

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2014-15 STAFF BUDGET BRIEFING
DEPARTMENT OF PUBLIC SAFETY**

(Division of Criminal Justice)

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

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DEPARTMENT OF PUBLIC SAFETY

(Division of Criminal Justice only)

Department Overview

The Division of Criminal Justice has the following responsibilities:

- Oversee Colorado's community corrections system by:
 - Providing funding to local community corrections boards. The boards use this money to fund their operations and to contract with the community corrections programs in their judicial districts.
 - Establishing standards for community corrections programs and providing training for those who work for these programs.
 - Auditing community corrections programs to evaluate compliance with standards.
- Collect, analyze, and disseminate statewide criminal-justice statistics and other criminal-justice information.
- Provide recommendations and develop plans of action for the General Assembly, state agencies, and local governments detailing measures to improve the criminal justice system and reduce crime and juvenile delinquency.
- Help law enforcement agencies improve their law enforcement systems and their relationships with other agencies and the statewide system.
- Administer federal and state criminal and juvenile justice grant programs.
- Administer victim assistance programs, including the State VALE program (Victims Assistance and Law Enforcement), the federal VOCA program (1984 Victims of Crime Act) and the federal VAWA program (1994 Violence against Women Act).
- Provide support to the Domestic Violence Offender Management Board (DVOMB) and the Sex Offender Management Board (SOMB). Administer related programs.

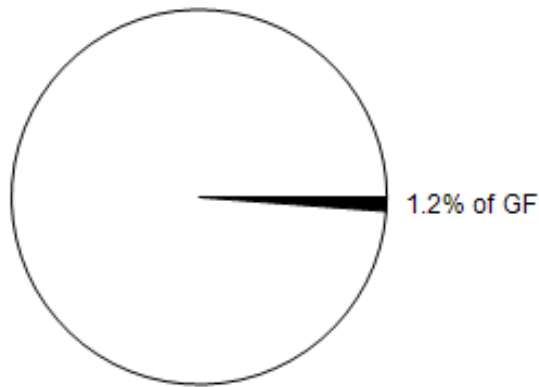
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Department Budget: Recent Appropriations

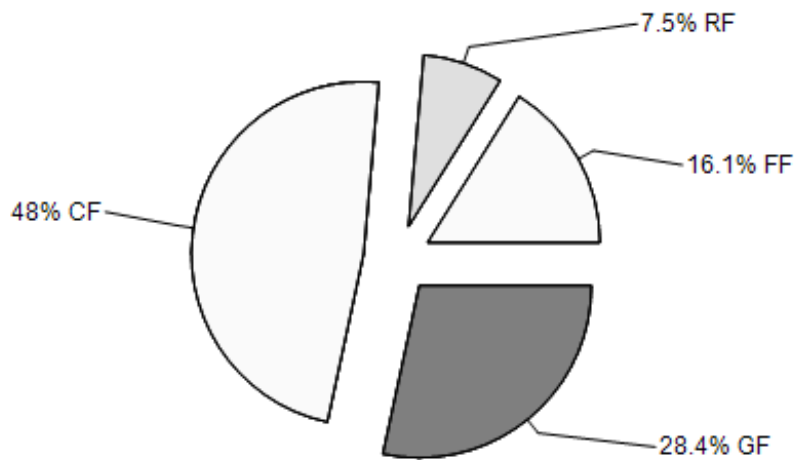
Funding Source	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15 *
General Fund	\$82,727,973	\$86,452,085	\$97,396,503	\$99,256,965
Cash Funds	129,681,033	156,169,131	164,734,328	175,970,508
Reappropriated Funds	24,480,944	27,132,877	25,776,057	25,964,904
Federal Funds	<u>29,559,518</u>	<u>53,355,759</u>	<u>55,179,379</u>	<u>54,749,082</u>
Total Funds	\$266,449,468	\$323,109,852	\$343,086,267	\$355,941,459
Full Time Equiv. Staff	1,354.0	1,562.3	1,616.1	1,634.7

Department Budget: Graphic Overview

**Department's Share of Statewide
General Fund**

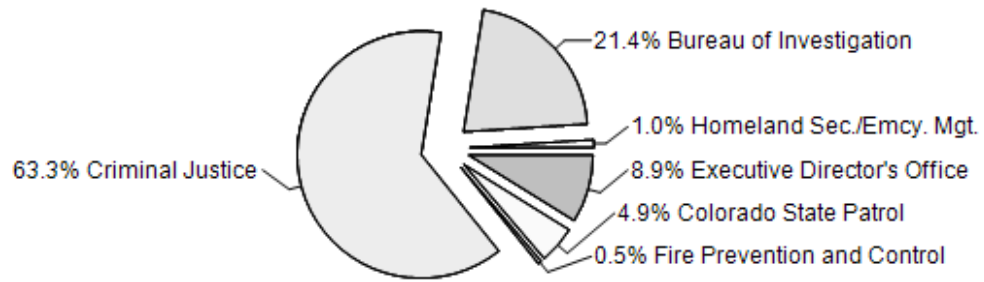


Department Funding Sources

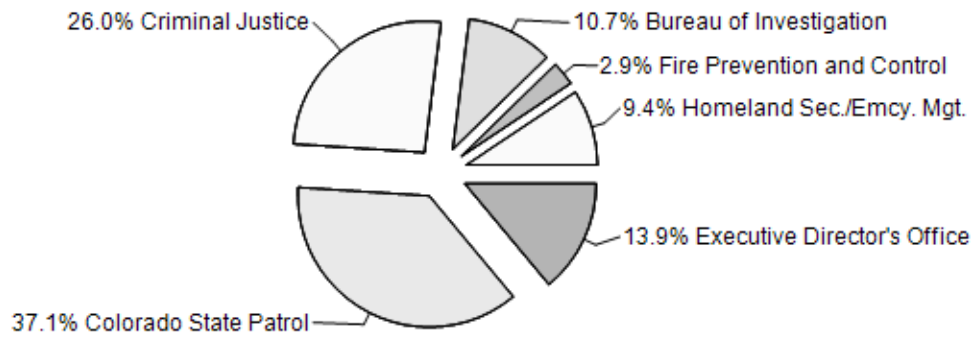


All charts are based on the FY 2013-14 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2013-14 appropriation.

General Factors Driving the Budget

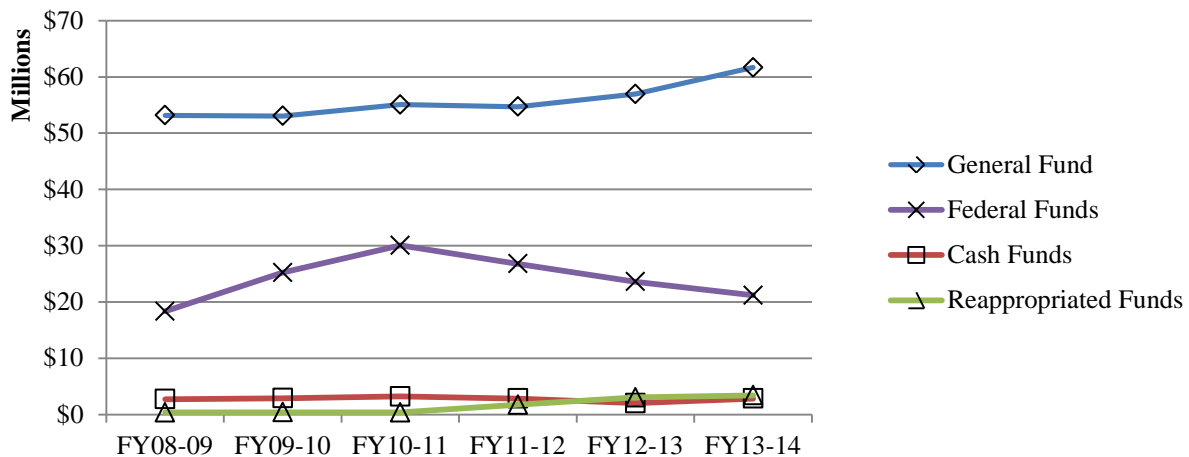
Funding for the Department of Public Safety in FY 2013-14 consists of 28.4 percent General Fund, 48.0 percent cash funds (35.0 percent HUTF "off-the-top"), 7.5 percent reappropriated funds, and 16.1 percent federal funds.

Funding for the Division of Criminal Justice in FY 2013-14 consists of 69.2 percent General Fund, 3.2 percent cash fund, 3.8 percent reappropriated funds, and 23.8 percent federal funds.

Division of Criminal Justice

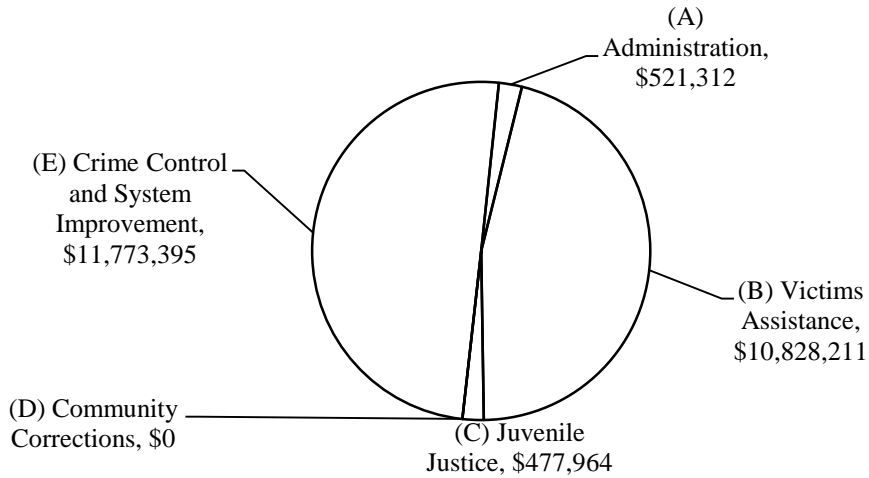
The two largest sources of funding at the Division of Criminal Justice (DCJ) are the General Fund and federal funds. The following chart shows actual spending by the Division between FY 2008-09 and FY 2012-13 and appropriation for FY 2013-14. As the chart indicates, there was a marked spike in federal funding in recent years, which peaked in FY 2010-11. During the last two years, General Fund has begun to climb after a period of relative stability.

Division of Criminal Justice Recent Actual Expenditures and Appropriations



Federal Funds. As the next chart shows, Federal Funds are concentrated in two divisions, the Victim's Assistance subdivision and the Crime Control and System Improvement subdivision.

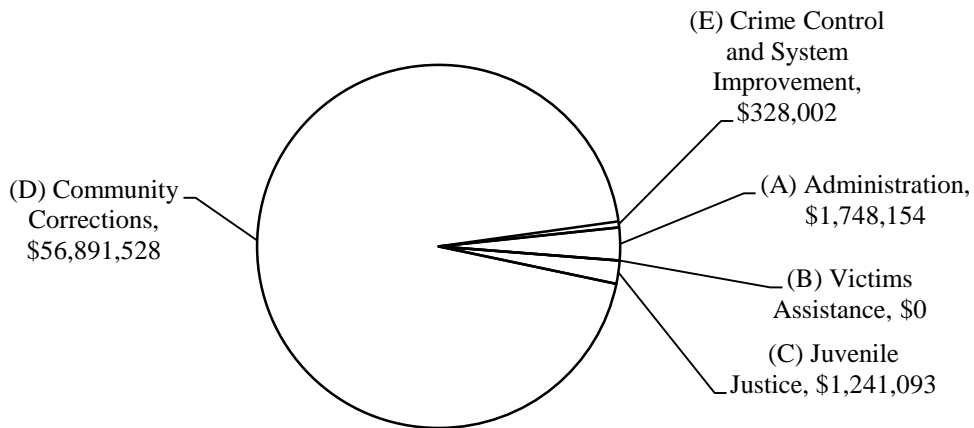
**Distribution of FY 2012-13 Expenditures
of Federal Funds Among Subdivisions**



Most of the Federal Funds are pass-through grants. They include the Victims of Crime Act (VOCA), the S.T.O.P. Violence against Women Act (VAWA), the Sexual Assault Service Program (SASP), Justice Assistance Grants (JAG), Juvenile Accountability Block Grants (JABG), Project Safe Neighborhood, Title V, Residential Substance Abuse Treatment for State Prisoners, Coverdell, John R Justice, and the National Criminal History Improvement Program,

General Fund. The following pie chart shows the distribution of FY 2012-13 General Fund expenditures among the DCJ subdivisions.

**Distribution of FY 2012-13 Expenditures
of General Funds Among Subdivisions**



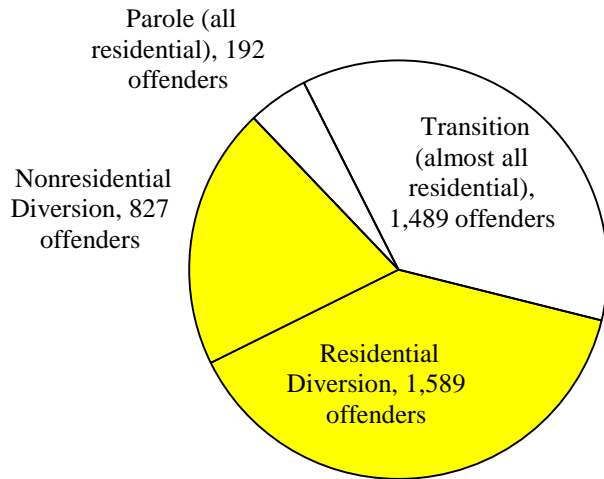
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As this diagram indicates, most of the Division's General Fund expenditures are concentrated in the Community Corrections subdivision where they fund the state's approximately three dozen community corrections programs or halfway houses. These programs are based in local communities and are operated by private providers, non-profits, and local governments. These programs provide the courts with an intermediate sanction between probation and prison (“diversion”) and provide reintegration services between prison and parole (“transition”).

