Getting Tough on Spending

An Examination of Correctional Expenditure in Massachusetts
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Dear Friends:

In 2013, a diverse cross-section of leaders stepped forward to form the Massachusetts Criminal Justice Reform Coalition. Led by Wayne Budd, Kevin Burke and Max Stern, members were drawn to the coalition by a shared understanding that the Commonwealth’s criminal justice system was riddled with counterproductive policies. They joined hands united in the belief that the time had come to address these challenges.

While past research from MassINC, the Boston Foundation, and others had revealed substantial problems and numerous commissions had convened to find solutions, there was no sense of urgency, and progress had been incremental at best. The coalition’s first undertaking was to capture this history and the nagging inefficiencies in their framing report, Crime, Cost, and Consequences, released in March 2013. This first report paid particular heed to the state’s fiscal challenges and the increasing tendency of the corrections system to crowd out other vital public investment.

We submit this fresh examination of correctional budget trends as legislative leaders sort through a bevy of criminal justice reform proposals, including findings and policy recommendations from the Justice Reinvestment Initiative. The most detailed report on correctional expenditure in Massachusetts to date, Getting Tough on Spending raises fundamental questions around how Massachusetts makes the state budget guiding policy for criminal justice reform. From providing treatment alternatives to incarceration for those struggling with mental illness and addiction, to reducing recidivism among those who commit violent crimes, all paths lead through the budget.

This unique and timely analysis would not have been possible without the coalition. We are grateful to Mike Widmer, a founding member, who stepped up and shared his years of experience monitoring state budget trends for the Massachusetts Taxpayers Foundation. We are equally indebted to several coalition members and advisors, who contributed their deep knowledge as former correctional administrators to help us devise methods to classify expenditures and staffing patterns in line with industry practices.

MassINC and the Boston Foundation hope that citizens and policymakers alike will find value in this research. Together, we encourage you to use these findings to engage in constructive debate around how the Commonwealth deploys limited resources to enhance public safety.

Sincerely,

Greg Torres
President of MassINC and Publisher of Commonwealth Magazine

Paul Grogan
President & CEO of the Boston Foundation
Getting Tough on Spending
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Executive Summary

Prisons and jails are a major cost center for state government. The $1.2 billion we spend each year incarcerating residents is just the tip of the iceberg. Much more significant is the cost of recidivism. Numerous reviews have shown that correctional facilities in Massachusetts are not set up to address the underlying problems of those they serve. As a result, these institutions harden many offenders and return them to the community in a more dangerous state than when they entered. These individuals go on to commit more crimes and destabilize more families and neighborhoods, sending a wave of criminal justice and human service expenses rippling through the state budget.

Getting Tough on Spending examines correctional budgets between FY 2011, an apex for the state’s incarcerated population, and FY 2016, the most recent fiscal year for which final expenditure data are available. The analysis suggests that there is significant opportunity to reallocate correctional resources to reduce recidivism and the associated costs to taxpayers.

Key findings to support this conclusion can be summarized as follows:

- Despite a significant decline in the total number of individuals held in correctional facilities in recent years, spending on prisons and jails continues to rise. Between FY 2011 and FY 2016, the average daily population in all state and county correctional facilities in Massachusetts dropped 12 percent, yet correctional budgets moved in the opposite direction. Between FY 2011 and FY 2016, the combined budget allocation to the Department of Correction (DOC) and county sheriff departments increased by 18 percent or $181 million to $1.2 billion.

- Though the state’s prisons and jails held nearly 2,900 fewer individuals, their budget growth outpaced inflation over this period by $72 million. Investments in evidence-based services could have leveraged this additional budget to reduce recidivism, producing even greater long-term savings for the state. But such a shift toward evidence-based services is not reflected in available data on correctional expenditures over the period.

- Between FY 2011 and FY 2016, correctional spending grew faster than many other components of the Massachusetts state budget. The 18 percent growth rate for state and county correctional facilities was more than 1.5 times faster than the rate of increase for state K-12 education aid, and twice the pace of growth for general local aid. The disparities are even greater in relative terms. For DOC and county facilities combined, the state budget allocation per inmate rose 34 percent between FY 2011 and FY 2016. Over this period, education aid per student increased by only 11 percent and local aid per resident grew just 6 percent.

- Growth in correctional spending has largely been driven by rising employee wages and new hiring. Employee com-

ES Figure 1: Trend in correctional spending and average daily population in correctional facilities, FY 2011 to FY 2016

Sources: MassINC's analysis of data from Massachusetts Budget & Policy Center and Department of Correction Weekly Count Sheets
pensation accounted for 84 percent of the growth in correctional spending between FY 2011 and FY 2016. Total employee compensation grew faster than the 9 percent rate of inflation over the period at both sheriff departments (20 percent) and the DOC (18 percent). At the DOC, growth in compensation was entirely due to higher salaries; county sheriff departments saw compensation expenditures rise due to growth in employee headcount, as well as salary increases.

- **With inmate populations declining and correctional facilities seeing potential cost savings, spending categories associated with recidivism reduction did not increase significantly, and these services continue to represent a small fraction of total correctional expenditure.** Spending on program services for incarcerated individuals declined from 3 percent of total DOC expenditure in FY 2011 to 2.7 percent in FY 2016. For county sheriffs, this category of spending remained constant at just 2 percent of total expenditure. The number of employees assigned to prison education declined at both state and county facilities. Spending on inmate health services grew at less than half the pace of overall correctional expenditures.

