



VIRGINIA DEPARTMENT OF CORRECTIONS

Management Information Summary Annual Report For the Fiscal Year Ending June 30, 2015



Fighting Crime Through Education

Compiled by the Budget Office

On the Cover **Education Services**

It is estimated that 90 percent of all men and women incarcerated in Virginia will one day return to their communities. Educational achievement increases the likelihood of an offender's successful re-entry into society. A 2007 study by Virginia Tech indicated that Career and Technical Education (CTE) program completers return to prison by a factor of 20.6 percent less than non-completers. This translates into \$7.63 saved for every dollar spent on those programs.

"The first priority of the Department of Corrections is public safety. We don't want to see offenders return to prison. Education plays a crucial role in helping men and women return successfully to their communities as law-abiding citizens," said VADOC Director Harold Clarke.

The **mission** of Education Services is to enhance the quality of life in the Commonwealth by improving public safety. This is accomplished through reintegration of sentenced men and women in our custody and care by providing supervision and control, effective programs and re-entry services in safe environments which foster positive change and growth consistent with research-based evidence, fiscal responsibility and constitutional standards.

The **vision** is that through educational excellence, we transform the lives of our offenders.

Education Services' **objective** is to provide quality educational programs to enhance the education of incarcerated adults that enables them to become responsible, productive, tax-paying members of the community upon their release.

Education Serviced provides the following programs:

- **Adult Basic Education:** A literacy program which advances students' academic skills for those not having a verified GED or high school diploma. During FY 14-15, 1,083 students tested for a GED, 800 passed resulting in a 74% pass rate as compared to 71% for the state.
- **Apprenticeship:** Programs where a work assignment is combined with classroom or related instruction. Apprenticeship programs are registered with the Department of Labor and Industry. In FY 2014-2015, 756 Apprenticeship students (104 Apprenticeship completions).
- **Career and Technical Education (CTE):** Technical programs that prepare students for entry level employment in a variety of jobs. This also includes employability skills, safety, and applied math. Many programs provide an opportunity for students to obtain industry based certifications as an additional credential for future employment. Among the 37 programs offered are:

Auto Body Repair	Construction Surveying/Geospatial	Introduction to Computers
Automotive Technology and Service (ASE)	Copper and Fiber Optic Cabling	Masonry
Automotive Service and Technology	Cosmetology	Motor Cycle Repair
Barbering	Custodial Maintenance/Sanitation	Optical Lens Technology
Building Maintenance/Repair	Drafting/CAD	Painting/Drywall
Business Software Applications	Electricity	Pipefitting
Cabinet Making	Floor Covering	Plumbing
Canine Handler	Graphic Communication and Digital Print Production	Roofing/Siding
Carpentry	Green HVAC Commercial Maintenance and Repairs	Sheet Metal
Commercial Foods	Heating, Ventilation, Air Cond./Refrigeration (HVAC)	Small Engine Repair
Communication Arts and Design	Horticulture	Upholstery
Computer Literacy	Industrial Machine Mechanics	Welding
Computer Systems Technology		

In FY 2014-2015, 7,193 CTE enrolled students (2,042 CTE course completions); and 2,191 Industry based certifications were earned.

- **Career Readiness Certificate:** A credential recognized by many employers as an indicator of general ability for a variety of jobs. Participants test in three areas: reading for information, applied math, and locating information. Certificates are awarded at the bronze, silver, or gold level depending on the test score. During FY 14-15, 531 offenders were awarded the bronze, 1,179 the silver and 271 the gold.
- **College:** College level courses are offered primarily by the community colleges. Tuition is paid by federal grants, foundations, the students, or through a dual enrollment option. Students focus on certificate level courses and associate's degree programs.
- **English as a Second Language:** Specialized instruction for students whose native language is other than English.
- **Plaza Comunitarias Program:** A program sponsored by the Mexican Consulate Instituto Nacional para la Educacion de los Adultos (INEA) of the Mexican government, in cooperation with the Department of Corrections with the goal of educating Hispanic offenders to productively re-integrate into their country of origin.

Page Intentionally Left Blank

VIRGINIA DEPARTMENT OF CORRECTIONS ANNUAL MANAGEMENT INFORMATION SUMMARY REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2015

Table of Contents

	<u>Page</u>
The Year In Review	1
Financial/Operating Overview	9
Financial Report	22
Operating Per Capita Statement of Facilities	26
Average Daily Inmate and Probationer Population	32
Fiduciary Financial Statements (Inmate Trust & Commissary)	35
Employment Level Monitoring Report	38

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, 2015

A few of the accomplishments/initiatives of the Department of Corrections for the fiscal year ending June 30, 2015 are highlighted below:

FY 2015 Year End

The year-end close out continued to be a success. Once again, the Department of Corrections effectively utilized nearly 100.00% of its 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 continued to exceed this goal with a compliance rate of 99.17% for FY 2015.

The Department also continued progress in the 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, FY2015 utilization was 30.28% as compared to 32.07% in FY 2014. The medical healthcare contracts (Armor/Corizon) contributed to the reduction in our SWaM utilization rate. Per SBSD's dashboard expenditures for the health care service providers (Armor/Corizon) increased from \$77,571,106.45 (FY14) to \$79,866,932.77 (FY15), a difference of \$2,295,826.32 added to the discretionary base. Other high value, non-SWaM contracts that contributed to the reduction are Diamond Pharmacy, Johnson Controls, and 3M Company. These companies added an additional \$4,461,328.26 to the discretionary base for a total of \$6,757,154.58.

FY 2015 Budget Reductions

In a news conference on October 15, 2014, Governor Terry McAuliffe announced saving actions he would have to execute to eliminate a revenue shortfall in the Virginia budget for Fiscal Year 2015. Due to revenue collections that came in under the budget projection set in 2013, the Governor asked executive branch agencies to submit budget reduction plans of 5% for Fiscal Year 2015 and 7% for Fiscal Year 2016 in order to close an \$882 million budget deficit.

In addition to various one-time savings, the following reflects the long-term savings that were implemented by the Department:

Department of Corrections	<u>FY 2015</u>	<u>FY 2016</u>
Capture Savings from Department Reorganization	\$481,893	\$790,247
Capture Vacancy Savings from Non-Security Positions	\$0	\$687,496
Close Cold Springs Work Center	\$539,856	\$3,206,607

Close Powhatan Correctional Center (Main)	\$1,278,397	\$14,651,165
Close White Post Diversion Center	\$161,873	\$2,280,179
Delay Filling 29 Positions	\$1,365,733	\$0
Delay Opening of Culpeper Correctional Center	\$2,098,477	\$11,211,580
Eliminate Equipment Funding	\$4,100,000	\$0
Increase Turnover/Vacancy Savings	\$3,272,601	\$0
Realize Administrative Savings	\$500,000	\$2,000,000
Total	\$13,798,830	\$34,827,274

Of the approximate 641 positions affected, the majority of employees accepted positions at other DOC facilities, received severance or enhanced retirement benefits. As of September, 2015, 22 employees waived placement and were laid off.

VADOC Acquires New Farm Equipment for Food Operations

The Virginia Department of Corrections (VADOC) announced an agreement with John Deere & Company earlier this month to help enhance the department's agribusiness operations.

VADOC entered into a five-year lease with John Deere to acquire farm equipment that would improve the department's cost-saving farming operations and enhance farming programs for offenders. VADOC is leasing 14 tractors, one grain combine, one 12-row planter and one self-propelled forage harvester from John Deere. The equipment replaces worn or outdated machinery and implements.

VADOC grows and produces much of the food, including fruits, vegetables and milk, used to feed incarcerated offenders. The department farms 1,800 acres of corn, soybeans, wheat, sorghum and other grains grain at several correctional facilities throughout the state. The farming equipment will be used by the Buckingham, Deerfield, Greenville, James River and Pamunkey agribusiness operations.

"The offenders that work with this equipment will gain skills and knowledge that have become the industry standard in farming today," said VADOC Director Harold Clarke in a statement. "This experience will prepare them for success if they seek a job in agriculture after release."

The new equipment includes the latest in global positioning system (GPS) guidance technology. GPS technology saves fuel and maintenance costs, as well as a lot of time.

"We are using bigger equipment and using it very efficiently. One big change we have noticed is in our planting time. It has been cut nearly in half," said Agribusiness Manager John Raiford in a statement.

While VADOC does supplement its own production with food purchases from outside the system, its agribusiness operations supply about half of the offenders' food needs. The department also sells some of its crops to generate revenue. For instance, the agribusiness program makes a practice of selling off some of the higher-value crops, using the profits to purchase a greater volume of lower-cost foodstuffs for the food-service program.

"As the population grows, production of food over the coming decades is of increasing concern," Raiford said in a statement. "Farmers will need to produce more per acre than ever, and qualified equipment operators will be part of the equation."

Source: *Correctional News: August 20, 2014*

Virginia Offenders Train for Wastewater Treatment Jobs

Looking to train incarcerated offenders in an area of need for many Commonwealth communities, a new Virginia Department of Corrections program allows offenders to get certified to properly treat wastewater.

After they leave prison, these offenders can gain employment as licensed professionals in the field of wastewater treatment.

“Every community, large or small, has wastewater treatment needs,” explained Nottoway Correctional Center Treatment Plant Operator Robbie Jones. “There are many jobs available, and these jobs require increasingly stringent credentials. People don’t realize how much it takes. A lot of science and math goes into wastewater operation.”

Eleven apprentices have completed the year-long program, and ten have passed the Class 4 wastewater certification and received an operator’s license. One offender has advanced and earned a Class 3 certification, and at least one former offender now works at a wastewater treatment facility in his community.

Only offenders deemed to be low security risks may apply for and enter the program. Violent and sex offenders are not eligible.

To train the offenders, VADOC offers classroom and computer course work sanctioned by the Virginia Department of Professional and Occupational Regulation (DPOR). To complete their apprenticeships, applicants must make it through an interview panel and a fact-finding conference; submit a variety of paperwork; and document their hours in the classroom and at work. There are four licensing classifications, each with progressively more rigorous requirements.

While much of the learning is a traditional combination of book study and on-the-job training, the apprentices also have access to computers, which, for security reasons, are stand-alone units without connections to the internet.

The new program is quite popular, and part of the draw is the opportunity to work with state-of-the-art equipment. But the primary attraction is the promise of future job opportunities.

“With a professional license, these offenders have a much better chance of getting a job when they return to their community,” Jones said. “This is a catalyst, an incentive to get their GED if they don’t have one and then get into the apprenticeship program. This gives them a goal, and when they get their professional license and get out, they can get a job.” A high school diploma or a GED is a prerequisite for entering the program.

VADOC’s Wastewater Apprenticeship Program is the brainchild of Environmental Services Unit Director Tim Newton, who saw it as a way to help ex-offenders enter the growing field and become contributing members of their communities upon reentry.

The apprenticeship program is offered at several prison sites around the state, including St. Brides, Haynesville, Deerfield, James River, Nottoway, Baskerville, Buckingham, Rustburg, and Powhatan correctional centers, Virginia Correctional Center for Women, and Caroline Correctional Unit. Most recently, the program expanded to Buckingham and Coffeewood correctional centers, and Cold Springs and Rustburg correctional units.

Source: DOC News Release: September 14, 2014

Few Offenders Remain in Restrictive Housing in Virginia Prisons - Virginia Continues Program Recognized for Transforming Highest-Security Prisons

Across the nation, from state houses to kitchen tables, a conversation is brewing about the number of people America incarcerates, how those people are treated once they're in the system, and the struggle to appropriately handle those who need restrictive housing. When Virginia instituted in 2011 an innovative program to give state offenders pathways out of restrictive prison housing, 511 offenders were housed in administrative segregation, whether for their protection or the protection of others. Four years later, only 160 offenders remain.

Virginia was nationally recognized in 2013 for transforming the state's toughest prisons with wide sweeping culture change, including new opportunities for high-risk offenders to earn their way to lower security level prisons. The Virginia Department of Corrections' (VADOC) innovative Administrative Step-Down program, partnering Red Onion State Prison (ROSP) with neighboring Wallens Ridge State Prison, received the State Transformation in Action (STAR) Award from the Council of State Government's Southern Legislative Conference.

