

STATUTORY AUTHORITY:

The Corrections Department Act, Sections 9-3-1 through 9-3-13 NMSA 1978, created a single, unified department to administer all laws and exercise all functions formerly administered and exercised by the Corrections and Criminal Rehabilitation Department and to ensure a comprehensive criminal justice system in New Mexico.

MISSION:

The mission of the New Mexico Corrections Department (NMCD) is to provide a balanced approach to corrections, from incarceration to community-based supervision, with training, education, rehabilitation programs, and services that provide opportunities for offenders to successfully transition to communities.

| BUDGET SUMMARY (dollars in thousands) | | | | | |
|---|---------------------------------|---------------------------------|------------------------------|----------------------------------|-----------------------------------|
| | FY15 2014-2015 | FY16 2015-2016 | FY17 – 2016-2017 | | |
| | <u>Actuals</u> | <u>Budgeted</u> | <u>Agency Request</u> | <u>LFC Recommendation</u> | <u>Percent Incr (Decr)</u> |
| SOURCES | | | | | |
| General Fund Transfers | 279,465.1 | 289,621.5 | 302,562.5 | 300,386.4 | 3.7 |
| Other Transfers | 574.2 | 488.8 | 515.3 | 515.3 | 5.4 |
| Federal Revenues | 398.0 | 0.0 | 0.0 | 0.0 | |
| Other Revenues | 26,237.3 | 27,718.7 | 27,735.2 | 27,735.2 | 0.1 |
| Fund Balance | 1,602.7 | 612.7 | 612.7 | 612.7 | 0.0 |
| SOURCES TOTAL | 308,277.3 | 318,441.7 | 331,425.7 | 329,249.6 | 3.4 |
| USES | | | | | |
| Personal Services and Employee Benefits | 137,586.2 | 137,743.9 | 139,900.6 | 139,014.8 | 0.9 |
| Contractual Services | 45,468.4 | 47,678.9 | 56,558.0 | 56,558.0 | 18.6 |
| Other | 127,779.3 | 133,018.9 | 134,967.1 | 133,676.8 | 0.5 |
| TOTAL USES | 310,833.9 | 318,441.7 | 331,425.7 | 329,249.6 | 3.4 |
| FTE | | | | | |
| Permanent | 2,412.0 | 2,412.0 | 2,421.0 | 2,368.0 | -1.8 |
| Term | 35.0 | 35.0 | 35.0 | 35.0 | 0.0 |
| TOTAL FTE POSITIONS | 2,447.0 | 2,447.0 | 2,456.0 | 2,403.0 | -1.8 |

AT A GLANCE:

The New Mexico Corrections Department (NMCD) FY17 budget request included a general fund increase of 4.5 percent and an expansion request for the office of security threat management. The majority of the request was for inmate population growth and increased private prison costs as well as hepatitis C drug therapy.

The LFC recommendation funds population growth, private prison costs, and healthcare cost increases with the expectation that the healthcare costs will be supplemented with Medicaid dollars when applicable. The recommendation increases the department's general fund appropriation 3.7 percent.

BUDGET ISSUES:

The majority of NMCD's requested \$13 million increase stemmed from inmate population growth. The FY17 budget request for the Inmate Management and Control Program is \$271 million, a 4.8 percent increase over FY16.

Over the past 10 years, in tandem with high vacancy rates, the NMCD prison population has risen by 595 inmates, or 8 percent, increasing costs for overtime and medical services. The Inmate Management and Control Program increased by \$50 million, or 20 percent, during this time period, with an additional \$7 million appropriated for projected shortfalls in FY15 and FY16.

Population Trends. The New Mexico Sentencing Commission (NMSC) projects the New Mexico prison population will continue to grow over the next 10 years. The NMSC study anticipates the male inmate population will level off by 2025 while the female inmate population will continue growing at 5 percent annually over the next 10 years. In 2015, the female inmate population grew 11 percent.

Prison populations increase for a number of reasons, with recidivism and longer sentences playing a significant role. Of the 4,000 prisoners entering the system in FY14, 840, or 21 percent, were parole violations. Additionally, NMSC studies show the women's population spiked as a result of females committing more violent and drug crimes that garner longer sentences.

