.

Average Daily Population FY 2017 vs. FY 2016



NOTE: Population for the Department of Corrections owned facility in Lawrenceville, Va, that is privately operated, has been excluded. Both FY 2016 and FY 2017 ADP figures are based on a 12-month average of offenders housed in major institutions, correctional field units, work centers and community corrections facilities.

FY 2017 Average Daily Population Month-to-Month Fluctuations



NOTES: ADP totals do not include the Department of Corrections owned facility in Lawrenceville, Virginia, that is privately operated.

FIDUCIARY FINANCIAL STATEMENTS (OFFENDER TRUST AND COMMISSARY FUNDS)

The Fiduciary Financial Statements of the Department of Corrections provide an official accounting for assets held by a governmental unit in a trustee capacity and consist of two distinct types: Offender Trust Fund and Commissary Fund.

OFFENDER TRUST FUND

The Offender Trust financial statements reflect the results of banking transactions relating to funds held by the Department of Corrections in a custodial capacity on behalf of offenders. Offender Trust monies are generally held by banking institutions near the correctional facility where the offender is housed. The local facility's business office administers the fund on a day-to-day basis with oversight provided by Regional or Central Office personnel.

COMMISSARY FUND

The Commissary financial statements reflect the results of the purchase and resale of products to the general offender population. Generally, all Major Institutions, Field Units, and Detention Centers have Commissary operations where a wide variety of products are made available for sale to offenders. The products must be approved from a security perspective, and are paid for by individual offenders through the transfer of funds from the offender's trust account. Profits generated from the Commissary operations are reserved for purchases of items that benefit the Department's offender population. All DOC facilities with commissary functions are operated by Keefe Commissary Supply.

Commissary funds are also used to support Assisting Families of Inmates, Inc. (Transportation), Enhanced Faith Based Services, FETCH a Cure (previously known as 'Pen Pals'), and purchase of a Public Performance License which permits the public showing of copyrighted video material.

In FY 2017, the commissary balance saw an increase of \$80,188 compared to FY 2016.

FY17 vs FY16 FLUCTUATION ANALYSIS OF COMMISSARY SPECIAL REVENUE FUND

	FY17	FY16	FLUCTUATION		EXPLANATION
			ABSOLUTE	% CHANGE	
Charges for Sales/Services	878	1,332	-454	-34.08%	
Cost of Sales/Services	220	166	54	32.46%	
Gross Profit	658	1,166	-508	-43.56%	
<u>Operating Expenses:</u>					
Personal Services	0	0	0	-	
Store Supplies	0	0	0	-	
Store Equipment	0	0	0	-	
Unsaleable Merchandise	0	0	0	-	
Sales Taxes	1,704	1,984	-280	-14.12%	
Depreciation	0	0			
Miscellaneous	2,523	2,390	133	5.56%	
Total Operating Expenses	4,227	4,375	-147	-3.37%	
Operating Income	-3,569	-3,209	-361	-11.24%	
<u>Non-Operating Revenues and Expenses:</u>					
Interest	7,626	32,257	-24,631	-76.36%	
Commissary Commission (Keefe)	2,661,375	2,544,222	117,153	4.60%	
Other Income (Expenses)	810,057	765,147	44,910	5.87%	
Funds Transfers	0	0	0	-	
Total Non-Oper.Rev. (Expenses)	3,479,058	3,341,626	137,432	4.11%	
Net Income before Offender Welfare (Offender Welfare)	3,475,489	3,338,417	137,071	4.11%	
	-3,395,301	-3,321,100	-74,201	-2.23%	
Net Income	80,188	17,318	62,870	363.04%	
Fund Balance-July 1	2,051,708	2,034,391	17,318	0.85%	
ADJUSTMENTS *	0	0			
	2,051,708	2,034,391	17,318	0.85%	
Fund Balance-June 30	2,131,896	2,051,708	80,188	3.91%	

EXPLANATIONS FOR FLUCTUATIONS

An asterisk (*) by the fluctuation indicates that the fluctuation meets the threshold of materiality, and is explained below.

Threshold of Materiality = Variance of \$100,000 and a 10% change from the previous year.