- **There are large and growing disparities in correctional spending across agencies.** In FY 2016, Bristol, Worcester, and Essex counties had the lowest spending per inmate, operating with roughly 25 percent fewer dollars than the average across all sheriff departments. This variation in expenditure is primarily associated with differing state appropriations, which provide more than 95 percent of the budget for nearly all of these agencies.

These expenditure patterns do not reflect the many steps correctional leaders have taken in recent years to introduce evidence-based, recidivism-reduction practices. Rather, they underscore the need for budget-makers to take a more active role helping correctional administrators overcome the inertia that makes it difficult to reallocate dollars within their agencies. To increase public safety and reduce costs, budget-makers must also provide leadership by actively moving resources from the corrections system to community-based treatment for individuals with serious behavioral health disorders. Toward these ends, this report offers four recommendations:

1. Create a line item in correctional budgets for evidence-based services.
2. Create a strong mechanism to divert resources and defendants from the justice system to behavioral health services.
3. Create a strong mechanism for reinvestment in high-incarceration-rate communities.
4. Improve data reporting on correctional expenditures and outcomes.

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**ES Figure 2:** Change in average daily population relative to employee headcount, FY 2011 to FY 2016.

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<thead>
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<th>Sheriff</th>
<th>Change in Average Daily Population</th>
<th>Change in Total Employees</th>
<th>Change in Security/Supervision Staff</th>
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<td></td>
<td>-16%</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>DOC</td>
<td>-8%</td>
<td>-4%</td>
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</tbody>
</table>

Sources: MassINC analysis of Massachusetts Office of the Comptroller data by request and Department of Correction Weekly Count Sheets
I. Introduction

During the “tough on crime” era, the mission of correctional agencies shifted away from rehabilitation and toward punishment and incapacitation. It has since become clear that this move was counterproductive from both a cost and public safety standpoint. Offenders are exposed to incarceration, which often increases the risk that they will commit another crime, and few get services that can compensate for this increased risk by reducing the likelihood that they will reoffend upon release. As a result, recidivism is now extremely high: approximately two-thirds of individuals sent to state and county prisons in Massachusetts have been incarcerated previously.

Despite tough-on-crime policies elevating recidivism, a variety of other factors have pushed overall crime in Massachusetts down and the state’s incarcerated population has begun to decline in response (see sidebar below for an explainer). It is notable that while the number of individuals in prisons and jails has fallen, correctional agencies have continued to see relatively large growth in their annual budget appropriations.

An extensive body of research on correctional expenditures predicts this counterintuitive pattern. Political scientists have long noted that spending on corrections—more so than other areas of state budgets—is less correlated with actual growth in expenses. The inability of states to effectively manage their corrections budgets tends to crowd out other spending, with education particularly likely to suffer. This has certainly occurred in Massachusetts: in FY 2001, the state spent 20 percent more on higher education than corrections; now Massachusetts devotes slightly more to corrections than higher education.

Historical Background & Context

Correctional facilities have traditionally sought to provide dual functions: punishment and rehabilitation. In the 1970s, however, a perfect storm gathered that would disrupt this balance in the United States for decades. It began with Watergate and the faith lost in government that ensued. On both the political left and right, doubts about the efficacy of public institutions charged with serving the most vulnerable in society became especially pervasive. To appease these fears, policymakers turned to researchers to demonstrate the effectiveness of public programs. But criminologists had difficulty producing studies that could consistently demonstrate that rehabilitation actually worked.

When crime abruptly spiked in the late-1980s and early-1990s, sentencing law became more punitive and “tough on crime” laws were introduced directly prohibiting correctional facilities from providing services to individuals incarcerated for a wide range of offenses. And even those who remained eligible had difficulty accessing correctional programs. Dramatically higher prison populations and ballooning costs left little funding for services. In response to severe overcrowding, many facilities converted classrooms to cells, which meant they no longer had appropriate space to provide education, job training, and behavioral health treatment.

With so many individuals exposed to incarceration at unprecedented levels and not receiving services, it is surprising that crime has fallen. Incapacitating more individuals by placing them behind bars for longer periods likely reduces crime somewhat, yet this is largely offset by the criminogenic effect of incarceration. For many individuals, serving a prison sentence only increases the likelihood that they will commit more crime in the future.

Studies show that it is not the costly increase use of incarceration that produced the precipitous drop in crime, but rather a variety of other factors. Reductions of high-blood-lead levels in children, the increased use of antidepressant and antipsychotic drugs, the legalization of abortion, and the improvement in women’s economic status have all been associated with the decline in violent crime. Hardening targets with closed-circuit cameras, private-security guards, and anti-theft vehicle technology have driven down property crime.

