



California Department of Corrections and Rehabilitation:

It Fails to Track and Use Data That Would Allow It to More
Effectively Monitor and Manage Its Operations

September 2009 Report 2009-107.1



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September 8, 2009

2009-107.1

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As requested by the Joint Legislative Audit Committee, the California State Auditor presents this audit report concerning California Department of Corrections and Rehabilitation's (Corrections) impact on the state budget.

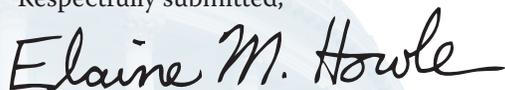
This report concludes that Corrections fails to track, maintain, and use data that would allow it to more effectively monitor and manage its operations. Specifically, Corrections' expenditures increased by 32 percent in the past three years to \$10 billion; however, its ability to determine the impact various factors such as overcrowding, the transition of the health care function to a federal court-appointed receiver, escalating overtime costs, and the presence of aging inmates have on the cost of its operations is limited by a lack of information. Furthermore, despite rising costs for incarcerating inmates, Corrections does not have sufficient information to identify how much specific inmate characteristics contribute to these costs and how changes in Corrections' operations would affect expenditures. For example, housing, security, and support are the largest contributors to the cost of incarceration, but the number of custody staff associated with specific populations of inmates—which are not tracked by Corrections—depends on the security and custody levels of the inmates as well as various institutional considerations. Custody staff costs include \$431 million paid in overtime during fiscal year 2007–08; however the cost to recruit and train new correctional officers, combined with the significant increases in the cost of benefits in recent years makes hiring a new correctional officer slightly more expensive than paying overtime to those currently employed by Corrections.

Nearly 25 percent of the inmate population is incarcerated under the three strikes law, which requires individuals to serve longer terms. By comparing the sentences these inmates received to what they might have received absent the three strikes law, we estimate that the increase in sentence length for inmates incarcerated under the three strikes law will cost the State \$19.2 billion for the additional time these inmates are sentenced to serve. However, our analysis does not consider various factors that depend upon inmate behavior, including credit earned toward early release and recidivism—the likelihood that an inmate will return to prison for committing another offense.

Additionally, while Corrections' budget for its academic and vocational programs totaled more than \$208 million for fiscal year 2008–09, its system for accessing, processing, and tracking inmate educational data is extremely inadequate, and therefore it is unable to determine the success of its programs. Finally, the use of telemedicine is in the early stages and although the receiver plans to transition additional medical care to telemedicine, progress in doing so is impeded by a manual scheduling system and limited technology. Without systemwide improvements, it is unlikely that significant amounts of additional care will be provided via this delivery method.

In a subsequent report, we plan to provide additional analysis of some of these issues including the size and additional costs of specific populations of inmates incarcerated under the three strikes law, information on medical specialty visits, and additional information related to vacant positions for custody staff.

Respectfully submitted,



ELAINE M. HOWLE, CPA
State Auditor

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Summary

Results in Brief

The mission of the California Department of Corrections and Rehabilitation (Corrections) is to enhance public safety through the safe and secure incarceration of offenders, rehabilitative strategies to successfully reintegrate offenders into communities, and supervision of parolees. In the last three years Corrections' expenditures have increased by almost 32 percent, and its expenditures now represent about 10 percent of the State's total General Fund expenditures. During the same period of time, the inmate population has decreased by roughly 1 percent. Various factors influence the cost of Corrections' operations, including overcrowding, vacant employee positions, the transition of the inmate health care function to a federal court-appointed receiver, escalating overtime costs, and the presence of aging inmates with lengthy prison terms due to sentencing under the three strikes law. Additionally, a recent federal court order requiring Corrections to create a plan to drastically reduce the inmate population at its institutions will also likely affect costs.

Although these factors affect the cost of its operations, Corrections' ability to determine the impact of each factor is limited by a lack of information. Despite rising costs for incarcerating inmates, Corrections does not have sufficient information to identify how much specific inmate or institution characteristics contribute to these costs and how changes in Corrections' operations would influence expenditures. Further, due to a lack of basic data regarding education and vocational programs provided to inmates, Corrections does not have information that could help it identify opportunities to evaluate effectiveness in reducing the chance that inmates will return to prison once they are released. Corrections is in the process of developing an automated system that will, if successful, allow for statewide data analysis.

Using the data available in Corrections' accounting records, we were able to associate expenditures with specific institutions. However, because Corrections fails to maintain certain basic management information, we were unable to determine the number of custody officers associated with specific populations, such as high-security inmates, violent offenders, and specialized units, and thus were unable to determine what causes the significant cost fluctuations among institutions. In contrast, we were able to confirm that costs per inmate generally increase with the security level of the institution's mission, or primary function. The higher costs at some institutions are related primarily to health care and increased custody staffing levels, and we found that institutions that house high-security inmates, violent offenders,

Audit Highlights . . .

Our review of California's increasing prison cost as a proportion of the state budget and the California Department of Corrections and Rehabilitation's (Corrections) operations revealed the following:

- » *While Corrections' expenditures have increased by almost 32 percent in the last three years, the inmate population has decreased by 1 percent during the same period.*
- » *Corrections' ability to determine the influence that factors such as overcrowding, vacant positions, escalating overtime costs, and aging inmates have on the cost of operations is limited because of a lack of information.*
- » *The cost of housing an inmate out of state in fiscal year 2007–08 was less per inmate than the amount Corrections spent to house inmates in some of its institutions.*
- » *Overtime is so prevalent that of the almost 28,000 correctional officers paid in fiscal year 2007–08, more than 8,400 earned pay in excess of the top pay rate for officers two ranks above a correctional officer.*
- » *Over the next 14 years, the difference between providing new correctional officers with enhanced retirement benefits as opposed to the retirement benefits many other state workers receive, will cost the State an additional \$1 billion.*

continued on next page . . .

- » *Nearly 25 percent of the inmate population is incarcerated under the three strikes law. We estimated that the increase in sentence length due to the three strikes law will cost the State an additional \$19.2 billion over the duration of the incarceration of this population.*
- » *Although Corrections' budget for academic and vocational programs totaled more than \$208 million for fiscal year 2008–09, it is unable to assess the success of its programs.*
- » *California Prison Health Care Services' ability to transition to using telemedicine is impeded by a manual scheduling system and limited technology.*

and specialized units had significantly higher average annual costs per inmate. In a subsequent report, we plan to provide further detail on the comparative cost of contracted medical care provided to inmates of various ages.

Corrections is working to reduce overcrowding and currently houses several thousand inmates in contracted facilities located in other states. The primary purpose of incarcerating inmates outside California is to reduce overcrowding and the dangerous conditions caused by placing inmates in prison areas such as gymnasiums, dayrooms, and program rooms that were not designed for inmates that need cells. The cost of housing an inmate out of state in fiscal year 2007–08 was less per inmate than the amount Corrections spent to house generally comparable inmates.

Housing, security, and support costs are the largest category in the cost of incarceration, and the number of custody staff depends on the security and custody levels of the inmates as well as various institutional considerations. Custody staff costs include the \$431 million Corrections paid in overtime for inmate custody operations during fiscal year 2007–08. Overtime is so prevalent that of the almost 28,000 correctional officers paid in fiscal year 2007–08, more than 8,400 earned pay in excess of the top pay rate for a correctional lieutenant—the level two ranks above a correctional officer. However, the cost to recruit and train new correctional officers, combined with the significant increases in the cost of benefits in recent years, makes hiring a new correctional officer slightly more costly per hour than paying overtime to the highest-paid correctional officers currently employed by Corrections. For example, the percentage of a correctional officer's salary that the State contributes for retirement benefits was nearly 26 percent in fiscal year 2007–08. The retirement benefits correctional officers receive allow them to retire with similar benefits nine years earlier than other state employees who receive the same salary. According to our estimates, over the next 14 years the difference between providing new correctional officers with the enhanced retirement benefits they currently receive, as opposed to the retirement benefits many other state workers receive, will cost the State an additional \$1 billion.

Nearly 25 percent of the inmate population is incarcerated under the three strikes law. The three strikes law requires individuals to serve longer prison terms. In addition, our analysis indicates that such inmates as a population are older. Research has found that older inmates require more health care, and as a result the costs of incarcerating them are higher. By comparing the sentences of inmates incarcerated under the three strikes law to the sentences they might otherwise have received, we estimate that the increase in sentence length due to the three strikes law will cost the State an additional \$19.2 billion over the duration of these

inmates' incarceration. However, our analysis does not take into account several factors that are dependent upon inmate behavior, including the differences in the amount of credit inmates can earn toward an early release and the rate of recidivism—the likelihood that an inmate will return to prison for committing another offense. We will publish a subsequent report that will provide additional details on the number and cost of subpopulations of inmates sentenced under the three strikes law.

Additionally, while Corrections' budget for its academic and vocational programs totaled more than \$208 million in fiscal year 2008–09, it confirmed that its system for accessing, processing, and tracking inmate educational data is extremely inadequate, and therefore it is unable to determine the success of its programs in reducing the chance that inmates will return to prison once they are released. Moreover, Corrections' lack of a plan for placing teachers in institutions and classes based on inmate needs limits the likelihood that education is being provided to eligible populations in an efficient manner. Further, a lack of information on inmates who have been on a waiting list, or previously participated in these programs, limits Corrections' ability to determine the efficacy of these programs, whether inmates were denied access by being paroled prior to enrolling in a program, and whether Corrections complied with state law requiring it to make literacy programs available to at least 60 percent of eligible inmates in the state prison system.

Finally, although cost is not the federally appointed receiver's main focus, the receiver hopes to cut medical costs by transitioning additional medical care to telemedicine appointments—two-way video conferencing between an inmate and a health care provider. However, this process is in an early stage. Furthermore, California Prison Health Care Services (Health Care Services) has not yet estimated the total cost savings, effectiveness, or potential for using telemedicine due to a lack of reliable information. In addition, its ability to transition a significant portion of the health care workload to telemedicine is impeded by a manual scheduling system and limited technology. Without systemwide improvements addressing these issues, it is unlikely that significant amounts of additional care will be provided via this delivery method.

Recommendations

To help it assess the effect of policy changes and manage operations in a cost-effective manner, Corrections should do the following:

- Ensure that its new data system will address its current lack of data available for statewide analysis, specifically, data related to identifying the custody staffing cost by inmate characteristics such as security level, age, or custody designation.
- If implementation of its new data system continues to be delayed, or if Corrections determines that the new system will not effectively replace the current assignment and scheduling systems used by the institutions, it should improve its existing data related to custody staffing levels and use the data to identify the related costs of various inmate populations.

To ensure that it is addressing the program needs of its inmate population in the most cost-effective manner, Corrections should develop a staffing plan that allocates teacher and instructor positions at each institution based on the program needs of its inmate population.

To ensure that it can determine whether it is in compliance with state law and can measure the efficacy of its programs in reducing recidivism, Corrections should track, maintain, and use historical program assignment and waiting list data by inmate.

To minimize costs through the use of telemedicine, Health Care Services should do the following:

- Review the effectiveness of telemedicine consultations to better understand how to use telemedicine.
- Perform a more comprehensive comparison between the cost of using telemedicine and the cost of traditional consultations, beyond the guarding and transportation costs, so that it can make informed decisions regarding the cost-effectiveness of using telemedicine.

To increase the use and efficiency of the telemedicine system, Health Care Services should maintain a focus on developing and improving its computer systems, such as its scheduling system.

Agency Comments

Corrections believes that the report does not completely capture the complexity of many of the issues it addresses. For example, Corrections asserts that the source of the difficulty in determining the number of custody officers associated with a given group of inmates is that inmates have multiple characteristics and thus may be a part of more than one group. In addition, it believes that some of the topics discussed in the report are not solely within its purview to address and that while it agrees with our recommendation that it should seek better data to more effectively manage, it questions how this will allow it to reduce certain types of costs. Finally, Corrections believes that it has made progress in several of the areas discussed in the report, and will address the specific recommendations in future corrective action plans.

The receiver agrees with our recommendations and states that Health Care Services is taking action to address them.

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Introduction

Background

Established in 1944, the California Department of Corrections and Rehabilitation (Corrections) operates California's prisons, oversees community correctional facilities, supervises parolees, and operates the juvenile justice system. In a July 2005 reorganization, Corrections added "Rehabilitation" to its name to encompass its objective of addressing the rehabilitative and reentry needs of incarcerated juvenile wards and adult inmates. As of June 30, 2009, it was responsible for nearly 168,000 inmates, 111,000 parolees, and more than 1,600 juvenile wards of the State.

Corrections' Annual Expenditures

Comprising 10 percent of the State's General Fund budget for fiscal year 2007–08, Corrections' expenditures increased by 32 percent in the previous three years, to \$10 billion. During the same period, Corrections' population of adult inmates decreased by 1 percent while its population of adult parolees increased by 7 percent, juveniles in facilities decreased by 37 percent, and juvenile parolees decreased by 29 percent. As shown in Table 1 on the following page, the majority of Corrections' expenditures are attributable to two programs, Adult Corrections and Rehabilitation (adult corrections) and Adult Health Care Services (adult health care). For fiscal year 2007–08, adult corrections' expenditures totaled \$5.4 billion, which includes expenditures for the 33 adult correctional institutions, the conservation camps, and costs of inmates sent to community correctional facilities and to out-of-state correctional facilities. Table 1 also shows that adult corrections accounted for more than half of Corrections' expenditures for fiscal year 2007–08, while adult health care accounted for another 22 percent.

Adult health care, the second most expensive cost area of adult operations, cost \$2.1 billion for inmates in Corrections custody in fiscal year 2007–08. Some inmate health care is offered internally at all adult institutions; however, significant amounts of the adult health care expenditures are related to external contractors, including specialty physicians, hospitals, and laboratories. According to the 2009–10 Governor's Budget, the objective of adult health care is to provide medical, dental, and mental health care to the inmate population statewide consistent with adopted standards

for the quality and scope of services within a custodial environment. The adult health care program also operates three licensed hospitals and a skilled nursing facility for female inmates, 16 correctional treatment centers, a hospice care wing at California Medical Facility, and eight HIV units at various institutions.

Table 1

California Department of Corrections and Rehabilitation's Program Expenditures for Fiscal Year 2007–08

PROGRAM	TOTALS	PERCENT
Adults		
Adult corrections and rehabilitation	\$5,407,735,654	54%
Correctional inmate health care	2,144,083,416	22
Education, vocational, and other rehabilitation	428,347,373	4
Community partnerships	8,999,779	0
Subtotals	\$7,989,166,222	80%
Parole		
Adult parole operations	\$733,818,494	7%
Board of parole hearings	85,202,618	1
Subtotals	\$819,021,112	8%
Juveniles		
Facilities operations	\$213,396,454	2%
Programs	162,545,866	2
Health care services	93,871,269	1
Parole operations	30,124,029	0
Subtotals	\$499,937,618	5%
Other		
Administration	\$291,410,083	3%
Corrections Standards Authority	220,823,787	2
Capital outlay	149,649,936	2
Subtotals	\$661,883,806	7%
Total	\$9,970,008,758	

Source: Bureau of State Audits' analysis of California Department of Corrections and Rehabilitation's accounting records for fiscal year 2007–08.

Additionally, Table 1 shows that Corrections reported expenditures of \$150 million for capital outlay and \$221 million for the Corrections Standards Authority¹ in fiscal year 2007–08. Because Corrections does not allocate these costs to specific Corrections’ institutions, we did not include the costs in our calculations of the average annual cost to incarcerate an inmate.

Corrections’ Mission and Adult Institution Characteristics

According to Corrections’ 2007–12 strategic plan, its overall purpose is to enhance public safety through safe and secure incarceration of offenders, effective parole supervision, and rehabilitative strategies to successfully reintegrate offenders into communities. As shown in Figure 1 on the following page, Corrections manages 33 adult correctional institutions throughout California.

Generally, Corrections assigns each institution a mission based on factors such as the primary function or security level of its facilities, its physical design, the gender of the inmates, and the presence of specialized housing units. The text box describes the five missions Corrections assigns to its institutions. Additionally, as shown in Figure 2 on page 12, institutions house inmates with multiple custody designations that range from minimum to maximum custody.

The mission of the general population levels II and III institutions, which include community correctional facilities and camps, is to provide safe and secure housing for minimum to medium custody inmates while maximizing opportunities for rehabilitation through work assignments, academic and vocational education, and substance abuse treatment and self-help programs.

Institution Missions

Female offenders: House all female inmates regardless of security level.

Reception centers: Safely and securely house male inmates during processing and classification for assignment to one of the State’s institutions.*

General population levels II and III: Safely and securely house minimum to medium custody male inmates.†

General population levels III and IV: Safely and securely house high-medium to maximum custody male inmates.

High security and transitional housing: Safely and securely house the most violent and dangerous male offenders.

Sources: California Department of Corrections and Rehabilitation’s Web site and associate directors over missions, Division of Adult Institutions.

* This mission also oversees the California out-of state correctional facilities.

† This mission also includes community correctional facilities and camps.

¹ The Corrections Standards Authority works in partnership with city and county officials to, among other things, develop and maintain standards for the construction, operation, and staffing of state and local jails and juvenile detention facilities.

Figure 1
California Department of Corrections and Rehabilitation's Institutions by Mission



Sources: California Department of Corrections and Rehabilitation's Web site and associate director over missions, Division of Adult Institutions.

Note: Institution locations are approximate.

* Camp institutions are part of the general population levels II and III mission.

The text box provides a description of the community correctional facilities and camps. Institutions within the general population levels III and IV mission must provide the same opportunities for rehabilitation while safely securing higher custody inmates. Institutions assigned the high security and transitional housing mission provide housing for the most violent and dangerous offenders, while providing them opportunities to transition to lower custody designations by accepting personal responsibility for their actions through behavior-based multilevel programming.

Other Types of Facilities

Adult conservation camps are located throughout the State in rural or wilderness areas. Under the management of adult institutions inmates assigned to camps are dispatched to fight wildland fires or work on other community projects.

Community correctional facilities are contracted facilities within the State housing less violent inmates.

Sources: California Department of Corrections and Rehabilitation's (Corrections) Web site, July 2009, and Corrections' *Inmate Population, Rehabilitation, and Housing Management Plan*, July 2006.

Institutions with a higher security level also contain specialized units that increase custody staffing and health care costs. For instance, facilities assigned to the high security and transitional housing mission have all of the secure housing unit programs. According to Corrections' operation manual, an inmate is placed in a secure housing unit when displaying conduct that endangers the safety of others or the security of the institution. These units provide more secure housing while also housing inmates with high custody designations; consequently, they require a greater amount of individual supervision by custody staff. Additionally, the associate warden for the general population levels III and IV mission stated that several institutions within this mission have specialized medical and mental health units, increasing inmate health care costs at those institutions. For example, Mule Creek State Prison has an enhanced outpatient care program, which, as we discuss in Chapter 1, appears to increase the inmate adult health care costs for that institution.

The Inmate Classification Process

When an inmate is received into one of Corrections' reception centers, the inmate's criminal history; life history; social history; and medical, dental, physiological, and mental health history are compiled and evaluated. Through this process, the reception center staff determine the inmate's security level and identifies any specific placement needs. Based on these factors, it then assigns the inmate to an adult institution.

Although Corrections determines an inmate's custody designation; need for education, vocational training, or a work program; and credit-earning eligibility through the initial classification process, it also reevaluates this information at least once a year during the inmate's prison term. Inmates' custody designations are a factor

Figure 2
California Department of Corrections and Rehabilitation's Housing and Supervision Requirements for Different Security Levels and Custody Designations

Requirements for Security Levels	Inmate Custody Designations
<p>Facility Security Level I</p> <ul style="list-style-type: none"> • Open dormitory facilities and camps. • Low security perimeter. <p>Facility Security Level II</p> <ul style="list-style-type: none"> • Open dormitory facilities. • Secure perimeter. • May include armed coverage. <p>Facility Security Level III</p> <ul style="list-style-type: none"> • Celled housing unit[‡] facilities. • Secure perimeter. • Armed coverage. <p>Facility Security Level IV</p> <ul style="list-style-type: none"> • Level III type housing or cell block housing with cells not adjacent to exterior walls. • Secure perimeter. • Internal and external armed coverage. 	<p>Minimum A or B</p> <ul style="list-style-type: none"> • Cells or dormitory housing within facility security perimeter.* • Supervision to ensure the inmate is present.[†] • Assignments and activities may be inside or outside the facility security perimeter. <p>Medium A or B</p> <ul style="list-style-type: none"> • Cells or dormitory housing within facility security perimeter. • Frequent and direct supervision. • Assignments and activities within security perimeter. <p>Close A or B</p> <ul style="list-style-type: none"> • Cells within levels III or IV facilities[§] in housing units within an established facility security perimeter. (For Close B: cells within designated institutions in housing units within an established facility security perimeter.) • Direct and constant supervision. • Limited program assignment and activity hours. <p>Maximum</p> <ul style="list-style-type: none"> • Cells within a segregated program housing unit. • Direct supervision and control under custody staff. • Assignments and activities shall be within the confines of approved segregated program housing unit.

Sources: California Code of Regulations, Title 15, sections 3377 and 3377.1.

* Minimum B can be housed on facility grounds or in a camp, a community correctional facility, or a minimum support facility.

† Minimum A requires at least hourly observation at a minimum if assigned outside the facility security perimeter.

‡ Cells adjacent to exterior walls.

§ Female inmates shall be housed in cells or close custody dormitories.

in establishing where they are housed as well as the level of staff supervision required to ensure institutional security and public safety.

Nearly all inmates are eligible to enroll in education, vocational, and other rehabilitation programs; however, multiple factors can affect program assignment. State regulations direct Corrections to consider various factors when determining the inmate's program assignments, such as an inmate's expressed desires and needs, the inmate's eligibility for and availability of desired work or program activity, safekeeping of the inmate, and the institution's security and operational needs. In addition, according to the chief of Corrections' Classification Unit, inmates' custody designations directly affect their ability to enroll in programs by limiting which areas of an institution they may pass through. For example, an inmate whose custody designation requires him to be under direct

and constant supervision within a security level III area of the institution would not be permitted to participate in a vocational landscaping program outside of the institution's secure perimeter.

Further, state law requires Corrections to prescribe rules and regulations ensuring that all able-bodied inmates are engaged in labor each and every day of their prison terms. State regulations provide an exception to this requirement for inmates who have been determined to be temporarily or permanently medically disabled. California regulations further specify that every able-bodied inmate is obligated to work, which may include a full day of work, education, or other program activity, or any combination thereof.

According to state regulations, inmates eligible to earn one day of credit for each day of assigned work or program attendance (day-for-day), are given first priority for program assignments. All inmates earning less than a day-for-day credit—for example, inmates sentenced under the requirements of the three strikes law, who receive one day of credit for five days of participation—are given a lower priority. Finally, inmates' behavior and special needs can affect where they are housed and, therefore, their ability to enroll in certain programs.

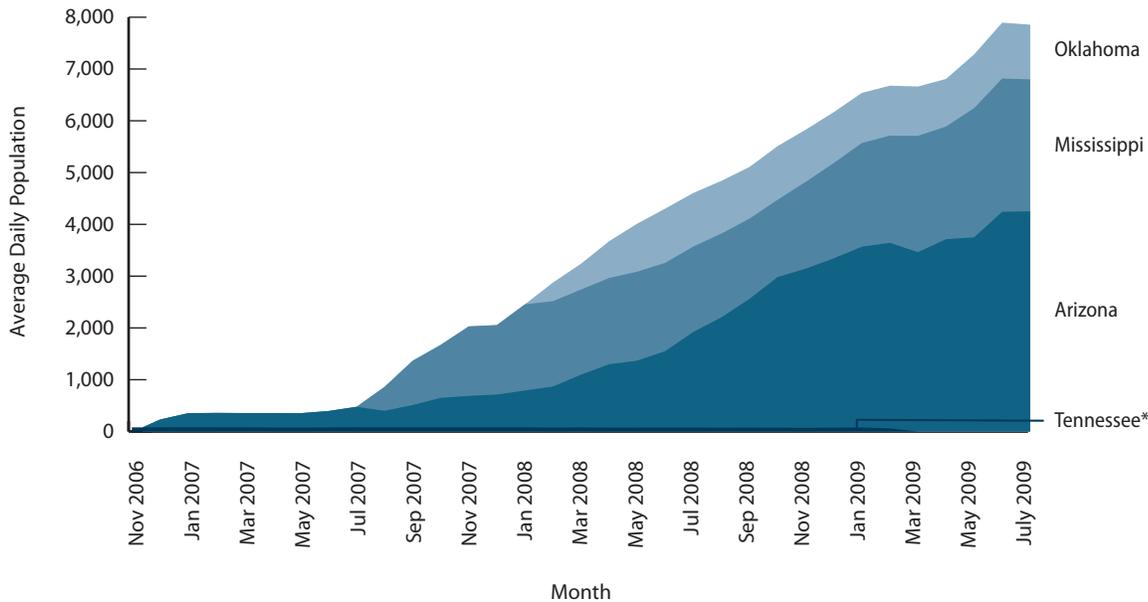
California's Out-of-State Correctional Facilities Program

Due to overcrowding in its 33 adult institutions, the governor issued an emergency proclamation in October 2006 giving Corrections the authority to immediately contract with and transfer inmates to out-of-state correctional facilities. Additionally, the proclamation authorized Corrections, after exhausting all possibilities of voluntary transfers, to involuntarily transfer inmates who meet specific criteria. On May 3, 2007, the governor approved Assembly Bill 900, the Public Safety and Offender Rehabilitation Services Act of 2007, in part to address prison overcrowding. The bill authorized Corrections to temporarily transfer inmates to out-of-state facilities. The California Out of State Correctional Facilities Program (out-of-state program), created within the Division of Adult Institutions, is responsible for transferring inmates out of state in order to temporarily reduce overcrowding.

