

## **Budget Request FY 2011-2012**

*Secretary Designee John E. Wetzel  
Pennsylvania Department of Corrections  
House Appropriations Committee Hearing  
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### **Introduction**

Good afternoon, Chairmen Adolph and Markosek and the members of the House Appropriations Committee. Thank you for the opportunity to discuss the PA Department of Corrections and our 2011-2012 budget request.

### **Committed to Meaningful System Change**

The PA Department of Corrections is committed to work with the legislature, district attorneys, our colleagues at the Board of Probation and Parole (PBPP), and our other criminal justice system partners as we seek to responsibly reduce our population and ultimately our expenditures in the coming years. It is essential that you understand that one (reduction in expenditures) cannot take place without the other (reduction in population). We stand at the ready to begin the process.

### **Commitment to Staff and Their Safety**

Our number one asset remains the thousands of dedicated professional employees at the Department of Corrections. The budget request first and foremost keeps "boots on concrete" in our facilities at the necessary level. It ensures that we have financing to adequately and appropriately fund our security staff. Those who walk PA's toughest beat deserve to know that we won't make financial decisions that put their lives in jeopardy, as they protect the lives of the citizens of Pennsylvania.

In spite of the continued growth of the prison population along with operating well above optimal capacity, the Department continues to operate safe, secure and humane institutions. The number of assaults by inmates on staff decreased from 929 in 2003 to 729 in 2010. This is a drop in the rate per 1,000 inmates from 23 to 14. The number of assaults by inmates on inmates decreased from 757 in 2003 to 620 in 2010. This is a drop in the rate per 1,000 inmates from 19 to 12.

### **Funding Changes**

We are requesting a \$186.5 million increase in the 2011-12 State Correctional Institutions appropriation, which is an increase of 11%. The largest part of our increase is for \$172.9 million to replace the loss of federal ARRA funding that was used to fund over 2,500 corrections officers. Excluding the ARRA replacement funds, the other net budget increases amount to \$13.6 million or less than a 1% increase.

This budget request is for a \$51.8 million increase in personnel costs to maintain current staffing, provide for the annualization of 2010-11 pay increases, cover increased retirement costs and fill vacant positions to staff new housing units. No salary increases are included in our request.

This request includes the return of Pennsylvania inmates being housed in other states that will result in an operational savings of \$29.5 million. The Department will open additional capacity at a cost of \$4.4 million. This budget also calls for an increase of \$4.6 million for rising utility costs, \$4.6 million for medical contract increases and \$6.5 million for information technology (IT) costs. The IT infrastructure is woefully inadequate at both DOC and PBPP; this year represents the first step in addressing this shortcoming. The IT costs include additional funds to upgrade servers for the PBPP for critical operations (\$1 million), upgrade all desktops to Windows 7 and Microsoft 2010 since maintenance will no longer be available on existing systems (\$4.1 million) and provide funds for the ongoing IOCMS that will restructure major applications for the Department and PBPP (\$1.4 million).

A savings of \$32.2 million is achieved by eliminating the current year monies held in budgetary reserve.

### **Managerial Pay Compression Threatens the Future of the DOC**

The salary compression between managers and their subordinates has become one of the most pressing issues facing the Department. For instance, at the top end of their respective pay scales, a correctional lieutenant's pay is .03% higher than a sergeants. Such a discrepancy is not sustainable if we hope to properly manage our facilities into the future. Stated another way, this compression, which has gradually worsened over the past 8 years is resulting in good managers purposely taking a demotion to make more money and countless other very qualified candidates eschewing the prospect of promoting because they can't financially afford to do so. We know the Commonwealth can ill afford to address the issue this year; however we do intend to work with the commissioned officers and other managers to develop a plan to permanently fix this discrepancy and to phase in a financial remedy. At the same time, every effort will be made to reduce spending in other areas to make the solution budget neutral. One final thought, while compression is a significant challenge today, left unresolved, there will be serious implications in the coming years - the people who aren't promoting today, should be the people who are running our facilities for the next generation. A correctional system of this size that is not led by its best and brightest staff members is a recipe for disaster, literally.

**Inmate Population and Capacity Expansion**

The most public challenge facing the Department is the continued growth in the inmate population. The parole moratorium in effect near the end of 2008, followed by several months of a deflated parole rate (reaching a low of 38% in February 2009 in contrast to 58% rate prior to the moratorium) seriously impacted the Department's ability to bring on housing capacity to keep pace with the exponential and non-anticipated rate of growth. During the period from October 2008 through October 2009, the inmate population increased by 3,392 offenders or 2,387 more than expected, thus, forcing us to house 2,100 offenders out-of-state and 600 in county beds.