In Massachusetts, crime peaked in 1993. Although it has fallen steadily ever since, the state’s incarceration rates did not reach an apex until 2011. The incarceration rate in Massachusetts remains roughly two-and-a-half times higher than the 1980 level. There is general agreement that reducing incarceration will require a combination of addressing high rates of recidivism and diversion of those with behavioral health disorders, who would be better served in a public health treatment system.
A seminal 2009 report from the Boston Foundation and the Crime and Justice Institute drew attention to this problem. The study noted that spending on corrections was growing rapidly despite comparatively modest increases in the state’s incarcerated population, and that the growing corrections budget was not providing significant increases in public safety.6

Some change has occurred since the publication of this report. Criminal justice leaders in Massachusetts are working to reorient the criminal justice system away from tough-on-crime era policy and toward evidence-based approaches that ensure resources are utilized in the most effective manner. County sheriffs have been particularly aggressive, leveraging federal grants and partnering with leading technical assistance providers to introduce new treatment and reentry models. The Baker Administration, the legislature, and the courts have also dug in deeply, participating together in the Justice Reinvestment Initiative (JRI) and placing criminal justice reform at the top of the agenda this legislative session.7

But real change will require willingness to take on inertia in correctional budgets. Both the House and Governor’s FY 2018 budget proposals include only $3.5 million to implement the reforms called for by the JRI review—just 0.29 percent of state spending on corrections—a level that the independent JRI analysts noted was well below what would be called for in order to achieve significant public safety benefits at scale.8

The analysis of correctional spending patterns that follows makes the case that there is both the opportunity for a far more meaningful reallocation of resources, as well as viable models from other states to better deploy our limited funds.

II. Examining Correctional Spending Patterns

Massachusetts spends over $1 billion annually on correctional facilities. About half of these dollars flow to the state Department of Correction (DOC), which manages prisons for individuals serving sentences of more than 30 months. The other half goes to 14 county sheriff departments, which operate houses of correction for individuals serving shorter sentences, as well as jails for defendants awaiting trial. Together, state and county correctional facilities hold approximately 20,000 individuals on any given day and employ more than 13,000 workers.

While there is very limited research and reporting on how these agencies use their resources, recent efforts to increase government transparency in Massachusetts offer access to new information on correctional expenditures (see sidebar p. 14). This data suggests that agencies failed to fully realize an opportunity to reduce costs and improve outcomes as the number of individuals in their custody declined in recent years. As described in more detail in five key findings below, more attention to the allocation of correctional resources could lead to significant improvements in public safety.

1. Despite a significant decline in the total number of individuals held in correctional facilities in recent years, spending on prisons and jails continues to rise. Between FY 2011 and FY 2016, the average daily population across all state and county correctional facilities in Massachusetts dropped 12 percent, from 23,850 to 20,961 (Figure 1). Over this period, the population in DOC prisons decreased 8 percent, from 11,490 to 10,598; the number of individuals held in facilities operated by county sheriffs fell 16 percent, from 12,360 to 10,363.13

Correctional budgets moved in the opposite direction. Between FY 2011 and FY 2016, the combined budget allocation to the DOC and county sheriff departments increased by 18 percent or $181 million to $1.2 billion: the DOC budget rose $62 million (12 percent), from $532 million to $594 million; and sheriff department budgets climbed at double the pace (24 percent), increasing from $500 million to $619 million.

Budget growth with a declining population drove the average cost of incarceration up sharply. In FY 2016, the average daily population across all state and DOC inmates for one year was $55,616—a 22 percent increase from FY 2011. The cost of housing county inmates climbed even more rapidly, up by more than 42 percent over the five-year period. At $57,219 per year, the average annual cost for county inmates now surpasses the cost of housing DOC inmates.14
Declining correctional populations created an opportunity for direct savings that was not realized. One way to quantify the lost opportunity would be to assume that correctional spending should increase only at the pace of inflation when populations are declining. If the budget allocation for state and county correctional facilities had risen in line with inflation between FY 2011 and FY 2016, spending would have been $72 million lower than the actual level of expenditure in FY 2016.

The lost opportunity is even greater if one factors in the declining population. As correctional populations decline, there are fewer inmates who require supervision, clothing, food, health care, and other services. If the budget had adjusted down from FY 2011 levels for the variable costs savings associated with serving nearly 2,900 fewer inmates (roughly $6,000 per inmate) and otherwise grown at the pace of inflation, spending would have been nearly $90 million lower in FY 2016.\(^{15}\)

A full accounting of the opportunity lost would incorporate the benefits that would have been achieved had spending been directed toward activities that reduce recidivism. For instance, studies show that many evidence-based practices to reduce recidivism earn a return for taxpayers of two-to-one or more by avoiding crime and victimization and the associated costs. If correctional agencies had invested the $72 million they received above inflation in activities that save two dollars for each dollar invested, they could have produced $144 million in savings.\(^{16}\)

While there is no doubt that correctional agencies have been innovative and committed to the development and adoption of evidence-based approaches to recidivism reduction in recent years, expenditure data suggest effort is needed to restore balance between the incapacitation and rehabilitation function of these facilities in correctional budgets.

2. Between FY 2011 and FY 2017, correctional spending grew faster than many other major components of the Massachusetts state budget.

The pattern of declining correctional populations and rising correctional budgets stands out given the fiscal challenges Massachusetts encountered over this time period. The 18 percent growth rate for state and county correctional facilities was more than 1.5 times faster than the rate of increase for state K-12 education aid, and twice the pace of growth for general local aid. During this five-year period, correctional spending also rose significantly faster than every other part of the criminal justice system, including prosecutors, the courts and legal assistance, law enforcement, probation, and parole (Figure 2).

Disparities between growth in correctional spending and other components of the state budget are even more apparent when viewed in relative terms. For DOC and county facilities combined, the state budget allocation per inmate rose 34 percent between FY 2011 and FY 2016. Over this period, education aid...
per student increased by only 11 percent, MBTA spending per rider rose 8 percent, local aid per resident grew 6 percent, and MassHealth spending per enrollee fell 6 percent (Figure 3).