Annual prison cost projections are based on the NMSC's annual prison population forecast report and average costs per prisoner. The NMSC underprojected growth for FY15, resulting in unanticipated costs and need for a \$7 million special appropriation in FY15 and \$5 million in FY16. However, the agency only used \$4.3 million of the special appropriation after transferring funds from other programs.

In response to population growth, the department plans to relocate all inmates from the Women's Correctional Facility to the Western New Mexico Correctional Facility and the Springer Correctional Facility. NMCD reports the population shift will benefit inmates because the prisons can better accommodate special services needed by women, such as maternity services and nurseries. The agency also plans to relocate sex offenders to the vacated women's facility in Grants, citing more capacity, the ability to better protect inmates, and better programming. The disposition of the sex offender prison in Otero County is unknown at this time as is whether the state or contractors will provide services to the shifting populations. The department estimates the inmate relocations will cost \$95 million in FY16.

For FY17, the committee recommends an additional \$5 million from the general fund for prison population cost increases and \$870 thousand for increased private prison costs. The department should consider managing inmate populations and controlling costs by using the excess capacity in state facilities to reduce private prison use, revisiting controlled release policies, studying whether changing the custody level regime would result in more efficient prison space use, reducing the number of release-eligible-inmates (inmates serving parole in prison), and reducing recidivism by increasing community-based resources for parolees.

Recidivism. NMCD does not report how it calculates the recidivism rate. However, at 47 percent, New Mexico has the highest recidivism rate in the region. It is important to remember published rates vary due to timing and differing estimation assumptions. New Mexico's recidivism rates have been reported as 47 percent for the last four years. Some fluctuation in the rate is expected due to natural fluctuations in the general non-incarcerated population, changes in policy, and changes to programming over time.

Recidivism has been estimated to cost the state over \$350 million per year. To improve public safety and contain costs, focus should shift to recovery and reform with solid post-release plans for prisoners. NMCD plans to build 43 transitional beds for females and 41 transitional beds for males using \$7 million in savings realized from moving behavioral health costs in-house.

New Mexico has identified numerous high-performing recidivism reduction programs, all of which need to be funded consistently and reassessed periodically to perform at high levels. For example, drug courts keep offenders out of prison and with their families and connect them to available services. Residential drug abuse treatment programs (RDAP) have been implemented, but their cost-effectiveness is still unknown.

LFC studies indicate education in prison is a highly cost-effective way to reduce recidivism. For every \$600 spent per inmate, the state sees a 12 percent reduction in recidivism over the first six years from release. Providing health resources for released inmates also slows recidivism. NMCD allocated \$7.3 million in FY16 to provide behavioral health services to probationers and parolees and has assisted over 60 percent of current release-eligible-inmates (REI) submit a Yes-NM application for Medicaid assistance to be effective immediately upon release.

Previously, LFC estimated from 200 to 300 inmates are eligible for release but spend their parole sentences in prison; studies show that longer prison stays increase the potential for recidivism. However, the number of female REIs fell between 2013 and 2015 from 56 to 23. REIs cost the state an estimated \$10.3 million in FY14. The leading causes for REIs include a lack of community resources for parolees, administrative issues causing parole hearings to be canceled, and inmates not participating in the parole process. Additionally, some REIs, once their sentences have run out, are released without community supervision – posing a public safety risk. In 2012, New Mexico was 14th in the nation for “maxing out” inmate sentences or releasing inmates straight into the community without supervision, according to a report from the Pew Charitable Trusts. The LFC recommendation adds \$500 thousand from the general fund to match with Medicaid for transitional living programs to further reduce the number of REIs in the system.

Health Care. In FY16, medical service contracts represented 14 percent of the total budget. NMCD entered into a contract with Corizon Health Incorporated in FY11 and decreased spending by \$4 million in FY13, after which costs have climbed every year. This contract expires in May 2016. Negotiating performance benchmarks that penalize the provider for failing to reach performance targets could help to contain costs. Performance measures containing bonuses could help address hard-to-complete prison needs, such as comprehensive nurse staffing at the prisons.

