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Curbing the Cost of Incarceration in California

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CURBING THE COST OF INCARCERATION IN CALIFORNIA



From the Office of
Senator Rob Hurtt

April 1994

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ROB HURTT

THIRTY-SECOND SENATORIAL DISTRICT



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April 20, 1994

Dear Fellow Californian:

Our society is in crisis. Little girls are no longer safe in their bedrooms. Families who have lived in neighborhoods for years are frightened to walk in their streets after dark. In some areas, street gangs are more prevalent than little league teams, and their members are no older.

Crime in our state has reached epidemic proportions, and while some suggest that the overall trend has leveled, California's citizens are experiencing a dramatic increase in violent crime that has a chilling effect on us all.

Our current criminal justice system is failing. Only a small percentage of criminals are caught, and of those, fewer still do any significant time behind bars. We routinely release dangerous people back into our neighborhoods -- long before their full sentence has been served -- and we scratch our heads when they commit more crimes.

If it is the fundamental responsibility of government to protect its people, then we all have lost. But in every crisis there is opportunity, and this report is about that opportunity.

After the recent passage of "three strikes laws", critics warned that we would never solve our crime problem with an expensive prison expansion program.

They said our society would become less productive and even less safe with more prisons. But they never explained why we aren't safe today with fewer prisons.

They complained that our state is too poor to protect its people with these tough new crime laws and we had better rethink the costs these new laws will require in new prison construction.

Yet, no one offered a plan on how to cut costs and build more prisons. That is, until now.

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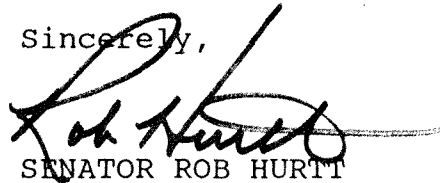
Curbing the Cost of Incarceration in California is a concise look at the fundamental costs to society in failing to protect its citizens, and specific recommendations in applying the limited resources available to lock up more of the predators who terrorize our streets.

While there are no easy answers, we all know what happens when we fail to keep criminals off our streets and out of our bedrooms.

The people of this state have a right to expect their government to protect them from the dangers of crime. I believe that if we consider the findings and enact the recommendations in this report, we can send a message to criminals that we are finally serious about fighting crime in this state.

Then, we can begin to restore the faith of the citizens of this great state that we can protect them.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Hurtt", with a long horizontal flourish extending to the right.

SENATOR ROB HURTT

Table of Contents

| | |
|---------------------------------|----|
| Introduction | 1 |
| Truth in Sentencing | 3 |
| The Cost of Crime | 6 |
| The Cost of Incarceration | 10 |
| Prison Industries | 12 |
| Prevailing Wage Reform | 14 |
| Privatization | 16 |
| Recommendations | 20 |
| Endnotes | 25 |
| Resources | 27 |

INTRODUCTION

While it is easy to vote for "get tough on criminals" legislation, the real effort is in finding ways to keep violent criminals behind bars where they belong. Our criminal justice system is so complex and multi-tiered that effective reform measures must encompass different venues. The most critical area for reform is our state's correctional system. Through the current revolving door policy of our prison system, California has literally failed to keep our citizens safe in their communities. The main component in this failure is the critical waste of resources in the correctional system. While there have been several reports that have come to the same conclusion, none have attempted the breadth of reforms initiated in this proposal.

The Revolving Door of Crime

In order to guarantee that convicted felons serve the majority of their sentences we must stop the revolving door of our correctional system. Our state's current practice of allowing criminals to serve a fraction of their sentence results in the early release of dangerous felons who, as will be shown, are the substantial cause of violent crime. Clearly, the answer is not in halving prison terms, but in building more prisons.

The Cost of Crime to Society

By examining estimates of crime commission rates and the economic costs of crime to victims, it is clear that the expense of keeping a felon in prison for one year is a fraction of the cost that criminal would inflict on the community. By way of example, it will be demonstrated that the cost of keeping the average burglar in a California prison for one year is one fourth the cost of letting that criminal roam the streets.

Lowering the Cost of Corrections

The most important component of this analysis will outline major cost saving measures that California could implement today which would dramatically lower the cost of incarcerating convicted felons. Rather than letting criminals out of prison early to reduce costs, we should be examining ways to build and manage prisons more affordably. New prison construction, inmate work programs, and privatization of prison management can all be reformed to save California money on corrections without sacrificing safety or security.