The Step-Down initiative allows offenders in restrictive housing more step-by-step opportunities to earn their way to a lower security status and lower security prisons. In the four years since the Step-Down program began, more than 350 restrictive housing offenders have participated in the program. To date, only nine offenders enrolled in the program have had a setback resulting in their return to restrictive housing.

"It's in everyone's best interests – offenders, staff, and the public – for these high-risk offenders to participate in programs and move into the general prison population before they are released back to our communities," said VADOC Director Harold Clarke. "Further, the Step-Down program is important even for offenders with life sentences; they are contributing members of the prison community and they have a real effect on the men who are going back out into the public."

The vast majority of Virginia's offenders (around 90 percent) will be released to the community at some point. In 2010 and 2011, before the Step Down program began in earnest, 50 and 58 (respectively) VADOC offenders were released straight from restrictive housing to the community. In 2012, there were 21 such releases and in 2013 there were 11. In 2014, only four individuals were released straight from restrictive housing. So far in 2015, only two have been released straight from restrictive housing.

"We have seen incredible progress on the part of so many men in this program," said VADOC Reentry and Programs Director Scott Richeson. "We have based our programming on evidence based practices involving strategies to motivate participation and using cognitive behavioral programming for participants to learn new ways to think, make decisions and behave pro-socially. We also have a number of offenders at any given time who refuse to move out of restrictive housing. These are people who, for a variety of reasons, do not want to live and interact with the hundreds of other men in prison. We continue to look for strategies, programs and earned incentives to encourage their participation in the step down process. We recognize that due to safety concerns, there will always be some offenders who require restrictive housing management but we want that number to be as low as possible."

"After going through the Step Down program, some of these men are participating in educational programs and performing prison jobs for the first time in years," said Clarke. "Not only has this been good for the offenders, but the staff at these high-security prisons report that they feel safer and less stressed at work." This program exemplifies the VADOC's mission to increase long term public safety through strategies that reduce offenders' criminal risks.

Source: DOC News Release: September 9, 2015

Virginia Department of Corrections Offenders Find HVAC Employment

Prison officials credit the Virginia Department of Corrections' (VADOC) emphasis on reentry for the recent success of two former offenders who found jobs within days of their release. Effective programming helped these men find HVAC jobs in the Tidewater area within days, nine and 13, respectively, of their release.

In a system where approximately 95 percent of all offenders eventually return to their communities, this type of reentry effort is paramount, corrections officials said.

"This agency emphasizes reentry from day one," said Harold Clarke, VADOC director. "For those offenders who are willing to do the hard work, this type of program can help them on the road to becoming law-abiding, contributing citizens." Recent recidivism numbers suggest Virginia's former offenders are more successful than ever.

Earlier this year, the VADOC posted its lowest recidivism rate in state history. The 22.8 percent rate makes Virginia's recidivism rate among the lowest in the nation, due in large measure to the effectiveness of Agency programs like the Green Heating, Ventilation, and Air Conditioning (HVAC) course that the two men at Indian Creek Correctional Center recently completed.

"We are fighting crime through education," said Dr. Christopher Colville, VADOC's Superintendent of Education. From start to finish it would take a Green HVAC beginner approximately three years to complete the course offered at the medium-security prison in Chesapeake.

The program includes a training facility, state-of-the-art HVAC equipment, and comprehensive curriculum led by experienced instructors. It is designed to prepare offenders for HVAC-related careers such as service technicians, controls technicians, and maintenance specialists.

Johnson Controls contributed to the building of the training facility — much of which was done with offender labor — and brought in equipment as part of an ongoing agreement with VADOC.

Students have the opportunity to learn HVAC basics, including maintenance and installation, before launching into progressively more technical aspects of the trade, culminating in a final portion focused on computerized environmental control.

"This is an enormously popular class for our students and understandably so. The right person can turn his life around with this opportunity," said Michael Warlikowski, instructor, who has worked at Indian Creek since 2011.

The first portion of the course emphasizes building maintenance repair and allows the students to obtain several certifications including the EPA 608, the 410A Safety Certification, and the OSHA 10. Any other certifications are out-of-pocket expenses for the students.

The second portion reinforces the first and also emphasizes HVAC service and installation while expanding the students' knowledge through employment-ready certification tests.

The final portion of the course allows students to become computerized environmental control installers. It is intensely technical study where students learn foundational concepts of building control sequences and operations common today.

Amid the technical aspects remains one simple, guiding outcome, said Morris Dews, VADOC's director of vocational programs. "We are helping these guys reclaim their lives and make a living wage. They are returning to their communities as productive, tax-paying citizens."

Source: <http://www.achrnews.com/articles/128822-feb-10-2015-fighting-crime-through-hvac-education>

VADOC's Environment, Recent Culture Change Measured

The Virginia Department of Corrections has undergone a major cultural shift in recent years, transforming into a research-based organization aggressively focused on offenders' successful reentry back into their communities. Results are now in showing the success of efforts to combat recidivism and increase public safety through a new environment at the VADOC.

In 2010, the VADOC began thoroughly examining its security measures, programs, and human resources, and their combined effectiveness in reducing recidivism. Today, Virginia has the second lowest recidivism rate in the country.

To measure the success of the VADOC's efforts, the Washington, D.C.-based Urban Institute has conducted an anonymous survey for three years in a row as part of a National Institute of Corrections initiative. VADOC efforts covered by the survey include the use of evidence based practices throughout the Department, the use of dialogue skills among staff, the Department's focus on reentry, cohesion between the Department's institution staff (prisons, work units) and community staff (probation and parole) and the creation of a healing environment for staff and offenders at the Department.

"We have made significant changes at the Department of Corrections over the last four years, and having our progress measured by a third party gives us crucial feedback with the necessary level of impartiality," said Harold Clarke, Virginia Department of Corrections Director. "We engaged the esteemed Urban Institute to survey the Department because they are known for the high quality of their research."

The four key domains of the Urban Institute survey were support for reentry; impressions of the VADOC; the VADOC's healing environment; and workplace diversity. Data sources included the staff survey, operations and performance data, and a small number of process interviews. Surveys were anonymous, and the Department does not receive the data; Urban Institute researchers receive the data directly.

Key preliminary findings of the third annual survey include:

- Strong support among staff for the use of evidence based practices and reentry services for offenders
- Support for organizational "oneness" – acting as a team across the state
- Significant organizational commitment among staff
- Support and commitment for the Department's healing environment initiative
- Effective use of dialogue skills among staff
- 77% of employees agreed or strongly agreed they work in a dangerous place, but about 64% feel safe in their job overall and more than two-thirds feel safe when working among offenders
- 64% of employees agreed or strongly agreed with the statement that their work unit comes close to being a healing environment – up from 42% in the first year's survey and 61% in the second annual survey
- In all three annual surveys, 80-90% of employees expressed strong support for offenders' access to programs (job skills, GED, parenting, substance abuse, mental health) and reentry services

For years, a primary focus of the VADOC was command and control of offenders, while treatment and programming were secondary. Safety and security remain the foundation of what the Department does, but programming and reentry efforts are now focused on long-term results and what research shows to be effective.

Source: DOC News Release: February 19, 2015

Wellness Program Aims to Help Virginia Offenders Improve Health

A wellness program initially targeted to older Virginians is helping offenders at five Virginia correctional facilities learn to manage their chronic diseases and improve their well-being.

Since late 2012, the Virginia Department for Aging and Rehabilitative Services and the Department of Corrections have collaborated with local area agencies on aging to offer wellness programs to nearly 300 adult offenders at the Bland, Coffeewood, Deep Meadow, Powhatan (now closed), and Pocahontas correctional facilities.

On April 17, April Holmes, DARS' coordinator of prevention programs; Elisabeth M. Thornton of the Virginia Department of Corrections; and Joan S. Welch of Senior Connections, the Capital Area Agency on Aging, will discuss the program at the Southern Gerontological Society's annual meeting in Williamsburg.

Virginia's offenders are older, sicker and remain incarcerated longer than ever. About one-third have at least one chronic health condition. Between fiscal year 2010-2011, offsite, non-prescription health care expenses for Virginia's offenders rose \$8.7 million. Corrections officials are searching for innovative ways to respond to this issue.

"The wellness information the participants learned and the problem-solving techniques they shared are valuable not only while they serve their sentences but for when they re-enter society," said DARS Commissioner Jim Rothrock. "As one offender told us, 'the lessons you all have taught me will last a lifetime.'"

The Commonwealth's collaboration is an outgrowth of "You Can! Live Well, Virginia!," DARS' chronic disease self-management education program, which in a five-year partnership with area agencies on aging has helped more than 8,000 Virginians learn to better manage their health issues. "Offenders often come into prison with long-standing health problems that need to be addressed," said Virginia Department of Corrections Director Harold Clarke. "This program helps offenders with chronic conditions take charge of their own well-being, contributing to better health outcomes while they're incarcerated and successful re-entry into their communities when they're released."

The federally funded "You Can! Live Well, Virginia!" program consists of weekly 2½ hour sessions held by trained leaders. Over a six-week period, adults with chronic illnesses such as asthma, arthritis, diabetes and heart disease learn to better manage their conditions. Offenders, for example, were asked to identify specific health concerns and the problems they can cause. Participants learning about healthy eating kept a diary of their diet and then discussed what they learned about the food choices they make while in prison.

The wellness program saw 283 offenders attend at least one workshop, while 222 offenders, or 78 percent, attended at least four – roughly the same percentage among participants in Virginia's general public, according to DARS' Holmes.

"You Can! Live Well, Virginia!" is the statewide name for several disease self-management programs developed by Stanford University (<http://stanford.io/1Es8eBZ>). DARS plans to apply this spring for a new federal grant to study whether the workshop lowers the rates at which participants who qualify for both Medicare and Medicaid use local emergency rooms.

Virginia's initial success led to several popular spinoffs such as workshops specifically for older adults with diabetes and versions offered in Spanish, Korean and other languages. Programs for cancer survivors and for chronic pain self-management will be offered in some areas. Young adults and staff at the Woodrow Wilson Rehabilitation Center, which provides vocational rehabilitation for people with disabilities, participate in workshops held at the campus in Augusta County.

Visit <http://bit.ly/1zdcpiB> to watch a video of Joshua Richardson, a cognitive counselor at Bland Correctional Center, talk about the program and its success for the offenders with whom he worked.

The Virginia Department for Aging and Rehabilitative Services, in collaboration with community partners, provides and advocates for resources and services to improve the employment, quality of life, security, and independence of older Virginians, Virginians with disabilities, and their families.

Source: DOC News Release: April 6, 2015

Employee Assistance Fund

The EAF was established during FY 2003 and as of June 30, 2015 has made 1,215 awards totaling \$798,502. 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, 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, 2015, the fund balance was \$212,123.10.

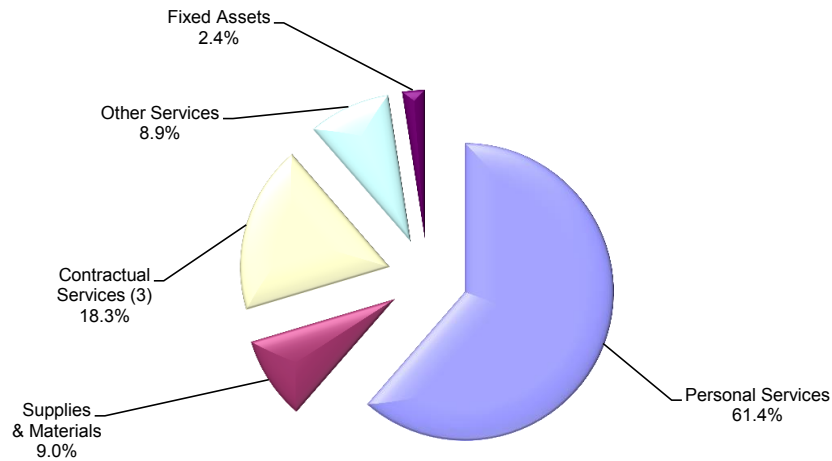
Page Intentionally Left Blank

FINANCIAL/OPERATING OVERVIEW

TOTAL EXPENDITURES BY CATEGORY - ALL FUNDS

For the fiscal year ended June 30, 2015, the General Assembly appropriated the Department of Corrections (DOC) an adjusted operating budget of \$1,153,502,072. The DOC expended \$1,131,177,507, the major portion of these expenditures were earmarked for salaries and benefits. The Department operated 27 Major Institutions, 8 Field Units*, 6 Work Centers, 4 Diversion Centers, and 3 Detention Centers in which 29,285 offenders** were housed. In addition, the Department operated 43 Probation & Parole District Offices. (For FY 2015, the number of offenders under community-based supervision averaged 57,449, a 1.6% increase over last fiscal year.)

