

COST CONTAINMENT MEASURES AND IMPACTS IN  
SIX DEPARTMENTS OF CORRECTION

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SIX DEPARTMENTS OF CORRECTION

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## INTRODUCTION

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In the fall of 1992, the Prisons Division of the National Institute of Corrections (NIC) conducted a survey of corrections agencies' cost containment activity through the division's publication, *Summary for Corrections Administrators*. Departments of correction (DOCs) in fifty states, the District of Columbia, the United States territories, and Canada were asked to describe measures they had taken to contain or reduce costs, and to identify the impact of those measures. An overview of agencies' responses was published in the Winter 1992 issue of the *Summary for Corrections Administrators*.

Many correctional agencies continue to face a need to balance decreases or freezes in funding against elevated offender populations. Recognizing the need for resources to address ongoing cost containment pressures, the NIC Prisons Division, working with the NIC Information Center, designed a project to update and describe in fuller detail the measures taken in a selection of departments. Five state DOCs and the Correctional Service of Canada were selected on the basis of their 1992 survey responses, which offered especially thorough and thought-provoking descriptions of cost containment measures and impacts. Contact people from each DOC reviewed their departments' 1992 survey responses, updated and supplemented the information, and participated in a final review of the 1993-94 profile.

With minor variations, the six profiles presented in this document cover the following aspects of correctional agencies' cost containment initiatives:

- The impetus behind the cost containment effort;
- The approach developed by the department to guide the selection and design of the cost containment measures that have been undertaken;
- The method or methods used to evaluate the impact of those measures; and
- A description of each measure and its impact. In most of the profiles, measures are presented under the categories, *Department-wide*, *Administration*, *Institutions*, and *Community Corrections*.

### Acknowledgements

Corrections professionals from each department committed significant time and thought to the development of these profiles. The NIC Prisons Division and Information Center would like to thank the Correctional Service of Canada and the Indiana, Nebraska, Oregon, Tennessee, and Washington DOCs for their contributions to addressing a critical issue.



## INDIANA DEPARTMENT OF CORRECTION

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### Impetus Behind Cost Containment Measures

In FY 1991-92, the Indiana governor directed all departments to reduce their appropriations by 2 percent. The Indiana DOC that year remanded \$7 million to the state's general fund. Objectives remained the same for FY 1992-93, and the DOC reverted approximately \$33.2 million. The budget for the FY 1993-95 biennium basically flat-lined the agency, allowing for increases only in fringe benefits and health costs. All other increases were covered by reducing budgets and transferring appropriations. The DOC's total annual appropriation for FY 1993-94 is \$318 million and for FY 1994-95, \$318.5 million.

### Approach

Anticipating potential reductions at the close of FY 1990-91, the DOC developed a financial management plan based on goals that reflect its operational philosophy, which decentralizes accountability, empowers agency managers to make decisions, and sets performance objectives for managers as a measurement tool. Goals of the plan were:

- Accountability for cost containment would be decentralized to those managers directly responsible for budgetary appropriations.
- Central Office would be responsible for establishing performance objectives.
- Central Office would give managers flexibility in obtaining objectives.

The agency has also moved toward making managers responsible for not only security and programmatic increases but also for associated fiscal decision-making. Previously, little emphasis was placed on gauging the fiscal impact of proposed projects. Making facility superintendents strictly accountable has mandated that funding be addressed as new programs are considered.

The DOC observes as a persistent problem a lack of communication between program initiators in central office and those who implement programs in the field. The agency has found it difficult to implement a method of holding program initiators accountable for the cost impacts of new programming decisions. In addition, the DOC has little control over unfunded mandates from either the federal government (e.g., control of bloodborne pathogens) or the state (e.g., creation of transition programs).

### Method of Evaluating Impact

The DOC relies on monthly financial reports submitted by the facilities, listing expenditures by major budget category. to ensure that the facilities are meeting their appropriation reversion

targets. Currently, department fiscal staff are working on other benchmarks in the areas of inventory control and offender trust fund management to rate field managers.

## Cost Containment Measures Undertaken

### Department-wide

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Measure: Define managerial objectives for cutback response

Consistent with its operational philosophy, the department established the following objectives to guide managers in responding to cutbacks:

- *Place 10 percent of operations appropriations in reserve.* Managers were requested to examine methods and reduce food expenditures by 10 percent. Out-of-state travel was reduced by 50 percent. Equipment purchases were delayed.
- *Manage the hiring process.* Hires are being delayed as long as possible before filling active positions. Historical vacancy rates have been ascertained and established as a target for reversion.

*Impact:* The cumulative result was a \$40 million reversion, approximately 12.8 percent of the agency budget. Reversions for FY 1992-93 totalled \$33.2 million. There has been no discernable effect on the safety of the public, staff, or offenders.

### Institutions

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High-cost areas such as overtime, inventory, and medical services delivery are being evaluated to identify potential long-term savings.

1. The DOC's medical services division is reviewing outside facility placements for potential savings. In addition, over-the-counter medications will no longer be provided free of charge but rather will be sold in the offender commissaries.
2. A software program for food services, "Practercare," is being implemented at most major facilities. The software has an inventory component that will be used to monitor both food and non-food inventories. A tentative start-up in July 1995 is planned.
3. The DOC is now studying the feasibility of privatizing offender commissary functions. A pilot project is due to begin in late spring, 1994, at the Rockville Training Center.