According to the chief deputy warden for the out-of-state program, the program began in October 2006, and Corrections began transferring inmates to a facility in Tennessee in November 2006. According to Corrections' monthly population reports, it transferred 273 inmates to Arizona during December 2006 and January 2007. In August 2007 and February 2008, the out-of-state program transferred inmates for the first time to Mississippi

and Oklahoma. During fiscal year 2007–08, the out-of-state program housed an average daily population of 2,226 inmates, with a total population of 4,305 inmates placed out of state as of June 30, 2008. As Figure 3 shows, from November 2006 to July 2009, the out-of-state population grew dramatically. According to Corrections' monthly population reports, as of July 2009, 7,856 inmates were located in five facilities within three states: Arizona, Oklahoma, and Mississippi.

Figure 3
Population of Inmates Housed Out of State
November 2006 Through July 2009



Source: California Department of Corrections and Rehabilitation's *Monthly Report of Population*, November 2006 through July 2009.

* By April 2009 all inmates housed in the Tennessee facility had been relocated to other out-of-state facilities or transferred back to California.

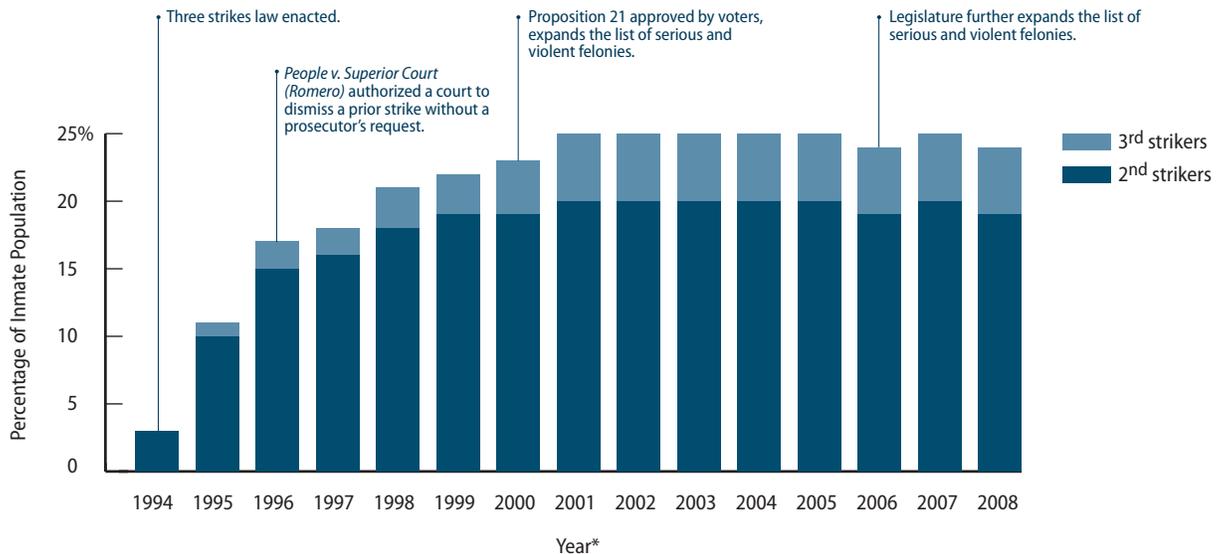
The Three Strikes Law

As shown in Figure 4, approximately 25 percent of the inmate population in California institutions is currently made up of individuals sentenced under the three strikes law. California enacted the three strikes law in 1994,² with the intent of ensuring longer prison sentences and greater punishment for those who commit a felony and were previously convicted of a serious or violent felony.

² The Legislature enacted the three strikes law in March 1994, and in November 1994 voters approved Proposition 184 to enact a virtually identical version of the law.

The three strikes law provides a minimum sentence that is double the sentence that a court would have imposed on a person who is convicted of a felony and who also has one prior conviction for a serious or violent felony; this type of offender is often referred to as a second striker. The three strikes law also generally provides a minimum sentence of 25 years to life imprisonment for someone who is convicted of a felony and who has two or more prior convictions for a serious or violent felony; this type of offender is often referred to as a third striker. Courts commonly refer to a person's prior convictions for serious or violent felonies as strikes.

Figure 4
Striker Inmates as a Percentage of the Inmate Population and Time Line of the Three Strikes Law



Sources: California Department of Corrections and Rehabilitation's *Quarterly Second and Third Strike Inmate Population* reports, and *Historical Trends, 1987–2007* report, sections of the California Penal Code, and court decision.
* Population as of December of each year.

The three strikes law specifies the offenses for which a prior felony conviction counts as a strike. A prior conviction for an offense that California law defines as a violent felony or a serious felony counts as a strike. In addition, the three strikes law specifies that a prior conviction for an offense committed in another jurisdiction counts as a strike if the offense would have been punishable by imprisonment in state prison in California and if the offense has all the elements of a serious or violent felony as defined by California law. The three strikes law further specifies that offenses committed by juveniles may count as strikes in certain circumstances. Although these juvenile offenses are not expressly defined as serious

or violent felonies, we use the term “serious or violent felony” to describe any offense that could count as a strike. Appendix B provides a list of all serious or violent felonies.

The list of offenses that may count as strikes has expanded since California enacted the three strikes law in 1994. As Figure 4 shows, in 2000 voters approved Proposition 21, which expanded the list of offenses that constitute strikes. In 2006 the Legislature again expanded this list of offenses. Under the three strikes law, of the defendant’s prior convictions only those for serious or violent felonies constitute strikes. A defendant subsequently convicted of any felony, even a felony that is not a serious or violent felony, may be sentenced under the three strikes law. For example, courts have sentenced defendants who were convicted of felony petty theft for shoplifting to 25 years to life imprisonment under the three strikes law because they had at least two prior convictions for serious or violent felonies. In *People v. Romero*,³ the defendant had prior convictions dating back to the 1980s for burglary, hit and run, battery on a peace officer, and lewd conduct with a child under age 14. After Romero was convicted of felony petty theft for stealing a magazine in 1999, he was sentenced to 25 years to life imprisonment under the three strikes law because of his prior convictions.

Although the three strikes law may result in circumstances like *Romero*, the law allows prior strikes to be dismissed in certain circumstances. Even if a prior felony conviction would otherwise count as a strike, a prosecutor may ask a court not to count it as a strike in the furtherance of justice or if insufficient evidence exists to prove the prior felony conviction. Additionally, in 1996 the California Supreme Court held that a court may also decide, without a request from a prosecutor, not to count a prior felony conviction as a strike in the furtherance of justice.

In addition to the minimum prison sentences required under the three strikes law, the law has other provisions that may affect the size of California’s inmate population. For example, a second or third striker may not be granted probation and may not be committed to any facility other than a state prison. The law also limits the amount of credits that striker inmates can earn against their prison sentence for participation in work training or education programs while in prison. Generally, striker inmates may earn only a 20 percent credit against their sentences, while other inmates may earn up to a 50 percent credit. Moreover, a striker defendant convicted of multiple current offenses generally must serve consecutive sentences rather than concurrent sentences.

³ *People v. Romero* (2002) 99 Cal. App. 4th 1418.

Education, Vocational, and Other Rehabilitation Programs

Corrections reported that it released more than 138,000 felons onto parole in 2008. According to a 2009 Corrections' report, nearly 60 percent of felons paroled for the first time in 2005 returned to prison within three years. Corrections aims to reduce the number of people returning to prison and to help inmates and parolees improve their ability to successfully reintegrate into the community by providing education, vocational, and other rehabilitation programs to inmates through its Division of Education, Vocations and Offender Programs and its Division of Addiction and Recovery Services. The adult education, vocational, and offender programs (inmate programs) are designed in part to enable offenders to function better upon returning to society. As a result, inmate programs can contribute to public safety. In addition, the Division of Addiction and Recovery Services provides various programs for substance abuse treatment and recovery for inmates. Corrections' accounting records show that it spent \$428 million during fiscal year 2007–08 to offer these programs to inmates.

The Division of Education, Vocations and Offender Programs offers adult basic education, general education development, and English language development programs as well as nontraditional independent study and distance learning opportunities. Many of these programs are offered at the majority of California adult institutions. Additionally, some institutions offer high school and computer lab courses. Nontraditional education coursework, such as independent study and distance learning, allows inmates who are not able to attend traditional classes the opportunity to take part in education programs.

As of February 2009 Corrections reported that it had 27 different types of active vocational programs that provide training to inmates, enabling them to attain skills to help them obtain employment and earn a livable wage upon reentering society. According to the former acting deputy director, Corrections attempts to offer vocational training for viable occupations that allow inmates to attain nationally recognized certifications. Vocational trade classes offered vary by institution. For example, Avenal State Prison offers 14 vocational programs, which include auto mechanics, carpentry, electronics, office machines, and small engine repair. Of Corrections' 33 adult institutions, 30 offer one or more vocational programs.

The Division of Addiction and Recovery Services, created in 2007, administers 44 rehabilitative programs, called substance abuse programs. Corrections indicated that although these programs are provided on a contract basis, Corrections' staff are still necessary. Corrections stated that at least one correctional counselor III

coordinates the substance abuse programs between the contractors and the warden at any institution offering these programs. As of February 2009 Corrections reported that at least one type of substance abuse program was offered at 20 of the 33 adult institutions, with a total capacity for serving 11,270 inmates. According to Corrections, these programs were 86 percent filled, with 9,718 inmates enrolled.

Federal Court-Appointed Receiver's Goals

1. Ensure timely access to health care services.
2. Establish a prison medical program that addresses a full continuum of health care services.
3. Recruit, train, and retain a professional-quality medical care workforce.
4. Implement a quality assurance and continuous improvement program.
5. Establish a medical support infrastructure.
6. Provide for necessary clinical, administrative and housing facilities.

Source: Federal court-appointed receiver's *Turnaround Plan of Action*, June 6, 2008.

The Federal Court-Appointed Receiver's Role

In 2006 a federal court appointed a receiver to provide leadership and executive management over the California prison medical health care system. In 2006 the receiver established the California Prison Health Care Receivership Corporation to assist with his responsibilities for developing, implementing, and sustaining a health care system that provides constitutionally adequate medical care to all inmates. In June 2008 the court approved the receiver's *Turnaround Plan of Action*, designed to address the constitutional deficiencies in California's prison health care system. In the plan the receiver focuses on six goals, as described in the text box. The receiver uses the name California Prison Health Care Services (Health Care Services) to describe the organization he oversees.

One way in which Health Care Services plans to improve the provision of specialty care is through the expanded use of telemedicine. Basically, telemedicine is the delivery of medical services through the use of multimedia technology such as voice, video, and data. This allows the inmate and a medical specialist or psychiatrist to meet through video conferencing. Currently, Health Care Services uses telemedicine for 14 medical specialties. At each institution, Corrections has at least one room equipped for the purpose of telemedicine.

The Federal Court-Ordered Plan to Reduce the Prison Population

To address the constitutionally inadequate mental and medical health care available to inmates in the California prison system and the threat to the health and safety of inmates posed by overcrowding, in August 2009, a three-judge federal court ordered Corrections to provide the court with a plan that would reduce the population of Corrections' adult institutions over the next two years. According to Corrections, this court order would require

a reduction of more than 40,000 inmates. In response to the court order, the secretary of Corrections stated that Corrections believes the federal courts are exceeding their authority under the Prison Litigation Reform Act, and Corrections will continue to fight against a population cap or court-ordered early release.

Scope and Methodology

The Joint Legislative Audit Committee requested that the Bureau of State Audits evaluate the effect of California's rapidly increasing prison population on the state budget. We were asked to focus on specific areas of Corrections' operations to provide the Legislature and the public with information necessary to make informed decisions. Specifically, we were asked to do the following:

- Review the current cost to house inmates; stratify the costs by their security level, age, gender, or any other relevant category tracked by Corrections; and determine the reasons for any significant cost variations among such levels and categories.
- Determine the number of inmates Corrections has sent to other states and calculate the State's cost and impact on Corrections' budget.
- Analyze Corrections' budget to determine the amounts allocated to vocational training, rehabilitation, and education programs.
- For a sample of institutions offering vocational training, rehabilitation, and education programs, review Corrections' system for determining the number of instructors and custody staff needed for inmates to participate in these programs. If such staffing is inadequate, determine if any inmates have been denied access to these programs.
- To the extent possible, determine the costs for incarceration under the three strikes law. At a minimum, determine the incarceration cost for each of the following three scenarios:
 - The third strike was not a serious and violent felony.
 - One or more of the strikes was committed as a juvenile.
 - Multiple strikes were committed during one criminal offense.
- Calculate annual overtime pay since 2002 for Corrections' employees, including correctional officers and custody staff, and investigate the reasons for significant fluctuations.

- Review the number of vacant positions during the last five years and determine whether they affect the annual overtime costs and whether filling vacancies would save Corrections money.
- Determine the extent to which Corrections currently uses and plans to use telemedicine. Further, determine if by using telemedicine Corrections is reducing inmate medical and custody costs and the cost to transport and guard inmates outside the prison environment.

To review the current cost to house inmates, we interviewed Corrections' accounting staff to gain an understanding of the information and detail available in its accounting records and obtained electronic accounting records for fiscal year 2007–08. We then summarized this information by program and cost area. Using information from Corrections' Distributed Data Processing System, we determined the average population in Corrections' institutions during fiscal year 2007–08 and determined average costs per inmate. To stratify costs by relevant categories, we interviewed Corrections' staff to identify what inmate characteristics could be associated with costs. We also analyzed the cost variances among institutions and institution missions and identified potential causes of these variances based on information obtained from interviews with Corrections' staff.

To determine the number of inmates Corrections has sent to other states, we interviewed out-of-state program staff to gain an understanding of the program. We also reviewed Corrections' population reports for the out-of-state program. Finally, we reviewed contracts with, and invoices from, out-of-state facilities, identifying the number and costs of inmates transferred to out-of-state facilities. To determine the impact of the out-of-state program on the State's budget, we determined the cost of housing these inmates using Corrections' accounting records and contracts and invoices from out-of-state facilities. Finally, we calculated an average cost per inmate for those inmates housed out of state and compared that cost to certain aspects of the average cost for certain Corrections' institutions.

To determine the amounts allocated to vocational training, rehabilitation, and education programs, we interviewed accounting staff to gain an understanding of where these amounts are recorded in the Governor's Budget. Using the governor's budgets for fiscal years 2004–05 through 2009–10, we compiled the amounts Corrections spent on its education, vocational, and other rehabilitation programs for fiscal years 2002–03 through 2007–08. We also used the estimated and actual amounts in the governor's budgets for fiscal years 2008–09 and 2009–10.

In addition, we obtained information from Corrections' budget staff for amounts that could not be identified from information in the governor's budgets.

To review Corrections' system for determining the number of instructors and custody staff needed for inmates to participate in vocational training, rehabilitation, and education programs, we interviewed staff at institutions as well as key staff in various units, including Corrections' Division of Education, Vocations and Offender Programs; Office of Correctional Education; Division of Addiction and Recovery Services; and Adult Programs. To understand requirements related to providing these programs, we reviewed state laws and regulations, and Corrections' policies. We attempted to obtain information to determine if any inmates were denied access to these programs but were told that such information was not available.

To determine the cost of incarcerating inmates under the three strikes law, referred to hereafter as striker inmates, we first reviewed relevant laws and regulations. Using Corrections' Offender Based Information System, we identified the population of striker inmates. We then compared striker inmates' current prison terms to the terms they might have received if the three strikes law did not exist. Using the average cost per inmate, we estimated the cost of additional sentencing under the three strikes law. In conducting our analysis we did not consider factors such as recidivism—the likelihood that a prisoner will return to prison for committing another crime after being released—or other factors that could increase or decrease prison terms, such as the difference in credit-earning status. We omitted the effect of these factors because they depend upon inmate behavior, which is difficult to predict and may differ between striker inmates and other inmates. When calculating the additional years of incarceration of inmates who received life sentences, we noted their age at incarceration and estimated the number of years they would serve if they reached 77.7 years of age, the average American life span as reported by the Centers for Disease Control and Prevention.⁴ Additionally, we stratified the striker inmate and non-striker inmate populations by age and compared the frequency of age groups of each population.

To calculate the annual overtime pay since 2002 for Corrections' adult operations employees, including correctional officers and other custody staff, we interviewed accounting staff to gain an understanding of how Corrections records overtime expenses in the State's accounting system. After obtaining accounting records

⁴ On August 19, 2009, subsequent to our analysis, the Centers for Disease Control and Prevention reported that the U.S. life expectancy has risen to 77.9 years of age.

for fiscal years 2003–04 through 2007–08, we identified the proportion of total overtime charged by custody staff. Because custody staff represented 96 percent of the overtime charged in fiscal year 2007–08, we chose to focus our remaining analysis on custody staff exclusively. To identify fluctuations in annual overtime pay, we stratified custody staff overtime expenses by institution and overtime category. After identifying the fluctuations, we interviewed Corrections’ support staff to gain an understanding of the reasons for the fluctuations, as well as the general trends in overtime budgeting and usage.

To determine whether the number of vacant positions affects the annual overtime costs, we reviewed Corrections’ policies and procedures on staffing and interviewed key management. To determine whether filling those vacant positions could save Corrections money, we determined the hourly cost of a new employee, which includes salary and benefits as well as the cost of recruiting, training, and equipping the new employee. We then compared the hourly rate of a new employee with the hourly rate for overtime. Based on the results of this analysis, we reviewed factors that contribute to the cost of an hour of work performed by a new employee.

To determine the extent to which Corrections currently uses and plans to use telemedicine, we interviewed key management and staff at Health Care Services to gain an understanding of the current and historical use of telemedicine. We also reviewed the results of a study completed in February 2008 by a consultant with whom Health Care Services contracted to provide recommendations for improving Corrections’ telemedicine program. We interviewed staff to ascertain which recommendations Health Care Services is planning to implement and the status of action taken on those recommendations. Additionally, to determine the number and nature of telemedicine visits, we reviewed reports by Health Care Services related to telemedicine provided. Finally, to determine whether Corrections’ use of telemedicine is reducing costs, we reviewed its methodology for calculating the cost to transport and guard an inmate taken to an appointment outside the institution.

We relied upon various electronic data in performing this audit. The U.S. Government Accountability Office, whose standards we follow, requires us to assess the reliability of computer-processed data. To determine the additional cost of inmates incarcerated under the three strikes law, we used information from the Offender Based Information System. We assessed the reliability of the Offender Based Information System by performing electronic testing of key data elements and by testing the accuracy of the data. To test the accuracy of the data we selected a random sample of inmates and

traced key data elements to source documents. However, we did not conduct completeness testing because the source documents required for this testing are stored at the 33 institutions located throughout the State. Therefore we concluded that this data was of undetermined reliability for the purposes of this audit.

To allocate training and recruiting costs, we obtained information on the number of correctional officers that graduated from the correctional academy. We assessed the reliability of the Cadet Database by testing the accuracy and completeness of the data. To test the completeness of the data, we judgmentally sampled files and ensured that the cadets were listed in the database. To test the accuracy of the data, we selected a random sample of cadets and traced key data elements to source documents. Using the results of that testing, we determined that the data were sufficiently reliable for the purposes of this audit.

We determined that the data we obtained from the State Controller's Office payroll system was sufficiently reliable for the purposes of presenting data on overtime and the cost of a new correctional officer. We assessed the reliability of the payroll data by performing electronic testing of key data elements. In addition, we reviewed testing of the payroll system's major control features performed as a part of the State's financial and federal compliance audits.

We determined the accounting records data for fiscal years 2003-04 through 2007-08 from Corrections to be of undetermined reliability for the purpose of calculating the cost of incarcerating an inmate as well as for analyzing and categorizing overtime-related expenditure data. This determination is based on the fact that we found no material errors in our electronic testing of required data elements. However, we did not conduct accuracy or completeness testing because the source documents required for this testing are stored at seven regional offices or 33 institutions located throughout the State. To obtain some assurance regarding the completeness of this information, we compared the total amount of expenditures in the records we received for fiscal years 2007-08 and 2006-07 to paper records. However, we did not perform this procedure for earlier fiscal years in our analysis because we were unable to obtain the relevant information for fiscal years prior to 2006-07.

We also found the Distributed Data Processing System data from Corrections to be of undetermined reliability for the purpose of calculating the average daily population of inmates at a particular institution. This determination is based on the fact that we found no material errors in our electronic testing of required data elements.

However, we did not conduct accuracy or completeness testing because the source documents required for this testing are stored at the 33 institutions located throughout the State.

In a subsequent report we plan to provide additional information on several of the subjects we were asked to review, including the size and additional costs of specific portions of the population of striker inmates. Specifically, we plan to identify how many striker inmates received at least one strike as a juvenile, received multiple strikes in the commission of one criminal offense, or received a sentence under the three strikes law although the most recent crime committed was not classified as a serious or violent felony. Using this information, we plan to determine the cost of the additional years of incarceration due to three strikes for these individuals. In addition, we plan to compare the cost of medical specialty health care provided to striker and non-striker inmates. We also plan to provide additional information on medical specialty visits similar to the types of consultations that Health Care Services is currently providing through telemedicine and their associated costs. Finally, we plan to provide additional information related to vacant positions.

Chapter 1

A LACK OF ACCURATE DATA COMPLICATES IDENTIFICATION OF SPECIFIC CHARACTERISTICS THAT AFFECT THE AVERAGE ANNUAL COST PER INMATE

Chapter Summary

The Department of Corrections and Rehabilitation (Corrections) spent more than \$8 billion in fiscal year 2007–08 to incarcerate inmates. Although the overall average cost to incarcerate an inmate is over \$49,000 per year, costs per inmate varied significantly from institution to institution. Corrections organizes its institutions into five missions, based on factors such as the primary function and security level of the institution. As one might expect, the average cost per inmate at some institutions was higher due to the necessity of providing a more secure housing environment. However, the costs among institutions within the same general mission varied significantly as well. Much of the cost variation appears to be related to additional medical and housing, security, and support costs. Corrections indicated that higher costs in many institutions are attributable to specialized units within the institutions that require more correctional officers and medical care. Although we were able to identify factors that can contribute to costs, we found that Corrections does not track information in sufficient detail to allow it to determine how more specific inmate populations or institutional characteristics affect its costs.

We also found that Corrections' costs totaled nearly \$65 million in fiscal year 2007–08 to transport and house inmates in out-of-state facilities in order to avoid the unsafe conditions caused by housing them in prison areas such as gymnasiums, dayrooms, and program rooms that were not designed for inmates that were a security risk and needed to be housed in cells. The average cost of housing each of these inmates in fiscal year 2007–08 was \$29,100. The inmates transferred out of state must meet certain criteria, and Corrections' focus is to transfer inmates who must be housed in cells but do not have serious mental, medical, dental, or behavioral conditions. However, because Corrections does not track information in sufficient detail to allow it to determine the costs of specific inmate populations, the exact impact on Corrections' budget of housing these inmates out of state is unclear. Nevertheless, using the average cost of inmates housed in certain institutions that hold similar populations, we calculated that Corrections is spending between \$3,200 and \$7,800 more on each inmate housed in its institutions.

Corrections spent \$431 million on overtime for custody staff in fiscal year 2007–08. Overtime costs have risen significantly over the last five years. One factor causing this change is salary increases received by correctional officers totaling 26 percent over the course of 30 months between July 2004 and January 2007. This caused a corresponding increase of \$88 million in overtime costs. An increase in the amount spent on guarding for medical purposes contributed another \$111 million in increased overtime costs. Some of these costs may be related to the way in which hours worked were classified in the past. Specifically, previous labor agreements allowed leave taken by an employee to be included as time worked for the purpose of calculating overtime. However, legislation enacted in February 2009 changed that practice. Although this recent change may reduce the number of hours classified as overtime, we found that under the current pay structure the hourly cost of overtime for the highest-paid correctional officers is slightly less than the hourly rate of hiring additional officers, due in part to the increased costs of retirement benefits, which have significantly increased the cost to the State of hiring additional correctional officers.

