

# STATE OF COLORADO

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## MEMORANDUM

TO: Interested Parties

FROM: Governor's Office of State Planning and Budgeting

DATE: November 1, 2008

SUBJECT: Governor Ritter's FY 2009-10 Crime Prevention and Recidivism Reduction Package

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This memorandum provides highlights of the Governor's FY 2009-10 Crime Prevention and Recidivism Reduction Package (Recidivism Package).<sup>1</sup> The investments in this package are projected to improve public safety, generate savings/cost avoidance in Child Welfare and the Division of Youth Corrections, to lower the growth rate of the DOC population and to save on prison capital costs. **In total the five-year net savings (including cost avoidance) from this year's package is estimated at \$380.5 million total funds, including \$336.2 million in capital costs and \$44.2 million in the operating budget.**

### *Overview of FY 2009-10 Package – Investments in Prevention, Diversion, Transition Services, Treatment, and Research*

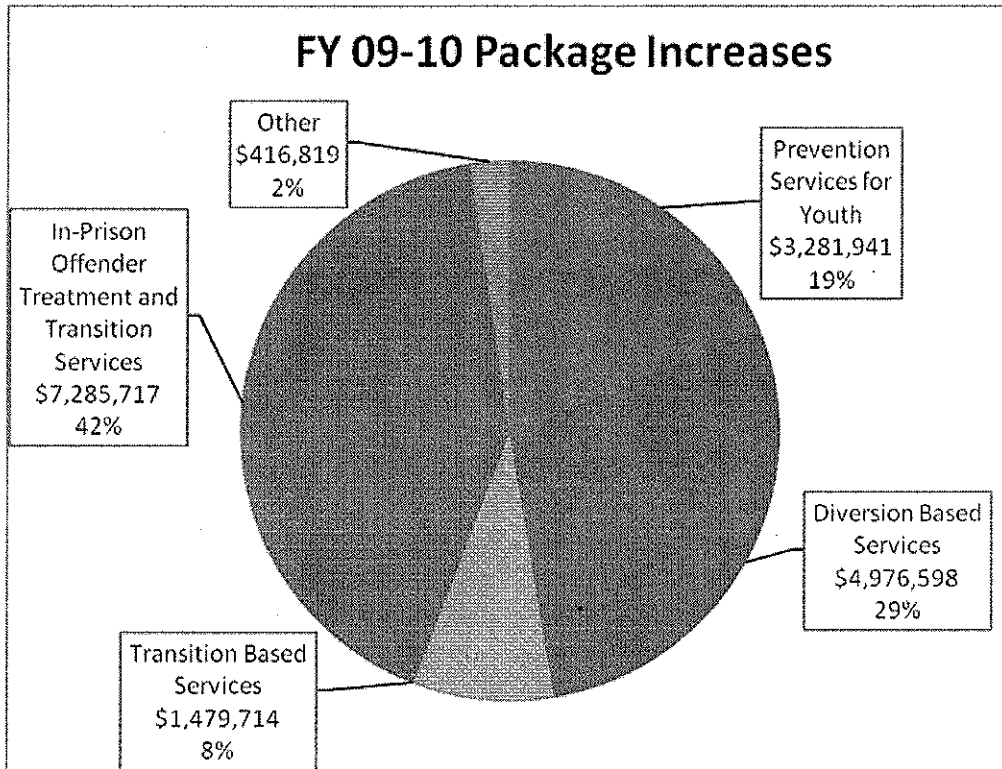
The goal for the Recidivism Package is to improve public safety through the implementation of evidence-based, cost-effective reforms aimed at reducing criminal recidivism. The package has **12 initiatives in four departments** which carry an estimated FY 2009-10 gross cost of \$17.4 million total funds (including \$16.3 million General Fund and \$1.1 million cash funds) and a **FY 2009-10 net cost of \$10.6 million total funds (\$9.5 million General Fund):**

- Prevention Services for Youth (1 initiative);
- Diversion Based Services (3 initiatives);
- Transition Based Services (3 initiatives);
- In-Prison Offender Treatment and Transition Services (2 initiatives);
- Other (1 initiative); and
- Research and Evaluation (2 initiatives).