The inmate population remained stable through calendar year 2010. On December 31, 2009, the population was 51,487; and on December 31, 2010 it was 51,321. The Operational Bed Capacity at the end of last year was 46,637 (includes bed space in other jurisdictions), leaving us operating at 10% over capacity. The goal of the Department is to operate the Pennsylvania correctional system at our operational capacity, which represents the optimal number of inmates that each facility can house based on housing, availability of inmate employment or programming, support services and facility infrastructure.

Current prison population projections call for a "lull" in growth much of next year, but we expect a significant impact when the change in place of confinement for inmates serving a maximum sentence of 2 to 5 years becomes effective November 2011. These inmates will presumptively be sent to state prison, unlike the current law that allows for the sentencing judge an option to keep the offender in the county jail. We expect up to 2,300 more offenders per year beginning in 2012 as a result of this change.

With the help of the state legislature, our agency has implemented several initiatives that will enhance public safety and save precious taxpayer dollars. The State Intermediate Punishment program that began in May 2005 continues to be a solid investment. Since inception through the end of 2010, approximately 1,000 offenders have graduated from the SIP program. SIP graduates do as well as a matched group of offenders in terms of successful reintegration with the Commonwealth saving about \$34,000 per SIP graduate. Significant and multi-pronged strategies have been and continue to be used to increase the number of eligible offenders sentenced to SIP and these efforts are bearing fruit, not the least of which is the Judges SIP Checklist. Another legislative reform is the Recidivism Risk Reduction Incentive (RRRI), which was created in 2008. This legislation provides for eligible non-violent offenders to receive a reduction of their minimum sentence by completing all recommended treatment and education programs and maintaining positive institutional adjustment. More than

1,000 inmates with RRRI sentences have been certified and released from the DOC between inception and the end of 2010. These offenders served significantly less time in prison than they would have absent the RRRI program with a resulting savings to the Commonwealth of almost \$10,000 for each certified RRRI offender released.

The Department and PBPP are working together on parole centers. Act 95 of 2010 provided for technical parole violators (TPVs) to be diverted to parole centers, which are secure community corrections centers. PBPP estimated 1,000 technical parole violators per year would be diverted into these programs of up to four months that would reduce incarceration time by over one year. TPVs spend an average of 14 to 16 months in an institution. These centers are in operation and the diversion rates to date would yield an annual diversion of approximately 850 violators.

These programs contribute to the planned reduction of the inmate population to 49,787 in December 2011.

With all that being said, the Department stands committed to work with all stakeholders in identifying legislation to responsibly reduce our population, while working along side the Board in increasing operational efficiencies to achieve the same.

### **Addressing Growth Beyond 2011: Planned Construction of New Prisons**

Planning for the expected longer-term growth in our prison population, the Department is adding 1,200 beds in modular housing units that will be completed in the next six months. They will be located at Rockview (2 units), Cambridge Springs, Mahanoy, Greensburg, Laurel Highlands, Houtzdale and Pine Grove. The four units at Rockview, Houtzdale and Pine Grove will be needed to handle the facility population increase in 2011-12 and the other four units will likely be delayed until 2012-13.

Four housing units are being constructed with capital bond funds and will be completed in 2011-12. These units will provide 818 beds. They are located at Coal Township (230), Pine Grove (230), Cambridge Springs (230) and Forest (128). We expect to open all units when available except for the SCI Forest unit that is currently scheduled to open in 2012-13. A portion of Cambridge Springs will be temporarily closed when the new housing unit opens as it is more efficient to staff the new unit. The closed housing will reopen when additional capacity is required for female offenders.

We have also begun construction of a \$200 million, 2,000 bed prison located in Centre County, which is named "SCI-Benner Township". This project

experienced a 12-month delay due to court challenges in regards to the bidding process. The project was re-bid in April 2010 and the design-build contract was awarded on July 20, 2010. We plan to open the new facility in December 2012. Aligned with our ongoing efforts to minimize cost to taxpayers, SCI-Benner Township is located on the existing grounds of SCI-Rockview, which will allow the two facilities to share warehousing and administrative functions.

We expect to begin construction of the two previously approved replacement institutions for SCI Graterford in Montgomery County this year. As with SCI-Benner Township, this project was delayed due to legal challenges to the design-build concept employed during the bidding process. We received a favorable court opinion and the project was re-bid in October 2010. We are waiting on final execution of the design-build contract and anticipate completion of the \$400 million facility in July 2014. SCI Graterford, which was built in the late 1920s, will be deactivated due to the high costs and related operational challenges associated with maintaining an older institution. The facility is difficult to manage, very staff intensive and would require more than \$60 million in capital to maintain operations over the next decade. Therefore, it remains our intention to replace the current 3,000 bed facility at SCI-Graterford with a 2,000 bed medium security prison and a 2,100 bed maximum security prison for a net capacity gain of 1,100 beds. The new institutions will utilize a single continuous perimeter fence and common centralized services buildings, which will allow for shared use of some medical, dietary, and administrative programs. The new institutions are expected to operate with only a small increase in staff complement and will effectively pay for themselves with a 20 year return on investment due to operational savings associated with running a newer, more efficient prison.