Finally, we found that about 25 percent of the inmate population has been sentenced under the requirements of the three strikes law. These individuals, referred to in this report as striker inmates, serve longer sentences than if they had not been sentenced under the three strikes law. By comparing the sentences these inmates received to what they might have received without the three strikes law, we estimated that the increase in sentence length represents an additional cost of nearly \$19.2 billion over the duration of these inmates' incarceration. Additionally, our analysis of the current striker population shows that the most frequent age group for striker inmates is more than 10 years older than the most frequent age group for inmates not serving a striker sentence. According to available research, older inmates require additional health care, which leads to higher health care costs. However, this analysis does not take into account several factors that are dependent upon inmate behavior, such as recidivism rates, meaning the likelihood that an inmate, once released, will be returned to prison for reoffending. As such, it is possible that without the three strikes law, many of the inmates who would have been released earlier might have returned to prison.

The Average Annual Cost to Incarcerate an Inmate In Fiscal Year 2007–08 was \$49,300

During fiscal year 2007–08, Corrections spent more than \$5.2 billion on housing, security, and support of its average daily population of 163,000 inmates housed in its 33 adult institutions across the State. With an additional \$2.1 billion to cover health care costs; \$428 million for education, vocational, and other rehabilitation programs; and \$241 million in administration, the total costs to incarcerate California's adult inmates exceeded \$8 billion during that fiscal year.

The total costs to incarcerate California's adult inmates exceeded \$8 billion during fiscal year 2007–08.

In addition to the costs classified as administration, it is important to note that there are additional expenditures totalling \$1.1 billion within the other cost areas that we were unable to attribute to specific institutions. As shown in Appendix A, we have labeled these amounts, which are primarily costs charged to Corrections' headquarters, as unallocated support and administration expenditures. Expenditures within this category include funds for headquarters support units such as accounting and training; \$145 million in support of Corrections' inmate health care; \$137 million for office support for the federally appointed receiver; and \$329 million for facilities planning, design, and construction management. In addition, some of these costs are for the support of institutions, including \$154 million for substance abuse programs provided at some institutions, \$12 million for inmate classification services, and \$38 million for Corrections' transportation unit. Although Corrections does not associate these costs with specific institutions, in an attempt to more accurately disclose the true costs of incarcerating an inmate, we allocated these dollars among the inmates at all 33 institutions.

Overall, California spent, on average, more than \$49,000 per inmate during fiscal year 2007–08. Although we were able to calculate this average cost per inmate using Corrections' accounting records, Corrections does not track costs in a manner that would allow us to stratify the costs of incarcerating inmates by specific characteristics, such as security level, age, or other factors. Rather, Corrections tracks costs at the institution level regardless of any specific inmate characteristic. We discuss the implications of this limitation later in the chapter. Nevertheless, as shown in Appendix A, our analysis of Corrections' accounting records revealed that individual institutions within the same mission vary significantly in their costs to incarcerate inmates.

The estimated average annual cost per individual for other populations under Corrections' supervision is shown in the text box. The cost per juvenile is considerably higher than that of other populations, in part because—according to staff ratios in the Governor's Budget—juvenile justice facilities had three staff members for every two juvenile wards in fiscal year 2007–08. According to the Governor's Budget, the population of juvenile wards numbered nearly 2,300 in fiscal year 2007–08. This small number may also contribute to higher costs because the fixed costs related to the population of juvenile wards are spread over a smaller population.

Estimated Average Annual Cost Per Individual for Other Corrections' Populations

POPULATION	PER INDIVIDUAL COST
Adult parolees	\$6,085
Juveniles	\$204,712
Juvenile parolees	\$12,474

Sources: Bureau of State Audits' calculation based on unaudited data from the California Department of Corrections and Rehabilitation's accounting records for fiscal year 2007–08 and average daily populations for fiscal year 2007–08 from the 2009–10 Governor's Budget.
 Note: Average cost does not include administrative costs.

Corrections spent 80 percent of its \$10 billion in expenditures in fiscal year 2007–08 on adult inmates, with an average annual cost per inmate of \$49,300. To determine this cost we allocated the actual expenditures for the 2007–08 fiscal year directly related to adult operations, as well as a proportionate amount of Corrections' overall headquarters administration costs, among the 163,000 inmates—the average daily population housed in its 33 adult institutions. As shown in Table 2, the largest category of cost was more than \$32,000 per inmate spent on housing, security, and support. Additionally, on average, each inmate cost the State \$13,000 for health care and more than \$2,600 for education, vocational, and other rehabilitation programs.

Table 2
California Department of Corrections and Rehabilitation's Total Adult Incarceration Costs and Average Incarceration Cost Per Inmate by Cost Area Fiscal Year 2007–08

EXPENDITURE	TOTAL COST	AVERAGE COST PER INMATE*
Inmate Housing, Security, and Support		
Regular pay	\$2,701,569,623	\$16,555
Benefits and other pay	1,189,691,809	7,290
Overtime pay	449,272,181	2,753
Facilities and operations	895,302,235	5,486
Subtotals	\$5,235,835,848	\$32,084
Inmate Health Care		
Total pay and benefits	\$983,725,818	\$6,028
External contracts	637,080,038	3,904
Health care supplies	198,542,358	1,217
Facilities and other operations	324,221,974	1,987
Subtotals	\$2,143,570,188	\$13,136
Education, Vocational, and Other Rehabilitation	\$428,344,891	\$2,625
Headquarters Overall Administration†	\$240,543,458	\$1,474
Totals	\$8,048,294,385	\$49,319

Sources: Bureau of State Audits' analysis of California Department of Corrections and Rehabilitation's (Corrections) accounting records and Distributed Data Processing System (DDPS) average daily inmate population for fiscal year 2007–08.

Notes: This table does not include Corrections Standards Authority expenditures of \$221 million and capital outlay of \$150 million some of which may be associated with adult operations. Because Corrections' accounting data do not associate these amounts with adult institutions, we did not allocate these costs.

Amounts in this table do not include some costs which are associated with California out-of-state facilities and community correctional facilities. Thus, the amounts do not agree with Table 1 which includes these costs.

* The average cost per inmate is determined using the total average daily inmate population in the 33 institutions.

† The headquarters overall administration cost in this table includes amounts we allocated to adult operations only; therefore, it does not agree with the amount shown for administration in Table 1.

Based on Corrections' accounting records, we identified \$241 million in headquarters overall administration costs.⁵ However, Corrections does not allocate its administration expenditures to the specific operations that it serves, such as adult, parole, and juvenile operations. According to the deputy director of Corrections' Office of Fiscal Services, Corrections does not allocate these costs to institutions, nor does it have a method to do so. However, the deputy director agreed on the reasonableness of allocating the costs based on a proportion of Corrections' total operating expenditures, and as a result the average cost per inmate, as shown in Table 2, included an additional \$1,474 for fiscal year 2007–08.

Costs Vary Significantly Among Institutions

Although the average cost per inmate for fiscal year 2007–08 was \$49,300, the cost per inmate varied significantly among institutions. A variety of factors, including the institution's mission, health care emphasis, and design of its facilities, can contribute to higher costs. Some institutions, such as those within a high security and transitional housing mission—which house the most violent and dangerous male offenders—have higher costs than others. However, although the functions of the five institution missions described in the Introduction can affect the cost to house inmates, the average annual cost to incarcerate inmates varies at institutions within the same mission. For example, those institutions with an inmate health care emphasis have significantly higher costs due to the medical and mental health care they provide. We were also able to determine that female inmates are more costly on average, but because they are such a small portion of the total inmate population, the cost difference has relatively little impact on Corrections' total costs.

Although the average cost per inmate for fiscal year 2007–08 was \$49,300, the cost per inmate varied significantly among institutions.

The Primary Function of an Institution's Mission Appears to Affect Its Costs

Our analysis of Corrections' accounting records revealed wide variations in the average annual cost per inmate for some of the different mission types. As described in the Introduction, Corrections assigns each institution a mission based on factors such as its primary function or security level of its facilities, physical design of the institution, gender of the inmates it houses, and presence of specialized housing units. Our review of the average

⁵ Corrections' overall administration costs of \$291 million, as shown in Table 1 on page 8, serves various operational areas. Considering that adult operations represents 83 percent of Corrections' operational expenditures excluding administrative expenses, we allocated 83 percent of the total administrative costs, or \$241 million, to adult institutions based on their average daily inmate population for fiscal year 2007–08 as shown in Table 2 and Appendix A.

The average total cost per inmate housed in high security and transitional housing was more than \$58,000, while inmates in general population levels II and III institutions had an average cost of \$42,000 for fiscal year 2007–08.

annual cost per inmate by mission for fiscal year 2007–08 indicates that certain types of missions are more costly than others. For instance, institutions within a high security and transitional housing mission generally have a higher cost per inmate than institutions within other missions. As shown in Table 3, the average total cost per inmate housed in an institution classified as high security and transitional housing was more than \$58,000 for fiscal year 2007–08, while an inmate in a general population levels II and III institution had an average cost of \$42,000 for the same year.

The largest difference in cost is related to inmate housing, security, and support. According to the deputy director of Corrections' Office of Fiscal Services, although the security level of inmates will influence costs, due to a higher number of security staff in higher security areas, costs are also driven to a great extent by the age and design of the facility in which the inmate is housed. Newer facilities are designed to reduce the number of custody staff, which therefore reduces the costs to house inmates in these facilities. While we can identify the average annual cost per inmate of an institution within the high security and transitional housing mission, as we discuss in more detail later in this chapter, because Corrections' accounting records track cost information only at the institution level, we cannot determine if the higher average annual cost per inmate is due to the institution's mission or to other factors such as the age and design of the institution.

Our analysis showed that some institutions had significantly higher average annual inmate costs than other institutions within the same mission. Although institutions have one primary mission, the characteristics of the inmates and institutions differ. For instance, as shown on page 80 in Appendix A, within the general population levels III and IV mission California State Prison, Centinela (Centinela), had an average annual cost per inmate of \$43,100, while the average cost at Mule Creek State Prison (Mule Creek) was \$50,800. Although these two institutions are within the same mission, Mule Creek has a significantly higher number of inmates housed in administrative segregation, a special housing unit apart from an institution's general inmate population for supervision and control of inmates who endanger institutional security or the safety of themselves or others. According to Corrections' Web site, Centinela houses 350 inmates in administrative segregation, whereas Mule Creek houses more than 900 in this type of housing unit. Additionally, according to the associate warden over the general population levels III and IV mission, Mule Creek's housing consists primarily of sensitive needs yards—which provide housing for inmates that, for safety reasons, should not be intermixed with the general inmate population—as well as a minimum support facility that houses inmates with lower custody designations.

Table 3
California Department of Corrections and Rehabilitation's Average Cost Per Inmate by Institution Mission Type Based on Average Daily Populations
Fiscal Year 2007–08

	INSTITUTION MISSION											
	FEMALE OFFENDERS		RECEPTION CENTER		GENERAL POPULATION LEVELS II AND III AND CAMPS			GENERAL POPULATION LEVELS III AND IV		HIGH SECURITY AND TRANSITIONAL HOUSING		
					CAMP INSTITUTIONS	GENERAL POPULATION INSTITUTIONS						
Average daily population	10,831		36,750		12,287	36,483		35,481		31,358		
Inmate Housing, Security, and Support Costs												
Regular pay	\$14,320	28%	\$16,446	32%	\$11,256	29%	\$13,402	32%	\$15,443	31%	\$20,027	34%
Benefits and other pay	6,239	12	7,330	14	5,221	14	5,930	14	6,871	14	9,084	16
Overtime pay	2,235	4	3,190	6	2,810	7	2,419	6	2,363	5	2,949	5
Facilities and operations	2,951	6	2,847	5	5,514	14	2,584	6	2,663	5	3,444	6
Subtotals	\$25,745	50%	\$29,813	57%	\$24,801	64%	\$24,335	58%	\$27,340	55%	\$35,504	61%
Inmate Health Care Costs												
Total pay and benefits	\$7,352	14%	\$6,402	12%	\$2,375	6%	\$3,703	9%	\$6,242	12%	\$6,869	12%
External contracts	4,092	8	4,188	8	1,403	4	3,483	8	4,428	9	3,822	7
Health care supplies	1,770	3	1,389	3	267	1	729	2	1,637	3	1,287	2
Facilities and other operations	1,262	3	340	1	597	2	74	<1	893	2	1,392	2
Subtotals	\$14,476	28%	\$12,319	24%	\$4,642	13%	\$7,989	19%	\$13,200	26%	\$13,370	23%
Education, Vocational, and Other Rehabilitation Costs												
	\$2,198	4%	\$1,358	3%	\$1,050	3%	\$1,533	4%	\$1,569	3%	\$1,239	2%
Headquarters Costs												
Total administration	\$1,474	3%	\$1,474	3%	\$1,474	4%	\$1,474	4%	\$1,474	3%	\$1,474	3%
Unallocated support and administration*	7,512	15	6,519	13	6,518	17	6,518	16	6,522	13	6,522	11
Average Cost Per Inmate	\$51,405		\$51,483		\$38,485		\$41,849		\$50,105		\$58,109	

Sources: Bureau of State Audits' analysis of California Department of Corrections and Rehabilitation's (Corrections) accounting records and Distributed Data Processing System (DDPS) average daily inmate population for fiscal year 2007–08.

Notes: This table does not include Corrections Standards Authority expenditures of \$221 million and capital outlay of \$150 million, some of which may be associated with adult operations. Because Corrections' accounting records do not associate these amounts with adult institutions, we did not allocate these costs.

Some percentages do not add to 100 due to rounding.
* Corrections does not allocate this category of costs to specific adult institutions. However, because these costs support adult operations, we allocated these amounts to all adult institutions using the average daily population for fiscal year 2007–08 for the mission that each institution is assigned. Additionally, the amounts allocated to each mission differ because there were some headquarters costs that we were able to allocate to specific missions.

The average annual cost for an inmate at California Medical Facility and California State Prison, Sacramento—institutions having additional medical and mental health units—was \$83,300 and \$80,200, respectively, for fiscal year 2007–08.

Inmates who need to be moved out of the institution's minimum support facility must be placed in the administrative segregation unit because they cannot be housed in the sensitive needs yards. Additionally, Mule Creek has an enhanced outpatient program, which the mission's associate warden indicated is one factor that contributes to the institution's increased costs of health care, whereas Centinela has no enhanced outpatient program or any other mental health care units.

Institutions With an Inmate Health Care Emphasis Are the Most Costly

Medical and mental health care facilities at some institutions appear to contribute to higher average costs per inmate. For example, two institutions that have additional medical and mental health units are California Medical Facility and California State Prison, Sacramento. Based on our analysis presented in Appendix A on pages 80 and 81, the average annual cost for an inmate at these two institutions was \$83,300 and \$80,200, respectively, for fiscal year 2007–08. According to the associate warden for levels III and IV general population programs and a correctional counselor specialist at California State Prison, Sacramento, these two institutions provide medical and mental health care to inmates that have significant health issues, and they require additional custody staff because of the institutions' specialized units.

One of these institutions, California State Prison, Sacramento, which is within the high security and transitional housing mission, houses, among other types of inmates, inmates with a maximum custody designation serving long sentences and inmates who have proven to be management problems at other institutions. Additionally, California State Prison, Sacramento, serves as a medical hub for Northern California, with psychiatric services, enhanced outpatient, and enhanced outpatient administrative segregation units. The institution currently has an outpatient housing unit and a correctional treatment center. As shown in Appendix A, California State Prison, Sacramento, spent \$47,600 per inmate on custody and housing and \$23,400 per inmate for health care.

Our analysis of Corrections' accounting records shows that institutions with medical and mental health units have higher costs per inmate; however, Corrections does not associate costs with specific units within an institution. For this reason Corrections is unable to determine the extent to which these units increase costs or the extent to which increased costs are attributable to other factors.

Although Female Inmates Cost More on Average, They Represent Less Than 10 Percent of the Total Inmate Population

Gender is one of the categories for which we were able to stratify and analyze Corrections' costs. As shown in Table 4, in fiscal year 2007–08 the average cost per male inmate was \$49,200 and the average cost per female inmate was \$51,400. Female inmates have higher health care costs, averaging \$14,500 per inmate versus the \$11,100 average spent on a male inmate. Also, according to Corrections, the institutions that house female inmates offer

Table 4
California Department of Corrections and Rehabilitation's Average Cost Per Inmate by Gender Based on Average Daily Population
Fiscal Year 2007–08

EXPENDITURE	AVERAGE COST PER INMATE*	
	MALE	FEMALE
Average daily population	152,359	10,831
Inmate Housing, Security, and Support		
Regular pay	\$15,802	\$14,320
Benefits and other pay	7,079	6,239
Overtime pay	2,733	2,235
Facilities and operations	3,079	2,951
Subtotals	\$28,693	\$25,745
Inmate Health Care		
Total pay and benefits	\$5,490	\$7,352
External contracts	3,775	4,092
Health care supplies	1,177	1,770
Facilities and other operations	642	1,262
Subtotals	\$11,084	\$14,476
Education, Vocational, and Other Rehabilitation	\$1,400	\$2,198
Headquarters		
Overall administration	\$1,474	\$1,474
Unallocated support and administration [†]	6,520	7,512
Total Average Cost Per Inmate	\$49,171	\$51,405

Sources: Bureau of State Audits' analysis of California Department of Corrections and Rehabilitation's (Corrections) accounting records and Distributed Data Processing System (DDPS) average daily inmate population for fiscal year 2007–08.

Notes: This table does not include Corrections Standards Authority expenditures of \$221 million and capital outlay of \$150 million, some of which may be associated with adult operations. Because Corrections' accounting records do not associate these amounts with adult institutions, we did not allocate these costs.

* The average cost per inmate is determined using the total average daily inmate population in Corrections' 33 adult institutions.

† Corrections does not allocate this category of costs to specific adult institutions. However, because these costs support adult operations, we allocated these amounts to all adult institutions using the average daily population for fiscal year 2007–08 for the mission that each institution is assigned. Additionally, the amounts allocated to each mission differ because there were some headquarters costs that we were able to allocate to specific missions.

additional programs that address issues specific to female inmates and increase opportunities for successful reintegration into their communities while reducing the number of females incarcerated in California. For fiscal year 2007–08, the average cost for education, vocational, and other rehabilitation programs for a male inmate was \$1,400, whereas the average for a female inmate was \$2,200.

While the total average cost of incarceration was higher for female inmates, the average cost for housing, security, and support was less than for male inmates. Although institutions within the reception center mission, as described in the Introduction, process only male inmates, each of Corrections' three women's institutions has a reception center. Additionally, all three women's institutions can house all security levels within the institution. Further, according to the associate director of the female offenders mission, these institutions do not segregate inmates by custody designations. Although the average annual cost for a female inmate is greater than for a male inmate, female inmates represent only 7 percent of the inmates in Corrections' 33 adult institutions. As a result, the difference between the average annual costs for male and female inmates does not significantly increase Corrections' total costs.

Corrections Cannot Determine the Impact of Inmate Characteristics on Incarceration Costs

Although Corrections houses inmates of various security levels at its 33 institutions, according to the deputy director of the Office of Fiscal Services, Corrections does not track costs by individual inmate or by specific inmate populations such as security level or age. As discussed earlier in this chapter, using Corrections' accounting records we can generalize costs by mission and institution, but the records are not sufficiently detailed to stratify costs and identify the impact on housing costs of various inmate characteristics such as security level, age, or custody designation. Corrections' accounting records identify only cost categories at each institution, as presented in Appendix A, related to inmate housing, health care, and program costs. Because Corrections does not determine the impact of inmate characteristics such as age, security level, or custody designation on housing costs, Corrections' ability to compare inmate populations and the cost of those populations is limited. Similarly, because Corrections does not specifically track the costs of institution characteristics such as the physical design or the presence of specialized units that increase costs, its ability to compare the costs to operate one institution versus another is also limited.

Corrections' ability to compare inmate populations and the costs for those populations is limited because it does not track or determine the impact of inmate characteristics such as age, security level, or custody designation.

According to its Program Support Unit's user guide for the master assignment roster—which identifies custody staff that work in each position and shift at all locations responsible for guarding inmates—Corrections' institution staff are responsible for managing their staffing for daily operations using the master assignment roster. The Program Support Unit—which provides analysis and guidance to the Division of Adult Institutions on issues related to fiscal, budgetary, personnel, inmate population, and institution resource needs, among other things—is responsible for reviewing custody position staffing at the 33 adult institutions. However, according to the chief of the Program Support Unit (unit chief), each institution has a stand-alone system, and the data is not available on a statewide basis. Further, he stated that the Program Support Unit has not associated costs with staffing levels in the past because no request was made to identify the costs associated with facility or inmate security to determine a cost by level.

However, the unit chief also told us that Corrections is in the process of developing a new automated solution that will allow for statewide data analysis. When we asked the unit chief about the Program Support Unit's plan for using the new automated system, he told us that the unit does not know all the capabilities of the new system. However, he stated that the Program Support Unit may use the system to analyze various characteristics related to the operation of an institution, should that information be available through the system.

According to its project adviser, this new system will replace the assignment and scheduling systems currently used by the institutions. The project adviser told us that Corrections initially scheduled the replacement function for assignment and scheduling to be implemented by June 2009, but it has been delayed after testing revealed the system was not complete and fully ready. The project adviser stated that the project office is hoping to receive the updated system in August so that users can perform testing in early fall of 2009; however, the contractor has not met its deadlines related to this portion of the project and is having issues developing this aspect of the system.

If this aspect of the new system cannot be implemented, the existing data could be improved and further information added to associate each custody staff position with the inmates the position oversees. With this information Corrections could better identify program costs, thus improving the ability of Corrections' management to monitor and manage its operations more cost-effectively. As shown in Table 3 on page 31, inmate housing, security, and support costs are the largest expense related to incarcerating inmates. Additionally, the number of custody staff necessary to oversee a given number of inmates depends on both the characteristics of the inmates and

Implementation of the new automated system that will replace the assignment and scheduling systems has been delayed and the contractor is having difficulty developing this aspect of the system.

the characteristics of the institution. By allocating those costs to specific inmate populations, Corrections could then analyze what factors—such as the security level and custody designations of the inmates and the design of the institution—contribute to the cost of custody staff and determine the average yearly cost to incarcerate each inmate. If it knew the cost of custody staff associated with the various inmate populations and institution characteristics, Corrections could work toward operating the system as a whole in a more cost-effective manner. For example, Corrections could take this factor into consideration when prioritizing facilities to close if the inmate population declines, or when choosing facilities to transition to different custody designations if the nature of the inmate population changes.

Transferring Inmates to Out-of-State Facilities Appears to Be Less Expensive

State laws and regulations provide Corrections with a framework for selecting inmates that it can transfer to out-of-state facilities. According to Corrections, the out-of-state program's focus is to transfer inmates classified as security level III that do not have serious mental, medical, or dental conditions or behavioral issues. Because Corrections does not track cost data in sufficient detail for us to determine the cost of inmates whose characteristics are comparable to those sent out of state, the exact impact of this program on Corrections' budget is unclear. Nevertheless, in fiscal year 2007–08, Corrections costs totaled nearly \$65 million to transport and house an average daily population of 2,226 inmates in contracted out-of-state facilities. This represents an average cost of \$29,100 per inmate. Using the average cost of inmates housed in certain institutions that may hold similar populations, we calculated that the \$29,100 cost per inmate is between \$3,200 and \$7,800 less than the amount spent on inmates housed in Corrections' institutions in fiscal year 2007–08.

State Laws and Regulations Specify the Types of Inmates That May Be Considered for Transfer Out of State

State laws and regulations provide Corrections with a framework for selecting inmates that it can transfer to out-of-state facilities. State law specifies that an inmate with serious medical or mental health conditions, as determined by the court-appointed receiver (receiver), or an inmate in the mental health system at the enhanced outpatient level of care or higher may not be committed or transferred to an institution outside this state unless the inmate has executed a written consent to the transfer. Additionally, although state regulations specify that every male inmate is potentially

eligible to be transferred out of state, inmates with serious medical, mental health, or dental conditions, as determined by designated staff under the supervision of the receiver or those operating under specified federal court orders, must volunteer for an out-of-state transfer and provide written consent. Under state regulations, if appropriate care is available for the inmate while out of state, the inmate may be considered for transfer.

According to its screening process, Corrections transfers only inmates who meet a certain set of eligibility criteria to out-of-state facilities. The eligibility criteria consider characteristics such as security level, custody designation, time remaining to serve, and medical history. Although Corrections' eligibility criteria indicate that inmates classified as security levels I through III can be transferred, according to the chief deputy warden for Corrections' out-of-state program, the program's focus is to transfer primarily inmates classified as security levels III that do not have serious mental, medical, dental, or behavioral conditions. Additionally, inmates enrolled in the Division of Addictions and Recovery Services' programs are excluded from out-of-state transfer. According to the chief deputy warden for the out-of-state program, this exclusion is to ensure that inmates are able to participate in substance abuse programs, which are believed to reduce recidivism.