TOTAL EXPENDITURES BY CATEGORY - FY 2015



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

	<u>FY 2015</u>	<u>FY 2014</u>
Personal Services (1)	\$ 694,336,006	\$ 688,747,389
Supplies & Materials (2)	101,738,969	109,029,124
Contractual Services (3)	207,067,683	185,745,163
Other Services (4)	100,768,422	94,117,048
Fixed Assets (5)	27,266,427	17,320,470
	<u>\$ 1,131,177,507</u>	<u>\$ 1,094,959,194</u>

* Baskerville costs are reflected in the field unit per capita rate.

** On average 29,285 offenders were housed in facilities operated by DOC during FY 2015. Excluded from that statistic were 1,564 DOC inmates housed in a Department of Corrections owned prison in Lawrenceville, Virginia that is privately operated.

(1) The increase in personal services is associated with higher rates for retirement (VALORS increased by 2.87%/NONVALORS increased by 3.57%) as well as an average 5.3% increase in health insurance premiums offset by reductions in salary and applicable employee compensation resulting from the FY 2015 budget reductions.

(2) The decrease in supplies and materials is largely the result of lower cost for propane and gasoline as compared to the previous fiscal year.

(3) The increase in contractual services is driven largely by the change in contractual medical services provider for 17 VADOC facilities at a higher cost following the termination of CORIZON's contract with the DOC in addition to a change in the payment cycle for IT centralized services and acquisition of IT assets for Probation and Parole staff.

(4) The increase in other services includes higher utility costs, debt service payments for Johnson Controls V, and a change in the payment cycle for lease payments.

(5) Increased expenditures in fixed assets reflects the procurement of equipment and investment in facility infrastructure from one-time savings.

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.).

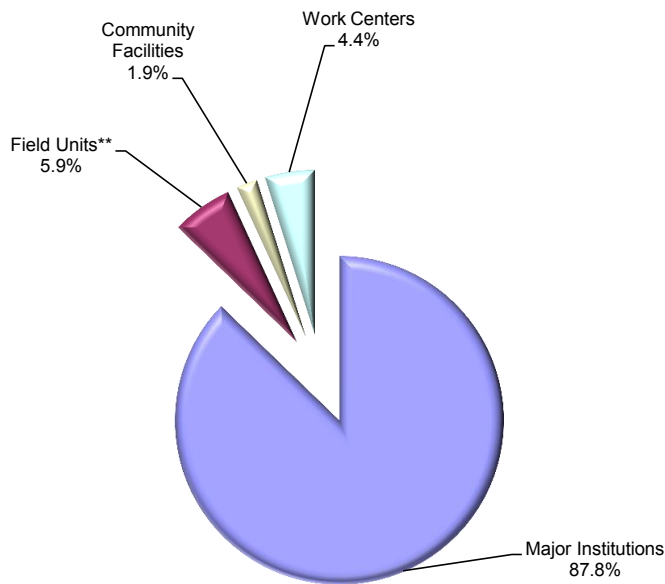
Other Services consist of miscellaneous expenditures such as unemployment compensation, incentive payments for participation in State-sponsored programs and activities (e.g., halfway houses), grants and aid to local governments, insurance premiums (property, medical malpractice, workers compensation, 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 29,285. This represents an increase of 0.5% above the FY 2014 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.



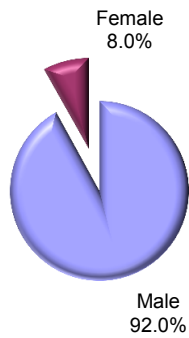
FACILITY TYPE	FY 2015	FY 2014
Major Institutions	25,701	25,414
Field Units**	1,723	1,732
Community Facilities	563	596
Work Centers	1,298	1,394
	29,285	29,136

* The above ADP statistics refer to offenders housed in facilities operated by DOC. Excluded from these statistics are 1,564 DOC inmates housed in a Department of Corrections owned prison in Lawrenceville, Virginia that is privately-operated.

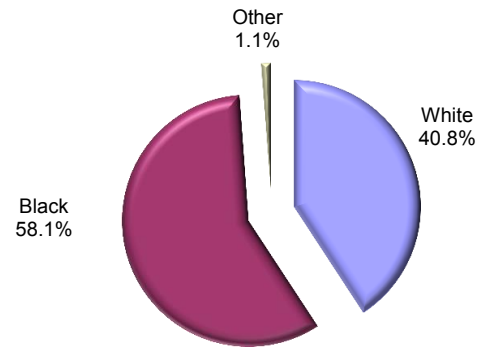
** Includes ADP for Baskerville Correctional Center.

INMATE POPULATION - DEMOGRAPHICS *

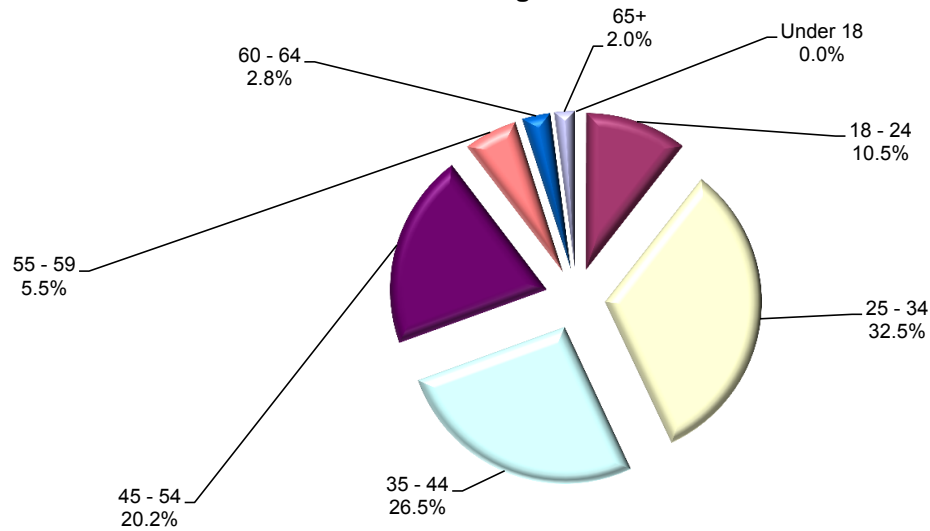
Gender



Race/Ethnicity



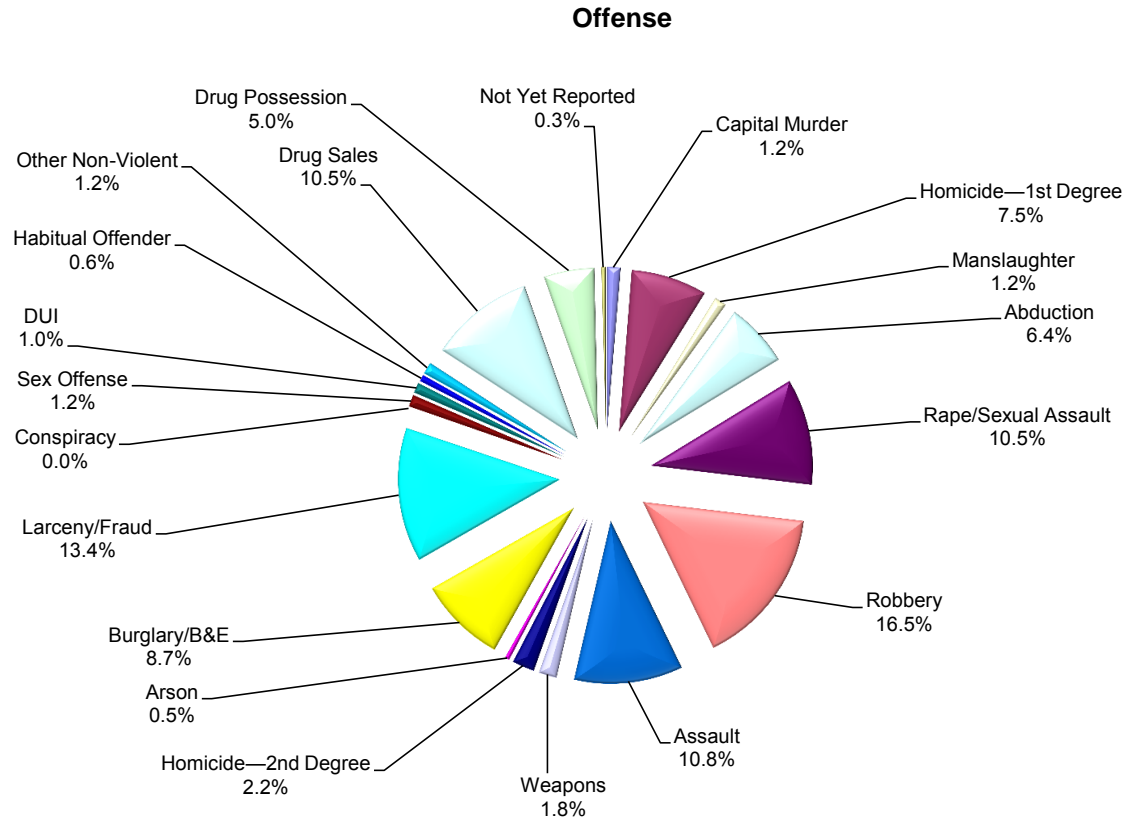
Age



* This demographic data represents the DOC inmate population as of December 31, 2014, the most recent data available. DOC inmates incarcerated in local jails are included in this data; out-of-state inmates are excluded.

Source: Statistical Analysis & Forecast Unit

INMATE POPULATION - OFFENSE DATA *



This offense data represents the DOC inmate population as of December 31, 2014, 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.

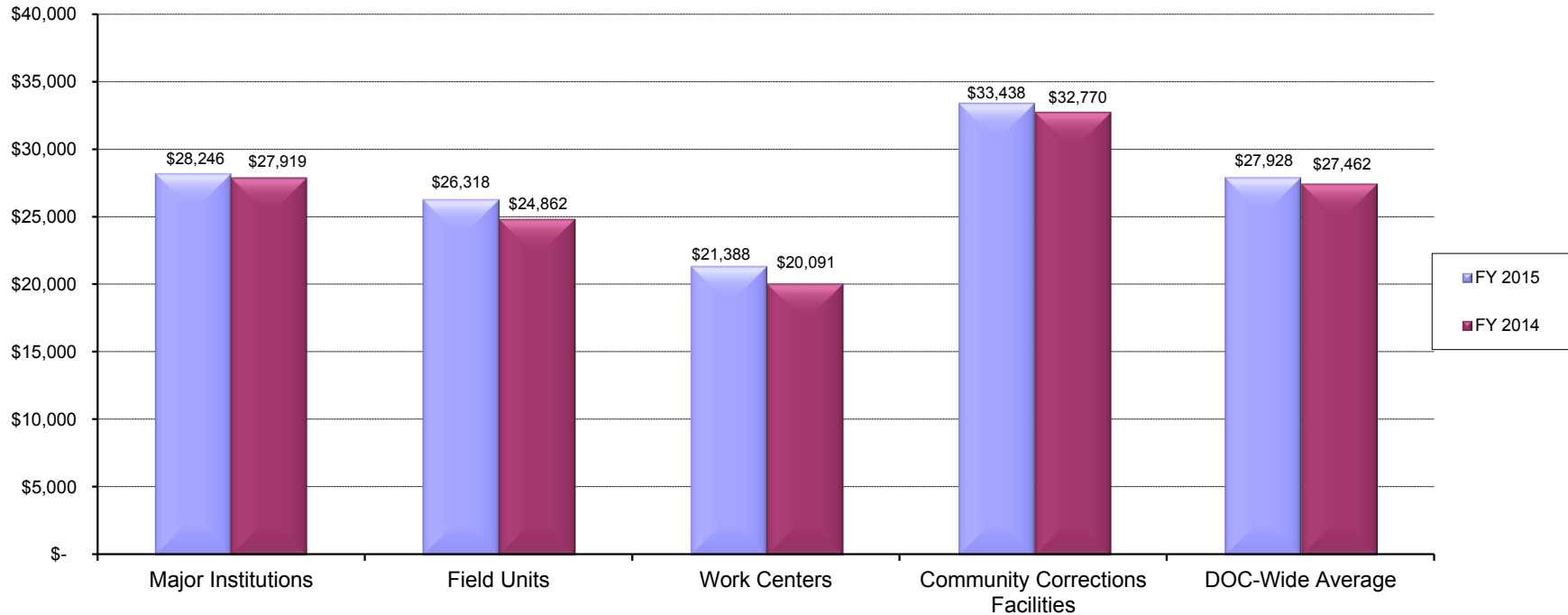
Source: Statistical Analysis & Forecast Unit

OPERATING COST PER OFFENDER (PER CAPITA)

The Department-wide per capita cost of housing offenders was \$27,928 in FY 2015, up only 1.7% from FY 2014.