While the total state budget did rise faster than correctional spending (25 percent vs. 18 percent), the numbers are skewed because FY 2011 is the base year immediately following the Great Recession. Correctional spending was not cut as drastically during the recession, and therefore it did not rise as sharply as other categories coming out of the downturn. Over a longer time trend, spending for corrections rose much faster than growth in total state spending. Between FY 2001 and FY 2016, adjusting for inflation, the budgets for prisons, probation, and parole climbed 15 percent, while the total state budget rose 7 percent, and even more tellingly, all non-health spending in Massachusetts declined by 16 percent.
3. Between FY 2011 and FY 2016, growth in correctional spending was largely driven by rising employee wages and new hiring.

Employee compensation for state and county corrections facilities rose from $739 million in FY 2011 to $879 million in FY 2016. This $140 million increase accounted for 84 percent of the net $167 million growth in correctional spending between FY 2011 and FY 2016.\(^\text{17}\) At county sheriff departments, annual salaries for full-time staff rose 17 percent to $63,586. At the DOC, the average annual salary for full-time staff rose 22 percent to $76,037.

Total employee compensation grew faster than the 9 percent rate of inflation over the period at both sheriff departments (20 percent) and the DOC (18 percent). At the DOC, however, growth in compensation was entirely due to higher salaries; county sheriff departments also saw compensation expenditures rise due to growth in employee headcount. Over this period of declining inmate populations, the number of employees in sheriff departments increased by 5 percent, from 7,580 in FY 2011 to 7,961 in FY 2016. While the DOC saw significantly less contraction in their average daily population compared to county facilities, the DOC reduced employee headcount by nearly 4 percent between FY 2011 and FY 2016, going from 5,726 to 5,508 (Figure 4).

Security and supervision staffing—employees tasked with interacting directly with inmates and maintaining order—represent about two-thirds of employee compensation at county sheriff departments and over 80 percent at the DOC. Changes in this category are important to scrutinize because they should be tied more directly to the rise and fall of facility populations.

At the DOC, security and supervision employee headcount declined directly in line with the agency’s falling inmate population, dropping 8 percent from 4,444 to 4,069. In contrast, the average daily population at county facilities fell twice as fast, despite the fact that the number of employees in security and supervision grew by nearly 9 percent, from 4,498 positions in FY 2011 to 4,886 in FY 2016.

As a result, security and supervision staffing ratios for county sheriff departments fell by nearly one-quarter, from 2.7 employees per inmate to 2.1 per inmate. At the DOC, security and supervision staffing ratios held steady at 2.6 per inmate. While there is no standard ratio for inmate-to-security and supervision staff, correctional facilities in Massachusetts fall significantly below levels reported in other states.\(^\text{18}\) A study performed last year by the Public Consulting Group found that Massachusetts could save $170 million annually by bringing staffing ratios at county correctional facilities in line with agencies in other jurisdictions.\(^\text{19}\)
4. With inmate populations declining and correctional facilities seeing potential cost savings, spending categories associated with recidivism reduction did not increase significantly, and these services continue to represent a small fraction of total correctional expenditures. As strong evidence has emerged over the last decade demonstrating that behavioral health treatment, education and training, and reentry supports can reduce recidivism, throughout the country, administrators of correctional facilities have sought to increase access to these services. Numerous reviews of the criminal justice system have recommended this course of action in Massachusetts, but progress has been slow.

At the DOC, this is apparent in figures that show the proportion of individuals released from prison without receiving services indicated by risk/need assessment (a scientifically-validated screening process to identify factors that contribute to an individual’s propensity to offend). In FY 2015, more than one-third of DOC inmates identified for the violence-reduction program by risk/need assessment were released without receiving this treatment, either because it was unavailable in the facility where they were held, or because their sentence expired before space was available in the program. Similarly, more than one-quarter of all sex offenders were released without receiving cognitive-behavioral therapy that can help prevent recidivism, and nearly one-quarter of all inmates with substance use disorder returned to the community without receiving appropriate treatment for addiction.

While funding is not the only challenge, resource limitations have frequently been cited as a major barrier to increasing access to these evidence-based services. Declining populations and rising budgets presented an opportunity to divert resources toward this need, but expenditure data suggest dollars have not been reallocated accordingly.

At the DOC, spending on program services—a category that includes staff salaries and contracts to outside vendors who provide services and supplies for case management and reentry support, behavioral health counseling, and prison education—declined from 3 percent of total expenditure in FY 2011 to 2.7 percent in FY 2016. For county sheriffs, this category of spending remained constant at just 2 percent of total expenditures.

Lack of spending on prison education is particularly concerning given the large number of young adults in correctional facilities. Obtaining employment with a criminal record and limited education is a major barrier for many upon their return to the community. An extensive body of research demonstrates that prison education is one of the most cost-effective methods of reducing repeat offending.

Expenditure data show just 1.3 percent of payroll spending in the DOC and 1.0 percent for county sheriffs was devoted to prison education in FY 2016. Falling inmate populations and rising budgets did not result in a shift in resources to prison education. Between FY 2011 and FY 2016, the number of employees assigned to prison education declined by 14 percent in county facilities, from 115 employees to 99; the DOC prison education staff also fell slightly over this period, from 86 to 83. In contrast to the DOC security supervision staff-to-inmate ratio of 2.6 to 1, the DOC prison education staff-to-inmate ratio was 128 to 1 in FY 2016.