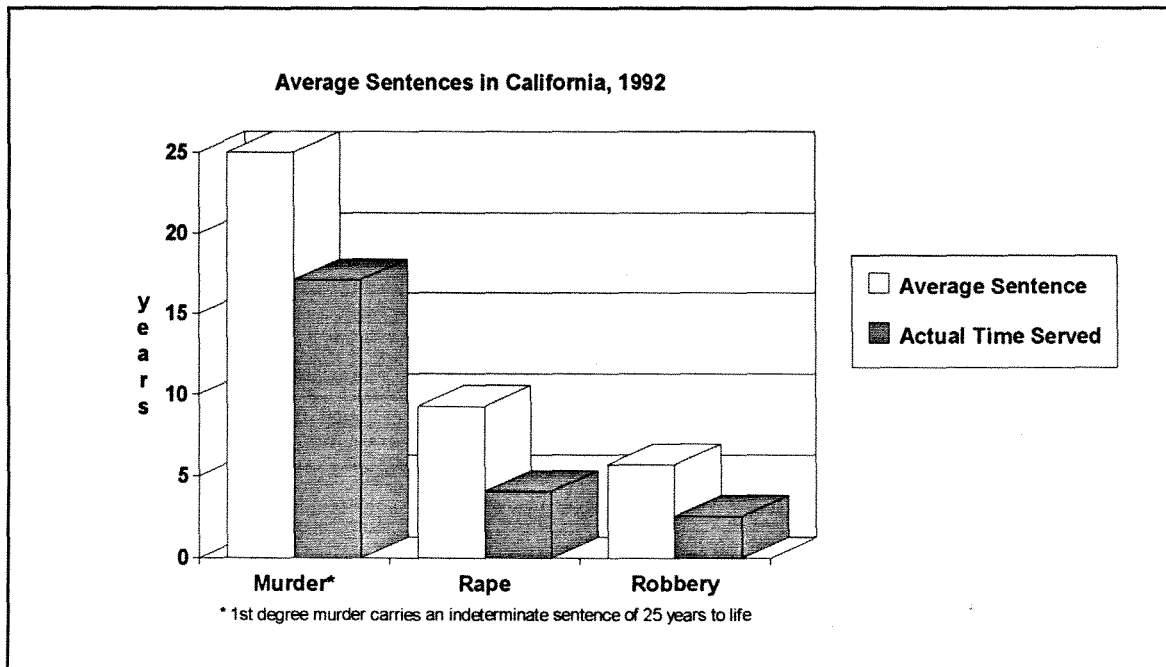
TRUTH IN SENTENCING: WHY WE NEED MORE PRISONS

Many critics of "three strikes" laws and of mandatory sentencing laws in general argue that despite the increased incarceration of criminals, crime rates continue to rise. But in fact, crime rates have generally remained steady. It is violent crime that has exploded and Californians simply don't feel safe. This fear is partially based on the fact that fewer criminals are going to prison and they're serving less time while there. Consider the following statistics:

- Although the national prison population has been steadily increasing since the early 1980's, the number of criminals going to prison per 1,000 serious crimes dropped from 143 to 131 between 1981 and 1989.¹
- Fewer than 1 in 10 serious crimes result in imprisonment.²
- A 1992 U.S. Department of Justice study found that 63 percent of criminals on felony probation were arrested again within two years of their release.³
- For every burglary committed, the chance of arrest is only 7 percent. Of that 7 percent, 87 percent are prosecuted of which 79 percent are convicted. Of that 79 percent only 25 percent actually go to prison.⁴
- Multiplying all these probabilities results in a 1.2 percent chance of going to jail for every burglary committed.

The tragic cases of Polly Klaas and Kimber Reynolds are poignant examples of what can happen when criminals are released from prison before their full sentences are served. Yet, these cases are only the most publicized examples of a continuing crisis here in California. As of 1992, 1st degree murderers served, on average, only 56 percent of their sentence, rapists served 44 percent, and robbers 45 percent (see Figure 1).⁵

Figure 1



The main reason why prisoners do not serve their full terms is cost. Instead of instituting other cost reforms of this bloated and wasteful system, we simply grant early releases to thousands of violent offenders. Clearly, early releases are not the answer. Alarming numbers of these released inmates commit more crimes and, if they are even apprehended, go back through the revolving door of our justice system.

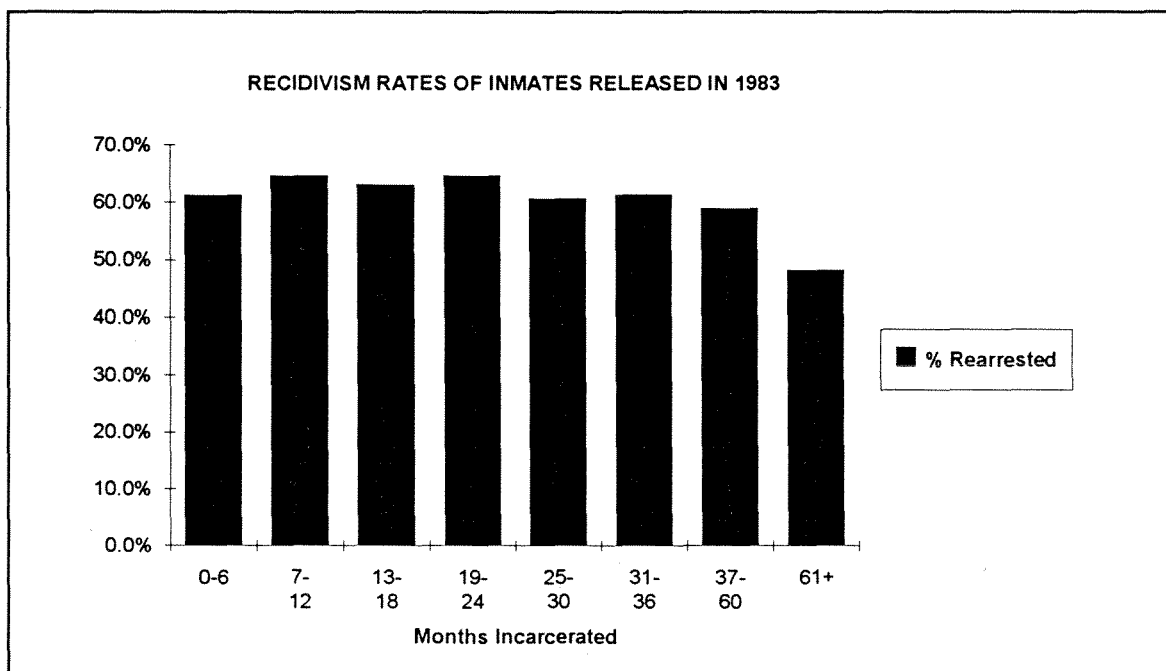
- A 1989 U.S. Department of Justice study of 108,850 state prisoners released in 1983 from eleven states found that within three years 63 percent of violent offenders were rearrested for a felony or serious misdemeanor.⁶
- 36 percent of all violent offenders tracked by the study were rearrested for another violent crime.
- Approximately one in three released violent offenders and one in five property offenders are rearrested within three years for a violent crime.⁷