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 large ones.

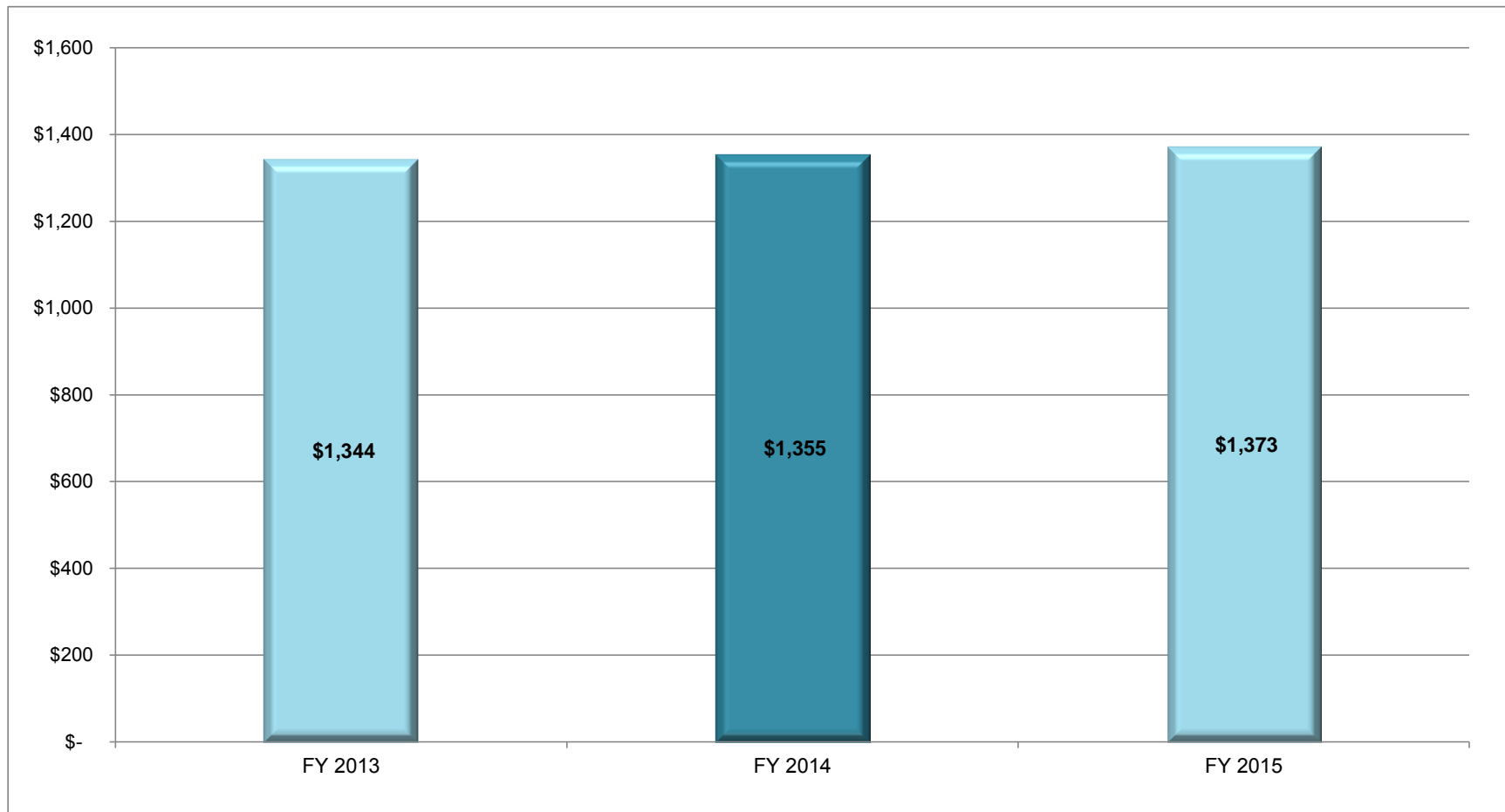
OPERATING COST PER OFFENDER - FY 2015 VERSUS FY 2014



PROBATION & PAROLE COST PER CASE

The calculation methodology divides Probation and Parole services/treatment and Community Residential Treatment expenses by the total number of June Probation and Parole cases from VACORIS. Any Diversion and Detention expenses/cases have been removed for purposes of this cost per case calculation.

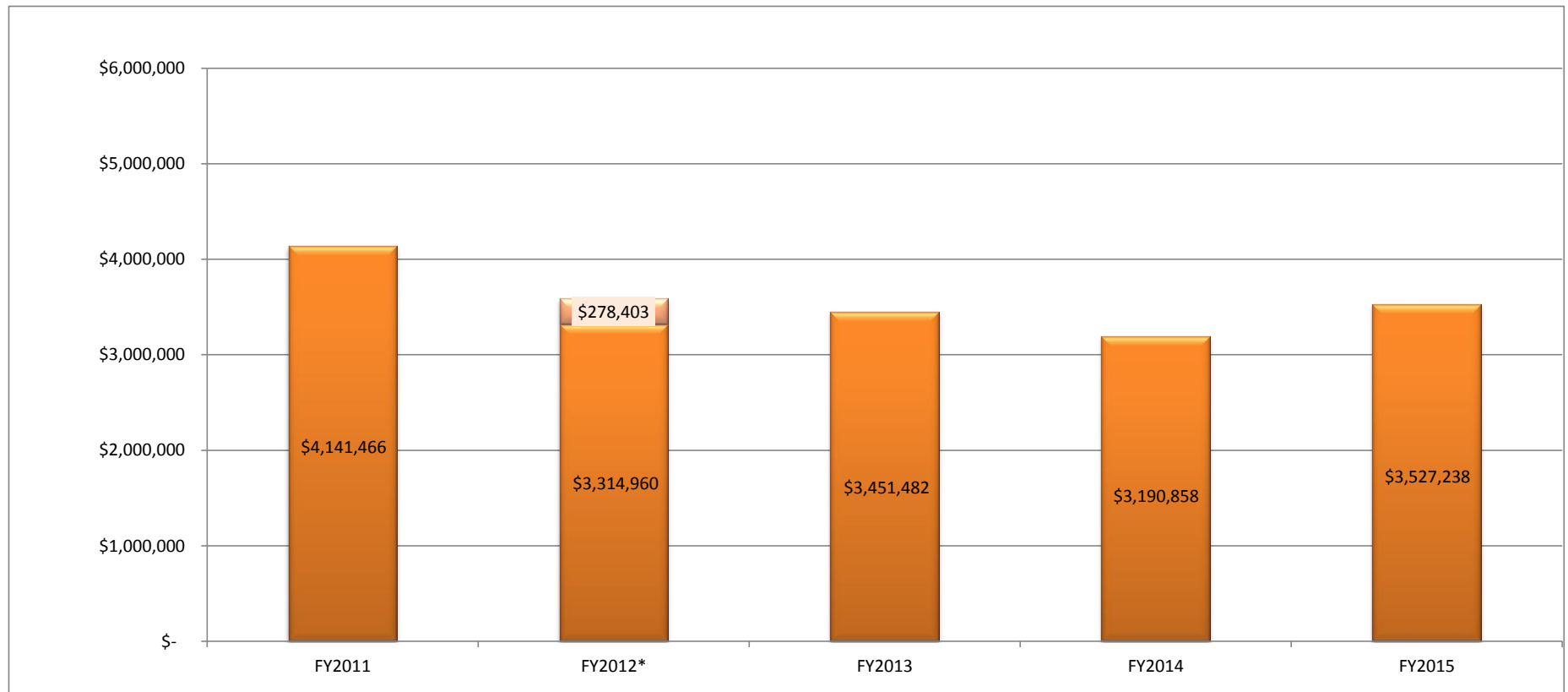
It is important to note that this cost per case calculation assumes a "flat" supervision world in which each individual receives the exact same level of supervision and services. Given that judges mandate certain requirements of supervision, and that EBP principles emphasize sculpted care, this number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



COMMISSIONS EARNED FROM OFFENDER TELEPHONE SYSTEM

The Virginia Department of Corrections operates a secure offender phone system under contract with Global Tel*Link. The system allows inmates to place outgoing collect calls to family and friends that have agreed to accept such calls. Each call is limited to 20-minutes in order to allow equitable use of the phone system by all inmates. For security purposes all calls are recorded and may be monitored. In accordance with Division Operating Procedures, offenders are permitted to place only operator assisted telephone calls on the Inmate Telephone System to no more than fifteen (15) numbers, including those of attorneys. The Department must incur the cost of screening and verifying the numbers on the approved list, monitoring calls, etc., to ensure safety of individuals inside as well as outside the facility, and to deter further criminal activity.

Commissions from offender phone calls are deposited into the Commonwealth's general fund.

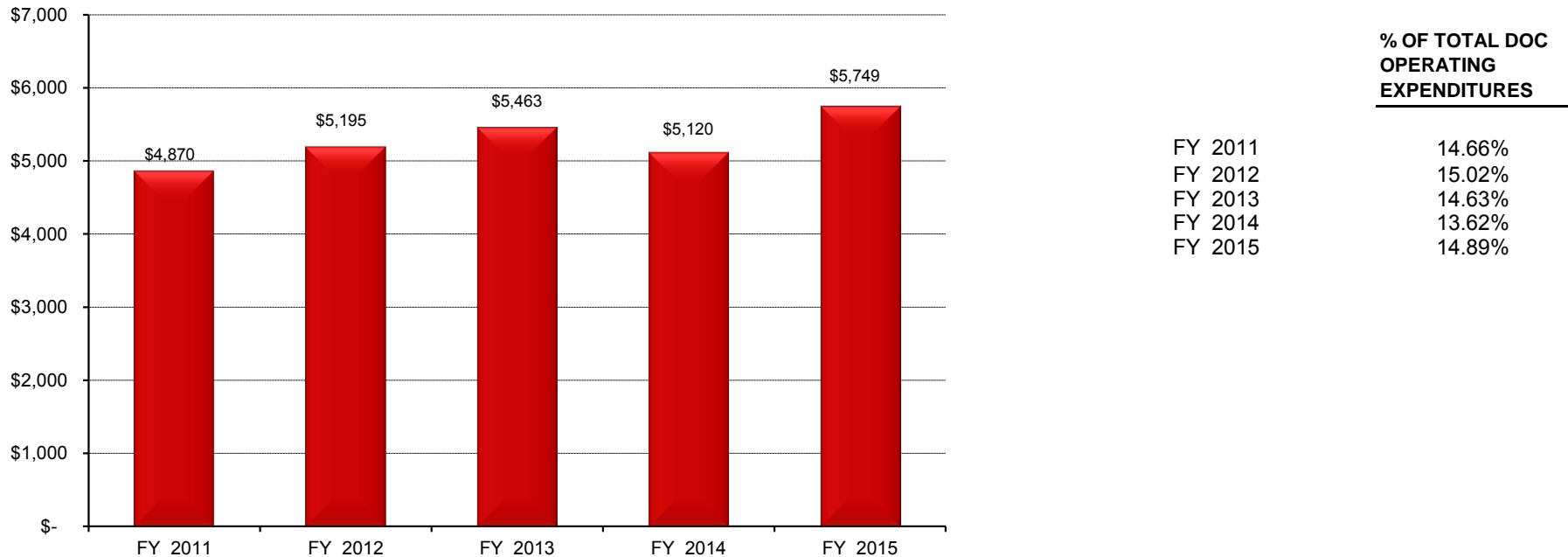


* Only eleven (11) months of commissions were earned from the offender telephone system in FY 2012; revenue for the 12th month was received in FY 2013 and is shown in the lighter shade. The increase in FY 2015 is largely attributed to higher call volume and completed calls.