While treatment for mental health and substance use disorders is captured primarily in the program services category, some facilities may be reporting this expenditure in budget object codes that we have classified as health services. Of the net $167 million increase in correctional spending between FY 2011 and FY 2016, only $11 million went to improving health services; a 7 percent rate of growth that was less than half the rate of growth in correctional expenditures.

5. There are large and growing disparities in correctional spending across agencies.

In FY 2016, Bristol, Worcester, and Essex counties had the lowest spending per inmate, operating with roughly 25 percent fewer dollars than the average across all sheriff departments (Figure 5). This variation in expenditure is primarily associated with differing state appropriations, which provide more than 95 percent of the budget for nearly all of these agencies.

There are a number of potential explanations for these large variations in per-inmate expenditures, including differences in the age and layout of facilities, differences in the functions undertaken by each sheriff (e.g., some provide law enforcement services in their regions), and regional variations in personnel costs.

A closer look at personnel expenditures—the primary cost driver for correctional facilities—suggests that this is likely not the major cause for large variations in spending per inmate (Figure 6). Sheriff departments with low expenditures per inmate have personnel costs that are much closer to average. Moreover, vari-
ations in personnel cost do not closely follow regional variations in household income. For example, the Plymouth County Sheriff Department's personnel costs are about average despite above-average household income in the county. Conversely, the highest per-inmate budget appropriation allows Berkshire County to pay salaries that approach the state average in a county with the state's lowest median household income.24

Between FY 2011 and FY 2016, budget growth had limited correlation to changes in inmate population (Figure 7). In Norfolk County, the budget grew by 29 percent while the population fell 25 percent; Bristol County saw nearly the same increase, though its population declined by only 14 percent.
In some counties, declining inmate populations led to more balanced spending, while in others disparities only widened. For instance, per-inmate expenditures went from nearly 20 percent below average in Plymouth County to slightly above average. Alternatively, the disparity grew wider in Worcester, where expenditures went from 13 percent below average in FY 2011 to 28 percent below average in FY 2016.

There are even wider variations in expenditures for inmate program services (both staff and contractual expenses). Bristol and Essex—counties at the low end on per-inmate budget appropriation—are spending less than $500 per inmate; at the other extreme, Norfolk and Suffolk are in the $2,000 per-inmate range.
III. Taking Advantage of the Justice Reinvestment Opportunity

For one of the most vital services government provides, the criminal justice system operates with limited transparency and accountability. With policymakers focused on comprehensive criminal justice reform, there is a unique opening to build a system that allocates funding more effectively. As described below, this will require improvements in correctional budgeting and data collection, as well as funding structures that redirect significant resources to two areas: behavioral health and community-based services.

1. Create a line item in correctional budgets for evidence-based services. Correctional administrators regularly contended that they have limited dollars for program services after they cover salaries and other basic operating costs. They argue that budget-makers can address this problem by creating a line item for evidence-based services based on standard assumptions for the suite of services correctional facilities should provide, and per-inmate costs for delivering them.

There is some precedent to buttress this conclusion. In the 1990s, more than 2,000 Massachusetts inmates participated in college courses. Very few incarcerated individuals have that...
opportunity now, in part because spending is no longer allocated for this purpose. In 1990, the DOC budget included a line item providing nearly $7 million (in today’s dollars) for prison education. By 2004, this figure had fallen by 25 percent to $5 million. After 2004, the prison education line item was eliminated entirely from the DOC budget.25

Creating a line item for evidence-based services could help ensure that facilities across the state are able to deliver a more consistent set of services. In crafting this line item, the state should also consider removing prohibitions that prevent sheriffs from providing funds directly to community-based organizations, which can cost effectively provide reentry services and supports.

2. Create a strong mechanism to divert resources and defendants from the justice system to behavioral health services.

A major impetus for corrections reform is recognition that prisons and jails house an overwhelming number of individuals struggling with mental illness and addiction, who would be better served by an effective public health system. Treating these conditions in correctional settings is costly, and often it is more difficult to provide these individuals with the continuum of medical care that their conditions require.26

Massachusetts law currently allows judges to stay cases and divert defendants to treatment. Defense attorneys, however, are hesitant to advise clients to follow this course because of an inadequate treatment system. Attorneys fear clients will not only relapse without adequate treatment but also receive a stiffer sentence as a result when they return to court.

Concerted efforts are under way to build a more effective treatment system and pending legislation would make it easier to divert more defendants with identified substance use disorder into medical care (see sidebar p. 16). This analysis suggests the decline in correctional populations presents an opportunity to transfer resources to treatment.

One day in residential substance abuse treatment in Massachusetts costs roughly $75, about half the cost of incarcerating individuals at a correctional facility. Between FY 2011 and FY 2016, the average daily population of correctional facilities in Massachusetts fell by nearly 2,900 individuals. Just the variable cost savings associated with this decrease (approximately $16/day) would be enough to add nearly 600 residential treatment beds, a more than 25 percent increase.

