

## 97-18 Corrections Costs, Department of Corrections

### Summary

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As prison populations have increased, the State's corrections system has required an increasing proportion of state expenditures. Between fiscal years (FYs) 1985-86 and 1995-96, when total general purpose revenue (GPR) spending increased 67 percent, the average daily adult inmate population doubled and expenditures for the adult corrections system increased 129.4 percent, from approximately \$121.6 million to an estimated \$279.0 million. This figure includes \$212.8 million in direct costs of adult correctional facilities, as well as \$66.2 million in department-wide costs associated with adult facilities, such as training for new correctional officers and contract costs for inmates housed in non-department facilities. Excluded are costs that are not related to incarcerating adults, such as the costs of supervising offenders on parole and housing juvenile offenders.

The Department of Corrections predicts both adult inmate populations and expenditures will continue to increase into the foreseeable future. In light of this growth, legislators have raised questions about the factors affecting the costs of the state corrections system and how Wisconsin's costs compare with those of other states. Therefore, at the direction of the Joint Legislative Audit Committee we reviewed:

- the Department's adult corrections system costs by security level;
- Wisconsin's daily per inmate costs compared to those of other midwestern states and Texas;
- efforts to contract for corrections services in Wisconsin and other states, including the effect of such efforts on reducing corrections costs; and
- cost, access, and effectiveness of inmate rehabilitation opportunities, including work and job training programs.

The State's contracts to house inmates in Texas county jails have prompted questions about how Wisconsin's costs compare to those of other states. Based on a national survey by the Criminal Justice Institute, Wisconsin's daily per inmate cost of \$53.51 ranks 30th among the states and is slightly higher than the national average. To control for differences in how states may report their costs, we directly surveyed four neighboring states. After adjustments, Wisconsin's daily cost per inmate (\$50.93) was comparable to costs in Iowa (\$50.05) and Illinois (\$47.95), and significantly lower than costs in Minnesota (\$90.92) and Michigan (\$61.52).

Differences in the number of institutions in a state's system, the population of each institution, security needs, facility design, and the number and types of programs offered make cost comparisons among states extremely difficult to interpret. Nevertheless, the largest single factor in corrections costs is staffing, and some limited data are available to compare staffing costs. Two factors have a significant effect on staffing costs: salary levels and inmate-to-staff ratios. Entry-level salaries for Wisconsin correctional officers are below both the averages for midwestern states and the national average. Wisconsin's overall inmate-to-security staff ratio is the same as the national average of 4.5 inmates to each correctional officer, but slightly below the midwestern average of 4.8 inmates to each correctional officer. This difference is equal to 4 percent of Wisconsin's security staff, or 121 officers. However, it does not take into account potential differences among the states that would affect staffing decisions, such as building design and the level of security at the institutions being compared.

Costs also vary considerably among institutions within Wisconsin. Average daily costs are \$61.71 at the maximum-security institutions, \$45.56 at the medium-security institutions, and \$44.46 at the minimum-security centers. These differences are influenced, in part, by the different staffing ratios used at each security level, with 1 officer for every 3.6 maximum-security inmates, 1 per 4.8 medium-security inmates, and 1 per 5.6 minimum-security inmates. We were not able to analyze other factors affecting cost differences among Wisconsin correctional facilities because the

Department has not standardized reporting and record-keeping requirements, and individual facilities define and report their operating costs differently. For example, while all facilities provide rehabilitation programs, only four report those costs separately. Consequently, while the Department annually reports costs by facility, its facility cost data cannot be used to evaluate cost differences or the efficiency of individual facilities, or to determine the areas of expenditure that are increasing the fastest. This report includes recommendations for the Department to standardize financial reporting requirements for individual facilities so that costs and potential efficiencies can be better analyzed.

As incarceration costs have increased, corrections officials in Wisconsin and nationally have looked to privatization of services as one way of controlling or reducing costs. In addition, because contracting can be an appealing option for managing fluctuating inmate population levels, states are increasingly using contracts with private and public entities as a means of expanding capacity. However, recent controversial incidents involving the conduct of some private prison operators that house inmates from other states have illustrated the importance of states' efforts to ensure the accountability of the providers of corrections-related services.

Until FY 1996-97, Wisconsin made relatively limited use of contracting, except in the provision of specialized health care services to inmates and in contracts for bed space in Wisconsin county jails. However, in the past year, the Department has significantly expanded its use of contracting both for services within the Department's facilities and for bed space in other facilities. The 1997-99 biennial budget contains several initiatives that will further increase privatization of corrections activities.