PER CAPITA MEDICAL EXPENDITURES

On a per capita basis, in FY 2015 DOC medical expenditures increased 12.29% above that of FY 2014. The increase is largely attributed to the change in the contract provider of health care at 17 facilities for around 15,000 offenders. On June 2, 2014, CORIZON announced the termination of its contract with the Department to be effective 120 days from that date. The contract with CORIZON represented a lower than market cost by approximately \$15M. The new medical contract was awarded to Armor, based in Miami, Florida.

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 aging offender population with chronic illnesses and a population entering the system with more acute medical needs.

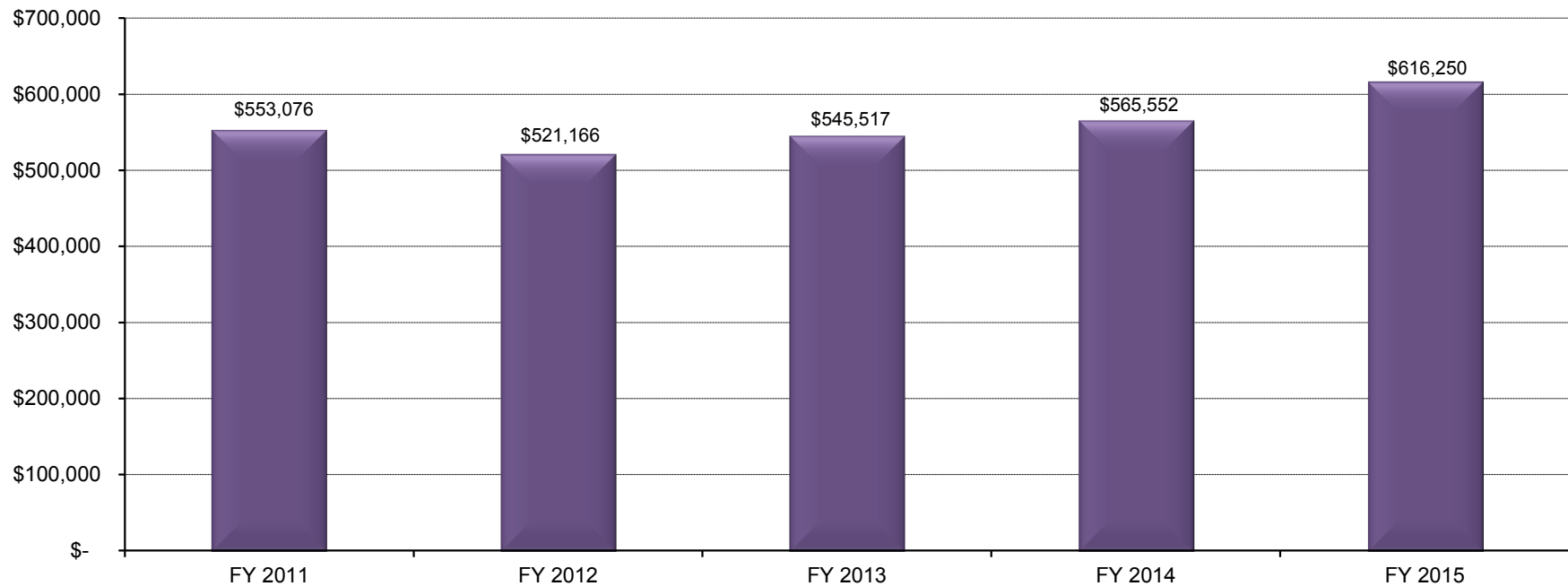


Beginning FY 2012, per capita excludes the cost of out of compliance offenders, Virginia offenders housed in other states under interstate compact custody, as well as Lawrenceville, whose ADP is not included in the calculation.

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.

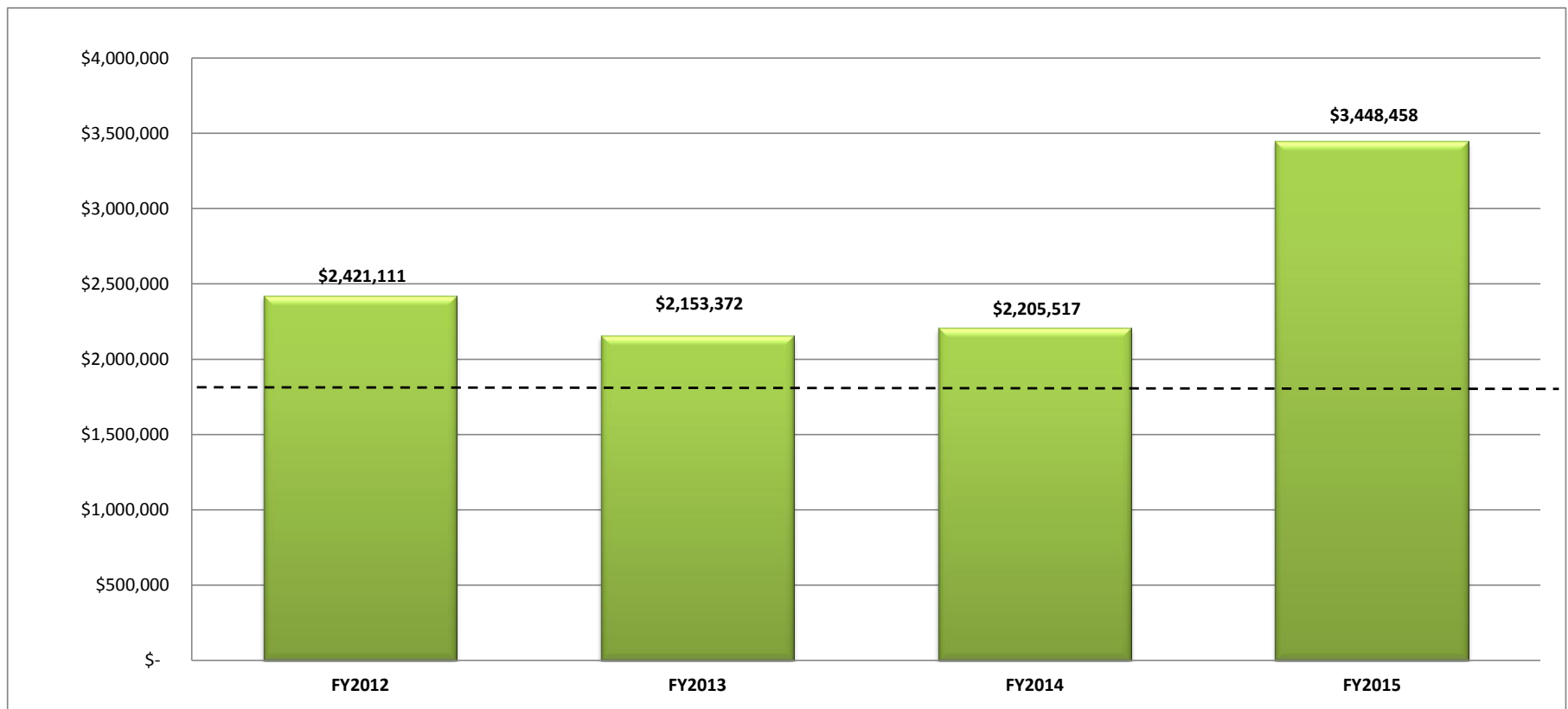


AGRIBUSINESS REVENUE

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.

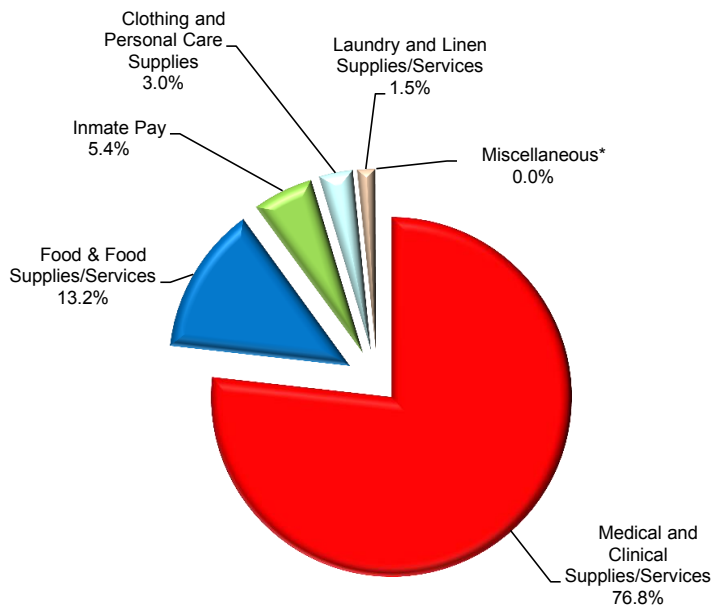
Agribusiness Revenue from the Sale of Farm & Dairy Products



DIRECT INMATE COST - FY 2015

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 - FY 2015



CATEGORY	FY 2015	FY 2014
Medical and Clinical Supplies/Services	\$ 134,500,573	\$ 118,307,254
Food & Food Supplies/Services	23,150,140	24,513,599
Inmate Pay	9,494,460	9,726,711
Clothing and Personal Care Supplies	5,278,392	5,003,500
Laundry and Linen Supplies/Services	2,726,183	2,586,042
Miscellaneous*	57,069	35,806
Total Direct Inmate Cost	\$ 175,206,817	\$ 160,172,913

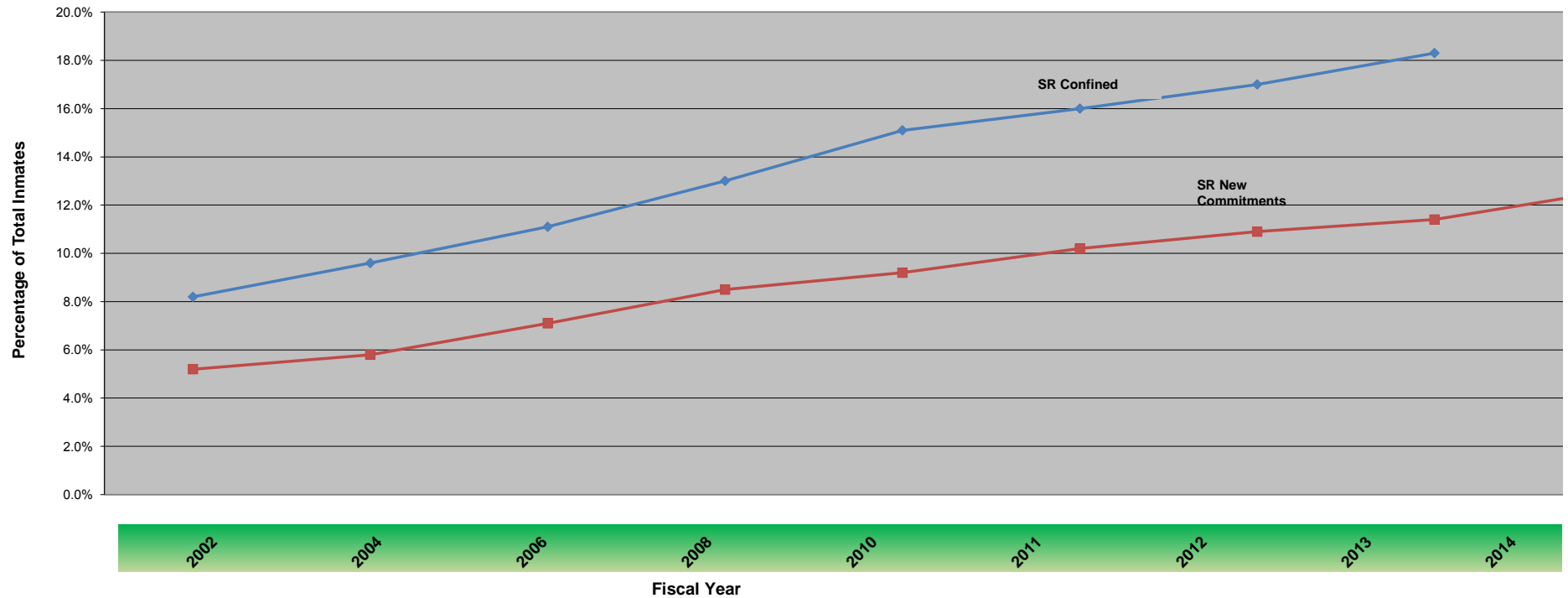
* Includes expenditures for recreation supplies, as well as postage, which is primarily centrally expensed.

