



Contracting for Success: Improving Performance in Corrections

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INTRODUCTION

The American public is growing increasingly frustrated with escalating corrections costs, and concerned about the quality and outcomes being delivered given the resources that are dedicated to prisons in the United States. Institutions are under pressure from escalating inmate populations causing problems with safety, health services, education, and training services. There is rising concern over the rates at which inmates are returning to jail, rather than successfully reentering the community. In addition, institutional barriers and in some cases, resistance to change among many existing management cultures, have inhibited correctional systems from adopting the most effective management practices and inmate rehabilitation programs.

Correctional performance needs to be measured by established standards to produce desired outcomes. The most critical outcome in corrections is preparing offenders to rejoin society, since over 97 percent of prisoners are returning to our communities and over 50 percent are released within 2 years.¹ This and other outcomes require that policy-makers and correctional professionals set standards that are clear and provide a system that holds prison administrators accountable for facility operations, while ensuring the use of programs that work with those housed in correctional institutions.

coordinated approach to determine which facilities are successful based on a set of indicators. This structured approach will lead to a judgment about the prison management and how well they are meeting established standards—not who is providing the service.

The good news is that, despite tight government budgets, there is still much that can be done to improve correctional systems. Experience, research, and data analysis have illuminated ways in which both costs and recidivism may be reduced and inmate's lives may be improved, allowing for successful reintroduction into society, and, as a result, improved health and safety both within and outside correctional facilities. Progressive programs that work exist to accomplish these goals, but we must have innovative corrections administrators willing to implement them. All prisons need to take advantage of the recidivism reduction strategies. It is also important that systems evaluate facility performance using a fair process, based on performance standards and outcomes with facilities having similar missions.

BENEFITS OF COMPETITION

There is little doubt that competition forces quality and performance improvements. The key lies in the differences in measured performance and accountability.

At the end of the day, citizens don't care who is providing a service as long as it is being provided effectively. Results and performance (i.e., recidivism reductions) are what ultimately matter to taxpayers, not whether a private or public employee does the work.

The installation of an accountability model in government requires a structured approach. This method includes setting standards and management contracts for all prisons to hold the institutions and their workforce accountable for meeting those standards. Monitoring is essential to provide contractual oversight. The system also should link supervisory and staff performance evaluation systems, which necessarily includes incentives for superior performance and achievements surpassing set outcome thresholds. The accountability model should be driven by performance-based budgeting. The collection and public disclosure of data are important components of a

ity, as well as price, safety, programs, and how performance is incentivized overall. With competition, managers and facilities provide input into operational directives, aiming to improve performance. Without competition, agencies tend to expect their line-item appropriations, usually greater than the ones given the year before, regardless of its performance. Since the funding will be the same regardless of agency actions, there is limited incentive to develop more productive or cost-effective programs.

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Although many public employees are dedicated and are exceptional at what they do, this is not always the perception of the public. Employees that have tenure and have almost 100 percent job security, regardless of their performance or competence, may allow complacency to affect their job performance. The employee could rationally feel they are not accountable unless something happens during their shift. We need people who are engaged and responsive to bringing about higher quality standards, by corrections employees who willingly accept programming, standards, and measurement.

Now consider the case where a private company competes against the public agency for the right to provide correctional services. This changes the environment for the better with the public agency paying more attention to what programming they are offering offenders, working to minimize its costs, and spending its resources wisely. With competition, the performance bar is raised with all groups seeking to demonstrate that they can do the best job, with improvements in programming and costs, as well as overall performance through better management and an engaging work environment.

At the end of the day, citizens do not care who is providing a service as long as it is being provided effectively. Results and performance (i.e., recidivism reduction) are what ultimately matter to taxpayers, not whether a private or public employee does the work. In order to generate real discussions about improving performance in our correctional systems, we need to get away from ideology and partisanship. Policy debates need to focus on results, performance, and achieving the best outcome with the limited resources available.

Researchers from Vanderbilt University found that the use of private prisons in a state resulted in the reduction of daily incarceration costs for the public corrections system by 4.45 percent annually. This could result in a cost avoidance of approximately \$20 million for states with a typical annual budget of \$445 million. (Blumstein and Cohen, April 2003)

Failing programs, whether public or private, should be halted in favor of better-performing programs. The debate should move away from public vs. private and toward performing vs. non-performing. It shouldn't

matter what type of organization produces the best outcomes, so long as outcomes are achieved.