As of October 1997, the Department contracted for housing for 1,158 minimum- and medium-security inmates in facilities it does not operate. Under these contracts, 943 inmates were housed in Wisconsin and Texas county jails, and 215 inmates were housed in a federal prison in Duluth, Minnesota. The FY 1997-99 biennial budget significantly expands the ability of the Department to contract for the housing of inmates in non-department facilities.

In FY 1995-96, the Department spent approximately \$8.3 million to house adult inmates under contracts with Wisconsin county jails. In FY 1996-97, the Department began to contract for prison beds in out-of-state facilities in Texas and Duluth, with expenditures of \$7.2 million for Wisconsin jail contracts, \$2.4 million for Texas jail contracts, and \$569,000 for the contract with the federal facility in Minnesota. While Wisconsin's average cost for housing inmates is \$53.51 per inmate per day, contract costs are \$39.96 per inmate per day under the Texas contract, \$43.34 under the contract with the federal prison in Duluth, and \$60.00 under contracts with most Wisconsin counties. However, comparing Wisconsin's average daily cost to these contract costs does not recognize differences in the security levels and programs offered under contract, or the Department's costs related to contracting for bed space.

Differences between contract costs and the Department's daily per inmate costs can be attributed to several factors, including differences in compensation for correctional officers. Salaries of the Department's security staff are higher than those of staff in Texas jails and lower than those of staff in Wisconsin county jails. For example, after one year of experience, excluding fringe benefits, a correctional officer would earn an average annual salary of \$18,000 in Bowie County, Texas; \$28,800 in Outagamie County; and \$20,373 if employed by the Wisconsin Department of Corrections.

Daily per inmate costs are also affected by the level of security required, the amount and type of health care services provided, and differences in rehabilitation programs available to inmates. For example, the Department does not transfer its highest-cost inmates—those requiring maximum-security or inmates with health conditions—to non-department facilities. The provisions of the Department's contract with the Texas jails require that Wisconsin inmates be provided the same type and level of programs and services available to all other inmates housed in the jails. While some information is available on the types of programs offered, the Department has no data on the number of inmates who enroll in, or complete, these programs. Because the Department has only limited descriptive information about the programs and services available in Texas, including the specific content or intensity of rehabilitation programs and inmate access to them, it is not possible to compare the programs and services available to inmates in Texas with rehabilitation program opportunities in Wisconsin.

Also, while the contracted daily costs for housing inmates in Texas and Minnesota are substantially lower than average daily costs in Wisconsin's institutions, the actual savings to the State are less than this would indicate because the contracts do not reflect the Department's costs for transportation, medical services, and contract monitoring. These

additional costs increase the actual cost of housing inmates in the Texas jails to an average of \$43.04 per day for medium-security inmates with no significant health conditions; in comparison, Wisconsin's average cost for medium-security institutions, including all health costs, is \$45.56 per day. Wisconsin's average cost for minimum-security centers, including all health costs, is \$44.46.

In addition to contracts for bed space in non-department facilities, Wisconsin also contracts for services provided within state facilities. The Department spent approximately \$6.6 million on service contracts related to the adult institutions in FY 1995-96. The Department's contract for outpatient and inpatient specialty health care services from the University of Wisconsin Hospital and Clinics accounted for \$3.9 million of these expenditures. The Department is expanding the scope of its service contracts with private vendors at its two newest facilities, the Prairie du Chien juvenile facility, which it is authorized to operate as a state adult prison until June 30, 1999, and the super-maximum prison in Boscobel, which is scheduled to open in August 1999. Health care, food, laundry, and other services at these facilities will be provided by private vendors.

While the immediate cost-effectiveness of housing contracts has been of secondary concern because of overcrowding, cost-effectiveness should be of significant importance to the State in contracting for food and health services at the new facilities at Prairie du Chien and Boscobel. Our analysis of the Prairie du Chien contracts, as well as analyses of the cost-effectiveness of health and food services contracts in other states, indicate that contracting for such services does not always cost less. The Department's contracts for food and health services at Prairie du Chien are 21.8 percent higher than its average costs for providing similar services directly at institutions of similar size.

To manage its resources most effectively and ensure that the desired goals of contracting are actually met, whether they be cost savings or improved services, the Department will need to approach decisions to contract for services in a more systematic and businesslike manner. To do that, the State will need to establish clearly defined objectives against which the contract services, costs, or performance can be assessed.