## NEBRASKA DEPARTMENT OF CORRECTIONS

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### Impetus Behind Cost Containment Measures

State budget shortages resulted in reductions to the agency budget base in FY 1991-92, FY 1992-93, and FY 1993-94. The FY 1991-92 reduction was 2 percent, and two FY 1992-93 reductions totalled 2.5 percent. An additional 1.3 percent cut occurred in FY 1993-94, which absorbed monies the DOC had set aside through vacancy savings. Those funds were used toward other state initiatives. Nebraska's governor has continued to direct a no-growth policy.

### Approach

The department approached the mandated budget cuts with the philosophy that operations must continue to be safe and secure at the same time an adequate quality of life for the inmates is maintained. To carry this out in the face of an overcrowding level of 154 percent, the department made efforts to maintain staffing levels.

The department also reviewed operations for efficiency and value. Its operational philosophy has remained intact; however, budget cuts have forced the department to emphasize "warehousing" over treatment and programming.

### Method of Evaluating Impact

The department has taken three differing approaches to evaluating the impacts of the cost containment measures undertaken:

1. All components of the department prepare monthly reports, which include standard reporting categories to which all sections respond. The reports are sent to the appropriate assistant directors and director for review and for possible further action.
2. Annual internal audits review sixteen aspects of facility operation, including compliance with ACA standards, cost containment, and other areas. When auditors go into a facility, they talk to staff, look at any shortages in staff, note any programming issues that are present, etc. In response to audit reports, managers must show what they are going to do to take care of problem areas.
3. The director may order a study of the impacts that a budget reduction is likely to have on a functional area to identify possible problems. This may enable the agency to make adjustments in other areas to ensure that safety and security are maintained.



## Cost Containment Measures Undertaken

### Department-wide

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Measure: Hiring freeze      A department-wide “freeze” on hiring has been imposed to reduce costs for personnel.

*Impact:* Staff must manage increased workloads without assistance. In addition, replacing staff in necessary positions is hindered. To hire a person in a replacement position, the department must submit a request and justification to the Executive Department, and delays of up to four months can occur before positions are approved and filled.

### Administration

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Measure: Understaffing      Understaffing has been an ongoing response to the need for cost cuts. Over a period in which the DOC has experienced a population growth of 114 percent and a capacity increase of 36 percent, DOC staffing has increased only 14 percent.

*Impact:* Because the department has had to continue understaffing areas, this may become a critical issue. At the administrative level, understaffing means that there are fewer Central Office staff to respond to pressures arising from growth in facility populations. For example, increased populations and crowding have led to more grievances and unusual incidents that require Central Office investigation.

### Institutions

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Measure: Reduction of educational offerings      Vocational education course offerings provided through contracts with local community colleges were eliminated, and funding for other community college educational contracts will be reduced through selective cuts in programming. Educational efforts are being concentrated into GED/ABE programs.

Because the department also lost PELL grant funds for college classes due to insufficient numbers, college courses are no longer offered.

	<i>Impact:</i>	The elimination of all vocational training courses has led to increased idleness in overcrowded facilities.
Measure: Reduction of substance abuse treatment programming		Substance abuse treatment programs were being provided with federal funding assistance. Following the elimination of these funds in early 1994, the DOC has consolidated the programming. Currently, the DOC houses approximately 500 inmates sentenced under a statute that makes substance abuse treatment programming a requirement for parole eligibility.
	<i>Impact:</i>	Because in the absence of federal funding the DOC can provide treatment for only 120 to 180 inmates per year, roughly 320 to 380 inmates sentenced under this statute will be ineligible for parole because of a lack of treatment slots.
Measure: Reductions in pre-release training		Pre-release training programs have been reduced department-wide and, at some institutions, eliminated entirely.
	<i>Impact:</i>	Reduction of pre-release training means that not all inmates are able to participate in the program.
Measure: Postponed construction		By delaying the completion of three new units that will house a community corrections program, the DOC was able to use operational funds allocated to these units to continue to operate an older facility with 129 beds. When the new facility is completed, the older facility will be closed and its operations transferred to the new site.
	<i>Impact:</i>	The department has been able to divert operating funds for the three units to other purposes. while retaining the use of the existing beds.
Measure: Reductions In equipment, repairs, and maintenance		Department resources for equipment and maintenance have been cut. Moreover, in the past the DOC had the latitude to allocate any savings in the equipment and maintenance budget line as needed for renovations, paving, carpets, tiling, roof repairs, etc., but current cost containment measures specify that all savings are transferred back to the state for higher-priority initiatives.
	<i>Impact:</i>	The loss of funding has made a significant difference in the DOC's ability to maintain its buildings and to maintain or replace equipment. This may mean that institutions will be unable to function at full capacity in areas in which repairs and improvement cannot be made by staff work alone.

Measure:  
Reductions in correc-  
tional officer positions

The DOC began to implement a system of roving perimeter patrol to replace the current perimeter tower staff at the Lincoln Correctional Center while maintaining security levels. A perimeter road was built, fencing was upgraded, and funding for 7.2 correctional officer tower positions was cut from the agency's budget. However, union concerns about crowding, escapes, and potential disturbances intervened, and the towers have remained in use.

In addition, 5.4 correctional officer positions will be cut from a FY 1993 allocation that added 22.4 staff for converting the security level of the facility from minimum to medium.

*Impact:* Instead of eliminating the tower posts for position savings, the DOC has needed to reallocate existing funds to cover their staffing.

Measure:  
Reduction of medical  
services allocation

Medical services for inmates are provided by contractors. At the time cost containment measures became necessary, the medical per diem budget was based on a steep increase in medical expenses over the previous five years. Medical costs leveled off in FY 1992, allowing for a reduction in the per diem allocation.

