

FEBRUARY 19, 2009

## DIRECTOR'S NEWS UPDATE



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### Recession:

Many of you are probably astutely aware of the national recession and its subsequent effects on the Oklahoma economy. The State Equalization Board certified revenues this week that were 613 million dollars less to run state government than last year. Many agencies will be required to implement budget reductions in their fiscal year 2010 budget. As of this date the Department of Corrections has not been requested to implement budget cuts in the 2010 budget. However, a stand still budget, meaning that we receive the same total budget as the previous year, actually would require the department to reduce our budget by 15 million dollars. The 15 million budget reduction caused by a stand still budget is a result of the following unfunded mandates:

- Mandatory employee benefit increases that the department must pay are 8.1 million. This is for retirement premiums and benefit allowance increases. This unfunded mandate actually started January 1, 2009.
- Two million dollars are required to comply with legislation passed last year that changes when the department begins paying for county jail back up.
- The remainder of the 15 million includes inflation increases for utilities, medical care and bed growth cost at several department facilities where expansions have occurred.

Many employees experienced a health care premium increase depending on what company they selected. I point this out as I am aware of the additional burden this creates during these difficult times. The cost increase would have been greater if not for the requirement of state agencies to pay more toward those benefits. The fact now is that this is an unfunded mandate to agencies and budget reductions have to occur.

So the key rhetorical questions could be, "How can the Department of Corrections, which was described by the MGT audit as one of the most effective and efficient in the nation, reduce an already underfunded budget by another 15 million?" This level of budget reductions has not been seen since the early 1980s and will require not only sacrifices internal but externally as well. State policy makers will have to re-examine sentencing laws that are not evidenced based, explore improved and additional diversion programs, and initiate justice reinvestment to encourage and allow more local government incentives to create ownership of the many low risk level non violent offenders that are being sentenced to the department.

### Private Prisons:

There have been many quotes and statements from elected officials that additional prison privatization would result in cost savings. Comparing state oper-

ated facilities to private operated has never been an apple to apple comparison and one must first look at the historical perspective before coming to a conclusion. The advent of private prisons in Oklahoma was driven by policy makers with the belief that prison overcrowding and offender growth was a temporary trend and if we built more state facilities they would eventually be empty. Of course the trend has now continued for 18 years. The decision to expand private prison usage has always been out of necessity due to policy makers not funding additional state facilities, therefore making their usage a political process. With the state of our economy the comparison of public and private per diem rates may now become a paramount issue with policy makers. A true comparison will be difficult to arrive at since the comparison will not be apples to apples. Aside from the fact that our employees have more benefits and higher salaries on average than private prison counter parts and our facilities are less energy efficient, there are many other factors to consider when reviewing per diem rates. Per Diem rates for state facilities include indirect costs and the privates only quote what their contract rate is with no application

of indirect costs. All state facilities have an array of programs, education classes, etc. that are evidenced based to reduce recidivism and provide for re-entry. These would be additional contract costs if private prisons were required to have the same level of services. Private prisons have a medical limit per offender and normally do not receive those needing dialysis, cancer treatment and care for a host of other debilitating diseases. If we were able to ever arrive to an apples to apples comparison, undoubtedly state facilities would not only be more cost effective, you receive the added benefit of proven programs to reduce recidivism and future victimization...and you have dedicated employees who have chosen to be public servants for the citizens of Oklahoma, and who will unquestionably risk their lives for public safety.

I will, as always keep you updated as we proceed through this legislative session, address budget shortfalls and respond to other key issues. The next several years are certainly going to be challenging and I have no doubt that employees will rise to the occasion as we have many times before.