Community Corrections: Colorado's 35 halfway houses provide offenders with supervision and structure in both residential and nonresidential settings. *Diversion* clients are directly sentenced to community corrections by a judge as the result of a felony conviction while *Transition* clients are in prison and are placed in a halfway house prior to parole, following a stay in the Department of Corrections. *Parolees*, former prison inmates who have been paroled by the parole board, are also placed in community corrections facilities, though in smaller numbers. The parolees would be required by the parole board to live in a community corrections facility as a condition of parole. Another group of parolees also resides in community corrections facilities, but are included in the Department of Corrections population count in the preceding table, rather than the Community Corrections count. These parolees have committed class 4, 5 or 6 felonies (some class 4 to 6 felons are ineligible) and have been sentenced to up to 180 days in residence at "Community Return to Custody" facilities due to a technical parole violation. These Community Return to Custody facilities are also operated by Colorado's halfway houses and are similar to residential community corrections programs. Funding for these parole-revocation programs is included in the Department of Corrections budget, rather than the Division of Criminal Justice budget.

The following pie chart shows the relative number of transition, diversion, and parole offenders in community corrections, not counting revoked parolees in community return to custody facilities. The two shaded slices divide diversion offenders into residential and non-residential categories to help show that total diversion offenders exceed total transition offenders, but residential transition offenders exceed residential diversion offenders. Implicitly, the pie chart also shows that there are about 4 residential beds for each nonresidential slot and that residential diversion offenders outnumber transition diversion offenders 52 percent to 48 percent.

**Distribution of Community Corrections Offenders
FY 2012-13**

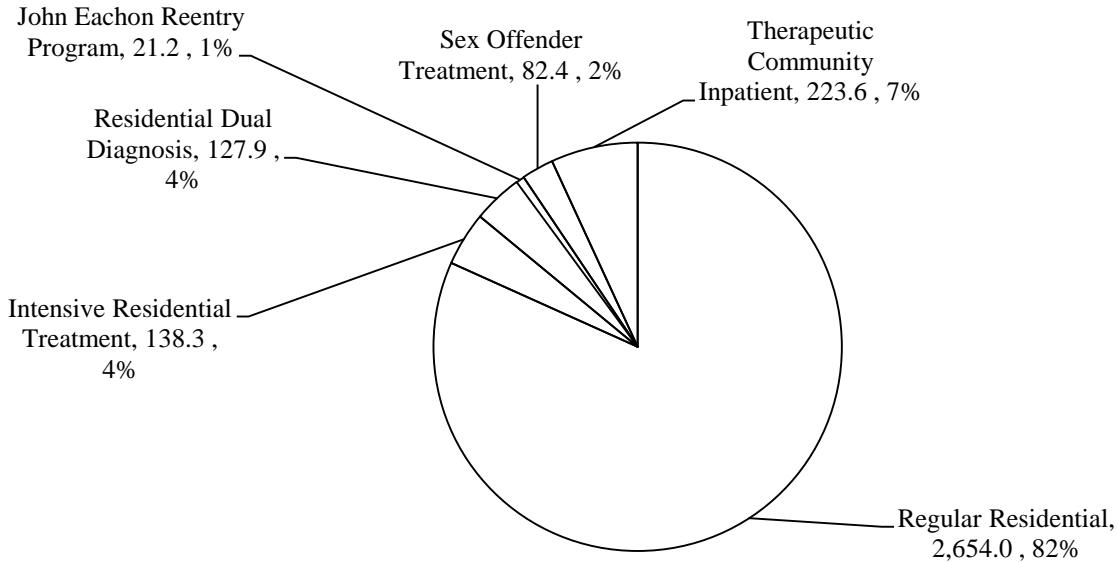


Residential community corrections offenders live in community corrections facilities, going out to work or to seek work and returning when work ends. Transition offenders always begin in residential programs; diversion offenders almost always begin in residence but commonly progress to nonresidential status; they then live outside the facility but check in regularly and are monitored to make sure they are at jobs and other approved locations.

Specialized Treatment. All residential community corrections facilities provide programs for their offenders, covering such things as drug and alcohol education, anger management classes, parenting, and money management. Some residential programs provide more extensive, specialized therapy such as *Intensive Residential Treatment (IRT)*, a 90-day substance-abuse program, and *Therapeutic Communities*, which also focus on substance abuse. *Residential Dual Diagnosis and Treatment* programs address co-occurring mental health and substance abuse problems. Some residential programs host sex offenders. Standard residential community corrections programs receive a state payment of \$38.68 per day for each offender they house. Specialized programs receive larger payments that range from \$61.60 to \$92.80 per offender per day. Standard nonresidential community corrections programs receive an average state payment of \$5.25 per day, while payments for specialized non-residential programs range up to \$34.10 per day.

The following pie chart shows that 18 percent of the residential beds in the system provide specialized services.

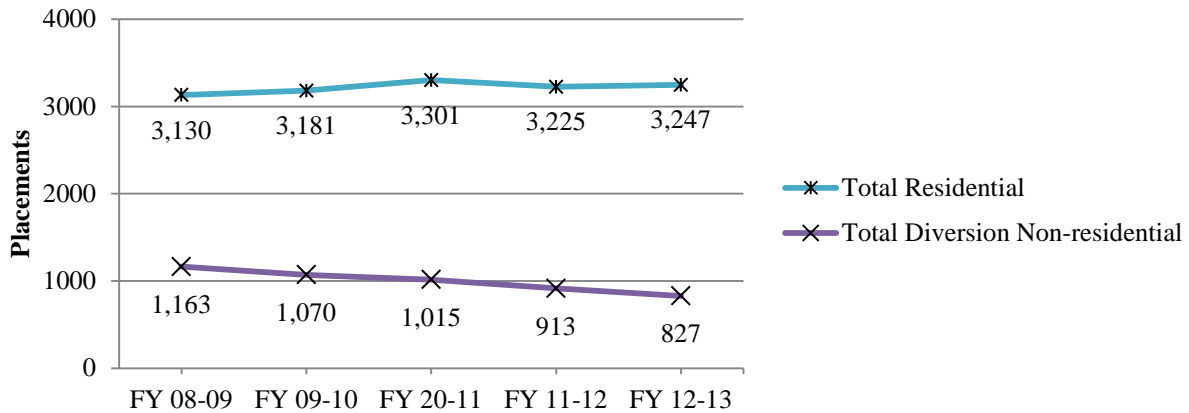
The Number of Residential Community Corrections Regular and Specialized Beds, FY 2012-13



Trends:

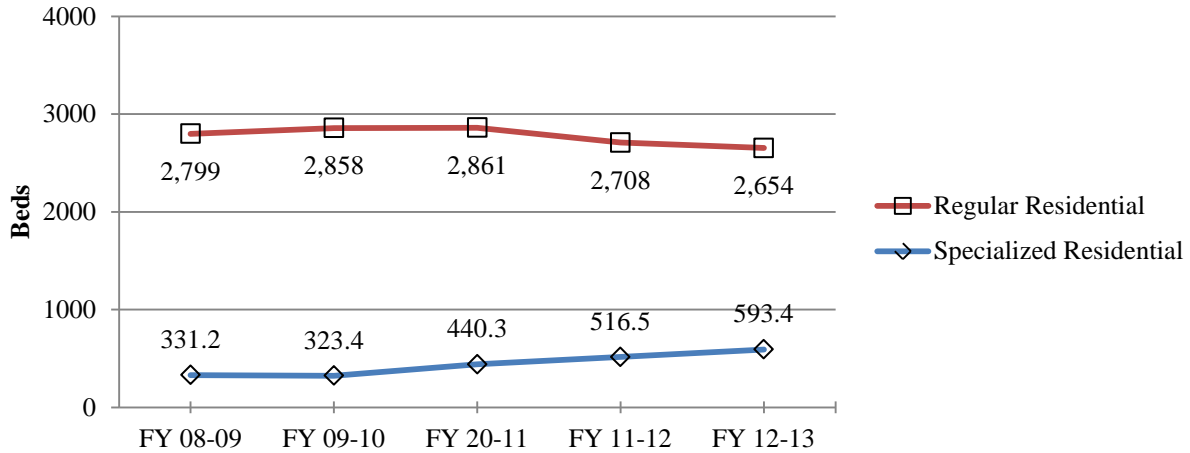
1. The number of non-residential placements has been declining, while residential placements have recently remained approximately constant.

Residential vs Nonresidential Placements



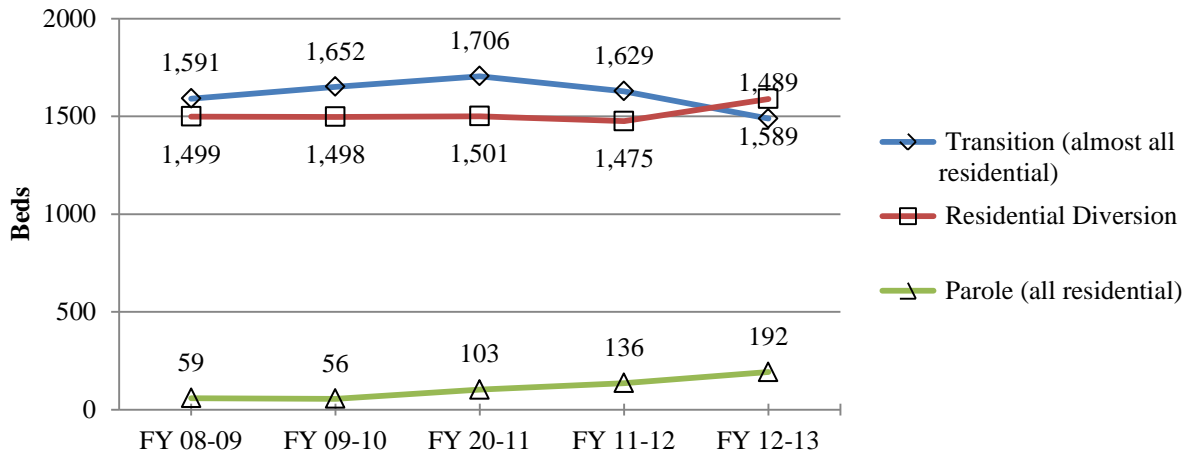
2. The number of specialized beds has been increasing relative to the number of regular beds.

Regular vs Specialized Beds



- The number of residential diversion offenders recently moved ahead of the number of transition offenders. The parole board is placing more offenders in community corrections as a condition of parole.

The changing distribution of residential beds



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Summary: FY 2013-14 Appropriation & FY 2014-15 Request

Department of Public Safety						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$332,885,649	\$90,128,524	\$161,806,324	\$25,776,057	\$55,174,744	1,575.1
HB 13-1129 (EPIC Center)	739,591	739,591	0	0	0	6.0
Other legislation	3,110,025	177,386	2,928,004	0	4,635	35.0
HB 13-1020 (Sexual Assault Evidence)	<u>6,351,002</u>	<u>6,351,002</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$343,086,267	\$97,396,503	\$164,734,328	\$25,776,057	\$55,179,379	1,616.1
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$343,086,267	97,396,503	\$164,734,328	\$25,776,057	\$55,179,379	1,616.1
R1 CBI New Pueblo Facility	417,760	417,760	0	0	0	0.0
R2 DFPC Wildfire Preparedness Fund	4,150,000	0	4,150,000	0	0	0.0
R3 DHSEM Sustainability of State Fusion Center	656,134	656,134	0	0	0	0.0
R4 CBI/DHSEM Cyber Crime Initiative	489,074	489,074	0	0	0	2.7
R5 DFPC Budget and Policy Analyst	95,095	95,095	0	0	0	0.9
R6 DCJ Community Corrections FTE Support	240,460	240,460	0	0	0	2.8
R7 EDO Rulemaking Support Staff	53,311	7,632	0	45,679	0	0.0
R8 CBI InstaCheck Leased Space	84,050	0	84,050	0	0	0.0
R9 CSP/CBI Vehicle Variable Rate	382,797	28,488	344,236	10,073	0	0.0
R10 CSP Portable Radios	1,343,900	0	1,343,900	0	0	0.0
R11 DFPC State Engine Staffing	622,004	622,004	0	0	0	7.3
R12 CSP World Alpine Ski Championship	178,020	0	178,020	0	0	0.0
R13 DCJ CCIB System Improvement and Maintenance	25,000	25,000	0	0	0	0.0
R14 DCJ CC Provider Rate Increase	859,630	859,630	0	0	0	0.0
NP1 Re-program Payments to OIT	0	0	0	0	0	0.0
NP2 Fleet Vehicle Lease	1,328,553	143,256	1,100,336	(36,447)	121,408	0.0
NP3 Camp George West Utilities Transfer	0	0	0	0	0	0.0
NP4 Secure Colorado - Phase II	220,594	69,083	140,572	10,939	0	0.0
NP5 Eliminate Redundant Applications	241,884	75,751	154,138	11,995	0	0.0
NP6 Network Resiliency	35,510	31,604	3,906	0	0	0.0
NP7 IT Service Management Eco-System	282,334	282,334	0	0	0	0.0
NP8 DTRS Operations Increase	169,272	11,018	150,444	4,657	3,153	0.0

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Department of Public Safety						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
NP9 IT Technical Development	11,197	11,197	0	0	0	0.0
Centrally appropriated line items	10,500,404	4,529,695	7,406,304	(1,023,177)	(412,418)	0.0
Indirect cost assessment	167,293	(3,144,476)	334,672	3,124,340	(147,243)	0.0
Annualize prior year legislation	(9,490,325)	(6,804,628)	(2,682,607)	0	(3,090)	4.7
Statewide IT common policy adjustments	(179,645)	3,196,665	(1,471,791)	(1,912,412)	7,893	0.0
Annualize prior year funding	(29,114)	17,686	0	(46,800)	0	0.2
Technical adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
SUBTOTAL	\$355,941,459	\$99,256,965	\$175,970,508	\$25,964,904	\$54,749,082	1,634.7
Increase/(Decrease)	\$12,855,192	\$1,860,462	\$11,236,180	\$188,847	(\$430,297)	18.6
Percentage Change	3.7%	1.9%	6.8%	0.7%	(0.8%)	1.2%
<i>Informational Item:</i>						
HB 13-1020 (Sexual Assault Evidence)	<u>14,000,000</u>	<u>14,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$369,941,459	\$113,256,965	\$175,970,508	\$25,964,904	\$54,749,082	1,634.7
Increase/(Decrease)	\$26,855,192	\$15,860,462	\$11,236,180	\$188,847	(\$430,297)	18.6
Percentage Change	7.8%	16.3%	6.8%	0.7%	(0.8%)	1.2%

Description of Requested Changes

Highlighted change requests are covered by this briefing. Items that are not highlighted were covered during the briefing for other divisions of the Department of Public Safety.

