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Bill Ritter, Jr.
Governor
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Director

MEMORANDUM

TO: The Honorable Senator Tapia
Chairman, Joint Budget Committee

FROM: Todd Saliman, Director

DATE: November 1, 2007

SUBJECT: Governor Ritter's FY 2008-09 Recidivism Reduction Package

We are pleased to present the Governor's FY 2008-09 Recidivism Reduction Package. This package follows the Governor's FY 2007-08 Recidivism Reduction Package which saved over \$2.9 million in its first year.

The Governor's FY 2008-09 Recidivism Reduction Package contains 12 initiatives with a combined cost of \$6,596,373 total funds (including \$5,896,373 General Fund). This cost does not reflect the \$1,753,092 General Fund vacancy savings reduction to the Department of Corrections that was used to finance this package. Including the DOC vacancy savings, the total net cost of this package is \$4,843,281 (\$4,143,281 General Fund). The Governor's Recidivism Reduction Package **generates over \$58 million in gross General Fund savings over five years**. With the five-year costs factored in, the net savings is over \$17 million.¹

The Recidivism Reduction Package contains nine initiatives for adults, including two initiatives for associated recidivism evaluation and research dollars, and contains three initiatives for youth. The adult programs are requested in the Department of Corrections or the Department of Public Safety. The youth programs are requested in the Department of Human Services in Child Welfare or the Division of Youth Corrections.

Structure of the Recidivism Reduction Package

The Governor's FY 2008-09 Recidivism Reduction Package provides a balance between the following important areas:

- Diversion services (\$2.3M)² versus transition services (\$1.8M);
- Community-based services (\$2.6M) versus in-house DOC services (\$2.8M) with a focus on the continuum of care; and,
- Prevention services for youth (\$1.8M) versus offender services for adults (\$4.7M).

¹ "Net" savings means the savings after the investment (cost) is factored in. This savings does not include the life-time cost avoidance estimated from the S.B. 91-94 initiative of \$9,693,694.

² These numbers are not mutually-exclusive; in other words, a program can be both transition and community-based, so the numbers are double-counted.

Diversion services funded in the Department of Public Safety receive \$2,282,157 General Fund; this initiative drives a corresponding decrease in the Department of Corrections of \$3,109,790 General Fund. The Department of Corrections receives \$1,800,000 General Fund for a new parole wrap-around program so that transitioning offenders can receive needed substance abuse and other services as they leave prison and successfully transition into society. These transition services will be provided with community-based services, a program inspired by the Boulder PACE program. The Therapeutic Communities program within the Department of Corrections is expanded with \$374,990 General Fund so that offenders can receive substance abuse services in a special DOC setting prior to leaving prison. And an increase of \$777,920 General Fund is provided in the Department of Public Safety for outpatient services for offenders who have completed the existing Therapeutic Communities (TC) program outside of prison; this funding is intended to maintain the gains the offenders have made following treatment. The Recidivism Reduction Package includes \$1,753,092 General Fund for in-house mental health services within DOC to help the caseload ratios and to improve recidivism outcome. Finally, the Recidivism Reduction Package includes \$644,120 General Fund for vocational and educational services within DOC so that offenders are equipped with useful skills upon their exit from DOC.

Thus, the continuum of care is emphasized in the Recidivism Reduction Package, starting with therapies within prison, offering stronger transition services as offenders leave prison, and following those intense transition services with on-going services (e.g., outpatient TC or mental health services).

Programs for youth include \$666,308 for S.B. 91-94 programs in the Division of Youth Corrections (DYC), \$822,372 for the H.B. 04-1451 collaboration program in Child Welfare, including funds for evaluation and funds for increased DYC participation, and \$359,062 for the evidence-based practice known as functional family therapy in DYC.

Finally, research and evaluation dollars are included to provide accountability for program success and on-going reporting. The Recidivism Reduction Package provides \$100,000 General Fund for the Department of Public Safety, Division of Criminal Justice for additional research capacity to track progress of the FY 2008-09 Package and to ensure accountability. This funding increase follows last year's increases provided for this purpose within the FY 2007-08 Governor's Recidivism Package. The Recidivism Reduction Package also contains an increase of \$126,142 and 2.0 FTE (statisticians) for the Department of Corrections to enhance its research and planning capacity as the State retargets its focus on addressing the current high rates of recidivism.