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<sup>1</sup> This is the third year of the Governor's recidivism packages. The FY 2008-09 package carried a five-year gross savings of \$58.1 million and net savings \$17.3 million General Fund.

Note: The net cost is defined as the gross cost less the savings generated. For instance, the package funds diversion programs. These programs also have an immediate savings impact in the budget. The combination of the increased cost to diversion and the savings to DOC from the diversion are calculated for a net impact to the budget.



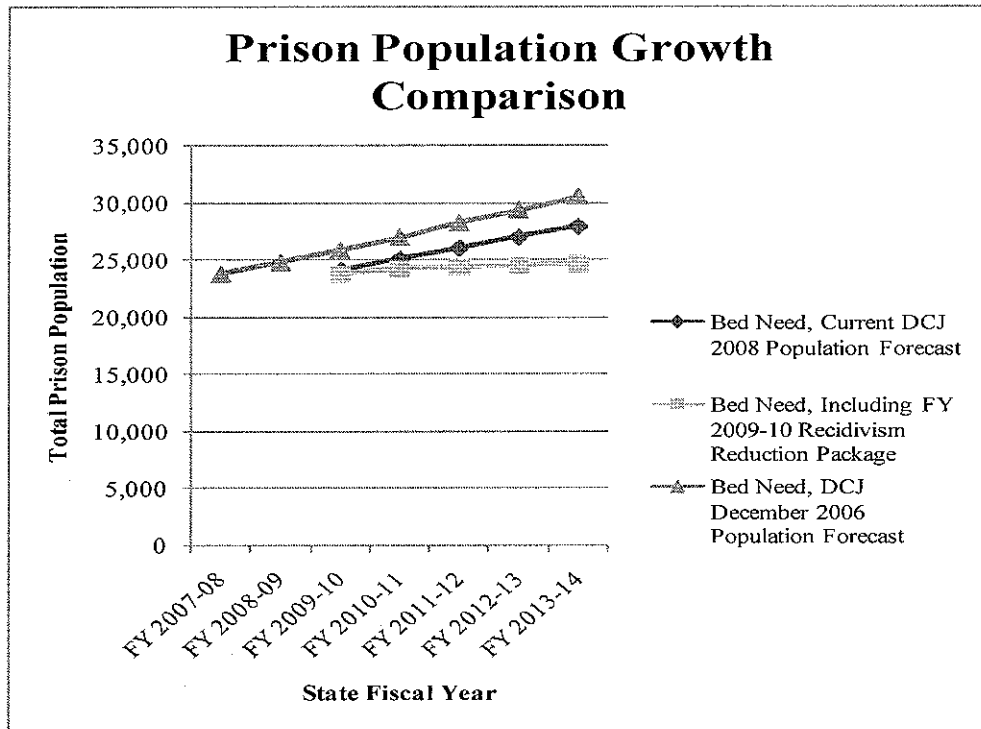
*Operating Budget Savings from the Package (\$44.2 million net savings over five years)*

The package generates **FY 2009-10 operating savings of \$7.2 million** (including \$6.8 million General Fund and \$0.3 million Child Welfare system savings). The package also generates a five-year gross operating savings of **\$128.5 million total funds** (including savings of \$104.4 million General Fund and \$24.1 million in the Child Welfare and DYC systems) from FY 2009-10 to FY 2013-14.

Net operational savings reflects the savings which occur after the investment (cost) of \$84.3 million is factored in. The package drives an estimated **five-year net savings/cost avoidance of \$44.2 million total funds**. On a five-year basis, for every \$1.00 spent in the operating budget, about \$1.50 is saved. (An investment of \$84.3 million over five years generates \$128.5 million in gross savings).

*Decrease in DOC Caseload Growth*

Current Division of Criminal Justice (DCJ) projections indicate that DOC caseload will **grow by 4,444 offenders** between FY 2009-10 and FY 2013-14. The FY 2009-10 recidivism package is estimated to **lower DOC caseload growth by 3,245\* offenders over that same five-year period**.