Description of Requested Changes

R1 CBI New Pueblo Facility: The Department requests an increase of \$417,760 General Fund in FY 2014-15 and beyond to provide ongoing funding for a 20 to 30 year capital lease-purchase agreement, and operating expenses associated with the relocation of the CBI Pueblo Regional Laboratory and Investigative Office.

R2 DFPC Wildfire Preparedness Fund: The Department of Public Safety requests an appropriation of \$4,150,000 Cash Funds from the proceeds of insurance premium taxes to the Wildfire Preparedness Fund (WPF) for FY 2014-15 and beyond for the ongoing funding of wildfire suppression functions within the Division of Fire Prevention and Control (DFPC).

R3 DHSEM Sustainability of State Fusion Center: The Department requests \$656,134 General Fund in FY 2014-15 and \$706,348 in FY 2015-16 and beyond to ensure continued operation of the Colorado Information Analysis Center (CIAC), which is Colorado’s Fusion Center.

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R4 CBI/DHSEM Cyber Crime Initiative: The Department requests \$489,074 General Fund and 2.7 FTE for FY 2014-15, and \$517,091 General Fund and 3.0 FTE for FY 2015-16 to create a Cyber Crime Task Force with the Governor’s Office of Information Technology (OIT). In addition, OIT requests a corresponding 1.8 FTE and \$231,061 Reappropriated Funds for FY 2014-15, and 2.0 FTE and \$250,021 Reappropriated Funds for FY 2015-16 and beyond.

R5 DFPC Budget and Policy Analyst: The Department requests \$95,095 General Fund and 0.9 FTE for FY 2014-15 and \$98,827 General Fund and 1.0 FTE for FY 2015-16 and beyond for a Division of Fire Prevention and Control (DFPC) Budget Analyst.

R6 DCJ Community Corrections FTE Support: The Department requests an increase of \$240,460 General Fund and 2.8 FTE in FY 2014-15 and \$245,169 General Fund and 3.0 FTE in FY 2015-16 and later years. The request will add FTE for (1) a statewide coordinator for the Prison Rape Elimination Act (PREA) as required by federal law, (2) monitoring of specialized Community Corrections treatment programs, and (3) implementation of Evidence-Based Practices in community corrections.

R7 EDO Rulemaking Support Staff: The Department requests an increase of \$45,679 Reappropriated Funds and \$7,632 General Fund in FY 2014-15, and \$45,679 Reappropriated Funds and \$7,997 General Fund in FY 2015-16 and beyond. The funding will support centralized rulemaking within the Executive Director’s Office (EDO).

R8 CBI InstaCheck Leased Space: The Department requests an increase in Cash Funds spending authority of \$84,050 in FY 2014-15 and \$89,387 in FY 2015-16 to fund the leased space needed to accommodate the entire Colorado Bureau of Investigation (CBI) InstaCheck unit as a result of the passage of H.B. 13-1228 and H.B. 13-1229.

R9 CSP/CBI Vehicle Variable Rate: The Department requests \$382,797 total funds, which includes \$28,488 General Fund, \$8,843 Cash Funds, \$335,393 HUTF “Off-the-Top”, and \$10,073 Reappropriated Funds, in FY 2014-15 and beyond to fund a vehicle variable rate increase for the Colorado State Patrol (CSP) and Colorado Bureau of Information (CBI).

R10 CSP Portable Radios: The Department requests \$1,343,900 HUTF “Off-the-Top” for FY 2014-15 to acquire 356 portable radios for the Colorado State Patrol (CSP).

R11 DFPC State Engine Staffing: The Department requests \$622,004 General Fund and 7.3 FTE in FY 2014-15 and \$562,374 General Fund and 8.0 FTE in FY 2015-16 and beyond for the Division of Fire Prevention and Control (DFPC) state fire engine staffing.

R12 CSP World Alpine Ski Championships: The Department requests a one-time increase of \$178,020 HUTF “Off-the-Top” in FY 2014-15 to lodge, and provide per diem for 43 members of the Colorado State Patrol (CSP). The CSP will provide traffic enforcement and accident investigation for the 2015 World Alpine Ski Championship (WASC).

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R13 DCJ CCIB System Improvement and Maintenance: The Department requests an increase of \$25,000 General Fund for FY 2014-15 and beyond. The increase to the Division of Criminal Justice (DCJ) Administrative Services line item is for the ongoing maintenance and upgrades to the Community Corrections Information and Billing (CCIB) system, which tracks billing and statistical information collected by community corrections facilities.

R14 DCJ CC Provider Rate Increase: The Department requests \$859,630 General Fund for FY 2014-15 and beyond for a community provider rate increase of 1.5 percent, which includes the Community Corrections Providers who contract with the Department of Public Safety (DPS).

NP1 Re-program Payments to OIT: This request will be discussed as part of the Briefing for the Governor's Office of Information Technology (OIT).

NP2 Fleet Vehicle Lease: This request will be discussed as part of the Briefing for the Department of Personnel.

NP3 Camp George West Utilities Transfer: This request will be discussed as part of the Briefing for the Department of Personnel.

NP4 Secure Colorado – Phase II: This request will be discussed as part of the Briefing for the Governor's Office of Information Technology (OIT).

NP5 Eliminate Redundant Applications: This request will be discussed as part of the Briefing for the Governor's Office of Information Technology (OIT).

NP6 Network Resiliency: This request will be discussed as part of the Briefing for the Governor's Office of Information Technology (OIT).

NP7 IT Service Management Eco-System: This request will be discussed as part of the Briefing for the Governor's Office of Information Technology (OIT).

NP8 DTRS Operations Increase: This request will be discussed as part of the Briefing for the Governor's Office of Information Technology (OIT).

NP9 IT Technical Development: This request will be discussed as part of the Briefing for the Governor's Office of Information Technology (OIT).

Centrally appropriated line items: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; workers' compensation; payment to risk management and property funds; and Capitol complex leased space.

Indirect cost assessment: The request includes a net increase in indirect cost assessment.

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Annualize prior year legislation: The request includes adjustments related to prior year legislation, including the following: S.B. 11-238, S.B. 13-083, S.B. 13-123, S.B. 13-138, S.B. 13-283, H.B. 13-1020, H.B. 13-1031, H.B. 13-1129, H.B. 13-1163, H.B. 13-1195, H.B. 13-1228, H.B. 13-1229, and H.B. 13-1317.

Statewide IT common policy adjustments: The request includes adjustments to line items appropriated for: purchase of services from the computer center; Colorado state network; management and administration of the Governor's Office of Information Technology (OIT); communication services payments, and information technology security.

Annualize prior year funding: The request includes adjustments related to prior year budget actions.

Technical adjustments: The request includes other minor technical adjustments.

The missing adjustment for the Subsistence Grace Period Pilot Project:

Last spring, the General Assembly approved a \$591,200 appropriation for a Subsistence Grace Period Pilot Project for FY 2013-14. Under the pilot project, which began last month, offenders newly arrived in a community corrections program are given a four week “grace period” during which the offender's fees and subsistence payments are waived as the offender stabilizes in the community. Subsistence payments are the daily fees that offenders must pay to their community corrections programs. There is some evidence suggesting that offender indebtedness undermines the effectiveness of community corrections programs, contributing to escapes, technical violations and other failures, but the evidence is suggestive, not conclusive. The General Assembly approved this temporary experiment to determine whether a grace period would reduce failure rates. The DCJ advised that a three month experiment would provide statistically valid results and the General Assembly provided funding for a slightly longer experiment. The grace period will end later this fiscal year when funding runs out. Thus funding is not needed for FY 2014-15 and the above table should include a negative adjust to reflect the elimination of the appropriation. The Division of Criminal Justice will report on the success of the project by November 1, 2015, and, based on that report, the General Assembly will decide whether subsistence-forgiveness funding is warranted.

Issue: Adequacy of Community Corrections Rates

The purchasing power of per diem payments for standard beds in community corrections facilities has eroded substantially during the last decade, having lost 22.1 percent of its purchasing power over that interval. This issue first looks at the adequacy of the differential rate paid for Residential Dual Diagnosis and Treatment beds and concludes that the \$33.85 RDDT differential is adequate. The issue then turns to the adequacy of the base rate for standard beds. Staff examined the cost of operating a community corrections program and concludes that, with prevailing wages, salaries, and benefits, it is probably impossible to operate a small community corrections facility that provides standard beds and relies exclusively on revenue provided by the Division of Criminal Justice and on subsistence fees from offenders. Larger facilities have a much better chance of operating at a profit because of economies of scale. During the course of the analysis, staff discusses the impact that rules issued by state agencies may have on Community Corrections costs.

SUMMARY:

- The purchasing power of per diem payments for standard beds in community corrections facilities has eroded substantially during the last decade.
- The differential rate paid for Residential Dual Diagnosis and Treatment beds is adequate.
- At prevailing wages, salaries, and benefits, it is probably impossible to operate a small community corrections facility that provides standard beds and relies exclusively on revenue provided by the Division of Criminal Justice and on subsistence fees from offenders.

RECOMMENDATION:

Staff recommends that the Committee consider a two-tiered approach to funding community corrections facilities. The rate for the first beds would be higher than the rate for subsequent beds.

Staff recommends that the Committee talk with the DCJ about the impact of rules it has issued in recent years and rules that it may issue in the future.

DISCUSSION:

During figure setting last spring, the Committee approved a 2.5 percent increase of most community corrections reimbursement rates and, based on a staff analysis of the costs of running specialized programs, approved much larger increases for the differentials for Intensive Residential Treatment (IRT) and therapeutic communities.

Analysis: The following table shows reimbursement rates paid to community corrections providers since the mid-1990s.

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Per Diem Rates											
Fiscal Year	Regular Residential Beds	Non-Residential	IRT	TC	Day treatment	TC Outpatient	JERP	Female IRT**	RDDT	Sex Offender	Subsistence Maximum (Regular Residential)
1995	31.15										10.00
1996	32.38	5.12									10.00
1997	33.32	5.12									10.00
1998	34.34	5.12									10.00
1999	35.37	5.12									10.00
2000	36.08	5.12	17.00								10.00
2001	36.80	5.12	17.34	12.92							13.00
2002	37.72	5.12	17.77								13.00
2003*	37.72	5.12	17.77						33.00		13.00
	34.70	4.71	16.35								17.00
2004	34.70	4.71	16.35						30.36		17.00
2005	34.70	4.71	16.35						30.36		17.00
2006	35.39	4.80	16.68						30.97		17.00
2007	36.63	4.97	17.26	13.92	32.30			16.50	32.05		17.00
2008	37.18	5.04	17.52	14.13	32.78		52.02	16.75	32.53		17.00
2009	37.74	5.12	17.78	14.34	33.27	13.32	52.80	17.00	33.02		17.00
2010	37.74	5.12	17.78	14.34	33.27	13.32	52.80	17.00	33.02		17.00
2011	37.74	5.12	17.78	14.34	33.27	13.32	52.80	17.78	33.02	33.02	17.00
2012	37.74	5.12	17.78	14.34	33.27	13.32	52.80	**	33.02	33.02	17.00
2013	37.74	5.12	17.78	14.34	33.27	13.32	52.80		33.02	33.02	17.00
2014	38.68	5.25	45.93	22.82	34.10	13.65	54.12		33.85	33.85	17.00

*Per diem reduced mid-year by a negative supplemental

**Collapsed into IRT – no longer priced separately

IRT = Intensive Residential Treatment

TC = Therapeutic Community

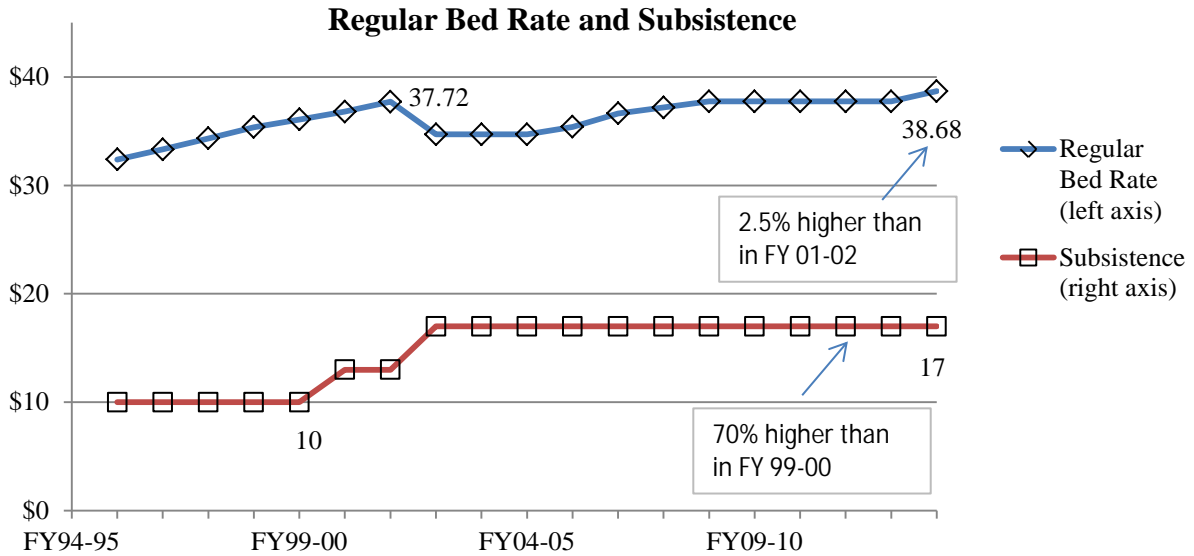
TC Outpatient = Therapeutic Community outpatient

JERP = John Eachon Reentry Program

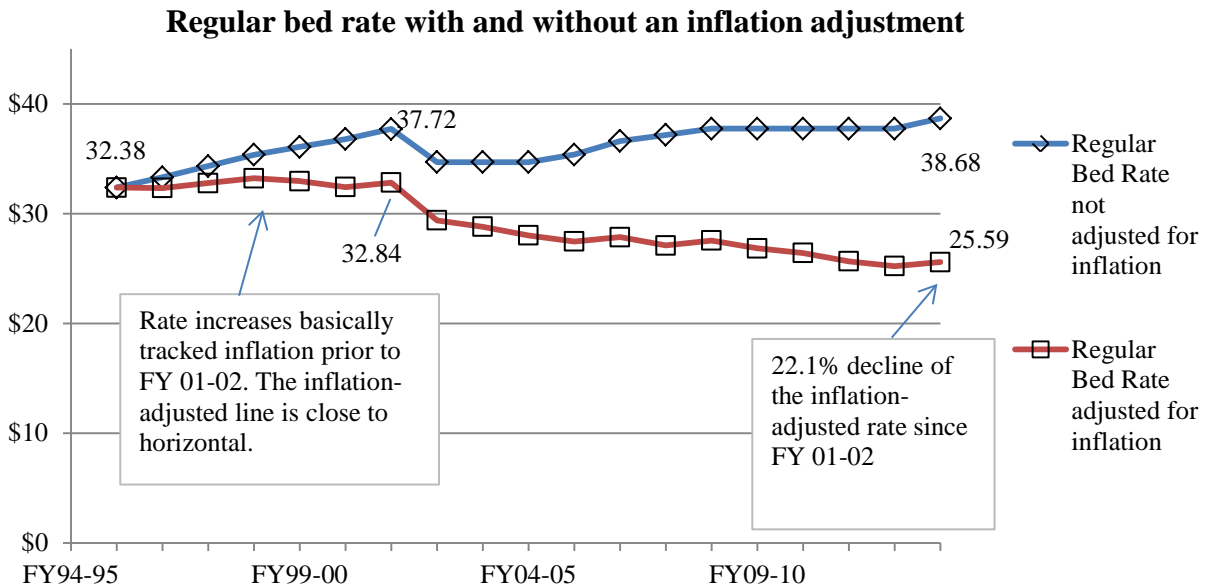
RDDT = Residential Dual Diagnosis Treatment

The following graph shows the regular bed rate and the subsistence rate since FY 1995-96. Note that the regular bed rate is only 2.5 percent higher than it was in FY 2001-02.