DOC State Responsible (SR) Confined & Newly Committed Inmates Age 50+ FY 2002 through 2014

Since 2002, Confined Inmates age 50+ have increased from 2,849 to 7,202, more than two and one-half fold.

Since 2002, New commitments age 50+ have increased from 566 to 1,568, an increase of almost three-fold.

Over 12.6% of the state responsible new commitments and 19.1% of the state responsible confined are age 50+.



50+ Confined	8.2%	9.6%	11.1%	13.0%	15.1%	16.0%	17.0%	18.3%	19.1%
Number	2,849	3,537	4,133	5,099	5,697	5,966	6,283	6,709	7,202
50+ New Commitments	5.2%	5.8%	7.1%	8.5%	9.2%	10.2%	10.9%	11.4%	12.6%
Number	566	676	889	1,094	1,112	1,208	1,254	1,341	1,568

Source: State Responsible Offender Population Trends, Statistical Analysis & Forecast Unit, 2015.

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.

Page Intentionally Left Blank

FINANCIAL REPORT SUMMARY

For the Fiscal Year Ending June 30, 2015

Total DOC appropriations for FY 2015 were \$1,153,502,072, as compared to \$1,107,838,717 for the prior fiscal year. This represents an increase of 4.1%. The percentage of General Fund appropriation in relation to the Department's total appropriation equated to approximately 94%. The General Fund increased \$44,617,172 above FY 2014 (from \$1,036,281,943 in FY 2014 to \$1,080,899,115 in FY 2015). The increase is largely attributed to funding to operate Culpeper Correctional Facility for Women, increased funding for offender health care as well as additional funding for central appropriations (primarily associated with changes in employee salaries, fringe benefits and health insurance).

Total Special Fund appropriations of \$70,162,881 comprised 6.1% of the Department's total operating budget. Virginia Correctional Enterprises' (VCE) appropriation (\$54,680,835) comprised 79% 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 (\$15,482,046) was associated with the Warranty Overhead account, the Corrections Construction Unit, out-of-state inmate revenue for VACORIS, pre-sentence investigations (HB 664), the re-entry program, room and board revenue from Diversion Center offenders, medical co-payment funds, Corrections Special Reserve Funds as well as other miscellaneous activities.

The balance of the Department's appropriation is comprised of \$2,440,076 in federal funds. This appropriation was allocated for grants through the United States Department of Justice (State Criminal Alien Assistance Program and Female Offender Reintegration Grant), the University of Maryland High Intensity Drug Trafficking Area (HIDTA) Grant, the Residential Substance Abuse Grant, the National Institute of Corrections for Re-Entry Training as well as Correctional Education grants (Second Chance, Special Education, and Youthful Offender). Historically, funding from the State Criminal Alien Assistance Program had reverted to the Commonwealth's General Fund; however, the 2009 General Assembly permitted the retention of these funds. In FY 2015, the Department received \$921,040 to help offset increased inmate medical services costs.

**DEPARTMENT OF CORRECTIONS
OPERATING APPROPRIATIONS AND EXPENDITURES - BY FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

<u>FUND (1)</u>	<u>Appropriation Per Chapter 2 2014 Acts of Assembly</u>	<u>Total Adjustments</u>	<u>Total Adjusted Appropriation</u>	<u>Total Expenditures</u>	<u>Percent Expended Y-T-D</u>
GENERAL	\$ 1,062,271,396	\$ 18,627,719	\$ 1,080,899,115	\$ 1,080,825,233	100%
FEDERAL	2,023,179	416,897	2,440,076	2,017,515	83%
SPECIAL	70,536,093	(373,212)	70,162,881	48,334,759	69%
TOTAL FUNDS	<u>\$ 1,134,830,668</u>	<u>\$ 18,671,404</u>	<u>\$ 1,153,502,072</u>	<u>\$ 1,131,177,507</u>	<u>98%</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	\$ -	\$ 235,546	\$ -	\$ 235,546
2014 General Assembly Actions	10,945,433	(191,861)		10,753,572
Funding for Victim Notification Grant	62,511			62,511
FY 2015 Central Appropriation Adjustments (2)	20,878,396			20,878,396
FY 2015 Budget Reduction Adjustments	(13,798,830)			(13,798,830)
Realignment between State Agencies	117,765			117,765
Additional Agribusiness Appropriation	422,444			422,444
Realignment Between Funds		373,212	(373,212)	-
TOTAL ADJUSTMENTS	<u>\$ 18,627,719</u>	<u>\$ 416,897</u>	<u>\$ (373,212)</u>	<u>\$ 18,671,404</u>

- (2) Included among these central appropriation adjustments are changes in fringe benefit rates (i.e., employee retirement, health insurance, group life insurance and sickness and disability funding), additional funding for agency usage of technology services offset by a reduction in funding for gasoline.

**DEPARTMENT OF CORRECTIONS
OPERATING APPROPRIATIONS AND EXPENDITURES - ALL FUNDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

	<u>Appropriation Per Chapter 2 2014 Acts of Assembly</u>	<u>Total Adjustments</u>	<u>Total Adjusted Appropriation</u>	<u>Total Expenditures</u>	<u>Percent Expended Y-T-D</u>
CENTRAL ADMINISTRATION:					
Board of Corrections	\$ -	\$ 8,542	\$ 8,542	\$ 8,542	100%
Director's Office	-	3,700,045	3,700,045	3,704,123	100%
Correctional Education Administration	-	4,852,098	4,852,098	4,573,584	94%
Offender Re-Entry Program	-	5,967,538	5,967,538	5,812,412	97%
Communications Unit	-	767,763	767,763	765,296	100%
Internal Audit/Investigative Units	-	2,118,317	2,118,317	2,118,291	100%
Compliance/Accreditation	-	872,872	872,872	872,872	100%
Corrections Technology Services Unit (CTSU) (1)	-	42,513,689	42,513,689	38,030,710	89%
Financial Management & Reporting	-	4,134,131	4,134,131	4,153,414	100%
General Services	-	20,713,254	20,713,254	20,713,254	100%
Research & Management Services	-	913,376	913,376	919,440	101%
Architectural & Engineering Services (2)	-	10,837,935	10,837,935	8,940,928	82%
Procurement/Risk Management	-	12,756,020	12,756,020	12,756,020	100%
Funding for Central Administration	78,875,723	(78,875,723)	-	-	0%
TOTAL - CENTRAL ADMINISTRATION	\$ 78,875,723	\$ 31,279,857	\$ 110,155,580	\$ 103,368,886	94%
EMPLOYEE RELATIONS & TRAINING	\$ 12,589,247	\$ 4,287,799	\$ 16,877,046	\$ 16,877,046	100%
VIRGINIA CORRECTIONAL ENTERPRISES	\$ 54,680,835	\$ (1,000,000)	\$ 53,680,835	\$ 42,500,315	79%

(1) This appropriation includes \$4,428,979 in unexpended appropriation associated with the medical records component of VACORIS. The appropriation was no longer needed after the loss of \$7.3M in out-of-state inmate revenue as one-time savings to meet the FY 2015 budget reduction target. If adjusted for this amount, the percent expended is 99.9%.

(2) This appropriation includes \$1,883,496 in unexpended appropriation associated with the Corrections Construction Unit Special Operating Fund and Overhead Account Fund. If adjusted for this amount, the percent expended is 100%.

**DEPARTMENT OF CORRECTIONS
OPERATING APPROPRIATIONS AND EXPENDITURES - ALL FUNDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

	<u>Appropriation Per Chapter 2</u>	<u>Total</u>	<u>Total Adjusted</u>	<u>Total</u>	<u>Percent Expended</u>	
OPERATIONS:						
Administration	(1) \$ -	\$ 42,487,927	\$ 42,487,927	\$ 38,728,013	91%	
Probation and Parole		79,236,849	79,236,849	78,460,005	99%	
Offender Management Services		7,917,032	7,917,032	7,917,032	100%	
Adult Residential	(2)	1,963,556	1,963,556	3,400,820	173%	
Financial Assistance for Confinement in Local Facilities		-	-	-	0%	
Office of Health Services (OHS)		55,210,145	55,210,145	56,054,835	102%	
Secure Confinement		27,489,543	27,489,543	26,348,461	96%	
Facilities	(3)	758,483,559	758,483,559	757,522,094	100%	
Funding for Operations		988,684,863	(988,684,863)	-	0%	
TOTAL OPERATIONS		<u>\$ 988,684,863</u>	<u>\$ (15,896,252)</u>	<u>\$ 972,788,611</u>	<u>\$ 968,431,260</u>	<u>100%</u>
TOTAL DEPARTMENT OF CORRECTIONS		<u>\$ 1,134,830,668</u>	<u>\$ 18,671,404</u>	<u>\$ 1,153,502,072</u>	<u>\$ 1,131,177,507</u>	<u># 98%</u>

(1) The variance in the percent expended YTD between Administration and the Office of Health Services is because both 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) The variance in the percent expended YTD between Adult Residential and Probation and Parole is because both 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.

(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, 2015**

During FY 2015, the Department of Corrections operated 27 Major Institutions, 8 Correctional Field Units, 6 Work Centers, 4 Diversion Centers and 3 Detention Centers. As noted in previous reports, Baskerville Correctional Center was given the designation of a major institution in FY 2006, but for purposes of this report, this facility will continue to be reported with the field units.

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.

The following reflects the average per capita and average daily population by type of facility, to include facilities which operated for only a partial year.

	Average Per Capita				Average Daily Population			
	FY 15	FY 14	+/(-)	% Change	FY 15	FY 14	+/(-)	% Change
Major Institutions	28,246	27,919	327	1.2%	25,701	25,414	287	1.1%
Field Units	26,318	24,862	1,456	5.9%	1,723	1,732	(9)	-0.5%
Work Centers	21,388	20,091	1,297	6.5%	1,298	1,394	(96)	-6.9%
Community Corrections Facilities	33,438	32,770	668	2.0%	563	596	(33)	-5.5%
System-Wide Average	27,928	27,462	466	1.7%	29,285	29,136	149	0.5%

The increased cost in per capita of \$466 is largely attributed to the increased cost of the contract to provide medical services at 17 DOC facilities and the acquisition and investment in equipment and infrastructure with one-time savings generated following implementation budget reductions in FY 15.

	FY 15	Per Capita	FY 14	Per Capita	+/(-)
Personal Services	\$ 554,566,633	\$ 18,937	\$ 556,616,578	\$ 19,104	\$ (167)
Direct Inmate Cost	175,206,816	5,983	160,172,913	5,497	485
Indirect Cost/Recoveries	43,778,943	1,495	49,188,188	1,688	(193)
Continuous Charges	29,718,825	1,015	28,957,245	994	21
Property Improvements/Equipment	14,613,517	499	5,196,862	178	321
Total	\$ 817,884,734	\$ 27,928	\$ 800,131,786	\$ 27,462	\$ 466

Institutions

Excluding Powhatan Correctional Center, which closed during the fiscal year, Marion Correctional Treatment Center incurred the highest per capita cost of the major institutions (\$64,759). Virtually all 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 1.6 to 1.0 versus an average of 4.0 to 1.0 for all other major institutions.

Historically, with the exception of Deep Meadow and Deerfield Correctional Centers, facilities constructed as Medium Security Dormitories (MSDs) (i.e., St. Brides, Indian Creek, Lunenburg, Coffeewood, Haynesville and Dillwyn) experienced the lowest per capita of the major institutions. The low per capita cost was largely the result of lower staffing costs due to the facility design and higher than designed bed capacity. During FY 14, the decision was made to reduce bed capacity at these locations and while this action has had impact on the per capita at these facilities, it has also created a safer environment for staff as well as offenders.