*Note: The rate of growth projected by DCJ's 2006 forecast for FY 2013-14 is extrapolated using the prior year's growth rate.\**

#### *Capital Budget Savings from the Package (\$336.2 million savings)*

The **FY 09-10 Recidivism Package prevents the need for \$336.2 million in Capital Construction Funds.** (Note: These capital funds would have been derived from a General Fund transfer to the Capital Construction Fund). The proposed expansion of the Trinidad Correctional Facility would have added 2,061 new male beds to the DOC system. The five year gross savings from the FY 2009-10 Recidivism Reduction Package equates to a bed savings of 2,978\* male DOC beds (out of the 3,245\* total offenders reduced) by FY 2013-14. **DOC's reduced bed need created by this package results in a cost-avoidance of \$336.2 million in capital construction funds in FY 2009-10 because DOC will not need to build a prison that would have been necessary without this package.**

#### *Investment in Prevention Services for Youth (More than \$24 million savings for Child Welfare and DYC systems)*

This year the package includes an enhanced focus on prevention services for youth. The package provides services to youth in the Child Welfare system to prevent them from penetrating deeper into the Child Welfare and Youth Corrections systems. **The package results in a 5-year gross savings of \$20.4 million to the Child Welfare system and a 5-year savings of \$3.6 million to the Youth Corrections system (over \$24 million combined savings for these two systems).** The state General Fund savings realized as a result of this prevention initiative can be reinvested at the local level into additional services for children and families. Many adult offenders have multiple contacts with the criminal justice system as juveniles, establishing early and recurrent

anti-social behavioral patterns.<sup>2</sup> The Colorado Department of Human Services found that of 2,855 youth committed to the Division of Youth Corrections in FY 2006-07, 31 percent had a prior out-of-home placement in the foster care system. The FY 09-10 package seeks to prevent out-of-home placement in Child Welfare to the degree possible through the evidenced-based tool of Functional Family Therapy.

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<sup>2</sup> An Urban Institute study of Illinois prisoners found that 34 percent of surveyed inmates had spent time in a juvenile correctional facility and more than 70 percent had been arrested before they reached the age of 18. Nationally, the Child Welfare League of America estimated that 35 percent of youth who are involved with the child welfare system are also involved with the juvenile justice system.

Program	Number of People Served	First Year Total Funds <1>	First Year GF Cost	Five Year Gross Savings <2>	Five Year Net Impact <3>
<b>Prevention Services for Youth</b>					
Functional Family Therapy (DHS)	480	\$3,281,941	\$2,632,599	(\$24,143,133)	(\$7,953,856)
<b>Diversion Services</b>					
Increase Diversion Beds by 397 (DPS)	397	\$4,297,538	\$4,297,538		
Associated Reduction in DOC Prison Beds from Diversion: 397		(\$4,385,060)	(\$4,385,060)	(\$21,925,301)	(\$437,613)
Non-Residential Diversion Program (DPS)	40	\$197,392	\$197,392		
Associated Reduction in DOC Prison Beds from Non-Residential Diversion: 40		(\$835,996)	(\$835,996)	(\$4,179,980)	(\$3,193,020)
Southern Colorado Therapeutic Community Beds (Substance Abuse)	24	\$481,668	\$481,668		
Associated Reduction in DOC Prison Beds from Therapeutic Community: 24		(\$501,598)	(\$501,598)	(\$2,507,988)	(\$99,648)
<b>Transition Services</b>					
Discharge Planning for Community Corrections Transition Clients (DPS)	2,500	\$160,381	\$160,381	(\$641,956)	\$160,381
DOC Pre-Release Program	2,000	\$1,125,257	\$1,125,257		
Associated Reduction in DOC Prison Beds from Pre-Release	N/A	(\$1,125,257)	(\$1,125,257)	(\$5,641,001)	\$0
Intensive Residential Treatment Beds	120	\$194,076	\$0	\$0	\$970,380
<b>In-Prison Offender Treatment Services</b>					
Therapeutic Communities in DOC	843	\$4,262,696	\$4,262,696	(\$45,443,563)	(\$24,178,171)
Vocational/General Education in DOC	2,056	\$3,023,021	\$3,023,021	(\$24,063,424)	(\$11,579,875)
<b>Other</b>					
Drug Offender Surcharge Fund - Substance Abuse Treatment Services (DHS)	324	\$250,000	\$0	\$0	\$1,250,000
<b>Research and Evaluation</b>					
Contract Research Services for DPS	N/A	\$103,512	\$103,512	\$0	\$522,244
Statisticians for DOC	N/A	\$63,307	\$63,307	\$0	\$316,535
<b>Total Operating Budget</b>	<b>8,784</b>	<b>\$10,592,878</b>	<b>\$9,499,460</b>	<b>(\$128,546,347)</b>	<b>(\$44,222,644)</b>
<b>Summary of Operating Budget</b>					
Prevention Services for Youth	480	\$3,281,941	\$2,632,599	(\$24,143,133)	(\$7,953,856)
Diversion Based Services	461	(\$746,056)	(\$746,056)	(\$28,613,269)	(\$3,730,281)
Transition Services	4,620	\$354,457	\$160,381	(\$6,282,957)	\$1,130,761
In-Prison Offender Treatment	2,899	\$7,285,717	\$7,285,717	(\$69,506,987)	(\$35,758,046)
Other Services	324	\$250,000	\$0	\$0	\$1,250,000
Research and Evaluation	N/A	\$166,819	\$166,819	\$0	\$838,779
<b>Total Capital Budget Impact (Costs Avoided)</b>	<b>N/A</b>	<b>(\$336,247,413)</b>	<b>(\$336,247,413)</b>	<b>(\$336,247,413)</b>	<b>(\$336,247,413)</b>
<b>Total FY 09-10 Recidivism Package Impact</b>	<b>8,784</b>	<b>(\$325,654,535)</b>	<b>(\$326,747,953)</b>	<b>(\$464,793,760)</b>	<b>(\$380,470,057)</b>
<1> Request includes \$1,093,418 Cash Funds. The General Fund (net) cost plus the cash funds cost equals the total funds.					
<2> Gross savings is the total savings that result from an initiative. These figures do not reflect the cost of the initiative, just the savings associated with it.					
<3> Net impact refers to the total savings less the cost for the programs.					