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The following graph shows the regular bed rate with and without an inflation adjustment. Adjusted for inflation, the purchasing power of the regular bed rate has declined 22.1 percent since FY 2001-02. Note that the purchasing power of the regular bed rate remained approximately constant between FY 1995-96 and FY 2001-02; these were the last years during which the state tried to regularly adjust bed rates to account for inflation. When regular inflation adjustments ended, the purchasing power of the regular bed rate began to erode.



Had the regular daily bed rate kept up with inflation since FY 2001-02, the rate would now be \$54.53, which is \$15.85 higher than the current level, and the state would be paying a total of \$10.4 million more than it is paying now.

The adjustments approved for differentials last year: Last year, staff investigated the adequacy of differentials for Therapeutic Communities, Intensive Residential Treatment programs, and Residential Dual Diagnosis Treatment (RDDT) programs. Based on a survey of community corrections programs operated by ARTS (Peer I and Haven programs), Correctional Management Incorporated (CMI), Larimer County, and Intervention Community Corrections Services (ICCS), staff concluded that reimbursement rates for Therapeutic Communities and Intensive Residential Treatment were substantially lower than the costs of providing the services. Based on this finding, staff recommended a substantial increase. After examining costs for Residential Dual Diagnosis Treatment programs, staff concluded that the differential for RDDT programs did not require an increase.

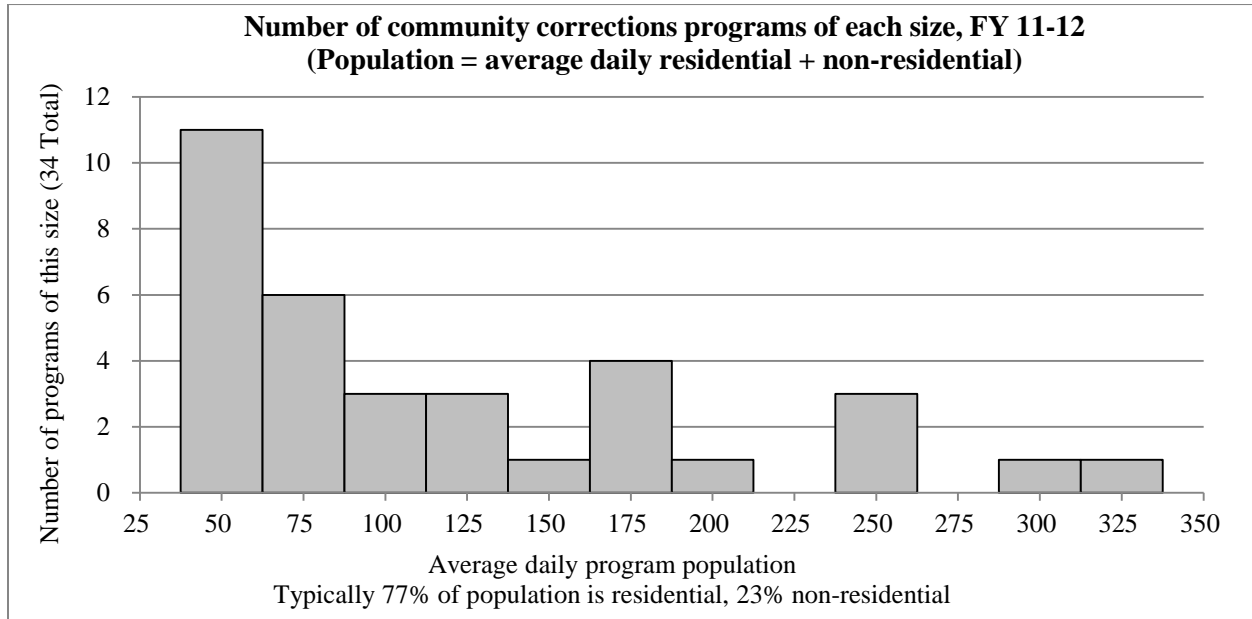
Adequacy of the RDDT differential. After figure setting, questions arose about Staff's RDDT conclusion. These questions led staff to reexamine last year's work. To do so, this analyst met at length with the staff of Independence House-Fillmore (IH-Fillmore), a Denver RDDT program with 40 residential clients. The staff of IH-Fillmore were extremely helpful; with their assistance, this analyst was able to develop a reasonable understanding of the operation of IH-Fillmore. Staff then used the same type of analysis used during figure setting last year to analyze IRT and TC differentials: Suppose that IH-Fillmore was initially operating as a standard community corrections facility. If it converted to an RDDT facility, it would have to add three specialists to its staff, a supervisor-clinician and two treatment providers. The cost of salary and benefits for these three employees would be approximately \$181,500. Staff believes that the program would also probably hire an extra security staffer at a cost of \$31,200, with salary and benefits. The total additional cost would thus equal $\$181,500 + 31,200 = \$212,700$.

By switching to an RDDT program, IH-Fillmore would also alter its revenues. It would no longer collect subsistence from residents, which would cause the loss of $40 * \$12 = \480 daily (in recent years clients have typically paid an average of \$12 of the \$17 daily subsistence that they owe). But the program would also receive a \$33.85 daily differential for each offender, meaning that the program's net revenues would rise by $\$33.85 - \$12.00 = \$21.85$ daily. As a result, the program's annual revenues would rise by $\$21.85 * 40 \text{ offenders} * 365 = \$319,010$, which covers the cost of the added staff and would surely cover the cost of any related increase in operating expenses.

Staff thus reaffirms the original conclusion that a \$33.85 RDDT differential is adequate.

Analysis of the adequacy of the base rate. During figure setting last year, staff did not attempt to analyze the adequacy of the base rate for a community corrections bed. Staff will do so here.

Background information on Community Corrections facilities. The following histogram shows the number of community corrections facilities in Colorado of each size, where size is defined as the combined number of residential and non-residential clients that the facility serves. Note the preponderance of smaller programs – 17 have offender populations under 88. Size is important because there are economies of scale involved in operating a community corrections facility.



Community corrections programs generally have one of three legal structures: some are organized as nonprofits, some as corporations (with one or more shareholders), and some are operated by local governments, using workers who are employees of the local government. Staff does not know of any that are organized as sole proprietorships.

Surveyed programs. In order to gather information for this study, this analyst spoke with the staff of Correctional Management Incorporated (CMI) in Denver, Independence House-Fillmore in Denver, Time to Change in Adams County, Arapahoe Community Treatment Centers in Arapahoe County, Hilltop House in Durango, ComCor, Inc. in Colorado Springs, and Advantage Treatment Center in Sterling. These programs are a mixture of non-profit organizations and corporations. There were no local-government-run programs in the sample. The staff members of these programs were, without exception, extremely helpful; several spent substantial amounts of time responding to information requests. Staff also obtained audited financial statements for these programs from the Office of Community Corrections at DCJ (DCJ rules require programs to periodically submit such reports). An additional source of information is starting salary information, which until recently was collected by DCJ.

Financial diversity. From a financial perspective, the reviewed programs are diverse, approximately 70 percent of their revenue comes from the per diem fees received from DCJ. An average of 59.5 percent of expenditures is for salary and other compensation related expenses, including spending on contract workers, with this percentage varying from a low of 50.7 percent to a high of 68.6 percent. The mix of operating expenses is also diverse; a notable source of difference is costs for the buildings that house programs. Some programs own their own building and recognize their cost as depreciation expense, which does not require a cash outlay. Others rent their buildings. The structure of the financial reports is varied and staff concluded that there would be value to standardizing expense categories in financial reports, a uniformity that could be imposed by DCJ.

Categories of employees. Salary and compensation-related ("total compensation") costs for a basic community corrections program, i.e. one that does not provide specialized services, can be divided into four categories: security, case management, administration, and food (community corrections facilities are required to provide offenders with meals). Some facilities have additional employees who don't fit into these categories, for example an employment specialists or job developer who helps offenders obtain work and cultivates the program's relationship with local employers.

Security Staff

Qualifications: Security staff generally have high school degrees, though one sometimes encounters a college graduate with a degree in criminal justice who probably sees security as a path to a better job in the criminal justice system.

The importance of security. In response to inquiries about the security function, programs point out that in addition to the obvious need to monitor offenders, security is the main point of contact for clients, who interact with security staff much more than they interact with case management. Security sets the facility's tone. Security staff not only need to be trained on safety and trained to perform such duties such as head counts, facility searches, pat searches, urine screenings, Breathalyzer tests, report writing, and offender pass verification, but also have to be able to effectively communicate and interact with clients and the public. Security staff have to be able to handle crisis situations and be able to listen to clients when they are struggling. Case Managers and Supervisors are not in the facility 24/7 and when a client needs to speak to someone they usually go to security. The security staff must be effective in deescalating situations and people, and they need to motivate clients towards pro-social behaviors. Not only do security staff write up clients for negative behavior; they also provide daily positive reinforcement for offenders and act as role models. As the programs point out, security staff must be trained to perform these diverse duties and that training must be ongoing.

JBC staff was able to sit in on a weekly staff meeting at one of the surveyed facilities. A parole officer from the Department of Corrections was also present. During the meeting program staff and the parole officer discussed the progress and needs of the offenders in the facility. JBC staff quickly observed that one of the most active participants at the meeting was the head of the facility's security team. That security staff member interacted with offenders five days per week and knew them well. During the meeting the security staffer contributed many valuable insights concerning the offenders, insights that clearly benefited the case managers, who were also present.

Wages. Starting wages for security personnel currently average \$11.95 hourly at five of the surveyed program, ranging from \$10.72 to \$13.00. The average wage equates to \$11.95 * 2080 hours per year = \$24,856 annually.¹

¹ The program will incur payroll taxes for FICA and unemployment insurance on this compensation, which raises the annual employer cost to approximately \$24,856 * (1 + 8.15%) = \$26,881. In some programs, security staff work five 8-hour shifts during the course of a week. Others programs use four 10-hour shifts. Security must be present in the facility 24/7/365.

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Time off. One program gives workers 10 paid holidays (Christmas, New Years, President's Day, Labor Day, etc.) plus 10 paid days that can be used as vacation or sick leave. If a security staff member's regular schedule calls for work on a holiday, he must work that day (or swap with someone) but is paid 1.5 times the regular wage. A staff member who is not scheduled to work on a holiday receives nothing extra.²

Some programs have less generous holiday and leave policies (6 paid holidays and 5 vacation days at one facility. Vacation days rise to 10 after 5 years.). Such programs pay fewer holiday premiums and get more annual work hours out of security staff.

Benefits. Most programs offer health insurance for the employee (family coverage costs the employee extra) and may also offer a modest employer match for a 401k. Many security staff do not participate in the 401k. JBC staff concluded that \$3500 is a reasonable cost of benefits per employee.

Total cost of a security staff member. Combining the above figures puts the total cost of a new security staff member to a program at about \$29,700. More experienced staff members with higher salaries cost more.

Number of security staff. Beginning in 2010, DCJ regulations for Community Corrections (Community Corrections Standards, 4-250) required community corrections programs with 50 or more residents to have two security staff members on duty at all times. Prior to issuance of that rule, some smaller programs only had one staff member on duty overnight when little is going on inside the facility. The rule was controversial; staff has spoken to program directors who think the rule is unnecessary and to directors who believe that it is a good idea.

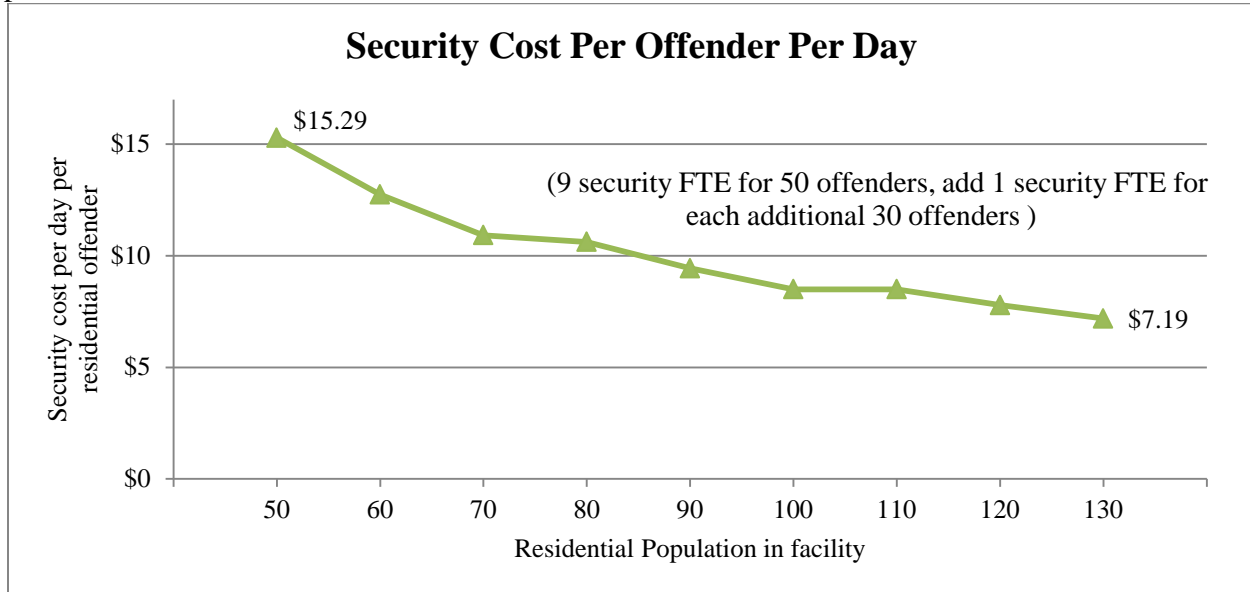
In the presence of this rule, the minimum number of security FTE that a community corrections program with 50 residents can operate with is 9 or, more realistically, 10.³ As the number of residents increases, programs add more security. Though the increase is not formally required by DCJ regulations, the additional work required by a larger offender population effectively requires additional FTE. At about 80 offenders, a program would probably add another security FTE and yet another would be added around 110 offenders.