Alternative sentencing measures such as electronic monitoring and intensive parole supervision are more costly than traditional measures, nearly twice the cost of routine supervision, and do not prevent criminals from committing more crimes. Research into early releases of prisoners confirms that these criminals are likely to commit more crimes.

- A 1989 Florida study found that of 4,000 prisoners released early because of prison crowding, nearly 31 percent were rearrested *at a time when they would have otherwise been in prison*.⁸
- The Department of Justice research cited above reveals that the 68,000 prisoners who were rearrested were charged with over 326,000 new offenses, including 50,000 violent offenses.⁹
- Of those rearrested, 40 percent were rearrested *within the first six months of release*.

The following chart shows the recidivism rates of all the inmates tracked in the BJS study and clearly shows that keeping criminals in prison longer reduces recidivism (Figure 2).¹⁰

Figure 2



THE COST OF CRIME TO SOCIETY

Critics of the "three strikes" law often cite the costs that will be borne by the state to house convicted felons for extended periods of time as the most important reason to oppose the measure. They make comparisons to the spending of the federal Department of Defense, and lament the waste inherent in the system.

However, this ignores a crucial aspect of assessing the impact of mandatory sentencing laws; the cost of crime to society. This is a somewhat problematic statistic, but it helps to break it down into direct costs to the victim and indirect costs to society.

Direct Costs

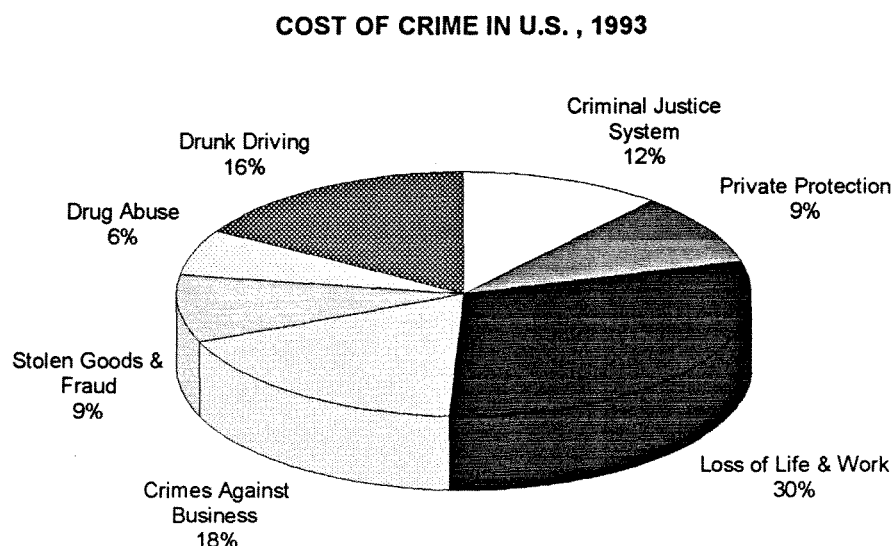
- Value of stolen or damaged property
- Medical costs and lost income incurred as a result of crime
- Reduced quality of life due to injury or psychological impairment

Indirect Costs

- Increased cost of goods and services to compensate for theft and vandalism
- Higher insurance premiums for crime related damage or residence in high crime areas
- Loss of productivity due to time spent by victims recovering from crimes
- Private protection spending: security guards, alarm systems, firearms
- Increased social welfare and parole expenses
- Decline of property values and the devaluation of inner-city neighborhoods

Earlier this year *U.S. News and World Report* calculated that the annual cost of crime to the nation is a staggering **\$674 billion**. The following chart details the breakdown of this amount (Figure 3).¹¹

Figure 3: Breakdown of \$674 billion Cost of Crime



This analysis is useful in drawing attention to the enormous cost that criminal activity imposes on society. Even more specific cost information can be determined from studies which quantify the direct cost to victims per crime.