## FY 09-10 Recidivism Package Initiative Detail:

### Prevention Services for Youth

- **Expand Functional Family Therapy (DHS) – Cost: \$2,632,599 General Fund, \$649,342 Cash Funds and 0.5 FTE for DHS in FY 2009-10.**

This program targets mental health services to youth ages 11-18 in the child welfare system who display delinquent, violent, and substance abusing behaviors and are at risk of entering out-of-home placement. Functional Family Therapy (FFT) uses a very structured process to work with families for 90 to 120 days to address the youth's maladaptive behavior and possible factors influencing that behavior including family relationship issues, parental behavior, parenting skills and conflict management. The FFT method can be provided in flexible settings such as the home or at school. Currently, there are five counties in the state that provide FFT as a core services program. This proposal expands the FFT program to an additional four sites throughout the state to serve 480 children and their families. Interested counties or regions participating in a Collaborative Management of Multi-Agency Services agreement with the service capacity to implement this program can submit a request for proposal for funding.

The package provides services to youth in Child Welfare system to prevent them from penetrating deeper into the Child Welfare and Youth Corrections systems. **This program expansion results in a 5-year cost-avoidance of \$20.4 million to the Child Welfare system and a 5-year savings of \$3.6 million to the Division of Youth Corrections.** Per 24-1.9-102 (2) (h) C.R.S. (2008), any state General Fund savings realized as a result of this prevention initiative can be reinvested by participating counties or regions into services to children and families.

*[Outcomes: The addition of four Functional Family Therapy teams statewide will result in a net savings of \$7,953,856 over five years. Functional Family Therapy is a Blueprint program identified by the University of Colorado's Center for the Study and Prevention of Violence.]*

### Diversion Services

- **Maximize Community Corrections Diversion Beds (DPS) – Cost: \$4,297,538 General Fund (\$4,007,728 for the Department of Public Safety and \$289,810 for Judicial) in FY 2009-10.** This initiative adds 397 new community corrections diversion beds, which are a lower-cost sentencing alternative to prison. This initiative builds on last year's addition of 162 diversion beds, and seeks to fill the community corrections system's "genuine capacity" – the point at which bed space is maximized and public safety is preserved. The remainder of the community corrections system's FY 2009-10 genuine capacity will be utilized for 24 additional Southern Colorado therapeutic community beds (described below) and 49 additional transition beds. Typically, transition bed space comprises between 11.25 and 11.5 percent of DOC's projected total

annual growth; based on the projected FY 2009-10 genuine capacity, transition bed space will comprise approximately 11.7 percent (or 49 additional beds) of DOC's projected total annual growth. In addition to a savings to DOC, additional diversion beds may result in a savings to local jails to the extent that jails have a backlog of offenders who are awaiting diversion residential placements. If 25 percent of the additional diversion beds were filled with offenders who would otherwise occupy local jails, the local jails savings is approximately \$1.3 million per year.