With a commitment to shifting correctional expenditures into treatment, Massachusetts could channel a much larger volume of defendants out of courtrooms and into appropriate medical care. Recent research on states that have taken this course validates the potential for improved health and public safety outcomes and cost-savings.27

3. Create a strong mechanism for reinvestment in high-incarceration-rate communities.

Recent research by MassINC and the Boston Indicators Project reveals the impact tough-on-crime era policies have had on urban neighborhoods.28 For these communities, the problem is less related to substance abuse and more about the intergenerational legacy of racism and disinvestment. Addressing these challenges requires resources at the community level to bolster prevention efforts, offer diversion alternatives to stop the flow of individuals into prisons and jails, provide support for victims of violence, and aid individuals and families affected by incarceration.

The need for viable alternatives to incarceration is plainly demonstrated by the JRI analysis, which shows nearly half of all inmates released from incarceration in FY 2015 served less than a six-month sentence.29 This short prison stay gives individuals the criminogenic risk associated with incarceration, but they have little to no opportunity for programming intervention. Only poor outcomes can result from this mix.

FY 2013 sentencing data, the most recent figures available from the Trial Court, indicate that judges are opting for incarceration because they lack faith in the community corrections system as an alternative. Among all individuals convicted for offenses where community corrections may have been appropriate according to Massachusetts sentencing guidelines, only 15 percent actually received community corrections as an alternative to incarceration; the vast majority served prison terms.30

Mayors, police chiefs, county sheriffs, and nonprofit community organizations must all be part of the effort to champion sustainable funding for a web of services that provides alternatives to incarceration. These resources should be flexible and deployed competitively to those that are able to demonstrate results. As noted by Vera Institute researchers, other states are
Building a Substance Abuse Treatment System in Massachusetts

Growing medical consensus suggests successfully treating a serious substance use disorder requires effective behavioral and pharmacological interventions across a continuum of care. Individuals with the most complex substance use problems—those most likely to interact with the criminal justice system—will not respond to past models of intervention that treated the disorder more like an acute condition than a chronic disease. Without a system that offers a continuum of care, these individuals cycle in and out of intensive short-term treatment programs, inefficiently utilizing scarce medical resources. Failure to adequately treat these individuals also has enormous long-term costs in the form of crime and victimization, social welfare expenditures, and provision of public benefits.

Massachusetts is working to address this problem and reduce these costs by building an evidence-based, outcome-driven substance use disorder treatment system. The state has added 455 substance use treatment beds over the past two years. This growth was supported by a $40 million increase (40 percent) in Department of Public Health spending on substance abuse services between FY 2015 and FY 2017. MassHealth reimbursement for substance abuse treatment has also increased considerably, rising $35 million (24 percent) between FY 2012 and FY 2015. However, there is still a significant bottleneck for patients transitioning from detox to residential treatment. A 2015 study by the Center for Health Information and Analysis found residential providers had wait lists of up to 10 weeks. Since that time, the ratio of residential treatment beds to detox beds has held steady at roughly three to one. And justice-involved individuals face even more difficulty accessing limited residential treatment because many providers do not serve those with pending cases.

Notwithstanding the uncertainty in Washington, changes introduced by Massachusetts’s recent Medicaid 1115 waiver should lead to further expansion of community-based treatment options. The new waiver allows the state to cover more post-detox stabilization services, recovery coaches, and doctors visits that integrate substance abuse treatment with primary care. Legislation introduced by Representative Liz Malia (H. 2181) would make these services available to those in the criminal justice system by giving more defendants the chance to be assessed for drug dependency. Those with identified treatment needs could request assignment to a drug treatment facility and all court proceedings would be stayed until the treatment program is completed.

This pending legislation would also help expand treatment by shifting more of the burden to private health insurance. Currently, public payers cover three-quarters of hospital discharges for opiate treatment. Commercial health insurance carriers have been increasing the amount and types of treatment services covered, to meet both behavioral health parity laws and the Affordable Care Act’s essential health benefits requirement, but progress has been slow. Currently, insurers cover only 14 days of residential treatment. (H. 2181) would require insurers to provide 28-day residential treatment.

finding new performance-based models to give these local actors access to more cost-effective options to protect public safety (see sidebar p. 18).

Without a mechanism for generating funds for reinvestment, Massachusetts has struggled to sustain community-based services in high incarceration rate communities. A glaring example is the Overcoming the Odds (OTO) reentry program, a partnership between the Boston Police Department, the Department of Correction, and the community-based organization, Community Resources for Justice (CRJ). Together, these partners identified moderate-to-high-risk DOC inmates returning to high-crime neighborhoods in Boston. CRJ case managers worked with individuals (for up to three months prior to release) to prepare them for their transition to the community, and provided specialized case-management reentry services and mentorship for six months post-release. Of the 297 individuals served, over 90 percent completed the program successfully. Despite the achievements of this partnership and lack of an adequate alternative reentry program for this population, the program was forced to end abruptly last fall when federal grant funding expired.
Lack of state resources to sustain OTO is particularly notable given how visible it was and how significant the need is to ensure that high-risk DOC prisoners, many of whom are released from maximum security facilities with no supervision, receive the support they require to return safely to the community. While much attention had been drawn to this concern by MassINC and others, and correctional budgets were rising, DOC funding for reentry was reduced from $600,000 in FY 2011 to just $260,000 in FY 2016 (a level that could keep the Overcoming the Odds program operating, if it were devoted entirely to that one activity).