Departmental Funding

- **Department of Corrections.** The Recidivism Reduction Package contains program enhancements totaling \$4,698,344 General Fund in the Department of Corrections. These enhancements include the following: \$1,800,000 for a parole wraparound program in the community, \$1,753,092 for mental health and substance abuse programs, \$644,120 for vocational and educational programs, and \$374,990 General Fund to expand Therapeutic Communities substance abuse programs within DOC, and \$126,142 to enhance existing research staff. The Recidivism Reduction Package also reduces the Department of Corrections' budget by \$4,862,882 General Fund (including \$3,109,790 in prison beds (external capacity) due to diversion programs and \$1,753,092 attributable to

base vacancy savings). Thus, the net change to the Department of Corrections is a reduction of \$164,538 for FY 2008-09.³

- **Department of Public Safety.** The Recidivism Reduction Package contains an increase of \$3,160,077 General Fund for the Department of Public Safety. This increase provides funds the following: \$2,282,157 for community corrections diversion beds, \$777,920 for Outpatient Therapeutic Communities programs, and \$100,000 for research dollars to evaluate the impact of the FY 2008-09 Recidivism Reduction Package.
- **Department of Human Services.** The Department of Human Services receives \$1,847,742 (including \$1,147,742 General Fund) from the Recidivism Reduction Package. This funding includes \$666,308 for DYC S.B. 91-94 programs to be targeted to evidence-based programs, \$822,372 for H.B. 04-1451 local collaboration funding including funds for evaluation, including \$200,000 cash funds exempt which will be contained in separate legislation, and \$359,062 for the evidence-based practice of functional family therapy for DYC parolees.

Cost of the Package

The total cost of the Governor's FY 2008-09 Recidivism Reduction Package is \$6,596,373 total funds (including \$5,896,373 General Fund) for FY 2008-09. Offsetting the General Fund cost of the package is a decrease of \$1,753,092 General Fund associated with vacancy savings in the Department of Corrections FY 2008-09 base budget. This decrease lowers the total cost of the recidivism package to \$4,843,281 (including \$4,143,281 General Fund).

As noted in the table which follows on the next page, \$4,748,631 (72 percent) of the \$6,596,373 in proposed new total spending is for adults and \$1,847,742 (28 percent) is for youth.⁴ The proposal annualizes to \$7,113,512 total funds (including \$6,413,512 General Fund) in FY 2009-10.

The out-year growth is attributable to the provision of additional funding for post-parole transition offenders receiving on-going substance abuse and mental health services once they are successfully transitioned into the community (\$3,000 per client for a total of \$600,000). Offsetting this increase are other annualizations, including FY 2008-09 start-up costs which are eliminated in FY 2009-10 (e.g., \$132,971 decrease in the DOC Vocational/educational Program initiative).

Five Year Benefits of the Package

The 12 initiatives in this package are conservatively estimated to generate five-year total savings⁵ of \$58.1 million General Fund and to generate net savings after costs of over \$17 million. This savings does not reflect the estimated "lifetime" cost avoidance of \$9,693,694 associated with the S.B. 91-94 investments.

³ This net change is calculated as the difference between \$4,698,344 in program enhancements to DOC less decreases of \$4,862,882 in DOC reductions from vacancy savings and savings from the diversion program recommended.

⁴ About 93 percent of statewide correctional caseload is comprised of adults and about 7.0 percent is youth.

⁵ For future years, the savings will be realized through cost-avoidance in the budget.

⁷ This figure (\$709,246) also includes the existing cost to the Judicial Department. Excluding that existing cost, the benefit would be a savings of \$827,633, the difference between the DPS expenditure and the DOC savings.

Overview of the Package

The package is summarized in the following table:

Summary of the Governor's FY 2008-09 Recidivism Budget Proposals			
Type of Program	FY 2008-09 People Served/Beds	Cost ^{<1>}	
		FY 2008-09	FY 2009-10
Adult Programs			
Department of Public Safety Community Corrections Diversion Beds	162	\$2,282,157	\$2,282,157
Department of Corrections Prison Beds (External Capacity) Reduced Because of Diversion	(162)	(\$3,109,790)	(\$3,109,790)
Parole Wrap-around Services	200	\$1,800,000	\$2,400,000
Outpatient Therapeutic Communities	160	\$777,920	\$777,920
Mental Health Services within DOC	1,900	\$1,753,092 ^{<1>}	\$1,782,659 ^{<1>}
Vocational/Education Programs in DOC	230	\$644,120	\$511,149
Therapeutic Communities within DOC	90	\$374,990	\$386,240
Associated research dollars for DPS	N/A	\$100,000	\$100,000
Additional statisticians for DOC	N/A	\$126,142	\$128,921
Total Budget Proposals for Adults – GF		\$4,748,631	\$5,259,256
Youth Programs			
S.B. 91-94 Increases for Evidence-Based Programs	N/A	\$666,308	\$666,308
Increase H.B. 04-1451 Funding	8 New Plans/Other	\$822,372	\$826,262
Functional Family Therapy for DYC Parolees	N/A	\$359,062	\$361,686
Total Budget Proposals for Youth (All Funds)		\$1,847,742	\$1,854,256
Portion of Budget for Youth that is from the General Fund		\$1,147,742	\$1,154,256
Portion of Budget for Youth that is from Cash Funds		\$700,000	\$700,000
TOTAL BUDGET PROPOSALS FOR ADULTS AND YOUTH		\$6,596,373	\$7,113,512