*Impact:* Current projections support the continuation of the decreased allocation. The allocation has continued at the same level, and to date, no impact has been felt. However, medical expenditures are difficult to predict. If actual expenditures exceed projections, for example because of significant medical complications, the DOC could face a deficit. In such a situation, the agency would submit a request for deficit funding, which may or may not be granted.

## OREGON DEPARTMENT OF CORRECTIONS

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### Impetus Behind Cost Containment Measures

Cost containment measures were implemented in 1992 in response to the passage of Ballot Measure 5 in Oregon, which incrementally shifted General Fund resources from state-level programs to local school support.

In 1992, spiraling health care costs also had a major impact on the DOC's budget. In 1993, however, health care became less of a cost concern; new legislation increased the DOC's health care funding by 11.3 percent, and the higher cost of health care for women was acknowledged and funded.

Ballot Measure 5 continued to have an effect into 1994. A 5 to 15 percent reduction of revenues, adjusted to inflation, was projected early in 1994 for the next biennium.

The department has created new and alternative approaches to programming but is being challenged to free existing dollars to implement them.

### Approach

Starting in 1992, the department conducted a thorough, eighteen-month review of all operations and functions in order to streamline operations and to achieve economies and efficiencies. The eighteen-month review was preparatory for a "fast track" full participation review, a one to one-and-a-half day conference and workshop designed to bring together staff, generate ideas, and probably eliminate a number of "sacred cows." To date, the agency's operational philosophy has not changed.

### Method of Evaluating Impact

The department has attempted to minimize service reductions while cutting costs by pursuing measures that maintain service delivery and improve services at the same time. The two primary methods of evaluating impact, especially in the administrative area, are:

1. Developing measurement indicators to track performance over time. (In the past, these tools have tended to measure process more than impact.)
2. Surveying field personnel who are implementing cost containment measures, to gauge any changes in quality of services and to identify the potential for further improvement.

Cost Containment Measures Undertaken

***Department-wide***

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Measure: Reductions In supervisory/management positions

As part of the eighteen-month study on cost containment, the department reviewed the span of control and decided to make significant reductions. In early 1993, the department flattened the organization by eliminating a number of supervisory and management positions.

*Impact:* Some positions lost supervisory/management authority but were moved to comparable salary levels. As a result, savings could take time to be realized through staff turnover.

Measure: Automated payroll and timekeeping

Personnel can now input their own data monthly, with payroll staff acting as post auditors rather than approving authorities. The department is now exploring the possibility of automating time-keeping at the institutional level.

*Impact:* No impact data are currently available.

Measure: Automated roster management

In late 1993, the Snake River Institution converted to an automated roster management system.

*Impact:* During the first four months of the 1993-95 biennium, before the system was implemented, the institution experienced overtime costs of \$20,000 per month. After the system was implemented, overtime costs dropped to \$12,000 in November and \$8,000 in December. These results prompted the department to review the use of similar systems at the Oregon State Penitentiary and the Eastern Oregon Correctional Institution and to consider implementation statewide.

Measure: Document imaging

In recordkeeping functions, the department is examining the duplication of documents from various records offices to determine the cost reductions possible from centralization and computerized imaging of documents.

*Impact:* The measure is still being explored at the time of this writing.

### ***Administration***

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Measure: Automation

Corrections staff improved efficiency with an automated financial, manufacturing, and inventory system.

*Impact:* Automation has reduced the duplication of paperwork, allowing the department to do more with fewer people. Payroll, purchasing, and accounting together have reduced staff by seven positions, for a reduction of \$485,000 biennially.

Automation has also brought speed and accuracy to information management. Users have quick access to an abundance of online information. Reports can be customized. For any transaction, the system speeds the tracking of both paper and computer files. Many manual operations have been eliminated.

Measure: Centralization

Centralization of warehouse operations was carried out for Salem-area institutions. The 1992 plan was also to centralize facility maintenance management statewide, a measure halted, perhaps permanently, by union action-

*Impact:* Warehouse reorganization has created significant savings through automation as well as centralization. The department realized a one-time savings by reducing inventory by 15 percent, generating \$400,000 in the biennium. The result has led to centralization of warehouse operations at institutions in the eastern part of the state.

### ***Institutions***

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Measure: Uniform menu

The DOC established a uniform menu for meals at all state facilities to reduce costs through volume purchasing of food and supplies.

*Impact:* Volume purchasing appears to have saved funds, but the department has no tool to capture the savings adequately.

Measure:  
Automated case management system

An automated case management system was developed for institutional officers, to reduce staff time and make offender program planning and management more effective.

*Impact:* The automated system provides more comprehensive data and increases productivity by eliminating paper files. A recent validation study on the classification system indicated that automation

improved performance and avoided problems commonly associated with paper files.

### ***Community Corrections***

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Measure:  
Automated case management system

An automated case management system was developed for probation and parole officers, to reduce staff time and make offender program planning and management more effective.

*Impact:* Although automation has had little impact on costs, the amount and accuracy of documentation has increased significantly. Information is more complete, providing for the evaluation of achievements required by the legislature. Data are easier to retrieve.

## TENNESSEE DEPARTMENT OF CORRECTION

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### Impetus Behind Cost Containment Measures

Cost containment was initiated in 1991 in response to the under-collection of state tax revenues that support the General Fund. Related budget reductions affected all areas of state government. The state's economy has since turned upward, and revenue growth this fiscal year has exceeded expectations. State agencies are expected to operate within their budgets.