- **Reduced DOC Beds Associated With Maximizing Community Corrections Diversion Beds (DOC) – Savings: \$4,385,060 General Fund in FY 2009-10.** With 397 additional diversion beds available as a sentencing option to judges, it is assumed that the need for prison beds in DOC will decrease. This initiative reduces DOC prison costs by 397 beds, phased in over the course of a fiscal year, to correspond with the increase in diversion beds.

*[Outcomes: The additional 397 diversion beds and the reduction of 397 DOC prison beds are expected to have a five-year net savings of approximately \$437,613 General Fund.]*

- **Non-Residential Diversion Pilot Program (DPS) – Cost: \$197,392 General Fund in FY 2009-10.** This program would create a pilot hybrid residential and non-residential diversion community corrections program for non-violent offenders who meet certain age and education-level criteria. Following a residential community corrections stay of approximately half of the average diversion length of stay, the selected offenders would be placed on early non-residential status and monitored using increased day reporting, electronic surveillance and advanced substance abuse screening technologies. The Department of Public Safety estimates that it could accommodate approximately 40 non-residential slots at two facilities per year. As a pilot program, this initiative would be carefully studied to determine its effectiveness at reducing recidivism.

- **Reduced DOC Beds Associated With A Non-Residential Diversion Pilot Program (DOC) – Savings: \$835,996 General Fund in FY 2009-10.** The availability of 40 additional diversion beds per year will reduce the need for 40 DOC beds. This initiative reduces DOC prison costs by 40 beds.

*[Outcomes: The cost savings is estimated based on the bed cost saved – the difference between a private prison bed and a diversion bed – and does not assume any change in recidivism rates. A decrease in the recidivism rate would contribute to a greater cost savings. The five year net savings generated by this program is approximately \$3.2 million General Fund.]*

- **Southern Colorado Therapeutic Community Diversion Beds (DPS) – Cost: \$481,668 General Fund in FY 2009-10.** This initiative adds 24 diversion therapeutic community (TC) beds in Southern Colorado to the 16 beds for which initial funding was appropriated through the FY 2008-09 Long Bill. Therapeutic communities are an evidence-based practice for treating severe substance abuse disorders. As a diversion program, this initiative would serve as a sentencing alternative for offenders with

substance abuse issues in Southern Colorado. The Division of Criminal Justice reports that research and practical experience indicate that TCs with fewer than 40 individuals may be less effective than TCs that are able to maintain a therapeutic cohort of 40. This request would add sufficient bed space for the TC to be optimally effective.

- **Reduced DOC Beds Associated with Additional Southern Colorado Therapeutic Community Diversion Beds (DOC) – Savings: \$501,598 General Fund in FY 2009-10.** The addition of 24 diversion therapeutic community beds will result in an immediate decrease in the need for 24 DOC beds.

*[Outcomes: Over five years, this decreased need will result in a net savings of \$99,648 General Fund.]*

### Transition Services

- **Community Corrections Discharge Planning (DPS) – Cost: \$160,381 General Fund and 1.8 FTE in FY 2009-10.** This initiative would add 2.0 FTE Discharge Planners (funded within the Division of Criminal Justice) to assist with proper placement of offenders with mental health or substance abuse needs who are transitioning from DOC into community corrections. Currently, DOC and community corrections providers report difficulty placing individuals in special needs transition beds. Community corrections programs have also expressed concern that sufficient diagnostic and treatment information is not provided to them upon offender placement, resulting in frequent duplication of testing. With staff dedicated to identifying the proper placement for special needs offenders, it is possible that supplying the correct community corrections programming per offender will reduce recidivism. It is estimated that these two discharge planners would review approximately 2,500 inmates per year for specialized bed referral.