Summary of the Governor's FY 2008-09 Recidivism Budget Proposals

Type of Program	FY 2008-09 People Served/Beds	Cost ^{<1>}	
		FY 2008-09	FY 2009-10
Total Portion that is from the General Fund		\$5,896,373	\$6,413,512
Total Portion that is from Cash Funds		\$700,000	\$700,000
<i>For Informational Purposes:</i>			
Less Vacancy Savings Reduction to DOC		(\$1,753,092)	(\$1,782,659)
TOTAL NET BUDGET PROPOSALS FOR ADULTS AND YOUTH		\$4,843,281	\$5,330,853
Total Portion that is from the General Fund		\$4,143,281	\$4,630,853
Total Portion that is from Cash Funds Exempt		\$700,000	\$700,000

<1> The DOC mental health caseload increase is 100 percent financed through a corresponding vacancy savings reduction to the DOC base budget.

Budget Proposals – Programs for Adults

The proposed new programs for adults are reflected in priority order below, starting with funding for diversion programs which carry immediate FY 2008-09 savings. The diversion initiative follows up on last year's package of services in the Governor's FY 2007-08 Recidivism Package. Second are collaborative "parole wrap-around" services for 200 clients; this initiative provides community-based services to offenders as they transition into the community. Following the parole wrap-around is an outpatient continuum add-on for Therapeutic Communities funded in the Department of Public Safety; this program is designed to follow the community-based residential Therapeutic Communities program. This proposal is followed by additional dollars for in-house mental health services within DOC. The next proposal funds vocational/education programs within DOC. Finally, funding to expand the Therapeutic Communities program within DOC is provided. Research dollars for the Department of Public Safety (Division of Criminal Justice) and for the Department of Corrections is added in order to ensure accountability for program success and savings through evaluation of programs and tracking of offenders.

Type of Program (In Priority Order)	FY 2008-09 People Served/Beds	General Fund Cost	
		FY 2008-09	FY 2009-10
<i>Adult Programs</i>			
Department of Public Safety Community Corrections Diversion Beds	162	\$2,282,157	\$2,282,157
Department of Corrections Prison Beds (External Capacity) Reduced Because of Diversion	(162)	(\$3,109,790)	(\$3,109,790)
Parole Wrap-around Services	200	\$1,800,000	\$2,400,000
Outpatient Therapeutic Communities	160	\$777,920	\$777,920
Mental Health Services within DOC	1,900	\$1,753,092 ^{<1>}	\$1,782,659 ^{<1>}
Vocational/Education Programs in DOC	230	\$644,120	\$511,149
Therapeutic Communities within DOC	90	\$374,990	\$386,240
Associated research dollars for DPS	N/A	\$100,000	\$100,000
Additional statisticians for DOC	N/A	\$126,142	\$128,921
Total Budget Proposals for Adults - GF		\$4,748,631	\$5,259,256
<i>For Informational Purposes:</i>			
<i>Less Vacancy Savings Reduction to DOC</i>		<i>(\$1,753,092)</i>	<i>(\$1,782,659)</i>
TOTAL NET BUDGET PROPOSALS: ADULTS		\$2,995,539	\$3,476,597

**Department of Public Safety – Increase of 162 Diversion Beds (\$2,282,157 Increase)
Department of Corrections – Decrease of 162 Prison Beds (\$3,109,790 Savings)
Net Savings to the State of \$709,246 General Fund⁷**

The Department of Public Safety has requested 162 additional community corrections diversion beds. These beds provide a sentencing alternative to prison for judges at a lower cost to the State than a Department of Corrections prison bed. The Recidivism Reduction Package includes an increase of \$2,282,157 for the Department of Public Safety to provide 162 additional community corrections diversion beds, and includes a corresponding reduction of \$3,109,790 and approximately 162 beds in the Department of Corrections. Together, these initiatives save the State \$709,246 net General Fund (\$3,546,230 net General Fund over five years).

Outcomes:

At \$40.67 per day, the total annual cost to the State to house approximately 162⁸ diversion clients is approximately \$2,400,364.⁹ Comparatively, at \$52.69 per day, the annual cost to house 162 offenders in prison is approximately \$3,109,790. Based on the difference in annual cost between diversion and prison, the total net savings in General Fund is \$709,426 in FY 2008-09.

**Parole Transition Wrap-around Community-Based Services
\$1,800,000 General Fund in FY 2008-09**

Currently community-based services are not funded by the State to help parolees with substance abuse¹⁰ successfully transition into life outside prison. The Governor's FY 2008-09 Recidivism Reduction Package funds a range of services for 200 parolees. This proposal makes dollars available for communities to bid on through a Request-for-Proposal (RFP) process. The RFP will be jointly reviewed and approved by the Department of Corrections and the Department of Public Safety. The funds will be authorized through the Department of Corrections.