A 1990 study by David Cavanagh and Mark Kleiman, commissioned by the National Institute of Justice (NIJ), determined direct costs to victims of seven different crimes based on the research of Vanderbilt University Professor Mark Cohen. Cohen's work is unique because he sought to quantify direct victim costs such as pain and suffering and risk of death by comparing injuries sustained by crime victims with jury awards for similar injuries in civil cases. This study allows for a credible determination of exact losses suffered by crime victims. The table below shows average direct cost to victims of four common crimes,

in 1989 dollars (Figure 4).¹²

Figure 4

| AVERAGE DIRECT COST TO CRIME VICTIMS | | | | |
|--------------------------------------|-----------------------|------------------|---------------|------------|
| Crime Category | Out-of-Pocket Expense | Pain & Suffering | Risk of Death | Total Cost |
| Robbery | 1,270 | 8,503 | 4,584 | 14,357 |
| Assault | 481 | 5,610 | 7,621 | 13,712 |
| Burglary | 1,070 | 361 | 132 | 1,564 |
| Auto Theft | 3,499 | 0 | 66 | 3,565 |

This data is invaluable for estimating the true cost of crime, but it is only half of the equation, as more accurate estimates must include crime commission rates as well.

Most of the crime data presented thus far has been based mainly on arrest rates. However, there are hundreds of thousands of crimes committed annually for which no suspect is ever arrested. It is mainly in the last 10 to 15 years that researchers have tried to determine the number of crimes someone commits versus how many are actually arrested.

By combining commission rate data with cost estimates, a very accurate estimate of the true annual cost of crime can be made. Cavanagh and Kleiman used data from the Rand Corporation in their 1989 NIJ study to determine the costs to society prevented by keeping a criminal in prison for one additional year.¹³ To provide the most accurate accounting they used the lowest crime commission rate estimates for each state in the Rand study.

To estimate the true costs of crime prevented through incarceration in California, Cavanagh and Kleinman's data has been combined with current state prison populations in the following table (Figure 5).¹⁴

Figure 5

| ANNUAL COST OF CRIME IN CALIFORNIA | | | | | |
|------------------------------------|--|--|--|--|---|
| Crime | # of Inmates in CA Prisons as of 12/92 | Avg. Annual Commission Rate Per Criminal | Avg. Annual # of Crimes Comitted | Avg. Direct Cost to Victim Per Crime | Total Annual Costs Averted By Incarceration |
| Robbery | 14,628 | 19 | 277,932 | \$14,357 | \$3,990,269,724 |
| Assualt | 8,361 | 4 | 33,444 | \$13,712 | \$458,584,128 |
| Burglary | 14,972 | 62 | 928,264 | \$1,564 | \$1,451,804,896 |
| Auto Theft | 3,028 | 7 | 21,196 | \$3,565 | \$75,563,740 |

Thus, the total cost of crimes to victims in California prevented by incarceration, just for these four categories, is nearly **\$6 billion annually**. This is a staggering figure, especially considering that the costs of murder, \$2.5 million per victim, and rape, \$50,000 per victim, were not included because reliable annual commission rates are unavailable.¹⁵ These costs were based on the most conservative estimates available; actual costs could be *three times* this amount.¹⁶

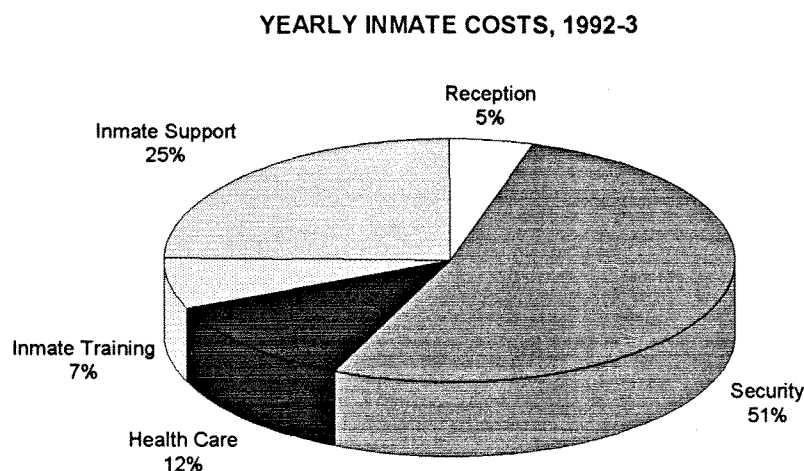
THE COST OF INCARCERATION

Considering the problems associated with the revolving door of our current correctional system, and the costs it unnecessarily imposes on Californians, it is incumbent upon us to determine the most cost effective manner in which to house dangerous criminals.