To alleviate climbing costs, a 2015 LFC study estimates most probationers and parolees would be eligible for Medicaid coverage with an average 90 percent federal financial participation rate match. If 80 percent of the parolees were enrolled, based on the FY16 budget of \$7.3 million for behavioral health contracts, state savings for outpatient services could be approximately \$5.3 million.

The study also showed general fund expenditures on probation and parole outpatient services decreased by 13.5 percent from FY14 despite research showing that physical and mental health services decrease recidivism. NMCD attributes part of the decreased expenditure level to payment delays from a third-party administrator, expressing concern the administrator was not effectively monitoring and paying providers.

The department requested, and the committee recommends, an additional \$2.4 million over FY16 for medical care, including increases for medical cost inflation and to provide newer, more expensive, hepatitis C treatment options. The department also requested a \$10 million FY16 supplemental appropriation to cover increased hepatitis C costs to comply with indigent standards of care.

Operations. The inmate population growth rate has strained a department maintaining an average 20 percent vacancy rate in custody positions. To improve recruitment and retention, LFC recommends \$900 thousand to reduce the number of vacancies and addresses high vacancy and turnover rates for correctional, probation, and parole officers. The recommendation also funds the agency's request for \$745 thousand to make permanent salary increases given with nonrecurring revenue in FY15.

In an attempt to stabilize high vacancy rates and turnover, the committee recommends targeted salary increases for correctional, probation, and parole officers. The committee's compensation recommendation is appropriated to the Department of Finance and Administration for disbursement to agencies and is contingent on consensus revenue estimates achieving targeted levels and adequate general fund reserves.

To prevent future litigation and align with national best practices, the department will transfer six positions from the Inmate Management and Control Program to Program Support to staff each public prison with an attorney to enforce equal employment opportunity laws. The LFC recommendation supports this effort.

The agency requested a \$12.5 million IT appropriation to implement a new offender management system. Implementation of the system will allow NMCD to better track inmate movement and needs, enabling the department to provide inmates with better evidence-based programming, on-time parole plans, and efficient medical care. As an example of potential cost savings, the ability to document inmate medical care could allow the agency to begin saving or reprioritizing up to \$10 million of general fund appropriations by leveraging Medicaid for behavioral health and inmate hospitalization costs. The agency will also be able to provide more accurate and timely reporting to the legislature and public, a service difficult for the agency to achieve with the current system.

BASE EXPANSION:

The department requested \$1.9 million to expand the Office of Security Threat Management (OSTM), created in FY15, to reduce the number of statewide absconders, increase intelligence inside prisons, and reduce contraband smuggling. The request would fund 9 vacant, unfunded FTE and increase funding for educational supplies, exempt inventory, and miscellaneous other expenses from the current \$3.6 million to \$5.5 million. The committee recommends \$1.3 million to fund 6 FTE.

BASE EXPANSION LISTING FY17 - 2016-2017

| Agency Rank | | (Program) | Agency Request | LFC Recom- mendation |
|----------------|---|-----------|-------------------|-------------------------|
| 1 | Security threat intelligence unit - 9 FTE | (P531) | 1,900.0 | 1,266.7 |
| TOTAL | | | 1,900.0 | 1,266.7 |

INMATE MANAGEMENT AND CONTROL

The purpose of the inmate management and control program is to incarcerate in a humane, professionally sound manner offenders sentenced to prison and to provide safe and secure prison operations. This includes quality hiring and in-service training of correctional officers, protecting the public from escape risks and protecting prison staff, contractors and inmates from violence exposure to the extent possible within budgetary resources.

