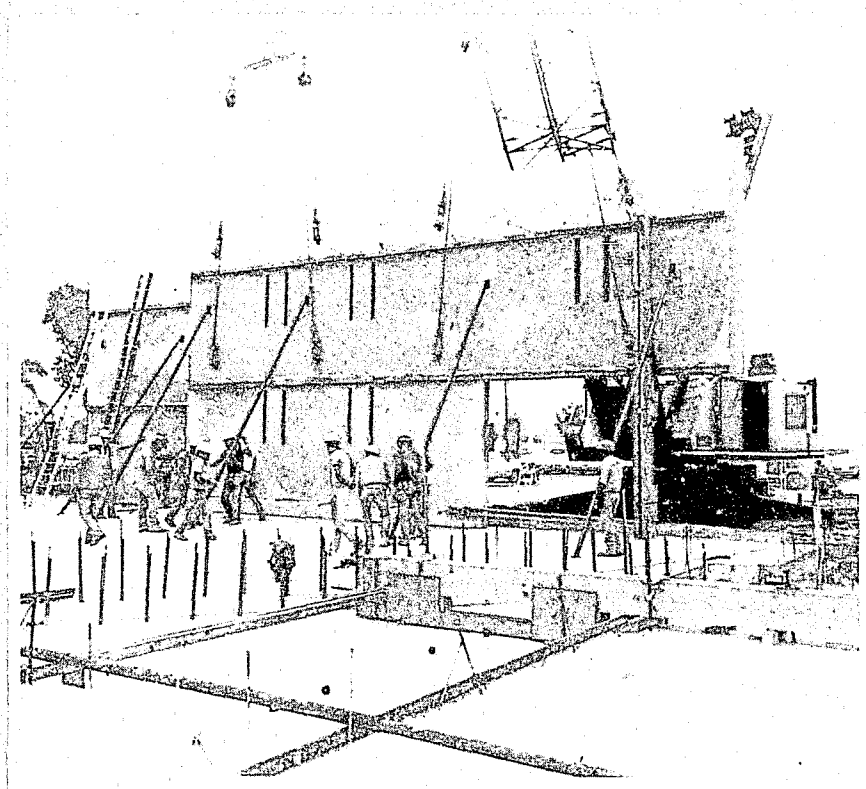




Volume 2, Issue 1

February 1989

Supported by the Robert J. Kutak Foundation and the National Institute of Corrections



by
C. McDonald,
Ph. D.

with reviews by
an M. Schuman
Chase Riveland

116344
116346
116344
116346

Joan Petersilia, Director, Criminal Justice Program,
The RAND Corporation

Editor

Harold L. Rock, President
William G. Campbell, Vice President
D. Dean Pohlenz, Executive Director

Kutak Foundation

Larry Solomon, Acting Director
Phyllis Modley, Grant Monitor
George Keiser, Director, Community Corrections Division

National Institute
of Corrections

Janet DeLand
Sally Belford

Managing Editor
Art Director

This project was supported by the Robert J. Kutak
Foundation of Omaha, Nebraska, and the National
Institute of Corrections, U.S. Department of Justice.
Points of view or opinions are those of the authors and
do not necessarily represent the official position of
the Kutak Foundation or the U.S. Department of Justice.

Cover photo courtesy of the National Institute of Justice

For information, contact the National Institute of Corrections'
National Information Center
1790 30th Street, Suite 130
Boulder, Colorado 80301
Telephone: 303-939-8877

RESEARCH IN *Corrections*

Volume 2, Issue 1

February 1989

Supported by the Robert J. Kutak Foundation and the National Institute of Corrections

[**THE COST OF CORRECTIONS: IN SEARCH OF
THE BOTTOM LINE**

Douglas C. McDonald, Ph.D.

116344

Page 1

[**THE COST OF CORRECTIONAL SERVICES: EXPLORING
A POORLY CHARTED TERRAIN**

Alan M. Schuman

116345

Page 27

[**CORRECTIONS "PROPORTIONATE VALUE"**

Chase Riveland

116346

Page 35

U.S. Department of Justice
National Institute of Justice

116344-
116346

NCJRS
APR 4 1989
ACQUISITIONS

This document has been reproduced exactly as received from the person or organization originating it. Points of view or opinions stated in this document are those of the authors and do not necessarily represent the official position or policies of the National Institute of Justice.