The Cost of Housing California Inmates in Corrections' Institutions Appears to Be More Expensive Than Placing Them in Out-of-State Facilities

As shown in Table 5 on the following page, Corrections' costs to transfer and house an average of 2,226 inmates out of state totaled nearly \$65 million in fiscal year 2007–08. That amount includes \$7.7 million, or \$3,400 per inmate, to administer the program. The average annual cost to house an inmate out of state for that year was \$29,100. According to the chief deputy warden for the out-of-state program, the program includes positions for oversight teams to monitor operations and train Corrections Corporation of America staff to ensure that they follow applicable laws and procedures related to the care of California inmates. In addition to the cost of \$65 million for the out-of-state program in fiscal year 2007–08, the chief deputy warden for the out-of-state program stated that there may be additional expenses accounted for in separate programs. For example, institutions may incur costs associated with staff participation in classification committees. Therefore, the complete cost of transferring inmates out of state is likely higher than \$65 million. However, according to the deputy director of the Office of Fiscal Services, the out-of-state program was not created to reduce costs, but rather to alleviate unsafe overcrowding caused by placing inmates in prison areas such as gymnasiums, dayrooms, and program rooms that were not designed for inmate housing.

The out-of-state program was not created to reduce costs, but rather to alleviate unsafe overcrowding caused by placing inmates in prison areas not designed for inmate housing.

Table 5
California Department of Corrections and Rehabilitation's Costs to Send and
House Inmates in Out-of-State Facilities
Fiscal Year 2007–08

Average daily population*		2,226
CATEGORY	TOTAL COST	AVERAGE COST PER INMATE
Contract Costs		
Housing, including programs	\$52,248,636	\$23,472
Transportation and medical care	3,775,684	1,696
Other	1,111,799	499
Subtotals	\$57,136,119	\$25,667
Program Administration Costs		
Salaries and wages and benefits	\$ 6,852,328	\$3,078
Operating expense and equipment	763,061	343
Subtotals	\$7,615,389	\$3,421
Totals	\$64,751,508	\$29,088

Source: California Department of Corrections and Rehabilitation's (Corrections) accounting records.

* Average daily population calculated from contract invoices for fiscal year 2007–08.

To determine the impact of housing inmates out of state on Corrections' budget, it was necessary to identify a relevant cost that Corrections would have incurred if these inmates had not been transferred out of state and compare it to the average cost per inmate of the out-of-state program. According to Corrections, it calculates a marginal cost figure—an estimate of the cost to house one additional inmate in a Corrections' institution under overcrowded circumstances—which is also known as the overcrowding rate. However, after reviewing this figure we believe it is not appropriate for comparison to the cost of housing inmates out of state. Because Corrections' institutions are full, when the population increases, inmates are placed in nontraditional or overcrowding beds in day rooms or gymnasiums. However, the out-of-state program's focus is on transferring inmates with higher security levels who cannot be housed in such a situation. Specifically, Corrections informed us that the focus of the out-of-state program is to transfer inmates that are designated as security level III that do not have serious mental, medical, dental, or behavioral conditions, and such inmates must be kept in cells. For this reason, comparing the cost of the inmates housed out of state to the cost of inmates housed in overcrowded day rooms, gymnasiums, or dormitory-style facilities would not be appropriate. Further, because the population of inmates transferred out of state is larger than that of many of Corrections' institutions, housing this number of inmates in an appropriate environment is equivalent to operating an

entire additional institution, rather than a portion of an institution. For these reasons, the average cost of housing an inmate at an institution, with its related costs, is a more relevant comparative figure.

Although Corrections does not track cost information in sufficient detail to isolate the costs of housing inmates at different security levels, by grouping institutions assigned the same mission, we calculated the average cost of the general population levels III and IV institutions. Because security levels III and IV both require celled housing units, as opposed to the dormitories used in security levels I and II, institutions within the general population levels III and IV mission seem relevant for approximating the average cost for Corrections to house an inmate in a cell.

To create a more accurate comparison of costs, we also removed those costs that were unlikely to be incurred in each of the populations. Specifically, because inmates housed out of state are screened to ensure that they do not have serious medical conditions, we removed health care costs from our comparison. We included headquarters support and administration costs in calculating Corrections' cost per inmate, but because there are costs within that figure that we cannot associate with the specific populations they are related to, using this amount may not be precise. Therefore, Table 6 shows the cost per inmate both with these support and administration costs and without them. As shown in the table, the cost of housing inmates out of state

Table 6
Average Cost Per Inmate in Out-of-State Facilities Compared to Average Cost Per Inmate in California's General Population Levels III and IV Institutions
Fiscal Year 2007–08

	AVERAGE COST PER INMATE		
	OUT-OF-STATE FACILITIES	GENERAL POPULATION LEVELS III AND IV INSTITUTIONS	DIFFERENCE
Inmate housing, security, and support	\$25,667*	\$27,340	
Education, vocational, and other rehabilitation		1,569	
Subtotals	\$25,667	\$28,909	\$3,242
Headquarters support and administration	\$3,421	\$7,996	
Totals	\$29,088	\$36,905	\$7,817

Sources: Bureau of State Audits' analysis of California Department of Corrections and Rehabilitation's (Corrections) accounting records and Distributed Data Processing System (DDPS) average daily inmate population for fiscal year 2007–08.

* Includes the cost for education and vocational programs.

The cost of housing inmates out of state is \$3,200 less per inmate than the amount spent to house an inmate in comparable Corrections' institutions. That difference increases to \$7,800 if headquarters support and administration costs are included.

appears to be anywhere from \$3,200 to \$7,800 less per inmate than the amount spent to house an inmate in comparable Corrections' institutions. Specifically, if the headquarters support and administration costs are excluded, inmates housed out of state cost \$3,200 less than those housed in Corrections institutions classified as general population levels III and IV mission. Alternatively, if headquarters support and administration costs are included, inmates housed out of state cost \$7,800 less than those housed in a general population levels III and IV institution—which should consist primarily of cell-type housing units.

Although it may not be appropriate to use the marginal cost figure for comparison to the cost of inmates currently being housed out of state, it is a meaningful and useful figure when considering increases or decreases in certain inmate populations, such as inmates with lower security levels housed in dormitories or in overcrowding situations. Regardless of the difference in costs, according to the deputy director of the Office of Fiscal Services, this program was not established as a cost saving measure, but was intended to address overcrowding issues. This is consistent with the provisions of Assembly Bill 900, the Public Safety and Offender Rehabilitation Services Act of 2007, which immediately authorized the involuntary transfer of certain inmates out of state.

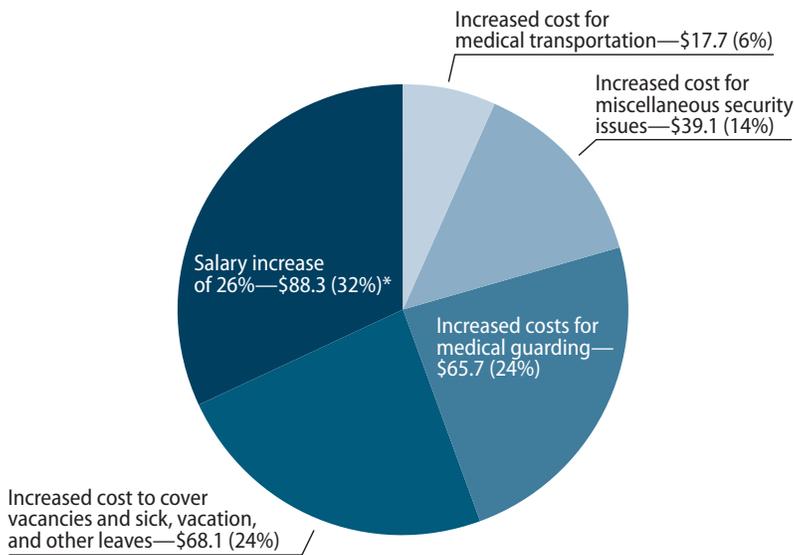
Vacant Positions Cause Overtime, but Increases in Custody Staff Salaries Have Increased Its Cost

In fiscal year 2007–08, overtime for custody staff—which include correctional officers, sergeants, and lieutenants—totaled more than \$431 million, 96 percent of the \$449 million Corrections spent on overtime for adult operations. These costs have risen significantly over the last five years. Custody staff overtime totaled \$152 million in fiscal year 2003–04 compared to \$431 million in fiscal year 2007–08, an increase of \$279 million. A 26 percent increase in custody staff salaries over the last five years added \$88 million to the cost of overtime in fiscal year 2007–08. However, even after accounting for the salary increase, the cost of overtime paid for custody staff more than doubled. Many of the overtime hours are for covering vacant positions. Because some correctional officer positions must be staffed every day and many must be staffed around the clock, when vacant positions exist, overtime is usually the only option to cover the position. For example, due to additional health care required by the receiver and as a result of staff shortages, overtime increased for medical guarding and transportation. The Program Support Unit chief told us that the receiver has since requested, and Corrections has added, about 1,750 new custody staff for this purpose, with 485 positions filled in fiscal year 2007–08 and 1,265 filled in fiscal year 2008–09.

Higher Correctional Officer Salaries Have Increased Costs

Correctional officers received six raises during a 30-month period, beginning with a raise on July 1, 2004. On average, each of these raises was about 4 percent, and as of July 2007, correctional officer salaries were almost 26 percent higher than before July 2004. For example, the maximum salary for a correctional officer increased from \$58,600 as of June 2004 to more than \$73,700 as of July 2007, a \$15,100 increase. This growth in base pay resulted in a corresponding increase in overtime costs, raising the maximum overtime rate from \$41 per hour in June 2004 to nearly \$52 per hour in July 2007. As shown in Figure 5, this increased the cost of the overtime hours that custody staff worked in fiscal year 2007–08 by \$88 million. However, after removing the cost of salary increases, the costs of overtime for custody staff were still more than twice as much in fiscal year 2007–08 as they were in fiscal year 2003–04.

Figure 5
Causes for the Increase in Custody Staff Overtime Costs Between Fiscal Years 2003–04 and 2007–08
(Dollars in Millions)



Sources: Bureau of State Audits’ analysis of California Department of Corrections and Rehabilitation’s (Corrections) accounting records and actual salary ranges from the governor’s salaries and wages supplements.

* Costs attributed to the increase in salary levels are calculated based on their impact on the fiscal year 2007–08 cost of overtime. Through a review of actual salary ranges from the governor’s salaries and wages supplements for fiscal years 2003–04 and 2007–08, we determined that between fiscal years 2003–04 and 2007–08 correctional officers, sergeants, and lieutenants received raises that in total ranged between nearly 26 percent and nearly 29 percent of their salaries depending on the position. In calculating the increase in overtime costs due to these raises shown in the figure above, we used the salary increases provided to correctional officers. Because correctional officers make up the majority of the custody staff and received the smallest raises, we felt this was a more conservative approach. As such, it is possible that the increase in overtime costs attributable to salary increases is marginally larger than that represented in our figure.

Vacant Positions Require Correctional Officers to Work Overtime

In the 2009–10 Governor’s Budget, Corrections reported that in fiscal year 2007–08 it had approximately 25,000 authorized positions for correctional officers, but more than 1,100 of these positions remained vacant as of June 30, 2008. When we asked Corrections about its vacant positions, the associate director of human resources informed us that as of June 2009 vacant correctional officer positions totaled 1,200, a vacancy rate of less than 5 percent, which she stated does not appear unreasonable. The associate director of human resources also told us that Corrections has difficulty planning how many correctional officers to hire due to the long process for recruiting and training them and the complexity in predicting the need for additional officers because of correctional officer attrition and institution activations and deactivations. Further, according to an administrator at the Office of Training and Professional Development, in 2004 the correctional officer training academy was deactivated between March and October due to an anticipated decline in the inmate population. However, the administrator indicated that the population decline did not occur, resulting in the need to reactivate the academy. According to the chief of the Program Support Unit, the number of vacant positions increased significantly following the deactivation of the academy.

The unit chief stated that the inmate population increased from fiscal years 2003–04 to 2006–07 and that, based on the overcrowding staffing ratio used to determine how many additional correctional officers were necessary, the number of custody staff needed increased by at least 1,000. Nevertheless, between fiscal years 2005–06 and 2007–08, the adult inmate population decreased by 1 percent. During this same time period, Corrections obtained additional capacity for housing inmates in community correctional facilities and other institutions it does not operate.

Because some correctional officer positions must be filled around the clock every day of the week, according to the unit chief, vacant positions can increase the amount of overtime significantly, as vacant positions reduce the number of staff available to cover for leave taken by custody staff. Corrections uses a formula based on average accruals and leave usage to budget for correctional officers that are absent for various reasons. This formula fully accounts for the amount of time that correctional officers are provided each year for vacation, sick leave, training, and other reasons. Thus, if all positions are filled, there should be a sufficient number of correctional officers, on average, to ensure that there is little need for overtime because of individuals absent due to vacation, sick leave, or training. For example, in order to have enough relief coverage available, Corrections indicated that it

Vacant positions can increase the amount of overtime significantly because vacant positions reduce the number of staff available to cover for leave taken by custody staff; as of June 2009 vacant correctional officer positions totaled 1,200.

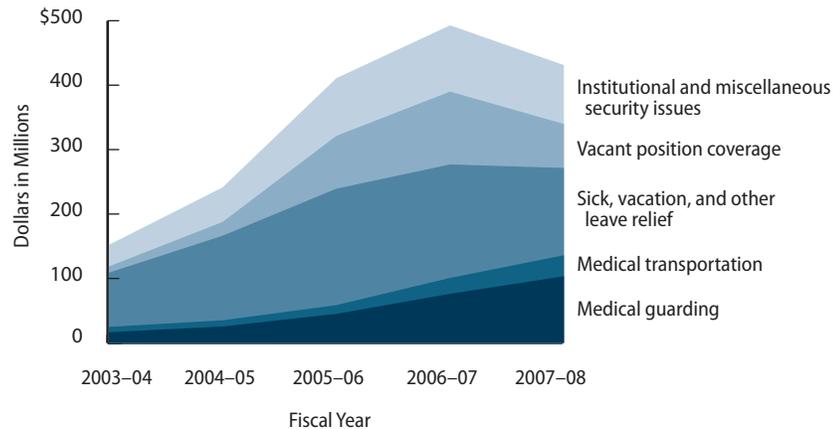
budgets 1.24 correctional officers to staff a regular position five days a week. Similarly, Corrections budgets 1.74 officers to staff a position seven days a week. However, if there is a vacant position and a correctional officer calls in sick, another correctional officer generally must work overtime to cover the vacant relief position.

Part of the reason for the large amount of overtime may also be related to the way in which hours worked were classified until recently. Corrections' implemented labor agreement allowed leave credit to be counted as time worked when calculating the amount of overtime an officer earns. For example, a correctional officer could hypothetically take 40 hours of leave during his or her regularly scheduled work period, then work an eight-hour shift in a previously unscheduled period and be paid for the eight hours at the overtime rate. In February 2009 state law was added specifying the way in which overtime is calculated, removing leave of any kind from being considered in determining the total hours worked and thus when overtime hours commence. This change occurred after the period that we reviewed, fiscal years 2003–04 through 2007–08, and thus is not a part of our analysis, but the result will be to decrease the number of hours for which correctional officers are paid at the overtime rate. However, state law leaves open the possibility for future memorandums of understanding to override these provisions.

Overtime for custody staff has fluctuated significantly in the last five years, having increased overall by \$279 million during fiscal years 2003–04 to 2007–08, to more than \$431 million. This represents the majority of the \$449 million Corrections spent on overtime costs for adult operations during fiscal year 2007–08. As shown in Figure 6 on the following page, Corrections tracks overtime for custody staff caused by various factors such as covering for leave—including sick, vacation, and other—and covering for medical guarding or medical transportation. However, as previously discussed, because Corrections' staffing formula accounts for the total amounts of vacation, sick leave, and other time away from work that a correctional officer accrues during the course of the year, if Corrections were to fill its vacant positions, sufficient staff should be in place to prevent the need for significant amounts of overtime in certain categories. Therefore, even though Figure 6 shows that the largest overtime category is attributable in part to leave coverage, much of the need to work overtime for this purpose is due to vacant relief positions Corrections has calculated that it needs.

Until recently, the implemented labor agreement allowed leave credit to be counted as time worked when calculating the amount of overtime an officer earned, which could have contributed to the large amount of overtime.

Figure 6
Overtime of Custody Staff by Category
Fiscal Years 2003–04 Through 2007–08



Source: Bureau of State Audits' analysis of California Department of Corrections and Rehabilitation's accounting records.

Medical Guarding and Transportation and Fire Crews Have Also Contributed to Increases in Overtime Costs

According to the chief of the Program Support Unit—which provides guidance and assistance on issues related to institution resource needs and custody staffing—since the establishment of the receiver in 2005, medical visits outside the institutions have increased significantly as part of an increased effort to improve the quality of health care provided to inmates. Taking into account increases in custody staff salary, medical guarding and transportation overtime increased by 449 percent from fiscal years 2003–04 to 2007–08, or more than \$111 million.⁶ The unit chief also told us that, in response to the increased need for custody staff for medical guarding and transportation, the receiver requested 1,750 additional custody staff positions dedicated to providing access to medical care. The chief indicated that Corrections filled 485 of these positions during fiscal year 2007–08 and 1,265 during fiscal year 2008–09.

The two institutions that manage the conservation camps spent \$8.4 million on emergency overtime in fiscal year 2005–06, \$18 million in fiscal year 2006–07, and \$18.6 million in fiscal

⁶ To obtain some assurance regarding the completeness of this information, we compared the total amount of expenditures in the records we received for fiscal years 2007–08 and 2006–07 to paper records. However, we did not perform this procedure for earlier fiscal years in our analysis because we were unable to obtain the relevant information for fiscal years prior to 2006–07.

year 2007–08. According to the chief of the Program Support Unit, these two institutions, Sierra Conservation Center and California Correctional Center, often experience a spike in custody staff overtime for guarding inmates during firefighting operations in summer months. However, the California Department of Forestry and Fire Protection reimburses Corrections for payroll—including custodial coverage and transportation—and other costs to prepare inmates for fire assignments. At these institutions inmates are trained in firefighting techniques and are placed in conservation camps that are jointly managed with fire departments. While under the supervision of Corrections’ custody staff, these inmates are dispatched to fight wildland fires, respond to emergencies, or provide labor on community service projects. Both institutions had high seasonal costs for overtime in the emergency overtime category during fiscal years 2005–06 through 2007–08, with a total of 86 percent of the annual emergency overtime worked during the July to December period.

Because of Enhanced Benefits, Filling Current Vacancies Will Not Reduce Custody Staff Costs

In reviewing the amount of overtime worked by correctional officers, we determined that over 4,700 correctional officers were each paid for more than 80 hours of overtime in at least one month during fiscal year 2007–08, and that over 8,400 correctional officers were paid more in gross pay than the top pay rate for a correctional lieutenant—the level two ranks above a correctional officer. However, we also determined that due to the costs of benefits and training, hiring new correctional officers to reduce overtime would actually increase Corrections’ total costs.

Increases in pension contributions have significantly raised the cost of hiring a new employee. Retirement benefits for correctional officers are more expensive in part because correctional officers are eligible to receive a benefit factor—the percentage of pay an employee is entitled to for each year of service—of 3 percent at age 50, as opposed to the benefit factor of 2.5 percent at 63 years of age received by many other state employees. In fact, we project that under current conditions the cost of providing new correctional officers with these enhanced retirement benefits increases to \$74 million a year in seven years and reaches nearly \$113 million a year in 10 years. We estimate that the additional cost of enhanced benefits contributes more than \$2 to the cost of each hour of work for a new employee. Without the enhanced benefits, a new employee’s hour of work would cost less than an hour of overtime worked by the highest-paid correctional officers, and reducing overtime by hiring additional correctional officers would be cost-effective.

Over 4,700 correctional officers were each paid for 80 hours or more of overtime in at least one month during fiscal year 2007–08, and over 8,400 correctional officers were paid more in total pay than the top pay rate for a position two ranks above their level.

Many Correctional Officers Work Significant Amounts of Overtime

A state law effective August 2003 requires Corrections to establish a standardized overtime limit for correctional officers, not to exceed 80 hours each month. However the law also indicates that the State is not relieved of any obligation under a memorandum of understanding relating to hours of work, overtime, or alternative work schedules. According to the current implemented labor agreement for correctional officers dated September 2007, correctional officers shall not be able to accept an overtime assignment when they have worked 10 overtime shifts, or 80 hours, per 28-day work period. The implemented labor agreement also indicates that voluntary overtime is assigned by seniority. When all of the employees signed up for a voluntary overtime shift meet or exceed the 80-hour overtime limit for the period, the voluntary overtime list will be used based on seniority. According to a February 2008 memorandum issued by the director of the Division of Adult Institutions, each institution is responsible for tracking and immediately reporting all instances in which the 80-hour overtime limit is exceeded. The memorandum states that the institution is responsible for limiting the instances in which the 80-hour overtime limit has been or will be exceeded to operational needs or emergencies. We reviewed the number of correctional officers that worked more than this limit during the last five fiscal years. During our analysis we discovered that identifying the number of hours a correctional officer works in a month is problematic, and we also found errors in the overtime data.

According to Corrections' associate director of accounting services, correctional officers are paid for the amount of overtime they have worked during a 28-day work period. However, the State Controller's Office payroll data track the amount an employee is paid during a pay period. Although correctional officers are paid monthly, overtime amounts in the state controller's data represent a 28-day period—with the exception of one month which contains payments for two 28-day periods. Thus, determining precisely how many hours of overtime a correctional officer worked during each calendar month is not possible using the State Controller's Office payroll data. In addition, we found that personnel specialists at some institutions improperly keyed retroactive overtime salary adjustments as new overtime payments.

Although we have no reason to believe they were not paid the proper amounts, by coding the adjustments improperly, Corrections' payroll data misrepresented the nature of the overtime worked, inadvertently inflating the number of overtime hours that it indicated correctional officers had worked, and deflating the average hourly amount it indicated that they received for working those hours. After removing these adjustments, we identified

4,736 correctional officers who were paid for 80 hours or more of overtime in at least one month during fiscal year 2007–08, as shown in Table 7. During the past three fiscal years, 4,700 to 5,400 correctional officers were paid for 80 hours or more of overtime in a month. The number of times this occurred ranged from about 14,000 to more than 17,000.

Table 7
Number of Correctional Officers Who Were Paid for More Than 80 Hours of Overtime in a Month
Fiscal Years 2003–04 Through 2007–08

	FISCAL YEAR				
	2003–04	2004–05	2005–06	2006–07	2007–08
Number of correctional officers who were paid for 80 hours or more of overtime during at least one month	1,598	2,650	4,937	5,448	4,736
Number of times that correctional officers were paid for more than 80 hours of overtime in a month	4,061	7,153	14,817	17,325	13,954

Source: Bureau of State Audits' analysis of State Controller's Office payroll data.

Correctional officers receive a variety of pay differentials and incentives in addition to overtime, as listed in the text box. Table 8 on the following page indicates that over 8,400 correctional officers earned more in total pay than the top pay rate for a correctional lieutenant—the level two ranks above a correctional officer. Of these 8,400 correctional officers, almost 4,500 earned more than the top pay rate for correctional captains—nearly \$109,000—which are three ranks higher than correctional officers. This is \$35,000 more than the base pay of a correctional officer at the highest pay rate. To earn this amount solely through working overtime hours, a correctional officer at the highest pay rate would need to work an additional 675 hours. Finally, more than 1,600 correctional officers earned more than the \$129,100 paid to wardens.

The tendency for individuals to earn more than the base salary of positions several steps above them was not limited to correctional officers. Five Lieutenants

Correctional Officer Pay Differentials and Incentives Available in Fiscal Year 2007–08

- Seniority pay of up to 8 percent of base salary.
- Weekend pay differential of 90 cents per hour.
- Physical fitness incentive of up to \$130 per pay period.
- Housing stipend of \$500 per month at some institutions.
- Bilingual/sign language pay of \$100 per month for state-certified bilingual/sign language speakers.
- Educational pay of \$135 per pay period for employees with an associate degree or higher, or a minimum of 60 semester units from an accredited institution.
- Recruitment incentive of \$175 per month at some institutions.
- Retention bonus of \$2,400 a year at some institutions.

Sources: Implemented labor agreement dated September 2007; California Department of Corrections and Rehabilitation's Web site.