For Massachusetts, the challenge is building a sustainable, performance-based funding mechanism to support community-based services in affected communities. Given the fiscal pressures facing the state, these investments will be difficult to make and sustain without a strong a policy that specifically ties reduced funding for corrections to alternative investments in public safety. The Justice Reinvestment Act reintroduced by Senator Chang-Diaz proposes such a vehicle.

As state policymakers set a course for criminal justice reform in Massachusetts, they should be mindful that the original purpose of Justice Reinvestment was repairing communities impacted by high levels of incarceration and the resulting disinvestment, social isolation, and downward economic mobility. To date, a major critique of JRI efforts is that most states have ignored the need to address the legacy of tough-on-crime policies on these neighborhoods. By reconfiguring correctional budgets, Massachusetts can stand apart.

4. Improve data reporting on correctional expenditures and outcomes.

Data are the key to ensuring that public investment yields public benefit. Many have noted that the state’s criminal justice data infrastructure has major gaps. This is the direct result of the fractured criminal justice system. Criminal justice agencies span different branches of government and operate at both the state and local level. The distributed nature of their responsibility makes integrated data systems all the more imperative.

The analysis contained in this report is an example of both the potential of good data and the need for additional action in order to realize the promise of existing data systems. The Office of the Comptroller’s CTHRU Open Records Platform now offers a complete view of changing spending patterns for all correctional agencies. These data cover both personnel expenditures and services procured from external vendors. The costly and technically challenging work is in place, so now it is a matter of developing protocol and standards. For example, each agency uses different titles for similar positions. Standardizing titles would allow for much more accurate analysis of changes in staffing over time and variation across agencies. And while there are standards for classifying expenditures under different object codes, these codes are not used consistently across correctional agencies. With modest effort, it would be possible to gain a far more accurate understanding of how much each agency is spending on mental health and substance abuse treatment, prison education, and pre- and post-release reentry services.

Recent analysis by the Federal Reserve Bank is another example of both the potential and the limits of current information technology. After merging the state’s criminal records database with wage records from unemployment insurance filings, the researchers were able to provide hard evidence that recent reforms in how criminal records are accessed by private employers for background checks has reduced recidivism but did not increase employment. The authors did note that data limitations presented many barriers to identifying the underlying cause of these findings. Similarly, the state’s early pay-for-success projects have been significantly hampered by data limitations. While agencies have made valiant efforts to overcome these obstacles, it is increasingly clear that data quality presents a significant impediment to implementing performance-based contracting models.

Fortunately, the Justice Reinvestment Policy Framework for Massachusetts offers a robust response to these issues. The document calls for establishing data collection reporting standards for criminal justice agencies and the courts. The framework also emphasizes the need for data integration between correctional and behavioral health agencies. Any serious response to the correctional budgeting challenges highlighted in these pages must contain a concerted effort to improve the state’s criminal justice data infrastructure.
Performance-Based Funding Models for Justice Reinvestment in High-Incarceration-Rate Communities

Although the Justice Reinvestment Initiative has struggled to direct resources to high-incarceration-rate communities, it has established relevant models for performance-based funding that provide more flexibility for local decision-making, which Massachusetts policymakers can examine.

**Michigan**, for example, now ties some of its funding for local corrections directly to the state’s sentencing guidelines. Counties are awarded additional funding for retaining offenders locally who fall into the range of the state’s sentencing grid, where community corrections is deemed to be an appropriate alternative to incarceration at the judge’s discretion. In a single year, this change avoided more than 8,000 state prison commitments.42 **California** adopted a similar approach in 2009. In the first year it was implemented, the state saw a 23 percent drop in prison commitments, distributing $88 million in savings to county probation agencies (50 percent of the savings from reduced state prison commitments) to reinvest in evidence-based programs.43 This practice spread to **Ohio** in 2011, when the state offered $5 million in grants to local probation agencies that identified key problems, proposed solutions to those problems, and established performance metrics for reducing probation violations. Early analysis showed this approach has also produced savings.44 While these performance-driven reinvestment models have largely focused on reducing costs by lowering probation revocation, **Colorado** offers an example of how resources can be reinvested directly in community-based organizations to meet a wider set of objectives. The state’s FY 2015-2018 biennial budget included $1 million for a grant program to community-based organizations that provide reentry services. These resources were awarded to the Latino Coalition for Community Leadership, a national intermediary that competes for state funds and re-grants them to small grassroots organizations, after providing training and technical assistance. Seven community and faith-based organizations have been awarded these funds, with multiple performance measures assigned to each sub-grantee. Preliminary data show parolees assigned to these organizations for reentry services have had significantly better outcomes.45 Pending JRI legislation in Colorado would expand this approach, allocating savings from parole reforms to community-based, crime-prevention initiatives that increase school achievement, expand access to economic opportunity, and further community development. Funds would be targeted to two communities with high rates of crime and incarceration.

Online Appendices

A. Estimated Correctional Expenditures by Category, FY 2011 and FY 2016
B. Expenditure Categories by Budget Object Code
C. Expenditure Categories by Position Title
Endnotes


4. While there is no single explanation for this trend, it has been attributed to changes in sentencing law that have had the net effect of reducing incarceration in the near term. Additionally, challenges at the state crime lab have made it difficult to win and sustain convictions against thousands of drug offenders. See population projections analysis in: Nicholas Cannata and Gina Papagiorgakis. “Prison Population Trends 2014” (Concord, MA: Massachusetts Department of Correction, 2015.) Also see analysis of changes to sentences of incarceration for drug crimes in: Benjamin Forman and others. “Mounting an Evidence-Based Criminal Justice Response to Substance Abuse and Drug Offending in Massachusetts” (Boston, MA: MassINC, 2016).