Instead of arguing about "privatization," the debate should be focused on outcomes. Experience and research show that a competitive environment is the best option to ensure perpetual performance improvements and outcomes in efficiency, programming, and operation of correctional facilities.²

By introducing competition and focusing on outcomes and not systems for correctional facility management, governments can provide incentives to innovate and provide the high-quality services citizens expect for their tax dollars. Regardless of whether public agencies or private companies ultimately win the contract, the threat of losing "business" to competitors will ensure that the operators do their very best to meet or exceed predetermined benchmarks.³

Contracts should be awarded based on a variety of factors including desired outcomes and achieving results. We know a lot about effective programs and recidivism reduction, given available research and data. Unfortunately, in most cases, we haven't tied performance to our spending decisions. As the use of performance-based budgeting becomes more common in corrections, goals established in concert with outcome standards will become more prominent. This approach will likely provide even greater transparency and accountability, bringing about holistic change to the culture of corrections management.

ACCOUNTABILITY AND PERFORMANCE TOOLS

Guiding the accountability of the correctional system are five tools for improving performance, efficiency, effectiveness, and outcomes.

Tool #1 – The Contract or Agreement Directs Performance

Agency operations are founded on the applicable laws and rules. Policy and procedures flow from these codified documents and typically provide various definitions which are used to guide institutional operations. A contract for all prisons and their management will incorporate all of these foundational documents and their process standards.

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With facilities operating under the agency policies and procedures, benchmarks will be set by collecting data over the first year to create a baseline. This baseline will then be used to create facility benchmarks to evaluate performance.

The operational agreement (i.e., contract) must clearly spell out the performance expectations. These expectations will initially be based on the process standards established in agency policies and procedures. The operator should also be required to attain accreditation from a national professional correctional organization (e.g., American Correctional Association, Correctional Education Association, or the National Commission on Correctional Health care). The facility staff and the assigned monitor would track compliance with performance standards and outcomes, working to resolve discrepancies, but regularly reporting the findings to their supervisors. There would necessarily be incentives for exceeding the outcomes and a set of sanctions for falling short of the contract requirements, since these components represent what the agency believes to represent sound correctional practice.

It is these correctional practices which ultimately produce the outcome standard baseline data. Using the baseline data set after the first year, agencies will then set benchmarks for outcome standards. The benchmarks and associated sanctions and incentives need to be recorded in amendments or renewal agreements to the operational contract. Agencies that use a strategic planning process frequently choose to include a select group of standards and outcome measures which are also tracked.

It is rare that agencies establish a formal structure of accountability through firmly recognized standards and data collection on outcomes needed to be considered a successful facility.⁴ The successful prison has clearly defined standards, tracks outcomes, is able to hold staff accountable, and can be described through four dimensions:

Safety and Security

A successful prison will keep each staff and offender out of danger, while ensuring that risk of escape is eliminated. Staff must install and maintain safeguard measures to eliminate contraband that would detract

from the safety, security, and program objectives of the facility. The outcome standards should include, but are not necessarily limited to:

- Escape rate;
- inmate death rate (i.e., homicides/suicides/natural);
- disturbance rate;
- assault (i.e., all types) rate;
- sexual misconduct/harassment rate;
- safety/incident rate;
- amount and type of contraband found;
- positive drug test rate;
- inmate to staff ratio; and
- reentry failure rate.

Quality of Life

The environment must provide a quality of life which meets the medical, dental, mental health, shelter, nutritional, and clothing needs of the inmates. The outcome standards should include, but are not necessarily limited to:

- Proportion of inmates on treatment plans for chronic health, dental, and mental health situations, and whether conditions were maintained or improved;
- inmate death rate (i.e., homicides/suicides/natural);
- overcrowding rate;
- degree of sanitation within the correctional facility;
- perception of meal quality; and
- proportion of inmates actively involved in recreation program(s).