Table 8
Custody Staff Earning More Total Pay Than the Top Pay Rate of Their Superiors' Salary Range
Fiscal Year 2007–08

POSITION	NUMBER OF INDIVIDUALS PAID	TOP STEP OF SALARY RANGE	CORRECTIONAL OFFICERS	SERGEANTS	LIEUTENANTS
Agency secretary*		\$225,000	0	2	5
Warden		129,108	1,637	372	310
Captain	370	108,984	4,491	1,024	650
Lieutenant	1,350	93,144	8,477	1,886	
Sergeant	3,269	82,704	12,615		
Correctional officer	27,818	73,728			

Source: Bureau of State Audits' analysis of State Controller's Office payroll data.

Note: These amounts are for payments related to fiscal year 2007–08 pay periods regardless of issue date.

* The agency secretary is the chief executive and administrator of the California Department of Corrections and Rehabilitation.

were paid more than the \$225,000 salary of Corrections' secretary, meaning that they earned over \$130,000 in additional pay, considerably more than the highest salary of the lieutenant position. Furthermore, the seven employees who were paid more than Corrections' secretary earned nearly \$1 million in overtime pay during fiscal year 2007–08. Employees working such a high number of overtime hours causes concern regarding the safety of the officers, supervisors, and inmates.

Hiring New Correctional Officers Is Slightly More Expensive Than Using the Highest-Paid Officers to Work Overtime

Although custody staff overtime costs represented \$431 million of Corrections' expenditures in fiscal year 2007–08, due to the costs of benefits and training, hiring new correctional officers to reduce overtime would actually have increased Corrections' total costs. The hourly cost of paying a new correctional officer, including the cost to recruit, train, and provide equipment, is about \$1 more than the hourly overtime cost of the highest-paid correctional officer. Table 9 shows our comparison of the estimated cost of a new employee working for a single hour during his or her first year compared to the cost of one hour for a correctional officer at the level with the most opportunity to work overtime. To compare the cost of one hour of overtime, we used the overtime pay rate for the highest-paid correctional officer because, based on its 2007 implemented labor agreement, Corrections provides the option of working voluntary overtime based on seniority. However, because correctional officers at lower pay rates sometimes work

overtime when more senior officers choose not to, or when they are directed to, the hourly cost of overtime may be less, resulting in a greater cost differential.

The table depicts the estimated cost associated with a new correctional officer who had graduated from the training academy but had not yet completed the apprenticeship program during fiscal year 2007–08. According to a manager in the Office of Training and Professional Development, full-time correctional officers can complete the apprenticeship program in 18 to 22 months; therefore, the costs in the table reflect the salary of a new correctional officer during this period. During fiscal year 2007–08, new correctional officers were paid an average of \$50,739, not including overtime. Because they are typically fulfilling the requirements of the apprenticeship program in this initial period, we allocated the recruiting and training costs—which Corrections incurs before new correctional officers begin work at an institution—across the first two years that they work at an institution. We did not factor in workers’ compensation insurance, unemployment insurance, disability insurance, or other overhead costs that could not be easily attributed to new officers. Including the average salary; benefits; and allocations of recruiting, training, and equipment, we estimate the total cost for a new correctional officer in the first year of employment at an institution to be nearly \$89,000.

Table 9
Estimated Hourly Cost of a New Correctional Officer During the First Year of Work at an Institution, Compared to the Hourly Cost of Overtime

COST TYPE	AMOUNT
Average salary, incentives, and differentials	\$50,739
Average retirement and Medicare	12,908
Average state share of insurance premiums, such as medical, dental, and vision	6,718
Recruiting, training, and equipment*	18,435
Total	\$88,800
First year cost divided by 1,670 working hours	\$53
Hourly rate of overtime for the highest-paid correctional officers	52
Additional Hourly Cost of a New Employee	\$1

Sources: Bureau of State Audits’ analysis of State Controller’s Office data, California Department of Corrections and Rehabilitation’s (Corrections) accounting records, estimated costs for correctional officer training provided by Corrections’ associate director of human resources, contract for equipment provided by Corrections, Corrections’ Post Assignment Schedule Master Assignment Roster user guide, and Department of Personnel Administration pay information.

Note: Costs represent average amounts during fiscal year 2007–08 for all correctional officers in the pay range they are placed in after graduating from the training academy.

* Total recruiting and training costs allocated across a two-year period and equipment cost allocated across a five-year useful life.

We determined the hourly rate of a new correctional officer based on the number of hours a correctional officer is budgeted to work in a year. For example, Corrections budgets 1.24 correctional officers for a standard guard assignment consisting of eight hours per day/five days per week/52 weeks per year. Because of sick leave, vacation, holidays, and training, an officer is not budgeted to work all of the 2,080 working hours in a year. Although leave and training hours reduce the number of hours an employee is available to work, the State must still pay the employee for these hours. Because there are various shift assignments that require five-day or seven-day schedules, the budgeted hours vary. For the purposes of our calculation, we used 1,670 actual work hours per officer. For each new officer hired, this is the amount of overtime that Corrections could expect to eliminate. The resulting estimated cost of eliminating an hour of overtime with an hour of work by a new correctional officer is \$53.

Although many costs must be considered when hiring an additional correctional officer, an hour of overtime generally costs 1.5 times the correctional officer's hourly pay rate. Because an officer working overtime has already provided his regular number of hours of service and overtime is generally a voluntary activity, the various expenses that increase the cost of a new employee's time have already been accounted for. For example, the State's contribution for retirement benefits are based on a correctional officer's base pay rate for working full-time during normal working hours, and do not increase with overtime pay. At the highest pay rate, correctional officers receive almost \$35 per hour for regular hours worked, thus, the cost of overtime is generally no higher than \$52 per hour.

Retirement Contributions Are a Significant Aspect of the Cost of Hiring a New Correctional Officer

In recent years the State's contributions for pensions have risen drastically, increasing the cost of hiring a new employee. Additionally, as discussed earlier, correctional officers received several pay increases in fiscal years 2003–04 through 2007–08. Since these raises apply to all officers, they do not affect the difference in costs when comparing the cost of a new correctional officer with the cost of paying overtime to existing employees. However, between fiscal years 2002–03 and 2007–08 the State's pension contribution rate rose by 83 percent, increasing the cost of new correctional officers. The State must contribute at a higher rate to pay correctional officers higher pension benefits, and these higher costs are a significant contributor to the increased cost of an hour of work by a new employee.

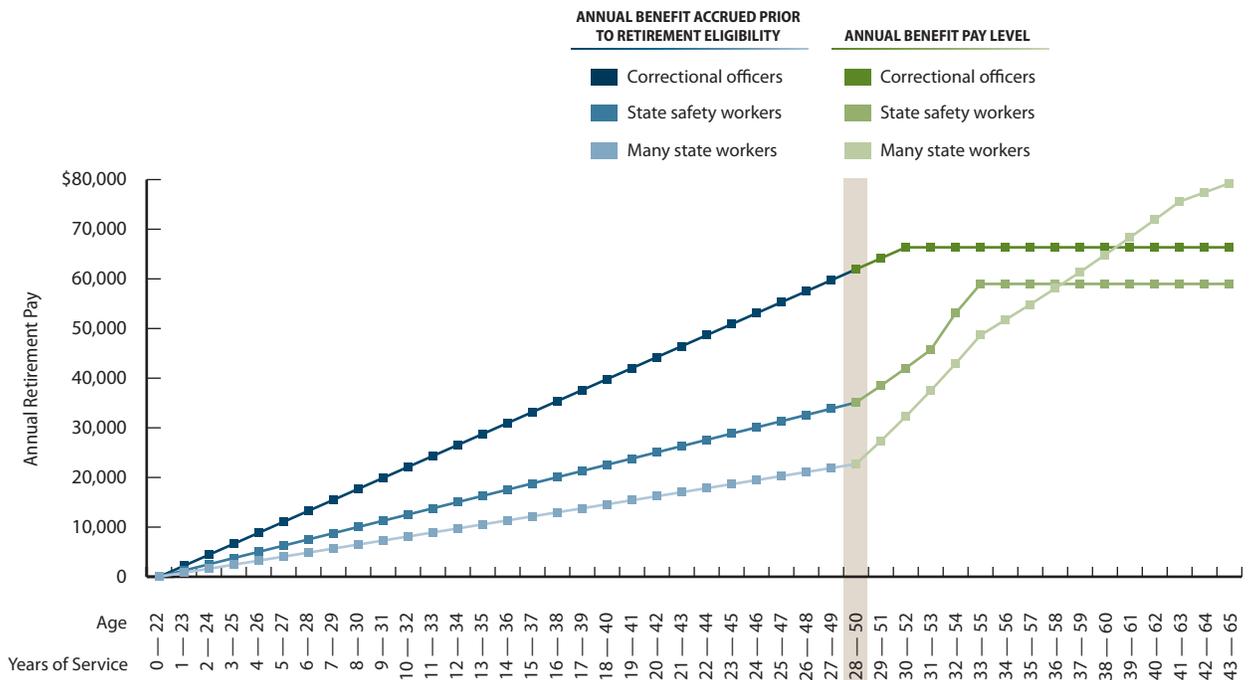
In fiscal year 2002–03, the State's contribution to a correctional officer's pension was 13.9 percent of compensation. In 2006 the retirement formula changed from 3 percent at age 55 to 3 percent at age 50 and the State's contribution rate was nearly 26 percent in 2007–08.

The higher cost is due in part to the fact that correctional officers are eligible to receive the maximum percentage of pay they are entitled to receive for each year of service at age 50 as opposed to the 63 years of age required for many other state employees.

In part because the State must contribute more money in a shorter period of time to ensure that it is able to pay these enhanced pension benefits, the contribution rate for correctional officers is higher than the contribution rate for other employees' retirement benefits. This higher cost is due in part to the fact that correctional officers are eligible to receive a benefit factor of 3 percent at age 50 as opposed to the benefit factor of 2.5 percent at 63 years of age that many other state employees are eligible to receive.

Correctional officers are eligible to receive 3 percent of final compensation—their highest average full-time monthly pay rate and special compensation for 12 consecutive months—for each year of service completed once they reach age 50. In contrast, many state workers are eligible to receive 2 percent of final compensation for each year of service once they reach age 55. Thus, a correctional officer whose highest level of compensation was \$74,000, who has 30 years of service, and who retires at age 55 would receive an annual pension of \$66,600, or 50 percent more than the \$44,400 that many state workers earning the same salary with the same number of years of service would receive at the same age. As shown in Figure 7, the comparison is even more dramatic at age 50, when correctional officers are first eligible for full retirement.

Figure 7
Retirement Pay Comparison



Sources: Bureau of State Audits' calculation of retirement benefits based on California Public Employees' Retirement System member benefit booklets, Department of Personnel Administration's pay scales, and Government Code related to retirement membership categories.

Note: Retirement pay calculation for all groups compared based on a final compensation level equal to the maximum correctional officer base salary.

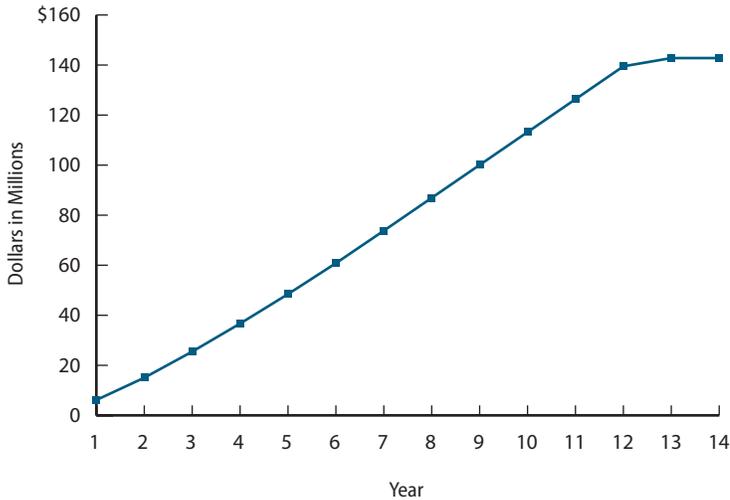
Because many state workers receive only 1.1 percent of their final compensation for each year of service if they retire at this age, they would receive about one-third of the pension of a correctional officer retiring with the same pay and years of service. Although many state workers can receive a greater percentage of their highest pay in benefits, as shown in Figure 7, to receive the same level of pension benefits as a correctional officer, these individuals must work almost nine additional years, or 30 percent longer. In addition, state safety employees, which include employees in many other positions within correctional facilities, such as cooks, plumbers, and vocational instructors, can receive 1.7 percent of their final compensation for each year of service once they reach age 50, with a maximum of 2.5 percent of final compensation per year of service at age 55. These benefits required an employer contribution of 18.8 percent of compensation in fiscal year 2007–08.

Pension Benefits Provided to New Correctional Officers Represent a Significant Cost

The enhanced retirement benefits currently available to correctional officers are significantly more expensive than those for many other state workers. For fiscal year 2009–10 the State's contribution cost for many state workers earning the same salary as a new correctional officer is about \$8,000; however, the State needs to contribute \$12,000 for the pension benefit of each new correctional officer, an additional \$4,000 per officer per year. As correctional officers' pay increases, the cost difference for contributions also increases. For a correctional officer at the top of the salary scale in fiscal year 2009–10, the State will contribute \$19,000 for pension benefits, or about \$6,600 more than contributions for many state workers earning the same salary.

According to our estimate, the State's pension contribution cost for providing enhanced retirement benefits to new correctional officers based on the fiscal year 2009–10 contribution rate increases significantly over time. Specifically, the cost for providing enhanced retirement benefits to new correctional officers is \$6 million in the first year and increases rapidly as additional correctional officers are hired and receive increases in pay. As shown in Figure 8, we project that under current conditions the annual cost of providing newly hired correctional officers with enhanced retirement benefits increases to \$74 million in seven years and reaches \$113 million in 10 years. This estimate reflects the additional amount the State must contribute over and above the amount it provides for many state employees and is based on an estimated 2,000 correctional officers hired each year to replace existing correctional officers as they retire or are promoted. It also accounts for the additional cost as new correctional officers move to a higher pay step and receive salary increases.

Figure 8
Annual Cost Difference of Providing New Correctional Officers With Enhanced Retirement Benefits



Sources: Bureau of State Audits' estimated cost based on the California Public Employees' Retirement System Circular Letter regarding the fiscal year 2009–10 state employer rates of contribution, Department of Personnel Administration's pay scales, Governor's Budget for 2009–10, and new correctional officer appointment data provided by the California Department of Corrections and Rehabilitation's Office of Workforce Planning and Selection.

This projection depends on several variables that may change. For example, depending on economic conditions, the amount that the State must contribute to ensure that employees receive their pension benefits may increase or decrease. In addition, if the rate of turnover we used in our calculations proves to be significantly lower, the peak level of costs we project would take longer to reach. Because Corrections stated that it was unable to provide us with complete information on turnover, we calculated our own estimate and found that 8 percent of correctional officers are replaced with new staff each year. We arrived at this figure by first identifying the number of filled correctional officer positions through a comparison of the number of authorized and vacant positions in the governor's budget. Next, using the number of correctional officers Corrections informed us that it had appointed, we calculated the difference between the number of appointments and the change in filled positions from the prior year to arrive at the number of correctional officers who left their positions.

According to our estimate, the cost for the State to provide newly hired correctional officers with enhanced retirement benefits will total more than \$1 billion over the next 14 years. In addition, we estimate that this additional cost results in a significant difference between the cost of hiring a new employee and that of paying overtime to

existing employees. Indeed, we estimate that the cost of enhanced benefits contributes more than \$2 an hour to the cost of each hour of work for a new employee. Without the cost of enhanced benefits, a new employee's hour of work would cost less than an hour of overtime worked by the highest-paid correctional officers, and reducing overtime by hiring additional correctional officers would be cost-effective.

The Three Strikes Law Requires Longer Prison Sentences

Inmates sentenced under the three strikes law (striker inmates) are more costly than other inmates, for several reasons. Not only do these inmates serve prison sentences that are on average nine years longer than if they had not been sentenced under the three strikes law, but the most frequent age group for striker inmates is more than 10 years older than the most frequent age group for inmates not serving a striker sentence. According to a variety of research, older inmates require additional health care, which leads to higher health care costs. As described in the Introduction, the three strikes law is intended to ensure longer prison sentences and greater punishment for those who commit a felony and were previously convicted of a serious or violent felony. State law specifies which felonies are considered serious, violent, or both. These felonies are listed in Appendix B. For example, murder is considered both a serious and a violent felony.

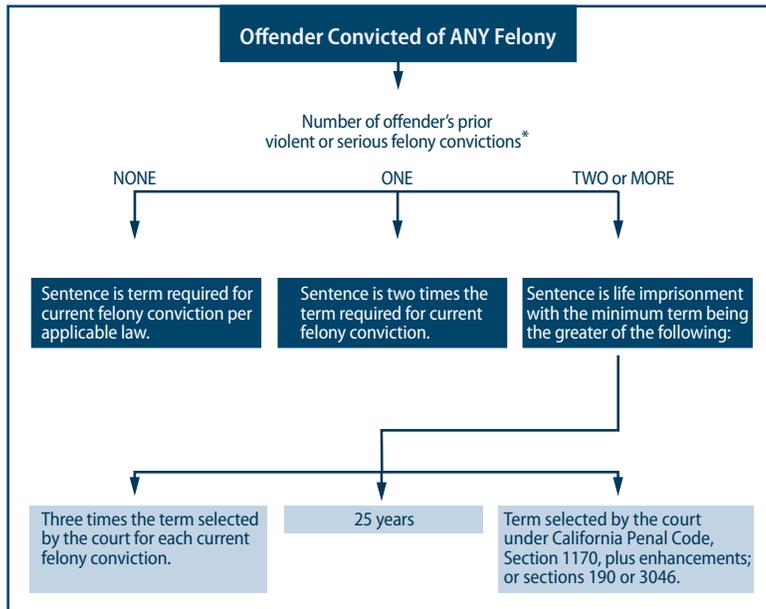
As described in Figure 9, when an offender is convicted of any felony and has one or more prior serious or violent felony convictions, the three strikes law is applied to determine the prison term related to the current conviction. The felony for which the offender is currently convicted need not be serious or violent. As of April 2009 Corrections housed more than 43,500 inmates incarcerated under the three strikes law. This represents 25 percent of the total inmate population of 171,500 at that point in time. Corrections' average cost per inmate for inmates housed in the 33 institutions for fiscal year 2007–08 was \$49,300, as we discussed previously.

To determine the additional cost of striker inmates, we identified the sentence for the controlling offense—if it was related to a three strikes case—or the longest sentence related to a three strikes case, for striker inmates currently housed in Corrections' adult institutions, and compared the estimated lengths of these sentences to an estimate of the prison terms they might have received had they not been sentenced under the three strikes law. To estimate the term an inmate would have received in the absence of the three strikes law, we identified the mid-term of the possible prison terms prescribed by state law for the crime for which the striker

As of April 2009 25 percent of the total inmate population were incarcerated under the three strikes law.

inmate was incarcerated. If there was no mid-term, we used the maximum prison term specified in state law. We then added any applicable enhancements—additional prison terms prescribed by state law under certain circumstances. Finally, we excluded those inmates whose sentence was not likely increased by the three strikes law. For example, an inmate currently convicted of petty theft who had two prior convictions for serious or violent crimes receives a minimum sentence of 25 years to life under the three strikes law. Had he been sentenced to the mid-term of the normally applicable sentence, he would have received two years. In this case, we estimated that the inmate will be in prison for 23 years longer under the three strikes law. Additionally, as previously discussed, striker inmates convicted of multiple current offenses generally must serve consecutive sentences rather than concurrent sentences.

Figure 9
General Application of the Three Strikes Law



Source: California Penal Code, sections 667 (b)–(i) and 1170.12.
* Per California Penal Code, sections 667 (f)(2) and 1170.12 (d)(2), upon recommendation by the district attorney, the court may dismiss or strike a defendant's prior felony conviction allegation(s). Moreover, per *People v. Superior Court (Romero)*, a judge may also dismiss a prior felony conviction.

Through this comparison we were able to determine that striker inmates' prison terms are on average nine years longer than if they had not been sentenced under the three strikes law. Over the life of the current population of striker inmates' prison terms, this amounts to 389,000 additional years of incarceration. Using

the \$49,300 average cost per inmate for fiscal year 2007–08, we calculated that these additional years result in a total cost of \$19.2 billion. In a subsequent report, we plan to further analyze how many currently incarcerated striker inmates were convicted of a nonserious and nonviolent felony, committed one or more of their strikes as a juvenile, or committed multiple strikes during one criminal offense.

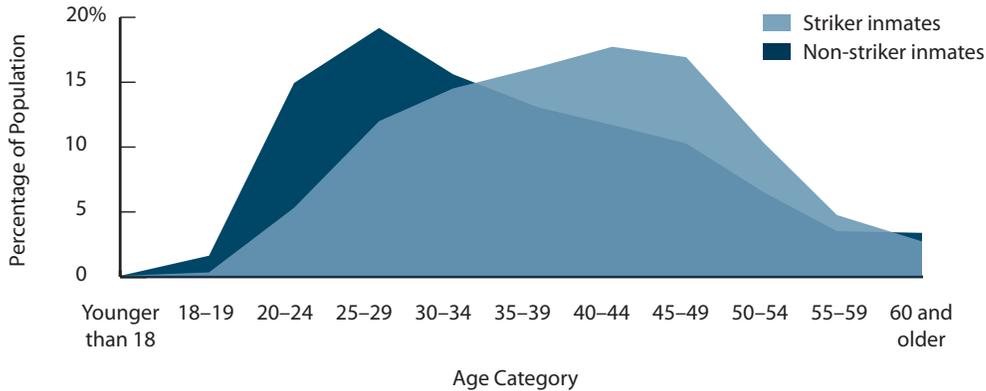
Our analysis does not take into account certain factors that could affect this additional cost calculation. For instance, as previously mentioned, the law limits the amount of credits that striker inmates can earn against their prison sentences to 20 percent for participating in work, training, or education programs, while other inmates can reduce their prison sentences by up to 50 percent. However, we did not take this factor into consideration because poor behavior can reduce inmates' credits and alter their credit-earning status. Additionally, to provide a more realistic estimate, we considered inmates' ages when calculating the estimated additional years of incarceration the inmates would actually serve if they reached the full life expectancy for Americans, estimated at 77.7 years by the Centers for Disease Control.⁷ Finally, according to Corrections, on average 54 percent of all paroled felons released from prison for the first time in 2005 returned to prison within two years of being released. This statistic—known as the recidivism rate—would affect the results but was not considered in our analysis because it too is dependent upon inmate behavior.

The most frequent age group for striker inmates is more than 10 years older than the most frequent age group for inmates not serving a striker sentence—older inmates require additional health care.

Another impact of the three strikes law is the aging of the prison population. As shown in Figure 10, the most frequent age group for striker inmates is more than 10 years older than the most frequent age group for inmates not serving a striker sentence. Although 52 percent of striker inmates are age 40 or older, only 35 percent of inmates not sentenced under the three strikes law are over age 40. According to a variety of research, older inmates require additional health care, making them more expensive to house and care for. An aging striker inmate population will likely increase Corrections' health care expenditures. As shown in Table 1 in the Introduction, health care costs accounted for 22 percent of Corrections' adult operations expenditures in fiscal year 2007–08. Using additional data we have obtained, we plan to analyze Corrections' fiscal year 2007–08 data on specialty health care expenditures to compare the average amount spent on specialty health care for striker inmates and non-striker inmates. We plan to present the results of this analysis in a subsequent report.

⁷ On August 19, 2009, subsequent to our analysis, the Centers for Disease Control and Prevention reported that the U.S. life expectancy has risen to 77.9 years of age.

Figure 10
Striker Inmates and Non-Striker Inmates as a Percentage of Their Respective Populations by Age Category



Source: Bureau of State Audits' analysis of data obtained from the California Department of Corrections and Rehabilitation's Offender Based Information System.

Recommendations

To help it assess the effect of policy changes and manage operations in a cost-effective manner, Corrections should do the following:

- Ensure that its new data system will address its current lack of data available for statewide analysis, specifically data related to identifying the custody staffing cost by inmate characteristics such as security level, age, and custody designation.
- If implementation of its new system continues to be delayed, or if Corrections determines that the new system will not effectively replace the current assignment and scheduling systems used by the institutions, it should improve its existing data related to custody staffing levels and use the data to identify the related costs of various inmate populations.

To ensure that overtime hours are accurately reported, Corrections should provide training to its personnel specialists to ensure that they properly classify retroactive overtime salary adjustments according to the *Payroll Procedures Manual*.

To ensure that the State is maximizing the use of funds spent on incarcerating inmates, Corrections should communicate to the Department of Personnel Administration—which is responsible for negotiating labor agreements with employee bargaining units—the cost of allowing any type of leave to be counted as time worked for the purpose of computing overtime compensation. It should

also encourage the Department of Personnel Administration to not agree to provisions in bargaining unit agreements that permit any type of leave to be counted as time worked for the purpose of computing overtime compensation.