### Approach

The department planned and implemented several cost control measures to create one-time or ongoing savings. Because the state's economy has more recently been in an upturn, the agency is now using a case-by-case approach to cost control rather than imposing systemic cost containment. The state and its agencies have adopted a pay-as-you-go approach to living within available means.

### Method of Evaluating impact

Because cost containment strategies per se are not necessarily in place, the DOC has no method of evaluating their impact other than basic budget monitoring.

### Cost Containment Measures Undertaken

#### ***Department-wide***

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Measure: Freeze in position vacancies	Positions that became vacant in the early 1990s were held vacant for long periods to generate payroll savings.
<i>Impact:</i>	Extended vacancies caused an increase in paid overtime expenditures and an over-burdening of the existing work force.
Measure: Cap in per diem rates for jail beds	Over the past two to three years, the DOC has had responsibility for an increasing number of offenders held in local jails. The DOC pays either a negotiated per diem rate or reasonable and allowable costs. A steady increase in related costs has been cause for concern, and the Commissioner has issued a cap of \$35 per day for those counties that have not negotiated a per diem rate.



*Impact:* Control of related costs is anticipated. The department will monitor actual costs.

### ***Administration***

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The DOC is expected to live within available means. Travel-particularly out-of-state-and equipment purchases are reviewed by budget staff for adherence to strict guidelines.

### ***Institutions***

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**Measure:**  
Institution staffing standards

Based on a philosophy of prototypical architecture and facility design, the DOC has arrived at staffing standards that are below the levels required by older facilities. Derivation of the new standards considered the size, mission, and age of facilities. As a result, position cuts were implemented at institutions.

*Impact:* Position cuts based on the standardized institutional staffing pattern have resulted in a more efficient operation.

**Measure:**  
Change in institution custody assignments

Based on a review of the existing inmate population, custody levels at two facilities were reduced from medium to minimum/restricted. This allowed the department to cut positions. However, a change in the nature of offenders in the system has led more recently to a renewed need for higher custody level assignments.

*Impact:* For a time, the changes in institutional custody levels resulted in a more efficient operation. The renewed need for higher custody levels will increase overall costs of incarceration, which the DOC will be monitoring. The DOC is scrutinizing its classification processes and procedures in relation to custody needs. Adherence to staffing standards allows the DOC to keep institutional staffing at levels that are as efficient and cost-effective as possible.

**Measure:**  
Delay in the phase-in operation of new prisons

Purchases of start-up equipment and supplies, the establishment of positions, and hiring and training of personnel were delayed in the early 1990s.

*Impact:* One-time savings were achieved.

**Measure:**  
Delay in incurring operating expenditures

Supplies and equipment purchases were delayed, travel restrictions were imposed, and maintenance projects were postponed in the early 1990s to generate one-time savings.

*Impact:* Although delays in maintenance or purchases against operating funds have generated one-time savings, the same delays were expected to translate into increased expenditures during subsequent fiscal years when warehouses would be empty, equipment would no longer be repairable, and maintenance projects could be delayed no longer.

Measure: Changes in inmate Industries

Changes in inmate industries may result in an eventual need for cost containment measures:

- The Correctional Enterprises system has been reorganized and moved from the jurisdiction of the Assistant Commissioner for Administration to that of the Commissioner and an independent board.
- Correctional Enterprises is presently pursuing alternatives that would exempt it from the General Services purchasing system.

*Impact:* Exemption from General Services practices may increase the cost of materials and supplies for Correctional Enterprises. The DOC will monitor this.

### ***Community Corrections***

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Measure: Monitoring community placement vacancies

Perhaps because of increases in the state's prison capacity, growth in the community corrections and probation populations has recently levelled off. As a short-term measure, probation positions that become vacant will be kept vacant on a case-by-case basis until the DOC needs to use them to relieve pressures in the incarcerated population.

*Impact:* The levelling off of this population may relieve some potential pressure on the incarcerated population, specifically through the return of community corrections violators.



## WASHINGTON STATE DEPARTMENT OF CORRECTION

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### Impetus Behind Cost Containment Measures

Cost containment measures undertaken by the Washington Department of Corrections were necessitated by a state budget deficit in the July 1991-June 1993 biennial budget period, which eliminated funds for inflation. Reductions in appropriations, caused by a shortfall in projected state revenue collections, prompted further cost containment.

In 1994, legislation that increased sentencing and a “three strikes, you’re out” initiative placed additional pressure on the DOC. During the same period, the legislature passed an initiative that limits expenditures in the state as a whole, creating a cap on spending related to demographic growth and growth of personal income. The DOC recognizes that such a combination of legislation could have further impact on its cost containment measures; at this writing, it was too early to project ramifications and cost impacts.

Legislative sessions in 1993 and 1994 also reflected the national trend toward questioning the cost of educational programs and health care for offenders. Prompted in part by media emphasis on the per-inmate cost of corrections per year, the public has been pressuring legislators for cost justifications. In health care, for instance, the DOC must establish defensible standards of care, conduct utilization reviews, and limit costs. Although the DOC is willing to be responsive, it must do so with inadequate data collection systems in an environment that provides less money to support data collection.

### Approach

Measures adopted by the DOC in 1992 were thoroughly examined and selected from a number of alternatives for the lowest possible negative impact. A period of growth enabled the department to avoid measures such as reducing staff, eliminating programs, or closing existing facilities. Because actual population growth was lower than projections, a major source of cost containment was to delay expenditures planned for an expanding population.

However, the department recognized the population management implications inherent in overcrowding, which DOC facilities experienced in 1992-93 in spite of the lower growth rates. In 1992, the department projected that if overcrowding continued, serious life/safety issues for both staff and offenders would have to be addressed and weighed in future decisions.