The project to build a new institution in Fayette County, formerly named SCI-German Township, has been cancelled. This resulted from a thorough evaluation of the needs and benefits of this project that included factoring in the existing capacity, the expansion discussed above, and the commitment to actively seek to reduce population by all involved in the criminal justice system. This decision allowed us to realize a savings of almost \$200 million in capital budget funding, and an additional \$50 million per year in operating expenses.

### **Cost Saving Initiatives**

The Department of Corrections recognizes how critical the current fiscal climate is within the Commonwealth of Pennsylvania and continues to work towards looking at cost saving initiatives to alleviate the overall budget at

both the institution and Central Office levels. The following initiatives represent cost savings which has resulted in reducing the budget:

- **Evidence-Based Programming to Reduce Crime** - Sixty-five percent of the inmates within the correctional system have been identified as having a dependency on drugs and/or alcohol. As drug addiction is a factor related to criminality, the Department provides treatment in this area at levels clinically appropriate to the needs of the offender. AOD treatment programs are provided in all correctional institutions and the capacity within these programs has expanded significantly over time. Funding for programs has likewise increased, and inmate participation in these programs has doubled. The state and federal funding provided to the Department supports the substance abuse treatment program at the institutions, as well as programs for parole violators and community-based alternatives. In 2010, the number of offenders in institutions who received drug and alcohol treatment services was 15,407. This number increased as we further expanded the availability of AOD treatment to the short-minimum offenders, or those who enter the Department with less than 12 months until their parole eligibility date. This group comprised 1/3 of new court admissions in 2010. A major treatment modality within our AOD model is therapeutic communities, which are living units where intensive drug and alcohol programming is provided. We operate forty-nine (49) therapeutic communities at twenty-seven (27) state correctional facilities. These units contain 2,638 beds. A study begun in 1999 by Dr. Wayne Welsh of Temple University concluded that inmates receiving AOD treatment in therapeutic communities in Pennsylvania state correctional institutions had 15% reductions in their recidivism rates. There is a waiting list of inmates who are seeking placement into the therapeutic community programs and we have added units to meet this demand. At the same time, we are reviewing our assessment process and the subsequent treatment recommendations that result from it to ensure that we are not only meeting or exceeding recognized correctional standards, but also are supported by research. It is essential that the system, as well as the community can trust that we are assessing and programming with fidelity.

All offenders enter the DOC through a diagnostic center. There, staff conducts clinical and actuarial assessments of risk, or the probability that an offender will commit crimes upon release and crime-producing needs, or factors that research has demonstrated are related to criminality. Among the most prominent needs are: poor problem-solving and decision making skills, a lack of self control, drug addiction and low levels of educational attainment. A correctional plan is

developed that targets critical areas for the individual offender. This plan is reviewed by staff from the PBPP as well as the offender so that the expectations in terms of behavior and program compliance are clear to all parties at the outset on incarceration. Program offerings such as violence prevention, batterer's intervention, and sex offender treatment are designed to address issues related to the offender's criminal behavior and include relapse prevention strategies offenders will need once they resume community living. All programming is cognitive-behavioral, which means that the individual's thought patterns and maladaptive thinking are addressed and targeted, as a change in thinking is key to controlling anti-social behavior. Our programs are routinely monitored both by agency staff and outside experts to ensure that they are operating within the guiding principles of effective programs. A recent large-scale evaluation of prison-based programs by staff at the University of Cincinnati indicated that our programs are well-designed and faithfully implemented.

The Department provides vocational and academic programming, which is funded by the Inmate Training and Education appropriation, discussed later in this presentation. As close to 50% of offenders enter our system without a high school diploma or GED and an even higher percentage are classified as unskilled workers; this is a critical area that must be addressed to support positive offender reintegration. The most recent Department-initiated outcome evaluation indicates that there is an approximate 5% reduction in the one-year recidivism rate for inmates involved in vocational education programs compared to a treatment-only approach. An outcome study prepared by Linda G. Smith in 2005 concluded that correctional education participants had a lower rate of re-arrest (23.6%) compared to non-participants (29.4%). Participation in multiple education programs ("program stacking" that included enrollment in basic education, GED, and vocational programming) resulted in a lower recidivism rate for re-arrest (21.8%).