*[Outcomes: The impact on recidivism that the proper placement of offenders in community treatment beds is unknown at this point. This program would break even if the Discharge Planners prevented 7.7 participating offenders, or 0.3 percent, from recidivating.]*

- **Pre-Release Planning and Curriculum (DOC) – Cost: \$1,125,257 General Fund FY 09-10 to DOC – and commensurate savings of \$1,125,257 General Fund to DOC in FY 09-10.** This request would continue a pre-release curriculum that DOC implemented in FY 2008-09 using its footnote flexibility roll-forward authority to apply caseload savings from prison population changes to its community services and supervision budget. The pre-release program operates in 18 facilities, and targets offenders within four months of release. Offering 10 individualized modules, this program seeks to address common barriers to a successful community transition through topics including money management, employment, housing and identification. Offenders are also instructed in individualized transition planning and the development of practical competencies to support a re-entry plan. The program will serve approximately 2,000 offenders per year.



*[Outcomes: Pre-release and re-entry planning are emerging practices in many states, and are encouraged through the federal Second Chance Act, but there is currently a lack of evidence-based research on these programs. This program would break-even if 54 of the 2,000 offenders served – or 2.7 percent – do not recidivate.]*

- **90-Day Intensive Residential Treatment Program (DPS) – Cost: \$194,076 Cash Funds in FY 2009-10.** This request would create a pilot Intensive Residential Treatment (IRT) program to serve transition community corrections offenders for 90 days rather than the standard 45 days. Research indicates that although there is a reduction in recidivism generated from serving offenders for 45 days, there may be a greater reduction from serving offenders for a longer period. This program would serve 120 offenders per year (30 offenders for 90 days at a time) at three existing IRT programs. Funding for this initiative is from the Drug Offender Surcharge Fund.

*[Outcomes: There are currently 45-day Intensive Residential Treatment programs for offenders with severe substance abuse problems. Based on research by the National Institute on Drug Abuse finding that treatment programs which last longer than 90 days typically have improved reductions in criminal activity and research by the American Association for Correctional and Forensic Psychology finding a relationship between treatment length and effectiveness, this initiative will create pilot 90-day IRTs in three existing facilities. According to the Washington State Institute for Public Policy, drug treatment in the community reduces recidivism rates by 9.3 percent. If this program is successful, it could result in similar outcomes, and therefore, a savings to DOC.]*

## **In-Prison Offender Treatment Services**

- **Therapeutic Communities (DOC) – Cost: \$4,262,696 General Fund in FY 2009-10.** This program is a continuation of the FY 2008-09 investment in this area to serve an additional 843 offenders, out of the more than 4,000 high risk/high need offenders who are eligible to receive therapeutic community services. This initiative will expand three existing male TC programs by 648 beds and expand one existing female TC program by 195 beds. The annual cost of this program is based on the need for an additional 63.3 FTE. This initiative will also provide a treatment subsidy for 93 offenders who are transitioning from prison and housed in a community-based therapeutic community.

*[Outcomes: Therapeutic communities are an evidence-based practice that has demonstrated success both in national and Colorado-based studies. In 2004, the National Institute of Justice, the University of Colorado, and the Colorado Department of Corrections collaborated on a research project which found that the recidivism rate for offenders who participated in a prison TC was 37.0 percent. Also in 2004, the National Institute of Drug Abuse funded a study of Colorado TC programs which found that the recidivism rate for offenders who participated in a prison TC was 16.0 percent. Between these two studies, the average recidivism rate for offenders who participate in a prison TC is 26.5 percent. This average coupled with the savings realized from an improved*

*community corrections and parole board acceptance rate for TC participants generate a five year net savings of \$24.2 million.]*

- **Vocational and General Education (DOC) – Cost: \$3,023,021 General Fund in FY 2009-10.** This program is a continuation of FY 2008-09 investments in this area, and would add 34.8 FTE as additional educational and employment instructors and 16 new vocational programs. DOC is the third largest producer of General Education Degrees (GEDs) in Colorado, and about 25 percent of DOC's inmate population is in need of a GED. Seventeen of the requested FTE would serve as GED instructors for approximately 1,140 additional students annually. Twenty-one of the requested FTE would serve as vocational instructors, teaching new programs such as auto collision repair, renewable energy management, recycling management, barbering, and heavy equipment at five correctional facilities to approximately 916 students per year. The increased vocational opportunities would ensure that offenders who complete the programs are provisionally licensed and prepared for immediate employment upon release. In total, this proposal would serve an additional 2,056 offenders per year.