New beds opened in 1993, alleviating the overcrowding problem to the extent that in 1994 the department could propose closing two small, less-efficient institutions, as well as delaying some openings. A legislative budget audit identified efficiencies in the use of facilities that included openings, closings, or improvements in operations.

The department also increased reviews of individual institutions' custody functions to find the most effective and efficient use of existing facilities. Several tools contribute to such reviews. The classification system provides projections of custody levels and the best housing for inmates in each level, given the available facilities. The 1993 legislative budget audit suggested a system for analyzing the highest and best use of institutions, a system under development in 1994. The department has also selected the best tools available for making accurate projections based on current law and proposed legislation that could determine the size and demographics of the inmate population.

The operational philosophy of the Washington DOC has not yet changed as a result of cutback management. However, should a projected revenue shortfall of 12 to 16 percent actually materialize, the department anticipates changes in philosophy.

### Method of Evaluating impact

The DOC's criteria for evaluating the impact of cost containment measures include dollars saved, impacts on other parts of the system, and programmatic issues.

The tools used to evaluate cost containment impacts are the same analytical tools used in all assessments of the system. In planning for the future, the DOC will also incorporate the tools used for projecting population as well as those developed through the legislative budget audit.

Tools used by the department to monitor system activity also provide indicators of cost containment impacts, although firm correlations cannot necessarily be established. Monthly and quarterly report processes as well as special assessments by staff provide means for tracking trends such as rule violations and escapes in the inmate population, or unusual turnover in programs that signals inmate unrest. The department monitors developments such as staff turnover, which may indicate morale problems caused by new staffing patterns. Community reaction is also gauged.

The department considers all possible factors. For instance, an increase in escapes could suggest that cost containment measures have created a drawdown in institution resources, causing inmates to feel more threatened or endangered; that a demographic change such as a spike in the illegal alien population has generated more inmates who try to escape rather than being repatriated; or that a new institution is in the process of breaking in staff and refining its security system and procedures.

## Cost Containment Measures Undertaken

***Department-wide***

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Measure: Lease-purchase of equipment  
An overall cost containment measure applied to the DOC in the 1991-93 biennial budget was the conversion of 50 percent of General Fund replacement equipment expenditures to lease purchase.

*Impact:* The conversion of replacement equipment to lease-purchase had no operational impact in the current fiscal period, as the same amount of equipment could be acquired under the lease purchase financing. However, in future fiscal periods the department will be compelled to compete for the funding of those lease purchase obligations in addition to funding for replacement equipment.

Measure: Reduction in salary increases  
State agencies including the DOC reduced the salary increase that had been planned for all state employees.

*Impact:* The reduction could be implemented with relatively little resistance because it was made across the board, so that all areas were treated equally. The reduction was carried out in the context of an economic downturn experienced throughout the state, in which employees in some private industries were negotiating salary decreases to keep their jobs. The reduction in the planned salary increase for all state employees had no impact on step increases. Although state government has experienced significant layoffs in some areas, the DOC has been growing.

***Administration***

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Measure: Position vacancies  
In the administrative program-which includes functions such as budget, accounting, information systems, offender programs, personnel, and other management services-new positions associated with workload increases were left vacant.

*Impact:* Keeping new administrative positions vacant decreased the operational efficiency, decreased the level of support to field staff and outside entities, and increased the workload demands on current administrative staff. An increase in administrative staff turnover, which further exacerbated workload problems, may be at least in part attributed to budget cuts.

Measure: Reduction In use of peripheral services  
The department reduced the amount of funding available for services provided by other state agencies, such as legal, auditing, and central purchasing services.

*Impact:* Reduced funding for interagency services lowered the level of services received. Demand for services continued to increase, sustaining a growth pattern in funding and slowing the department's ability to respond; during growth, services have been maintained at the same level or reduced. Because the cuts were across the board within administration, the interagency services' share of those cuts was minor, enabling the service agencies to prioritize services to minimize impacts.

### ***Institutions***

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Measure: Delayed opening of facilities  
The opening of new facilities was delayed in 1992. Some of the institutions delayed in 1992 were opened by 1994; other new openings were still delayed as of early 1994.

*Impact:* In 1992-93, delaying the opening of new prison facilities caused sustained overcrowding at rates as high as 167 percent of capacity, in a fiscal period that began at well over 100 percent of capacity. Overcrowding may have contributed to a major disturbance and a number of escapes. During a period of such serious overcrowding, the uncertainty of funding for new institutions made planning difficult. Opening of new institutions in 1993-94 alleviated the overcrowding problem.

Measure: Hiring freeze  
A ninety-day hiring freeze on non-critical positions was imposed in 1992 and had been lifted by 1994.

*Impact:* In 1992-93, the hiring freeze for non-critical positions required existing staff to absorb the workloads of frozen positions, creating negative impacts on productivity and morale.

Measure: Meal cost reduction  
Meal costs were reduced in 1992.

*Impact:* Following a period of cost reduction, the loss of USDA commodities by 1994 will again increase meal costs.

Measure: Health care cost reduction  
By 1994, in the face of growth and increased medical costs, health care costs were difficult to contain under the funding reduction. The DOC began setting up systems to improve its ability to iden-

tify where medical dollars should be spent and began creating a medical cost containment unit.

*Impact:* Funding reductions associated with health care cost containment were taken in 1992.

Measure:  
Reductions in offender  
treatment

Line items in the sex offender and drug treatment programs were cut in 1992. Line item cuts to the sex offender and drug treatment programs also were sustained in 1993-94.