BUDGET SUMMARY
(dollars in thousands)

| | | <u>FY17 - 2016-2017</u> | | | |
|----------------|---|--------------------------------|------------------------|------------------|----------------------|
| | | FY15 | FY16 | Agency | Percent |
| | | 2014-2015 | 2015-2016 | Request | Incr |
| | | <u>Actuals</u> | <u>Budgeted</u> | | <u>(Decr)</u> |
| SOURCES | | | | | |
| | General Fund Transfers | 235,693.7 | 245,248.9 | 257,590.9 | 4.0 |
| | Other Transfers | 324.4 | 232.7 | 259.2 | 11.4 |
| | Federal Revenues | 398.0 | 0.0 | 0.0 | |
| | Other Revenues | 14,511.3 | 13,360.0 | 13,376.5 | 0.1 |
| | SOURCES TOTAL | 250,927.4 | 258,841.6 | 271,226.6 | 3.9 |
| USES | | | | | |
| | Personal Services and Employee Benefits | 106,359.0 | 105,947.5 | 107,334.7 | 0.9 |
| | Contractual Services | 44,242.9 | 45,864.8 | 48,285.7 | 5.3 |
| | Other | 106,065.8 | 107,029.3 | 115,606.2 | 6.2 |
| | TOTAL USES | 256,667.7 | 258,841.6 | 271,226.6 | 3.9 |
| FTE | | | | | |
| | Permanent | 1,852.0 | 1,854.0 | 1,856.0 | -2.7 |
| | Term | 33.0 | 33.0 | 33.0 | 0.0 |
| | TOTAL FTE POSITIONS | 1,885.0 | 1,887.0 | 1,889.0 | -2.6 |

PERFORMANCE MEASURES

| | | <u>FY14</u> | <u>FY15</u> | <u>FY16</u> | <u>FY17</u> | <u>FY17</u> |
|-----------|--|----------------------|----------------------|----------------------|-----------------------|----------------------|
| | | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | <u>Request</u> | <u>Recomm</u> |
| Outcome | Percent of prisoners reincarcerated back into the corrections department within thirty-six months due to technical parole violations | 22% | 17% | 20% | 20% | 20% |
| * Output | Percent of eligible inmates who earn a general educational development certificate | 54% | 64% | 75% | 75% | 75% |
| Output | Percent of participating inmates who have completed adult basic education | 33% | 34% | 50% | 50% | 40% |
| * Outcome | Percent of prisoners reincarcerated back into the corrections department system within thirty-six months due to new charges or pending charges | 25% | 23% | 20% | 20% | 20% |
| * Outcome | Percent of residential drug abuse program graduates reincarcerated within thirty-six months of release | 9% | 2% | 15% | 15% | 5% |
| * Output | Number of inmate-on-inmate assaults with serious injury | 9 | 13 | 10 | 10 | 10 |
| * Output | Number of inmate-on-staff assaults with serious injury | 5 | 2 | 4 | 4 | 4 |
| Output | Number of escapes from a publicly run corrections department facility | 0 | 0 | 0 | 0 | 0 |
| Output | Number of escapes from a secure, privately operated corrections department facility | 0 | 0 | 0 | 0 | 0 |
| Outcome | Percent of standard healthcare requirements met by medical contract vendor | 87% | 91% | 100% | 100% | 100% |
| Output | Percent of inmate grievances resolved informally | 58% | 47% | 85% | 85% | 60% |
| Outcome | Percent of sex offenders reincarcerated on a new sex offense conviction within thirty-six months of release on the previous sex offense conviction | New | New | 15% | 15% | 15% |
| * Outcome | Percent of release-eligible female inmates still incarcerated past their scheduled release date | New | New | 10% | 10% | 10% |
| Output | Percent of random monthly drug tests administered to at least ten percent of the inmate population that test positive for drug use | New | New | <1.5% | <1.5% | <1.5% |

PERFORMANCE MEASURES

| | | <u>FY14 Actual</u> | <u>FY15 Actual</u> | <u>FY16 Budget</u> | <u>FY17 Request</u> | <u>FY17 Recomm</u> |
|-----------|---|------------------------|------------------------|------------------------|-------------------------|------------------------|
| Outcome | Percent of release-eligible male inmates still incarcerated past their scheduled release date | New | New | 10% | 10% | 10% |
| Outcome | Percent of sex offenders incarcerated receiving sex offender treatment | New | New | 75% | 75% | 75% |
| Outcome | Percent of inmates who have filled out a yes-New Mexico application at time of release | New | New | New | 65% | 70% |
| * Outcome | Thirty-six month recidivism rate | New | New | New | New | 45% |

CORRECTIONS INDUSTRIES

The purpose of the corrections industries program is to provide training and work experience opportunities for inmates to instill a quality work ethic and to prepare them to perform effectively in an employment position and to reduce idle time of inmates while in prison.