² A typical security staffer would work on about 70% of holidays and would clock 8 hours * 7 holidays = 56 holiday hours during the year, receiving holiday premiums totaling \$11.95 * .5 * 56 = \$335 and, with payroll taxes, costing the employer \$335 * (1 + 8.15%) = \$362 annually. JBC staff calculates that a full-time security worker at a program with 10 holidays and 10 days of leave would work about 1975 hours in a typical year, after subtracting 30 hours for training during the course of the year.

³ To provide 24/7/365 coverage with two security staffers, the staff must work 365 * 24 * 2 = 17,520 hours during the year. With each security staff member available for 1975 hours of security duty per year, that's 17,520 / 1975 = 8.87 security FTE. Usually 9 security personnel perform this duty, but it is possible to operate with 8 security FTE if non-security staff (trained in applicable security policies) fill in during the day. If a program has less generous holiday and leave policies, the substitution is easier. Of course security duty takes non-security personnel away from their other work.

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If security personnel cost programs an average of \$31,000 per year for a mix of new and experienced staff, the cost of security is then $\$31,000 \times \text{number of staff}$ and the cost of security per day per offender is $(\$31,000 \times \text{number of staff}) / (365 \times \text{number of offenders})$, which is plotted below.



The advantage of size: This graph points out key facts about security:

- Security is expensive. For a 50 bed facility daily security costs \$15.29 per offender, consuming $\$15.29 / \$38.68 = 40$ percent of the per diem payment received from DCJ.
- Security has substantial economies of scale. Daily security costs per offender decline by almost 50 percent as a facility expands from 50 to 130.
- DCJ regulations can have a sizable financial impact on programs. Prior to 2010, some 50-bed programs would have operated with one fewer security FTE. If a 50-bed facility was still able to do so, per offender per day security costs would be $(\$31,000 \times 8) / (50 \times 365) = \13.59 rather than \$15.29.

Two-tiered funding could offset the advantage of size. Currently DCJ pays all community corrections programs with standard beds at the uniform rate of \$38.68 per day. A two tiered funding system could slightly reduce the advantages of size. If DCJ paid a premium for the first 50 beds, it would offset some of the advantages of size. With a \$2 premium, all programs with 50 or more beds would receive an extra $\$2 \times 50$ daily, but the payment would amount to \$2 per bed daily for a 50-bed program and \$1 daily for a 100 bed program.

Staff understands that the juvenile corrections research literature suggests that smaller programs are more effective. Staff is unaware of any adult-corrections research regarding the effects of size, but such effects may exist. Smaller facilities are also better suited to placement in a residential or mixed use community.

Case Managers

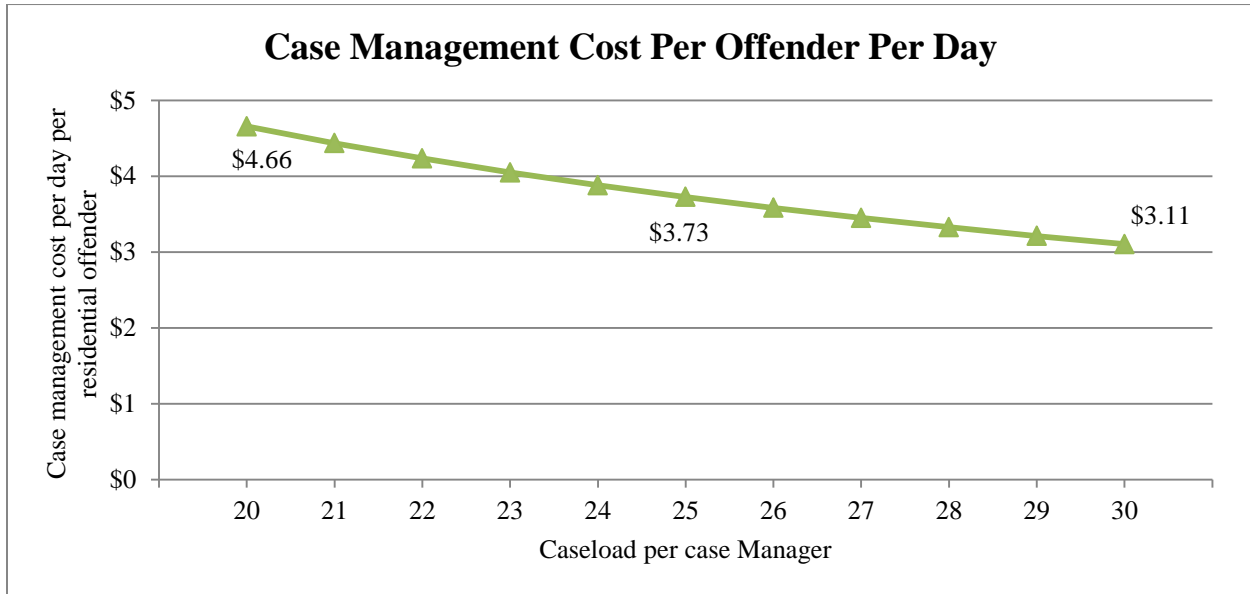
Qualifications: A bachelor's degree in criminal justice or related social services field. One can often substitute relevant experience (perhaps in security) for the degree on a year-for-year basis.

Duties: Manage an assigned caseload of offenders, meeting with them regularly, assessing their risks and needs, developing plans for them that will help them successfully reintegrate into the community. Helping offenders get needed treatment and get into needed programs, helping them find jobs, assisting them with financial planning and budgeting, keeping related records and preparing related reports for referring agencies.

Case manager cost. Though case managers are often salaried, their salaries are often stated on an hourly basis. Starting salaries for case managers currently average \$13.78 hourly at six of the surveyed programs, ranging from \$12.74 to \$15.50. This average wage equates to $\$13.78 * 2080$ hours per year = \$28,662 annually.⁴ Case managers may occasionally draw overtime when they sub for an absent security worker on a holiday, but such costs are usually low. Assuming benefits equal \$3,500 annually, the total cost of a new case manager to his employer is then $\$28,662 + \$3,500 = \$32,162$ annually.

Case management cost per offender: Caseload is the critical determinant of case management costs per offender. Caseloads vary among facilities, ranging from 20 offenders per case manager to as high as 30 per manager. DCJ regulations for standard community corrections programs do not specify caseloads, but a City of Denver ordinance, applying to all Denver facilities, requires that caseloads not exceed 20. (The ordinance was a response to the 1999 murder of Peyton Tuthill by an out-of-state offender staying in a Denver halfway house.) The cost to a facility per offender is inversely related to caseload. If the program's mix of new and experienced case managers cost an average of \$34,000 annually, this yields the following costs of case management per offender per day.

⁴ With FICA and unemployment insurance on this compensation, the annual employer cost is $\$28,662 * (1 + 8.15\%) = \$30,9978$.



Note that the falling cost is not related to facility size, a 200-bed facility with a 20:1 caseload ratio will have the same case management costs per offender as a 50-bed facility with the same ratio.

This graph points out key facts about case management:

- Case management, like security, is expensive. For a Denver facility with a 20:1 caseload, case management costs \$4.66 per offender daily, consuming $\$4.66 / \$38.68 = 12$ percent of the daily payment received from DCJ.
- DCJ's policies can alter case management costs. DCJ is currently exploring projects with clear merits that are likely to require programs to reduce their case management ratios, thus increasing program costs. The following evidence-based initiatives are in various stages of development and implementation:

The Behavioral Shaping Model and Reinforcement Tool (B.SMART): This project implements two different but related evidence-based practices. The Behavioral Shaping Model is a structured sanctions grid that assists providers in responding to program violations in a manner that is consistent with evidence-based principles. This Behavioral Shaping Model is congruent, in concept, with the Colorado Violation Decision Making Process (CVDMP) used by the Colorado Department of Corrections as well as the Technical Violation and Behavior Change (TVBC) model being developed in probation. The Reinforcement Tool is a structured process that will promote long-term behavior change. The process provides structured incentives to offenders who exhibit pro-social behavior.

The Evidence-Based Progression Matrix: This project seeks to develop evidence-based criteria for offenders to progress through the community corrections residential level

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system before being released to Non-Residential or ISP-I (Intensive Supervision - Inmate) status.

Motivational Interviewing (MI): Participating community corrections providers are implementing this rigorous and structured intervention for offenders.

Other employees:

Cooks. Community Corrections facilities must feed their offenders. Most facilities hire food service workers to prepare the meals. Two cooks are necessary to prepare meals seven days per week for 50 clients. Two cooks can also prepare meals for twice as many offenders, so there are economies of scale.

Management/administrative staff. A review of staffing at surveyed community corrections facilities suggests that a minimum of four administrative staff are required for a 50-client facility. As with cooks and security staff, there are economies of scale. (These economies may be available to programs that operate at multiple locations, but staff did not investigate). This staff might rise to 5 or 6 as the offender population passes 100.

Can a 50 bed facility cover its costs at today's rates?

The following table summarizes revenues and expenses for a small program.

Pro Forma Income statement for a 50 bed Community Corrections Program

Revenue

\$688,755 Revenue from DCJ for 50 offenders
219,000 Revenue from 50 offenders assuming they pay \$12 of the \$17 they owe daily
907,755 Total Revenue

Expenses

Compensation-related expenses (including benefits and payroll taxes)

\$267,300 9 Security FTE
85,000 2.5 Case Managers
70,000 2 Cooks
85,000 1 Director
120,000 Assistant director and 2 support staff

Operating expenses

\$150,000 Rent
54,750 Food (\$3 per offender per day)
25,000 Utilities
25,000 Insurance (workers' compensation, liability, property)
20,000 Maintenance & repairs
10,000 Lab fees
5,000 Automobile expense
10,000 Payroll, bookkeeping, accounting

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Pro Forma Income statement for a 50 bed Community Corrections Program

927,050 Total Expenses

(\$19,295) Net income (Revenue – Expenses)

The salaries for cooks and management in this table, as well as the operating expenses are based on financial information from surveyed programs. All the estimates are on the low side; a program director who reviewed them would surely state that a program could never operate so cheaply. This list also omits a number of smaller but necessary expenses such as cleaning and laundry supplies, office supplies and postage, dues and subscriptions, training, and CBI background checks for staff. In addition, the table ignores depreciation on the program's capital items (kitchen equipment, desks, beds, linens, computers, furniture, washing machines) that must someday be replaced. Ideally depreciation will correspond to amounts that must be set aside to someday replace these items.

The above table indicates that, at the rates that DCJ now pays, it is difficult to operate a small community corrections program and cover costs. If your offender population declines, revenue will fall and you will find yourself losing money. If your clients have difficulty finding jobs and are unable to pay the projected \$12 per day, you will be in trouble. Something must change and the choices include the following:

- Increase case management caseloads
- Establish a larger program to take advantage of economies of scale.
- Reduce salaries and or benefits, paying less than your average competitor
- Find other sources of income. For example, run a UA testing program for the local judicial district to test probationers for drugs and alcohol.

Can a 100 bed facility cover costs?

Suppose that program size doubled to 100 and case management caseloads rose to 25. Revenue would double while security staff would grow to 10, case management to 4, and administrative staff to 5. If operating expenses doubled, the pro-forma income statement would look as follows.

Pro Forma Income statement for a 100 bed Community Corrections Program

Revenues

\$1,377,510 Revenue from DCJ for 100 offenders

438,000 Revenue from 100 offenders assuming they pay \$12 of the \$17 they owe daily

\$1,815,510 Total Revenue

Expenses

Compensation-related expenses (including benefits and payroll taxes)

\$297,000 10 Security FTE

136,000 4 Case Managers

70,000 2 Cooks

85,000 1 Director

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160,000	Assistant director and 3 support staff
Operating Expenses	
\$300,000	Rent
109,500	Food (\$3 per offender per day)
50,000	Utilities
50,000	Insurance (workers' compensation, liability, property)
40,000	Maintenance & repairs
20,000	Lab fees
10,000	Automobile expense
<u>20,000</u>	Payroll, bookkeeping, accounting
\$1,347,500	Total Expenses
\$468,010	Net income (Revenue – Expenses)

Still missing are expenses such as cleaning and laundry supplies, office supplies and postage, dues and subscriptions, training, and CBI background checks for staff and depreciation on the program's capital items, but it is beginning to appear that this program could turn a profit and have enough of a cushion to survive a dip in the offender employment rate or the loss of a few offenders. (Note that staff is not advocating large community corrections programs. When a program becomes large it comes to more closely resemble a prison than a community facility. It also becomes more difficult to place the facility in a community.)

Based on this analysis, staff concludes that:

- It is impossible to set a “correct” per diem rate for standard community corrections programs because of economies of scale. A rate that allows a moderate profit for a 100-bed facility will be too low to support a 50-bed program and an adequate rate for a 50-bed program may lead to substantial profits for a large facility. This does not imply that it is impossible to set correct rates for specialized programs, such as IRT programs, for which economies of scale are not important.
- Current rates may be too low for the long term survival of small community corrections programs that cannot take advantage of economies of scale.
- Regulatory changes and local ordinances can significantly alter community corrections costs. The DCJ and the Denver City Council have, in the past, changed community corrections rules in ways that have increased costs (and very possibly improved program quality in the process). Rules issued by the Office of Behavioral Health in the Department of Human Services have affected the costs of specialized community corrections programs. Federal rules (notably regulations for the Prison Rape Elimination Act or PREA) have also altered community corrections costs.
- The Committee may wish to take costly rule changes into account when setting the per diem rate in the future.
- The Committee may wish to request that the DCJ inform it in advance of proposed rules that alter community corrections costs.