*Impact:* Line item cuts in the sex offender treatment program eliminated proposed program expansion. No tool currently exists to assess the ultimate impact of reductions in sex offender and drug treatment programming. However, the department began changing the system for screening inmates for drug treatment; the new system will provide trackable data for assessing the effectiveness of treatment, which in turn can be translated into the impact of future budget reductions.

Measure: Reductions in  
correctional industries  
programming

The department reduced the amount of funding available for industry expansion, which had been planned to meet the projected growth in the offender population.

*Impact:* In 1992-93, reduced capitalization funding for industries expansion offered fewer new employment opportunities to a growing offender population. Offender idleness increased, creating the potential for safety and security problems. Fewer new jobs also resulted in fewer opportunities for offenders to develop the job skills and work ethic necessary for successful transition into the community after release.

New issues were raised in 1993-94 by the effect of reduced capitalization combined with legislation that pressured the DOC to expand employment while requiring the agency to charge inmates more for the cost of corrections, a disincentive to increasing employment.

### **Community Corrections**

Measure:  
Delays in opening work/  
training release facilities

New work/training release facilities had been planned to address projected offender population increases. Their opening was delayed.

*Impact:* The impact of delaying the opening of new work/training release facilities would be most concretely captured in the net effect on



total bed space, an impact that is difficult to assess because work release, facility by facility, has a minimal impact on total bed space capacity. Nevertheless, the DOC has identified some additional pressure on capacity on the prison side, which translates into additional dollars.

Measure: Delayed hiring of supervision staff

Hiring of new community supervision staff, planned in response to projected offender population increases, was delayed.

*Impact:* Delays in hiring had a minimal impact on the department, as staff budgets were based on a projected population growth rate that was higher than the actual rate. Irrespective of the budget cuts, the DOC would have delayed hiring of new supervision staff.

Measure: Changes in offender supervision

The offender supervision model was revamped, reducing the amount of contact with some offenders under supervision.

*Impact:* For several years, the Washington DOC has used a modified version of the NIC offender case management model for offender supervision. Designed in response to legislation that established determinate sentencing, the Washington classification system replaced the NIC needs/risk criteria with sentencing criteria. In effect, the sentence itself determines treatment and the conditions of supervision and;--therefore, offender classification. Under Washington's system of determinate sentencing, sentencing is driven by a matrix with two axes: 1) the seriousness level of the crime, and 2) an "offender score" based on criminal history. At the point of their intersection on the matrix is a prescribed sentence, primarily defined in terms of confinement. The court also has the latitude to impose community supervision, although it is limited in the menu of conditions available.

The DOC's classification system was also part of an earlier exercise in reducing supervision costs by eliminating cases in the lowest levels of the system. The cuts generated savings, which translated into a permanent budget reduction. The tradeoff, however, has been a mixed response to lower levels of supervision. Although the DOC receives a continuum of responses from the courts and the community, a frequent objection to the current system is that low levels of supervision, particularly contact exclusively by telephone, might be no more effective than a complete elimination of supervision. Field officers almost unanimously regard the system as inadequate for identifying offenders who need periodic face-to-face contact with community corrections officers.

Many parties share a general apprehension that violations could be going undetected.

The DOC is now planning to add needs/risk criteria to the classification equation, using it as an overlay to the state's sentencing-based system. Under continued budget constraints, needs/risk criteria could provide a tool for increasing the potential number of low-supervision offenders while protecting public safety. Cases placed into higher levels of contact by sentencing-based classification could be run through a risk/needs assessment to identify cases appropriate for lower levels of supervision. For philosophical reasons-a move to a more balanced approach-the DOC also seeks to apply needs/risk criteria to avoid over-classifying, allowing the department to apply resources more appropriately as it aims toward both efficiency and effectiveness.

Much of the impetus behind the plans to incorporate needs/risk criteria has been provided by nationwide trends in determinate sentencing. As the determinate sentencing model has aged, legislatures have moved back toward giving more discretion to the courts. Given such an environment, the DOC is anticipating Washington legislation by putting needs/risk considerations back into the classification system.

For Washington state, a factor in implementing the community supervision model is that violations must be processed through the courts, where violation cases have created a backlog. The persistence of a backlog complicates any evaluation of the effectiveness of lower levels of supervision. In some jurisdictions, violations are so long in being addressed that offenders feel they have nothing to lose by not following conditions, and officers are frustrated in their attempts to take action against violators; in a few jurisdictions, prosecutors have to prioritize violations, which can mean that some cases are never heard. Although officers have limited control over court response to violations, some effective work between the DOC and the courts has been arranged.



## CORRECTIONAL SERVICE OF CANADA

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### Impetus Behind Cost Containment Measures

As a result of continued growth in Canada's annual fiscal deficit, the Correctional Service of Canada (CSC) has recently experienced an increased pace of budget reductions. Following the imposition of an average of one to two budget reductions per year in each of the past several years, CSC and all other federal departments are faced with significantly greater budgetary reductions than in the past. Over the coming five years (1993-94 to 1997-98), CSC is being asked to achieve cuts which would total \$83 million, representing approximately 8 percent of the department's current operating budget. At the same time, the agency's incarcerated and supervised offender populations continue to grow at rates greater than historical trends, a factor which compounds the challenge of meeting budget cuts.

### Approach

To manage ongoing budget reductions, CSC developed in 1990-91 an integrated approach to cost containment that affected all aspects of operations. The agency's main strategies are: 1) avoiding costs through population management, 2) continually improving management processes and systems, 3) realigning resources to fund offender programming requirements, and 4) assigning primary responsibility for across-the-board reductions to sectorial and regional heads.