BUDGET SUMMARY
(dollars in thousands)

| | | <u>FY17 - 2016-2017</u> | | | | Percent Incr (Decr) |
|----------------|---|---------------------------------------|--|---------------------------|-------------------------------|---------------------------|
| | | <u>FY15 2014-2015 Actuals</u> | <u>FY16 2015-2016 Budgeted</u> | <u>Agency Request</u> | <u>LFC Recommendation</u> | |
| SOURCES | | | | | | |
| | Other Revenues | 8,005.1 | 11,862.5 | 11,862.5 | 11,862.5 | 0.0 |
| | SOURCES TOTAL | 8,005.1 | 11,862.5 | 11,862.5 | 11,862.5 | 0.0 |
| USES | | | | | | |
| | Personal Services and Employee Benefits | 1,309.5 | 1,570.2 | 1,569.0 | 1,569.0 | -0.1 |
| | Contractual Services | 450.0 | 735.9 | 735.9 | 735.9 | 0.0 |
| | Other | 6,212.0 | 9,556.4 | 9,557.6 | 9,557.6 | 0.0 |
| | TOTAL USES | 7,971.5 | 11,862.5 | 11,862.5 | 11,862.5 | 0.0 |
| FTE | | | | | | |
| | Permanent | 27.0 | 30.0 | 30.0 | 30.0 | 0.0 |
| | Term | 2.0 | 2.0 | 2.0 | 2.0 | 0.0 |
| | TOTAL FTE POSITIONS | 29.0 | 32.0 | 32.0 | 32.0 | 0.0 |

PERFORMANCE MEASURES

| | | <u>FY14 Actual</u> | <u>FY15 Actual</u> | <u>FY16 Budget</u> | <u>FY17 Request</u> | <u>FY17 Recomm</u> |
|---------|--|------------------------|------------------------|------------------------|-------------------------|------------------------|
| Outcome | Percent of inmates receiving vocational or educational training assigned to corrections industries | 6% | 22% | >20% | >20% | >20% |

COMMUNITY OFFENDER MANAGEMENT

The purpose of the community offender management program is to provide programming and supervision to offenders on probation and parole, with emphasis on high-risk offenders, to better ensure the probability of them becoming law-abiding citizens, to protect the public from undue risk and to provide intermediate sanctions and post-incarceration support services as a cost-effective alternative to incarceration.

BUDGET SUMMARY
(dollars in thousands)

| | | <u>FY17 - 2016-2017</u> | | | | |
|---|-------------------------------------|--------------------------------------|--------------------------|------------------------------|----------------------------------|--|
| | FY15 2014-2015 <u>Actuals</u> | FY16 2015-2016 <u>Budgeted</u> | Agency <u>Request</u> | LFC <u>Recommendation</u> | Percent Incr <u>(Decr)</u> | |
| SOURCES | | | | | | |
| General Fund Transfers | 30,556.8 | 31,393.8 | 31,542.8 | 31,591.9 | 0.6 | |
| Other Revenues | 3,265.8 | 2,034.6 | 2,034.6 | 2,034.6 | 0.0 | |
| Fund Balance | 1,602.7 | 612.7 | 612.7 | 612.7 | 0.0 | |
| SOURCES TOTAL | 35,425.3 | 34,041.1 | 34,190.1 | 34,239.2 | 0.6 | |
| USES | | | | | | |
| Personal Services and Employee Benefits | 19,519.9 | 19,829.9 | 19,964.5 | 19,528.0 | -1.5 | |
| Contractual Services | 161.2 | 146.1 | 6,677.4 | 6,677.4 | 4,470.4 | |
| Other | 13,451.0 | 14,065.1 | 7,548.2 | 8,033.8 | -42.9 | |
| TOTAL USES | 33,132.1 | 34,041.1 | 34,190.1 | 34,239.2 | 0.6 | |
| FTE | | | | | | |
| Permanent | 376.0 | 376.0 | 377.0 | 376.0 | 0.0 | |
| TOTAL FTE POSITIONS | 376.0 | 376.0 | 377.0 | 376.0 | 0.0 | |