- About 32 percent of parolees have a drug offense as their most serious offense and the percentage is increasing, according to DOC.¹¹
- Currently, funds appropriated for parolees includes parole officers, ALJ service, contract services.
- Funds are currently not appropriated for specific mental health or substance abuse services to help parolees transition into the community.¹²

⁸ For calculation purposes, the actual number served is 161.7, rounded for discussion.

⁹ This estimated cost includes a slight (\$2.00 per day per offender) administrative caseload assessment for the Judicial Department, in order to capture the true net cost to the State.

¹⁰ It is also assumed that the parolees could have a dual diagnosis of substance abuse and mental illness.

¹¹ Department of Corrections Fiscal Year 2006 Statistical Report, page 91.

¹² The exception to this is the Therapeutic Communities program, which is very small and not statewide.

- This proposal provides roughly \$9,000 of State dollars for transitional services per person for 200 parolees for a year-long program. The second year of funding will provide \$3,000 for post-transition services for these offenders.

Inspired by the PACE program, which is operated in Boulder County, this program will provide integrated, community-based wrap-around services to parolees. Service components might include: mental health services, substance abuse treatment, and housing and vocational assistance, as needed. Funds in this initiative are anticipated to be augmented by local communities and associated non-profit organizations in order to provide the range of services necessary. Priority in the RFP will be given to communities with high rates of recidivism and offender utilization of DOC services. Priority will also be given to communities that show an ability to coordinate existing services and leverage additional local dollars to augment this funding. Providers will be expected to assist offenders in their application for SSI and Medicaid, if applicable.

This program will be targeted to areas with a potential for success and local service integration. Eligible parolees will be prioritized based on the determination of success and whether they had received services previously in DOC. For instance, DOC has a Therapeutic Communities (TC) program in its facilities; however, when these offenders are paroled such services may not be available in the community. This proposal will provide those services to these clients. This program will provide services for a full year and then will provide \$3,000 in mental health or substance abuse services for the second year.

Lack of parole wrap-around services in the community will result in parolees being returned to DOC at a much higher cost, thus increasing the need for additional prison bed capacity.

Outcomes:

For Colorado, at a total yearly program cost of \$1,800,000, this program will “break-even” in the first year if 94 offenders out of the 200 offenders served, or 46.8%, do not return to prison for one additional year (94 x \$19,232/year). In the second and each consecutive year during which the program serves up to 400 offenders, which includes those receiving follow-up substance abuse treatment, the program will break even if 124 offenders, or 31 percent, do not return to prison for one year.

**Therapeutic Communities Community Continuing Care - \$777,920 General Fund
160 Adult Step-down/Transition & Diversion Clients - Outpatient Services**

This proposal will serve 160 clients with Therapeutic Community services. The funds will support services for clients at Peer 1 and The Haven, located at Fort Logan in Denver, and Crossroads Turning Points, located in Pueblo.

- Research indicates that addicts commit an average of 280 felonies per year¹³. Aftercare treatment reduces the risk of a relapse and the associated cost to society.
- Research indicates that clients with this level of severity benefit from an aftercare/continuing care outpatient treatment. Recent studies by the Division of Criminal Justice have identified Peer 1 and The Haven as unusually effective programs.

¹³ Department of Public Safety FY 2008-09 Decision Item.

- ARTS has over 35 years of experience with the TC model and, according to the Department of Public Safety, has gained a national reputation for excellence in this area.
- From FY '00 to FY '04, Peer I had a 12 month recidivism rate of 8.8 percent and the Haven had the lowest recidivism rate in Colorado, less than 5.0 percent for 12 months.

The proposal will fund continuing outpatient treatment for 160 clients who have completed the residential portion of the TC program. Between the three programs, there are approximately 233 offenders. The 160 clients served by this request represent the proportion of offenders who are likely to be released to outpatient status during any given year.

Most of the clients are addicted to methamphetamine and have a co-occurring mental illness. As residential beds have expanded, outpatient services have been reduced; this reduction has created a bottleneck in the system which this proposal will address. This proposal will provide funding for an evidence-based specialized substance abuse treatment intervention.

This proposal includes funding for treatment services, family therapy and support, operating expenses (rental subsidies, medication assistance, staff training), and associated administrative costs. These funds are requested to be appropriated in and administered by the Department of Public Safety.

Outcomes:

*The current recidivism rate among offenders who participate in in-prison TC programs and community TC programs is 8.0 percent, compared to a recidivism rate of approximately 52 percent among the general prison population. According to the Colorado Department of Public Safety, if 75 percent of the clients who enter the OTC programs successfully graduate and remain drug-free for one year, the potential savings could approximate \$1.5M a year [160 offenders * 75% = 120 clients; 120 clients * \$19,232 = \$2,307,840; \$2,307,840 - \$777,920 = \$1,529,920].*

**Improve Mental Health Services in DOC in FY 2008-09
\$1,753,092 General Fund (17.4 FTE) Increase at DOC
Funded with a \$1,753,092 DOC Vacancy Savings Reduction**

This requests funds improvements in mental health services in DOC and pays for it from a 0.51 percent vacancy savings reduction from the Department's personal services line items. Because the increase for mental health services is equal to the vacancy savings reduction, the total request is cost-neutral.