In particular, the Committee may wish to talk to the DCJ about the impact of the following items on community corrections costs:

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- New federal Prison Rape Elimination Act rules.
- Administration costs associated with the Correctional Treatment Cash Fund
- The projected cost of implementing Motivational Interviewing, the Progressive Matrix, and B-SMART.
- The cost of the 2010 DCJ rule change that required at least two security staff members to be present at all times for programs with 50 or more residents.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

The mission of the Department of Public Safety is to improve public safety, the quality of services to crime victims, and the management of offenders. This briefing issue is designed to improve the management of offenders.

Issue: Performance-based contracting for Community Corrections

Performance-based contracts reward contractors for producing better results but are seldom used because it is hard to measure performance. Current law and current contracting practice give community corrections boards little ability to enter into performance-based contracts with their community corrections programs. Legislative change, backed by a moderate appropriation, would enable such contracting. This legislation may prove to be a beneficial long term addition to statute or it may produce example contracts and data that serve as valuable input for a future performance-based budgeting initiative that centralizes contracting at the DCJ.

SUMMARY:

- Current law and current contracting practice give community corrections boards little ability to enter into performance-based contracts with their community corrections programs.
- Legislation to enable performance contracting between local community corrections boards and community corrections providers may prove to be a useful long term addition to statute or it may produce contracts and data that serve as valuable input for a future performance-based budgeting initiative that centralizes contracting at the DCJ..

RECOMMENDATION:

Staff recommends that the Committee introduce a bill that enables performance contracting between local community corrections boards and community corrections providers.

DISCUSSION:

Performance-based contracts reward contractors for producing better results. These contracts are widely acknowledged to be good idea, but they are often not used because of the difficulty encountered in measuring performance. Current Colorado community corrections contracts are seriously lacking when viewed from a performance contracting perspective.

Current Contracting Practice. Under current contracting procedures, the Division of Criminal Justice (DCJ) enters into a contract with the board of commissioners for a county. (The contract is formally with the county commissioners, but boards typically delegate the work to their community corrections board.) The contract allows the county to subcontract for community corrections services and requires the county to ensure that subcontractors (i.e. the community corrections programs) comply with relevant state law and with the Colorado Community Corrections Standards, which are issued by the DCJ. The contract imposes a number of additional requirements on the county and on the programs that the county contracts with. It also contains provisions to close down programs that perform extremely poorly.

The county then subcontracts with a program that provides community corrections services. Over the course of the contract year, DCJ allocates funds to the county and the county allocates the funds to its community corrections subcontractors.

Performance contracts between community corrections programs and community corrections boards are currently not feasible. Pursuant to Section 17-27-103 (4), C.R.S., a county (or typically the community corrections board acting on the county's behalf) may impose additional standards on its community corrections programs; these requirements could be imposed through local ordinance or through the subcontract. However, the county has limited ability to induce or encourage compliance with its supplemental standards. For example, short of cutting off all funding for severely substandard performance, it cannot sanction a program by withholding a portion of the money the county has been allocated by the DCJ. The principal tool that the board has available to encourage compliance is its ability to allocate offenders among the community corrections programs in its judicial district, assigning relatively more offenders to the better programs. If all community corrections beds in the judicial district are full or there is only one community corrections program in the judicial district, there will also be nothing to allocate.

Current contracting practice thus gives community corrections boards little ability to enter into performance-based contracts with community corrections programs because the boards cannot reward good or punish poor performance.

Can a sensible performance contract be devised for community corrections? If performance contracting was possible, could sensible performance contracts be devised by community corrections boards? Performance contracts are one of those things that sound great in the abstract, but are hard to implement because it is difficult to find adequate performance measures. Recidivism, the obvious measure, is an example.

The problem with using recidivism as a performance measure. The state and local communities have a clear interest in reducing recidivism; recidivism is probably the most important outcome to consider. Should community corrections programs be rewarded with extra payments for low recidivism rates or punished for high rates? The difficulties with a recidivism performance measure are:

1. The problems associated with measuring recidivism, establishing a baseline for evaluating recidivism, and deciding on a time frame for evaluation.
2. The much more difficult problem of accounting for the many factors that are beyond the control of a community corrections program.

For example, when a transition offender from the Department of Corrections arrives at a community corrections facility, he has already been touched by many parts of the criminal justice system, each conceivably influencing his decision to return to crime. After a stay in jail, he may have been assigned to several prisons before his trip to community corrections. He may have been enrolled in differing treatment programs at each of those prisons. After graduating from community corrections he may be placed in the Intensive Supervision-Inmate (ISP-I) program under the supervision of parole office Smith and allowed to live in the community for

six months. After his ISP-I experience, he may be paroled and placed under the supervision of parole officer Jones for a couple of years. If he commits a new crime while on parole, a year after leaving community corrections, should the community corrections facility get the blame? If it does, the program may be unwilling to accept similar offenders in the future.

Despite these concerns, recidivism may be a useful measure for certain offenders. Consider, for example, low risk diversion offenders who have not plunged far into the criminal justice system and have experienced few other treatment programs. (There may not be many of these offenders.) The impact of a community corrections program's residential and non-residential programs may be of considerable importance under such circumstance and it may be appropriate to base rewards upon recidivism.

Correlates of success. If recidivism can't or shouldn't be a basis for a performance contract, perhaps an intermediate indicator—a correlate of success—can be substituted. For example, programs might be rewarded for the portion of offenders who graduate with identifiable community support, such as a continuing relationship with mom or a church. Or they might be rewarded based on the portion of offenders who graduate with jobs. Perhaps job quality could somehow be factored into the measure.

Not all potential correlates are appropriate however. Consider for example, the rate of successful program completion, which at first blush seems an appealing measure of program effectiveness. Unfortunately, this measure has a potential problem: some offenders in community corrections turn out to pose a threat to public safety after they arrive and should be revoked; programs shouldn't feel the need to hold on to them in order to keep completion rates high. If an offender threatens his girlfriend, leaving her terrified, and menaces other offenders in the community corrections program, the program should consider the revocation question solely on public safety grounds without regard for monetary consequences.

Process measures. In addition to correlates of success, contract rewards can also be based upon process; has the community corrections facility implemented an evidence based program that is well grounded in the relevant literature and is known to produce desirable outcomes? Even if the answer is yes, mere implementation does not assure success. Has the program been implemented with a high degree of fidelity? Does program delivery adhere to the model? Does dosage correspond to the model? Are offenders responsive to program delivery? Weak effects are likely if 100 percent of a program model is delivered, but it is delivered ineffectively, with a lack of enthusiasm, respectfulness, and confidence. The effect may be two to three times higher when a program is implemented with fidelity. If an evidence-based program has been modified, as it often must to adapt it to the situation at hand, have the adaptations enhanced or reduced the potential impact? Finally, are systems in place to maintain fidelity as the initial enthusiasm following implementation wanes?

If an evidence-based program is implemented in a fashion that produces adequate implementation data for subsequent monitoring, the rewards and penalties of a performance-based contract can be tied to those measures.

Are other states using performance-based contracts for community corrections? There appear to be few instances of performance-based community corrections contracts that focus on outcomes in other states. The primary example is a new contracting initiative in Pennsylvania that ties a small amount of a program's payment to its recidivism rate. The initiative was announced this year after a study found high recidivism rates among offenders assigned to Pennsylvania community corrections programs and is still in its infancy. Staff has not done an exhaustive search for performance contracts elsewhere that focus on outcomes, but staff has spoken with knowledgeable Colorado-based individuals who know of little work in this area.

Recommendation. Staff recommends that the committee sponsor a bill that:

- Gives the General Assembly the authority to optionally appropriate performance incentive funding to the DCJ for allocation among units of local government with community corrections programs in their judicial districts.
- Gives local governments the authority to enter into performance-based contracts with the community corrections programs in their judicial districts.
- Directs local governments (again acting through their community corrections boards) to distribute the funds in accord with written performance standards established by the board. Payments could be based on outcome measures, correlates of success, or implementation measures. It would be up to the boards to decide which measures to use, but the measures must be connected to performance. The board would not be required to distribute its entire allocation.
- Directs the boards to report annually to the DCJ on the performance measures chosen, why they were chosen, and how they are connected to success; how payments to community corrections providers were tied to those measures; the extent to which standards were met; and the amounts that were paid out. The board would also be directed to submit its contract along with any data that it collected to measuring performance. DCJ would be directed to keep the reports but, it would not, at this time, evaluate them. Evaluation would occur several years from now, when it would probably require an additional appropriation.
- Appropriates a modest pool of incentive funding for these contracts. The one-time \$592,200 General Fund appropriation for the subsistence forgiveness experiment in the FY 2013-14 Long Bill is expiring and could be a funding source. Year-end reversions of the General Fund appropriation for community corrections programs have been a topic of concern in the past and could possibly be used to make year-end performance payments to programs under the terms of the performance contracts. Alternately a portion of the provider rate increase could be directed into performance-based funding.

This legislation would create an experimental program that could, because the appropriation is optional, be stopped at any time. It establishes rewards for community corrections programs that perform well but does not establish penalties for programs that perform poorly. Staff recommends that the fiscal power of local boards over community corrections programs be limited, at least initially.

The experiment has several objectives.

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- There appear to be few real-world examples of performance-based community corrections contracts. This experiment would, in the course of several years, provide a number of additional examples. Some may not be creative or innovative, but others may advance the art.
- This proposal will focus the attention of community corrections boards more on the quality of the programs in their judicial district and away from the question of which offenders to reject. It will focus the attention of community corrections programs on the growing importance of quality.
- The other issue in this document suggested that per diem funding for standard community corrections beds is inadequate for small community corrections programs. This plan would increase payments to all community corrections programs.

The state is moving ever closer to performance based budgeting and contracting. It is possible that this experiment will prove to be a useful long term addition to statute and will cease to be regarded as an experiment. It is equally possible that the example contracts and the data produced by this legislation will serve as valuable input for a future performance-based budgeting initiative that centralizes contracting at the DCJ.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

The mission of the Department of Public Safety is to improve public safety, the quality of services to crime victims, and the management of offenders. This briefing issue is designed to improve the management of offenders.

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Appendix A: Number Pages

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
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DEPARTMENT OF PUBLIC SAFETY
James Davis, Executive Director

(4) DIVISION OF CRIMINAL JUSTICE

Primary functions: Provide funding and set standards for community corrections programs. Administer grant programs that assist local and state law enforcement agencies and juvenile delinquency programs. Administer grant programs that assist crime victims. Assist the Domestic Violence and Sex Offender Management Boards in developing and implementing standards and policies for the treatment, monitoring, and management of adult domestic violence and sex offenders. Conduct studies analyzing criminal justice policies, problems, and programs and make related recommendations. Forecast offender populations.

(A) Administration

DCJ Administrative Services	<u>0</u>	<u>2,702,145</u>	<u>3,114,712</u>	<u>3,450,054</u> *
FTE	0.0	28.7	31.9	34.6
General Fund	0	1,748,154	1,860,836	2,152,772
Cash Funds	0	427,139	671,526	690,914
Reappropriated Funds	0	482,594	498,312	506,433
Federal Funds	0	44,258	84,038	99,935
Evidence-Based Practices Implementation for Capacity Resource Center (EPIC)	<u>0</u>	<u>0</u>	<u>0</u>	<u>843,615</u>
FTE	0.0	0.0	0.0	9.0
General Fund	0	0	0	843,615
Indirect Cost Assessment	<u>633,984</u>	<u>490,936</u>	<u>597,597</u>	<u>537,453</u>
Cash Funds	59,275	6,000	48,542	55,336
Reappropriated Funds	0	7,882	5,828	5,972
Federal Funds	574,709	477,054	543,227	476,145

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Personal Services	<u>2,480,579</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	30.3	0.0	0.0	0.0	
General Fund	1,622,861	0	0	0	
Cash Funds	471,907	0	0	0	
Reappropriated Funds	319,893	0	0	0	
Federal Funds	65,918	0	0	0	
Operating Expenses	<u>213,101</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	151,330	0	0	0	
Cash Funds	31,619	0	0	0	
Reappropriated Funds	28,402	0	0	0	
Federal Funds	1,750	0	0	0	
SUBTOTAL - (A) Administration	3,327,664	3,193,081	3,712,309	4,831,122	30.1%
FTE	<u>30.3</u>	<u>28.7</u>	<u>31.9</u>	<u>43.6</u>	<u>36.7%</u>
General Fund	1,774,191	1,748,154	1,860,836	2,996,387	61.0%
Cash Funds	562,801	433,139	720,068	746,250	3.6%
Reappropriated Funds	348,295	490,476	504,140	512,405	1.6%
Federal Funds	642,377	521,312	627,265	576,080	(8.2%)

(B) Victims Assistance

Federal Victims Assistance and Compensation Grants	<u>10,369,662</u>	<u>10,828,211</u>	<u>10,400,000</u>	<u>10,400,000</u>
Federal Funds	10,369,662	10,828,211	10,400,000	10,400,000
State Victims Assistance and Law Enforcement Program	<u>1,190,080</u>	<u>1,218,818</u>	<u>1,500,000</u>	<u>1,500,000</u>
Cash Funds	1,190,080	1,218,818	1,500,000	1,500,000

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Child Abuse Investigation	<u>3,026</u>	<u>146,326</u>	<u>200,000</u>	<u>200,000</u>	
FTE	0.2	0.1	0.4	0.4	
Cash Funds	3,026	146,326	200,000	200,000	
Sexual Assault Victim Emergency Payment Program	<u>0</u>	<u>0</u>	<u>167,067</u>	<u>167,933</u>	
FTE	0.0	0.0	0.2	0.2	
General Fund	0	0	167,067	167,933	
Statewide Victim Information and Notification System (VINE)	<u>0</u>	<u>0</u>	<u>434,720</u>	<u>434,720</u>	
General Fund	0	0	434,720	434,720	
SUBTOTAL - (B) Victims Assistance	11,562,768	12,193,355	12,701,787	12,702,653	NaN
FTE	<u>0.2</u>	<u>0.1</u>	<u>0.6</u>	<u>0.6</u>	<u>0.0%</u>
General Fund	0	0	601,787	602,653	0.1%
Cash Funds	1,193,106	1,365,144	1,700,000	1,700,000	0.0%
Federal Funds	10,369,662	10,828,211	10,400,000	10,400,000	0.0%