Current Costs of Incarceration

- 1993-4 projected general fund expenditure for corrections, \$3.3 billion, is less than nine percent of general fund spending.¹⁷
- If special and bond funds are included, corrections spending falls to less than seven percent of total expenditures.¹⁸
- The Administration's proposed 1994-5 budget includes \$3.9 billion for corrections, about seven percent of total expenditures.¹⁹
- The annual cost of housing an inmate in a California prison is approximately \$23,000 and can be broken down as follows (Figure 6).²⁰

Figure 6



Per Prisoner Cost Category Descriptions²¹

Reception - \$1,104

Before being assigned to a permanent location each inmate must undergo medical, psychological, and educational evaluation.

Security - \$11,983

Inmates are supervised 24 hours a day, year round. Custody staff oversees the inmates' movements from the time they wake up, during meals, when working or going to class, during free time and while they sleep.

Health Care - \$2,714

Inmates in prison have access to full health care services; medical, dental, and psychiatric. The Department of Corrections also manages four hospitals and contracts with the Department of Mental Health for in-patient psychiatric care.

Inmate Support - \$5,657

Includes housing, three meals a day, clothing, case processing, religious programs and leisure-time activities.

Inmate Training - \$1,514

Includes funding of 65 vocational programs, education, and prison labor.

This data is useful for illustrating where corrections dollars are spent. More importantly, it helps to show where we can begin to reduce the cost of incarceration. The following sections of this analysis describe cost saving measures that will allow California to do this; without raising taxes or cutting essential services.

COST SAVINGS: Prison Industries

Prison industry programs, in theory, serve three vital functions. First, they provide a structured work environment and job training for inmates, some of whom have never held a job in their lives. Second, inmates who have something to do other than sit in their cells are much less prone to cause disturbances. Third, sales from prison industry programs help to defer incarceration costs. As California's need for new prisons increases, there is a greater demand for inmates to defer the cost of their incarceration through work programs.

The Texas Model

In this regard, our state should look to Texas, whose prison industry program holds many lessons for California. Two of the best measures of success for a prison industry program are the number of inmates it utilizes and the amount of savings it achieves; Texas surpasses California in both. In 1993, the Texas prison industry program employed 75 percent of its inmates and generated net savings to the Department of Criminal Justice of \$6 million while our state employed only 6 percent of total inmates and generated a net loss of \$5 million.²² Clearly, some significant changes need to be made in our prison industry program.

A good place to start is to eliminate the \$5.9 million of taxpayer funds that went to pay inmates who participated in our prison industry program last year. Larry Kyle, Director of Prison Industries, Texas Department of Criminal Justice, makes this case very plainly. "The reason California loses money is because you pay your inmates. If I had to do that we'd be broke in a week."

California has been more successful with its Joint Venture Program. Created by the passage of Proposition 139 in 1990, the Joint Venture Program (JVP) allows private businesses to set up operations inside state prisons and hire inmates. The following lists some of the major benefits of the program:²³

Business benefits-

- Below market lease rates
- Ten percent state tax credit
- No fringe benefit mandate: sick leave, vacation, medical insurance

Inmate benefits-

- Job training that teaches skills currently in demand
- Wages go to controlled savings account for use after release
- Develops work ethic and necessary social skills

State benefits-

- 20% of inmate wages are paid to the Victim's Restitution Fund
- Inmates contribute 20% of salary to help pay for room and board
- Inmates pay income taxes

Since its inception in 1992, JVP has generated nearly \$275,000 to defer incarceration costs and has contributed almost \$160,000 to the Victim's Restitution Fund.²⁴ This program is in its infancy, yet its early results are encouraging. Every effort should be made to remove impediments to JVP and the Prison Industry program so that inmates assume more responsibility for the costs they impose on the state (see Cost Savings Recommendations).

**COST SAVINGS:
Prevailing Wage for Prison Construction**

New prison construction is going to expand rapidly as California builds new facilities to house three-time convicted career criminals. Unfortunately, the costs imposed by our bloated prevailing wage laws will reduce the number of prisons we are able to build by 20 percent.

Prevailing wages must be paid to workers on publicly funded and/or contracted construction projects. These wages are supposed to reflect the average wage being paid to construction workers in a given area. In 1975 Governor Jerry Brown changed the calculation method by administrative action to favor high union wages. Presently, California is the only state which still uses this "modal" calculation instead of the more accurate weighted average.

California's "modal" system skews prevailing wage rates to reflect high priced union wages from urban labor markets. This results in grossly inflated wage rates for rural areas, where most prisons are located.

According to the California Department of Corrections, construction costs account for 75 percent of the total cost to build a new prison. Of this amount, approximately 60 percent is labor costs. Given these high construction and labor costs, we can expect dramatic savings if our prevailing wage system was changed back to the weighted average used by the federal government and all 49 other states.

There are currently seven prisons, either proposed or under construction, which have had their funding approved by the legislature (Figure 7).²⁵

Figure 7

| Name and location | Total Project Cost |
|----------------------------------|--------------------|
| CSP Coalinga, Fresno County | \$207,300,000 |
| CSP Centinila, Imperial County | \$214,200,000 |
| CSP Ironwood, Riverside County | \$214,200,000 |
| CSP North Kern, Kern County | \$185,800,000 |
| CSP Susanville II, Lassen County | \$228,000,000 |
| CSP Madera II, Madera County | \$152,000,000 |
| CSP Solidad II, Monterey County | \$206,800,000 |
| total | \$1,408,300,000 |

Using a conservative estimate of 20 percent savings on labor costs if California reinstated the weighted average, taxpayers would save nearly \$127,000,000 on these prisons alone, more than enough to build another medium size facility.