The mentally ill population is growing faster than the associated mental health resources to serve the population. This request will provide staffing for increasing the level of treatment offered to 1,900 mentally ill offenders, including group and individual therapy.

- The Department of Corrections has experienced a 583 percent increase in the number of mentally ill offenders over the last 13 years.

- Federal courts have consistently held that offenders have a constitutional right to medical and mental health treatment for serious disorders.¹⁵ Current mental health caseloads put the Department at risk of not meeting the American Correctional Association accreditation standards, as well as standards of the American Psychiatric Association.
- Lack of on-going mental health treatment in DOC results in poorer outcomes and potentially increases the risk of self-injury or suicide. Increased therapy could reduce facility disruption and recidivism.

The ability to closely monitor offenders will decrease the risk of psychiatric deterioration and reduce facility disruption, which will create a safer environment for staff and offenders. The addition of the requested DOC mental health staff provides for a more adequate level of mental health staffing, and will help mitigate the long wait times for services.

The recommended caseloads for psychiatric medication providers ranges from 1:30 to 1:80 for special needs units and 1:150 to 1:250 for general population psychiatric care. Current psychiatric staffing is approximately 1:100 for special needs units and 1:647 for general population. This request will result in caseloads of approximately 1:62 for mental health clinicians and approximately 1:515 for the general (DOC) population and 1:86 for special placements. Prisons such as San Carlos and high security facilities will receive additional staffing.

Outcomes:

The recidivism rate for mentally ill offenders is 53.8 percent, which is slightly higher than the estimated 49 to 52 percent recidivism rate among the general population. Based on the recidivism rate for offenders with mental illness, the Department estimates that 1,022 offenders with mental illness will return to prison within three years, often for technical violations. Using vacancy savings for a net zero impact on General Fund, this program is estimated to reduce the number of mentally ill offenders returning to DOC for technical parole violations or new felony convictions by 133 offenders. DOC estimates that the recidivism rate for offenders with mental illness (OMI) is 53.8 percent, which is slightly higher than the 52 percent recidivism rate for the general population.

Each year, the Department estimates that 1,900 parolees are classified as OMI, meaning that during any given year, 1,022 OMI parolees will return to prison for a technical violation or new crime. DOC estimates that the cost to the state to incarcerate 1,022 additional offenders is \$1,638,246 per month. Based on extant research demonstrating the impact of early mental health interventions, DOC estimates that mental health treatment could reduce the number of OMI parolees who return to prison by 133, for a total yearly savings of \$2,557,856.

**Academic and Vocational Instruction in DOC
\$644,120 General Fund (and 7.3 FTE) in FY 2008-09**

Over 5,000 of the offenders in prison are in need of GED certificates¹⁶. Services for vocational training are also necessary. After release from prison offenders need to be able to obtain gainful employment in the community.

¹⁵ (esp. Estelle v. Gamble, 429 US 97, 1976, and Bowring v. Godwin, 551 F2d 44, 4th Cir 1977).

¹⁶ GED Priority List, DOCNET Aug 15, 2007.

The Department of Corrections proposes adding eight new instructors, five for GED classes and three for vocational services. By FY 2009-10, these additional instructors will teach an estimated 530 offenders per year. The initiative reduces the waiting list for offenders wishing to complete a GED and provides opportunities for provisional licensing for cosmetology, auto collision repair, and heating, ventilation, and air conditioning.

Outcomes: Washington State's study¹⁷ cites that academic education and vocational education can potentially impact recidivism 7% to 9%. These reductions would be long term as the academic and vocational programs take months or years for the offenders to complete. The break even point to implement the additional services would be 33 offenders – out of the 230 served the first year ($33 \times \$19,232 = \$644,120$) not returning to prison. In the second year, only 26 offenders not returning to prison of the 530 offenders served (4.9 percent) on an annualized basis provides the “break-even”.

Therapeutic Communities in DOC (90 Additional Beds) \$374,990 General Fund in FY 2008-09

While about 80 percent of offenders in DOC have a substance abuse problem, less than 25 percent of offenders receive substance abuse services.

- Therapeutic Communities (TCs) have been developed by DOC in collaboration with community TC providers.
- Therapeutic Communities are based on a cognitive behavioral model that focuses on promoting personal growth and pro-social behavior in a highly structured treatment environment which is separate from the general DOC population.
- DOC estimates that about 30 percent of offenders could be targeted for TC programs. There is a waiting list of about 1,500 offenders for the TC programs operated by DOC.