(C) Juvenile Justice and Delinquency Prevention

Juvenile Justice Disbursements	<u>642,110</u>	<u>477,964</u>	<u>850,000</u>	<u>850,000</u>	
Federal Funds	642,110	477,964	850,000	850,000	
Juvenile Diversion Programs	<u>1,240,058</u>	<u>1,241,093</u>	<u>1,241,139</u>	<u>1,241,139</u>	
FTE	0.8	0.7	0.9	0.9	
General Fund	1,240,058	1,241,093	1,241,139	1,241,139	

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
SUBTOTAL - (C) Juvenile Justice and Delinquency					
Prevention	1,882,168	1,719,057	2,091,139	2,091,139	0.0%
<i>FTE</i>	<u>0.8</u>	<u>0.7</u>	<u>0.9</u>	<u>0.9</u>	<u>0.0%</u>
General Fund	1,240,058	1,241,093	1,241,139	1,241,139	0.0%
Federal Funds	642,110	477,964	850,000	850,000	0.0%

(D) Community Corrections

Community Corrections Boards Administration	<u>2,012,823</u>	<u>1,998,817</u>	<u>2,140,703</u>	<u>2,172,814</u> *
General Fund	2,012,823	1,998,817	2,140,703	2,172,814
Community Corrections Placements	<u>0</u>	<u>51,760,190</u>	<u>55,112,987</u>	<u>55,939,681</u> *
General Fund	0	50,773,691	54,094,118	54,920,812
Cash Funds	0	0	0	0
Reappropriated Funds	0	986,499	1,018,869	1,018,869
Services for Substance Abuse and Co-occurring Disorders	<u>0</u>	<u>2,177,785</u>	<u>1,793,900</u>	<u>1,793,900</u>
General Fund	0	609,035	0	0
Reappropriated Funds	0	1,568,750	1,793,900	1,793,900
Subsistence Grace Period Pilot Project	<u>0</u>	<u>0</u>	<u>591,200</u>	<u>591,200</u>
General Fund	0	0	591,200	591,200
Specialized Offender Services	<u>61,490</u>	<u>70,700</u>	<u>55,000</u>	<u>55,825</u> *
General Fund	61,490	70,700	55,000	55,825
Offender Assessment Training	<u>0</u>	<u>7,387</u>	<u>10,507</u>	<u>10,507</u>
General Fund	0	7,387	10,507	10,507

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Intensive Residential Treatment Aftercare	<u>0</u>	<u>180,000</u>	<u>0</u>	<u>0</u>	
General Fund	0	180,000	0	0	
Transition Programs including standard residential services and specialized substance abuse treatment	<u>24,430,355</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	24,430,355	0	0	0	
Diversion Programs including standard residential services and standard nonresidential services	<u>22,049,315</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	22,049,315	0	0	0	
Transitional Mental Health Bed Differential	<u>977,945</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	977,945	0	0	0	
Diversion Mental Health Bed Differential	<u>484,123</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	484,123	0	0	0	
John Eachon Re-entry Program	<u>275,114</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	275,114	0	0	0	
Substance Abuse Treatment Program	<u>2,448,432</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	402,380	0	0	0	
Cash Funds	677,417	0	0	0	
Reappropriated Funds	1,368,635	0	0	0	
Outpatient Therapeutic Community Programs	<u>548,192</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	548,192	0	0	0	

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Intensive Residential Treatment Pilot Project	<u>291,416</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	125,499	0	0	0	
Cash Funds	165,917	0	0	0	
SUBTOTAL - (D) Community Corrections	53,579,205	56,194,879	59,704,297	60,563,927	1.4%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	51,367,236	53,639,630	56,891,528	57,751,158	1.5%
Cash Funds	843,334	0	0	0	0.0%
Reappropriated Funds	1,368,635	2,555,249	2,812,769	2,812,769	0.0%

(E) Crime Control and System Improvement

State and Local Crime Control and System Improvement

Grants	<u>4,430,567</u>	<u>3,168,960</u>	<u>4,900,000</u>	<u>4,900,000</u>
Federal Funds	4,430,567	3,168,960	4,900,000	4,900,000
Sex Offender Surcharge Fund Program	<u>114,569</u>	<u>125,451</u>	<u>153,325</u>	<u>157,866</u>
FTE	1.4	1.3	1.5	1.5
Cash Funds	114,569	125,451	153,325	157,866
Sex Offender Supervision	<u>318,565</u>	<u>328,002</u>	<u>328,002</u>	<u>339,386</u>
FTE	2.8	3.5	3.2	3.2
General Fund	318,565	328,002	328,002	339,386
Treatment Provider Criminal Background Checks	<u>43,523</u>	<u>45,678</u>	<u>49,606</u>	<u>49,606</u>
FTE	0.4	0.4	0.6	0.6
Cash Funds	43,523	45,678	49,606	49,606

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Colorado Regional and Community Policing Institute	<u>123,261</u>	<u>11,566</u>	<u>200,000</u>	<u>200,000</u>	
FTE	0.4	0.1	2.5	2.5	
Reappropriated Funds	34,685	0	100,000	100,000	
Federal Funds	88,576	11,566	100,000	100,000	
Federal Grants	<u>10,623,241</u>	<u>8,592,869</u>	<u>4,300,000</u>	<u>4,332,141</u>	
FTE	21.3	19.7	17.5	17.5	
Federal Funds	10,623,241	8,592,869	4,300,000	4,332,141	
EPIC Resources Center	<u>0</u>	<u>0</u>	<u>739,591</u>	<u>0</u>	
FTE	0.0	0.0	6.0	0.0	
General Fund	0	0	739,591	0	
Criminal Justice Training Fund	<u>80,750</u>	<u>63,382</u>	<u>120,000</u>	<u>120,000</u>	
FTE	0.2	0.0	0.5	0.5	
Cash Funds	80,750	63,382	120,000	120,000	
MacArthur Foundation Grant	<u>0</u>	<u>0</u>	<u>75,000</u>	<u>75,000</u>	
Cash Funds	0	0	75,000	75,000	
Methamphetamine Abuse Task Force Fund	<u>7,000</u>	<u>1,291</u>	<u>20,000</u>	<u>20,000</u>	
Cash Funds	7,000	1,291	20,000	20,000	
SUBTOTAL - (E) Crime Control and System Improvement	15,741,476	12,337,199	10,885,524	10,193,999	(6.4%)
FTE	<u>26.5</u>	<u>25.0</u>	<u>31.8</u>	<u>25.8</u>	(18.9%)
General Fund	318,565	328,002	1,067,593	339,386	(68.2%)
Cash Funds	245,842	235,802	417,931	422,472	1.1%
Reappropriated Funds	34,685	0	100,000	100,000	0.0%
Federal Funds	15,142,384	11,773,395	9,300,000	9,332,141	0.3%

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TOTAL - (4) Division of Criminal Justice	86,093,281	85,637,571	89,095,056	90,382,840	1.4%
<i>FTE</i>	<u>57.8</u>	<u>54.5</u>	<u>65.2</u>	<u>70.9</u>	<u>8.7%</u>
General Fund	54,700,050	56,956,879	61,662,883	62,930,723	2.1%
Cash Funds	2,845,083	2,034,085	2,837,999	2,868,722	1.1%
Reappropriated Funds	1,751,615	3,045,725	3,416,909	3,425,174	0.2%
Federal Funds	26,796,533	23,600,882	21,177,265	21,158,221	(0.1%)
TOTAL - Department of Public Safety	86,093,281	85,637,571	89,095,056	90,382,840	1.4%
<i>FTE</i>	<u>57.8</u>	<u>54.5</u>	<u>65.2</u>	<u>70.9</u>	<u>8.7%</u>
General Fund	54,700,050	56,956,879	61,662,883	62,930,723	2.1%
Cash Funds	2,845,083	2,034,085	2,837,999	2,868,722	1.1%
Reappropriated Funds	1,751,615	3,045,725	3,416,909	3,425,174	0.2%
Federal Funds	26,796,533	23,600,882	21,177,265	21,158,221	(0.1%)

NOTE: An asterisk (*) indicates that the FY 2014-15 request for a line item is affected by one or more decision items.

Appendix B: **Recent Legislation Affecting Department Budget**

This section summarizes bills that pertain to the Division of Criminal Justice. Bills affecting other divisions of the Department of Public Safety are excluded.

2012 Session Bills

H.B. 12-1246 (Reverse Pay-date Shift for Bi-weekly State Employees): Reverses the annual pay date shift as it applies to state employees paid on a biweekly basis. Appropriates \$25,473 General Fund to the Department of Public Safety for FY 2012-13.

H.B. 12-1310 (Crime Proceedings Omnibus Changes): Addresses criminal justice matters in several areas including drug offenses and treatment, sentencing, court proceedings, sex offenses, probation, and parole. Relevant to the Department of Public Safety, consolidates funding for substance-abuse treatment for adult and juvenile offenders, replacing multiple appropriations with a set of similar appropriations involving the Correctional Treatment Cash Fund, which is created by the bill. Implements a consistent appropriation format that initially appropriates all General Fund and cash funds made available for treatment by S.B. 03-318 and H.B. 10-1352 to a single department (Judicial). Transfers funds not used in the Judicial Department to other state agencies as reappropriated funds. Eliminates a statutory requirement that the Division of Criminal Justice analyze and report each year to the Joint Budget Committee concerning the amount of fiscal savings generated by H.B. 10-1352. Increases appropriations of reappropriated funds to the Department by \$1,098,016 while reducing appropriations of cash funds by the same amount. Reduces General Fund appropriations to the Division of Criminal Justice by \$37,964 and 0.5 FTE.

2013 Session Bills

S.B. 13-007 (Eliminate Repeal of CCJJ): Changes the repeal date for the Colorado Commission on Criminal and Juvenile Justice from July 1, 2013 to July 1, 2018. Requires the Office of Legislative Legal Services to provide a staff member to attend meetings of the Commission upon request. Makes the following FY 2013-14 General Fund appropriations: \$255,433 to the Department of Public Safety, \$56,100 to the Department of Corrections, and \$6,061 to the Legislative Department.

S.B. 13-283 (Implement Amendment 64): Requires the Colorado Commission on Criminal and Juvenile Justice to make recommendations to the General Assembly regarding criminal law changes that must be made to conform to Amendment 64. Requires the Division of Criminal Justice to undertake or contract for a study of law enforcement activities related to retail marijuana implementation. For FY 2013-14 appropriates \$154,034 from the Marijuana Cash Fund to the Department of Public Safety. For additional information on S.B. 13-283, see the "Recent Legislation" section for the Department of Public Health and Environment.

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S.B. 13-230 (Long Bill): General appropriations act for FY 2013-14. Also includes supplemental adjustments to modify appropriations to the Department of Public Safety included in the FY 2012-13 Long Bill (H.B. 12-1335).

H.B. 13-1129 (Evidence-based Practices for Offender Services [EPIC]): Creates the Evidence-based Practices Implementation for Capacity (EPIC) Resource Center in the Division of Criminal Justice, to help agencies serving juvenile and adult offender populations develop, implement, and sustain evidence-based practices. The EPIC Center was developed in 2009 as an initiative of the Colorado Commission on Criminal and Juvenile Justice and is funded with federal Justice Assistance Grant funds, set to end on September 30, 2013. For FY 2013-14, appropriates \$739,591 General Fund and 6.0 FTE to the Division of Criminal Justice to replace the expiring federal support.

H.B. 13-1163 (Sexual Assault Victim Emergency Payment): Creates an emergency payment program in the Division of Criminal Justice for victims of sexual assault who need additional time to determine if they wish to pursue legal action. The program serves as payer of last resort for victims who require financial assistance to pay the costs of a forensic medical exam. For FY 2013-14, appropriates \$167,067 General Fund and 0.2 FTE to the Division of Criminal Justice.

H.B. 13-1195 (Human Trafficking Review): Directs the Colorado Commission on Criminal and Juvenile Justice to review the State's implementation of human trafficking statutes since their inception in 2007. The Commission must report its findings to the General Assembly by January 1, 2014. For FY 2013-14, appropriates \$9,020 General Fund to the Division of Criminal Justice.

H.B. 13-1241 (Statewide Victim Information and Notification System): Directs the Division of Criminal Justice to distribute moneys for a statewide victim information and notification system that already exists and is operated by the County Sheriffs of Colorado. In 2007, the federal Bureau of Justice Assistance provided a grant to create this system, which provides information on inmates in county jails. Operating costs are currently paid by participating counties and by the Division of Youth Corrections (DYC) in the Department of Human Services, which also participates in the system. For FY 2013-14, the bill appropriates \$434,720 General Fund to the Division of Criminal Justice to pay for expenses of the system, with \$10,000 reappropriated to the DYC to pay for the DYC's share of system costs. Adjusts FY 2013-14 appropriations to the DYC, reducing General Fund by \$10,000 and increasing reappropriated funds from the Department of Public Safety by \$10,000.

Appendix C: Update on Long Bill Footnotes & Requests for Information

Long Bill Footnotes

60 Department of Public Safety, Division of Criminal Justice, Community Corrections, Community Corrections Placements – This appropriation assumes the daily rates and average daily caseloads listed in the following table. The base rate for standard nonresidential services is a weighted average of the rates for four different levels of service. The appropriation also assumes that community corrections providers will collect client fees of up to \$17 per day for residential placements and up to \$3 per day for nonresidential placements. Pursuant to its authority to administer and execute contracts under Section 17-27-108, C.R.S., the Division of Criminal Justice is requested to ensure that every reasonable effort is made to achieve such collections.