Using capital outlay projections prepared by the California Department of Corrections (CDC) to estimate the added cost of the "three strikes" law, it is clear that prevailing wage reform will significantly reduce the cost of building new prisons.²⁶ The numbers used in the chart below reflect expected additional inmate levels and capital costs because of "three strikes". Total CDC budget projections over this period are unavailable.

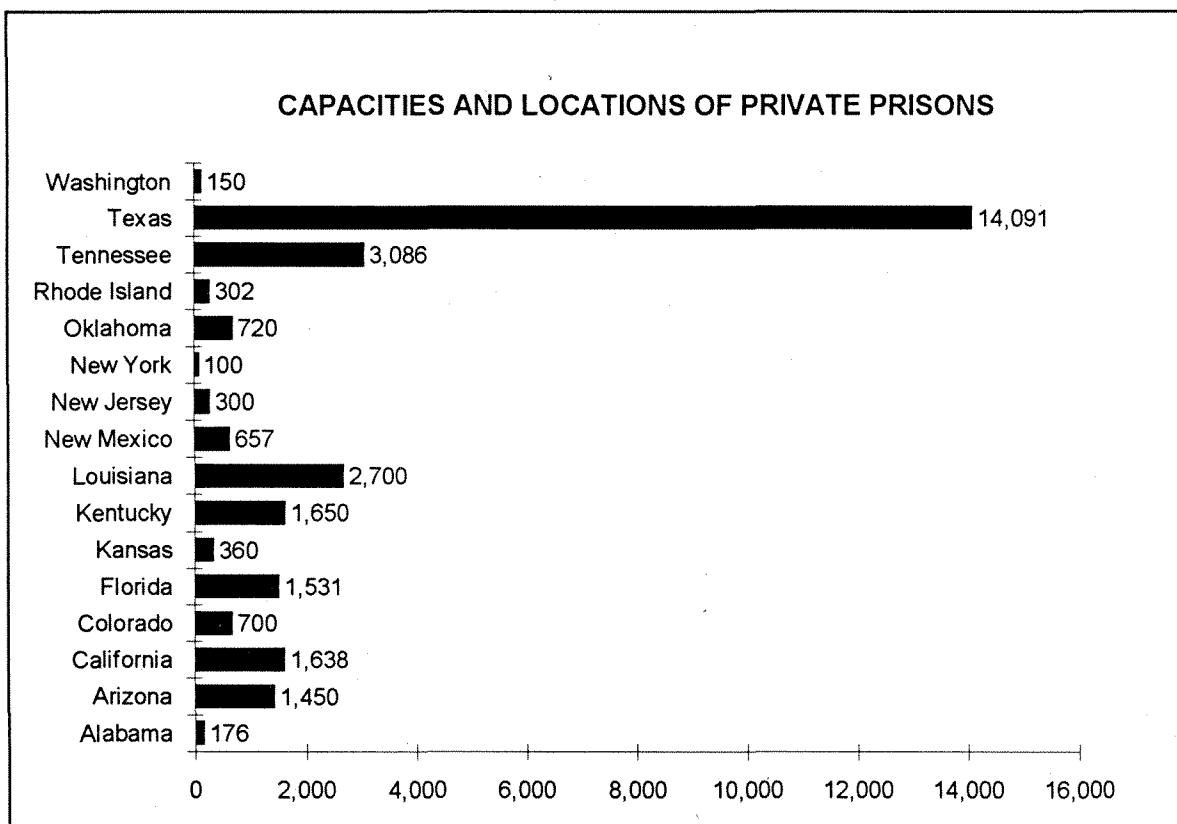
| PREVAILING WAGE REFORM SAVINGS, 1995-2000 | | | |
|---|---------------|-----------------|---------------|
| Year | Inmates Added | Capital Outlay | Savings |
| 1995-6 | 3,596 | \$1,816,000,000 | \$163,440,000 |
| 1996-7 | 15,148 | \$1,793,000,000 | \$161,370,000 |
| 1997-8 | 35,118 | \$1,092,000,000 | \$98,280,000 |
| 1998-9 | 58,518 | \$1,096,000,000 | \$98,640,000 |
| 1999-0 | 81,628 | \$1,064,000,000 | \$95,760,000 |
| Totals | 194,008 | \$6,861,000,000 | \$617,490,000 |

COST SAVINGS: Privatization

Increasingly, state and federal government have turned to private companies to build and operate prisons and other correctional facilities to save dwindling taxpayer resources.