The Department of Corrections will target offenders to be served by this program in their last 6-12 months prior to release. The Recidivism Reduction Package provides funding for seven contract counselors. Currently, there are four existing Therapeutic Communities (TCs) operating in DOC at the Arrowhead, Sterling, San Carlos, and Denver Women's Correctional Facilities at a cost of between \$3,490 and \$4,458 per bed. The personnel requested in this proposal will be distributed among existing TCs to expand the capacities of the programs by about 90 beds in total.

Outcomes:

According to the Washington State Institute for Public Policy, therapeutic communities in prison can reduce the recidivism rate by 5.7 percent. The cost/benefit analysis for this request assumes a \$1.9 million five-year benefit, with a bottom-line benefit starting in FY 2009-10. This benefit is based on the assumption that the offender population will continue to rise but that the TC program will reduce the projected increase for prison beds by 20-30 beds a year, and will also

¹⁷ Evidence-Based Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs, and Crime Rates. (2006) Steve Aos, Marna Miller, and Elizabeth Drake, Olympia: Washington State Institute for Public Policy.

result in 90 offenders being released to Parole or Community Corrections 90 days earlier than they would have released without the TC program.

*A study¹⁸ conducted between 1998 and 2004 found that the one-year recidivism rate for those with a substance abuse problem who received no treatment was 45 percent (note that this is a 2004 recidivism figure). For those who began TC programs in prison and dropped out, the recidivism rate was 50 percent. Participants in an in-prison TC had a recidivism rate of 37 percent, and those who participated in an outpatient TC had a recidivism rate of 35 percent. **Among those who received both in-prison and community TC services, the recidivism rate was eight percent.***

**Fund Division of Criminal Justice Research Costs for Recidivism Package
\$100,000 General Fund in FY 2008-09**

This decision item increases the budget for the Division of Criminal Justice to research the system enhancements in this FY 2008-09 Recidivism Package. This follows the FY 2007-08 increases provided in the budget to the Department of Public Safety, Division of Criminal Justice.

These resources specifically support research and tracking on recidivism rates by geographic location, recidivism rates by programmatic participation, and recidivism rate by crime for which time was served. DCJ would work with DOC on these and other reports.

**Increases for Department of Corrections Research Staff
\$126,142 General Fund (and 1.8 FTE) in FY 2008-09**

The Recidivism Reduction Package provides \$126,142 General Fund (and 1.8 FTE statisticians) in the Department of Corrections for FY 2008-09. The proposal annualizes to \$128,921 General Fund and 2.0 FTE in FY 2009-10.

The Department of Correction's request acknowledges the increased emphasis of the Ritter Administration on programs aimed at recidivism reduction. Gauging the impact of programmatic change requires data for internal and external analysis, conducting quality assurance, and a strong ability to track the offender population. DOC currently has 4.0 FTE statisticians, including 1.0 FTE Chief Statistical Analyst. The new staff will track offender data and will provide reports within DOC and to its partnering agencies, OSPB, and the JBC.

These resources specifically supports research and will track recidivism rates by geographic location, recidivism rates by programmatic participation, and recidivism rate by crime for which time was served. Further, DOC will work with DCJ on these and other reports.

¹⁸ This study was conducted by DOC and the University of Colorado, and funded by the National Institute of Justice, and measured the one-year re-incarceration rates among in-prison TC participants, community TC participants, and participants in both programs.

²¹ Based on the increase provided through General Assembly-authorized provider rate increases.

Budget Proposals - Programs for Youth

Type of Program (In Priority Order):	Number of People Served/Beds	Cost	
		FY 2008-09	FY 2009-10
S.B. 91-94 Increases for Evidence-Based Programs	N/A	\$666,308	\$666,308
Increase H.B. 04-1451 Funding	8 New Plans/Other	\$822,372	\$826,262
Functional Family Therapy for NYC Parolees	N/A	\$359,062	\$361,686
Total Budget Proposals for Youth (All Funds)		\$1,847,742	\$1,854,256
Portion of Budget for Youth that is from the General Fund		\$1,147,742	\$1,154,256
Portion of Budget for Youth that is from Cash Funds		\$700,000	\$700,000

This section contains the Governor’s Recidivism Reduction Package’s programs for youth in the Department of Human Services, both in the Division of Youth Corrections and in the Division of Child Welfare. The first priority presented is a full restoration of S.B. 91-94 funding which is targeted solely for evidence-based practices (\$666,308). Prior increases for the S.B. 91-94 program have restored the program to its 2003 pre-cut levels; this proposal inflates it to today’s dollars and funds programs which use Evidence-Based Practices. Such programs have been found to have a substantial benefit. Following the S.B. 91-94 request is a request for \$822,372 total funds and 2.0 FTE (\$122,372 General Fund and \$700,000 cash funds exempt) to fully fund the H.B. 04-1451 program, including funds for program expansion and evaluation in separate legislation. The proposal also adds H.B. 04-1451 coordinators to NYC in order to better serve all the Collaborative Initiative committees as they develop across the state. Finally, \$359,062 General Fund and 2.0 FTE for Functional Family Therapy for NYC parolees is requested.