Placement Type	Rates			Caseload			Funds
	Base	Differential	Total	Diversion	Transition	Parole	
Standard Residential	\$38.68	\$0.00	\$38.68	1,300.0	1,326.5	80.0	\$38,210,908
Intensive Residential Treatment	38.68	45.93	84.61	37.0	49.0	45.0	4,045,627
Inpatient Therapeutic Community	38.68	22.82	61.50	149.0	59.0	15.0	5,005,793
Residential Dual Diagnosis	38.68	33.85	72.53	70.0	49.0	15.0	3,547,442
John Eachon Re-entry Program	38.68	54.12	92.80	11.0	15.0	0.0	880,672
Sex Offender Residential	38.68	33.85	72.53	8.0	8.0	26.0	1,111,885
Standard Non-residential	5.25	0.00	5.25	780.0	0.0	0.0	1,494,675
Outpatient Day Treatment	34.10	0.00	34.10	8.0	0.0	0.0	99,572
<u>Outpatient Therapeutic Community</u>	13.65	0.00	13.65	<u>77.0</u>	<u>22.0</u>	<u>0.0</u>	<u>493,243</u>
Total				2,440.0	1,528.5	181.0	\$54,889,817

Comment: This footnote is attached to the *Community Corrections Placement* appropriation, which provides General Fund and a smaller amount of cash funds to the Department. The Department uses this appropriation to contract with the local community corrections boards that oversee and fund local community corrections providers. The Department is complying with the intent of this appropriation.

61 Department of Public Safety, Division of Criminal Justice, Community Corrections, Subsistence Grace Period Pilot Project – This appropriation is for an experimental 28-day subsistence grace period pilot project and for an evaluation of the project. Of this appropriation, \$20,000 for evaluation may roll forward to FY 2014-15. The unspent balance of the amount rolled forward to FY 2014-15 may further roll forward to FY 2015-16.

Comment: The General Assembly approved a \$591,200 appropriation for a Subsistence Grace Period Pilot Project for FY 2013-14. This footnote clarifies that \$20,000 of this appropriation may be used by the DCJ to evaluate the effectiveness of the experiment.

Requests for Information

Requests Affecting Multiple Departments

1. **Department of Corrections, Management, Executive Director's Office Subprogram; Department of Human Services, Behavioral Health Services, Alcohol and Drug Abuse Division; and Division of Youth Corrections; Judicial Department, Probation and Related Services; and Department of Public Safety, Division of Criminal Justice; and Colorado Bureau of Investigation** – State agencies involved in multi-agency programs requiring separate appropriations to each agency are requested to designate one lead agency to be responsible for submitting a comprehensive annual budget request for such programs to the Joint Budget Committee, including prior year, request year, and three year forecasts for revenues into the fund and expenditures from the fund by agency. The requests should be sustainable for the length of the forecast based on anticipated revenues. Each agency is still requested to submit its portion of such request with its own budget document. This applies to requests for appropriation from: the Offender Identification Fund, the Sex Offender Surcharge Fund, the Persistent Drunk Driver Cash Fund, and the Alcohol and Drug Driving Safety Program Fund, among other programs.

Comment: This footnote is designed to ensure that Departments coordinate requests that draw on the same cash fund. Of the funds listed, the Division of Criminal Justice shares two with other state agencies: the Sex Offender Surcharge Fund, and the Correctional Treatment Cash Fund.

The Sex Offender Surcharge Fund. This fund consists of 95 percent of sex offender surcharge revenues. These surcharges range from \$75 to \$3,000 for each conviction or, in the case of youth, adjudication. Revenues of the fund in recent years have averaged about \$450,000. The fund is managed by the Judicial Department, which retains 5 percent of revenues for its management duties and reports on the fund in its annual budget submission. Moneys in the fund are subject to annual appropriation to the Judicial Department, the Department of Corrections, the Department of Public Safety's Division of Criminal Justice, and the Department of Human Services to cover the direct and indirect costs associated with the evaluation, identification, and treatment and the continued monitoring of sex offenders. Pursuant to Section 16-11.7-103 (4) (c), C.R.S., the Sex Offender Management Board (SOMB) is required to develop a plan for the allocation of moneys deposited in the Fund, and to submit the plan to the General Assembly.

The Sex Offender Management Board has endorsed the following allocation for state agencies in FY 2014-15:

- \$29,311 (5.5 percent) to the Department of Corrections to be used to manage sex offender data collection, including entry of psychological and risk assessment test results and demographics for use in treatment planning and research;

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- \$302,029 (56.6 percent) to the Judicial Department for direct services, beginning with the funding of sex offender evaluations, assessments and polygraphs required by statute during the pre-sentence investigation;
- \$163,591 (30.7 percent) to the Division of Criminal Justice in the Department of Public Safety for administration and implementation of the Sex Offender Treatment and Management Standards. \$3,500 of these funds will be used to provide cross-system training. These dollars may be matched by grants as available.
- \$38,250 (7.2 percent) to the Department of Human Services to be used for training and technical assistance to county departments, the Division of Youth Corrections, and the Division of Child Welfare.

The allocations total \$533,181 and are identical to those endorsed by the Sex Offender Management Board since FY 2009-10. Revenue since FY 2009-10 has always been less than the amount allocated. When such a shortfall occurs, the amount received by each department is proportionately reduced. The General Assembly is not required to accept the plan endorsed by the Sex Offender Management Board, but it has always done so.

The Correctional Treatment Cash Fund. House Bill 12-1310 consolidated the major state funding sources for substance abuse treatment into the Correctional Treatment Cash Fund and consolidated oversight into a single Correctional Treatment Board, which has proposed the following allocations for FY 2014-14:

- \$3,357,227 to the Department of Corrections;
- \$4,850,156 to the Department of Human Services; and
- \$6,460,125 to the Judicial Department;
- \$5,101,766 to the Department of Public Safety, Division of Criminal Justice.

Requests Affecting the Department of Public Safety

Requests for Information 1 and 4 have been addressed in the briefing document for the Department's other divisions.

2. **Department of Public Safety, Division of Criminal Justice, Community Corrections, Community Corrections Placements** – As part of its FY 2014-15 budget request, the Department is requested to report actual average daily community corrections populations and daily rates for the two most recently completed fiscal years in a format compatible with the community corrections table in the Long Bill footnote that outlines such rates.

Comment: The Department included this information in the FY 2013-14 budget request.

3. **Department of Public Safety, Division of Criminal Justice, Community Corrections, Subsistence Grace Period Pilot Project** – The Department is requested to submit the evaluation report for the Subsistence Grace Period Pilot Project to the Joint Budget Committee as soon as feasible after the project is completed but no later than November 1, 2015. The Department is encouraged to submit the report in time for FY 2015-16 figure

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setting, if meaningful results are available at that time. The Department is requested to examine whether a subsistence grace period alters length of stay; rates of successful completion, technical violation, or escape; the amount owed to programs at termination; and the amount of savings at termination. The Department is requested to examine whether the effects depend upon the risk level of the offender. The Department is requested to estimate the magnitude of the effects and the precision of the estimates. The Department is also requested to conduct a cost-benefit analysis to determine whether the benefits, if any, observed during the period covered by this study, exceed the cost. The report need not be limited to these questions.

Comment: The Department included this information in the FY 2013-14 budget request.

Appendix D: Indirect Cost Assessment Methodology

Description of Indirect Cost Assessment Methodology

The Department of Public Safety’s indirect cost assessments are based on three components: an “*Indirect Cost Pool*”, an “*Indirect Cost Base*”, and an “*Indirect Cost Rate*”.

The *Indirect Cost Pool* is comprised of approved Executive Director’s Office (EDO) and other overhead, measured at prior fiscal year actual cost, plus statewide indirect costs. Components of the cost pool provide support to the entire department. **Table 1** presents the lines that are included in the Pool.

Table 1		
Department of Public Safety Indirect Cost Pool		
Division	Line Item	FY 2012-13 Actual
Executive Director's Office		
	Personal Services	\$2,600,740
	Operating Expenses	190,800
	Legal Services	326,733
	Purchase of Services from Computer Center	24,227
	Colorado State Network	34,727
	Management and Administration of OIT	273,449
	Vehicle Lease	24,689
	Lease Space	111,960
	Risk Management	20,923
	Workers' Compensation	11,448
	COFRS Modernization	1,640
	Depreciation	3,537,877
	Termination Costs	662,077
	Audit Costs	28,690
	Statewide Indirect Cost Allocation	1,341,467
Total Indirect Cost Pool		\$9,191,447

The *Indirect Cost Base* is comprised of FY 2012-13 actual personal services costs by division. **Table 2** summarizes the components of the Base.

Table 2	
Department of Public Safety Indirect Cost Base	
Division	FY 2012-13 Actual
Executive Director's Office	\$1,613,936
Colorado State Patrol	\$96,038,440
Division of Fire Prevention and Control	3,418,555
Division of Criminal Justice	4,425,522
Colorado Bureau of Investigation	16,351,126
Homeland Security and Emergency Management	4,577,900
Total Indirect Cost Base	\$126,425,479

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The *Indirect Cost Rate* is calculated by dividing the *Indirect Cost Pool* by the *Indirect Cost Base*. *Table 3* illustrates how the Indirect Cost Rate is calculated.

Table 3	
Department of Public Safety Indirect Cost Rate	
Division	FY 2012-13 Actual
Indirect Cost Pool	\$9,191,447
Indirect Cost Base	\$126,425,479
Indirect Cost Rate (Base/Pool)	7.3%

FY 2014-15 Indirect Cost Assessment Request

For FY 2014-15 the Department has requested \$8,116,119 for indirect cost assessments. *Table 4* shows the FY 2014-15 Department request for the Indirect Cost Assessment line items in each division. The FY 2014-15 request represents an increase of \$167,293 from the FY 2013-14 indirect cost assessment.

Table 4					
Department Indirect Cost Assessment Request (November 1, 2013)					
Division	Total	CF	HUTF	RF	FF
Colorado State Patrol	\$6,954,596	179,641	6,296,357	322,974	155,624
Division of Fire Prevention and Control	138,045	94,690	0	20,557	22,798
Division of Criminal Justice	537,453	55,336	0	5,972	476,145
Colorado Bureau of Investigation	307,084	240,969	0	52,965	13,150
Homeland Security and Emergency Management	178,941	0	0	5,847	173,094
Total FY 2013-14 Request	\$8,116,119	\$570,636	\$6,296,357	\$408,315	\$840,811
FY 2013-14 Indirect Cost Assessment	\$7,948,826	\$533,111	\$5,999,210	\$428,451	\$988,054
Difference (FY 15 - FY 14)	\$167,293	\$37,525	\$297,147	(\$20,136)	(\$147,243)

Appendix E: Change Requests' Relationship to Performance Measures

This appendix will show how the Department of Public Safety indicates each change request ranks in relation to the Department's top priorities and what performance measures the Department is using to measure success of the request.

Change Requests' Relationship to Measures			
R	Change Request Description	Goals / Objectives	Measures
R1	CBI New Pueblo Facility Lease and Operating	<ul style="list-style-type: none"> • Maintain accreditation of the Pueblo laboratory issued by the International Organization for Standardization (ISO). • Reduce the turnaround time for providing forensic analysis and results to submitting agencies. 	<ul style="list-style-type: none"> • The Forensic and Laboratory Services Program aims to reduce the processing of forensic and laboratory analysis items to submitting agencies within 60 days of submittal.
R2	DFPC Funding for Wildfire Preparedness Fund	<ul style="list-style-type: none"> • Provide additional resources for wildfires that exceed local abilities. 	<ul style="list-style-type: none"> • Measure not provided.
R3	DHSEM Sustainability of State Fusion Center	<ul style="list-style-type: none"> • Continued operation of the Colorado Information Analysis Center (CIAC) 	<ul style="list-style-type: none"> • Measure not provided.
R4	CBI/DHSEM Cyber Crime Initiative	<ul style="list-style-type: none"> • Create a Cyber Crime Task Force to more effectively protect state IT infrastructure and prosecute cyber-crime. 	<ul style="list-style-type: none"> • Measure not provided.
R5	DFPC Budget and Policy Analyst	<ul style="list-style-type: none"> • Meet external and internal budget deadlines. 	<ul style="list-style-type: none"> • Measure not provided.
R6	DCJ Community Corrections FTE Support	<ul style="list-style-type: none"> • Reduce recidivism rates and outcomes with implementation of evidence based practices. 	<ul style="list-style-type: none"> • Number of specialized programs reviewed for quality practices. • Number of programs that have implemented evidence-based practices. • Number of programs partially or fully compliant with federal regulatory PREA standards.
R7	EDO Rulemaking Support Staff	<ul style="list-style-type: none"> • Implement a periodic review process of all rules. 	<ul style="list-style-type: none"> • Measure not provided.
R8	CBI InstaCheck Leased Space	<ul style="list-style-type: none"> • Provide funding for special legislation. 	<ul style="list-style-type: none"> • Measure not provided.
R9	CSP/CBI Vehicle Variable Rate	<ul style="list-style-type: none"> • Continue to pay for an increase in the variable vehicle rate. 	<ul style="list-style-type: none"> • Measure not provided.
R10	CSP Portable Radios	<ul style="list-style-type: none"> • Maintain operability of trooper portable radios and compatibility with OIT standards. 	<ul style="list-style-type: none"> • Measure not provided.
R11	DFPC State Engine Staffing	<ul style="list-style-type: none"> • Increase state fire engine support to locals. 	<ul style="list-style-type: none"> • Measure not provided.
R12	CSP World Alpine Ski Championship	<ul style="list-style-type: none"> • Assist Vail Police Department with traffic management and law enforcement. 	<ul style="list-style-type: none"> • Measure not provided.
R13	DCJ CCIB System Improvement and Maintenance	<ul style="list-style-type: none"> • Upgrade the system so it can continue to collect and provide community corrections statistical data. 	<ul style="list-style-type: none"> • Measure not provided.
R14	DCJ CC Provider Rate Increase	<ul style="list-style-type: none"> • Address continued inflationary cost increases at community corrections facilities, allowing them to maintain the same standards of supervision, treatment, and housing for offenders. 	<ul style="list-style-type: none"> • Measure not provided.
NPI	Re-program Payments to OIT	N/A	N/A
NPI	Fleet Vehicle Lease	N/A	N/A
NPI	Camp George West Utilities Transfer	N/A	N/A
NPI	Secure Colorado – Phase II	N/A	N/A

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Change Requests' Relationship to Measures			
R	Change Request Description	Goals / Objectives	Measures
NPI	Eliminate Redundant Applications	N/A	N/A
NPI	Network Resiliency	N/A	N/A
NPI	IT Service Management Eco-System	N/A	N/A
NPI	DTRS Operations Increase	N/A	N/A
NPI	IT Technical Development	N/A	N/A