Virtually non-existent 15 years ago, the private corrections industry in the U.S. now has facilities in 16 states with a total capacity of nearly 30,000 beds (Figure 8).²⁷

Figure 8



The main reason for the shift to private prisons is cost savings in construction and management. Privately operated correctional facilities have been shown to save up to 45 percent on construction costs and 15 to 35 percent on operating costs.²⁸ The following examples document actual savings in some jurisdictions:

- The Texas Department of Criminal Justice found that the daily per prisoner cost in a state facility was \$45.70, for private facilities the cost was \$35.25, a savings of nearly 23 percent.²⁹
- Kentucky saved 21 percent on operating costs when it contracted with U.S. Corrections Corporation to manage a minimum security facility.³⁰
- Based on cost data from one of California's seven privately managed community correctional facilities, our state saves 48 percent on daily per prisoner costs compared to state managed prisons.³¹

Expediency in the construction of new prisons is another reason to turn to private companies. Government constructed prisons often take 36 to 48 months to build; private companies routinely complete their facilities in under one year.³² Construction of new prisons is a concern for states throughout the country as nearly two thirds of states are operating under court orders to reduce prison overcrowding. The following table illustrates the savings California would achieve if the Department of Corrections contracted with private corrections companies to build the additional capacity it estimates will be needed because of the "three strikes" law, using a conservative estimate of 35 percent savings (figure 9).

Figure 9

| PRIVATIZATION OF PRISON CONSTRUCTION SAVINGS, 1995-2000 | | | |
|---|------------------|--------------------|-----------------|
| Construction Costs | | | |
| Year | State Facilities | Private Facilities | Savings |
| 1995-6 | \$1,816,000,000 | \$1,180,400,000 | \$635,600,000 |
| 1996-7 | \$1,793,000,000 | \$1,165,450,000 | \$627,550,000 |
| 1997-8 | \$1,092,000,000 | \$709,800,000 | \$382,200,000 |
| 1998-9 | \$1,096,000,000 | \$712,400,000 | \$383,600,000 |
| 1999-0 | \$1,064,000,000 | \$691,600,000 | \$372,400,000 |
| Totals | \$6,861,000,000 | \$4,459,650,000 | \$2,401,350,000 |

In addition to being more cost effective to build and operate, private correctional facilities

have also been shown to be of a higher quality than similar government managed facilities. A detailed study of private and government managed prisons in Massachusetts and Kentucky conducted by the Urban Institute found the private facilities to be superior in a number of categories.

Both staff and inmates gave better ratings to the services and programs at the privately operated facilities; escape rates were lower; there were fewer disturbances by inmates; and in general, staff and offenders felt more comfortable at the privately operated facilities.³³

More empirical evidence of the higher quality of privately managed facilities can be found by comparing accreditation rates of private and government prisons. The sole correctional accrediting organization in the country, American Correctional Association (ACA), rates prisons on an average of 450 different categories in order to determine whether a facility meets ACA's high standards.³⁴

- Of the 67 privately managed correctional facilities in the country, 45 percent have been accredited by the ACA or are currently undergoing evaluation.³⁵
- An additional 20 percent of private facilities plan on applying for accreditation.³⁶
- In contrast, none of California's 24 adult state managed prisons have been accredited by the ACA.³⁷

The use of privately managed correctional facilities also offers increased flexibility for rehabilitation and medical needs. Texas is currently contracting with Corrections Corporation of America to manage a 500 bed facility for the exclusive treatment of inmates with chemical dependencies. This facility is the world's largest in-prison drug treatment center. The success of this facility has led Texas to propose to contract out nearly all of its drug related felons to private correctional facilities.

California has also had minimal success with privately managed facilities. The McFarland Community Correctional Facility, also operated by Corrections Corporation of America, has

been housing minimum to medium security parole violators since 1989. This 225 bed facility was designed and built in under a year while the average time to complete a state built prison is three to five years.³⁸ Even more impressive is the fact that the daily cost of keeping an inmate in the McFarland facility is under \$33 while the cost in a state managed prison is over \$63.

Privatization of correctional facilities is clearly one of our best hopes for reducing the cost of incarceration. As this section illustrates, private prisons are operating successfully in several states and their numbers are growing. California should follow the example of these other states and give the private sector more responsibility for housing criminals. Given the projected costs of new prison construction and operation, we simply can't afford not to give the private sector a greater role in our state's correctional system.

COST SAVINGS RECOMMENDATIONS

Prevailing Wage

1. Eliminate the "modal" calculation for determining prevailing wages.

Savings: \$617.5 million over next five years

California's method for calculating prevailing wages should be changed back to the method used by the federal government and all 49 other states. Using the more accurate weighted average calculation would save at least 20 percent on the labor costs for new prison construction. CDC estimates that the added capacity needed to house inmates added to the system because of the "three strikes" law will cost \$6.8 billion over the next five years.³⁹ Savings from prevailing wage reform would be \$617.5 million over this period. Senator Hurtt's bill SB 34X would enact this proposed reform.

Prison Industries

2. Cease paying salaries to inmates in Prison Industry programs

Savings: \$5.9 million

The first step in making our Prison Industry program more productive is to stop paying wages to inmates. Inmates who participate in the Prison Industry program are receiving job training as well as room and board. There is no reason to pay them a salary as well. Eliminating inmate salaries would have saved \$5.9 million in fiscal year 1993.⁴⁰

2. Give the California Prison Industry Authority jurisdiction over all inmate workers.

Savings: substantial

According to Richard Lowry, Assistant General Manager for the Prison Industry Authority (PIA), the main reason for paying inmates is to lure them away from food service and custodial jobs which are administered by the Department of Corrections. Having two different administrative bodies managing prison workers is wasteful and counter productive.