Permission to reproduce this copyrighted material has been granted by

Public Domain/NIC

U.S. Department of Justice

to the National Criminal Justice Reference Service (NCJRS).

Further reproduction outside of the NCJRS system requires permission of the copyright owner.

A series reporting the results of applied research in corrections for administrators and practitioners

EARLIER VOLUMES IN THIS SERIES

Statistical Prediction in Corrections, by Todd Clear, Ph.D., Vol. 1, Issue 1, March 1988.

The Effects of Diet on Behavior: Implications for Criminology and Corrections, by Diana Fishbein, Ph.D., and Susan Pease, Ph.D., Vol. 1, Issue 2, June 1988.

Pretrial Release: Concepts, Issues, and Strategies for Improvement, by Stevens H. Clarke, Vol. 1, Issue 3, October 1988.

THE COST OF CORRECTIONAL SERVICES: EXPLORING A POORLY CHARTED TERRAIN

Alan M. Schuman

Director, Social Services Division, Superior Court, District of Columbia

INTRODUCTION

This review is offered from the perspective of a community corrections policymaker. The primary focus will be on the research findings of Douglas McDonald's monograph and their relevance for corrections policies. My frame of reference spans more than 25 years as a practitioner and manager in all phases of the criminal justice system. My comments will include some general reactions to the monograph and a discussion of some of the specific findings and their potential implications.

GENERAL REACTIONS

McDonald has raised many relevant cost analysis issues that should be considered by every policy decisionmaker in the criminal justice system. Two words that come to mind when reflecting on this monograph are *awareness* and *comprehensiveness*.

The reader becomes *aware* of the many hidden costs that must be considered when calculating the total cost of correctional services and the wide diversity of cost analysis formulas used to prepare budgets in various jurisdictions. The author has made painfully clear the lack of any uniform formula for calculating correctional costs on a local, state, or national level. And I will consider a whole series of different questions when commenting on or reviewing correctional costs in my community.

McDonald suggests an accurate and comprehensive formula that should be considered as a standardized approach to analyzing correctional costs. We must all talk a common cost analysis language at federal, state, and local levels. At the very least, this monograph points out the lack of any systematic cost analysis of correctional institution building and correctional operations costs. It challenges us to abandon our old accounting methods and develop and adapt comprehensive and more accurate cost data.

The monograph is *comprehensive* in that it addresses implicit correctional costs that result from current policy concerning significant issues. Such issues include the impact of litigation and its cost for operating correctional institutions, optimal correctional facility size, the hidden and often uncalculated pension and fringe benefit costs, and privately financed and managed correctional facilities. These issues are rarely discussed in cost analysis and cost effectiveness terms. Readers are made aware of criminal justice cost issues facing us today and in the future.

The author graphically pictures the enormously spiraling costs involved in continuing to build correctional facilities at the currently projected rate. These costs do not even include the cost of improving current correctional facilities to the level of the American Correctional Association (ACA) standards of acceptability. This cost was estimated to be \$11 billion in constant 1985 dollars, exclusive of financing costs and other costs such as those of site acquisition and development.

I cannot review this monograph without automatically thinking of sentencing alternatives as a realistic fiscal necessity for future correctional services. Such alternatives must provide protection and cost savings to communities while simultaneously reducing the likelihood of repeat offenses.

Although this cost analysis treatise gives little attention to front-end correctional services such as probation, the findings reported lead me to think of other options. The fact that probation issues are addressed near the end of the monograph is significant. As the author indicates, very limited cost analysis data are available. Nevertheless, the major front-end, or nonincarceration, sentence—probation—is presented after all of the discussion about incarceration, the *last* step in the criminal justice system. This is probably symptomatic of society's view of probation as a sentence. It increases my own resolve to address the major role that the many forms of probation must play in the cost analysis scenario and to remind the criminal justice decisionmakers of one of the most viable and cost-effective sentencing alternatives.