To more closely align its operations with state law and its own policy, make certain that inmates are provided with an adequate level of supervision, and protect the health and safety of employees and inmates, Corrections should encourage the Department of Personnel Administration to negotiate a reduction in the amount of voluntary overtime a correctional officer is allowed to work in future collective bargaining unit agreements, in order to reduce the likelihood that involuntary overtime will cause them to work more than 80 hours of overtime in total during a month. In addition, Corrections should better ensure that it prevents the instances in which correctional officers work beyond the voluntary overtime limit in a pay period.

Chapter 2

WITHOUT A CURRENT STAFFING PLAN BASED ON INMATE NEEDS OR ADEQUATE DATA, CORRECTIONS CANNOT EFFECTIVELY ALLOCATE RESOURCES OR ENSURE THAT IT IS MEETING INMATE EDUCATION NEEDS

Chapter Summary

When we attempted to review its system for determining the number of teachers, instructors, and custody staff necessary for inmates to participate in education, vocational, and other rehabilitation programs, we were informed that the California Department of Corrections and Rehabilitation (Corrections) does not have a staffing plan based on the education and vocational needs of the inmates it houses. Currently, staffing plans are the result of budget change proposals, mission changes, and overstaffing packages applied to the initial staffing plans put in place when the institutions opened—which, for two-thirds of the institutions, occurred before 1990. In addition, Corrections is unable to fill the vacant teacher and instructor positions for which it is authorized due to a variety of factors, including a lack of classroom space, a lack of custody staff to expand to double shifts, and the current budget crisis. Further, Corrections' staff informed us that they do not maintain historical waiting list and program assignment data by inmate. Once inmates leave the institution, because they are paroled or transferred to another institution, for example, their program participation information is not retained. Thus, Corrections could not provide us with information regarding the length of time inmates were on a waiting list for a program, whether inmates were paroled before being assigned to a program for which they were waiting, or whether inmates were denied access to programs.

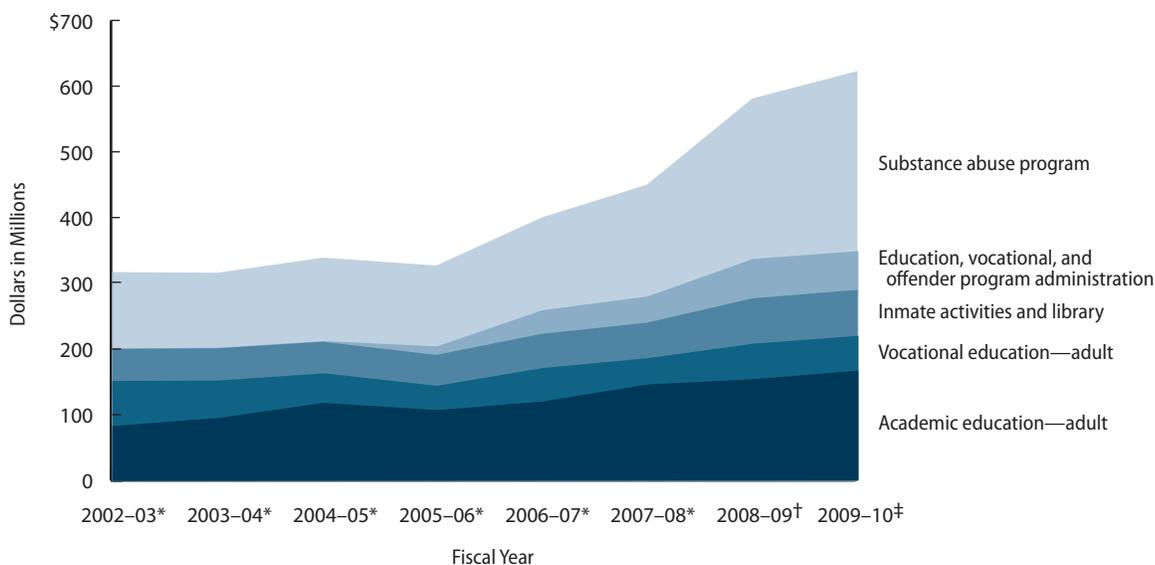
For Corrections to track sufficient information to determine whether these programs succeed in meeting the purpose for which they exist, reducing the likelihood that inmates will reoffend after leaving prison, seems reasonable. However, in a request for funding and positions for a new automated system, Corrections acknowledged that it is unable to adequately track the overall success of its education programs or to quantify the number of inmates who complete programs, their improvements in reading scores, or the relationship between recidivism rates and enrollment in education and vocational programs.

This failure to track basic data also prevents Corrections from determining whether it is in compliance with laws requiring it to make literacy programs available to at least 60 percent of the eligible inmates in the state prison system. To address these shortcomings, Corrections indicated that it is in the process of creating a new data system that should be available by 2011.

Funding for Education and Vocational Programs Lags Behind Substance Abuse Program Funding

Corrections states that part of its purpose includes implementing rehabilitative strategies to successfully reintegrate offenders into the community. To accomplish this, Corrections administers education, vocational, and other rehabilitation programs—a list of some of these programs is provided in Appendix C—that seek to promote or increase rehabilitation and decrease recidivism. As Figure 11 shows, Corrections' budget for fiscal year 2008–09 includes more than \$208 million for academic and vocational programs, an increase of \$22 million over the \$186 million spent on these programs in fiscal year 2007–08. During the last three years, Corrections' budget for substance abuse programs has increased far more dramatically. According to the deputy director of the Division of Addiction and Recovery Services, Corrections received additional funding to increase substance abuse treatment services as a result of the Public Safety and Offender Rehabilitation Services Act of 2007 (act). The purpose of this act, in part, was to expand substance abuse treatment services.

Figure 11
California Department of Corrections and Rehabilitation's Education, Vocational, and Other Rehabilitation Budget Trends



Sources: California Department of Corrections and Rehabilitation's (Corrections) accounting records, the governor's budgets for fiscal years 2004–05 through 2009–10, and expenditure figures asserted by Corrections' accounting staff for substance abuse program expenditures during fiscal years 2002–03 to 2006–07.

* Corrections' accounting reports and actual expenditure amounts from the governor's budgets for fiscal years 2004–05 through 2007–08.

† Fiscal year 2009–10 Governor's Budget estimated expenditure amounts.

‡ Fiscal year 2009–10 Governor's Budget budgeted amounts.

Although Corrections Budgeted More Than \$200 Million for Academic and Vocational Inmate Programs in Fiscal Year 2008–09, It Lacks a Staffing Plan Based on Inmate Needs

In reviewing the adequacy of staffing for Corrections' education and vocational programs, we found that it does not have a current staffing plan based on inmate needs. According to the acting superintendent of the Office of Correctional Education (acting superintendent), the basis of the number of instructors and teachers is the staffing packages developed when the institutions were first opened. Institutions can update plans only through items such as budget change proposals, mission changes, and overcrowding augmentations. The acting superintendent indicated that even if Corrections had a staffing plan based on inmate needs, it would be unable to fill teacher and instructor vacancies due to factors such as a lack of classroom space and the current budget crisis.

During our review of Corrections' efforts to administer education, vocational, and other rehabilitation programs, we asked Corrections about its process for determining the number of teachers and instructors needed for inmates to participate in education, vocational, and other rehabilitation programs. According to the deputy director for Corrections' Division of Addiction and Recovery Services, Corrections contracts with providers who deliver services for its rehabilitation programs related to substance abuse. She also told us that at least one Corrections' employee at each institution coordinates these programs. Because Corrections' staff do not provide the substance abuse programs, we focused our review on the education and vocational programs.

For the 2009–10 Governor's Budget, Corrections estimated more than \$208 million in expenditures for academic and vocational programs for fiscal year 2008–09. However, according to the acting superintendent, Corrections does not have a staffing plan for allocating teachers and instructors to institutions based on inmate needs. Instead, she indicated that teacher and instructor positions are initially allocated in the institution's activation package when the institution is first opened. About two-thirds of Corrections' 33 adult institutions opened before 1990. The acting superintendent told us that institutions can augment their staffing plans through a budget change proposal, when an institution changes missions, or because of overcrowding. Depending on institutional needs and the type of overcrowding, the wardens determine the types of positions to add. For example, she stated that if overcrowding occurs with inmates that need additional supervision, the warden may decide to add custody staff, but if the overcrowding involves general population inmates, the warden may

The acting superintendent indicated that Corrections would be unable to fill teacher and instructor vacancies due to various factors even if they had a staffing plan based on inmate needs.

add teachers. However, she noted that any positions gained due to overcrowding are subsequently lost when the population decreases and deactivation occurs.

When we asked Corrections why it has not developed a staffing plan based on inmate needs, the acting chief deputy secretary of adult programs (acting chief deputy secretary) stated that Corrections recognizes that the current staffing packages for rehabilitative programs are not based on inmate needs. She also stated that the need for change has become apparent as Corrections has begun to deactivate gymnasiums and other nontraditional beds and has lost teachers and other program staff due to these reductions. Further, the acting chief deputy secretary stated that Corrections has been discussing some alternatives for teacher and instructor staffing and is considering a plan based on inmate needs and available space. Corrections was planning to develop a budget change proposal to address this issue, but its efforts have been delayed due to the need to identify at least \$250 million in reductions to education, vocational, and other rehabilitation programs. The acting chief deputy secretary stated that after determining the most effective and efficient way to implement these reductions, Corrections plans to continue pursuing a comprehensive budget proposal to link long-term staffing packages to inmate need, evidence-based principles, and available space. However, because Corrections does not sufficiently track inmate data, any such staffing plan must be composed without data indicating what resources are necessary to ensure that inmate needs are met. As we discuss later, the acting superintendent also stated that other challenges to staffing exist at the current level.

Of the authorized academic teacher and vocational instructor positions we identified, 16 percent were vacant during fiscal year 2007–08.

Although the number of authorized teacher and instructor positions is not based on current inmate needs, based on data from the 2008–09 and 2009–10 governor’s budgets, of the 1,400 authorized academic teacher and vocational instructor positions that we identified, 16 percent were vacant during fiscal year 2007–08. The acting superintendent explained that the vacancies were due in part to a lack of classroom space, a lack of custody staffing to expand to double shifts, and the current budget crisis. Additionally, according to the acting chief deputy secretary, during the same period Corrections was in the process of shortening its school year to align it with that of the public school system to attract more teachers and instructors. This change also increased the salaries paid to teachers and instructors. As part of funding this increase in salaries during fiscal year 2007–08, Corrections froze 121 vacant teacher and instructor positions during this period and used the salary savings to pay for the salary increase of its filled teacher and instructor positions. Corrections subsequently received funding to pay for the increased salary in the 2008–09 Governor’s Budget. Despite these circumstances,

without a staffing plan that allocates teachers and instructors based on inmate needs, Corrections cannot ensure that it is allocating resources in the most cost-effective manner and providing inmates access to the programs needed.

Corrections Does Not Currently Track Individual Inmate Participation in Education Programs and Therefore Cannot Assess Program Effectiveness or Compliance With State Law

Although Corrections collects aggregate data on inmate participation in its education and vocational programs, it does not collect sufficient individual inmate-specific data in a manner that allows it to effectively measure the success of its education programs. In a request for funding and positions, Corrections acknowledged that it is unable to adequately track the success of its education programs overall. This lack of data prevents Corrections from determining whether it is in compliance with state law requiring it to make literacy programs available to at least 60 percent of inmates eligible in the state prison system. Corrections is in the process of implementing a new statewide automated data system to track the educational progress of inmates.

Corrections Cannot Demonstrate Whether Inmates Are Denied Access to Education and Vocational Programs and Whether Those Programs Are Effective in Reducing Recidivism

During our review of Corrections' administration of its education and vocational programs, we found that while Corrections collects aggregate data, such as the total number of inmates participating in a program and the total number of inmates who successfully complete a program, it does not maintain data for individual inmates' participation in education programs once the inmates leave the institution. As a result, Corrections cannot demonstrate whether or not inmates have been denied access to programs. When inmates are assigned to a program that is full, they are placed on a waiting list. According to the acting superintendent, while inmates await placement into a program they are usually placed in a work assignment. When we asked Corrections to provide information regarding participants in these education programs and inmates who were placed on waiting lists for the programs that were full, a correctional counselor II who is knowledgeable regarding inmate assignment tracking within the special projects unit told us that Corrections does not maintain historical waiting list or program assignment data. He stated that Corrections maintains data on program assignments as long as an inmate remains at an institution, but once the inmate leaves

Corrections cannot determine the length of time inmates are on waiting lists for a program, whether they are paroled before assigned to a program or are assigned to the proper program, or how long they are in programs.

the institution—by being paroled or transferred to another institution, for example—the program participation data are not kept. Therefore, Corrections cannot determine the length of time inmates are on a waiting list for a program, whether inmates are paroled before being assigned to a program for which they were waiting, whether inmates are assigned to the programs their assessments indicate they should attend, or the length of time inmates are in programs.

Without program data for individual inmates, Corrections is also unable to measure the efficacy of its programs in reducing recidivism rates for inmates. It seems reasonable that a division administering programs whose purpose is to reduce recidivism would be able to identify past participants, so as to evaluate its success. In fact, in a request for funding and positions for a new automated system, Corrections stated that its Office of Correctional Education (correctional education) and institution education departments are unable to adequately track the overall success of educational programs. Corrections also stated that correctional education is unable to quantify the number of inmates who complete programs, demonstrate improvement in reading scores, or assess the relationship between recidivism rates and enrollment in its education programs.

A Lack of Data Prevents Corrections From Assessing Compliance With State Law

Corrections is also unable to determine whether it is meeting statutorily mandated benchmarks. The Prisoner Literacy Act was approved in 1987 with the intent of raising the percentage of prisoners who are functionally literate in order to provide a corresponding reduction in the recidivism rate. Additionally, state law requires Corrections to determine the reading level of each inmate upon commitment, implement in every state prison literacy programs that are designed to ensure that upon parole inmates are able to achieve a ninth-grade reading level, and to make the program available to at least 60 percent of eligible inmates in the state prison system.

Because Corrections does not maintain historical waiting list and program assignment data for individual inmates, it does not have sufficient data to determine whether it has made literacy programs available to at least 60 percent of eligible inmates in the state prison system, in compliance with state law. Although Corrections produces a monthly education report—which contains aggregate data, such as the number of inmates whose test scores indicate a need for literacy programming and the number of inmates currently assigned to literacy programs—it

does not capture this information by inmate. Specifically, in its February 2009 report, Corrections reported that it had tested the reading levels of 133,000 inmates and that 68,600 had scored below the ninth-grade reading level. However, because it does not track individual inmate data, Corrections cannot ensure that the inmates currently assigned to literacy programs are the ones in need of such programs. Furthermore, because these data are as of a certain point in time and are not kept historically, it is impossible for Corrections to determine if it is making literacy programs available to eligible inmates during their prison terms. For example, the count of inmates currently assigned to literacy programs today does not include other inmates who may already have completed literacy programs during their prison terms, nor does it include inmates who are not currently participating but who may be assigned to literacy programs in the future before they are released. Because Corrections does not maintain individual inmate data, it cannot determine whether it does or does not comply with state law requiring it to make the literacy programs—intended to ensure that inmates have achieved a ninth-grade reading level upon parole—available to at least 60 percent of eligible inmates.

When we asked Corrections why it does not maintain individual inmate data, the acting superintendent stated that there is not sufficient computerized infrastructure among the institutions. In fact, she stated that only the principals of each adult institution consistently have e-mail accounts. The acting superintendent also stated that some data are collected and forwarded monthly to correctional education. However, these are aggregated data that, for example, identify the total number of inmates participating in and completing programs, and not individual inmate data. She stated that teachers at each institution compile these attendance and participation data by hand and give the information to the principal's office, which then sends it to headquarters on a monthly basis. However, according to the acting superintendent, headquarters does not have enough staff to compile the aggregate data gathered by hand at each institution.

In a request for funding and positions to develop and implement a new data system, Corrections recognized that its current manual system for accessing, processing, and tracking inmate educational data was extremely inadequate. Corrections requested funding and positions for a new statewide automated system to track the educational progress of inmates. Specifically, Corrections requested funding to develop and implement the new system over a three-year period beginning in fiscal year 2008–09. Corrections' funding request, which was approved, estimated the cost over the three fiscal years at \$11 million.

In February 2009 Corrections reported that 68,600 inmates out of 133,000 inmates tested, had scored below the ninth-grade reading level; yet, it cannot ensure the inmates enrolled in literacy programs are the ones in need of such programs.

Corrections is currently anticipating a \$250 million budget cut to its education, vocational, and rehabilitation programs.

When we asked the acting superintendent why Corrections decided to develop a new system rather than use one of its multiple existing systems, she stated that most of the existing systems are too antiquated. Additionally, the acting superintendent explained that Corrections wants its new system to be compliant with California School Information Systems so that it can communicate with the California state school system, which would allow for easier transcript retrieval and storage.

According to the acting chief deputy secretary, Corrections is currently anticipating a \$250 million budget cut to its education, vocational, and rehabilitation programs. Such a cut would exceed half of the amount spent on these programs in fiscal year 2007–08. She stated that Corrections is currently developing its response to this cut and will be making program changes that will maximize program participation, efficiency, and effectiveness with the remaining funding. Because this response has not been formally adopted, the acting chief deputy secretary was unable to provide us with full details of upcoming changes to its programs.

Corrections' Policy Regarding Prisoner Literacy Does Not Align With State Laws

Corrections' policy regarding education programs is outdated and does not align with state laws regarding prisoner literacy. State law requires Corrections to implement literacy programs in every state prison designed to ensure that upon parole, inmates are able to achieve a ninth-grade reading level and to make these programs available to at least 60 percent of eligible inmates. Corrections' policy states that the warden is responsible for ensuring that inmates who are reading below the sixth-grade level are assigned to adult basic education and that the warden shall make every effort to assign 15 percent of the inmate population to academic education. Despite the differences between Corrections' policy and state law, it appears that Corrections' programs are more closely aligned with the requirements of state law. For example, Corrections provides its adult basic education program with three levels to teach reading through not only the sixth-grade level, per its policy, but through the ninth-grade level, per state law. However, as we stated earlier, Corrections cannot determine whether it is meeting the requirement to make literacy programs available to at least 60 percent of eligible inmates.

Because Corrections has not updated its policy regarding adult education programs since 1993, staff may not be clear on the relevant requirements that should be met. When we asked Corrections why it had not updated its policies regarding statutory requirements for education programs, the acting superintendent

told us that she did not know why the policy had not been updated previously. However, she told us that the Office of Correctional Education is in the process of rewriting Corrections' adult education program policies to reflect the requirements of state law.

Recommendations

To ensure that it is addressing the program needs of its inmate population in the most cost-effective manner, Corrections should develop a staffing plan that allocates teacher and instructor positions at each institution based on the program needs of its inmate population.

To ensure that it can determine whether it is in compliance with state law and can measure the efficacy of its programs in reducing recidivism, Corrections should track, maintain, and use historical program assignment and waiting list data by inmate.

To ensure that staff are aware of the relevant requirements related to prisoner literacy, Corrections should continue its efforts to update its adult education program policies.

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Chapter 3

TELEMEDICINE EXPANSION IS IN ITS INFANCY

Chapter Summary

California Prison Health Care Services (Health Care Services) currently uses telemedicine—two-way video conferencing between an inmate and a health care provider—to furnish medical specialty care to inmates housed in the adult institutions run by the California Department of Corrections and Rehabilitation (Corrections). Additionally, Corrections uses telemedicine to provide psychiatric care (telepsychiatry) at several institutions. Health Care Services' use of telemedicine has expanded in the last three years, but it currently uses time-consuming manual and paper processes that limit the growth of the program. Although Health Care Services has begun an initiative to expand the use of telemedicine, there has not yet been sufficient progress to assess the results of these efforts.

The use of telemedicine reduces the costs to transport and guard inmates who otherwise may need to be taken out of the institution to visit medical specialty care providers. However, Health Care Services has gathered only limited data related to the cost-effectiveness of using telemedicine. Also, Health Care Services has limited information available regarding the effectiveness of telemedicine use. In addition to medical specialty care, Corrections indicated that it provides mental health care using telepsychiatry consultations. However, according to Corrections' deputy director of psychiatric services, Corrections currently provides mental health care at each institution, and as a result, using telemedicine for mental health care does not reduce inmate guarding and transportation costs.

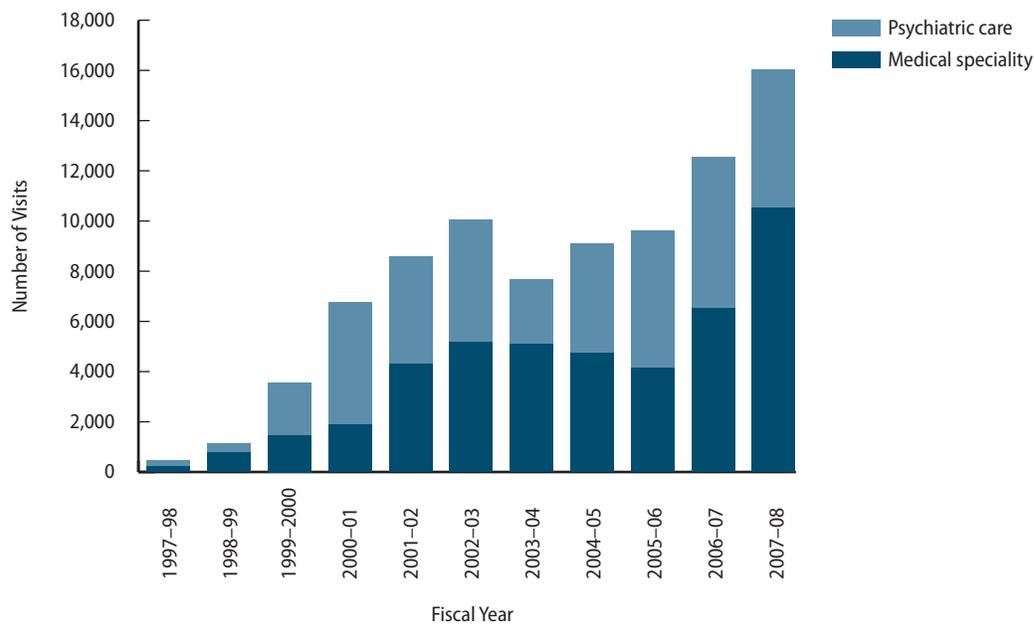
Health Care Services Is in the Early Stages of Expanding Telemedicine

Health Care Services has expanded the use of the telemedicine program in the last three years. According to Health Care Services data, summarized in Figure 12 on the following page, Health Care Services and Corrections conducted just over 16,000 telemedicine consultations during fiscal year 2007–08, including 10,500 consultations for medical specialties at 32 adult institutions. As shown in Figure 12, this represents more than twice the number of medical specialty consultations provided in fiscal year 2005–06; the growth includes consultations conducted at an additional 14 institutions. Since fiscal year 1997–98, Health Care Services has conducted telemedicine consultations to some

degree at all 33 of Corrections' adult institutions. In addition, the data show that Corrections provided about 5,500 telepsychiatry consultations at eight institutions in fiscal year 2007–08. The program review nurse consultant (nurse consultant) at Health Care Services' Office of Telemedicine Services stated that telemedicine medical consultations in fiscal year 2008–09 were about 50 percent higher than the previous year. Despite the rapid growth over the past three years, according to the federal receiver's *Turnaround Plan of Action* and the *Telemedicine Project Charter*, insufficient telemedicine infrastructure exists to support the plan to vastly expand the telemedicine program.

Figure 12

Growth in Telemedicine Consultations at California Department of Corrections and Rehabilitation's Adult Institutions
Fiscal Years 1997–98 to 2007–08



Source: Bureau of State Audits' compilation from a summary of telemedicine consultations prepared by California Prison Health Care Services' Office of Telemedicine Services.

Note: This data is used for background purposes only and we did not assess its reliability.

According to the nurse consultant, Health Care Services currently uses time-consuming manual and paper processes that are challenging to coordinate in the course of operating the telemedicine program. The nurse consultant indicated that more than 1,000 telemedicine appointments each month are scheduled through a manual process using pen, paper, and fax. Currently, institutions fax requests for telemedicine service to

headquarters, where staff who have previously booked blocks of appointments with providers attempt to match requests with available times.

The nurse consultant also indicated that currently each institution maintains medical records in paper form, which must be located and faxed to the provider prior to each appointment. The records are then returned to the records storage facility until the time of the appointment, when they must be located again and provided to the nurse who facilitates the appointment. Thus, according to the nurse consultant, appointments must be booked several days in advance, which can be problematic, as the inmates' schedules are not available to the telemedicine appointment scheduler. The time and resources necessary to conduct each of these processes is a significant limitation.