Once the decision to contract has been made, the Department will need to develop detailed, enforceable contracts and adequately monitor the services. Based on our reviews of purchasing practices in the past, as well as our December 1996 best practices review of local government privatization of services, we have identified a number of model contracting steps against which the Department should compare its own efforts.

While the Department has limited flexibility in controlling security costs, it has considerably more discretion over rehabilitation costs, which accounted for approximately \$35.8 million in FY 1995-96. Questions have been raised about the level of spending for rehabilitation programs, both to determine the extent to which such programs contribute to overall incarceration costs and to determine the extent to which they are being provided to increase the likelihood that inmates will make successful transitions into the community at the end of their prison sentences. In this report, rehabilitation programs include both work and non-work opportunities provided to adult inmates, because both types of opportunities are provided for similar reasons: to reduce disruptive behaviors that inhibit an inmate's ability to live in the general prison population; to reduce inmate idleness and the associated security concerns; and to influence the behavior of inmates, and thus reduce the likelihood that they will return to prison once their prison sentences are completed.

Work opportunities include institutional jobs, Badger State Industries, the prison farm system, and work release; non-work rehabilitation opportunities include education and treatment programs. Approximately 6,000 jobs are available to adult inmates. In total, the Department spent approximately \$19.6 million on inmate work opportunities in FY 1995-96. However, these costs were partially offset by approximately \$16.7 million in product sales revenues and reimbursements to the Department generated by inmate labor.

In addition to work opportunities, the Department provides a variety of other treatment- and education-based rehabilitation programs, such as basic academic education, vocational education, alcohol and other drug abuse (AODA) treatment, sex offender treatment, aggression management, and other programs such as parenting programs and childhood abuse counseling. Most inmates with identified education or treatment needs receive at least one non-work rehabilitation program during their incarceration, but participation in non-work rehabilitation programs is voluntary and may be discontinued or denied for disciplinary or other reasons. In FY 1995-96, total expenditures for these programs

was approximately \$16.2 million.

As inmates enter the correctional system, they are assessed through testing and a review of their backgrounds to determine their rehabilitation needs. To determine whether inmates with identified needs are provided access to programs, we reviewed the records of a sample of 400 inmates released during FY 1995-96 and FY 1996-97. Of the 334 inmates who were identified as having one or more rehabilitation needs, 38.9 percent received no programs, while 61.1 percent participated in one or more programs. Few inmates with multiple rehabilitation needs had all identified needs met. We also noted variation in the availability of different types of programs. For example, for all inmates released during FY 1995-96, 53.4 percent of the need for basic academic education and 41.8 percent of the need for aggression management was met, but only 30.4 percent of the need for sex offender treatment and 31.5 percent of the need for AODA treatment was met.

According to staff in the Department, several factors preclude every identified need from being met, including overcrowded conditions that exceed capacity to provide programs, as well as the difficulty in meeting the rehabilitation needs of those incarcerated for only short periods of time. While the Department attempts to track progress in providing programs to inmates, many of the status codes it uses have multiple definitions. For example, if an inmate's file indicates a status code of "unavailable," it could mean that the inmate is unavailable to participate in the program because he or she lacks certain skills or is in segregation, or it could mean the program is not offered at the institution where the inmate is incarcerated. Without more precise information, the Department cannot adequately analyze the reasons rehabilitation needs are met or not met, and it is hampered in making the most effective use of existing resources.

We also noted the Department has not directly evaluated the effectiveness of its programs. Because the array of programs offered by the Department is similar to that of many other states, we reviewed 11 national studies on the effectiveness of rehabilitation and treatment programs and interviewed corrections staff from four other states. While programs are provided for multiple reasons, program effectiveness has generally been evaluated only in terms of recidivism. While we found some studies that concluded AODA treatment and first-time sex offender treatment programs reduced recidivism rates, other studies concluded non-work rehabilitation programs had no measurable effect on recidivism. However, limitations in many of the studies' designs, such as short study periods and difficulties identifying control groups, restrict their usefulness.

To ensure the most effective use of available rehabilitation funds, the Department will need to begin evaluating the success of each of its programs in meeting established goals. While the Department has begun to establish some goals for two of its programs, additional efforts will be necessary to establish goals and to monitor the performance of all rehabilitation programs. We have included in this report suggestions to the Department on how to increase the usefulness of its current plans for evaluating program effectiveness. We have also included recommendations to the Department for improving its information on inmate rehabilitation activity, so that the effect of specific program decisions—such as standardizing curricula among facilities—can be evaluated in the future.

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