Reentry Preparation (i.e., prison programs)

In support of the purpose of the prison, the facility and staff must provide programs that work and move the inmates to a point where they can successfully reenter society upon release. The outcome standards should include, but are not necessarily limited to:

- Proportion of offenders working in meaningful career building experiences;
- proportion of eligible offender education (i.e., ABE, GED, High School, Post Secondary) completions;

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- career and technical training certificates awarded;
- proportion of inmates involved in product production or product services;
- substance abuse education/treatment completions;
- proportion of inmates participating in spiritual development program(s);
- proportion of inmates actively involved in programs (i.e., all types); and
- proportion of inmates engaged with family and friends (i.e., phone calls, letters, and visits).

The management of a correctional facility should be based on who is able to meet performance expectations (e.g., security), quality, and outcomes, while being cost effective. The decision as to whom operates a facility should be made through a competitive bid that is open to public or private entities.

Management

Facility leaders must provide a stable, trained staff. Prison management oversight must ensure that facilities, based on a set of rules, are operated fairly. Prison administrators must also be accountable for monitoring the efficiency and effectiveness of operations to ensure that tax dollars are spent wisely. The outcome standards should include, but are not necessarily limited to:

- Staff voluntary and involuntary terminations (i.e., turnover rate);
- overtime (i.e., hours and costs);
- inmate daily per-diem cost;
- proportion of staff who meet training requirements (i.e., type, level, proportion of staff);
- proportion of inmate misconduct findings upheld;
- staff misconduct rate;
- proportion of grievances dispositions upheld (i.e., medical, dental, mental health and food);
- volunteerism rate.
- staff and offender perceptions (i.e., safety, security, quality of life, and management); and
- fair and competitive salary and benefits (i.e., reduce turnover) and increase the quality of staff and performance.

Agreements must be based on a thorough understanding from all stakeholders of what will be measured and how it will be measured. Further, the parties need to clearly understand the outcome standards which define success. The facility monitor should be included in the discussions and plan as to how the process of monitoring will take place.

Tool #2 – Monitoring Provides Essential Oversight

The public, as well as policy-makers, have a strong interest in the results from efforts to monitor correctional facilities' activities and performance. Oversight of prisons provides an independent review considering the day-to-day events and how well they are managed, alongside of the demands of the operational agreements and standards that are set for the prison. Reports need to be produced for agency management; these reports should be publicly available once finalized, in order for correctional professionals and policy-makers to be held accountable for taxpayer investments and to demonstrate how the institution is achieving prescribed outcomes.

Tool #3 – Data Is Collected and Publicly Available

The American Correctional Association (ACA) began the process of developing operating guidelines more than 125 years ago.⁵ The Association of State Correctional Administrators (ASCA) has also been very active in the development of an outcome-based performance measures system, with a recent major initiative to establish national performance-based measures, definitions, and counting rules. ASCA has also created a technology infrastructure to facilitate data collection and exchange through a Web-based application. These are very important steps toward a uniform performance-based measures system. However, there is need for more public awareness and completion of the project, which has only the health measures that remain to be addressed.⁶ Further, some agencies nationwide still do not maintain some type of a performance indicator system.

The system of collecting important data needs to be comprehensive and publicly disclosed. The items identified for collection are outcome standards-based and are contained in the contractual agreement. Performance-based budgeting will identify and use standards and outcomes to improve accountability, encouraging better performance from those retaining contracts. When data is collected, comparisons

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are possible if based on level criteria. This enables the public and policy-makers to determine which facilities are meeting outcome thresholds and performing above what is established in the contract. To that end, data needs to be used with contracting and performance-based budgeting and can ensure that correctional facilities are measuring and achieving the proper outcomes.

Tool #4 – Performance-based Budgeting and Contracting

Though difficult to manage, performance-based budgeting for government services is one of the most advanced reforms sweeping the halls of government. A number of states and jurisdictions within states (e.g., Alabama, Arizona, Kansas, New Mexico, and Tennessee) have explored the use of this method of accountability. One specific example comes from the Hutchinson Community College Learning Center, Hutchinson, Kansas. Kathy Petz, Adult Basic Education Coordinator said that while it was difficult for some to change the way they thought, using outcomes was the best way to approach budgeting. She related that performance has improved and resources have been applied to the neediest youth. The system in Kansas gives double credit to those programs which succeed with students who were functionally illiterate and less funding for succeeding with those who may need very little to achieve an academic diploma.⁷ This example of performance-based budgeting is outcome driven and is working in Kansas, as well as other states.