According to the nurse consultant, Health Care Services plans to implement electronic systems—such as the Health Care Scheduling System—to address these issues. However, because the timeline of this system is not certain, Health Care Services' Office of Telemedicine Services is also developing an interim system to partially automate scheduling. The nurse consultant informed us that the limited number of telemedicine headquarters staff are currently prevented from focusing on maintaining relationships with the institutions and identifying the institutions' needs for telemedicine care. The nurse consultant also stated that Health Care Services has requested additional staff for scheduling.

According to the nurse consultant, the availability and dedication of resources at each institution also limits the use of telemedicine. Health Care Services does not have a policy requiring the use of telemedicine. As a result, according to the nurse consultant, telemedicine is requested at the discretion of medical staff at each institution, and at times some institutions choose to use the facilities equipped for telemedicine for other purposes. In addition, health care staff trained to facilitate a telemedicine appointment may be assigned other duties that potentially limit the time they are available for telemedicine. According to the nurse consultant, to better coordinate the use and growth of the telemedicine program, the Office of Telemedicine Services has begun an initiative to expand the use of telemedicine at six institutions. This initiative began in July 2009, and as such it is not yet possible to assess the results of these efforts.

A 2008 review of the telemedicine program, which Health Care Services contracted with a consultant to provide, identified numerous shortcomings and recommended significant revisions to program management policies, existing hardware and technology, and related human resources. The consultant who is experienced with using telemedicine in the prison environment, compared the

To better coordinate the use and growth of the telemedicine program, the Office of Telemedicine Services has begun an initiative to expand the use of telemedicine at six institutions.

existing status and capabilities of Health Care Services' telemedicine systems to best practices and made recommendations for improvement. The review concluded that the telemedicine system suffers from neglect, mismanagement, and obsolete technology, among other things. The consultant identified opportunities to improve Health Care Services' telemedicine infrastructure, facilities, staffing and personnel, workflow, and perceptions of telemedicine. To help address the concerns identified and develop an efficient and modern telemedicine program, the consultant recommended 24 actions that Health Care Services should take.

Health Care Services' staff indicated that many of the consultant's recommendations have been adopted, and at our request, Health Care Services described its status in implementing each of the adopted recommendations. As shown in Appendix D, Health Care Services' staff reported that they have fully completed implementing five of the 16 short-term recommendations and two of the eight long-term recommendations. For example, Health Care Services indicated that it has provided leadership in the telemedicine program by hiring a telemedicine manager and a telemedicine project manager. However, several of the remaining recommendations require improvements to infrastructure and policies, and while Health Care Services has indicated that it intends to make these improvements, some are still in the planning stages.

Staff Have Limited Information Regarding the Cost-Effectiveness of Telemedicine Consultations

Health Care Services uses telemedicine to provide medical specialty care to inmates. Medical specialty care is generally provided by contracted physicians or hospitals by transporting the inmate to an outside facility. Additionally, the nurse consultant indicated that contracted specialty care physicians may provide care to inmates at the institutions. The nurse consultant stated that by using telemedicine, Health Care Services avoids having to transport inmates from the institution to see the provider, which reduces the cost for guarding and transporting inmates and also improves safety by keeping the inmate within an institution's walls. The nurse consultant also explained that telemedicine improves access to care because inmates can consult with medical specialists from throughout California without consideration of the distance.

However, Health Care Services has limited information regarding the cost-effectiveness of using telemedicine. According to a chief in a Medical Contracts Section, Health Care Services usually negotiates a standard rate with physicians and may provide a higher rate if the

According to Health Care Services, using telemedicine avoids having to transport inmates from the institution to see the provider—estimated to reduce the per-visit cost for guarding and transporting inmates by roughly \$800.

physician must travel to see inmates. Thus, telemedicine provides a cost savings by reducing the costs incurred for either transporting the inmate to the physician or transporting the physician to the inmate.

Health Care Services estimates that each telemedicine visit saves roughly \$800 in guarding and transportation costs and that by using telemedicine, Corrections could avoid millions of dollars in guarding and transportation costs. To create its cost estimate, Health Care Services performed a survey of many Corrections institutions to estimate how much time is spent transporting inmates to see a medical specialist, which it used to estimate the cost savings of a telemedicine visit. However, this survey did not account for other factors that might affect the cost savings, and it relied on the estimates of institution staff regarding the average distance inmates are transported for medical purposes. For example, it did not take into account the nature of the medical issues for which inmates were transported and whether the visit, in fact, could be replaced with a telemedicine consultation. It also assumed that 50 percent of the visits were related to the more costly high-security inmates. Thus, Health Care Services has gathered only limited data related to the cost and effectiveness of using telemedicine.

Additionally, according to the chief medical officer of utilization management, in June 2009 Health Care Services began to review requests for telemedicine consultations to ensure that the consultations meet evidence-based guidelines for medical necessity. However, telemedicine consultations may not fulfill the medical need and may result in an additional in-person visit. The chief medical officer also indicated that the results of telemedicine consultations are not tracked, and that Health Care Services is unable to determine how many consultations met the medical need using telemedicine and how many subsequently required an in-person visit. Because of this lack of information, Health Care Services does not know if the cost of unproductive telemedicine appointments offsets the potential cost savings. The nurse consultant indicated that this information will be tracked by the Health Care Scheduling System in the future. In a subsequent report, we plan to provide additional information on medical specialty visits similar to the types of consultations that Health Care Services is currently providing through telemedicine and the costs associated with these visits.

Psychiatric Use of Telemedicine May Address Vacancies but Does Not Significantly Affect Medical Guarding and Transportation Costs

Data provided by Health Care Services shows that Corrections has provided mental health care using telepsychiatry for more than 10 years. Corrections' deputy director of psychiatric services stated that telepsychiatry has been used to provide

Telemedicine consultations may not fulfill the medical need of inmates and may result in an additional in-person visit—it is unknown if the cost of unproductive telemedicine appointments offsets the potential cost savings.

psychiatric care at institutions with vacant positions in this area. According to the nurse consultant, telepsychiatry consultations are conducted between inmate mental health patients and Corrections' psychiatrists working in a Sacramento office. In fiscal year 2007-08, Corrections' conducted more than 5,500 telepsychiatry consultations at eight institutions, according to data provided by Health Care Services. As shown earlier in Figure 12, the number of telepsychiatry consultations has fluctuated; however, it has averaged more than 4,750 consultations per year since fiscal year 2000-01. According to Corrections' deputy director of psychiatric services, inmate psychiatric care is currently provided by Corrections' psychiatrists at each institution and does not generally require the inmate to leave the institution. Because psychiatric care is provided in the institution, telepsychiatry does not reduce inmate guarding and transportation costs.

Recommendations

To minimize costs through the use of telemedicine, Health Care Services should do the following:

- Review the effectiveness of telemedicine consultations to better understand how to use telemedicine.
- Perform a more comprehensive comparison between the cost of using telemedicine and the cost of traditional consultations, beyond the guarding and transportation costs, so that it can make informed decisions regarding the cost-effectiveness of using telemedicine.

To increase the use of the telemedicine system, Health Care Services should do the following:

- Continue to move forward on its initiative to expand the use of telemedicine in Corrections' institutions.
- Continue to implement the recommendations that it has adopted from the consultant's review of telemedicine capabilities.
- Maintain a focus on developing and improving its computer systems, such as the Health Care Scheduling System, to increase the efficiency of using telemedicine.

We conducted this review under the authority vested in the California State Auditor by Section 8543 et seq. of the California Government Code and according to generally accepted government auditing standards. We limited our review to those areas specified in the audit scope section of the report.

Respectfully submitted,



ELAINE M. HOWLE, CPA
State Auditor

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Appendix A

CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION AVERAGE INMATE COST BY INSTITUTION BASED ON AVERAGE DAILY POPULATION FOR FISCAL YEAR 2007-08

The California Department of Corrections and Rehabilitation's (Corrections) inmate population in the 33 adult institutions it operates throughout the State numbered more than 163,000 inmates on average during fiscal year 2007-08. Comprising 10 percent of the State's General Fund budget, Corrections expenditures were roughly \$10 billion in fiscal year 2007-08. Corrections spends 80 percent of its \$10 billion on adult operations, making the average annual cost to incarcerate an adult inmate \$49,300.

In Table A on the following pages we present Corrections' cost per inmate at each of its 33 adult institutions. The institutions are presented in groups based on Corrections' five primary missions, as described in the Introduction. The two exceptions to this grouping are the Sierra Conservation Center and the California Correction Center, which administer camps that house minimum and medium custody inmates throughout the State. They are presented separately from other institutions within the general population levels II and III mission. As discussed in Chapter 1, higher average costs per inmate are associated with certain missions.

We determined the average cost per inmate using Corrections' accounting records and the average daily inmate population for each institution for fiscal year 2007-08. In Table A we group expenditures into general categories: inmate housing, security, and support; inmate health care; education, vocational, and other rehabilitation; and headquarters. As discussed in Chapter 1, we allocated a portion of the overall administration costs for Corrections' headquarters to adult operations, which resulted in an additional cost of \$1,474 per inmate.

In addition to the costs classified as headquarters overall administration, we found \$1.1 billion in additional expenditures within the other cost areas that we were unable to attribute to specific institutions. We have titled these amounts, which are primarily costs charged to Corrections' headquarters, as unallocated support and administration expenditures in the table. Expenditures within this category include money spent for headquarters support units such as accounting and training, as well as \$145 million in support of Corrections' inmate health care; \$137 million for office support for the federally appointed receiver; and includes \$329 million for facilities planning, design, and

Table A
California Department of Corrections and Rehabilitation's Average Cost Per Inmate
by Institution Based on Average Daily Population
Fiscal Year 2007–08

	FEMALE OFFENDERS			RECEPTION CENTERS						
	VALLEY STATE PRISON FOR WOMEN	CENTRAL CALIFORNIA WOMEN'S FACILITY	CALIFORNIA INSTITUTION FOR WOMEN	WASCO STATE PRISON	NORTH KERN STATE PRISON	CALIFORNIA STATE PRISON, LOS ANGELES COUNTY	DEUEL VOCATIONAL INSTITUTION	CALIFORNIA INSTITUTION FOR MEN	SAN QUENTIN STATE PRISON	R. J. DONOVAN CORRECTIONAL FACILITY AT ROCK MOUNTAIN
Average daily population	4,107	4,150	2,574	6,027	5,517	5,184	3,946	6,150	5,267	4,659
Inmate Housing, Security, and Support Costs										
Regular pay	\$12,934	\$13,340	\$18,112	\$14,463	\$14,965	\$15,769	\$16,770	\$17,772	\$18,306	\$17,390
Benefits and other pay	5,721	5,729	7,889	6,497	6,724	7,157	7,113	8,197	7,731	7,903
Overtime pay	1,921	2,196	2,800	2,534	2,329	2,909	2,277	3,679	4,230	4,325
Facilities and operations	2,941	2,331	3,968	2,308	2,587	2,600	2,580	3,066	3,822	2,965
Subtotals	\$23,517	\$23,596	\$32,769	\$25,802	\$26,605	\$28,435	\$28,740	\$32,714	\$34,089	\$32,583
Inmate Health Care Costs										
Total pay and benefits	\$5,443	\$6,854	\$11,201	\$4,231	\$5,399	\$6,416	\$7,365	\$8,510	\$5,863	\$7,389
External contracts	4,577	3,782	3,816	4,654	3,217	3,552	5,115	3,596	4,179	5,450
Health care supplies	1,410	2,123	1,776	1,169	1,127	1,190	1,455	1,881	1,207	1,706
Facilities and operations	1,304	1,773	371	(1,687)*	571	1,068	(2,075)*	225	2,629	1,491
Subtotals	\$12,734	\$14,532	\$17,164	\$8,367	\$10,314	\$12,226	\$11,860	\$14,212	\$13,878	\$16,036
Education, Vocational, and Other Rehabilitation Costs	\$2,384	\$2,334	\$1,682	\$1,247	\$1,255	\$1,538	\$1,662	\$1,102	\$1,379	\$1,480
Headquarters Costs										
Overall administration	\$1,474	\$1,474	\$1,474	\$1,474	\$1,474	\$1,474	\$1,474	\$1,474	\$1,474	\$1,474
Unallocated support and administration†	7,512	7,512	7,512	6,519	6,519	6,519	6,519	6,519	6,519	6,519
Average Cost Per Inmate	\$47,621	\$49,448	\$60,601	\$43,409	\$46,167	\$50,192	\$50,255	\$56,021	\$57,339	\$58,092

GENERAL POPULATION LEVELS II AND III AND CAMPS

CAMP INSTITUTIONS		GENERAL POPULATION INSTITUTIONS						
CALIFORNIA CORRECTIONAL CENTER	SIERRA CONSERVATION CENTER	CALIFORNIA STATE PRISON, SOLANO	AVENAL STATE PRISON	FOLSOM STATE PRISON	CORRECTIONAL TRAINING FACILITY	IRONWOOD STATE PRISON	CHUCKAWALLA VALLEY STATE PRISON	CALIFORNIA REHABILITATION CENTER
6,188	6,099	5,948	7,486	4,116	6,628	4,657	3,212	4,436
\$11,171	\$11,343	\$12,006	\$11,921	\$14,008	\$12,866	\$14,191	\$14,224	\$16,592
5,208	5,233	5,055	5,042	6,164	6,100	6,591	6,127	7,290
2,948	2,669	2,169	2,075	2,104	2,806	3,083	2,684	2,164
4,832	6,204	2,489	2,453	1,075	2,863	2,658	3,498	3,178
\$24,159	\$25,449	\$21,719	\$21,491	\$23,351	\$24,635	\$26,523	\$26,533	\$29,224
\$2,106	\$2,648	\$3,688	\$3,304	\$4,027	\$3,218	\$3,690	\$4,270	\$4,421
1,625	1,178	3,638	5,081	1,633	4,061	2,810	3,817	1,895
195	340	1,158	809	764	617	308	449	797
644	549	(309)*	(362)*	1,459	(299)*	346	(10)*	372
\$4,570	\$4,715	\$8,175	\$8,832	\$7,883	\$7,597	\$7,154	\$8,526	\$7,485
\$1,081	\$1,018	\$1,477	\$1,687	\$1,737	\$1,170	\$1,586	\$1,769	\$1,474
\$1,474	\$1,474	\$1,474	\$1,474	\$1,474	\$1,474	\$1,474	\$1,474	\$1,474
6,518	6,518	6,518	6,518	6,518	6,518	6,518	6,518	6,518
\$37,802	\$39,174	\$39,363	\$40,002	\$40,963	\$41,394	\$43,255	\$44,820	\$46,175

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GENERAL POPULATION LEVELS III AND IV

	CENTINELA STATE PRISON	CALIFORNIA SUBSTANCE ABUSE TREATMENT FACILITY	CALIPATRIA STATE PRISON	CALIFORNIA MEN'S COLONY	PLEASANT VALLEY STATE PRISON	MULE CREEK STATE PRISON	CALIFORNIA MEDICAL FACILITY
Average daily population	5,065	7,421	4,190	6,633	5,386	3,725	3,061
Inmate Housing, Security, and Support Costs							
Regular pay	\$14,800	\$14,103	\$15,939	\$14,066	\$14,778	\$16,347	\$22,136
Benefits and other pay	6,903	6,337	7,225	5,982	6,720	7,095	9,544
Overtime pay	2,138	2,131	3,004	1,957	2,587	1,599	3,832
Facilities and operations	2,780	2,484	2,299	2,784	2,777	2,982	2,552
Subtotals	\$26,621	\$25,055	\$28,467	\$24,789	\$26,862	\$28,023	\$38,064
Inmate Health Care Costs							
Total pay and benefits	\$3,361	\$4,016	\$3,498	\$8,056	\$3,295	\$7,525	\$19,858
External contracts	2,675	5,478	2,483	2,326	5,260	3,795	11,301
Health care supplies	365	1,130	306	2,065	929	1,870	6,823
Facilities and operations	492	(562)*	997	2,576	3,329	(41)*	(1,860)*
Subtotals	\$6,893	\$10,062	\$7,284	\$15,023	\$12,813	\$13,149	\$36,122
Education, Vocational, and Other Rehabilitation Costs	\$1,594	\$1,923	\$1,580	\$1,229	\$1,639	\$1,672	\$1,139
Headquarters Costs							
Overall administration	\$1,474	\$1,474	\$1,474	\$1,474	\$1,474	\$1,474	\$1,474
Unallocated support and administration [†]	6,522	6,522	6,522	6,522	6,522	6,522	6,522
Average Cost Per Inmate	\$43,104	\$45,036	\$45,327	\$49,037	\$49,310	\$50,840	\$83,321

Sources: Bureau of State Audits' analysis of California Department of Corrections and Rehabilitation's (Corrections) accounting records and Distributed Data Processing System (DDPS) average daily inmate population for fiscal year 2007-08.

Note: This table does not include Corrections Standards Authority expenditures of \$221 million and capital outlay of \$150 million, some of which may be associated with adult operations. Because Corrections' accounting records do not associate these amounts with adult institutions, we did not allocate these costs.

We assessed DDPS to be of undetermined reliability for the purposes of this audit because we did not conduct accuracy or completeness due to a lack of centralized storage and because the source documents are located at 33 institutions throughout the state.

* Negative amounts are due to accounting adjustments for actual expenditures subsequent to fiscal year end to reverse accrual estimates and record actual expenditures.

† Corrections does not allocate this category of costs to specific adult institutions. However, because these costs support adult operations, we allocated these amounts to all adult institutions using the average daily population for the mission each institution is assigned. Additionally, the amounts allocated to each mission differ because there were some headquarters costs that we were able to allocate to specific missions.

HIGH SECURITY AND TRANSITIONAL HOUSING

KERN VALLEY STATE PRISON	HIGH DESERT STATE PRISON	CALIFORNIA CORRECTIONAL INSTITUTION	SALINAS VALLEY STATE PRISON	CALIFORNIA STATE PRISON, CORCORAN	PELICAN BAY STATE PRISON	CALIFORNIA STATE PRISON, SACRAMENTO
4,927	4,433	5,470	4,189	5,692	3,438	3,209
\$17,351	\$16,313	\$20,498	\$17,764	\$19,811	\$24,935	\$26,538
7,554	8,116	9,233	7,708	8,820	11,884	11,779
2,549	3,194	2,093	3,856	2,555	3,313	3,809
2,057	3,134	3,601	2,797	3,896	3,776	5,424
\$29,511	\$30,757	\$35,425	\$32,125	\$35,082	\$43,908	\$47,550
\$5,053	\$4,718	\$4,389	\$5,727	\$8,407	\$8,356	\$14,028
1,987	3,052	4,095	5,001	3,647	2,825	7,074
655	783	881	1,863	1,418	1,045	2,923
994	2,029	(253)*	4,625	1,910	832	(616)*
\$8,689	\$10,582	\$9,112	\$17,216	\$15,382	\$13,058	\$23,409
\$1,107	\$1,371	\$1,743	\$1,001	\$1,049	\$1,072	\$1,227
\$1,474	\$1,474	\$1,474	\$1,474	\$1,474	\$1,474	\$1,474
6,522	6,522	6,522	6,522	6,522	6,522	6,522
\$47,303	\$50,706	\$54,276	\$58,338	\$59,509	\$66,034	\$80,182

construction management. In addition, some institution support costs are included in this amount, including \$154 million for substance abuse programs provided at some institutions, \$12 million for inmate classification services, and \$38 million for Corrections' transportation unit. Although Corrections does not associate these costs with specific institutions, in an attempt to more accurately disclose the comprehensive costs of incarcerating an inmate, we allocated these amounts among all the inmates at the 33 institutions.

These unallocated support costs may also include headquarters support and administration associated with populations not housed in the 33 adult institutions, such as administration costs of inmates housed in county or community correctional facilities. However, Corrections' accounting records are not specific enough for us to identify these costs or allocate them to the relevant populations. For this reason, the unallocated support and administration costs could include some funds associated with other inmate populations.

Finally, the costs per inmate do not include expenditures related to the Corrections Standards Authority, whose purpose is described in the Introduction, of \$221 million or capital outlay of \$150 million because Corrections' accounting records do not indicate allocation of these costs to specific institutions. Therefore, we did not include these costs in our calculations.

Appendix B

SERIOUS OR VIOLENT FELONIES AS DEFINED BY CALIFORNIA STATE LAW

The three strikes law is intended to ensure longer prison sentences and greater punishment for offenders who commit a felony and were previously convicted of a serious or violent felony. The felony for which the offender is currently convicted need not be serious or violent. As shown in Table B, state law describes which felonies are considered serious or violent, and some crimes are considered both serious and violent. For example, murder is considered both a serious and a violent felony. Courts commonly refer to a person's prior convictions for serious and violent felonies as strikes. The list of offenses that may count as strikes has expanded since California enacted the three strikes law in 1994. Specifically, in March 2000, through the passage of Proposition 21, voters expanded the list of offenses that constitute strikes. In 2006 the Legislature again expanded the list of offenses.

Table B
Felonies Considered Serious or Violent

OFFENSE	SERIOUS (PC 1192.7 (c))	VIOLENT (PC 667.5 (c))
Murder	×	×
Voluntary manslaughter	×	×
Mayhem	×	×
Rape	×	×*
Sodomy	×†	×*
Oral copulation	×†	×*
Lewd or lascivious act on a child under 14 years of age	×†	×*
Any felony in which the defendant inflicts great bodily injury on any person other than an accomplice	×†	×*
Any felony in which the defendant personally uses a firearm	×	×*
Robbery	×†	×
Arson	×	×*
Sexual penetration	×†	×*
Attempted murder	×	×
Exploding or igniting, or attempting to explode or ignite, any destructive device with the intent to commit murder		×
Willfully and maliciously exploding or igniting any destructive device, which causes mayhem, death, bodily injury, or great bodily injury of any person		×
Exploding a destructive device or any explosive with the intent to injure or murder or that causes bodily injury, great bodily injury, or mayhem	×	

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OFFENSE	SERIOUS (PC 1192.7 (c))	VIOLENT (PC 667.5 (c))
Kidnapping	×	×
Assault with the intent to commit rape, sodomy, or other crimes		×*
Continuous sexual abuse of a child	×	×
Carjacking	×	×
Extortion and threats to victims or witnesses committed as part or in association with a criminal street gang		×
Burglary of the first degree	×	×*
Using, discharging, and injuring someone with a firearm while committing certain felonies such as murder, rape, or kidnapping	×	×
Using a weapon of mass destruction	×†	×*
Assault with the intent to commit rape or robbery	×	
Assault with a deadly weapon or instrument on a peace officer	×	
Assault by a life prisoner on a non-inmate	×	
Assault with a deadly weapon by an inmate	×	
Holding of a hostage by a person confined in state prison	×	
Any felony in which the defendant personally used a dangerous or deadly weapon	×	
Selling, furnishing, administering, giving, or offering to sell, furnish, administer, or give to a minor any heroin, cocaine, phencyclidine (PCP), or any methamphetamine-related drug, or any precursors of methamphetamines	×	
Grand theft involving a firearm	×	
Certain felonies committed as part of or in association with a criminal street gang	×	
Assault with the intent to commit mayhem, rape, sodomy, or oral copulation	×	
Throwing acid or flammable substances with the intent to injure or disfigure another person	×	
Assault with a deadly weapon, firearm, machine gun, assault weapon, or semiautomatic firearm, on a person, peace officer, or firefighter	×	
Assault with a deadly weapon against a public transit employee, custodial officer, or school employee	×	
Discharge of a firearm in an inhabited dwelling, vehicle, or aircraft	×	
Rape or sexual penetration in concert with another person	×	×
Shooting from a vehicle	×	
Intimidation of victims or witnesses	×	
Criminal threats	×	
Any attempt to commit a serious felony listed in California Penal Code, Section 1192.7 (c) other than assault	×	
Any conspiracy to commit an offense listed in California Penal Code, Section 1192.7 (c)	×	
Any felony punishable by death or imprisonment in the state prison for life	×	×
Attempt to commit a felony punishable by death or imprisonment in the state prison for life	×	

OFFENSE	JUVENILE (WIC 707 (6))
Assault with a firearm or destructive device	‡
Assault by force likely to produce great bodily injury	‡
Discharge of a firearm at an inhabited or occupied dwelling	‡
Any felony offense in which the minor personally used a certain weapon such as a dagger, metal knuckles, or short-barreled shotgun	‡
Bribing or inducing witnesses	‡
Manufacturing, compounding, or selling a controlled substance	‡
Escape by a juvenile where great bodily injury is intentionally inflicted on an employee of the juvenile facility	‡
Torture	‡
Aggravated mayhem	‡
Committing or attempting certain felonies against a senior citizen or disabled person	‡
Kidnapping for ransom, robbery, with bodily harm, while carjacking, or with the intent to commit specified sex crimes	‡
Carjacking while armed with a dangerous or deadly weapon	‡

Sources: California Penal Code, sections 667.5 (c) and 1192.7 (c) and California Welfare and Institutions Code, Section 707(b).