In addition, CSC has recently (1993-94) taken the following approaches toward meeting its new, expanded cost containment targets:

- A Management, Administration, and Operations Review (MAOR) has been undertaken, led by CSC's Senior Deputy Commissioner. The goal of this review is to identify areas where changes can be made to arrive at the required budget reductions without impairing the agency's ability to deliver "good corrections."
- A major reorganization of the way CSC delivers support services at national and regional headquarters will result in a 50 percent reduction in staff at these offices.
- Reviews are underway at the regional level, with each region examining where and how it can achieve economies.

CSC's mission statement has been critical in providing managers with the strategic direction needed to respond to the series of reductions. Each cut or cost containment measure undertaken by the agency has, historically, been manageable in and of itself. However, CSC is rapidly approaching the point where additional reductions, depending on their magnitude, will force the agency to re-examine its mission to determine whether it is still appropriate in this environment.

Measures undertaken in response to budget cuts over the course of several years have combined to create cumulative impacts. CSC believes it can minimize negative impacts by maintaining its commitment to its correctional strategy and its commitment to ensuring that front-line employees have the necessary understanding, commitment, and skills to work effectively in support of CSC's corporate direction.

### Method of Evaluating Impact

CSC has articulated seven corporate objectives that focus the agency's efforts toward fulfilling its mission statement. These objectives are regularly reviewed and, if required, changed to address new challenges. CSC monitors a number of performance measures that indicate the agency's success in achieving these objectives. Continued monitoring of indicators for each objective allow CSC to evaluate, in a timely manner, the impact of cost containment measures on the agency's performance.

CSC's current corporate objectives are:

1. To enhance CSC's contribution to the protection of society by safely reintegrating offenders as law-abiding citizens while reducing the relative use of incarceration as a correctional intervention;
2. To develop and implement research-based programs that address the criminogenic factors characteristic of specific groups of offenders;
3. To reduce the rate of incidents involving violent acts committed by inmates in institutions and by offenders under supervision in the community;
4. To increase public understanding of and participation in corrections;
5. To provide a safe and healthy workplace and establish an organizational culture that demonstrates respect for individuals;
6. To continuously improve management practices; and
7. To increase CSC's contribution to improving Canada's environmental performance.

To assess progress toward objective #1, for example, CSC reviews parole revocation rates in relation to the size and growth of the supervised population. The three-year period from 1990-91 to 1992-93 saw an 11.7 percent increase in the number of federally sentenced offenders under community supervision, and a concomitant 3.1 percent decrease in the number of offenders whose parole was revoked for technical violations or new offenses. This positive result indicates CSC's improved ability to prepare offenders for release and to provide appropriate support mechanisms for offenders released to the community.

Additional areas of monitoring for corporate objective #1 include:

- Preparedness of cases for parole eligibility dates and, as a result, for parole hearings;
- Proportion of time served at the time of day parole release;
- Length of time spent on day parole before transfer to full parole status; and
- Review of cases of low risk/low need offenders being released on day parole rather than full parole.

## Cost Containment Measures Undertaken

### ***Department-wide***

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Measure:  
Across-the-board reductions

This measure has been a key method of meeting cost containment targets in the past. Percentage reduction targets were established and implemented for national headquarters and each region. To minimize the impact on operations, targets for the national headquarters were proportionally higher. Each sectorial and regional head had discretion to identify how cuts were to be implemented, although the Executive Committee identified national priorities for exclusion from reductions.

Operating and maintenance expenditures typically targeted are:

- Salaries;
- Temporary and agency personnel;
- Contract personnel;
- Travel;
- Training;
- Conferences;
- Office equipment and supplies;
- Systems development and/or implementation; and
- New program initiatives.

Reductions to the capital budget usually resulted in the postponement or recasting of planned capital expenditures for construction and maintenance.

*Impact:* CSC was able to meet targeted reductions while minimizing negative impacts on its activities. These negative impacts generally included an increased use of staff layoffs and cash-outs; a growing lack of employee trust in national political leadership; and an inability to fund required staff training.

Measure:  
Management, Administration, and Operations Review

Established in April 1993, a MAOR committee has undertaken a study intended to significantly reduce expenditures related to management, administration, and operations practices without impairing the agency's ability to deliver "good corrections." The results of the MAOR will largely supplant the former across-the-board reductions method of cost containment. Subcommittees are addressing:

- The use of contracts;
- Health care, particularly level-of-service standards and methods for service delivery;
- Costs of aftercare;
- Organization of parole districts and institutions;
- Technical services;
- Human resource policies;
- Training standards;
- Staff services; and
- Expectations of the National Parole Board for services from CSC.

*Impact:* As this review is currently underway, no final recommendations and/or policies have yet been adopted. It is anticipated, however, that through streamlining, clustering various support/administrative functions, and defining a lower level of service in operational areas such as health care, contracting, and training standards, CSC will be able to continue to meet its fiscal commitments to the federal

government. It is also anticipated that the measures to be taken as a result of this review will, as a matter of course, carry some negative impacts. Lowered staff morale, increased individual workloads, and potential decreases in staff training are examples of areas that will have to be addressed as an integral part of the implementation of the review's findings.

### ***Administration***

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Measure:  
Reductions in staff at national and regional headquarters

A reorganization of support services delivery at national and regional headquarters will result in a 50 percent reduction in staff at these offices over a five-year period, dramatically reducing agency overhead costs. Staff reductions at the national and regional headquarters will total approximately 500 jobs, half of which will be shifted to strengthen staffing at institutions and parole offices.