PERFORMANCE MEASURES

| | | <u>FY14 Actual</u> | <u>FY15 Actual</u> | <u>FY16 Budget</u> | <u>FY17 Request</u> | <u>FY17 Recomm</u> |
|-----------|---|------------------------|------------------------|------------------------|-------------------------|------------------------|
| * Outcome | Percent of out-of-office contacts per month with offenders on high and extreme supervision on standard caseloads | 83% | 93% | 92% | 92% | 95% |
| * Quality | Average standard caseload per probation and parole officer | 105 | 99 | 95 | 95 | 95 |
| Output | Average community corrections program caseload per probation and parole officer | 35 | 22 | 32 | 32 | 30 |
| Output | Percent of absconders apprehended | 12% | 28% | 26% | 26% | 30% |
| Output | Number of offenders on the waiting list for intensive or high-risk supervision | 65 | 33 | <50 | <50 | <40 |
| * Output | Percent of male offenders who graduate from the men's recovery center and are reincarcerated within thirty-six months | New | New | 25% | 25% | 25% |
| Output | Percent of female offenders who graduate from the women's recovery center and are reincarcerated within thirty-six months | New | New | 25% | 25% | 25% |

PROGRAM SUPPORT

The purpose of program support is to provide quality administrative support and oversight to the department operating units to ensure a clean audit, effective budget, quality personnel management and cost-effective management information system services.

BUDGET SUMMARY
(dollars in thousands)

| | | | <u>FY17 - 2016-2017</u> | | |
|---|-------------------------------------|--------------------------------------|--------------------------|------------------------------|----------------------------------|
| | FY15 2014-2015 <u>Actuals</u> | FY16 2015-2016 <u>Budgeted</u> | Agency <u>Request</u> | LFC <u>Recommendation</u> | Percent Incr <u>(Decr)</u> |
| SOURCES | | | | | |
| General Fund Transfers | 13,214.6 | 12,978.8 | 13,428.8 | 13,621.7 | 5.0 |
| Other Transfers | 249.8 | 256.1 | 256.1 | 256.1 | 0.0 |
| Other Revenues | 455.1 | 461.6 | 461.6 | 461.6 | 0.0 |
| SOURCES TOTAL | 13,919.5 | 13,696.5 | 14,146.5 | 14,339.4 | 4.7 |
| USES | | | | | |
| Personal Services and Employee Benefits | 10,397.8 | 10,396.3 | 11,032.4 | 11,039.2 | 6.2 |
| Contractual Services | 614.3 | 932.1 | 859.0 | 859.0 | -7.8 |
| Other | 2,050.5 | 2,368.1 | 2,255.1 | 2,441.2 | 3.1 |
| TOTAL USES | 13,062.6 | 13,696.5 | 14,146.5 | 14,339.4 | 4.7 |
| FTE | | | | | |
| Permanent | 157.0 | 152.0 | 158.0 | 158.0 | 3.9 |
| TOTAL FTE POSITIONS | 157.0 | 152.0 | 158.0 | 158.0 | 3.9 |

PERFORMANCE MEASURES

| | | <u>FY14 Actual</u> | <u>FY15 Actual</u> | <u>FY16 Budget</u> | <u>FY17 Request</u> | <u>FY17 Recomm</u> |
|-----------|---|------------------------|------------------------|------------------------|-------------------------|------------------------|
| * Outcome | Percent turnover of probation and parole officers | 14% | 13% | 10% | 10% | 10% |
| * Outcome | Percent turnover of correctional officers in public facilities | 11% | 14% | 10% | 10% | 10% |
| Output | Graduation rate of correctional officer cadets from the corrections department training academy | 87% | 82% | 90% | 83% | 85% |
| Outcome | Percent of employee union grievances resolved prior to arbitration | 100% | 100% | 98% | 98% | 98% |
| Quality | Percent of audit findings resolved from prior year | New | 40% | 75% | 75% | 50% |