EFFECTS OF THE LACK OF COST DATA ON COMMUNITY CORRECTIONS

The lack of specific cost analysis data pertaining to probation is a reflection of the limited foresight community corrections leaders have shown. This monograph stimulates me to call for initiatives and indicators that will help to clearly define the cost of community corrections.

McDonald's monograph provides community corrections with an opportunity to improve its image. Precise cost analysis developed for community corrections through national associations such as the American Probation and Parole Association (APPA) and the National Association of Probation Executives (NAPE) would provide objective data for legislators to enable them to accurately weigh the alternatives when making budgetary decisions. This would have a very positive impact on the image of community corrections and would allow us to make budget presentations that reflect current sound business practices.

A standardized formula for analyzing and presenting the costs of community corrections would engender a higher trust level from legislators. Today, because of current accounting practices, corrections policymakers seldom include all of the hidden costs. This leads to public skepticism or perhaps even a perception of mismanagement. When all costs are included in reporting the actual cost of corrections, and these costs are made public, decisionmakers will be in a better position to consider community services costs and programs. Surely, this will

lead to more emphasis on early intervention alternatives. Diverting offenders from corrections at every entry point is the most cost-effective and safest solution for our communities.

McDonald makes brief mention of intensive supervision programs (ISP), specifically, the Georgia program, which has an annual cost of \$1,595 per probationer, as compared with \$275 for regular probation. These costs are dramatically lower than incarceration costs. Based on available data, the average per-inmate expenditure for incarceration in state facilities was \$18,217. This is approximately 11 times the cost of ISP.

Ironically, ISP is, in many ways, the original modern-day design for probation services. The new ISP concept actually depicts local communities' original image of how probation services should operate. ISP provides the type of comprehensive surveillance services, restitution payments, drug testing and treatment, employment verification, and networking with other community services that should be expected of all probation agencies that are adequately funded.

Analysis of the early data indicates that few new crimes are committed by probationers while in ISP programs. The preponderance of violations are technical and their enforcement is preventive in nature. Thus, the community is protected from additional crimes. Many ISP programs, including those in Georgia, New Jersey, Philadelphia, and the District of Columbia, actually select participants from institutional populations. If incarcerated populations are acceptable as probationers to those states and cities, surely the next logical step in an expansion of this design is to develop programs for all properly classified probationers.

As the community becomes aware of the fact that probation officers see probationers from five to seven days per week and have current information on their employment and substance-abuse habits, that probation officers randomly spot-check probationers in their residences at any time of the day or evening, and that probationers are required to put in many hours of community service as one of the conditions of probation, a new sense of confidence in community corrections will begin to evolve.

In her report, *Expanding Options for Criminal Sentencing*,¹ Joan Petersilia disclosed projections of prison populations in the larger states, showing an increase of from 25 percent to 98 percent over the next eight years. The accompanying spiraling costs of incarceration make the development of effective community correctional services an attractive and ultimate conclusion.

The challenge really falls on us, the community corrections managers, to insure that relevant program goals, objectives, and evaluation mechanisms are in place.

¹Published by The RAND Corporation, Report R-3544-EMC, November 1987.

Another of the findings in McDonald's monograph dramatizes the futility of placing major emphasis on incarceration as the primary solution for treating and reducing future criminal activity. He reports that, using as the constant the 1971 dollar, the average 1985 correctional institution payroll is 4 percent *less* than it was in 1971. If salaries, correctional services, and institutional programs are not increased and staff/inmate ratios are becoming more unbalanced, how can we have any expectations for rehabilitation of the incarcerated populations who will eventually be released to the community? If we can be relatively sure that institutional resources are not increasing, then we can be equally sure that we will demonstrate no improvement over our 100-year history of not rehabilitating incarcerated offenders. We can also assume that the same approximate percentage of released offenders will again be incarcerated at additional costs to the taxpayers.