Put simply, performance-based budgeting is the allocation of funds based on performance and results, not on political favoritism or arbitrary adjustments to last year's budget request. It effectively ties appropriations to outcomes so that agencies spend tax dollars on the programs or activities that produce the highest level of outcomes—the most “bang for the buck.” By implementing performance-based budgeting, the true cost of services can be known—and with the transparency of true costs, comparisons can be made to other programs and cost-benefit analyses conducted.

The use of performance-based budgeting leads to qualitative enhancements in public administration by promoting improved outcomes. Since performance-based budgeting shifts government agencies' focus squarely to how best to deliver results and performance, it not only reinvents the budgeting process, it reinvents government itself.

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Performance-based budgeting and contracting, applied to corrections, can help to increase cost efficiency while also increasing correctional facility program quality thereby reducing costs and recidivism. By establishing sound standards and outcome measures, correctional facilities may be more accurately evaluated and compared to other facilities. Such comparisons will reveal which practices and programs are working best, and thus deserve to be emulated elsewhere. For example, “if arrests for serious new crimes are much less frequent among probationers in one probation office than among similar probationers in another office, or if the graduates of one medium-security prison are much more likely to be back inside within six months than the graduates of another, then the worse-performing institution might have something to learn from the better-performing institution,”⁸ and resources should be adjusted accordingly.

Initial competition will deliver what in essence will be a baseline budget. Depending on the length of the contract, significant performance deficiencies over a specified period should result in the facility manager being given notice on their status. Where performance deficiencies continue, a competitive rebid should occur, enabling the establishment of a new baseline budget, but not every six months or year. There should be a reasonable time to get performance up to an expected level which may include such things as:

- Facility improvement;
- necessary equipment;
- adequacy of budget;
- technology enhancements;
- quality control and accountability systems; and
- staff training.

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When funding decisions are based on performance, rather than political favoritism or other arbitrary standards, agencies and the facilities they are responsible for managing are forced to be more accountable. Managers simply cannot oversee poor-performing programs. They will be given an incentive to implement programs that have proven to be successful at reducing recidivism and otherwise improving corrections operations. Thus, performance-based budgeting not only encourages greater performance, it also improves cost efficiency and accountability.

Tool #5– Staff Performance Evaluation Systems Create an Important Linkage

In concert with the objectives outlined in the contract, feedback from monitors, and performance standards in the contract, it is important to demonstrate to staff how they fit into the strategic plan to meet specified

MTC facilities promote a ‘BIONIC’ concept, which guide staff to a mission critical focus, ridding the workplace of apathy and indifference. All staff in effect become teachers and counselors. Note: The term BIONIC refers to “believe it or not I care.”

outcomes.

A performance appraisal system gives supervisors a tool to measure individual staff actions against the structure of outcomes which are linked to successful facility indicators contained in the operational agreement. In addition, small incentives are provided to staff who submits facility innovations which are accepted for implementation.

While not part of the contract, but still consistent with performance-based budgeting, incentives should be available to reward facility management and staff when the facility exceeds its annual outcome standard benchmarks. Although a continuum model should be installed for incentives and sanctions, staff need to know that poor performance means that the fund will not be available to them or the managing entity.

PROGRAMS NEED TO BE OUTCOME- OR PERFORMANCE-BASED

It is essential that programs and facilities be held

accountable for the results they produce. Simply spending money on education or career and technical training does not guarantee success if results are not stressed institutionally. As noted previously, performance-based programs with an emphasis on achieving outcome measures provide the greatest incentives to realize reduced recidivism and increased cost efficiency.