PIA should be given complete authority over all prison work programs, excluding the Joint Venture Program.

3. Allow PIA to expand its market

Savings: substantial

Currently, PIA products can be sold only to other government agencies, or exported in limited cases. This limited market consists largely of special orders and products which appeal to very narrow groups.⁴¹ An expanded market, created by reducing or eliminating sales restriction, would allow PIA to produce products which have wider applications and achieve economies of scale which would make the entire system more efficient.

4. Eliminate civil service status for PIA employees

Savings: \$1.4 million

There are currently 726 budgeted civil service positions for PIA management. According to Richard Lowry, the concept behind PIA is that it should be run as a business. However, unlike a true business, PIA is unable to reduce its management staff when sales are down. PIA should be given the authority to eliminate staff positions to correspond with the ebb and flow of its sales levels. Reducing 1993 administrative expenses by only 10 percent would have saved nearly \$1.4 million.⁴²

5. Streamline contracting requirements for PIA purchases

Savings: substantial

PIA, like any manufacturer, must purchase raw materials to produce goods. However, as a division of state government, PIA must also comply with Byzantine contracting procedures which establish quotas for the types of companies from which materials can be purchased.⁴³ These restrictive procedures add considerably to administrative costs.

6. Eliminate unemployment benefit eligibility for inmates who participate in the Joint Venture Program

Savings: substantial

Currently, every inmate released from prison who was employed in the Joint Venture Program (JVP) can collect unemployment benefits upon their release from the company who employed them in prison. Noreen Blonien, Assistant Director JVP, states that this quirk in the law is preventing many companies who participate in the JVP from expanding their employment of inmates because of the added costs of paying unemployment benefits. It is simply outrageous that a company who provides state of the art job training and pays at least minimum wage to prison inmates can be made to pay unemployment to that inmate simply because the inmate "lost" their job due to release from prison. Senator Hurtt has recently introduced legislation to abolish this wasteful practice.

Privatization

7. Expand the authority of the Director of Corrections to contract with private companies.

Savings: \$982.8 million over next five years

Current law, Penal Code section 6256, gives the Director of Corrections the authority to enter into contracts for private community correctional facilities. These facilities are "pre-release" centers where inmates are transferred before their parole. However, private companies have proven across the country that they can effectively manage higher security facilities as well, and they should be given the opportunity to manage new prisons built here in California. CDC projects that the additional prisoners incarcerated due to the "three strikes" law will cost \$3.9 billion in operating costs. Assuming a conservative estimate of 25 percent savings (average savings from privatization are between 15 and 35 percent) if private companies operated these additional prisons, the state would save \$982.8 million over the next five years.

8. Allow competitive bidding for contracts to provide services at state managed correctional facilities.

Savings: \$327.7 million

In addition to privatizing new prisons, California could save substantial funds by contracting out inmate support services. Excluding security costs from the \$23,000 annual per prisoner cost (see Cost of Incarceration section) results in an annual cost of \$11,017 to provide inmate support and services such as health care, food service, and educational programs. The total cost to provide these services to California's current inmate population, 118,995, comes to approximately \$1.311 billion. Applying the average cost savings from privatization of prison management (25 percent) to this amount results in a savings to the state of \$327.7 million, or nearly \$2,800 per prisoner.

Unnecessary and/or Wasteful Corrections Spending

9. Deport alien felons or transfer them to federal correctional facilities.

Savings: \$374 million

Illegal alien felons in California prisons cost \$23,000 per year and contribute nothing to tax revenues. Senator Art Torres' bill to deport these alien felons, SB 1258 which was vetoed earlier this year by Governor Wilson, found that undocumented felons in California's youth and adult correctional system cost the state \$374 million in 1993.⁴⁴ These criminals should be transferred to the federal government for deportation or incarceration in federal facilities.

10. Redirect the Inmate Welfare Fund for use by the Department of Corrections.

Savings: \$43.917 million

The Inmate Welfare Fund is supposed to be used to provide sundry items to prisoners such as candy, cigarettes and toiletries and is supposed to be self-financing from sales of these products to inmates. It is in fact a subsidy for prisoners whose basic needs are already being met and its funds could be better used to defray incarceration costs.⁴⁵

11. Eliminate the Board of Corrections.

Savings: \$60.511 million

"The Board duplicates the functions of local law enforcement agencies for jail planning and officer training."⁴⁶ Additionally, its function of setting standards for prisons could be performed by the American Correctional Association which sets standards for the federal government.

12. Eliminate funding of leisure time activities for prisoners

Savings: \$12.682 million

It is outrageous that inmates are given funding for athletic uniforms and equipment while schools are forced to cut their extra-curricular programs. "Televisions and athletic uniforms should be paid for by the inmates, not the taxpayers."⁴⁷

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