Since we are dealing with a finite number of dollars allocated to the criminal justice system, our direction should be toward more sophisticated front-end services. For every offender we can treat successfully in a community setting short of incarceration, we will be saving the taxpayers a considerable amount of money. Packaging our programs properly and using the cost analysis data presented in this monograph, we can be successful. Given McDonald's findings that local governments have a narrower or smaller revenue base from which to build or update institutions, community sentencing alternatives provide the only reasonable option.

LITIGATION: JUDICIAL RESPONSIBILITIES

The section of McDonald's monograph that discusses the impact of litigation and the cost of operating correctional facilities raises a provocative and fascinating issue. The data reveal that jurisdictions in which correctional systems are under court order evidence a considerable increase in correctional services and capital spending costs. We find that the courts—like the legislative and executive branches—are placing their emphasis on institutional correctional facilities and services, which constitute the last, most severe, and most costly phase of the criminal justice system. What we continue to see is court-ordered services being placed on our least effective and most costly phase of the system. Should the judiciary, with its power to impose change, address the total system's needs? If the judiciary becomes involved, should it play a more proactive role in reviewing the quality of services of the total system, beginning with programs oriented toward diversion from the criminal justice system? With probation, pretrial services, and other community-based programs under the direct supervision of the judiciary in many jurisdictions, is the judiciary not, then, in an advantageous position to see the cost effectiveness of a balanced allocation of criminal justice resource dollars?

We cannot ignore the importance of judicial sentencing guidelines and their potential impact on the length of prison sentences. We cannot ignore the fact that many offenders are incarcerated because adequate probation services, drug treatment facilities, or proper mental health services are not available to them while they remain in the community. Many judges would welcome the

opportunity for offenders to pay their debt to society in a properly staffed and funded community setting rather than being incarcerated.

The legislative, executive, and judicial branches of local and state governments should jointly address the criminal justice system's problems. The cost-analysis issues McDonald addresses should play a major part in any joint planning efforts. Each branch of government has a major stake in the solution of the criminal justice system's problems and should, at the very least, have all available data present when making major policy decisions that impact so dramatically on the citizenry.

The monograph reports very limited cost-analysis data for probation and parole. This is a very significant statement in itself. As an administrator aware of the dearth of cost data for community corrections, I recognize that the lack of precise data could very well be one of the major reasons that community corrections—probation in particular—does not have the credibility to demand more funding. According to my experience, McDonald is incorrect when he reports that parole officers' caseloads are close to or exceed ISP levels, bringing the per-capita costs of parole to the approximate cost level of ISP. Most major ISP programs, including those in Georgia and New Jersey, have officer/offender ratios of approximately 1:15. Parole caseloads are significantly higher. Community-corrections administrators must advocate, in collaboration with national organizations including the National Institute of Corrections and the Bureau of Justice Statistics, a major effort to capture and tabulate standardized, consistent, and accurate cost-analysis data on community corrections. At the very least, communities should be aware of the cost implications to them in deciding on criminal justice issues.

ISSUES CONCERNING PRIVATELY FUNDED AND MANAGED CORRECTIONAL FACILITIES

The question of privately financed and managed correctional facilities is a major issue facing the public sector criminal justice system. This monograph focuses on the costs of correctional facilities, again the back end of the criminal justice system. It would have been particularly interesting to see some data on the costs of services provided by private vendors who contract these services to community service agencies.

In some communities, the partnerships established between private and public sector service providers represent some of the most innovative, cost-effective, and exciting service models. These partnerships have played a major role in preventing many offenders from being incarcerated. It is probable that information on the costs of private facility services is not readily available, especially at a national level. This should be a high-priority cost-analysis project.

The Prison Officers Association reported recently that some of its members had met with managers of private correctional institutions. Association officials visited three facilities. The first one, a facility in Northern California, houses about 80 parole violators; the second, a 350-bed detention facility in Texas, is

operated on behalf of the U.S. Immigration and Naturalization Service; and the third, a 360-bed prison in Tennessee, houses both male and female prisoners serving sentences of up to 7 years. The major conclusions reached were that these facilities (1) were not properly staffed; (2) lacked privacy for prisoners; (3) did not have adequate physical plants; (4) paid their staffs very low salaries; and (5) gave staff training low priority. In one facility, there was a riot, with some signs that inmates were cruelly treated. I present these data to caution that costs are only one of the elements to be considered in operating a correctional institution that meets constitutional standards. Some correctional administrators are concerned that states will become dependent on the services of privately run facilities, after which the private institutions will increase their costs to the same or higher levels as those of publicly run institutions.