CORRECTIONAL SYSTEMS NEED TO FOCUS ON WHAT WORKS

It shouldn't be too difficult to improve on a number of current correctional systems performance. Offenders leaving prison are more likely than ever to return in less than three years—the reality is that 68 percent of offenders released into the community are re-arrested within three years.⁹

ESTIMATED PERCENTAGE REDUCTION IN RECIDIVISM RATES

Work and Education Programs for the General Offender Population

- Basic adult education programs in prison –5.1%
- Vocational education in prison –12.6%
- Correctional Industries programs in prison –7.8%
- Employment training and job assistance in the community –4.8%

Programs for Drug-Involved Offenders

- Cognitive-behavioral drug treatment in prison –6.8%
- In-prison “therapeutic communities” with community aftercare –6.9%
- In-prison “therapeutic communities” without community aftercare –5.3%

Aos, et al. (2006)¹⁰

Agencies need to view prison programs as indispensable even during tight budget circumstances.

Legislators must demand programs designed to be successful in reducing recidivism, investing in programs that work, while holding agencies and managers accountable for outcomes. Research has provided evidence that effective programs have been known to demonstrate a 25 to 40 percent reduction in recidivism.¹¹

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If we are to significantly reduce recidivism, we must embrace the concept that programs extend beyond the gate of correctional facilities. Successful facilities are those that broaden their view from looking inward to also looking outward towards the community. Operators and managers of correctional facilities need to understand that what they do with inmates at their

“PROFIT,” “PRIVATE” AREN’T DIRTY WORDS; UNHINGING BUREAUCRACY HELPS TAXPAYERS

“We contract for service for only one reason, to get a better deal for the taxpayer. We saved \$12 million a year when we ‘privatized’ the cooking of prison food, millions more by hiring private janitorial services and collection agencies to pursue tax evaders. We ‘privatize’ functions to save tax dollars, but each time we do, there is a secondary benefit: The Indiana private economy gets a little stronger. . . . “I wince when I hear Indiana politicians bad-mouth the private sector, using words like ‘profit’ and ‘private’ as though they were cuss words. Every day, we are talking to companies around the nation and the world about in-sourcing new jobs to Indiana. All of them have other options, and few will take their dollars to a place where business is the target of contempt and abuse. “Indiana deserves a government run for the benefit of the taxpayer and not special interests.”
Indiana Governor Mitch Daniels¹²

facilities will not only have an impact within their facility but will ultimately impact the community as a whole.

With this view, successful facilities will seek to provide programs that encourage and support substantive changes in the condition of the offender, and thus improve the likelihood of their success upon re-entry into the community.

SHIFTING THE PARADIGM

Since the late 1980s and early 1990s, tougher crime policies and budget constraints have combined to create a serious problem, if not a crisis, in the nation’s prisons and jails. This problematic situation is now forcing the hand of significant reform. Governments are incarcerating more criminals, yet citizens are often unwilling to spend sufficient tax dollars for new

prisons to house them or for education, training, and substance abuse treatment programs to reduce recidivism.

Getting tough on crime comes with a significant price to the taxpayer. Non-violent crime rates have declined, but our society is now facing significant increases in costs due to the number of people being incarcerated, those returned to confinement, and the general increase in the length of time served.¹³ Unfortunately, the nation’s corrections system continues to struggle when it comes to making an impact on the high recidivism rates. The system has not been properly funded to institute the necessary reforms to significantly advance, rehabilitate, or deter those currently in the correctional system. Accountability could and should come with the funding.

Between 1984 and 1997, the number of inmates has risen 100 percent in local jails, 213 percent in state prisons, and 290 percent in federal facilities. Incarceration rates are well over double what they were in 1980.¹⁴ While prison growth has slowed a bit, it continues to climb overall. Between 1995 and 2005, local jail populations increased by over 47 percent, state prison populations by nearly 27 percent, and federal facilities have grown by an astounding 96.5 percent.¹⁵ At the state level, the corrections system is one of the fastest-growing budget items. In the last 15 years, state spending on corrections has grown more than 350 percent—compared to 250 percent growth for spending on public welfare and 140 percent growth for spending on education.¹⁶ More than one-third of the states devote 5 percent or more of their annual spending to corrections.

There is little debating that tax revenue should be spent in the most effective and efficient manner possible. Public pressure is forcing officials to become better stewards of the taxpayers’ dollars. This pressure may serve to provide the necessary impetus to remove institutional barriers that have preserved the status quo, and to implement innovative programs and private sector management practices. The largest impact can be observed through competition resulting in improved efficiencies and practices such as:

- Better inventory management;
- just in time ordering;
- more sophisticated purchasing;
- better management of labor through reducing overtime, sick leave, etc.;

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- better risk management; and
- reduced workplace injuries, with reduction of risk from the state.