**Add S.B. 91-94 Program Funding for Evidence-Based Practices for Youth
\$666,308 General Fund in FY 2008-09**

The Division of Youth Corrections (NYC) requests \$666,308 to fully restore funding for Senate Bill 91-94 programs back to pre-cut (2002) levels *as adjusted for inflation*²². Funding for the S.B. 91-94 program was restored last year back to the 2002 levels before the budget reductions. However, funding was not adjusted for inflationary increases since 2002, which this request seeks to correct.

²² Please note, the FY 2007-08 Governor’s Recidivism Package restored S.B. 91-94 funding back to pre-reduction levels – but it did not hold it harmless for the inflationary increases.

- Senate Bill 91-94 was passed by the General Assembly with the goal of developing a broader array of less restrictive detention services, including community-based services. These services contrast with placing youth in juvenile detention facilities.
- The foundation of S.B. 91-94 is the collaboration between state agencies and local communities with local control in determining what services are needed in each of the 22 judicial districts.

Funding requested will be specifically targeted for evidence-based programs such as multi-systemic therapy (MST). MST is an intensive home-based intervention for chronic, violent or substance abusing juvenile offenders, ages 12-17. MST addresses the cause of delinquency and is delivered in the youth's home, school and community. The evidence-based practice funding in this request will be used to develop a protocol for program review and to structure the funding around consistency and in creating programming in judicial districts that meet local needs.

Outcomes: The cost-benefit analysis presented by the Department uses studies from the Washington State Institute for Public Policy to demonstrate cost-avoidance potential from investment in the evidence based therapy programs proposed for funding. In total, the analysis indicates that, based on an initial investment of \$666,308, \$9,693,694 in cost avoidance (over time) could be achieved in areas ranging from decreased substance abuse to decreased crime.

**Increase Funding for the Performance-Based Collaborative Incentives (H.B. 04-1451)
\$822,372 Total Funds (\$122,372 General Fund, \$700,000 Cash Funds Exempt – including \$200,000 CFE in new legislation) and 2.0 FTE in FY 2008-09**

In 2004, the General Assembly passed House Bill 1451 encouraged increased collaboration among the many agencies involved with youth who are in either the child welfare or youth correctional systems (including probation). These incentive funds are distributed based on achievement of outcomes stipulated in the management plans submitted by the counties. These plans detail how the different parties will collaborate, both functionally and financially, to provide more seamless services for the children in their care. The plans entail a formal MOU among several required parties within the community including child welfare services, the education system, judicial services, and mental health representatives. Generally, these committees also ask the Division of Youth Corrections to participate. Examples of outcomes measured by plan participants include the following:

- Increasing the number of successful terminations of probation and/or diversion.
- Reducing the number of commitments from child welfare or probation to Division of Youth Corrections.
- Increasing the number of successful terminations of parole.
- Making appropriate level-of-care recommendations through collaborative staffing to decrease revocations of probation supervision.

The request increases funding for the H.B. 04-1451 collaborations with \$822,372 total funds (including \$122,372 General Fund). This request funds both Child Welfare and DYC and is comprised of the following:

- \$500,000 cash funds exempt to expand the program to fund new counties which have implemented the program;
- \$200,000 cash funds exempt for research and evaluation – contained in separate legislation; and,
- \$122,372 General Fund and 2.0 FTE for DYC to maintain the Division’s participation in this growing program.

Program Funds (\$500,000 cash funds exempt spending authority to expand the program).

The number of Collaborative Management Programs created under H.B. 04-1451 has grown since the program’s creation. According to the Department of Human Services, there are now 18 counties participating.²³ FY 2007-08 payments to participating counties range from \$163,000 for the smaller counties to \$463,000 for larger counties. If all the submitted plans meet the program’s outcome-based criteria and are thus eligible for the incentive funding in FY 2008-09, there will be less funding for all involved counties unless additional funds are provided. The requested increase in the amount of funds available for incentive payments in the Governor’s FY 2008-09 Recidivism Reduction Package will ensure that all plans meeting criteria will receive enough incentive funding to make participation worthwhile. The increased spending authority will come from the fund balance currently found in the Collaborative Management Incentive Cash Fund.

Program Evaluation Costs. The Governor’s Recidivism Reduction Package includes \$200,000 Cash Funds Exempt to fund program evaluation. This evaluation will assess the basis of future increases and will provide an independent evaluation of the program’s success and of comparisons between counties. This increase will be addressed in separate legislation for the H.B. 04-1451 program.