Higher per capita costs at Deerfield (\$37,811) are driven by its mission to serve as a medical facility for geriatric offenders. The loss of bed space from the conversion of a housing unit for program space as well as its oversight of the Virginia Commonwealth University Health Systems’ security ward contribute to the higher per capita at Deep Meadow (\$45,468).

Three major institutions – Deerfield, Bland and Deep Meadow – have large agribusiness operations that account for 7.0%, 6.3% and 8.5% of their expenditures in FY 2015, respectively. Of all other facilities that operated an agribusiness program, these expenditures accounted for less than 1.0% 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. For these reasons, per capita costs for field units tend to be lower than for major institutions (excluding the MSD institutions).

The per capita cost for the Central Region Field Units was \$24,142, representing the lowest of the three regions. The Eastern Region Field Unit per capita cost was \$30,751, while the Western Region Field Units had a per capita rate of \$30,260.

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.

Excluding Cold Springs Work Center, which closed during the fiscal year, per capita costs for remaining work centers range from \$18,512 at Nottoway Work Center to \$25,887 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 5-7 months 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 and 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, 2015**

		<i>FY 2015</i>		<i>FY 2014</i>	
		<i>ADP</i>	<i>Per Capita</i>	<i>ADP</i>	<i>Per Capita</i>
<i>Major Institutions</i>					
709	Powhatan Correctional Center	279	\$ 96,972	853	\$ 44,310
716	Virginia Correctional Center for Women	573	35,005	578	33,426
718	Bland Correctional Center	642	35,175	639	35,087
721	Powhatan Reception & Classification Center	471	21,799	454	21,493
733	Sussex I State Prison	1,128	30,810	1,137	29,062
734	Sussex II State Prison	1,259	25,461	1,266	24,118
735	Wallens Ridge State Prison	1,052	29,280	1,017	29,323
737	St Brides Correctional Center	1,190	19,660	1,195	19,588
741	Red Onion State Prison	811	37,970	816	36,515
743	Fluvanna Correctional Center for Women	1,246	27,418	1,245	25,653
745	Nottoway Correctional Center	1,255	23,941	1,141	25,853
747	Marion Correctional Treatment Center	258	64,759	203	77,365
749	Buckingham Correctional Center	1,121	25,358	1,074	26,057
752	Deep Meadow Correctional Center	649	45,468	681	41,715
753	Deerfield Correctional Center	1,069	37,811	1,045	36,220
754	Augusta Correctional Center	1,249	22,280	1,137	23,947
768	Keen Mountain Correctional Center	826	26,514	835	25,513
769	Greensville Correctional Center	2,976	27,840	2,667	28,930
770	Dillwyn Correctional Center	879	26,852	931	24,442
771	Indian Creek Correctional Center	992	22,111	1,001	21,190
772	Haynesville Correctional Center	910	25,490	987	24,230
773	Coffeewood Correctional Center	958	25,436	1,021	23,323
774	Lunenburg Correctional Center	922	25,681	997	23,213
775	Pocahontas State Correctional Center	1,028	20,646	1,031	20,056
776	Green Rock Correctional Center	1,019	21,807	1,023	22,255
785	River North Correctional Center	939	23,550	440	41,553
<i>Total Institutions</i>		<i>25,701</i>	<i>\$ 28,246</i>	<i>25,414</i>	<i>\$ 27,919</i>

**DEPARTMENT OF CORRECTIONS
PER CAPITA STATEMENT OF FACILITIES
SUMMARY BY TYPE OF FACILITY
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

		<i>FY 2015</i>		<i>FY 2014</i>	
		<i>ADP</i>	<i>Per Capita</i>	<i>ADP</i>	<i>Per Capita</i>
<i>Field Units</i>					
744/234	Halifax	240	\$ 25,767	244	\$ 23,686
749/091	Rustburg	144	23,980	149	22,953
757/103	Cold Springs	112	34,164	112	34,137
757/181	Wise	106	32,637	111	29,265
757/281	Patrick Henry	129	24,917	132	22,351
760/134	Central Virginia	271	23,423	261	24,440
761/044	Baskerville	475	23,780	473	22,678
772/023	Caroline	135	31,649	137	27,994
772/173	Haynesville	111	29,658	113	25,651
Total Field Units		1,723	\$ 26,318	1,732	\$ 24,862
<i>Work Centers</i>					
730/403	Brunswick	184	\$ 25,887	184	\$ 24,547
745/405	Nottoway	189	18,512	189	16,017
772/173	James River	279	19,432	277	19,374
753/408	Deerfield	349	20,471	354	19,178
757/407	Cold Springs	45	44,258	135	23,117
769/401	Greensville	252	19,612	255	20,339
Total Work Centers		1,298	\$ 21,388	1,394	\$ 20,091
<i>Community Corrections</i>					
767/858	White Post Men's Diversion Center	31	\$ 67,984	95	\$ 36,395
767/867	Appalachian Men's Detention Center	105	32,338	106	31,742
767/868	Harrisonburg Men's Diversion Center	115	27,684	97	31,932
767/881	Stafford Men's Diversion Center	104	33,004	86	33,071
767/882	Southampton Men's Detention Center	105	28,050	104	29,509
767/885	Chesterfield Women's Detention/Diversion Center	103	36,516	108	34,242
Total Community Corrections		563	\$ 33,438	596	\$ 32,770
TOTAL ALL FACILITIES		29,285	\$ 27,928	29,136	\$ 27,462

AVERAGE DAILY POPULATION SUMMARY

For the Fiscal Year Ending June 30, 2015

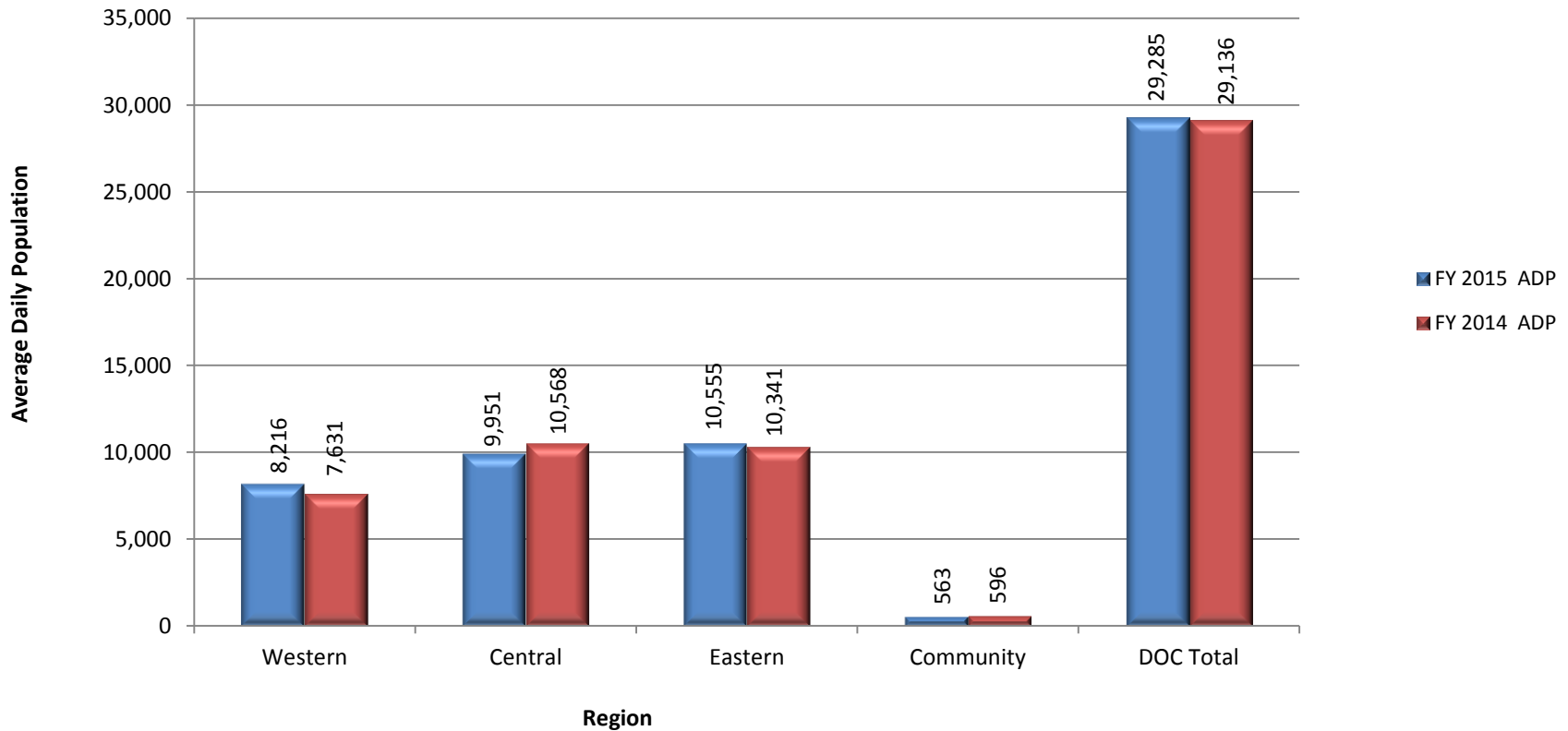
The Average Daily Offender & Probationer Population (ADP) is defined as follows: the sum total of the population resulting from periodic head-counts divided by the number of observations. This calculation is widely used internally and externally to the DOC for purposes of calculating and forecasting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

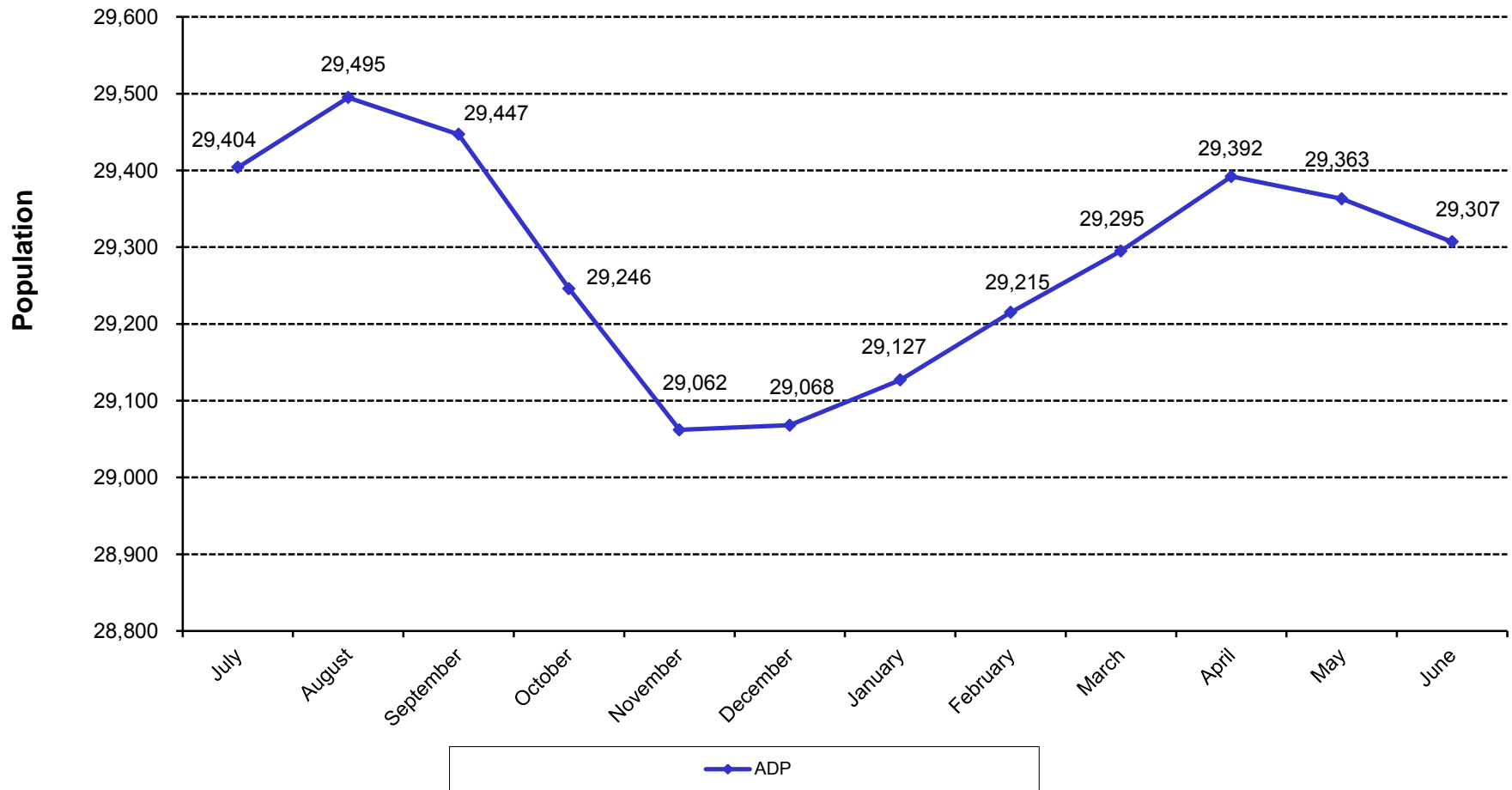
- 1) BY REGION AND TOTAL DOC: This first graph reflects the average daily offender population, by Region, and the probationer population (Community). It does not include Lawrenceville Correctional Center (operated by a private contractor).
- 2) BY MONTHS: The second graph represents the average offender and probationer population reported by the Virginia Department of Corrections for each month of Fiscal Year 2015. This depiction does not include Lawrenceville Correctional Center, operated by a private contractor.