- **State Intermediate Punishment Program (SIP)** – SIP consists of four phases and lasts a total of 24 months. Phase 1 involves confinement in a State Correctional Institution (SCI) for a period of no less than 7 months. Currently, all male SIP participants are sent to either SCI-Pittsburgh or the Quehanna Boot Camp and all female SIP participants are sent to Quehanna Boot Camp for programming. During this first phase, at least 4 months are spent in the Therapeutic Community (TC) treatment program, which is an intensive inpatient alcohol and other drug treatment program. Phase 2 involves a minimum of two (2) months in a community based TC treatment program. Phase 3 involves a minimum of six (6) months of outpatient

addiction treatment. During this period, the participant may be housed in a community corrections center or placed in an approved transitional residence. Phase 4 consists of PA DOC supervised reintegration into the community for the balance of the 24 months of the program. From program inception in May 2005 through September 2010, 2,239 offenders were sentenced to the SIP program, with 933 of those offenders graduating. Six-month and one-year reincarceration rates are lower for SIP graduates than for a comparable group of non-SIP offenders (2.3% vs. 15.6% for the six-month rate and 6.4% vs. 36.5% for the one-year rate). The six-month and one-year arrest rates for SIP group are 9.9% and 20.5%, respectively, compared to 11.6% and 20.1% for the comparison group. In addition, SIP participants are not under parole supervision. As a result of these statistics, the Commonwealth saves approximately \$34,190 per SIP participant. The 933 current SIP graduates have thus saved the Commonwealth approximately \$31.5 million dollars. This is a conservative estimate, as other costs are likely saved including the cost of parole supervision.

- **Recidivism Risk Reduction Incentive (RRRI)** – RRRI was created to give eligible non-violent offenders an incentive to behave well while incarcerated and participate in crime-reducing programming during incarceration. Offenders who successfully complete their programming are eligible to receive a reduced minimum sentence. The ultimate goal of RRRI is to help offenders remain crime-free after release. Since November 2008, an estimated 5,060 offenders were admitted to PA DOC custody with a RRRI sentence date. This represents 25.3% of all new PA DOC admissions. An inmate that enters the PA DOC custody with a RRRI minimum sentence date is recommended for an average of 2.1 treatment programs during incarceration and must be certified by PA DOC staff that programming has been completed prior to being seen by the PBPP. The most commonly recommended treatment programming includes Violence Prevention, Therapeutic Community and Outpatient Treatment. This treatment programming is in addition to education requirements for some offenders. An estimated 1,167 RRRI sentenced inmates have been released from PA DOC custody. Of those released, 63.7% were certified by the PA DOC as fulfilling the requirements for release at their RRRI minimum sentence. Through RRRI, the Commonwealth has saved approximately \$11.4 million (an estimated \$9,769 per RRRI inmate) due to reduced prison stays. In addition, RRRI has resulted in an estimated prison population reduction of 647 inmates as of December 31, 2010. For both **SIP and RRRI**, recently, we have initiated a “Judge Checklist” to clarify eligibility requirements for practitioners. We have distributed this to Judges, District Attorneys, Public Defenders, Bar Associations,

Counties, Prison Boards, Wardens, the PA Commission on Crime and Delinquency, PBPP and the AOPC in the hopes of expanding the use of this successful program. To provide additional assistance, we have established an e-mail address ([SIPRRRI@state.pa.us](mailto:SIPRRRI@state.pa.us)) to provide answers to questions regarding SIP. To date, the response has been positive.

- **Cost Savings E-mail Address for DOC Staff** – We just launched an e-mail account in order to garner staff suggestions on how to reduce cost. We believe strongly that we have underutilized the creativity of our line staff and this initiative seeks to build on their knowledge to responsibly reduce costs. As of Friday, March 18, 2011, we have received over 300 suggestions, many of which are viable and within our control. We look forward to taking a team approach to both assess and initiate recommendations.
- **Anticipated Reduction in Hospitalization Costs** – We are projecting a \$5 million saving in our hospitalization costs. Due to fiscal challenges, it will require us to incorporate new and somewhat austere measures to compensate for reduced funding. The Department is seeking to reduce these costs by \$5 million through reducing the cost of inpatient hospital care by reimbursing inpatient providers at Medicaid rates for these services. Absent successfully negotiating this, legislation or regulatory changes will be needed to accomplish these savings that are received in other states such as Ohio, California, Colorado and Arizona.

## **Conclusion**

This budget reflects the Department's commitment to the citizens of Pennsylvania to provide community safety. We define that duty as both protecting the community from the inmates incarcerated in our facilities and by reducing the inmates proclivity to commit crime after incarceration through evidence based programming.

We are also committed to critically analyze our operations to ensure we are exceeding our duties and doing it in the most cost-effective manner possible. Taking a process based approach, we will examine every aspect of our operation and improve the areas in which we need to improve.

Additionally, we stand at the ready to actively participate in an examination of how justice is administered in Pennsylvania, with the goal of responsibly reducing the population by collecting good objective data throughout the criminal justice continuum and making sound decisions based on the data.