FTE Impact. The Governor’s Recidivism Reduction Package includes \$122,372 General Fund and 2.0 FTE in FY 2008-09 to address the Division of Youth Corrections’ workload associated with the growing number of H.B. 04-1451 programs around the state. Currently, DYC regional directors and other regional staff are not able to participate in all of these efforts given other job duties, the growing number of H.B. 04-1451 programs, and the travel time required in the rural areas of the State.

The challenge is to ensure participation and partnering with each local Interagency Oversight Group (IOG) through meeting attendance, providing liaison to each of the counties, fully understanding the goals and objectives of each county's project (as they are all different), participation in planning sessions, and ensuring that DYC is partnering with the local Counties and contributing valuable human resources. It is necessary that DYC fully participates in these local meetings and planning sessions to continue to be a partner in this ongoing process. Currently, 18 plans have been submitted and are under consideration for incentive funding in FY 2008-09. At this time, two additional staff members assigned as coordinators for the State (with each responsible for two regions or approximately ten plans) should provide adequate DYC coverage of H.B. 04-1451 activities.

²³ These participating counties include: Boulder, Denver, El Paso, Larimer, Mesa, Weld (2005-06); Chaffee, Elbert, Jefferson, Teller (FY 2006-07), and Fremont, Garfield, Grand, Gunnison, Hinsdale, Jackson, Pueblo, Routt (FY 2007-08).

Outcomes: The Collaborative Management Program set in motion by H.B. 04-1451 has been in place since FY 2005-06. The Department estimates that the six original participating counties generated a savings during the last 12-month period of approximately \$2.9 million dollars²⁴. These savings have consequently been re-invested into further prevention and treatment programs within the counties. The Department and participating counties note that H.B. 04-1451 savings are difficult to estimate because a comprehensive evaluation of the programs has not been completed to date.

Many of the counties that will be participating in the program during FY 2008-09 are very small, and consequently, any savings will likely be commensurate with their size. These new counties include Fremont, Garfield, Grand, Gunnison, Hinsdale, Jackson, Pueblo, and Routt. However, the results from the original participants indicate that savings do result from H.B. 04-1451 activities, and new participants will likely see some matter of cost savings accrue as their programs are implemented and stabilize over the next several years.

Functional Family Therapy for Parolees \$359,062 General Fund and 2.0 FTE in FY 2008-09

The Governor's Recidivism Reduction Package increases funding in the Division of Youth Corrections to expand the Functional Family Parole program.

Research findings on this program in Washington State²⁵ indicates that Functional Family Therapy for parolees reduces recidivism and parole revocations. The Functional Family Parole model provides parole officers with a structured, skill-based and goal-oriented approach to working with youth and their families. The program provides the tools, training, and ongoing consultation to teach parole officers exactly how to work with families and youth.

The program has already been successfully piloted in Denver. For this reason, the Division of Youth Corrections feels another pilot is not needed and that it is time to roll out the program on a statewide basis. Based on August 2007 data on parole average daily population, there are approximately 500 youth on parole. This number represents, roughly, the number of youth that will be served annually by the Functional Family program.

The costs for statewide implementation are based on the Department's estimate of what it would cost to expand the current pilot program via a contractor and additional personal services in the Division of Youth Corrections. The \$250,000 will be used to bring in experts from Functional Family Therapy, Inc. to conduct initial trainings for all client managers not currently involved in the pilot program. The additional staff in the Decision Item will provide internal capacity in the implementation of the Functional Family Therapy model. They would receive additional training from the contractor in order to provide the Division with on-going internal consultation and to help ensure the model is being applied and used appropriately. The request includes both the anticipated costs for the contractor as well as personal service for 2.0 FTE to be hired and trained as internal consultants.

²⁴ These original six counties include Boulder, Denver, El Paso, Larimer, Mesa, and Weld. These counties were part of the FY 2005-06 original plans. In FY 2006-07, the following additional counties were added: Chaffee, Elbert, Jefferson, and Teller.

²⁵ Washington State's Implementation of Functional Family Parole, Sexton, Thomas & Rowland, M, 2005.

Outcomes: The cost-benefit analysis presented by the Department uses a five-year projection of youth expected to enter the adult correctional system to estimate the results Functional Family Therapy could have if the program is able to prevent a portion of these cases. By estimating the number of youth who could be deterred from the adult system over the next five years, the Department anticipates that it will recoup the investment from this initiative and begin producing a net cost-benefit. Specifically, by FY 2012-13, the Department estimates an \$181,218 net savings to the State.

In addition to the analysis presented above, the Department also cites statistics from the Washington State Institute for Public Policy indicating that for every \$1.00 spent on evidence-based programs, such as the Functional Family Parole model presented here, \$13.25 in savings is produced. Based on this, the Department anticipates that the amount requested here could result in as much as \$4.9 million dollars of future cost-avoidance for the State. Overall, the Department argues that investment in evidence based programs such as the Functional Family Parole program results in positive fiscal impact for the State as well as positive outcomes for the families and youth involved.