5. As evidence of the inefficiency, they point out that spending on prisons tends to rise in states where a large number of elections are non-competitive, and decline in states where voters are more directly involved in appropriating funding. Notably, Massachusetts is among states with the least competitive elections; Massachusetts voters are constitutionally prohibited from directly appropriating funds through ballot initiative. See: Thomas Stucky and others. “A Bigger Piece of the Pie? State Corrections Spending and the Politics of Social Order” Journal of Research in Crime and Delinquency 44.1 (2007); John Ellwood and Joshua Guetzkow; “Footing the Bill: Causes and Budgetary Consequences of State Spending on Corrections” in Do Prisons Make Us Safer? The Benefits and Costs of the Prison Boom (Steven Raphael and Michael Stoll, editors), Russell Sage Foundation, 2009; Steve Kocen. “Analysis: Massachusetts’ Democracy is Showing Signs of Weakness” WBUR (October 13, 2016).

6. As evidence that this additional spending produced limited benefit, the authors note that measures of recidivism, parole revocations, and probation surrenders showed little change over the 10-year study period. See: Len Engel. “Priorities and Public Safety: Reentry and the Rising Costs of our Corrections System” (Boston, MA: The Boston Foundation, 2009).

7. Funded jointly by the federal Department of Justice and the Pew Charitable Trusts, JRI provides independent analysis to help policymakers reduce corrections spending and reinvest the savings in strategies that decrease crime and increase public safety.


10. See Endnote 2.


13. Between FY 2011 and FY 2016, the average daily population serving sentences in houses of correction operated by county sheriffs fell by more than one-quarter, from 6,648 to 4,936, and the average daily population of defendants awaiting trial in county jails declined by 8 percent, from 4,729 to 4,337.

14. The higher average cost figures are particularly notable because they are often the basis for cost-benefit estimates for evidence-based interventions to reduce crime and incarceration.


16. This return is not realized immediately, because avoided recidivism occurs in the future and avoided re-incarceration expenses stretch out over the period of confinement. However, returns reported from cost-benefit analysis are net present values that apply a discount rate to account for this delay. For example, see: “Washington State Institute for Public Policy Benefit-Cost Results: Adult Criminal Justice” (Olympia, WA: Washington State Institute for Public Policy Benefit-Cost Results, 2016).

17. Budget allocations to correctional agencies and correctional expenditure data vary slightly. As noted previously, the net difference in the budget allocation was larger ($181 million) than the net difference in correctional expenditure between FY 2011 and FY 2016.


20. For example, see “Governor’s Commission on Corrections Reform, Strengthening Public Safety, Increasing Accountability and Instituting Fiscal Discipline in the Department of Correction” (Boston, MA: Executive Office of Public Safety, June 2004).

22 Lois Davis and others. “Evaluating the Effectiveness of Correctional Education: A Meta-analysis of Programs that provide Education to Incarcerated Adults” (Santa Monica, CA: Rand Corporation, 2013).

23 These departments receive a very small share of their budget from federal funds, less than 1 percent in most cases. Hampden County does generate modest resources (3 percent of expenditure) from retained revenue; Barnstable and Essex draw significantly from trusts (10 percent and 4 percent of expenditure, respectively).

24 Each county sheriff negotiates labor contracts individually with their bargaining units. These contracts must then receive approval from the Secretary of Administration & Finance.


30 These figures are for FY 2013, the most recent year for which sentencing data are available. See “Justice Reinvestment At-A-Glance: Community Corrections” (Boston, MA: MassINC, October 2016).


32 Figures obtained through correspondence with CRJ.


38 “Governor Working Group on Opioids: Update” (Boston, MA: Executive Office of Health and Human Services, September 2016).


40 “Access to Substance Use Disorder Treatment in Massachusetts” (Boston, MA: Center for Health Information and Analysis, 2015).


43 Shames and Rahdert (2012).

44 Brian Martin and Steve Van Dine. “The Probation Improvement, Incentive and Smart Ohio Grant Programs: Overview and Early Findings” (Columbus, OH: Ohio Department of Rehabilitation and Correction, 2015).

45 Information supplied by Christie Donner, Executive Director of the Colorado Criminal Justice Reform Coalition.
ABOUT MASSINC
The Massachusetts Institute for a New Commonwealth (MassINC) is a rigorously nonpartisan think tank and civic organization. It focuses on putting the American Dream within the reach of everyone in Massachusetts using three distinct tools—research, journalism, and civic engagement. MassINC's work is characterized by accurate data, careful analysis, and unbiased conclusions.

ABOUT THE MASSACHUSETTS CRIMINAL JUSTICE REFORM COALITION
The Massachusetts Criminal Justice Reform Coalition (CJRC) is a diverse cross-section of leaders who find common ground in the urgent need for comprehensive corrections reform. The Coalition co-chairs are: Wayne Budd, former U.S. Attorney; Kevin Burke, former Secretary of Public Safety; and Max Stern, past President of the Massachusetts Association of Criminal Defense Lawyers.

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