* Certain types of this crime are violent felonies.

† Certain types of this crime are serious felonies.

‡ While juvenile offenses are not expressly defined as serious or violent felonies, we use the term “serious or violent felony” to describe any offense that could count as a strike.

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Appendix C

SELECTED PROGRAMS AVAILABLE BY INSTITUTION

The California Department of Corrections and Rehabilitation aims to reduce the number of people returning to prison by providing education, vocational, and other rehabilitation programs within its institutions. The majority of adult institutions offer traditional adult basic education, general education development, English language development, and vocational programs, as well as nontraditional independent study and distance learning opportunities. In addition, some institutions offer high school and computer lab courses and other rehabilitation programs. Table C on the following pages lists some of the programs available to inmates at the 33 adult institutions.

Table C
Selected Education, Vocational, and Other Rehabilitation Programs Offered to Inmates at the Department of Corrections and Rehabilitation’s Adult Institutions as of February 2009

PROGRAM TITLE	TOTAL INSTITUTIONS WITH PROGRAM ACTIVE	AVENAL STATE PRISON	CALIPATRIA STATE PRISON	CALIFORNIA CORRECTIONAL CENTER	CALIFORNIA CORRECTIONAL INSTITUTION	CENTRAL CALIFORNIA WOMEN'S FACILITY	CENTINELA STATE PRISON	CALIFORNIA INSTITUTION FOR MEN	CALIFORNIA INSTITUTION FOR WOMEN	CALIFORNIA MEN'S COLONY	CALIFORNIA MEDICAL FACILITY	CALIFORNIA STATE PRISON, CORCORAN	CALIFORNIA REHABILITATION CENTER	CORRECTIONAL TRAINING FACILITY
Academic Programs (noncomputer lab)														
English Language Development Program	24	●		●	●	●	●	●	●	●		●	●	●
Adult Basic Education I Program	31	●	●	●	●	●	●	●	●	●	●	●	●	●
Adult Basic Education II Program	30	●	●	●	●	●	●	●	●	●	●	●	●	●
Adult Basic Education III Program	30	●	●	●	●	●	●	●	●	●	●	●	●	●
General Equivalency Diploma Courses	25	●		●	●		●		●	●			●	●
High School Courses	9					●								
Subtotals		5	3	5	5	5	5	4	5	5	4	4	5	5
Academic Programs (computer lab)														
Computer Labs (self-contained)	15	●				●			●	●			●	●
Computer Labs (pullout)	2										●			
Subtotals		1	0	0	0	1	0	0	1	1	1	0	1	1
Nontraditional Programs														
Independent Study	26	●		●	●	●		●	●	●		●		●
Distance Learning	25	●	●	●	●	●	●	●	●	●		●	●	
Subtotals		2	1	2	2	2	1	2	2	2	0	2	1	1
Literacy Programs														
Voluntary Literacy Programs	26	●	●	●	●	●	●	●	●	●		●		
Subtotals		1	1	1	1	1	1	1	1	1	0	1	0	0
Rehabilitative Programs														
Substance Abuse Programs	20	●			●	●		●	●	●		●	●	●
Subtotals		1	0	0	1	1	0	1	1	1	0	1	1	1

CHUCKAWALLA VALLEY STATE PRISON	DEUEL VOCATIONAL INSTITUTION	FOLSOM STATE PRISON	HIGH DESERT STATE PRISON	IRONWOOD STATE PRISON	KERN VALLEY STATE PRISON	CALIFORNIA STATE PRISON, LOS ANGELES COUNTY	MULE CREEK STATE PRISON	NORTH KERN STATE PRISON	PELICAN BAY STATE PRISON	PLEASANT VALLEY STATE PRISON	R.J. DONOVAN CORRECTIONAL FACILITY AT ROCK MOUNTAIN	CALIFORNIA STATE PRISON, SACRAMENTO	CALIFORNIA SUBSTANCE ABUSE TREATMENT FACILITY	SIERRA CONSERVATION CENTER	CALIFORNIA STATE PRISON, SOLANO	SAN QUENTIN STATE PRISON	SALINAS VALLEY STATE PRISON	VALLEY STATE PRISON FOR WOMEN	WASCO STATE PRISON
●		●	●		●		●			●	●	●	●	●	●	●		●	
●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
●		●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●	
●		●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●	
●		●	●	●	●		●	●	●	●	●	●	●	●	●	●		●	
5	0	5	6	4	6	2	6	4	4	5	6	6	5	5	6	5	3	6	0
●		●		●			●			●			●	●	●			●	
1	0	1	0	1	0	0	1	0	0	1	1	0	1	1	1	0	0	1	0
	●	●	●	●	●			●	●	●	●	●	●	●	●	●	●	●	●
0	2	2	1	2	2	0	1	2	2	2	1	2	2	1	1	2	2	2	2
●	●	●	●	●			●	●	●	●		●	●	●	●		●	●	●
1	1	1	1	1	0	0	1	1	1	1	0	1	1	1	1	0	1	1	1
●		●			●			●		●	●		●	●	●			●	●
1	0	1	0	0	1	0	0	1	0	1	1	0	1	1	1	0	0	1	1

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PROGRAM TITLE	TOTAL INSTITUTIONS WITH PROGRAM ACTIVE	AVENAL STATE PRISON	CALIPATRIA STATE PRISON	CALIFORNIA CORRECTIONAL CENTER	CALIFORNIA CORRECTIONAL INSTITUTION	CENTRAL CALIFORNIA WOMEN'S FACILITY	CENTINELA STATE PRISON	CALIFORNIA INSTITUTION FOR MEN	CALIFORNIA INSTITUTION FOR WOMEN	CALIFORNIA MEN'S COLONY	CALIFORNIA MEDICAL FACILITY	CALIFORNIA STATE PRISON, CORCORAN	CALIFORNIA REHABILITATION CENTER	CORRECTIONAL TRAINING FACILITY
Vocational Programs														
Auto Body	16	●	●	●	●	●	●			●				
Auto Mechanics	14	●	●	●	●		●			●			●	
Building Maintenance	8				●		●			●				
Carpentry	9	●	●				●	●					●	●
Cosmetology	2					●								
Dry Cleaning	8			●	●	●	●						●	●
Drywall Installer/Taper	1						●							
Electrical Construction (Work)	8	●	●				●						●	●
Electronics	18	●	●	●	●	●			●	●	●	●		●
Eyewear	2													
Graphic Arts	16				●	●	●	●	●					●
Household Repair	1													●
Janitorial	18	●	●	●	●	●		●		●	●	●		●
Landscape Gardening	20			●	●	●	●	●		●	●	●	●	●
Machine Shop (Automotive)	2													
Machine Shop (Practical)	5									●		●		
Masonry	9		●				●	●						
Mill & Cabinet Work	16	●		●	●	●	●					●		
Office Machines	2	●												
Office Services and Related Technologies	24	●	●	●	●	●	●		●	●	●	●	●	●
Painting	4	●			●								●	
Plumbing	8	●						●					●	
Refrigeration	10	●	●	●	●								●	
Roofer	1													
Sheet Metal Work	2											●		
Small Engine Repair	11	●	●				●			●				●
Welding	19	●		●	●	●	●	●		●		●		●
Subtotals		14	10	10	13	8	14	7	3	10	4	8	9	11

Sources: California Department of Corrections and Rehabilitation's monthly report on education for February 2009 provided by staff of the Division of Education, Vocations, and Offender Programs; and summary of institutions offering substance abuse programs effective February 2009 provided by the deputy director of the Division of Addiction and Recovery Services.

● = Program with one or more active sessions.

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Appendix D

CALIFORNIA PRISON HEALTH CARE SERVICES' PROGRESS IN IMPLEMENTING RECOMMENDATIONS FOR THE TELEMEDICINE PROGRAM

Telemedicine allows the inmate and medical provider to communicate through video conferencing, thereby reducing the need for the inmate to be transported out of the institution. Currently, California Prison Health Care Services (Health Care Services) uses telemedicine to provide specialty medical care to inmates in the California Department of Corrections and Rehabilitation's adult institutions.

Health Care Services contracted with a consultant experienced in using telemedicine in a prison environment to complete a review in 2008 of Health Care Services' telemedicine program. The consultant concluded that the telemedicine system suffers from neglect, mismanagement, and obsolete technology, among other things. The consultant provided Health Care Services with recommendations to improve the program. Table D provides the consultant's recommendations, indicates whether the recommendations were adopted by Health Care Services, and lists the progress of Health Care Services in implementing the recommendations. We did not verify the accuracy of Health Care Services' response to the recommendations.

Table D
California Prison Health Care Services' Progress in Implementing Consultant Recommendations

RECOMMENDATION	ADOPTED BY CALIFORNIA PRISON HEALTH CARE SERVICES	PROGRESS	DESCRIPTION
Short-Term Goals: Six Months to One Year			
Identify or procure core leadership for the telemedicine program.	Yes	Completed	Hired telemedicine manager (December 2008) and contracted telemedicine project manager (February 2009).
Reorganize and clarify reporting structure.	Yes	Completed	Telemedicine manager reports to director of clinical operations. Project manager reports to chief information officer. Institutional telemedicine staff report to institutional nursing management.
Complete setup of rooms and equipment in all 33 institutions	Yes	Completed	All 33 institutions were set up to use equipment as of January 2008.
Develop statewide technical support.	Yes	In process	A total of 16 additional technical support staff are currently being trained to support telemedicine.
Upgrade telecommunications and transition from integrated services digital network to internet protocol.	Yes	Planned	Pending network rollout—institutions will begin this transition later in 2009 and will be completed pending network rollout in June 2012.

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RECOMMENDATION	ADOPTED BY CALIFORNIA PRISON HEALTH CARE SERVICES	PROGRESS	DESCRIPTION
Upgrade telemedicine equipment to include all peripherals.	Yes	In process	California Prison Health Care Services (Health Care Services) plans to implement a standard set of telemedicine peripherals.
Institute systematic electronic data capture for tracking use and metrics.	Yes	In process	This will be included in the Health Care Scheduling system. (See next item.)
Implement real-time electronic scheduling.	Yes	In process	The Health Care Scheduling system will be a part of the Strategic Offender Management System. This system will be partially implemented in about half of the institutions in the next year.
Initiate basic electronic medical record document management for telemedicine.	Yes	Planned	Systemwide electronic medical records are being implemented in phases. Clinical data will be stored on the Clinical Data Repository as various phases are implemented; however, electronic medical records are planned as an eventual goal several years from now.
Develop and communicate vision/plan widely to include using telemedicine as required principal escalation for both primary care and specialty consults.	Partially adopted	In process	The telemedicine manager is in the process of developing the plan and process for increasing the use of telemedicine for medical specialty care—to be used as principal escalation when medically reasonable.
		Not Adopted	Health Care Services has no plan to conduct primary care via telemedicine at this time.
Institute comprehensive and timely training and appraisal review process.	Yes	Future planning	Health Care Services plans to address this issue within the long-term time frame.
Review and standardize external provider contracts.	Yes	In process	Standard contract language has been drafted to incorporate into all future contracts.
Implement utilization review process.	Yes	Completed	Health Care Services implemented a statewide Utilization Management process utilizing InterQual criteria.
Implement electronic follow-up procedures.	Yes	In process	The Health Care Scheduling system is under development.
Standardize scheduling procedures when real-time electronic scheduling system is in place.	Yes	In process	This is part of the planned use of the Health Care Scheduling system under development.
Facilitate the use of existing provider hubs to reduce disparity of access from one facility to another.	Yes	Completed	Health Care Services is currently scheduling telemedicine with providers statewide at all institutions.
Long-Term Goals: One to Five Years			
Increase provider, clinical presenter, help desk, and technical support staff.	Yes	Completed	Increased number of presenters to at least one dedicated staff per institution.
		In process	Increasing technical support staff trained to support telemedicine by 16.
Create telemedicine equipment depot for rapid equipment deployment.	Yes	Completed	Equipment backup is currently being housed in Sacramento and Pelican Bay for deployment as needed.
Standardize and install a comprehensive scheduling, reporting, and electronic medical records system for all medical care.	Yes	Planned	Systemwide electronic medical records are being implemented in phases. Clinical data will be stored on the Clinical Data Repository as various phases are implemented; however, electronic medical records are planned as an eventual goal several years from now.
Develop treatment protocols for all disease management groupings.	Partially adopted	Completed	Health Care Services has treatment guidelines for primary care conditions only.
		Not adopted	Contract provider groups develop and maintain their own criteria and treatment protocols. Providers are required to follow the California Department of Corrections and Rehabilitation/Health Care Services medical guidelines (when applicable).

RECOMMENDATION	ADOPTED BY CALIFORNIA PRISON HEALTH CARE SERVICES	PROGRESS	DESCRIPTION
Develop help desk support protocols.	Yes	In process	Health Care Services has begun to develop telemedicine help desk support protocols.
Finalize selection and organization of necessary telemedicine physician-provider network.	Yes	Completed	A physician-provider network has been established and is in the process of being expanded.
Implement primary care telemedicine support and processes.	No	Not adopted	Health Care Services has no plan to use telemedicine for primary care at this time. Focus is on specialty services.
Develop clinical outcome analysis and cost savings benchmarks for measuring the telemedicine program.	Partially adopted	In process	Health Care Services has established a quality management committee that meets regularly to develop, implement, and monitor clinical operations.

Sources: *Telemedicine Assessment and Roadmap*, prepared by the AT&T Center for Telehealth Research and Policy at the University of Texas Medical Branch and interviews with California Prison Health Care Services' staff and the Telemedicine Services Project Charter.

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(Agency response provided as text only.)

Department of Corrections and Rehabilitation
Office of the Secretary
P.O. Box 942883
Sacramento, CA 94283-0001

August 21, 2009

Ms. Elaine Howle*
State Auditor
Bureau of State Audits
555 Capitol Mall, Suite 300
Sacramento, CA 95814

Dear Ms. Howle:

This letter represents the California Department of Corrections and Rehabilitation's (CDCR) response to the Bureau of State Audits (BSA) report entitled, *California Department of Corrections and Rehabilitation: It Fails To Track and Use Data That Would Allow It to More Effectively Monitor and Manage Its Operations*.

We understand this audit was requested by the Joint Legislative Audit Committee (JLAC) to review and determine a myriad of costs associated with CDCR operations and programming. We acknowledge that the scope of this audit was rather broad and the issues it was required to address are extremely complex. We wish to note, however, that the report does not completely capture the complexity of many of these issues. For example, your report states that you were "unable to determine the number of custody officers associated with specific populations such as high-security inmates, violent offenders and specialized units." That is because those groups of inmates are not always distinct populations: "high-security" inmates cannot be cleaved into a discrete category apart from "violent offenders" or "specialized units." Nor can our prison missions be so neatly separated. Rather, our inmate population is extraordinarily varied with multiple layers of overlapping characteristics, and so are our prisons. While we agree that the collection and use of data associated with inmate characteristics is an endeavor that CDCR must continue to pursue, we do not expect that this data will yield such simple revelations.

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Additionally, while the report assigns fault solely to CDCR, many of the topics discussed by BSA in this report are not unilaterally within our purview to address. So while we embrace the recommendation of your report to seek better data that would allow us to more effectively manage our prisons, it is unclear how our efforts to do so will directly bear upon or reduce, for example, the costs associated with the three strikes law or employee benefits.

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Additionally, CDCR has made progress in several of the areas discussed in your report. For example, CDCR has significantly reduced overtime usage in recent months by filling vacancies and implementing a sick leave policy to address excessive sick leave by individual employees. In the fiscal year (FY) ending June 30, 2009, CDCR had reduced overtime expenditures by approximately \$66 million when compared to FY 2007-08. To cite another example, CDCR is in the process of implementing a case management and

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* California State Auditor's comments begin on page 99.

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- ⑤ placement system based on risk to recidivate and inmate needs, including educational and vocational needs, which is being piloted at California State Prison, Solano. This system will produce data that is the best determinant of inmate need, as the Expert Panel on Adult Offender and Recidivism Reduction Planning has recognized, rather than the use of waiting lists as recommended by your report.

We would like to thank BSA for their work on this report. The CDCR will address BSA's specific recommendations in a corrective action plan at 60-day, 6-month, and one-year intervals. If you should have any questions or concerns, please contact Lee Seale, Deputy Chief of Staff, at (916) 323 6001.

Sincerely,

(Signed by: Brett H. Morgan for)

MATTHEW L. CATE
Secretary

Comments

CALIFORNIA STATE AUDITOR'S COMMENTS ON THE RESPONSE FROM CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION

To provide clarity and perspective, we are commenting on the response to our audit report from the California Department of Corrections and Rehabilitation (Corrections). The numbers below correspond to the numbers we have placed in the margin of Corrections' response.

We appreciate Corrections' recognition of the broad scope and complexity of the issues this audit addresses. While we agree that this report may not cover each and every nuance of Corrections' operations, we feel it provides sufficient detail to understand the issues discussed and to demonstrate that Corrections fails to maintain and use a variety of basic management information.

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Corrections' comment mischaracterizes the nature of this issue. We did not intend to suggest that the categories of "high-security" inmates, "violent offenders", and "specialized units" were always distinct populations. As discussed on page 34, because Corrections does not track costs in sufficient detail to associate inmate characteristics such as age, security level or custody designation with their impact on incarceration costs, its ability to compare inmate populations and the costs of those populations is limited, regardless of whether inmates are a part of one group or many. Similarly, because Corrections does not specifically track the costs of institution characteristics such as the physical design of the facility or the presence of specialized units that increase costs, its ability to compare the costs to operate one institution versus another is also limited.

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Moreover, while Corrections agrees that collection and use of data associated with inmate characteristics is an endeavor worth pursuing, its statement that it does not expect this type of data to yield simple revelations regarding how to effectively manage its operations seems to suggest that it believes it will be unable to identify areas for improvement based on such information, which contradicts previous assertions concerning the importance of data collection and analysis. Specifically, as discussed on page 35, Corrections is in the process of implementing a new data system that it asserts will allow for statewide data analysis. As part of its justification for the project to obtain the new system, currently estimated to cost \$175 million, Corrections stated that it does not have the ability to accurately track the costs of programs and that having data on inmate costs by facility mission, location and security level would allow it to improve management

decision-making and planning. If Corrections doubts that the tracking of such data will provide it the ability to more efficiently manage its operations, we are confused as to why it would pursue implementing a system to track this data.

- ③ Corrections states that many of the topics discussed in our report are not solely within its purview to address, and cites two examples. While we acknowledge that employee benefits and the three strikes law are not unilaterally within Corrections' purview to address, that does not absolve it from the responsibility of better managing its operations in light of the challenges these factors present. For example, as we recommend on pages 57 and 58, Corrections needs to be proactive in encouraging the Department of Personnel Administration to not agree to provisions in bargaining unit agreements that permit any type of leave to be counted as time worked for the purpose of computing overtime compensation—an employee benefit that affected the amount of overtime Corrections paid out until February of 2009. Furthermore, as described on pages 55 and 56, the additional years served by inmates under the three strikes law represent a significant cost. Although Corrections does not have discretion regarding some aspects of the incarceration of inmates under the three strikes law, tracking and using the types of data we describe throughout this report would allow it to become more efficient in managing the operational areas over which it does have control.
- ④ We find it odd that Corrections could assert that in the fiscal year ending June 30, 2009 it was able to reduce overtime expenditures by approximately \$66 million when compared to fiscal year 2007–08, as it was unable to provide us that information when we requested it in the weeks before we received its response. In fact, in an e-mail received from Corrections' chief of staff three days before we received Corrections' response to the audit, he indicated that Corrections was unable to provide information on the amount of paid overtime for fiscal year 2008–09 because it only had reliable data covering the first ten months of the fiscal year.
- ⑤ Corrections mischaracterizes the nature of our recommendation and is confusing assessing inmates' need for education with determining if the inmate received the classes the assessment indicated were needed. If Corrections' new system currently being piloted works as intended, it may produce data that is a better determinant of inmate needs than the waiting lists we describe in our report. However, we never recommended that waiting lists be used to determine inmate need. Rather, as stated on page 67, we recommended that Corrections track, maintain, and use historical program assignment and waiting list data by inmate to measure the success of its programs in reducing recidivism. Without monitoring this type of information, as we discuss on page 64, Corrections

cannot determine the length of time inmates are on a waiting list for a program, whether inmates are paroled before being assigned to a program for which they were waiting, whether inmates are assigned to the programs their assessments indicate they should attend, or the length of time inmates are in programs.

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(Agency response provided as text only.)

Prison Health Care Services
P.O. Box 4038
Sacramento, CA 95812-4038

August 20, 2009

Ms. Elaine Howle
State Auditor
Bureau of State Audits
555 Capitol Mall, Suite 300
Sacramento, CA 95814

Re: August 2009 Audit Report No. 2009-107.1

The purpose of this letter is to inform you that the Office of the Receiver has reviewed the draft report (2009-107.1) from the California State Auditor, Bureau of State Audits (BSA). California Prison Health Care Services (CPHCS) would like to take this opportunity to thank the BSA for your professionalism in gathering and documenting this audit, requested by the Joint Legislative Audit Committee. I especially appreciate your thoroughness regarding the telemedicine program and noting its progress to date.

As outlined in Objective 5.5 of the Receiver's Turnaround Plan of Action, I am committed to expanding and improving our telemedicine capabilities. We have identified telemedicine as an area of interest for improving access to care and quality of care for patient-inmates in California's 33 adult prisons. These efforts promise to significantly reduce cost and increase effectiveness of health care service delivery at COCR institutions, providing a positive return on investment. To that end, we concur with the BSA recommendations stated in the reports asking that CPHCS do the following:

To *minimize* costs through the use of telemedicine

- Review the effectiveness of telemedicine consultations to better understand how to use telemedicine.
- Perform a more comprehensive comparison between the cost of using telemedicine and the cost of traditional consultations beyond the guarding and transportation costs to make informed decisions regarding the cost-effectiveness of using telemedicine.

To *increase* the use of the telemedicine system

- Continue to move forward on its initiative to expand the use of telemedicine in COCR's institutions.
- Continue to implement the consultant recommendations that it has adopted from a review of telemedicine capabilities.

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- Maintain a focus on developing and improving its computer systems, such as the Health Care Scheduling System and the Clinical Data Repository, to increase the efficiency of using telemedicine.

I am pleased to report that CPHCS has already taken substantial action towards addressing these recommendations and has planned additional actions in the near future. These actions in-process and planned actions include:

1. We are engaging CPHCS Utilization Management resources to work closely with our telemedicine program to ensure that telemedicine utilization is maximized and used appropriately. This includes reviewing each specialty to determine the appropriateness of mandatory initial consultation through telemedicine, as well as continued care and follow up.
2. We are implementing a Third Party Administrator, which significantly enhances our data collection and analysis capability. This provides the ability to measure telemedicine costs and includes comparison to off-site costs.
3. We plan to identify internal, CDCR employed specialists and, where possible, make the specialists telemedically available to other institutions.
4. In July 2009, our telemedicine program launched a six institution initiative to increase telemedicine encounters, where medically appropriate.
5. We will be working with selective remote institutions to identify technical telemedicine barriers and fix them.
6. CPHCS has deployed a new data network to three of the 33 institutions. By the end of fiscal year 2009/2010 the network will be deployed to 20 institutions with completion of all 33 by June 30, 2012. The data network is the most critically important information technology project that telemedicine is dependent upon.
7. CPHCS is developing and deploying the Clinical Data Repository which provides electronic access to health care information. This improved access to health care information will greatly facilitate the use of telemedicine. As of June 30, 2009 CPHCS staff had successfully deployed Phase One of the Clinical Data Repository to a total of five of the 33 institutions.
8. The Strategic Offender Management System (SOMS) will serve as the platform for a unified custody and health care scheduling system. This improvement to health care scheduling will greatly facilitate the use of telemedicine. Deployment to the institutions is targeted to begin in June of 2010. Health care scheduling is a great example of the ever growing partnership between CPHCS and Corrections in the area of information technology.

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Thank you for your objective audit of our telemedicine program. Your audit confirms that while there has been improvement in our telemedicine program there remains opportunities for improvement. Telemedicine continues to be an area of focus and we are committed to expanding and improving telemedicine services delivered to California's patient-inmate population. Should you have any questions or concerns regarding our telemedicine program, please contact Bonnie Noble, RN, PhD, Director of Clinical Operations at (916) 445-1176.

Sincerely,

(Signed by: J. Clark Kelso)

J. Clark Kelso
Receiver

cc: Members of the Legislature
Office of the Lieutenant Governor
Milton Marks Commission on California State
Government Organization and Economy
Department of Finance
Attorney General
State Controller
State Treasurer
Legislative Analyst
Senate Office of Research
California Research Bureau
Capitol Press