Competition is dramatically changing the face of government—and will be instrumental in putting performance and results ahead of patronage and process.

If we are to improve the performance of our correctional facilities, we must stop arguing about “systems” and “cultures” and hold our correctional institutions accountable for the outcomes we expect. Policy-makers have been slow to extend the accountability revolution to government operated corrections agencies. It has been a number of years since the principle was first applied in public safety services—and nowhere has it shown its effectiveness better than in New York City’s declining crime rates.

A major cause that stands out was the “bold announcement by Police Commissioner Bill Bratton that he was willing to be held quantitatively accountable for crime reduction.”¹⁷ Essentially, Bratton bet on deliverable results and not simply policy changes. In addition, making himself accountable enabled him to hold his subordinates accountable as well. Forced to perform and demonstrate success, the New York Police Department achieved astonishing performance. As a result, property crime dropped significantly and the murder rate dropped by three-quarters.¹⁸

Yet, we’ve been slow to incorporate similar procedures for corrections officials. Indeed, government operated systems, including corrections, tend to have a cultural resistance to change. We know a lot about what will work to reduce recidivism and its attendant costs. It is time for correctional institutions to be held accountable for these outputs.

CONCLUSION

There is a need to institute the use of outcome standards for effective prison management. We suggest that the current punishment paradigm of “incapacitation and construction” has reached its upper limit, and that new modes of prison management based on a system of accountability are needed. At a time when taxpayers are demanding more accountability and fiscal responsibility from their government, the opportunity to implement new and different ways of thinking about crime and incarceration is better than ever.

As the Commission on Safety and Abuse in America’s Prisons noted, “At this moment, the effectiveness and decency of America’s approach to corrections has the attention of policy-makers at all levels of government and in both political parties. Now is the right time for a national discussion about the most serious problems of life behind bars and for constructive recommendations for reform.”¹⁹

The question should not be whether a government-operated facility or private-sector facility is better. Instead the focus must be on whom can best meet the outcome standards and deliver results. We need agency outcome standards that connect to individual facility outcomes, and these standards must be built into every management system. Staff must understand that their collective and individual performance affects the facility outcomes, and resources should be shifted accordingly to the most effective programs.

Competition between public agencies and private companies provides greater accountability and greater incentives to innovate and achieve more than the status quo management approach. With operating contracts and monitoring of all institutions including those publicly operated, performance incentives can be built into reasonable budgets (i.e., that adequately provide for programming of offenders), consistent with a performance-based budget approach. Competition, in conjunction with performance-based budgeting, is the best means of ensuring that correctional managers will continue to seek improved prison performance, reduced recidivism rates, and the best uses for taxpayer dollars.

Ultimately, public data dissemination in concert with a focus on performance and goals enables elected officials, the public, and government officials to know that they are receiving the maximum value for the funds appropriated to corrections. Government and correctional systems will be forced to become more efficient, and taxpayers will benefit from fewer repeat offenders, reduced crime, and reduced criminal justice system costs.

- ¹ Bureau of Justice Statistics. National Corrections Reporting Program, 2002.
- ² Blumstein, J. F., and Cohen, M. A. (April 2003). The Interrelationship between Public and Private Prisons: Does the Existence of Prisoners under Private Management Affect the Rate of Growth in Expenditures on Prisoners under Public Management? Vanderbilt Law School and Owen Graduate School of Management.
- ³ Typically, however, when a private company wins a contract from a public agency, it is the management that sees the greatest changes. Most public employees are offered work with the new private employer, generally at the same pay, or offered other positions within the state government. In addition, states generally assist displaced workers with training and job placement.
- ⁴ MTC Institute (2006). Measuring Success: Improving the Effectiveness of Correctional Facilities. Management & Training Corporation: Centerville, UT. Retrieved May 30, 2006, from <http://www.mtctrains.com/institute/publications/MeasuringSuccess.pdf>.
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Endnotes

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¹⁸ Ibid.

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