Offender Trust Fund

ASSETS	For the Fiscal Year Ending June 30, 2017
Cash Held with the Treasurer (GLA 101)	
Cash NOT with the Treasurer	10,168,423
Cash Equivalents with the Treasurer (Securities Lending from DOA)	
Cash Equivalents with the Treasurer - SNAP	
Cash Equivalents with the Treasurer - LGIP	10,659,874
Cash Equivalents with the Treasurer - Other	
Cash Equivalents NOT with the Treasurer	
Cash and Cash Equivalents - Total	20,828,297
Investments with the Treasurer LGIP (DOA use only)	
Investments with the Treasurer - Other (Maturity less than one year)	
Investments with the Treasurer - Securities Lending from DOA	
Investments NOT with the Treasurer (Maturity less than one year)	
Short term Investments - Total	
Investments with the Treasurer (Maturity greater than one year)	
Investments with the Treasurer - Securities Lending from DOA	
Investments NOT with the Treasurer (Maturity greater than one year)	
Other (Long-term) Investments - Total	
Accounts and Loans Receivables	523,203
Taxes Receivables	
Interest Receivable	
Other Receivables	
Receivables, Net - Total	
Due from Internal Parties (Governmental Funds and Business-type Activities)	
Due from External Parties (Fiduciary Funds)	
Other Assets	
TOTAL ASSETS	21,351,500
LIABILITIES	
Vendor Payments Payable	2,984,400
Salary / Wages Payable	
Retainage Payable	
Other Payables	663,653
Accounts Payable Total	
Amounts Due to Other Governments	
Due to Internal Parties (Governmental Funds and Business-type Activities)	161,839
Due to External Parties (Fiduciary Funds)	
Insurance Premiums and Claims Payable	
Obligations Under Securities Lending Program	
Due to Program Participants, Escrows, and Providers	17,187,699 (A)
Deposits Pending Distribution	
Other Liabilities	353,909 (B)
TOTAL LIABILITIES	21,351,500

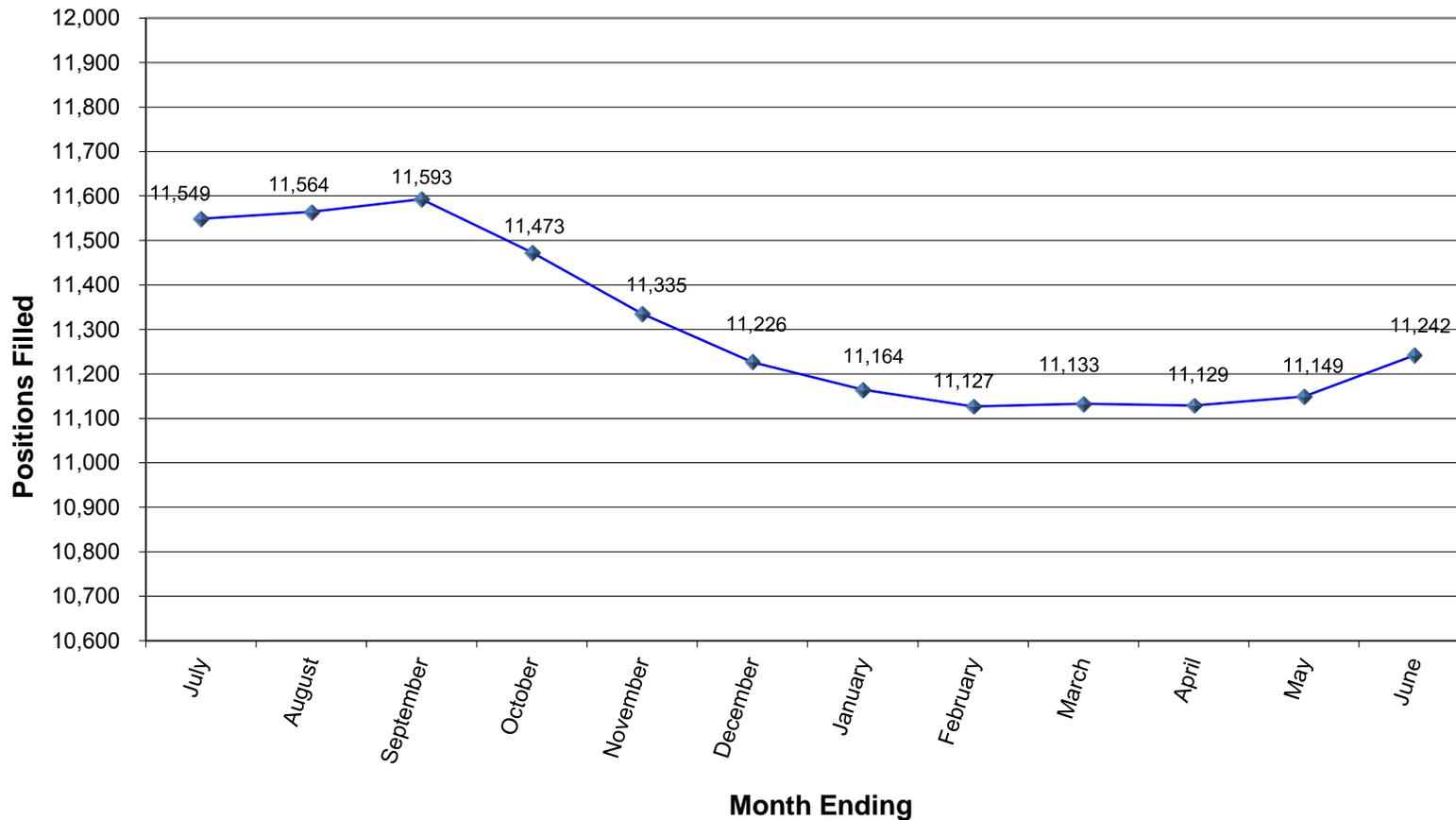
(A) Included in this amount is \$11.4M is funds in offender savings accounts. Effective January 1, 2012, the Code of Virginia §53.1-43.1 requires the DOC to withhold 10% of all incoming funds until \$1,000 is accumulated, to be paid to the offender upon release. The Re-Entry Savings Plan permits offenders to take responsibility and plan for their eventual re-entry into the community.