*[Outcomes: The Washington State Institute for Public Policy's study<sup>3</sup> cites that academic education and vocational education can potentially reduce recidivism by 7% to 9%. These reductions would be long term as the academic and vocational programs take months or years for the offenders to complete. Assuming an 8.0 percent reduction in recidivism, this program is expected to produce a net savings of approximately \$10.6 million over five years.]*

## **Other Services**

- **Increase Drug Offender Surcharge Spending Authority (DHS) – Cost \$250,000 Cash Funds in FY 2009-10.** This proposal will provide enhanced continuing care treatment services for drug offenders. Any offender who has been involved with the criminal justice system can be served through these services, including offenders that may be on probation, parole or in a diversion program. The Department will use the Strategies for Self Improvement and Change curriculum, which promotes self-improvement for individuals who have a history of criminal conduct and substance abuse problems. This request will fund approximately 7,143 additional treatment sessions and serve 324 offenders. Funding for this request will come from the Drug Offender Surcharge Fund and services will be provided through contracts with Managed Service Organizations.

*[Outcomes: The Washington State Institute for Public Policy's study<sup>3</sup> cites that that drug treatment in the community reduces recidivism by 9.3%.]*

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<sup>3</sup> *Evidence-Based Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs, and Crime Rates.* (2006) Steve Aos, Marna Miller, and Elizabeth Drake, Olympia: Washington State Institute for Public Policy.

**Research and Evaluation (DOC and DPS) – Cost: \$166,819 General Fund and 2.8 FTE in FY 2009-10.**

- As with the past two year's worth of packages, appropriate research and evaluation funds are being requested for DPS and DOC to gauge the effectiveness of the programs and the change in the recidivism rate over time. In addition to general research resources, this request has two specific research components:

First, this request includes one-time funding of \$25,000 for DCJ to identify and examine data pertaining to juvenile diversion grant programs. There is currently a lack of data with which to compare outcomes of juvenile diversion. This funding would allow DCJ to cull data from records for years in which the juvenile diversion program existed, as well as for years in which funding was eliminated due to budget constraints.

Additionally, this request includes 1.0 FTE for the Evaluation Unit in DOC's Division of Adult Parole, Community Corrections and the Youthful Offender System. This FTE will be specifically focused on gathering data and outcome information on the Parole Wrap-Around Program and the Pre-Release Planning and Curriculum Program. Both of these programs are new, and will require intense monitoring and reporting to ensure that they are implemented to produce the outcomes that are anticipated. This FTE is being fully offset with a reduction in DOC's External Capacity budget subprogram.

**\$336.3 Million Capital Savings in the FY 2009-10 Capital Budget**

The package reduces DOC growth by 3,245\* beds over five years. DOC's reduced bed growth results in a **cost-avoidance of \$336.2 million in capital construction funds** in FY 2009-10 because DOC will not need to build a prison that would have been necessary without this package. If the proposed prison were instead financed with COPs (like CSP II), the cost would be \$548,051,280 over 12 years (\$45,670,940 per year). Without the FY 2009-10 Recidivism Package, DOC would have a cumulative bed shortage in FY 2012-13, which is when the proposed new correctional facility would be operational and occupied.

The proposed expansion of the Trinidad Correctional Facility would add 2,061 new male beds to the DOC system. The five year gross savings from the FY 2009-10 Recidivism Reduction Package equates to a bed savings of 2,978\* male DOC beds by FY 2013-14, which eliminates the need for the facility expansion. September 2008 DCJ projections indicate that DOC caseload will grow by 4,444 offenders between FY 2009-10 and FY 2013-14. Based on this forecast, the FY 2009-10 Recidivism Reduction Package will eliminate DOC growth by FY 2013-14.

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\*Denotes revision by the Office of State Planning and Budgeting, November 18, 2008