*Impact:* By 1990-91, CSC had the third-lowest ratio of non-salary overhead to regular time wages of ninety-four government departments and agencies, and the lowest ratio for departments and agencies of comparable size. Because CSC already has, proportionally, one of the lowest overhead costs of any Canadian federal department, this will likely set a benchmark for other federal agencies to work toward.

Measure:  
Regional review of economy measures

Reviews are underway at the regional level, with each region examining where and how it can achieve economies. As an example, a region may be able to cluster services so that two or more institutions gain functional support from a single source.

In several regions, clustering has been implemented to some degree as a pilot program. For example, within the Quebec Region, financial and technical support services for institutions that are physically co-located or in close proximity have been centralized in a single location. The same region also has combined the responsibilities of several Assistant Warden positions, which previously had been present at each institution, thus eliminating a number of management positions. Several other regions are in the initial stages of planning and/or implementing similar clustering of services and/or management and support positions.

*Impact:* As these reviews are currently ongoing, relatively few impacts have yet been encountered. It is expected that clustering will permit some decrease in support staffing levels.



Measure:  
Continual improvement of  
management processes  
and systems

All management processes and systems are examined on an on-going basis to identify potential areas for streamlining and simplification. Strategies for improvement include decreasing response time, supporting more effective decision-making, and reducing workload for managers and staff. Specific areas of improvement have included:

- Improved management information systems;
- Better analysis to support decision-making;
- Enhanced managerial accountability for results;
- Definition of performance measurements; and
- Development of processes for identifying and costing alternative levels of service.

*Impact:* After several years of continually examining management systems and operations, CSC is a more efficient organization.

Measure:  
Use of a formula funding  
model

CSC is now introducing the concept of formula-based resource allocation, whereby resources will be requested from the federal Treasury Board and allocated to managers based on set formulae. The formulae incorporate comprehensive, weighted cost, organizational, and geographic factors. The system will initially use an "equitable resourcing model" (ERM) to distribute CSC's 1994-95 budget in a manner that ensures managers are provided sufficient resources to meet the objectives for which they are held accountable. The ERM considers only available resources and is an attempt to "level the playing field."

*Impact:* Refinement and continued development of the ERM should allow CSC to allocate most if not all of its budget on the basis of sound funding formulae within three years.

Measure:  
Cutback in research  
funding

The findings of the MAOR may result in some cutback in research funding. This possibility is entirely contingent, however, on the findings of the MAOR.

*Impact:* Cutbacks in research would impair the agency's ability to continue conducting or responding to the results of studies, the application of whose findings could increase the effectiveness of treatment programs.

***Institutions***

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Measure:  
Cost avoidance through  
population management

To delay construction of additional institutions, CSC seeks to minimize the growth in the incarcerated population by increasing the number of offenders who can be safely placed in the community. For example, CSC uses front-end assessment to identify offenders with low needs who also pose a low risk to society, and to ensure that all criteria are met for their release into the community as soon as the law permits.

Additionally, the November 1992 proclamation into force of the Corrections and Conditional Release Act established an “accelerated parole review” mechanism for first-time, non-violent offenders, resulting in their immediate release at full parole eligibility date, provided a review by the National Parole Board determines that there is no potential for future violence.

*Impact:* The structured use of release at the earliest safe point in the offender’s sentence has enabled the agency to avoid costs associated with new facility construction.

Measure:  
Realignment of resources  
to fund offender program-  
ming

CSC has identified core programs to address major criminogenic needs and has developed a program planning model to guide the reallocation of program resources toward these programs. Core programs include living skills training, substance abuse programming, sex offender treatment, programming for aboriginal offenders, psychological assessment and treatment, and preparation for community release.

*Impact:* Attention to providing appropriate programming at the most appropriate point in the offender’s sentence has resulted in a more timely release of offenders to the community and a reduction in recidivism for offenders who received programming. However, budget reductions are resulting in increased difficulty in obtaining the resources to develop and implement new programs and systems and to adequately fund core offender programs. A lack of program funds in the future may have a negative impact on correctional strategy, mission, and agency objectives.

Measure:  
Delays in  
construction facility

Federal government budget reductions prior to 1993-94 resulted in the delay and/or cancellation/downsizing of planned construction that, if carried out, would have provided adequate accommodation for projected growth in the incarcerated population. The reduction of \$83 million from CSC’s operating budget from 1993-94 to 1997-98 will exacerbate this situation significantly.

*Impact:* Institutional overcrowding will significantly increase in relation to past experience and previous accommodation planning. CSC recorded an 81 percent increase in the use of double-bunking between 1991-92 and 1992-93, at which time approximately 25 percent of the total incarcerated population was double-bunked.

The lack of resources for accommodation construction now dictates that CSC incorporate the capability for double-bunking in all new or retrofit accommodation designs. In addition, all new/retrofit accommodation is designed to minimize the number of correctional posts required, while maintaining safe, secure control.

Measure:  
Reduction in the use of overtime

Reductions in overtime at the institutional level will require changes in CSC's traditional ways of doing business. The agency contemplates the employment and use of "casuals" as a major element in overtime reduction.

*Impact:* Use of "casuals" could result in labor-management problems.

### ***Community Corrections***

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Measure:  
Reduced funding for community supervision

Reductions will be and are being implemented in funding to provincial and local organizations that provide community supervision.

*Impact:* Negative community reaction may result, as well as a decrease in services to the offender population.