(B) Other Liabilities include funds held in reserve from Local Government Investment Pools (LGIP) and the associated interest.

EMPLOYMENT LEVEL SUMMARY For the Fiscal Year Ending June 30, 2017

The Department's authorized position level (APL) for Fiscal Year 2017 was 12,599.50 compared to 12,866.00 in FY 2016. The variance in APL is largely associated with reduction of 566.50 from FY 2015 budget reductions/staff organization and the addition of 255.00 APL for Culpeper Correctional Unit.

It should be noted that during FY 2017, the opening of Culpeper Correctional Center was delayed as part of the Governor's FY 2017 Savings Plan. If adjusted for this amount, the APL for FY 2017 would have been 12,344.50.



* The source of DOC's employment level is the "Employment Level Monitoring Report" obtained through the Personnel Management Information System (PMIS).

EMPLOYMENT LEVEL MONITORING REPORT
FY 2017 AVERAGE (All Funds)
(Authorized Position Level = 12,599.50) *

Agency Code	Agency Name	Average Employment Level	Increase/ (Decrease) as Compared to FY 2016
701	Department of Corrections Central Activities	312	7
711	Virginia Correctional Enterprises	187	11
716	Virginia Correctional Center for Women	274	(7)
718	Bland Correctional Center	263	(0)
733	Sussex I State Prison	368	15
734	Sussex II State Prison	325	(20)
735	Wallens Ridge State Prison	438	(3)
737	St. Brides Correctional Center	276	9
741	Red Onion State Prison	447	(1)
742	Academy for Staff Development	108	(4)
743	Fluvanna Correctional Center for Women	329	(23)
745	Nottoway Correctional Center	410	2
747	Marion Correctional Treatment Center	230	1
749	Buckingham Correctional Center	370	(13)
752	Deep Meadow Correctional Center	617	31
753	Deerfield Correctional Center	441	15
754	Augusta Correctional Center	317	5
756	Division of Institutional Services	532	(7)
757	Western Regional Field Units	131	(6)
761	Baskerville Correctional Center	145	(2)
767	Division of Community Corrections	1,241	(35)
768	Keen Mountain Correctional Center	313	(3)
769	Greensville Correctional Center	844	(16)
770	Dillwyn Correctional Center	341	(7)
771	Indian Creek Correctional Center	237	(3)
772	Haynesville Correctional Center	373	(6)
773	Coffeewood Correctional Center	265	(5)
774	Lunenburg Correctional Center	274	7
775	Pocahontas Correctional Center	288	(0)
776	Green Rock Correctional Center	283	9
785	River North Correctional Center	328	5
Department of Corrections Totals		11,307	(45)

* Does not reflect the net loss of 255.00 associated with delayed opening of Culpeper Correctional Center from the Governor's 2017 Savings Plan, the authorized position level would have been 12,344.50.