Average Daily Population FY 2015 vs. FY 2014



NOTE: Population for the Department of Corrections owned facility in Lawrenceville, Va, that is privately operated, has been excluded. Both FY 2014 and FY 2015 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 2015
Average Daily Population
Month-to-Month Fluctuations**



NOTES: The temporary reduction in ADP was associated with the closure of Powhatan Correctional Center, Cold Springs Work Center and White Post Diversion Center.

ADP totals do not include the Department of Corrections owned facility in Lawrenceville, Va, 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'), media law library materials, and purchase of a Public Performance License which permits the public showing of copyrighted video material.

In FY 2015, the commissary balance saw an increase of \$159,281 compared to FY 2014. The increase is largely attributed to income from the sale of MP3 players, stamps and music.

FY15 vs FY14 FLUCTUATION ANALYSIS OF COMMISSARY SPECIAL REVENUE FUND

	FY15	FY14	FLUCTUATION ABSOLUTE	% CHANGE	EXPLANATION
Charges for Sales/Services	1,129	1,064	65	6.13%	
Cost of Sales/Services	876	701	175	24.98%	
Gross Profit	253	363	(110)	-30.26%	
<u>Operating Expenses:</u>					
Personal Services	-	-	-	-	
Store Supplies	-	-	-	-	
Store Equipment	-	-	-	-	
Unsaleable Merchandise	-	-	-	-	
Sales Taxes	2,062	2,604	(542)	-20.83%	
Depreciation	-	-	-	-	
Miscellaneous	2,439	9,209	(6,770)	-73.52%	
Total Operating Expenses	4,500	11,812	(7,313)	-61.91%	
Operating Income	(4,247)	(11,449)	7,202	62.90%	
<u>Non-Operating Revenues and Expenses:</u>					
Interest	1,459	2,509	(1,050)	-41.87%	
Commissary Commission (Keefe)	2,313,471	2,205,845	107,626	4.88%	
Other Income (Expenses)	768,400	562,163	206,237	36.69%	* (A)
Funds Transfers	-	-	-	-	
Total Non-Oper.Rev. (Expenses)	3,083,330	2,770,517	312,813	11.29%	* (A)
Net Income before Offender Welfare (Offender Welfare)	3,079,083	2,759,068	320,015	11.60%	* (A)
	(2,919,802)	(2,970,446)	50,644	1.70%	
Net Income	159,281	(211,379)	370,660	175.35%	* (B)
Fund Balance-July 1	1,875,110	2,093,913	(218,803)	-10.45%	(C)
ADJUSTMENTS *	-	(7,425)	7,425		*
	1,875,110	2,086,488	(211,378)	-10.13%	(C)
Fund Balance-June 30	2,034,391	1,875,110	159,281	8.49%	

EXPLANATIONS FOR FLUCTUATIONS

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

- (A) The J-Pay Media Commission Income from the MP3 Players, Stamps, and Music has increased.
- (B) The change in Net Income is a result of higher commissions and lower offender welfare costs.
- (C) The overall decrease in fund balance at the end of FY 2014 was largely due to the change in vendor/terms for vending machines which either reduced or eliminated revenue previously earned.

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

Offender Trust Fund

ASSETS	<u>For the Fiscal Year Ending June 30, 2015</u>
Cash Held with the Treasurer (GLA 101)	
Cash NOT with the Treasurer	8,366,197
Cash Equivalents with the Treasurer (Securities Lending from DOA)	
Cash Equivalents with the Treasurer - SNAP	
Cash Equivalents with the Treasurer - LGIP	7,576,033
Cash Equivalents with the Treasurer - Other	
Cash Equivalents NOT with the Treasurer	
Cash and Cash Equivalents - Total	\$ 15,942,230
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	592,101
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	\$ 16,534,331
LIABILITIES	
Vendor Payments Payable	1,952,547
Salary / Wages Payable	
Retainage Payable	
Other Payables	511,733
Accounts Payable Total	
Amounts Due to Other Governments	
Due to Internal Parties (Governmental Funds and Business-type Activities)	70,643
Due to External Parties (Fiduciary Funds)	
Insurance Premiums and Claims Payable	
Obligations Under Securities Lending Program	
Due to Program Participants, Escrows, and Providers	13,644,104 (A)
Deposits Pending Distribution	
Other Liabilities	355,304 (B)
TOTAL LIABILITIES	\$ 16,534,331

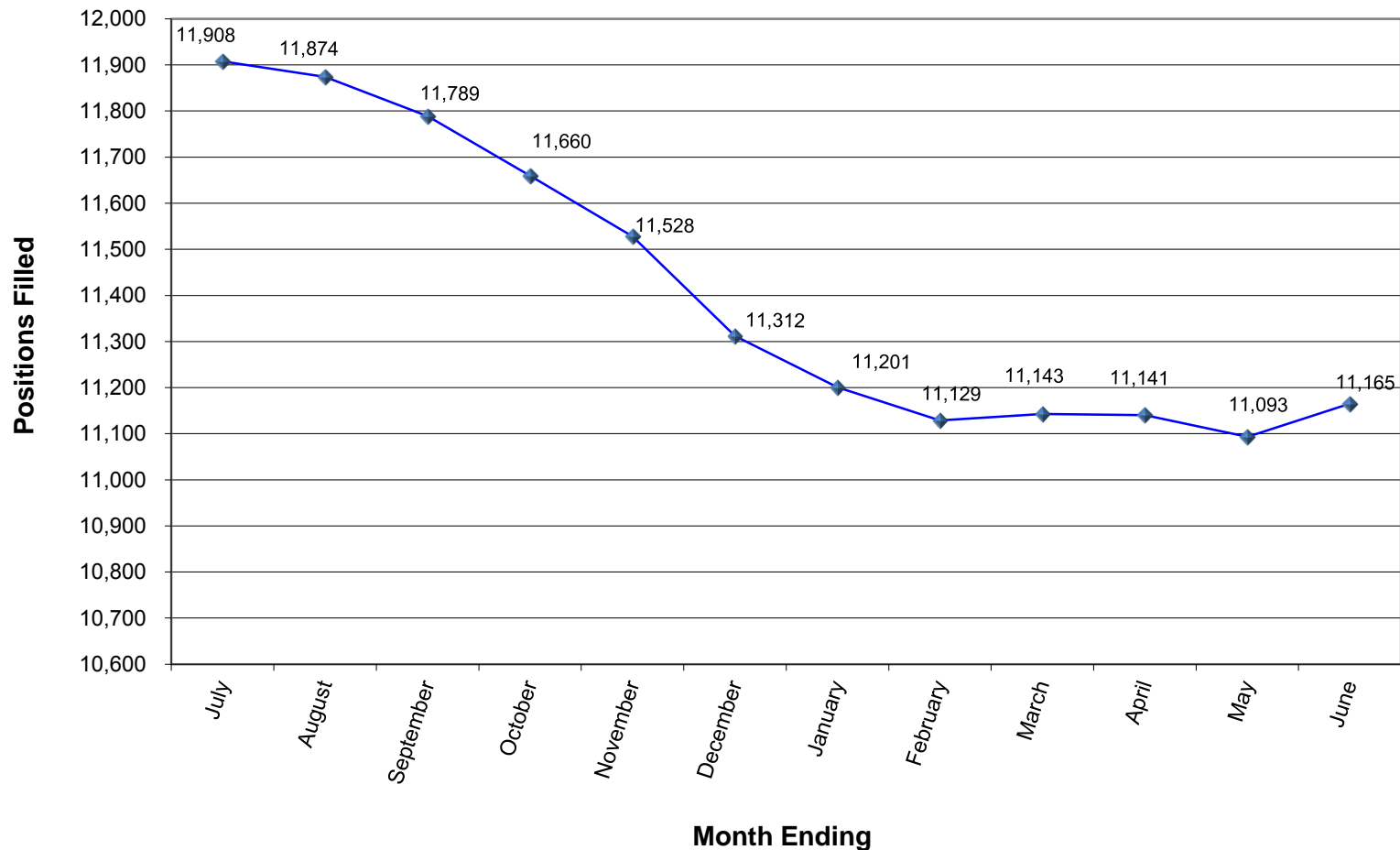
(A) The majority of this amount represents funds held in Offender Trust. Included in this amount is \$8.1M is funds in offender savings accounts. Effective January 1, 2012, the Code of Virginia §53.1-43.1 requires the DOC to withhold 10% of all incoming funds until \$1,000 is accumulated, to be paid 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, 2015

The Department's authorized position level (APL) for Fiscal Year 2015 was 12,850.50, up from the previous year's level by 123.50 (0.97%). This increase in APL represents the net of positions gained for Culpeper Correctional Facility for Women, additional security staffing, staffing for the Craigsville Wastewater Treatment Plant offset by technical APL reduction adjustments.

The reduction in employment level reflects the impact associated with the closure of Powhatan Correctional Center, Culpeper Correctional Facility for Women, Cold Springs Work Center and White Post Diversion Center. The corresponding decrease in APL will be reflected in the FY 2016-2018 biennium.



* 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 2015 AVERAGE (All Funds)
(Authorized Position Level = 12,850.00)

Agency Code	Agency Name	Average Employment Level	Increase/ (Decrease) as Compared to FY 2014
701	Department of Corrections Central Activities	299	(4)
709	Powhatan Correctional Center	193	(175)
711	Virginia Correctional Enterprises	173	(7)
716	Virginia Correctional Center for Women	280	(9)
718	Bland Correctional Center	260	(7)
721	Powhatan Reception & Classification Center	86	(38)
733	Sussex I State Prison	366	(13)
734	Sussex II State Prison	354	(3)
735	Wallens Ridge State Prison	432	(4)
737	St. Brides Correctional Center	264	(12)
741	Red Onion State Prison	445	(6)
742	Academy for Staff Development	108	(4)
743	Fluvanna Correctional Center for Women	321	(17)
745	Nottoway Correctional Center	406	(20)
747	Marion Correctional Treatment Center	225	1
749	Buckingham Correctional Center	376	(11)
752	Deep Meadow Correctional Center	423	17
753	Deerfield Correctional Center	431	(8)
754	Augusta Correctional Center	314	(14)
756	Division of Institutional Services	532	(8)
757	Western Regional Field Units	162	(24)
761	Baskerville Correctional Center	140	(7)
767	Division of Community Corrections	1,294	(25)
768	Keen Mountain Correctional Center	293	0
769	Greensville Correctional Center	834	(16)
770	Dillwyn Correctional Center	350	(8)
771	Indian Creek Correctional Center	234	(7)
772	Haynesville Correctional Center	375	(12)
773	Coffeewood Correctional Center	252	(4)
774	Lunenburg Correctional Center	265	(10)
775	Pocahontas Correctional Center	283	(7)
776	Green Rock Correctional Center	267	(12)
785	River North Correctional Center	309	25
786	Culpeper Correctional Facility for Women	66	66
Department of Corrections Totals		11,412	(380)