Privately financed institutions can cut costs by paying lower salaries and can reduce costs even further by providing no or minimal pension and fringe benefit packages. However, lower salaries could attract less-qualified staff who would require extensive high-quality training, and this would offset some of the cost savings. My personal observation has been that privately funded agencies offer lower salaries and have very high staff turnover rates. In fact, many of the best qualified private sector staff eventually apply for public sector probation positions that offer more job security and higher salaries. The high turnover rate must impact the quality of services that are provided, a factor that should be considered in any cost-analysis formula.

Another problem facing private companies is the cost of insurance premiums. Insurance costs have more than doubled as a result of legal actions recently taken against private operators.

FUTURE CORRECTIONAL COSTS: POLITICAL ISSUES

The issue dealt with in the final section of the monograph—future correctional costs—is, in many ways, the most important issue and the one least likely to be predicted with any accuracy. The discussion of the projected overall population decline following the baby boom is quite relevant. An increase among black and Hispanic populations is projected. This could very well result in an increasingly larger proportion of young male offenders in the coming decades. This would have a decided impact on prison population projections.

To a large extent, the factors that work against future cost projections are found in the realm of political policy decisions. A good example is the issue of drug usage and distribution in major U.S. cities. The citizens of the District of Columbia have reacted strongly to rampant use and distribution of drugs, leading to the creation several years ago of an operation known as Project Clean Sweep. This project is a special-emphasis police operation that has aggressively joined the battle against street drugs. In many ways, it has been very successful; it has achieved nearly 30,000 drug arrests since its inception. At the same time, this has resulted in a tremendous overload to all phases of the criminal justice system—pretrial, probation, institutionalization, parole, and prosecution. At the end of 1987, approximately 75 percent of all probationers and

incarcerated offenders were serving time for drug-related offenses. The project to rid the community of drug users and distributors has been a major factor in increasing the numbers of offenders serving sentences in institutional settings. The resulting overcrowding has led to court-ordered institutional ceilings in nearly all of the institutions operated by the Department of Corrections.

An additional \$50 million has been earmarked to build an 800-bed rehabilitation facility. But the building of the facility is only the initial cost. The costs to operate and staff it must then be factored in. What if a policy decision were made to provide in-patient and out-patient intensive treatment services for drug offenders? This could have a major impact on correctional costs. As it is, the Department of Corrections' operating budget increased from nearly \$162 million in fiscal year 1986 to \$187 million in fiscal year 1987.

This example is given to emphasize the impact political decisions can have on correctional costs and on the size of prison populations.

In the District of Columbia, new legislation requires mandatory prison sentences for persons convicted of drug distribution. This has resulted in shifting the problem of drug distribution to the juvenile population. The increase in the number of juvenile convictions for drug distribution has increased nearly 200 percent in the last few years. What cost impact does this have on the juvenile justice system? How many additional man-days of costly institutionalization will result from this legislative change?

The movement toward federal, state, and local judicial sentencing guidelines to insure equity in sentencing practices among judges can also have a dramatic impact on correctional costs. How can we include sentencing practices in projections of future correctional costs? Various factors result in offenders falling into certain grid placements on sentencing guideline charts. What dramatic changes would occur in correctional costs if grids were modified to include more use of community corrections rather than incarceration? The financial impact would be considerable.

I have given an example from each of the three branches of government to emphasize a key point. Each body of government can and does play a major role in determining correctional costs.

While reviewing McDonald's monograph, I could not help but think of the importance of comprehensive planning and cooperation among the different branches of government in determining criminal justice policies. I could not help but think about a process in which goals and objectives are mutually decided by the three branches of government and then costed out in a careful and consistent manner.

Douglas McDonald is to be commended for giving us useful ideas for improving the accuracy of cost analysis and for bringing to our attention the importance of cost analysis in making criminal justice decisions.